



**AVAX S.A.**

**Annual Financial Statements**

**for the financial year January 1<sup>st</sup> to December 31<sup>st</sup> , 2018**

**(pursuant to Article 4 of Law 3556/2007)**

**AVAX S.A.**

*Company's Number in the General Electronic Commercial Registry :913601000  
(former Company's Number in the Register of Societes Anonymes:  
14303/06/B/86/26)*

*16 Amaroussiou-Halandriou str.,*

*151-25, Marousi, Greece*



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The Annual Financial Statements presented through pages 1 to 142 both for the Group and the Parent Company, have been approved by the Board of Directors on 25<sup>th</sup> of April, 2019.

Chairman & Executive Director	Deputy Chairman & Executive Director	Managing Director	Group CFO	Chief Accountant
CHRISTOS JOANNOU I.D.No. 889746	KONSTANTINOS KOUVARAS I.D.No. AI 597426	KONSTANTINOS MITZALIS I.D.No. AN033558	ATHENA ELIADES I.D.No. 550801	GEORGE GIANNOPOULOS I.D.No. AI 109515



## **Annual financial reporting**

**WEBSITE WHERE THE COMPANY'S AND CONSOLIDATED**

**FINANCIAL STATEMENTS ARE AVAILABLE**

We hereby certify that the attached Annual Financial Statements, which are an integral part of the annual financial report of article 4 of Law 3556/2007, are those approved by the Board of Directors of "AVAX SA" on 25.04.2019 and have been published by posting them on the internet, at ([www.jp-avax.gr](http://www.jp-avax.gr)), as well as on the Athens Stock Exchange web site, where they will remain at the disposal of the investing public for at least ten (10) years from the date of their compilation and disclosure.

## STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS

(in accordance with article 4, paragraph 2c of Law 3556/2007)

In our capacity as executive members of the Board of Directors of J&P-AVAX SA (the «Company»), and according to the best of our knowledge, we,

1. Joannou Christos, Chairman and Executive Director
2. Kouvaras Constantinos, Deputy Chairman and Executive Director
3. Mitzalis Constantinos, Managing Director,

state the following:

- the financial statements for the period from 01.01.2018 to 31.12.2018, prepared under the International Financial Reporting Standards currently in effect, give a true view of the assets, liabilities, equity and financial results of the Company, as well as the businesses included in the consolidation of the Group,
- the Annual Report of the Board of Directors of the Company gives a true view of the evolution, the performance and the stance of the Company, as well as the businesses included in the consolidation of the Group, including an overview of the main risks and uncertainties they face, along with other information required by paragraph 2 of article 4 of Law 3556/2007.

Marousi, April 25, 2019

DEPUTY CHAIRMAN &  
EXECUTIVE DIRECTOR

CHAIRMAN &  
EXECUTIVE DIRECTOR

MANAGING DIRECTOR

KOUVARAS CONSTANTINOS  
ID: AI 597426

JOANNOU CHRISTOS  
AID: 889746

MITZALIS CONSTANTINOS  
ID: AN 033558

# **ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD FROM 01.01.2018 TO 31.12.2018**

**[in accordance with article 4 of Law 3556/2007, articles 1 & 2 of Decision #7/448/11.10.2007 of the Board of Directors of Greece's Capital Markets Commission, article 2 of Law 3873/2010 and article 1 of Law 4403/2016]**

Dear Shareholders,

this annual report of the Board of Directors for 2018 has been prepared according to corporate and capital markets legislation and the decisions of the Capital Markets Commission to depict the true development and performance of Group AVAX in 2018, as well as the main risks and uncertainties to be dealt with.

The annual report of the Board of Directors presents a balanced and complete analysis of Group activities, accompanying the financial statements included in the Annual Financial Report 2018. To this extent, it includes financial and non-financial basic information regarding the performance of the Group and the Company in 2018, information on events affecting the business group and the risks identified an overview of the expected course of the Group's various business areas, and information on transactions with related parties. It also includes a Corporate Governance Report and an Explanatory Report of the Board of Directors on Company share capital, in line with relevant legislation.

Besides the financial statements for the parent company, AVAX SA also prepares consolidated financial statements at group level. Therefore, this Annual Report of the Board of Directors is integrated, its main reference point being the consolidated information on Group AVAX. Reference to parent company information is only made when deemed necessary for better understanding of the Report.

## **A. Important Events during 2018**

### *Position of J & P (Overseas) Ltd in liquidation*

On 11.10.2018, it was announced that international contractor J&P (Overseas) Limited, incorporated in Guernsey, filed for liquidation to address the deficits and liquidity problems it faced. It is noted that the Company participates with J&P (Overseas) Limited in four joint ventures for projects in Jordan and Qatar, for which a detailed reference is made in section "I. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report" as well as Note 41 of the Financial Accounts for 2018.

### *New Projects*

New additions to the Group's portfolio of projects remained low for another year in 2018, mainly concerning low-budget projects, additional works and service contracts in the local market. Taking

into account the execution of works during 2018, the uncompleted portion of projects signed by the Group at end-2018 amounted to €1.0 billion versus around €1.23 billion at the end of 2017.

The largest project added during 2018 was worth around €69 million, with a two-year deadline, in Iraq. The contract was signed with Basrah Gas consortium, comprising South Gas Company of Iraq, Shell Gas Iraq BV and Mitsubishi. The project pertains to dredging of the port of Umm Qasr in southern Iraq and rehabilitation of jetties 1 and 2 of the terminal station, allowing very large gas carrier and compacted cargo ships to dock at full load, eschewing the need for spacer barges. Works include dredging, on-shore treatment of residual material, underwater survey of jetty foundations and refurbishment of marine loading arms and quick release equipment.

#### Absorption of ATHENA SA

The Acceptance Period for the voluntary tender offer submitted by the Company in December 2017 to the shareholders of ATHENA SA for up to 100% of its shares, having already control over 99%, was concluded in January 2018. In April 2018, the Company filed an application to the Greek Capital Markets Commission to squeeze-out ATHENA SA shareholders, demanding the transfer of all ATHENA SA shares it did not already own at the same price as the Tender Offer of €0.70 per share. The Commission granted its approval in early June 2018 and trading on ATHENA SA shares on the Athens Stock Exchange ceased towards the end of the same month. In early July 2018, the squeeze-out was concluded with the Company owing the total of 113,465,290 shares of ATHENA SA. The sole shareholder of ATHENA SA decided in July 2018 to delist the company from the Athens Stock Exchange. The relevant application filed to the Capital Markets Commission was approved in early August 2018. The draft merger plan for the absorption of ATHENA SA by the Company, based on their 31.12.2017 balance sheets, was submitted to the Finance Ministry and approved on September 25, 2018. The merger process was concluded with the issue of the #135598/14.12.2018 approval of the Finance Ministry which was posted on its Corporate Register.

#### Capital increase up to €20 million did not proceed

The 2<sup>nd</sup> Repeat Extraordinary General Meeting of Company shareholders held on 03.09.2018 approved a rights issue worth up to €20 million, to be carried out at an issue price of €0.45 per share. The decision called for the issue of 44,444,444 new shares entitling existing shareholders to around 0.572333138 new shares for each share held. Prior to the rights issue, the nominal price of each share was lowered from €0.58 to €0.30, thereby causing a €21,743,358 reduction in nominal share capital through the capitalization of an equal amount of accumulated losses. Due to the uncertainty over the four projects executed in joint venture form with J&P (Overseas) Ltd, which filed for liquidation in October 2018, the Information Memorandum of the Company for the rights issue was not filed in time to the Greek Capital Markets Commission for approval, thereby failing to complete the rights issue within the four-month period of validity of the decision of the shareholder assembly. The matter was discussed again in early 2019, as described in chapter "I. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report".

### Increase of Group stake in Athens Ring Road / operator company and Aegean Motorway

During 2018, AVAX increased its participation in two contracts for basic road concessions, Athens Ring Road and the Aegean Motorway. In June 2018, the Company increased its participation in Aegean Motorway to 23.61% from 21.25%. In November 2018, the Company acquired from Piraeus Bank an additional 3.38% stake, for a consideration of € 19.5 million, in the concession of Athens Ring Road and operator Attikes Diadromes, increasing Group participation to 34.21%.

### Amendment of Terms of Syndicated Bond Loans

In April 2018, lender banks approved the amendment of terms of the two Syndicated Bond Loans issued by the Company. More specifically, the amendments related to a two-year extension and restructuring of the repayment schedule and a drop in the interest rate spread. The move granted the Company the scope to service both bond loans with no burden on its construction sector.

### Election of new Management

The Annual General Meeting of Company shareholders held at the end of June 2018 elected a new Board of Directors for a three-year term, to 30.06.2021. The new Board of Directors comprised the following members: Christos Joannou, Chairman (executive), Konstantine Kouvaras, Deputy Chairman (executive), Konstantine Mitzalis, Vice Chairman & Managing Director (executive), Konstantine Lysarides, Director (executive), Athena Demetriou-Eliades, Director (executive), George Demetriou, Director (non executive), Leoni Paraskevaides Mavronikola, Director (non executive), Aikaterini Pistoli, Director (non executive), Alexios Sotirakopoulos, Director (non executive & independent), Christos Siatis, Director (non executive & independent). The shareholder meeting also elected a new Audit Committee, comprising Aikaterini Pistoli, Christos Siatis and Alexios Sotirakopoulos.

*[Also read chapter «I. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report» for further recent changes in the Board of Directors of the Company]*

### Impairment of Value of Subsidiaries

The 31.12.2018 financial accounts of J&P-AVAX SA include an impairment of the value of its subsidiaries amounting to €2.0 million, versus €17.7 million in the previous year.

### Renewal of Market Making Agreement on Company shares

The Company renewed on 14.12.2018 for a further year its agreement with Eurobank Equities to act as market maker on Company shares, to boost their market liquidity.

## **B. Main Risks and Uncertainties for 2019**

### **1. Economic & Political Developments**

The Greek economy recorded a 1.9% growth rate in 2018, accelerating compared to the previous year's performance (+ 1.5%), but felt short of initial expectations and official projections of the government, the Bank of Greece and the European Commission. The moderate growth rate reflects the general concern of the business world about the possibility of a significant recovery in the country's

macroeconomic aggregates without the substantial contribution of foreign investment and the mobilization of private equity for the realization of major projects.

It is obvious that tax fatigue of citizens and businesses, coupled with the continued inability of the domestic banking system to support entrepreneurship, puts the brake on the growth dynamics of the economy and the competitiveness of businesses. Nevertheless, Greece's 3<sup>rd</sup> financing deal with its international lenders was successfully completed in 2018, progress was made on exports of goods and services, such as tourism and shipping, and private consumption recorded a rise for the first time in a long while.

Remaining in strict supervision by its international lenders, the Greek economy enters 2019 with a dynamic of further growth, with export and private consumption being the main drivers behind it. A key prerequisite for this central scenario is the continuation of structural reforms, privatizations and the encouragement of productive investment with concrete development measures. Returning to the international markets in February and March 2019 with 5-year and 10-year bond issues is a sign of improvement of the Greek State's creditworthiness, despite the country missing out on the European Central Bank's (ECB's) quantitative easing program in previous years. In any case, Greece's entry into a pre-election period introduces a risk and uncertainty about the continuation of the agreed financial prescription and the faithful implementation of the surplus budget.

## **2. Risks and Uncertainties**

Group activities are subject to various risks and uncertainties pertaining to the nature of its business activities, prevailing geopolitical, credit and currency conditions, relations with clients, suppliers and subcontractors. To a large extent, the risk arising from these relations and transactions is predictable or may be dealt with the selection of the appropriate management policy due to the accumulated expertise of the Group's senior staff and official procedures. It is always desirable to limit the overall level of risk to tolerable and manageable levels for Group operations. Nevertheless, no system and risk management policy can offer absolute security against all risks, as the ever-changing international political and economic environment may overturn any situation which was taken for granted and considered manageable in advance.

The main risks and uncertainties, their management policies and their impact on Group activities, are as follows:

### **a. Credit Risk**

The Group's Strategic Planning & Risk Management Committee has adopted a credit policy according to which the credit score of new clients is assessed individually before being officially offered the standard terms and conditions of payment and delivery. Regarding public works, until the economic environment improves, the Group follows a policy of participating only in tenders where project financing is secured with European Union funds.



At any point in time, the Group is involved in a large number of projects in Greece and abroad, with select clients with a proven record of reliability and credit worthiness. In the local market, the Greek State has traditionally been the largest client, as the private sector historically is a small player in building facilities and infrastructure projects where the Group specializes in. Participation in self-financed projects in the form of concessions and PPP has somewhat limited the participation of the Greek State in total Group revenues. Under this light of clientele diversification, the Group presents a medium level of credit risk concentration.

As a result of the international practice in the construction sector, Group transactions are required to be secured to a large extent by the intervention of the banking sector and international credit security firms in issuing guarantees in all stages of a signed project contract, from participating in the bidding, to receiving an advance payment, the execution of the project in discrete phases till its final delivery.

To calculate the provision for impairment of receivables from clients and other debtors, the Group assesses the risk level of each client according to the aging breakdown of receivables in arrears and their broader credit-worthiness, while also applying a general coefficient for doubtful receivables on the total of its receivables which depends on prevailing business conditions.

To provide a realistic view of the level of doubtful receivables in its financial accounts and keep any adverse impact in upcoming financial periods in check, the Group has in recent years been charging increased provisions for impairment of its receivables from clients and debtors, as may be seen in the following table.

<i>amounts in € '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Clients & Other Receivables from Debtors (A)	343,554	417,571	330,119	338,766
Provision for Doubtful Clients & Debtors (B)	77,858	58,529	73,931	30,311
Provision Rate (B / A)	22.7%	14.0%	22.4%	8.9%

### **b. Input Price Risk**

The Group is exposed to volatility in input prices for raw materials and other supplies, which in most cases are internationally-priced commodities, such as cement, metal rebars and fuel. The Group is centrally purchasing supplies for all its subsidiaries to secure economies of scale. In several cases it pre-orders large quantities of supplies to lock in their purchase price and escape future price shifts.

### **c. Liquidity Risk**

Liquidity risk refers to the likelihood of current assets, ie those that may be disposed off on a short-term span, being insufficient to cover short-term liabilities when they become due. The following table

shows the Group had positive net current assets at the end of 2018, though lower compared to a year earlier.

<i>amounts in € '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current Assets, excluding cash & equivalent (A)	462,435	594,855	430,384	500,059
Short-term Liabilities, excluding bank debt (B)	365,745	462,774	300,114	372,820
Net Current Assets (A – B)	96,690	132,081	130,270	127,239

The Group follows a policy of securing adequate cash to meet upcoming liabilities at any point in time. To this extent, the Group seeks to maintain cash in physical form or in agreed credit lines sufficing for expected payments over the period of a month. The Finance Department prepares a detailed monthly and 12-month cash plan, as well as revising on a quarterly basis the 5-year budget and cash flow statement.

The basic criterion in evaluating the course of cash liquidity is the aging analysis or maturity of the Group's financial liabilities, starting from balance sheet date until those liabilities are due.

The following tables provide an analysis of the aging of financial liabilities for the Company and the Group as of 31.12.2018 and the comparable date in 2017.

#### *Aging Analysis of Loans*

<i>amounts in € '000</i>				
<b>GROUP</b>	<b>&lt; 1 year</b>	<b>1 - 5 yrs</b>	<b>&gt; 5 yrs</b>	<b>Total</b>
<b>31.12.2018</b>				
Bond Loans	0	388,435	41,522	429,957
Loans from Jessica / EBRD (project financing)	0	13,040	30,491	43,531
Long-term Loans – due in next 12months	12,381	0	0	6,080
Leasing	3,449	2,179	0	5,628
Short term Loans	110,191	0	0	110,191
Total	119,721	403,654	72,013	595,388
<b>31.12.2017</b>				
Bond Loans	0	396,939	38,700	435,639
Loans from Jessica / EBRD (project financing)	0	5,299	25,508	30,807
Long-term Loans – due in next 12months	22,810	0	0	22,810
Leasing	3,555	5,473	0	9,028
Short term Loans	94,826	0	0	94,826
Total	121,191	407,711	64,208	593,110

<i>amounts in € '000</i>				
<b>COMPANY</b>	<b>&lt; 1 year</b>	<b>1 - 5 yrs</b>	<b>&gt; 5 yrs</b>	<b>Total</b>
<b>31.12.2018</b>				
Bond Loans	0	383,666	32,276	415,942
Loans from Jessica / EBRD (project financing)	0	0	0	0
Long-term Loans – due in next 12months	6,080	0	0	6,080
Leasing	480	122	0	602
Short term Loans	98,417	0	0	98,417
<b>Total</b>	<b>104,977</b>	<b>383,788</b>	<b>32,276</b>	<b>521,041</b>
<b>31.12.2017</b>				
Bond Loans	0	376,649	33,825	410,474
Loans from Jessica / EBRD (project financing)	0	0	0	0
Long-term Loans – due in next 12months	22,810	0	0	22,810
Leasing	573	528	0	1,101
Short term Loans	81,800	0	0	81,800
<b>Total</b>	<b>105,183</b>	<b>377,177</b>	<b>33,825</b>	<b>516,185</b>

*Aging Analysis of Suppliers & Other Short-term Liabilities*

<i>amounts in € '000</i>	<b>&lt; 1 year</b>	<b>1 - 5 yrs</b>	<b>&gt; 5 yrs</b>	<b>Total</b>
<b>GROUP</b>				
31.12.2018	242,530	37,991	63,504	344,025
31.12.2017	391,185	14,684	37,498	443,367
<b>COMPANY</b>				
31.12.2018	204,928	33,414	47,005	285,347
31.12.2017	324,068	17,399	17,253	358,720

**d. Cash Flow Risk**

The Group occasionally makes use of complex financial products in association with the banking sector to hedge the cash flow primarily to specific investments in self-financed projects. The part of the cash flow hedge which was absolutely effective is credited directly to shareholder funds through the Table of Changes in Own Equity of concessionaires, in line with the provisions of the International Accounting Standards. The ineffective part of the gain or loss is charged directly to the income statement of the companies. Therefore, the Group books its share in its consolidated financial accounts according to the respective entries in associated companies, in line with International Accounting Standard 28.

#### **e. Forex Risk**

The Group receives a large part of its revenues from works in international markets, with a significant portion of those revenues coming from countries outside the eurozone. In cases of projects outside the eurozone, the Group makes an effort to match its receivables in foreign currency with payables in the same currency, effectively hedging part of its foreign exchange risk. The Group also carries out, partially at minimum, financial hedging of its receivables and payables in foreign currency through agreements with banking institutions.

Sensitivity analysis of Group financial position to potential shifts in foreign currency parities shows that the impact on financial results and shareholder funds of a  $\pm 100$  basis point variation in the exchange rates which the Group is exposed to amounts to -€0.91m million / +€0.83 million at the end of 2018, versus  $\pm$ €1.13 million in the previous year. It should be noted that the largest effect on Group results and shareholder funds from exchange rate swings in 2018 mostly came from the currency of Qatar, and to a lesser extent from the US dollar and the Jordanian dinar, while in 2017 the largest impact mostly came from the currency of Qatar, with the currencies of Poland and Jordan having a smaller effect.

#### **f. Insurance Risk**

The Company and its subsidiaries are covered by reputable insurance companies against basic risk arising from their business activity, relating to breakdowns and damages in their technical equipment, personnel accidents, and force majeure events. Insurance coverage is bound to usual terms for each contract and is seen adequate overall. Basic insurance provides full coverage of the undepreciated accounting value of fixed assets against catastrophic and other risks, with an emphasis on technical equipment in Greece and abroad as well as construction projects. Insurance contracts for projects also cover civil responsibility of the Company versus third parties.

#### **g. Geopolitical Risk**

Geopolitical risk is present throughout the Eastern Mediterranean region, the Middle East and Northern Africa Group due to conflicts and unrest linked to the overturning of old political regimes, the rise of new fanatic religious groups, and the conflict for control of natural resources.

The international activity and expansion of the Group outside Europe has focused on countries with a reduced geopolitical risk, such as Jordan, the United Arab Emirates and Qatar. After the liquidation of the Joannou & Paraskevidis Group, with which we cooperated in these local markets, AVAX Group stays its course autonomously, at least until the ongoing joint venture projects are delivered. The Company is also evaluating the scope for operating in those markets on its own or in collaboration with another partner.

The Group has halted works towards the construction of the 590MW thermal power plant at Deir Aamar (Phase II) near the city of Tripoli in Lebanon, and has filed a Petition for Arbitration to the International

Centre for Settlement of Investment Disputes (ICSID) for its claim against the state of Lebanon (see Note 21A of the Financial Accounts 2018).

## **h. Financial Risk**

The Group finances its fixed assets with long-term bond loans and its operations with working capital, while also using performance bonds issued by banking institutions to participate in project tenders and guarantee their proper execution to clients. The terms and pricing of those financial products, ie interest rates and bond fees, are determined by international and local liquidity conditions beyond the control of the Group, despite the good relationship maintained with the local banking system. The economic crisis in recent years, and in particular the conditions which led in mid-2015 to the imposition of capital controls in the local banking system and deemed its recapitalisation necessary, have squeezed liquidity conditions in the banking sector, and in turn, liquidity conditions in the construction sector.

Total consolidated debt for the Group amounted to €595.4 million on 31.12.2018 versus €593.1 million a year earlier, with its long-term segment accounting for 79.9% of the total in 2018 as opposed to 79.6% in 2017. At parent company level, total debt amounted to €521.0 million at the end of 2018 versus €516.2 million in the previous year.

According to a sensitivity analysis of the Group's debt to potential changes in the Euribor rate, the effect of a  $\pm 100$  basis point interest rate variation on Group financial results and shareholder funds at the end of 2018 amounts to  $\pm \text{€}5.30$  million, versus  $\pm \text{€}5.20$  million in the previous year. At parent company level, the respective effect at the end of 2018 amounted to  $\pm \text{€}4.64$  million versus  $\pm \text{€}4.57$  million a year earlier.

## **3. Dividend Policy**

Due to the loss realized in fiscal 2018, Company management is required to propose to shareholders at the Annual General Meeting for 2018, which is scheduled for 26.06.2019, that no dividend is distributed for the year.

## **4. Own Shares**

As of the end of 2018, neither the parent company nor its subsidiaries hold any own shares (sovereign stock). The general shareholders meetings of parent company J&P-AVAX SA and its subsidiaries have never discussed or voted for a proposal to purchase own shares, and have never proceeded to any transaction in own shares.

## **C. Important Transactions Among the Company and Related Parties**

The most important transactions of the Company over the 01.01.2018-31.12.2018 period with related parties as per IAS 24, pertain to transactions with subsidiaries (as defined in article 42 of Law 2190/1920), as follows:

<b>Group</b> (amounts in € '000)	<b>Income</b>	<b>Expenses</b>	<b>Receivables</b>	<b>Payables</b>
PYRAMIS SA		1,158	2	15
AGIOS NICHOLAOS CAR PARK SA			14	
OLYMPIA MOTORWAY OPERATION SA	69		24	
OLYMPIA MOTORWAY CONCESSION SA	834		100	1,003
RIO BRIDGE OPERATION SA	81		28	
RIO BRIDGE SA	20		25	
ATHENS RING ROAD SA		257		322
ATTIKA DIODIA SA				
AEGEAN MOTORWAY SA	3,140	135	234	263
SALONICA PARK SA			15	
POLISPARK SA			24	
ELIX SA			6	
ATHENS CAR PARKS SA			1	
CANOE-KAYAK PARK SA	56		8	
METROPOLITAN ATHENS PARK SA			2	
BONATTI J&P-AVAX Srl			12.143	
5N SA	3		143	
SC ORIOL REAL ESTATE SRL			934	
J&P-AVAX QATAR WLL			11	
J&P-AVAX QATAR LLC			1	
JOANNOU & PARASKEVAIDES ENERGY SA			43	
J&P (UK) LTD LONDON				31
JOANNOU & PARASKEVAIDES (O) LTD				1
ENERSYSTEM FZE		1,870		119
BIOENERGY SA	1		152	
LIMASSOL MARINA LTD	926		10,939	
CYCLADES RES ENERGY CENTRE SA	2		3	
J&P EMIRATES LTD				48
Department Heads and Executive Directors		2,450		445
	<b>5,132</b>	<b>5,871</b>	<b>24.851</b>	<b>2,246</b>

<b>Company</b> (amounts in € '000)	<b>Income</b>	<b>Expenses</b>	<b>Receivables</b>	<b>Payables</b>
ETETH SA	451	156	5.793	686
TASK J&P-AVAX SA	14	1.660	1.190	2.629
J&P-AVAX IKTEO SA			4	16
GLAVIAM	4		5	

J&P DEVELOPMENT SA	51		923	3
ATHENA CONCESSIONS SA			13	41
ERGONET SA	15		409	1
MONDO TRAVEL SA	19	302	155	569
JPA ATTICA SCHOOLS	2.154		250	23
ATHENS MARINA SA	433		1.159	
BONATTI J&P-AVAX Srl			12.143	
J&P-AVAX CONCESSIONS			3	20
VOLTERRA SA	2.058	472	141	897
J&P-AVAX INTERNATIONAL LTD	4.399	48.045	5.533	5.432
AGIOS NICHOLAOS CAR PARK SA			14	
OLYMPIA MOTORWAY OPERATION SA	1.191		24	
OLYMPIA MOTORWAY CONCESSION SA	1.765		100	1.003
RIO BRIDGE OPERATION SA	232		28	
ATHENS RING ROAD SA	17.016	257		322
ATTIKA DIODIA SA	700			
AEGEAN MOTORWAY SA	3.140	135	226	263
SALONICA PARK SA			10	
POLISPARK SA			24	
ELIX SA			6	
ATHENS CAR PARKS SA			1	
CANOE-KAYAK PARK SA	56		8	
METROPOLITAN ATHENS PARK SA			2	
RIO BRIDGE SA	1.002		25	
BIOENERGY SA	1		152	
PYRAMIS SA		1.158	2	15
J&P-AVAX QATAR LLC			1	
J&P-AVAX QATAR WLL			11	
J&P (UK) LTD LONDON				31
JOANNOU & PARASKEVAIDES ENERGY SA			43	
J/V J&P-AVAX -J&PARASKEVAIDES OV. LTD (JORDAN)				216
JOANNOU & PARASKEVAIDES (O) LTD				1
LIMASOL MARINA SA	5.958		10.939	
JOINT VENTURES	4.461		31.841	718
Department Heads and Executive Directors		1.050		180
	<b>45.120</b>	<b>53.235</b>	<b>71.174</b>	<b>13.063</b>

## **D. Explanatory Report of the Board of Directors**

### **[in accordance with article 4 of Law 3556/2007, and its amendments]**

This explanatory report of the Board of Directors contains the information provided for by paragraph 7 of article 4 of Law 3556/2007, and will be submitted to the Annual General Meeting of the Company's Shareholders in accordance with the provisions of paragraph 8 of article 4 of Law 3556/2007. Where the above provisions refer to provisions of Codified Law 2190/1920, which are abolished pursuant to Article 189 of Law 4548/2018, this reference is understood to refer to the corresponding provisions of Law 4548/2018 (article 188).

### **Company share capital structure**

The Company's share capital amounts to €23,296,455 and is split into 77,654,850 common registered shares of a par value of € 0.30 each. The Company's shares are common registered with voting rights, listed on the Athens Stock Exchange in electronic, paperless format.

### **Restrictions on the transfer of the Company's shares**

The transfer of the Company's shares is governed by Greek Law and the Company Charter does not place any restrictions.

However, it should be noted that the independent non-executive members of the Company's Board of Directors may not hold more than 0.5% of the paid-up share capital, in accordance with article 4 of Law 3016/2002 and its amendments.

Furthermore, in accordance with Article 19 of the European Parliament and Council Regulation 596/2014, in conjunction with the Commission's Authorized Regulation 2016/522 and the European Commission's Implementing Regulation 2016/523, the managerial staff and the persons closely related to these persons, are required to disclose transactions that are directly or indirectly conducted on their behalf and are related to the Company's shares or debt securities or derivatives or other financial instruments that are linked to them, amounting to more than €5,000 (on a gross basis, without netting off) each year.

### **Significant direct or indirect participations according to articles 9-11 of Law 3556/2007**

According to the Company share register on 23.04.2019, the following shareholders control in excess of 5% of the Company share capital:

<b>Shareholder Name</b>	<b>Participation</b>
Joannou & Paraskevaides (Investments) Ltd	44.18%
Constantine Mitzalis	13.93%
Constantine Kouvaras	5.97%



### **Holders of any type of a share granting special rights of control**

No shares of the Company provide special rights of control

### **Restrictions on voting rights**

The Company Charter does not provide for any restrictions on voting rights

### **Agreements between Company shareholders**

The Company is not aware of any agreements between its shareholders which might result in restrictions on the transfer of its shares or the exercise of voting rights

### **Rules of appointment and replacement of Board members and amendment of Charter**

The rules provided for by the Company Charter regarding the appointment and replacement of its Board members as well as the amendment of its Articles do not differ from the provisions of Law 4548/2018

### **Authority of the Board of Directors or specific Board members to issue new shares or purchase own shares**

According to the provisions of Law 4548/2018, the Board of Directors of companies listed on the Athens Stock Exchange may be authorised by the General Meeting of their shareholders to increase company capital through the issue of new shares and to acquire up to 10% of their total number of shares through the Athens Stock Exchange for a specific time period. The Company Charter does not make any provisions for this matter that differ from pertinent legislation. There are no outstanding decisions by the General Meeting of Shareholders of the Company for purchasing own shares.

### **Important agreements entered by the Company, which will come into effect, be amended or expire upon any changes in the Company's control following a public offer and the results of this agreement**

There is no such agreement outstanding

### **Agreements that the Company has entered with its Board members or its personnel, providing for compensation in case of resignation or release from duties without substantiated reason or in case of termination of their term or employment due to a public offer**

There are no such agreements outstanding

## **E. Labour and Environmental Issues**

Group activities are diverse and its operations span several countries outside Greece, employing staff with a wide range of skills, academic background, technical and scientific qualifications. Continuous training is offered to staff of all hierarchical levels, either internally by Group personnel or external trainers, to improve performance and job satisfaction. Personnel is also offered a series of additional benefits, such as a private healthcare plan, on top of established labour rights.

The Group's main activity, construction, is closely linked to the natural environment, both in an urban setting and in remote geographic regions. The Company applies an environmental management system according to the ISO 14001 international standard and is actively supporting the improvement of environmental performance at worksite level, based on the procedures and the policies adopted.

In 2018, the Company obtained an ISO 50001 certificate for the implementation of an Energy Management System at its headquarters and at construction sites and submitted an energy report to the Ministry of Environment and Energy in accordance with the Legislation: Directive 2012/27 / EU, Law 4342/2015, Article 48 of Law No. 4409/2016 (Government Gazette A '136), Decision No 175275 / 22.05.2018 of the Minister of the Environment and Energy (Government Gazette B 1927 / 30.05.2018) 97536/326 / 28.12.2018 Decision of the Minister and the Deputy Minister of the Environment and Energy (Government Gazette B 6136 / 31.12.2018).

## F. Financial and Non-Financial Basic Performance Indicators

### 1. Basic Group Financial Figures

The basic consolidated financial figures of the Group in fiscal 2018 and the preceding four-year period are as follows:

<i>amounts in € '000</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Turnover	518,086	456,198	541,189	673,077	582,505
<i>y-o-y change</i>	<i>26.1%</i>	<i>(11.9%)</i>	<i>18.6%</i>	<i>24,4%</i>	<i>(13.5%)</i>
Gross Results	54,740	68,271	30,502	36,783	31,788
<i>y-o-y change</i>	<i>288.0%</i>	<i>24.7%</i>	<i>(55.3%)</i>	<i>20,6%</i>	<i>(13.6%)</i>
Profit / (Loss) pre tax	(38,315)	905	(58,299)	(2,360)	(10,188)
<i>y-o-y change</i>	<i>36.5%</i>	<i>102.4%</i>	<i>(6540%)</i>	<i>96,0%</i>	<i>(331.8%)</i>
Net Profit / (Loss) after tax	(23,804)	(37,636)	(43,170)	(10,552)	(26,302)
<i>y-o-y change</i>	<i>61.4%</i>	<i>(58.1%)</i>	<i>(14.7%)</i>	<i>75.6%</i>	<i>(149.3%)</i>

The performance of the Group on a consolidated basis in fiscal 2018 and the comparative year is defined according to the following ratios:

	<b>2017</b>	<b>2018</b>	<b>Explanation</b>
<b><i>Financial Structure Indicators</i></b>			
Current Assets / Total Assets	54.0%	47,3%	Allocation of assets
Fixed Assets / Total Assets	46.0%	52,7%	
Shareholder Funds / Total Short- and Long-term Liabilities	9.7%	8,5%	Capital Leverage

Total Short- and Long-term Liabilities / Total Liabilities	91.1%	92.1%	Allocation of Liabilities
Shareholder Funds / Total Liabilities	8.9%	7.9%	
Shareholder Funds / Fixed Assets	19.2%	14.9%	Funding of fixed assets by shareholder funds
Current Assets / Short-term Liabilities	114.5%	108.8%	Liquidity ratio
Net Current Assets / Current Assets	12.6%	8.1%	Cover of current assets by net current assets
<b><i>Financial Performance Indicators</i></b>			
Pre-tax results / Turnover	(0.4%)	(1.7%)	Pre tax profit margin
Pre-tax results / Shareholder Funds	(2.2%)	(11.6%)	Return on Equity
Gross Result / Turnover	5.5%	5.5%	Gross profit margin

## 2. Financial Results 2018

Group results in 2018 were burdened with extraordinary, non operating charges for the write-off of doubtful receivables and other provisions totaling €16.7 million, as opposed to year-earlier write-offs amounting to €4.6 million and a €0.1 million charge for the impairment of the value of Group participations.

Accounting for those extraordinary charges for 2018, the total result for the Group in the year was a loss, in fact larger than in the previous year.

Consolidated turnover fell 13.5% on an annual basis to €582.5 million in 2018 versus €673.1 million in 2017, with the largest part of the drop being recorded in the second half of the year.

Gross profit at consolidated level eased to €31.8 million in 2018 versus €36.8 million in 2017, with the respective gross profit margin remaining practically unchanged for another year at 5.5%. The drop in gross profit is entirely attributed to reduced Group revenues.

The pre-tax result for the Group in 2018 was a €10.2 million loss as opposed to a €2.4 million loss in 2017, burdened with asset impairments totaling €16.7 million in 2018 versus €4.7 million in 2017. The net result after tax was a €26.3 million loss for the year, versus a €10.6 million loss in 2017. The net results for the shareholders of the Group, ie deducting taxes and non-controlling interests, also produced a €25.8 million loss in 2018, as opposed to a €10.3 million loss in 2017.

Earnings before interest, tax, depreciation and amortization (EBITDA) for all Group activities turned in a €49.9 million profit in 2018, remaining practically unchanged from the last two years, despite the reduction in turnover.

Net financial expenses fell to €33.0 million in 2018, from €37.4 million in 2017, despite the slight increase in the Group's overall debt level in the course of 2018. More specifically, net debt for the Group rose from €519.6 million at the end of 2017 to €526.4 at mid-2018, settling at €529.7 million at the end of the year.

Management places emphasis on careful cash flow management, however investments are constantly made mostly in concessions while new projects have considerable working capital needs at their start phase. The small rise in net debt during 2018 should not be expected to reverse the broader trend for harnessing Group debt, as dividends have started to flow in from concession participations, most notably the Athens Ring Road.

According to the consolidated and non-consolidated accounts for 2018, except for a few terms for which bondholders have granted waivers, the Company meets the clauses on financial ratios on liquidity, capital adequacy and profitability included in the contracts signed at end-2014 with Greek banks for the issue of syndicated bond loans worth €238 million and €187 million, which were amended in April 2018 as regards the repayment timeframe and interest rate spreads.

Current assets shrank substantially by €140.3 million in 2018, mainly due to a drop in receivables from clients and other receivables, and to a lesser extent in receivables from construction contracts. More specifically, the item for clients & other receivables fell €104.7 million in 2018, reaching €310.5 million at the end of the year versus €415.2 million at end-2017, mostly attributed to the conclusion of several large-scale projects which were not adequately matched by new project additions. Receivables from construction contracts dropped €14.9 million in 2018 to €118.9 million due to invoicing of a large volume of construction in projects which were delivered.

At the same time, the Group wrote-off doubtful receivables and other provisions amounting to €16.7 million in 2018, compared to €4.6 million in 2017 and €30.5 million in 2016.

Non-financial and other short-term liabilities to suppliers dropped €99.4 million during 2018, reaching €344.0 million at the end of the year from €443.40 million at end-2017, as part of the Group's broader cash management policy and meeting liabilities towards suppliers. The decrease in suppliers and advances in 2018, both at Group and parent company level, is mostly related to the slow pace of additions to project backlog relative to the previous year.

As of the end of 2018, Group long-term debt amounted to €475.7 million versus €471.9 million a year earlier, constituting the prime funding source for long-term investments in fixed assets, such as Volterra's wind parks, and participations in concessions.

The value of the Group's participations increased slightly during 2018, reaching €262.2 million at the end of the year, versus €246.8 million in 2017.

The balance sheet item titled "Other Long-Term Provisions & Liabilities" at consolidated level eased to €29.9 million at the end of 2018 from €32.1 million in the previous year.

The Group's financial results for 2018 are broken down by business segment as follows:

<i>amounts in euro</i>	<b>Construction</b>	<b>Concessions</b>	<b>Energy</b>	<b>Other Activities</b>	<b>Total</b>
Net Sales	478,931,399	5,038,582	85,396,819	13,138,329	582,505,129
Gross Profit	25,719,918	(1,645,642)	4,885,264	2,828,328	31,787,868
Operating Profit	(5,257,780)	27,806,955	526,256	(469,164)	22,606,266
Financial Results					(32,793,929)
Pre-Tax Profit / (Loss)					(10,187,663)
Tax					(16,114,600)
Net Profit / (Loss)					(26,302,263)
Depreciation	9,614,941	206,518	386,349	400,998	10,608,807
Earnings Before Tax, investments results, depreciation and provisions (EBITDA)	20,934,572	28,013,473	1,051,502	(68,166)	49,931,381

The Group's financial results for 2018 are broken down geographically as follows:

<i>amounts in euro</i>	<b>Greece</b>	<b>International Markets</b>	<b>Total</b>
Net Sales	377,511,102	204,994,028	582,505,129
Gross Profit	5,350,200	26,437,668	31,787,868
Operating Profit	35,088,162	(12,481,896)	22,606,266
Financial Results	(23,775,572)	(9,018,357)	(32,793,929)
Pre-Tax Profit / (Loss)	11,312,590	(21,500,253)	(10,187,663)
Tax	(15,898,974)	(215,626)	(16,114,600)
Net Profit / (Loss)	(4,586,384)	(21,715,879)	(26,302,263)
Depreciation	10,215,217	393,590	10,608,807
Earnings Before Tax, investments results, depreciation and provisions (EBITDA)	46,481,613	3,449,768	49,931,381

At parent company level, turnover fell to €477.1 million in 2018 from €566.8 million in 2017, however gross profit rose to €25.2 million in 2018 from €23.2 million a year earlier as cost of sales decreased at a faster pace, reaching €452.0 million in 2018 versus €543.6 million in 2017. The slight improvement in gross profitability of the parent Company in relation to its reduced turnover is due to a shift in the

participation of various projects to total revenues in 2018, boosting the gross profit margin of the Company to 5.3% in 2018 from 4.1% in 2017.

The parent company's income from participations improved marginally in 2018 to €33.0 million from €32.8 million in 2017, due to the gradual maturing of its concession portfolio and the slight improvement in revenues (tolls) of the Athens Ring Road.

Earnings before interest, tax and amortization for the parent company recorded €53.8 million profit in 2018 versus €49.6 million a year earlier.

### **3. Activity per business segment**

#### *Construction*

The construction business segment registered reduced activity in 2018 relative to 2017, as several large-scale private and public works in energy and transportation infrastructure in the local market were completed without being replaced by new projects of similar size.

International markets registered a lower rate of construction activity, reducing the contribution of the international segment to the Group's overall revenue mix to 35.2% in 2018, versus 39.3% in 2017.

#### *Energy (Power Plants & LNG)*

The Group's main energy projects in progress are the design & construction of a 1,500MW power plant in Iraq, the upgrading of the port facilities of the cargo terminal at Umm Qasr in Iraq and the design & construction of an exhaust gas desulphurization system at the 375MWe Lignite-fired Unit V of the Aghios Dimitrios power plant in Northern Greece. The Group hopes that the experience of the projects executed, as well as those recently completed, such as the TAP gas pipeline in Northern Greece, the LNG terminal in Malta and the 3rd LNG tank in Revythousa, will help its bidding success for other similar projects, mainly in international markets where the demand for design & construction by specialized manufacturers is very high.

#### *RES & Energy Trading*

In the field of Power generation, Volterra has a portfolio of Renewable Energy Projects (RES) of approximately 338 MW (11 projects), at various stages:

- In operation
- Ready to be built or under construction
- Ready to participate in competitive procedures
- In development

All projects are developed internally on a green-field basis by the company and in collaboration with external consultants, while most of them are Wind Farms. In 2018, the construction of a Wind Park of a total capacity of 16MW was fully licensed in the Prefecture of Aitolokarnania at the site of

Kouromandri-Riganolaka. In September 2018, the wind farm was tested and feeding of energy into the system began.

In addition, a 54MW wind park, fully licensed (Installation License, Connection Agreement, Power Sale Agreement), is in the process of finalizing the financing negotiations with the aim of starting construction in the third quarter of 2019. At the final stage of development are also 2 wind parks totaling 40MW, as well as a 2.7MW photovoltaic park, which are eligible for participation in the competitive process expected to be organized by Greece's energy authority in 2019.

In the context of the joint implementation / construction of large scale projects, the company proceeded to a partnership with PPC for the joint development and exploitation of wind farms in Aitoloakarnania and Viotia with a total capacity of 69.7 MW. PPC acquired a 45% stake in two of Volterra's SPVs, which control the respective projects.

In the retail market for the supply of electricity as an energy provider, the company is constantly increasing its size and expanding its customer base. The customer portfolio includes industries, stores, large hotels, business clients, buildings and residencies. With the aim of increasing market share with emphasis on expanding its Low and Medium Voltage clientele, the company plans and implements a series of actions in this direction.

In particular, in 2018 the company set the following priorities:

1. The expansion of the company's customer base with emphasis on residential users
2. The expansion of its Partner Network, with a view to its presence in the largest urban centers throughout the country
3. The opening of 6 branches in provincial cities (Ioannina, Larissa, Volos, Trikala, Serres, Patras) through franchise and the operation of an office in Thessaloniki, aiming at greater penetration in local markets
4. The launch of the Natural Gas Supply Department for the retail market, which went into a liberalization phase in 2018.

In the context of its activities, Volterra has successfully participated in all NOME auctions held so far (selling electricity from PPC's lignite units to private electricity suppliers) in order to meet the demand of its customers and improve the cost of supply.

In the wholesale market, which deals with cross-border trade, Volterra enters long-term and short-term deals for the Import or Export of Energy. In particular, its commercial activities concern annual, monthly and daily energy transmission contracts at interconnections with Italy, Bulgaria and FYROM. The company's goal is to expand its partnerships with new companies by continuously increasing the volume of transmitted energy. At the same time, the company initiated the procedures for its listing on the European Energy Exchange (EEX), for dealing in energy- and natural gas-related derivatives.

The company's growth path, both for the production of electricity and its supply and trading, is reflected in the increase in its size. In support of rising activities, management focuses on strengthening the company's infrastructure and operations, both in human resources and in sophisticated information systems, with a key focus on increasing efficiency and effectiveness.

#### *Real Estate*

Group real estate development operations are pursued via its subsidiary J&P Development SA. Due to the crisis in the real estate market in recent years, the company has not proceeded to develop any new property, instead it focuses on pushing forward with licensing issues for some of its property in Greece and abroad, while also occasionally selling some of the property developed in earlier years.

No significant changes are expected in Greece's economic conditions in the near-term, therefore the local real estate market and consequently J&P Development are not seen recovering to produce significant improvement in the financial results in the near future.

#### *Concessions*

Group accounts include low amounts of income from its participations in concessions because it does not fully consolidate them, with the exception of Athens Marina and the Athens Schools PPP project. Consolidated 2018 results include income from associates corresponding to Group share in the profit of concession participations, such as the Athens Ring Road, the Rio-Antirrio Bridge, the Aegean Motorway, etc.

Despite normal fluctuations in the income and dividends of those concessions in line with the country's economic conditions, the course of those concessions is in line with long-term projections due to their key position in local transportation and vehicle traffic. Therefore no problems are expected in receiving dividends from those concessions. There can be no safeguard against a downturn in other road concession projects included in the Group portfolio when they move into dividend payment stage. In contrast, prospects for other projects, such as Limassol Marina in Cyprus, are positive.

#### *Facility Management*

The Group is active in facility management with success through its subsidiary Task J&P-AVAX SA, which boasts a good clientele base in the private and the public sector. The company is constantly profitable and offers a wide range of services for managing and maintaining business installations, corporate offices and buildings.

The outlook is positive because the targeting of the client base reduces doubtful receivables and is based on long-term contracts and relations with clients.



## G. Alternative Performance Measures

This Financial Report features some «Alternative Performance Measures», based on the ESMA Guidelines on Alternative Performance Measures dated 05.10.2015), besides the International Financial Reporting Standards which derive from the Group's financial statements. APMs are not a substitute for other financial figures and financial indicators of the Group which are calculated according to IFRS, rather they serve the purpose to allow the investment public to get a better understanding of the Group's financial performance.

APMs aim to enhance transparency and promote the usefulness and fair and complete information of the investing public, by providing substantial additional information, excluding elements that may differ from operating results or cash flows.

The APMs used in the Group's Annual and Interim Financial Reports are as follows:

### 1. Earnings before interest, tax, depreciation and amortization (EBITDA)

<i>amounts in € '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Pre-tax Earnings (A)	(10,188)	(2,360)	(2,395)	(14,299)
Financial Results (B)	(32,794)	(37,103)	(30,252)	(34,917)
Investment Results / Adjustments for non-cash items (C)	(16,716)	(4,693)	(17,975)	(21,774)
Depreciation (D)	10,609	10,437	8,003	7,248
<b>EBITDA (A - B - C + D)</b>	<b>49,931</b>	<b>49,873</b>	<b>53,835</b>	<b>49,640</b>

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) are defined and calculated according to Circular #34 of the Capital Markets Commission, as follows: Earnings before tax, financial and investment results and total depreciation (EBITDA) = Profit / (Loss) pre tax earnings +/- financial and investment results + Total Depreciation (of tangible and intangible assets). EBITDA is widely used by financial analysts and banks to evaluate the capacity of corporations to service their debt out of generated cash flow.

### 2. Capital Leverage Indicator

<i>amounts in € '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Total Debt (A)	595,388	593,110	521,040	516,185
Shareholder Funds (B)	87,827	109,751	249,322	251,285
Funds deposited towards Rights Issue (C)	13,000	10,000	13,000	10,000
<b>Capital Leverage [ A / (B+C) ]</b>	<b>5.91</b>	<b>4.95</b>	<b>1.99</b>	<b>1.98</b>

The capital leverage indicator is calculated as the ratio of the total of Short-term and Long-term loans at year-end to Total Shareholder Funds at year-end, taking into account the funds deposited by a main shareholder towards the share capital increase approved by the general meeting of Company shareholders. This indicator examines the relationship between loans and own equity to assess whether the business is adequately capitalized or exhibits excessive exposure to bank loans and borrowed capital.

### 3. Net Debt

<i>amounts in € '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Bond Loans	(429,957)	(435,639)	(415,942)	(410,474)
Loans from Jessica / EBRD (project financing)	(43,531)	(30,807)	0	0
Long-term Loans – due in next 12months	(6,080)	(22,810)	(6,080)	(22,810)
Leasing	(5,628)	(9,028)	(602)	(1,101)
Short-term Loans	(110,192)	(94,826)	(98,417)	(81,800)
Total Debt (A)	(595,388)	(593,110)	(521,041)	(516,185)
Cash & Equivalent (B)	65,676	73,509	57,026	59,386
<b>Net Debt (A + B)</b>	<b>(529,712)</b>	<b>(519,601)</b>	<b>(464,015)</b>	<b>(456,799)</b>

Net Debt is calculated by subtracting Cash & Equivalent from the total of Short-term and Long-term Loans. As a performance indicator, net debt gives an immediate view of the capacity of a business to repay all or part of its debt making use of its cash and equivalent.

### 4. Free Cash Flow

<i>amounts in € '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Pre-Tax Earnings	(10,188)	(2,360)	(2,395)	(14,299)
Other Cash Flow Items	24,640	27,794	21,589	36,452
Change in Working Capital	12,218	(17,043)	9,542	(18,262)
Operating Cash Flow (A)	26,670	8,391	28,736	3,892
Net Investment Cash Flow (B)	(36,781)	(41,690)	(32,584)	(29,217)
<b>Free Cash Flow (A + B)</b>	<b>(10,110)</b>	<b>(33,299)</b>	<b>(3,848)</b>	<b>(25,325)</b>

Free Cash Flow is measured by deducting Net Investments from Operating Cash Flow, to provide an indication of the cash generated by a business due to its operation after paying for investments in assets. Positive free cash flow allows for financing of new activities to expand the business and relax debt, while a free cash outflow must be matched by new equity injected by shareholders or borrowing from the banking system.

## **H. Expectations & Prospects for 2019**

The Greek economy shows signs of long-term stabilization, but growth rates are still weak and constantly being revised downwards by competent domestic and international institutions. The lack of convincing recovery prospects for the economy in general, and in particular for the economic and business environment, inevitably affects the construction industry as well.

Privatizations continue to be promoted slowly, public procurement tenders face problems of resource availability and pending competition issues, and the banking system still can not take on its developmental role in the construction market.

Foreign markets show significant fluctuations in the potential for profitability as competition moves with great flexibility between different geographical areas and project types, responding to the trends of the international economy.

The AVAX Group in the present period is at a turning point as many large projects have been completed in Greece, with no particular hopes of promptly replenishing them with contracts of comparable size and profitability. In international markets, conditions are clearly better, continuing to work on large, profitable projects and claiming many more with excellent prospects, with emphasis on energy projects for which the Group has accumulated considerable experience.

It should be noted that at the end of 2018, the Group's project backlog, ie the part of signed contracts that was not recorded in the financial statements for revenue and expenditure, amounted to €1.0 billion, down from approximately € 1.2 billion last year. However, in the early months of 2019, the flow of new projects has increased, increasing the backlog and allowing optimism for the Group's operations over the medium term.

## **I. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report**

### Corporate Name Change

The 2nd Repeat Extraordinary General Meeting of Company shareholders held on 27.03.2019 decided the change of the Company's name from J&P-AVAX SA to AVAX SA. The renaming is part of the general renewal of the Group's business profile and the need to avoid undue confusion among the investment public, the banking sector and the construction sector, following the appointment of liquidators at the international construction group J&P (Overseas) Ltd and the separation of the activities of the Joannou and Paraskevaides families (included in AVAX's main shareholders).

### Election of new Board of Directors

The 2nd Repeat Extraordinary General Meeting of Company shareholders held on 27.03.2019 elected a new Board of Directors for a three year term ending 26.03.2022, which subsequently convened and appointed its members as follows:

1. Christos Joannou, Chairman (executive)
2. Konstantine Kouvaras, Deputy Chairman (executive)
3. Konstantine Lysarides, Vice Chairman & Director (executive)
4. Konstantine Mitzalis, Managing Director (executive)
5. Aikaterini Pistoli, Director, Non Executive
6. Christos Siatis, Director, Non Executive-Independent
7. Alexios Sotirakopoulos, Director, Non Executive- Independent
8. Michael Hatzipavlou, Director, Non Executive-Independent

It should be noted that on 08.03.2019, Mr George Demetriou had resigned from the post of non-executive member of the Board of Directors for personal reasons. The Board of Directors had decided not to replace Mr George Demetriou, but to continue the management and representation of the Company with its remaining members, as provided by article 82 of Law 4548/2018 and in conjunction with Article 23 paragraph 2 of the Corporate Charter of the Company.

Furthermore, the executive member of the Board of Directors, Mr Konstantine Lysarides, has been appointed Vice-Chairman since 13.03.2019, replacing Mr. Constantinos Mitzalis, who remains the Managing Director of the Company.

#### Introduction of new Project Bidding Committee

In March 2019, the Board of Directors decided to introduce a three-member Project Bidding Committee, in line with the provisions of its Corporate Charter, article 87 of Law 4548/2018 and best practice principles and corporate governance rules. The new committee work towards the effective operation of the Company's institutional bodies and the application of all principles, technical and organizational measures and procedures adopted by the Company to comply with competition regulations. The Board of Directors granted the Project Bidding Committee all powers of administration and representation of the Company in relation with tenders for public contracts, and overall with bidding for public and private works, as specified in the Board decision. The Project Bidding Committee comprises the following Group officials:

1. Konstantine Lysarides, Vice Chairman & Executive Director
2. Athena Demetriou-Eliades, Group Financial Officer, and
3. Zoe Lysarides, Bidding Department Director

#### Revision of agreements for 4 joint ventures with J&P (Overseas) Ltd in Jordan and Qatar

On 11.10.2018, it was announced that international contractor J&P (Overseas) Limited, incorporated in Guernsey, filed for liquidation to address the deficits and liquidity problems it faced. Given that the Company participated in four joint venture projects with J&P (Overseas) Limited in Jordan and Qatar, it was necessary to review the respective contracts with the clients and banks involved in these projects.

The process of reviewing the contracts proved to be particularly time consuming, while the Company made every effort to continue and complete these projects in the most technically perfect way, to

ensure the Company's future presence in the construction market of the wider Arab world as well as its access to the local banking system.

Given the different nature and completion rate of the four joint ventures, no single methodology was followed to solve the problem created by J&P (Overseas) Limited's bankruptcy. In particular, the solutions pursued are:

#### 1. Jordan

The project concerns the upgrading of the baggage handling system at the international airport of Queen Alia in the capital city of Amman, which is effectively an extension of the oldest contract signed with the government of the country for the construction of the state-of-the-art airport. The contract was signed on 12.04.2018 representing a value of €24.8 million for our Company, corresponding to a 50% stake.

The relevant contract between the Client, the liquidator of J&P (Overseas) Ltd and banks is expected to be signed soon. The deal grants AVAX SA full responsibility for the continuation of the project and calls for the purchase of the assets of J&P Overseas Ltd (office space and limited mechanical equipment exclusively employed by the project), according to the appraisal conducted by a specialist on behalf of AVAX and the liquidator of J&P (Overseas) Ltd). The transaction cost will be paid in installments until June 2019 in order to be covered by the operational cash flow of the project.

The agreement also grants J&P (Overseas) Ltd the right to receive part of any excess profitability of the project over the consortium's construction budget (ie if profitability is higher than the level estimated by the current budgeted budget). Bank guarantees for advance payment and performance of the project, of a total value of €9.0 million, have been issued only by our Company.

It should be noted that works proceed normally. On reference date 30.06.2018, the project was 5% complete, rising to 11% on 31.12.2018. The contractual work schedule calls for project delivery in 2022, with the largest part of works planned for 2019 (65%) and 2020 (15%).

#### 2. Roadworks in Qatar

The first project for the construction of the so-called West Corridor of Doha was signed with Ashghal (Qatari Public Works Authority) on 01.08.2013, with a €101.3 million value for our Company, representing a 25% stake. The second project concerns the construction of the New Orbital Highway at the Doha Port. Signed on 22.01.2014 with Ashghal, with a value of € 192.2 million for our Company, for a 25% stake.

For both road works in Qatar, agreements were signed during 2019 with Ashghal, providing for the unilateral undertaking of the completion by AVAX and the expulsion of J&P (Overseas) Ltd from the construction consortium. Upon signing the revised contracts, the client released the performance bonds held, and then partially called the outstanding letters of guarantee to repay any legacy payments for

suppliers appearing in the books. These payments will be reviewed and approved by the client to ensure that payments exclusively concern the projects. Thereafter, if payments for the remainder of the two road projects fall short of meeting the costs of the projects until their completion, the client will partially call the letters of guarantee in his possession, issued by J&P (Overseas) Ltd without any AVAX SA guarantee. Thus, it appears that AVAX SA will not be harmed in any way by the completion of these two road projects.

The percentage of completion of the two projects, as of 31.12.2018, stood at 97% and 92%, respectively, as remaining works include installation of road signs, lighting fixtures and landscaping.

### 3. Qatar Foundation Sports Stadium

The project concerns the construction of a state-of-the-art sports stadium to be used in the 2022 FIFA World Cup. The stadium will then be refurbished to become the main sports facility of the education complex which it will be built in. The contract was signed with state institution Qatar Foundation on 21.07.2016, representing a value of €133.7 million for our Company, corresponding to a 24% stake.

In the Qatar Foundation project, it is agreed, and the relevant contract is expected to be signed shortly, that J&P (Overseas) Ltd will be fully substituted by Conspel Qatar WLL, another member of the construction joint venture, assuming all obligations and rights for all work completed so far and scheduled for the future. The relevant revised contract will be signed by the client after the shares of Conspel Qatar WLL are sold by the liquidator and transferred to a new owner. Conspel Qatar WLL is a subsidiary of J&P (Overseas) Ltd, it is regarded as viable due to its backlog of profitable projects and is scheduled to continue its independent course, according to the J&P (Overseas) Ltd liquidator. Therefore, Conspel Qatar WLL is not included in the assets planned to be liquidated, but its shares will be sold.

Letters of guarantee for this project were issued by J&P (Overseas) Ltd, while our Company provided corporate guarantee to the lending bank up to the percentage of its participation (24%). For the purposes of the project, the bank has provided working capital to J&P (Overseas) Ltd, which is expected to be repaid until the project is completed by the joint venture. The Company through its branch in Qatar (which is incorporated in the parent company's balance sheet) records this payable item in its liabilities according to its stake in the JV (24%) at 31.12.2018. It amounts to 32.4 million QAR or €7.5 million.

Works towards the project proceed normally, with the completion percentage as of 31.12.2018 amounting to 50%. It should be noted that following the placement of J&P (Overseas) Ltd under liquidation, the construction joint venture in 2019 was awarded two additional contracts for the project, to erect a school building complex and assume maintenance of the entire sports and education facilities for a two-year period, worth around €62 million and €31 million, respectively.

### Share Capital Increase amounting to €20 million

The 2nd Repeat Extraordinary General Meeting of Company shareholders held on 27.03.2019 decided a share capital increase amounting to €20 million through a rights issue for all shareholders, at an issue price of €0.30 per share. The capital increase will be implemented through the issue of 66,666,666 new ordinary shares at a ratio of approximately 0.885849971 new shares for each existing share. The relevant information memorandum is expected to be submitted shortly to the Capital Markets Commission for approval.

### Acquisition of Businesses in Libya and Greece

The Company agreed in April 2019 to acquire PSM Suppliers Limited ("PSM") based in Channel Islands from "Overseas Holdings Limited" (OHL), which belongs to the Joannou & Paraskevaides (Overseas) Limited group ("JPO"), placed under liquidation since October 2018. PSM's shares were transferred together with all the rights and obligations related in particular to the continuation of two separate contracts for an energy project in Libya's Faregh oil deposit, the client being WAHA Oil Company of Libya. It is noted that the project is in the final stage of completion, estimated to be completed in 2019, as the remaining works include testing & commissioning of mechanical equipment from Siemens, a subcontractor of PSM. With this transaction, the Company seeks:

- to acquire PSM's experience and project record, thereby improving its bidding capacity for similar energy projects in international markets
- to collect in the near-term the funds withheld to guarantee the performance of the two projects, which exceed the agreed acquisition price.

The Company also acquired from JPO for a symbolic price the total shares of J&P Energy SA, based in Greece, which has long experience in the design of energy projects in international markets.

### Addition of new projects:

1. The Company signed on 12.03.2019 a contract for the design, financing, construction, maintenance and operation on a PPP basis (Public-Private Partnership) of a Waste Management Plant in the Ilia Prefecture of Western Greece, in a consortium with Mesogeios SA and AAGIS SA. The investment amounts to €39.5 million and the project aims to effectively manage urban solid waste produced in the prefecture, with a maximum capacity of 80,000 tons per annum. The waste management plant will be located in a rural area between the municipalities of Pyrgos and Ilida. The construction period is 22 months, including 4 months of pilot operation, to be followed by an operation term of 25 years and 2 months. The private entity of the public & private sector partnership, assumes, among others, the following obligations: a) construction, operation and maintenance of the waste management unit, b) financing of the project with own equity, debt and a financial participation by Ilida municipality, c) commercial use of by-products (recycled material, biogas-energy, compost, etc), d) transportation of residual waste to sanitary landfills.
2. The Company participates in a joint venture with TEPNA, 100% subsidiary of GEK TERNA Group, which signed a contract with "ICR CYPRUS RESORT DEVELOPMENT CO LIMITED", of Chinese

interests, for the construction of the "City of Dreams Mediterranean" integrated casino resort in Limassol, Cyprus. The joint venture is comprised of J&P-AVAX SA (60%) and TERNA SA (40%). The contract, worth around €270 million with a 30-month deadline, pertains to the construction of an integrated casino resort with approximately 96,000 m<sup>2</sup> building construction area on a 37 hectare site. The resort will include a casino, restaurants, retail and commercial area, spa, a 16-storey hotel tower with approximately 500 guest rooms, expo building, sizeable sports facilities with indoor and outdoor pools, and an assortment of other main and auxiliary areas and facilities, as well as expansive landscaped areas.

#### Collaboration of subsidiary Volterra with PPC to develop wind parks totalling 69.7 MW

Volterra, 100% subsidiary of AVAX Group, agreed with PPC to jointly develop and operate wind parks with total capacity of 69.7MW. Specifically, PPC acquired 45% of the share capital of two Volterra SPVs, the first of which owns two wind parks of 16MW total capacity in Etoloakarnania region which are already operational at a FiP of €98/MWh, and the second which owns two wind parks in Viotia region, one with capacity 42.9MW with a FiP of €98/MWh, and the other with a 10.8MW capacity with a FiP of €56.45/MWh, whose construction will start soon. The transaction is subject to the notification and approval of Greece's Monopolies Commission.

## **J. Non-Financial Overview**

### **a. Business Model**

The Group's current structure stems from the merger of construction firms AVAX SA and J&P HELLAS SA in the early 2000s. Shares of the Group are traded on the Athens Stock Exchange because former AVAX SA was listed as early as 1994. The AVAX Group of companies is mostly active in the areas of construction and concession management, while also being involved in some complementary activities such as real estate development, RES and energy trading, motoring check of vehicles and facility management. The AVAX Group of companies has a significant presence in the largest projects of Greece as well as in international markets, with an emphasis on Cyprus, the Middle East and the Persian Gulf.

Financial and technical assessment of construction projects and investments in concessions, towards submitting bids in the tender process, is a fundamental activity of the Company. Personnel at Group headquarters is also involved in the legal evaluation of contracts, the insurance coverage of projects, technical equipment and staff, along with the accounting and cash flow monitoring of projects. When it comes to construction works though, the physical presence of technical and financial personnel at work sites is necessary, either on permanent or periodical basis.

### **b. Applied Company Policies**

The Board of Directors bears full responsibility for setting the targets and policies for risk management at Group level, and has authorized the Strategic Planning & Risk Management Committee to design and apply the procedures securing the achievement of those targets and policies, yet retaining ultimate responsibility for those issues. The Board of Directors receives monthly and quarterly reports, through



which it monitors the efficiency of the procedures in place as well as the suitability and management of set targets and policies. The Group's internal auditors also audit the policies and procedures for risk management, and submit their findings to the Audit Committee.

The Company operates an independent Department of Quality, Safety, Environment and Sustainable Development, which supports the implementation of quality, safety and hygiene management systems for environmental impacts and energy management through the Group's central IT system.

#### Environment

The Environmental Policy of the Company comprises a set of principles, defined as commitments, through which top management describes the long-term direction of the Company with respect to the support and enhancement of environmental performance. The Company has developed and applies an Environmental management System according to international standard ISO 14001.

#### Energy Management

As part of the applied Environmental Management System, the Company has designed and applies various Programmes and Procedures in a bid to reduce energy consumption in worksites and central installations and offices. The Company has developed and implemented an Energy Management System, in accordance with the international ISO 50001 standard, aiming at reducing energy consumption and implementing energy saving measures.

#### Waste Management

The Company abides by local, national, EU and international legislation (depending on the country) in all its projects. As part of the applied Environmental Management System, the Company has designed and applies various Programmes and Procedures for Waste Management. In its effort to practice best environmental management, the Company has reached agreements with licensed firms and institutions for waste management and recycling.

#### Social Policy

The Company is very active in the area of social responsibility, realizing the interaction with the local communities it is active in. AVAX's contribution takes the form of financial support of cultural and sports activities of various local communities and institutions, along with a number of events focusing on humans as individuals. The Company views social responsibility as a broader notion, where the target is not only to support specific groups of people, rather it is to improve the quality of life and safety of its personnel, residents neighbouring to its work sites and users of its projects.

#### Labour Policy

At the end of 2018, the Group and the Company employed 1,980 and 1,484 personnel, respectively, versus 1,674 and 1,185 a year earlier.

### Health & Safety of Workers

The Company's policy on safety is to provide and maintain safe working conditions in all its activities on its construction sites and facilities. The Security Management System that the Company is constantly developing and developing is the "tool" for the success of its Policy. In order to support the implementation and operation of the Safety Management System, AVAX SA has established an independent Department for Quality, Safety, Environment and Sustainable Development, which:

1. Develops and monitors the implementation of the Safety Management System in the Company's projects and facilities
2. Manages and organizes projects with the appropriate specialized personnel in safety and health matters (safety technicians, doctors, nurses etc.)
3. Updates projects for changes in legislation and supports its implementation throughout the project
4. Regularly inspect the implementation of the Safety Management System
5. Evaluates the results of performance measurements of the System
6. Manages and brings together know-how to apply good health and safety practices to all projects

The Company has also hired a doctor, who is available to all personnel for medical recommendations and advice at its headquarters for a two-hour period once per week.

### Employee Benefits

The Group has put in place a policy of specific benefits for its employees, including:

- ❖ zero-interest loans and salary advances to meet extraordinary needs
- ❖ private medical and hospital cover for employees and family members
- ❖ blood bank through a voluntary donation scheme, for employees and family members
- ❖ gym at the central building of its headquarters in Marousi
- ❖ agreement with a psychologist to cover certain needs of employees

### Training & Development of Employees

The Company invests in its human resources and applies a Training Procedure to all hierarchical levels. The purpose of the procedure is to define the conditions for the most efficient training of staff, making use of approved subsidies, with a view to increase performance and satisfaction derived from work. Training is done both in-house and by external institutions.

The procedure is applied across all personnel when need arises, for example:

1. in cases of newly-hired employees, when specialized knowledge is required
2. when there is need for skills improvement for an existing work position
3. when taking up new responsibilities (promotion)
4. in the event of changes in legislation / introduction of new technologies / procedures
5. when there is need for specialty skills

### Respect of Human Rights

The Company incorporates in its corporate values some of the 17 Sustainable Development Targets of the United Nations, and in particular those pertaining to the protection of human and labour rights, prosperity across age groups, equality of sexes, easing of inequalities both inside and among countries. The Code of Ethics and Conduct includes the afore-mentioned values and provides personnel with the appropriate guidelines to promote the Respect of Human Rights.

### Protection of Personal Data

The Group has set as its top priority the protection of the personal data of associates and clients for all of its companies. For this reason, it has implemented a set of rules and procedures that ensure full compliance with the European and national legislative framework.

The Harmonisation Plan for the General Data Protection Regulation ("GDPR", ie Regulation 2016/679 of the European Parliament and European Council of April 27, 2016) implemented by the AVAX Group is based on existing and new procedures and includes systematic scrutiny of operations, services and products of its companies, with the sole aim of achieving the most direct and smooth compliance of the companies.

The main actions of the Group regarding compliance with the requirements of the General Data Protection Regulation include, but are not limited to:

- The appointment of a Data Protection Officer (DPO)
- The appointment of a Chief Information Security Officer (CISO)
- Upgrading the IT systems and infrastructure of the Group
- Creation of Personal Data Processing Records for the Group companies
- Recognize high-risk personal data processing procedures
- Controlling Personal Data Protection and Security procedures from the "design and by definition" of all Group projects
- Raise awareness of staff and associates in order to understand the General Data Protection Regulation and implement it in their day-to-day tasks
- The re-training of all staff on personal data protection issues
- The processing of personal data by affiliates, which is only given after a signed Processing Agreement and requires the protection and security measures to be safeguarded

In all countries in which the Group operates, companies are required to maintain a unified policy of protecting Personal Data.

### **c. Performance of Applied Policies by the Company**

The successful application of Company policies and Management Systems yields multiple benefits, both short-term and long-term. The following benefits are the most important:

- ❖ Securing transparency across all activities

- ❖ Systematic monitoring of legislation and documentation of compliance with regulations in all countries where the Company is active
- ❖ Improvement of safety conditions and hygienic environment in all sites and facilities
- ❖ Reduction of exposure of staff and third parties to hazardous conditions, while also reducing work accidents, if possible
- ❖ Protection of the environment and saving on natural resources
- ❖ Environmental awareness among all personnel
- ❖ Competitive advantage and securing the capacity of the Company to take up demanding, large-scale projects
- ❖ Definition of roles, responsibilities and authority of personnel and improvement of communication at all hierarchical levels
- ❖ Good relations between employer and employees, with a simultaneous improvement in trust and cooperation
- ❖ Gradual improvement in Company organization with indirect improvement and standardization of its operations and activities
- ❖ Improvement in Company fame and brand awareness in the market
- ❖ Improvement in Company productivity and viability, coupled with a reduction in foregone profit and/or operating cost
- ❖ Improvement in the capacity to recognize and assess risky situations and work conditions
- ❖ Improvement in crisis management procedures

The Company commits itself to continuous improvement through its policies and management systems. To achieve this task, it improves its systems by planning the method for dealing with threats and opportunities, incorporating and applying actions in management systems and evaluating their efficiency.

#### **d. Risks**

The main risks faced by the Company in applying the afore-mentioned policies and management systems are:

- ❖ pollution of the environment with solid and liquid waste and gas pollutants from construction works
- ❖ high risk of work accidents
- ❖ transparent transactions with suppliers and subcontractors

To deal with environment-related risks, the Company takes all measures for proper management of its waste (as mentioned earlier), engages in actions to limit direct and indirect implications caused by its construction activity, and adopts policies aimed at reducing its environmental footprint.

The Company has put in place a mechanism for recognizing professional risks, evaluating those risks and assessing residual risk for all its activities.

When planning security measures, each case involves the following parameters:

- ❖ local legislation for safety
- ❖ international standards for safety
- ❖ the Company's safety policy
- ❖ the requirements of the client
- ❖ requirements of supervisory bodies
- ❖ safety standards for supplied materials and equipment
- ❖ good practices and technological solutions, already applied in other projects
- ❖ the findings of checks and audits
- ❖ the findings of accident studies

Carrying out procurements through competitive offers is a critical factor in maintaining and improving Group competitiveness.

Request for quotations are performed under strict rules to guarantee free competition and a good working relationship between the Group and its suppliers. It is therefore important to have a set of clear and detailed technical specifications and commercial terms, as well as a list of reliable candidate suppliers in each case, which should continuously be updated and renewed depending on market developments.

Long-term agreements are compatible with the principles of free competition as long as they have been reached through a competitive procedure, are subject to mutual obligations and rights, and are checked periodically whether they remain competitive.

The technical specifications of a product or service must precisely correspond to what is stated in the contract.

Requests for quotations sent to candidate suppliers and subcontractors for preparing their quotations should be identical, provide the same time frame to respond and any supplementary information or explanations should be provided simultaneously to all candidate suppliers and subcontractors.

The Group requests quotations from candidate suppliers and subcontractors viewed to have the required experience and productive capacity to fulfill the procurement / work. No quotations are requested by candidate suppliers and subcontractors who fail to meet the required terms of cooperation.

#### **e. Non-Financial Basic Performance Indicators**

The following table presents the basic information regarding the Group's financial, human resource and environmental protection performance:

<i>amounts in € '000</i>	<b>2017</b>	<b>2018</b>
<b>Financial Information</b>		
Turnover	673,077	582,505
Profit / (Loss) before tax	(2,360)	(10,188)
Net Profit / (Loss) after tax	(10,552)	(26,302)
Operating Expenses	(32,209)	(36,589)
Market Capitalisation, year-end	59,406	29,354
Total Assets	1,237,893	1,116,439
Dividend per share, in euros	0.00	0.00
Tax	(8,193)	(16,115)
Profit / (Loss) per share, in euros	(0.136)	(0.332)
Depreciation	10,437	10,609
<b>Personnel</b>		
Total Personnel	1,674	1,980
Women in managerial positions	3	2
Women in Board of Directors	2	2
<b>Environmental Protection, in tones</b>		
Recycling of batteries	0.09	0.07
Recycling of electric appliances	0.154	0.175
Vehicles reaching end-of-life	21.21	20.43
Lead battery recycling	3,375	1.03
Ferrous metals	8.20	306.58
Tires reaching end-of-life	3.29	1.58

#### **f. Branches**

Due to the nature of the business and the geographic dispersion of group activities, it is appropriate to set up branches in foreign countries where the Company works on own projects. As of the end of 2018, the Group had branches in Albania, Bulgaria, Romania, Poland, Cyprus, Malta, Lebanon and Qatar.

#### **g. Research & Development**

Even though Group activities through its subsidiaries are diversified in areas beyond its traditional business of construction and concession management, research and development of new technologies is not part of its operations.

## **K. Corporate Governance Report**

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#### **Introduction**

Corporate Governance describes the means by which companies are managed and controlled. The term "Corporate Governance" refers to a set of relations between the Company management, its Board of Directors, its shareholders and other interested parties. Corporate governance is the structure used to approach and set corporate targets, identify the main risks to its operations, define the means to achieving corporate targets, set up the risk management system and enable the monitoring of the management's performance and effectiveness in dealing with all the aforementioned issues.

Effective corporate governance plays a meaningful and primary role in promoting competition among businesses and strengthening the internal structure of their operations. The increased transparency resulting from effective corporate governance helps improve overall economic activity in a corporation, to the benefit of its shareholders and other stakeholders.

This Corporate Governance Report is a special section of the Annual Report of the Board of Directors, in accordance with article 43bb of Codified Law 2190/1920, and its amendments, as well as article 152 of Law 4548/2018 currently in effect.

Greece's key Corporate Law 2190/1920, outlining the main rules of corporate governance, was superseded by Law 4548/2018, to which the Company must adjust its Corporate Charter during 2019.

## **1. Code of Corporate Governance**

The Company complies with the principles of corporate governance, as outlined in pertinent legislation (article 43a, paragraph 3d of Codified Law 2190/1920, Law 3016/2002 on corporate governance, article 37 of Law 3693/2008, article 43bb of Codified Law 2190/1920 and its amendments, as well as article 152 of Law 4548/2018 currently in effect).

### *1.1 Disclosure of compliance of the Company with corporate governance practices described in its Code of Corporate Governance*

This Statement concerns the entire set of principles and practices observed by the Company in accordance with Law 3873/2010 and article 152 of Law 4548/2018.

The Company complies with the corporate governance practices described in its Code of Corporate Governance, accessible at its website [www.jp-avax.gr](http://www.jp-avax.gr)

Corporate Governance refers to a set of relations between the Company management, its Board of Directors, its shareholders and other interested parties. Corporate governance is the structure used to approach and set corporate targets, identify the main risks to its operations, define the means to achieving corporate targets, set up the risk management system and enable the monitoring of the management's performance and effectiveness in dealing with all the afore-mentioned issues.

The legal framework of AVAX's Code of Corporate Governance is the following:

1. Law 3016/2002 and Law 4548/2018 which impose:
  - the participation of non-executive as well as independent non-executive members to the Boards of Directors of Greek listed companies
  - the set up and operation of an internal auditing unit
  - the adoption of a corporate code of conduct



2. Law 3693/2008 which enforced the setup of audit committees and corporate disclosure of sensitive information regarding the ownership status and governance of companies
3. Law 3884/2010 and Law 4548/2018 on shareholder rights and additional corporate disclosure to shareholders as part of the preparation of a General Meeting of shareholders.
4. Law 3873/2010 which put in effect the European directive #2006/46/EC, acting as a reminder for the need to adopt a Code of Corporate Governance and becoming the main pillar of that Code.

Through its Code of Corporate Governance, the Company meets all relevant legal obligations and develops a corporate culture which rests upon the principles of business ethics as well as the protection of the interests of shareholders and all interested parties.

*1.2 Derogations from the Code of Corporate Governance and justification for those derogations.  
Special clauses of the Code not applied by the Company and justification for not applying them*

In accordance with article 43bb of Codified Law 2190/1920 and its amendments, and article 152 of Law 4548/2018 currently in effect, a very important aspect of the Code of Corporate Governance is the adoption of the standard for justification of non-compliance of the Company with specific areas of its Code. Pertinent legislation and the Company-adopted Code of Corporate Governance follow the approach of "compliance or justification" and requires either the compliance with the Code in its entirety or the detailed analysis of areas of the Code where the Company derogates from, along with the justification for this derogation.

In relation to the practices and principles of the Code of Corporate Governance of the Company, currently there are derogations (including cases of non-application). Those derogations and their respective justifications are as follows:

- The Board of Directors has not set up a Remuneration Committee, comprising non-executive and independent non-executive members. The Remuneration Committee should include a minimum of three (3) members and its chairman must be an independent non-executive member of the Board of Directors

This derogation is due to the fact that, given the Company's current structure and functioning, the existence of this committee has so far not been deemed necessary, as senior management takes care that remuneration is decided on the basis of objectivity, transparency and professionalism, with no conflict of interest. When deciding on remuneration matters for members of the Board of Directors, both executive and non-executive, Company management makes sure to create long-term corporate value and maintain the required balance to promote meritocracy, attracting qualified personnel for the effective function of the Company.

In deciding on the remuneration of members of the Board of Directors, especially those who are executive, the Board of Directors takes into account their duties and responsibilities, their performance versus the qualitative and quantitative targets set, the financial condition, results and prospects of the Company, the level of remuneration in peer companies for similar positions as well as the broader level of remuneration of employees in the Company and the Group.

This process of setting the remuneration for executive and non-executive members of the Board of Directors and the criteria used, suggest that there is no need for setting up a separate Remuneration Committee for as long as those duties and responsibilities are carried effectively by the Board of Directors.

- The remuneration of executive Board members is not approved by the Board of Directors following a proposal by the Remuneration Committee

Remuneration of Board members are proposed by the Board of Directors and approved by the General Meeting of Company shareholders.

This derogation is justified by the fact that Company policy on remuneration of executive Board members and other senior personnel, already recorded in financial accounts, is reasonable, consistent and guaranteed to be applied equally by the Board of Directors. Though adaptable to prevailing economic conditions, the current remuneration policy ensures that remuneration is in accordance with the services rendered and the general economic level of the country.

The report on remuneration of the members of the Board of Directors is not included in this Report on Corporate Governance on the basis of fair treatment and competition. The report on remuneration will start to be published in line with Corporate Governance regulations for fiscal year 2019, as per article 112 of Law 4548/2018.

- The Chairman of the Board of Directors is no non-executive

This derogation is justified on the priority given at this point in time on the need for daily contribution of the Chairman to corporate matters and Board operations, in an effort to achieve corporate goals and bring out benefits for all shareholders, clients, employees, and senior personnel.

### *1.3 Corporate governance practices applied by the Company in excess of legal requirements*

The corporate governance practices applied by the Company are in line with pertinent legislation and outlined in its Code of Corporate Governance. The Company has segregated the duties of its Chairman from those of the Managing Director and applies an integrated system of internal auditing in accordance with international standards and the regulatory framework in effect.

It has also introduced a Code of Conduct to apply the standards of modern corporate governance and effective Internal Auditing.

The percentage of non-executive members of the Board of Directors exceeds the minimum 1/3 of total Board members required by legislation.

In line with Law 3016/2002, at least two non-executive Board members need also be "independent". The Company Board includes three non-executive members, two of which are also Independent.

Company Board members are elected for a three-year term.

## **2. Board of Directors**

### *2.1 Membership and functioning of the Board of Directors*

Board members, as of 31.12.2018:

1	Christos Joannou	Chairman, Executive Member
2	Konstantine Kouvaras	Deputy Chairman & Executive Member
3	Konstantine Mitzalis	Vice Chairman & Managing Director
4	Konstantine Lysaridis	Executive Member
5	Athena Eliades	Executive Member
6	George Demetriou	Non-Executive Member
7	Leoni Paraskevaides Mavronikola	Non-Executive Member
8	Aikaterini Pistiolis	Non-Executive Member
9	Christos Siatis	Independent, Non-Executive Member
10	Alexios Sotirakopoulos	Independent, Non-Executive Member

- Members 1 to 5 are Executive
- Members 6 to 8 are Non-Executive
- Members 9 and 10 are Independent & Non-Executive
- Members 1 to 4 comprise the Corporate Planning and Risk Management Committee
- Members 9 and 10 participate in the Audit Committee

Out of a total of ten (10) Board members as of 31.12.2018, five (5) are executive, three (3) are non-executive, and two (2) are independent, non-executive.

The following are executive members:

- Chairman
- Deputy Chairman
- Vice Chairman & Managing Director
- 2 members

The following are non-executive members:

- 3 members

The following are independent, non-executive members:

- 2 members

It should be noted that the 2nd Repeat Extraordinary General Meeting of Company shareholders held on 27.03.2019 elected a new Board of Directors for a three year term ending 26.03.2022, which subsequently convened and appointed its members as follows:

1. Christos Joannou, Chairman (executive)
2. Konstantine Kouvaras, Deputy Chairman (executive)
3. Konstantine Lysarides, Vice Chairman & Director (executive)
4. Konstantine Mitzalis, Managing Director (executive)
5. Aikaterini Pistioli, Director, Non Executive
6. Christos Siatis, Director, Non Executive-Independent
7. Alexios Sotirakopoulos, Director, Non Executive- Independent
8. Michael Hatzipavlou, Director, Non Executive-Independent

The authority of executive Board members is defined and described in relevant official minutes of a Board meeting.

Non-executive and independent Board members are assigned the task of supervising corporate activities. Those Board members are seasoned professionals from the business and academic community with both local and international work experience, selected on the basis of their education and social status. To that extent, those Board members are perfectly suited to have an unbiased and all-round understanding of business affairs and express objective views on those affairs.

Acting collectively, the Board of Directors manages and handles all corporate affairs. It decides on all issues concerning the Company and acts accordingly, except for those issues and actions where jurisdiction rests by Law or by the Company Charter with the General Assembly of Shareholders.

Collective action by the Board of Directors is required in the following cases:

- Collective actions required by Law to be taken by the Board of Directors
- The sale or offer of Company shares, the acquisition of other businesses or proposals for merger with other businesses
- The sale or acquisition by the Company of assets (either current or fixed) worth at least €1,000,000
- Signing contracts or entering obligations worth at least €3,000,000
- The provision of loans, credit or other financial facility, guarantee, compensation or other insurance to third parties, either legal entities or individuals, outside the ordinary course of

the Company business worth at least €3,000,000, as well as the provision of trading credit valued at a minimum of €3,000,000 to clients outside the normal Company policy.

- Signing loans worth at least €3,000,000
- The acceptance of encumbrances on Company assets valued at a minimum of €3,000,000
- Changes in accounting policies already adopted by the Company
- Signing contracts or significantly amending signed contracts, or signing contracts with non-commercial terms worth at least €3,000,000

The Board of Directors issues an annual report outlining the Company's transactions with related parties. This report is submitted to the supervising authorities.

The Board of Directors reserves the right to take special decisions on delegating all or part of its authority and powers stated in the Company Charter and the Corporate Law, to grant specific members of the Board of Directors or other Company employees or third persons, acting either on their own or jointly, specific rights of representation of the Company.

All practices governing the role and jurisdiction of the Board of Directors are included in the Company Code of Corporate Governance.

## *2.2 Information on the members of the Board of Directors*

The Board of Directors, whose term ends 30.06.2018, comprises the following members as of 31.12.2018:

1	Christos Joannou	Chairman, Executive Member
2	Konstantine Kouvaras	Deputy Chairman & Executive Member
3	Konstantine Mitzalis	Vice Chairman & Managing Director
4	Konstantine Lysaridis	Executive Member
5	Athena Eliades	Executive Member
6	George Demetriou	Non-Executive Member
7	Leoni Paraskevaides Mavronikola	Non-Executive Member
8	Aikaterini Pistiolis	Non-Executive Member
9	Christos Siatis	Independent, Non-Executive Member
10	Alexios Sotirakopoulos	Independent, Non-Executive Member

As already mentioned, the 2nd Repeat Extraordinary General Meeting of Company shareholders held on 27.03.2019 elected a new Board of Directors for a three year term ending 26.03.2022, which subsequently convened and appointed its members as follows:

1. Christos Joannou, Chairman (executive)
2. Konstantine Kouvaras, Deputy Chairman (executive)
3. Konstantine Lysarides, Vice Chairman & Director (executive)

4. Konstantine Mitzalis, Managing Director (executive)
5. Aikaterini Pistioli, Director, Non Executive
6. Christos Siatis, Director, Non Executive-Independent
7. Alexios Sotirakopoulos, Director, Non Executive- Independent
8. Michael Hatzipavlou, Director, Non Executive-Independent

Brief CVs of Board members are available at the company website.

### *2.3 Audit Committee*

1	Christos Siatis	Chairman (Independent, Non-Executive)
2	Aikaterini Pistioli	Member (Non-Executive)
3	Alexios Sotirakopoulos	Member (Independent, Non-Executive)

The General Shareholders Meeting held on 28.06.2018 appointed the members of the Audit Committee in accordance with article 44 of Law 4449/2017, which put Directive #56/16.04.2014 of the European Commission in effect. Its wide-ranging auditing authorities cover the supervising of the operation of the Company's Internal Auditing Department, which is hierarchically answerable upon it, and the monitoring of the effective operation of the internal auditing system.

It should be noted that the members of the Audit Committee have sufficient knowledge on the Company's line of business, while Chairman Mr Siatis has long experience in auditing and accounting. His curriculum vitae may be found on the Company website [www.jp-avax.gr](http://www.jp-avax.gr)

The Audit Committee's duties and authority, as well as its operation charter are analysed in the Code of Corporate Governance, which may accessed at the Company website [www.jp-avax.gr](http://www.jp-avax.gr)

During 2017, Law 3693/2008 was replaced by Law 4449/2017 "Compulsory audit of annual and consolidated financial statements, public supervision on audit work and other provisions". According to the latest law, the members of the Audit Committee are non-executive, while the supervisory role on the Audit Committee is transferred to the Capital Markets Commission. The Company immediately took all required steps to comply with the new law.

The Audit Committee meets at least four times per annum to monitor the internal auditing systems and the Company's risk management function, also holding extraordinary meetings whenever deemed necessary.

Meetings of the Audit Committee with the Company's Internal Auditor may be jointly attended by the appointed external chartered accountants/auditors.

#### *2.4 Strategic Planning & Risk Management Committee*

The Corporate Planning and Risk Management Committee comprises the following four (4) executive members of the Board of Directors of the Company.

1	Konstantine Kouvaras	Chairman
2	Konstantine Mitzalis	Member
3	Konstantine Lysaridis	Member
4	Christos Joannou	Member

The Board of Directors is empowered to decide on changes in total membership and replacement of members of the Corporate Planning and Risk Management Committee.

Decisions by the Corporate Planning and Risk Management Committee are taken by absolute majority among its members.

The term of the Corporate Planning and Risk Management Committee coincides with the term of the Board of Directors. Therefore, the term of the afore-mentioned members of the Corporate Planning and Risk Management Committee is three-year and ends on 26.03.2022.

Responsibilities of the Corporate Planning and Risk Management Committee:

- Overall Company strategy and business plans
- Expansion into new business areas or countries where the Company has no presence
- Acquisitions and mergers
- Deciding the dividend policy
- Preparation and updating of the Company organisation chart and submission to the Board of Directors for approval
- Changes at senior director level (ie directors directly answerable to the Managing Director) following a proposal by the Managing Director
- Periodic assessment of Company operations and achievement of targets set through investment and business plans, and implementation of any necessary corrective decisions and actions
- Decision-making on all issues transferred to the Committee by the Board of Directors or the Managing Director or executive Board members
- Any authority transferred specifically through decisions of the Board of Directors
- Submission of proposals for setting the Company's objective targets and business risks towards action plans and performance checks
- Preparation and updating of the Company's Code of Conduct and its submission for approval by the Board of Directors
- Any changes in the regulation of operations of the Corporate Planning and Risk Management Committee are prepared and approved by decision of the Board of Directors

### *2.5 Project Bidding Committee*

Since March 2019, the Company introduces a three-member Project Bidding Committee, in line with the provisions of its Corporate Charter, article 87 of Law 4548/2018 and best practice principles and corporate governance rules. The new committee works towards the effective operation of the Company's institutional bodies and the application of all principles, technical and organizational measures and procedures adopted by the Company to comply with competition regulations.

The Board of Directors granted the Project Bidding Committee all powers of administration and representation of the Company in relation with tenders for public contracts, and overall with bidding for public and private works, as specified in the Board decision. The Project Bidding Committee comprises the following Group officials:

1. Konstantine Lysarides, Vice Chairman & Executive Director
2. Athena Demetriou-Eliades, Group Financial Officer, and
3. Zoe Lysarides, Bidding Department Director

## **3. General Meetings of Shareholders**

### *3.1 Functioning of the General Meeting and its basic authorities*

The General Meeting of Company shareholders is its supreme body and has the right to decide on any issue concerning the Company and any proposal put forward. More specifically, the General Meeting of shareholders has the exclusive right to decide on the following matters:

- a. Amendment of Corporate Charter, referring to the increase or decrease of its share capital (excluding those mentioned in article 6 of the Corporate Charter) and those imposed by legislation
- b. Election of Auditors
- c. Approval or amendment of the Company balance sheet and annual financial statements
- d. Appropriation of annual profit
- e. Merger, split, conversion, activation of the Company
- f. Conversion of Company shares
- g. Term extension of the Company
- h. Liquidation of the Company and appointment of liquidation supervisors
- i. Election of members to the Board of Directors, excluding the case described by article 11 of the Corporate Charter
- j. approval of election of temporary members to the Board of Directors to replace other members who resigned, passed away or deprived of their member status in any other way

The decisions of the General Meeting of shareholders are binding for shareholders who abstain or disagree.

The General Meeting of shareholders is always invited by the Board of Directors and takes place at the Company headquarters or at a different venue within the same precinct or a neighbouring precinct at least once per financial year, until the tenth (10<sup>th</sup>) day of the ninth (9<sup>th</sup>) month following the end of each financial year.



The Board of Directors may invite shareholders to an extraordinary General Meeting when deemed necessary or when requested by shareholders representing a minimum of voting rights, as set by the law and the Corporate Charter.

The decisions of the General Meeting of shareholders are taken by absolute majority of votes represented to it. An exceptional majority representing 2/3 of paid up capital is required in the following cases:

- a. change of Company nationality
- b. change of corporate address
- c. change of the corporate objective or business activity
- d. conversion of shares
- e. increase of shareholder responsibilities
- f. increase of share capital, excluding the cases described in article 6 of the Corporate Charter or those imposed by legislation or carried out to capitalise reserves, except for cases in accordance with Law 4548/2018
- g. issue of bond loans, according to article 59 and all following articles of Law 4548/2018
- h. change in the appropriation of earnings
- i. merger, break up, conversion or restart of the Company
- j. extension or reduction of the term of the Company
- k. liquidation of the Company
- l. granting or renewal of authority to the Board of Directors to carry out a share capital increase, according to article 6, para 1 of the Corporate Charter
- m. any other case where according to legislation a minimum of 2/3 of paid up share capital is required to be represented in the General Meeting

The Chairman of the Board of Directors, or his lawful substitute, is appointed temporary chairman of the General Meeting of shareholders, also appointing one of the shareholders or their representatives who are present at the meeting to act as the Secretary, until the assembly approves the list of the shareholders who have the right to participate and the permanent chairman is appointed.

### *3.2 Shareholder rights and means of exercising them*

Right to participate and vote at the General Assembly of the Company is granted to all holders of common registered shares appearing on the Electronic Registry System of "Hellenic Exchanges SA". The status of the shareholder must exist at the beginning of the fifth day before the date of the initial meeting of the General Meeting (record date) as provided for in Article 124, paragraph 6 of Law 4548/2018. The Company acknowledges the right to participate and vote in the General Assembly only of shareholders as of the respective recording date. The above record date also applies in case of postponement or recurring session, provided that the repeat session takes place no more than thirty (30) days from record date. If this is not the case or if a new invitation is published for a repeat general meeting, according to the provisions of article 130 of Law 4548/2018, shareholders eligible for participating in the general meeting are those on record at the beginning of the third day prior to the

day of the postponed or repeat general meeting. Shareholder status may be proven by any legal means, however, based on information received by the Company from the Central Securities Depository which provides registry services or through the participants and registered intermediaries in the CSD in any other case.

The exercise of these rights does not require the impounding of the shares of the beneficiary or the observance of any other similar procedure, which restricts trading of the shares between the record date and the General Meeting.

#### Minority Shareholders' Rights

1. At the request of shareholders, representing one twentieth (1/20) of the paid up capital, the Board of Directors is obliged to convene an extraordinary general meeting of shareholders, appointing a meeting date no more than 40 days from the date of delivery of the request to the Chairman of the Board of Directors. The application contains the agenda. If no General Meeting is convened by the Board of Directors within twenty (20) days from the service of the relevant application, the meeting shall be conducted by the applicant shareholders at the expense of the Company, by a decision of the Court, issued in the interim proceedings. The decision shall specify the place and time of the meeting, as well as the agenda. The decision cannot not challenged by legal remedies. The Board of Directors convenes the General Meeting in accordance with the general provisions or makes use of the procedure provided for in Article 135 of Law 4548/2018, unless the requesting shareholders have excluded this last possibility.

2. At the request of shareholders representing one twentieth (1/20) of the paid-up capital, the Board of Directors is obliged to append issues on the agenda of the General Meeting, which has already been convened, if the relevant application is received by the Board of Directors a minimum of 15 days prior to the General Meeting. An application for inclusion of additional items on the agenda is accompanied by a justification or a draft decision for approval by the General Meeting and the revised agenda is published in the same manner as the previous agenda thirteen (13) days prior to the General Meeting. At the same time, it is made available to shareholders on the Company's website together with the justification or the draft resolution submitted by the shareholders in accordance with the provisions of paragraph 4 of article 123 of Law 4548/2018. If these issues are not published, the requesting shareholders are entitled to request the postponement of the General Meeting in accordance with paragraph 5 of article 141 of Law 4548/2018 and to make the publication themselves, as per the second paragraph of this paragraph, at the expense of the Company.

3. Shareholders representing one twentieth (1/20) of the paid-up capital have the right to submit draft decisions on issues that are included in the original or any revised General Meeting agenda. The relevant application must reach the Board of Directors seven (7) days prior to the date of the General Meeting, the draft decisions being made available to the shareholders according to the provisions of paragraph 3 of article 123 of Law 4548/2018 six (6) ) at least days prior to the date of the General Assembly.

4. The Board of Directors shall not be obliged to enter items on the agenda or to publish or to disclose

them together with justifications and draft resolutions submitted by shareholders in accordance with paragraphs 2 and 3 above, respectively, if their content is obviously contrary to law or morality.

5. At the request of any shareholder, submitted to the Company at least five full days before the General Meeting, the Board of Directors is obliged to provide the General Meeting with the specific information requested on the Company's affairs, insofar as these are relevant with the items on the agenda. No obligation to provide information exists when the relevant information is already available on the Company's website, in particular in the form of questions and answers. Also, at the request of shareholders, representing one twentieth (1/20) of the paid up capital, the Board of Directors is obliged to announce to the General Meeting, if it is regular, the amounts that during the last two years were paid to each member of the Board of Directors or directors of the Company, as well as any benefit to such persons from any cause or contract of the Company with them. In all the above cases, the Board of Directors may refuse to provide the information for substantive reasons, which is recorded in the minutes. Such a reason may be the representation of the requesting shareholders on the Board of Directors in accordance with Articles 79 or 80 of Law 4548/2018. In the cases of this paragraph, the Board of Directors may respond in unison to shareholders' requests with the same content.

6. At the request of shareholders, representing one tenth (1/10) of the paid up capital submitted to the Company within the time limit of the previous paragraph, the Board of Directors is obliged to provide the General Meeting with information on the course of corporate affairs and the assets of the Company. The Board of Directors may refuse to provide the information for substantive reasons, which shall be recorded in the minutes. Such a reason may be, in the circumstances, the representation of the requesting shareholders on the Board of Directors in accordance with Articles 79 or 80 of Law 4548/2018, provided that the relevant members of the Board of Directors have received the relevant information in a sufficient manner.

7. In the cases referred to in paragraphs 5 and 6 above, any dispute as to whether or not the reasoning for refusal by the Board of Directors to provide information, is resolved by the Court of Justice by a decision given in the interim proceedings. By the same judgment, the Court also obliges the Company to provide the information that it refused. The decision cannot be challenged by legal remedies.

8. At the request of shareholders representing one twentieth (1/20) of the paid-up capital, voting on a subject or items on the agenda shall be made by means of an open vote procedure.

9. Without prejudice to the provisions on the protection of personal data, and provided that the articles of association provide for it, each shareholder may request to be given a list of the Company's shareholders indicating the name, address and number of shares of each shareholder. The Company is not obliged to include in the table shareholders holding up to one percent (1%) of the capital.

10. In all the cases of Article 141 of Law 4548/2018, the requesting shareholders are required to prove their shareholder status and, except in the cases of the first subparagraph of paragraph 6, the number of shares they hold in the exercise of the relevant right. Such proof is also the deposit of their shares, according to the provisions of paragraph 2 of Article 124 of Law 4548/2018. Shareholder status may be proven by any legal means, however, based on information received by the Company from the Central Securities Depository which provides registry services or through the participants and registered intermediaries in the CSD in any other case.

### Participation Procedure and Voting via Proxy

Each share entitles one vote to the General Meeting. All shareholders are entitled to participate and vote at the General Meeting. The shareholder who participates in the General Meeting votes either in person or through representatives. Each shareholder may appoint up to three (3) proxies. A representative acting for more than one shareholder may vote differently for each shareholder.

Legal entities participate in the General Assembly through their representatives.

Shareholders may appoint a representative for one or more General Meetings and for a certain time. The Delegate shall vote, in accordance with the Shareholder's instructions, if any, and are obliged to archive the voting instructions for at least one (1) year from the date of the General Assembly, or in case of postponement, of the last Repeat Assembly in which he used the proxy. Any noncompliance of the proxy with the instructions received does not affect the validity of the decisions of the General Assembly, even if the representative's vote was decisive for achieving majority.

If a shareholder owns shares of the Company that appear in more than one securities accounts, this limitation does not prevent the shareholder from designating different proxies for the shares appearing in each securities account in relation to the General Meeting. Proxies are freely revocable.

Under Article 128, paragraph 5 of Law 4548/2018, the proxy of a shareholder is required to disclose to the Company, prior to the commencement of the General Meeting, any specific event that may be useful to the shareholders for assessing the risk that the proxy may serve interests other than the interests of shareholder. For the purposes of this paragraph, a conflict of interest may arise, in particular where the proxy:

1. is a shareholder exercising control over the Company or another legal entity or entity controlled by that shareholder
2. a member of the Board of Directors of the Company or a senior director or a director to an entity controlling the Company or other entity which controls the Company
3. an employee or certified auditor of the Company or a shareholder controlling the Company or other entity which is in turn controlled by the controlling shareholder
4. a spouse or relative up to first degree of a person referred to in cases 1 to 3 above.

Pursuant to article 128 paragraph 4 of Law 4548/2018, the appointment and revocation or replacement of the representative or representative of the shareholder are made in writing or by electronic means and are submitted to the Company at least forty eight (48) hours before the appointed date of the General Meeting.

The Company's Corporate Charter does not provide for the participation of shareholders in the General

Meeting by electronic means, without their physical presence at the venue, nor by the possibility of remote voting either by electronic means or by correspondence.

#### Available Documents & Information

The information of paragraph 3 and 4 of article 123 of Law 4548/2018, including the invitation to convene the General Assembly, the representative appointment form and the draft decision on all items on the agenda, as well as more detailed information on the exercise of the minority rights of paragraphs 2, 3, 6 and 7 of article 141 of Law 4548/2018, are available in electronic form on the Company's website [www.jp-avax.gr](http://www.jp-avax.gr).

The full text of the draft decisions and any documents referred to in paragraph 4 of article 123 of Law 4548/2018 is available in hard copy at the offices of the Company's Shareholders & Corporate Announcements Department at: 16 Amarousiou-Halandriou Street, 15125, Marousi, Greece, tel +30 210 6375000.

All the aforementioned documents as well as the Invitation to a General Meeting of the Shareholders, the total number of existing shares and voting rights and the forms for voting by proxy are available in electronic form on the Company's website [www.jp-avax.gr](http://www.jp-avax.gr).

#### **4. Main characteristics of the Company's Internal Auditing and Risk Management Systems in relation to the procedure for preparing financial accounts (parent company and consolidated)**

##### *4.1 Internal Auditing System*

Internal auditing is performed by the Company's independent Internal Auditing Department according to its written operations regulation (Internal Auditing Charter). The main role of the Internal Auditing Department is the evaluation of risk management systems placed across all company operations in terms of adequacy, efficiency and performance for achieving the Company's strategic targets. The responsibilities of the internal auditing unit include monitoring of compliance with Internal Regulations and legislation for all company activities and areas of operations.

##### *Changes during 2018*

According to the Internal Auditing Charter, during 2018 the Audit Committee held meetings with the Company Head of Internal Auditing to discuss operating and organizational issues, providing all information requested and informing them over the control systems utilized, their performance and the course of those controls.

The Internal Auditing Department submitted to the Audit Committee its annual operations report, summarizing its main findings and recommendations / improvement actions for all Company departments audited.

The Audit Committee of the Board of Directors prepares an annual evaluation of the Internal Auditing System, according to relevant data and information of the Internal Auditing Department, as well as the findings and notes of External Auditors and Supervisory Bodies.

Following the report of the Audit Committee, the Board of Directors approved the internal auditing plan for 2019 and defined the operations and areas which internal auditing should be focused on.

Furthermore, during a meeting held on 22.04.2019 between the Audit Committee of the Company and its external auditors, also attended by the Group CFO, the Audit committee was briefed over the financial results of the Company and the Group for 2018. The main issues regarding the auditing of parent company and consolidated financial accounts for 2018 in relation to the report of the independent auditors to Company shareholders were also raised during the meeting.

#### *4.2 Internal Auditing and Risk Management Systems of the Company and the Group in relation to the procedure for preparing financial accounts (parent company and consolidated)*

The Company has as well-documented Policy and Procedure for the accounting representation of financial events and preparation of financial accounts. The Company's accounting system is supported by specialized data information systems which have been adapted to its operational requirements. Procedures for control and accounting settlements have been defined to secure the validity and legality of accounting entries as well as the correctness of and validity of financial accounts. The Audit Committee of the Board of Directors supervises and evaluates, according to valid auditing standards, the process of preparing interim and annual financial accounts of the Company and examines the reports of external auditors for issues pertaining to derogation from current accounting practices.

#### *Risk Management*

The Board of Directors is in the process of implementing the Risk Management System, in compliance with its Corporate Governance. The risk management system is in operating in pilot mode and is expected to be fully operational in 2018. A series of seminars for training personnel regarding business risk management using models, such as COSO-ERM, will be held to this direction.

### **5. Other administrative or supervisory bodies or committees of the Company**

The Company has no other administrative or supervisory bodies or committees at this time.

### **6. Additional Information**

Overview of policy of diversity on administrative, managerial and supervisory bodies of the company (according to the provisions of Law2190/1920 article 43, paragraph #bb, section #6 and its amendments, and Law 4548/2018, article 152, currently in effect)

Members of administrative, managerial and supervisory bodies of the company satisfy all requirements and meet all standards for participating in those bodies. They are distinguished for their professional capacity, knowledge, skills and experience, and stand out for their ethics and character integrity as part of the effectiveness and flexibility of AVAX's broader organizational setup and operations.

Marousi, 25.04.2019

On behalf of the Board of Directors of J&P-AVAX SA

Konstantinos Mitzalis

Managing Director

[Translation from the original text in Greek]

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "AVAX S.A."

### Report on the Audit of the Separate and Consolidated Financial Statements

#### Opinion

We have audited the accompanying separate and consolidated financial statements of the Company "AVAX S.A." (the Company), which comprise the separate and consolidated statement of financial position as at December 31, 2018, and the separate and consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company "AVAX S.A." and its subsidiaries (the Group) as of December 31, 2018, and of their financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

#### Basis for Opinion

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

#### Emphasis of matter

We draw your attention to note 41 to the financial statements, where detailed reference is made that on October 11, 2018 notice was given that a petition for special liquidation was filed by the international construction company J&P (Overseas) Limited, with which the Company collaborates on construction joint ventures abroad. Due to that matter, it was deemed necessary to revise the construction contracts with the respective clients and collaborating banks for the continuance and completion of the specific projects, and ensure the Company's future presence in the construction market within the wider Arabic world as well as its access to the local banking system.

Our opinion is not qualified in respect of this matter.

**The share capital increase approved by AVAX S.A. is not affected and is pursued as normal.**

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters and the related risks of material misstatement were addressed in the context of our audit of



the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><b>Revenue recognition from construction contracts</b></p> <p>As it is presented in notes C.19, D, 1, and 20 of the financial statements, the turnover of the Group and the Company for the year ended 31.12.2018 amounts to € 582.505.129 and € 477.129.078 respectively and includes mainly revenue from the execution of construction contracts.</p> <p>Revenue recognition from performing construction contracts, is based on Management’s significant estimates and judgments regarding the cost budget of the construction projects for applying the percentage of completion method according to IFRS 15.</p> <p>Revenue from construction contracts is recognized over time and as the performance obligations are being satisfied whereas their recognition requires estimates and judgements according to the followings:</p> <ul style="list-style-type: none"> <li>• The recognition of the performance obligations and the time of their satisfaction,</li> <li>• the allocation of the transaction price (contract value) over the performance obligations,</li> <li>• The determination of the total cost from the contract date until the estimated date of its execution. (cost budget of project completion),</li> <li>• Potential revisions of the cost budget of project completion,</li> <li>• The possibility the customer approves any claims and incentives.</li> </ul> <p>Given the significance of the matter above and the level of the Management’s judgements and estimations required we consider revenue recognition from construction contracts as a key audit matter.</p>	<p>Our audit approach was based on audit risk and includes, among other things, the following procedures:</p> <ul style="list-style-type: none"> <li>• Understanding, recording and evaluation of the applied procedures by the Group and the Company for the revenue recognition from construction contracts and evaluating the effectiveness of their design.</li> <li>• Evaluation of significant areas for a sample of construction contracts, under qualitative and quantitative criteria, in order to examine the correct accounting revenue recognition, according to the applied accounting principles and methods. For that selected sample we conducted the following procedures: <ul style="list-style-type: none"> <li>Recording and understanding of the main contract terms so as to recognize and confirm, per project, the performance obligations and the time of their satisfaction.</li> <li>Comparison of the actual results per sampled contract with the approved budgets and the historical data so as to assess the level of reliability of the Management’s judgements and estimations.</li> <li>Confirmation, on a sample basis, of the completeness and accuracy of the cost and other expenses incurred for the satisfaction of the performance obligations and their linking with the corresponding projects/contracts according to the accounting data and the relevant support evidence.</li> <li>Recalculation of the percentage of completion of the performance obligations based on the incurred cost, the project managers’ relevant reports and the Company’s relevant accounting data.</li> <li>Examination of the supporting documentation in order to evaluate the likelihood claims and incentives be realized.</li> </ul> </li> <li>• Evaluation of the adequacy and appropriateness of the disclosures included in Notes of the financial statements.</li> </ul>

## Recoverability of trade receivables

As described in Notes C.19, D and 21 of the financial statements, the Group and the Company's trade receivables amount to € 181.898.981 and € 182.977.218 respectively while the relevant accumulated impairment amounts to 36.861.133 and € 33.783.566 respectively.

The trade receivables of the Company and the Group include receivables from local customers and foreign customers. In case customers are unable to meet their contractual obligations the Company is exposed to high level of credit risk.

Having adopted the new accounting standard IFRS 9 with a transition date of 1 January 2018, the Management of the Group and the Company evaluates the recoverability of its trade receivables and estimates the necessary impairment provision for the expected credit loss.

Given the significant value of the trade receivables and the level of the Management's judgements and estimations required for the determination of their recoverable value we consider the evaluation of the impairment of the trade receivables of the Company and the Group as a key audit matter.

Our audit approach was based on audit risk and includes, among other things, the following procedures:

- Assessment of the assertions and methodology used by the Management of the Company and the Group for the recoverability of trade receivables.
- Examination of the legal advisors' letters concerning the matters they dealt with throughout the year so as to identify any issues about any trade receivable balances that may not be recoverable in the future.
- Receipt of third party confirmation letters, for a representative sample of trade receivables and execution of procedures subsequent to the date of the financial statements for the assessment of the year-end balances' recoverability.
- Examination of the maturity of the year-end trade receivable balances and the detection of any debtors facing financial difficulty.
- Discussion with the Management and evaluation of the relevant estimations according to the available information.
- Recalculation of the impairment of trade receivables taking into consideration specific criteria for debtors, such as the maturity of the balances, significant debtors and high risk debtors.
- Assessment of the impact from adopting IFRS 9 in the current year, which resulted to a respective change of the accounting policy of the Company and the Group with respect to the treatment of impairment loss of trade receivables.
- Evaluation of the adequacy and appropriateness of the disclosures included in Notes of the financial statements.

## Impairment of investments in Subsidiaries

As described in Notes C.1, 3a and 13 of the financial statements, the book value of the investment in Subsidiaries amounts to € 77.077.284 whereas the loss from impairment for the year ended 31.12.2018 amounts to € 2.000.000. The Company's investments in Subsidiaries are stated at cost and are tested for impairment if any indications of impairment occur.

Our audit approach was based on audit risk and includes, among other things, the following procedures:

- Assessment of the estimations of the Management regarding the potential impairment of investments in Subsidiaries.

That area was considered as a key audit matter due to the significance of the value of the investments in Subsidiaries in the financial statements and due to the fact that the determination of the Subsidiaries' value involves subjectivity regarding the estimation of the Subsidiaries' projected cash flows, due to many factors, including estimations of future sales, estimations of cost of sales and the use of the proper discount rate.

- Discussion with the Management of the Company regarding the conducting of impairment tests of the investments in Subsidiaries.
- Evaluation of the appropriateness of the financial model, the discount rate and the reasonableness of the inputs and assumptions used for the determination of the recoverable value of the investments in Subsidiaries.
- Confirmation of the mathematical accuracy of the financial model.
- Evaluation of the adequacy and appropriateness of the disclosures included in Notes of the financial statements.

### Financial assets at fair value through other comprehensive income

As described in Notes C.6, D.2, 15 and 15a of the financial statements, the book value of the Financial assets at fair value through other comprehensive income for the year ended 31.12.2018 in the separate and consolidated financial statements amounts to € 503.929.977 and € 115.900.143 respectively.

The Financial Assets at Fair Value through Other Comprehensive Income are recognized at fair value according to IFRS 9 "Financial Instruments". The determination of the fair value was based on the estimation of the discounted projected cash flows given that for those financial assets (participation in Concession companies) there is no active market. The estimation of the projected cash flows involves subjectivity which depends on various factors including estimations over future revenue, the performance and market risks, cost estimations as well as the use of the appropriate discount rate.

Given the significance of the matter above and the level of the judgements and estimations that were required we consider Fair Value of Financial Assets available for Sale as a key audit matter.

Our audit approach was based on audit risk and includes, among other things, the following procedures:

- Review of the valuation reports of the Financial Assets at Fair Value through Other Comprehensive Income which were prepared by Management's external experts and assessment of the appropriateness of the methodology and the discount rate's determination model as well as the reasonableness of the assumptions and criteria of the relevant financial models.
- Evaluation of the accuracy and reliability of the inputs used and are included in the Company's valuation data and are referred in the relevant valuation reports made by the Management's external experts, taking into account the relevant financial data from the Concession companies.
- Evaluation of the competence, objectivity and independence of the Management's external experts.
- Assessment of the impact from adopting IFRS 9 in the current year.
- Confirmation of the mathematical accuracy of the financial models.
- Discussion with Management regarding any significant change or facts concerning the aforementioned Financial Assets.
- Evaluation of the adequacy and appropriateness of the disclosures included in Notes of the financial statements.

## Provisions and Contingent liabilities

As described in Notes C.8, C.19, 30 and 47 of the financial statements, pending court and arbitration cases exist regarding contractual-work disputes and other issues against the Group's companies.

Periodically, the Management of the Group examines the stage of each significant case and evaluates the potential financial risk based on its legal advisors' opinion. In case the potential loss from any claims and legal cases is considered probable and the relevant amount can be valued reliably, the Management of the Group recognizes provision for the estimated loss. The judgement of the Management is required to a great extent for the determination of the possibility and the degree of the reliable risk assessment.

When other information is available, the Management of the Group reexamines the contingent liabilities regarding pending claims and legal cases and may revise its relevant estimations if necessary. Such revisions of the contingent liabilities' estimations may have a significant impact on the financial position and results of the Group.

Given the significance of the matter above and the level of the judgements and estimations that were required we consider provisions and contingent liabilities as key audit matter.

Our audit approach was based on audit risk and includes, among other things, the following procedures:

- Receipt of response letters from the legal advisors regarding pending court and other legal cases.
- Discussion directly with the legal advisors of the Group and the Management regarding the significant pending legal cases.
- Evaluation of the Management's estimations for the significant legal cases taking into account the background of the case.
- Evaluation of the adequacy and appropriateness of the disclosures included in Notes of the financial statements.

## Other Information

Management is responsible for the other information. The other information are included in the Board of Directors' Report, as referred to the "Report on other Legal and Regulatory Requirements" section, in the Declaration of the Board of Directors Representatives, but does not include the financial statements and our auditor's report thereon.

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

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

## **Responsibilities of Management and Those Charged with Governance for the separate and consolidated Financial Statements**

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

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

The Audit Committee (art. 44 of Law 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

### **Report on Other Legal and Regulatory Requirements**

#### **1. Board of Directors' Report**

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement which is included therein, according to the provisions of paragraph 5 of article 2 of L. 4336/2015 (part B), we note that:

- a) The Board of Directors' Report includes the Corporate Governance Statement that provides the information required by Article 43bb of Codified Law 2190/1920.
- b) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of articles 43a and 107A and of paragraph 1 (cases c' and d') of article 43bb of the Codified Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended 31/12/2018.
- c) Based on the knowledge we obtained during our audit about the company "AVAX S.A." and its environment, we have not identified any material misstatements in the Board of Directors' Report.

## **2. Additional Report to the Audit Committee**

Our audit opinion on the separate and the consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company, in accordance with article 11 of EU Regulation 537/2014.

## **3. Provision of Non-Audit Services**

We have not provided to the Company and the Group any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014 or other permitted non-audit services.

## **4. Auditor's Appointment**

We were first appointed as statutory auditors by the decision of the Annual General Meeting of the shareholders of the Company on 24/06/2014. Our appointment has been, since then, annually renewed by the Annual General Meeting of the shareholders of the Company for a total uninterrupted period of 5 years.



BDO Certified Public Accountant S.A.  
449 Mesogion Av,  
Athens- Ag. Paraskevi, Greece  
Reg. SOEL: 173

Ag. Paraskevi, April 30, 2019  
Certified Public Accountant

Dimitrios V. Spyrakis  
Reg. SOEL: 34191

**AVAX S.A.**  
**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018**  
**(All amounts in Euros)**

	<b>GROUP</b>		<b>COMPANY</b>		
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>	
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, Plant and Equipment	<b>10</b>	120.187.673	111.700.744	69.935.945	65.809.157
Investment Property	<b>11</b>	13.141.916	15.593.731	3.454.136	1.271.736
Intangible assets	<b>12</b>	11.522.725	11.018.787	198.434	171.272
Investments in other companies	<b>13</b>	262.243.724	246.813.611	81.035.562	122.640.780
Financial assets at fair value through other comprehensive income	<b>15</b>	115.900.143	-	503.929.977	-
Available for sale investments	<b>15</b>		109.075.044		454.501.761
Other financial assets	<b>16</b>	37.541.268	39.110.254	-	-
Other non-current assets	<b>17</b>	846.017	755.393	6.248.763	8.699.098
Deferred tax assets	<b>18</b>	26.943.826	35.461.514	24.479.877	38.251.971
<b>Total Non-current Assets</b>		<b>588.327.293</b>	<b>569.529.078</b>	<b>689.282.695</b>	<b>691.345.775</b>
<b>Current Assets</b>					
Inventories	<b>19</b>	26.894.383	39.204.491	13.037.083	17.673.192
Construction contracts	<b>20</b>		133.848.548		94.814.865
Contractual assets	<b>20</b>	118.930.436	-	111.969.543	-
Trade receivables	<b>21</b>	181.898.981	217.973.068	182.977.218	190.459.548
Other receivables	<b>21</b>	128.585.305	197.177.259	122.400.391	196.961.489
Available for sale investments	<b>22</b>	-	549.809	-	149.948
Other financial assets	<b>16</b>	6.125.997	6.101.352	-	-
Cash and cash equivalents	<b>23</b>	65.676.252	73.509.303	57.025.579	59.385.651
<b>Total Current Assets</b>		<b>528.111.354</b>	<b>668.363.830</b>	<b>487.409.814</b>	<b>559.444.693</b>
<b>Total Assets</b>		<b>1.116.438.647</b>	<b>1.237.892.907</b>	<b>1.176.692.509</b>	<b>1.250.790.468</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital (77,654,850*0,30)	<b>31</b>	23.296.455	45.039.813	23.296.455	45.039.813
Share premium account	<b>31</b>	146.676.671	146.676.671	146.676.671	146.676.671
Revaluation reserves	<b>32</b>	8.488.899	8.348.986	9.860.136	10.088.275
Other reserves	<b>33</b>	105.950.755	71.571.086	106.621.016	70.170.087
Reserves for financial instruments available for sale	<b>34</b>	39.200.003	32.271.923	191.527.822	170.537.447
Cash flow hedging reserve	<b>35</b>	(774.962)	(2.484.283)	(774.962)	-
Translation exchange differences		(2.267.016)	(1.056.776)	(2.433.960)	(2.473.088)
Retained earnings		(231.773.345)	(190.265.651)	(225.451.542)	(188.754.347)
<b>Equity attributable to equity holders of the parent (a)</b>		<b>88.797.458</b>	<b>110.101.769</b>	<b>249.321.635</b>	<b>251.284.857</b>
Non-controlling interest (b)	<b>36</b>	(970.045)	(350.408)	-	-
<b>Total Equity (c=a+b)</b>		<b>87.827.414</b>	<b>109.751.361</b>	<b>249.321.635</b>	<b>251.284.857</b>
<b>Non-Current Liabilities</b>					
Debentures / Long term Loans	<b>26</b>	475.666.644	471.919.407	416.063.220	411.001.574
Derivative financial instruments	<b>27</b>	1.249.026	1.436.608	-	-
Deferred tax liabilities	<b>18</b>	31.501.018	34.113.880	80.098.221	80.445.780
Provisions for retirement benefits	<b>29</b>	4.834.894	4.586.573	4.061.386	3.412.784
Other long-term provisions	<b>30</b>	29.893.643	32.120.490	22.056.878	26.641.390
<b>Total Non-Current Liabilities</b>		<b>543.145.224</b>	<b>544.176.957</b>	<b>522.279.705</b>	<b>521.501.528</b>
<b>Current Liabilities</b>					
Trade and other creditors	<b>24</b>	344.024.817	443.367.292	285.347.500	358.719.570
Income and other tax liabilities	<b>25</b>	21.720.166	19.406.330	14.766.517	14.100.957
Bank overdrafts and loans	<b>26</b>	119.721.026	121.190.967	104.977.152	105.183.555
<b>Total Current Liabilities</b>		<b>485.466.009</b>	<b>583.964.588</b>	<b>405.091.169</b>	<b>478.004.083</b>
<b>Total Liabilities (d)</b>		<b>1.028.611.233</b>	<b>1.128.141.545</b>	<b>927.370.874</b>	<b>999.505.611</b>
<b>Total Equity and Liabilities (c)+(d)</b>		<b>1.116.438.647</b>	<b>1.237.892.907</b>	<b>1.176.692.509</b>	<b>1.250.790.468</b>

\* Certain amounts in the financial statements of the prior year have been reclassified to be comparable with the corresponding figures of the current year. This reclassification had no effect on equity, profit or loss and the aggregate net income of the company.

\* The Group and the Company have applied IFRS 9 and 15 using the cumulative effect method. According to this method, comparative information is not restated (r The following notes are integral part of the Financial Statements.



**AVAX S.A.**  
**STATEMENT OF INCOME**  
**FOR THE JANUARY 1st, 2018 TO DECEMBER 31st, 2018 PERIOD**  
**(All amounts in Euros except per shares' number)**

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1.1-31.12.2018</u>	<u>1.1-31.12.2017</u>	<u>1.1-31.12.2018</u>	<u>1.1-31.12.2017</u>
Turnover	<b>1</b> 582.505.129	673.077.032	477.129.078	566.824.615
Cost of sales	<b>2</b> (550.717.259)	(636.294.209)	(451.960.007)	(543.631.931)
<b>Gross profit</b>	<b>31.787.870</b>	<b>36.782.823</b>	<b>25.169.071</b>	<b>23.192.684</b>
Other net operating income/(expenses)	<b>3</b> 6.942.574	1.814.590	5.644.151	3.166.738
Impairment of investments/participations	<b>3a</b> -	(82.359)	(2.000.000)	(17.700.476)
Write-off of doubtful receivables & other provisions	<b>3b</b> (16.716.308)	(4.609.692)	(15.974.074)	(4.073.697)
Gain/ (Losses) from property fair-value impairment	(193.164)	1.060.100	-	-
Administrative expenses	<b>4</b> (25.294.091)	(23.214.928)	(16.735.426)	(14.301.659)
Selling & Marketing expenses	<b>5</b> (11.294.454)	(8.994.446)	(7.192.383)	(6.558.162)
Receipts of debt securities	<b>6a</b> 5.485.871	3.595.354	5.917.679	4.055.642
Income/(Losses) from Investments in Associates	<b>6b</b> 31.887.971	28.392.456	33.028.560	32.837.435
<b>Profit/ (Loss) before tax, financial and investment results</b>	<b>22.606.269</b>	<b>34.743.899</b>	<b>27.857.578</b>	<b>20.618.506</b>
Other financial results	<b>7</b> 187.582	332.656	-	-
Net financial income / (loss)	<b>7</b> (32.981.511)	(37.436.155)	(30.252.315)	(34.917.472)
<b>Profit/ (Loss) before tax</b>	<b>(10.187.660)</b>	<b>(2.359.600)</b>	<b>(2.394.738)</b>	<b>(14.298.966)</b>
Tax	<b>8</b> (16.114.600)	(8.192.524)	(14.169.387)	(2.837.231)
<b>Profit/ (loss) after tax from operations</b>	<b>(26.302.260)</b>	<b>(10.552.124)</b>	<b>(16.564.125)</b>	<b>(17.136.197)</b>
<b>Attributable to:</b>				
Equity shareholders	(25.763.341)	(10.341.327)	(16.564.125)	(17.136.197)
Non-controlling interests	(538.919)	(210.797)	-	-
	<b>(26.302.260)</b>	<b>(10.552.124)</b>	<b>(16.564.125)</b>	<b>(17.136.197)</b>
<b>Profit/ (loss) after tax per share attributable to equity shareholders</b>				
- Basic Profit/ (Loss) per share (in Euros)	<b>(0,3318)</b>	<b>(0,1332)</b>	<b>(0,2133)</b>	<b>(0,2207)</b>
- Adapted (in Euros)	<b>(0,3318)</b>	<b>(0,1332)</b>	<b>(0,2133)</b>	<b>(0,2207)</b>
<b>Weighted average # of shares</b>	<b>77.654.850</b>	<b>77.654.850</b>	<b>77.654.850</b>	<b>77.654.850</b>
<b>Proposed dividend per share (in € cents)</b>	<b>0,0000</b>	<b>0,0000</b>	<b>0,0000</b>	<b>0,0000</b>
<b>Profit before tax, financial and investment results and depreciation</b>	<b>49.931.384</b>	<b>49.872.607</b>	<b>53.834.716</b>	<b>49.640.213</b>

\* Certain amounts in the financial statements of the prior year have been reclassified to be comparable with the corresponding figures of the current year. This reclassification had no effect on equity, profit or loss and the aggregate net income of the company.

\* The Group and the Company have applied IFRS 9 and 15 using the cumulative effect method. According to this method, comparative information is not restated (note 42).

The following notes are integral part of the Financial Statements.

**AVAX S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FISCAL YEAR FROM JANUARY 1st, 2018 TO DECEMBER 31st 2018**  
**(All Amounts in Euros)**

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1.1-31.12.2018</u>	<u>1.1-31.12.2017</u>	<u>1.1-31.12.2018</u>	<u>1.1-31.12.2017</u>
<b>Profit/ (Loss) for the Period</b>	<b>(26.302.260)</b>	<b>(10.552.124)</b>	<b>(16.564.125)</b>	<b>(17.136.197)</b>
<b>Other Comprehensive Income</b>				
<b>Net other comprehensive income /(loss) to be reclassified to profit or loss in subsequent periods</b>				
Exchange Differences on translating foreign operations	(1.210.240)	(361.986)	39.128	(512.880)
Cash flow hedges	2.325.605	3.507.343	-	-
Revalutaion reserves for other assets	190.358	2.973.045	(605.201)	(188.986)
Reserves for financial instruments available for sale	9.425.958	867.389	37.319.807	31.097.657
Reserves	72.043	-	(190.824)	-
Tax for other comprehensive income	<u>(3.183.701)</u>	<u>(2.130.855)</u>	<u>(9.678.802)</u>	<u>(8.963.515)</u>
<b>Net other comprehensive income /(loss) not to be reclassified to profit or loss in subsequent periods</b>				
Actuarial revaluation of liabilities for personnel retirement	(489.440)	203.895	(258.665)	18.580
Tax for other comprehensive income	<u>129.702</u>	<u>(59.129)</u>	<u>68.546</u>	<u>(5.388)</u>
<b>Total other comprehensive income from operations net of tax</b>	<b><u>7.260.286</u></b>	<b><u>4.999.700</u></b>	<b><u>26.693.989</u></b>	<b><u>21.445.469</u></b>
<b>Total comprehensive Income</b>	<b><u>(19.041.974)</u></b>	<b><u>(5.552.424)</u></b>	<b><u>10.129.865</u></b>	<b><u>4.309.271</u></b>
<b>Total comprehensive Income attributable to:</b>				
Equity shareholders	<b>(18.503.056)</b>	<b>(5.342.091)</b>	<b>10.129.865</b>	<b>4.309.271</b>
Non-controlling interests	<u>(538.919)</u>	<u>(210.333)</u>	<u>-</u>	<u>-</u>
	<b><u>(19.041.974)</u></b>	<b><u>(5.552.424)</u></b>	<b><u>10.129.865</u></b>	<b><u>4.309.271</u></b>

\* The Group and the Company have applied IFRS 9 and 15 using the cumulative effect method. According to this method, comparative information is not restated (note 42).

The following notes are integral part of the Financial Statements.

**AVAX S.A.**  
**CASH FLOW STATEMENT AS AT DECEMBER 31, 2018**  
**(All amounts in Euros)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>
<b>Operating Activities</b>				
<b>Profit/ (Loss) before tax</b>	<b>(10.187.660)</b>	<b>(2.359.600)</b>	<b>(2.394.738)</b>	<b>(14.298.966)</b>
<b>Adjustments for:</b>				
Depreciation	10.608.807	10.436.657	8.003.064	7.247.534
(Gains) / losses on fair value of investment property	208.884	(1.060.100)	-	-
Provisions	16.964.629	7.674.691	16.158.671	7.413.600
Income from sub-debts	(5.485.871)	(3.595.354)	(5.917.679)	(4.055.642)
Interest income	(3.196.596)	(3.878.958)	(466.799)	(104.262)
Interest expense	36.178.107	41.315.113	30.719.114	35.021.734
Impairment loss	-	-	2.000.000	17.543.834
Losses/ (Gains) from financial instruments	(187.582)	(332.656)	-	-
Investment (income) / loss	(30.420.716)	(26.280.901)	(33.028.560)	(32.837.435)
Exchange rate differences	(29.586)	3.515.587	593.165	2.167.229
<b>Change in working capital</b>				
(Increase)/decrease in inventories	12.310.109	(5.871.191)	5.521.308	1.568.285
(Increase)/decrease in trade and other receivables	113.389.061	98.157.920	147.562.552	88.372.263
Increase/(decrease) in payables	(114.604.992)	(97.049.381)	(148.541.223)	(97.144.049)
Interest paid	(36.277.573)	(40.799.666)	(30.800.057)	(35.325.673)
Income taxes paid	(3.267.959)	(12.280.792)	(1.782.733)	(11.058.201)
<b>Cash Flow from Operating Activities</b>	<b>(13.998.939)</b>	<b>(32.408.631)</b>	<b>(12.373.916)</b>	<b>(35.489.749)</b>
<b>Investing Activities</b>				
Purchase of tangible and intangible assets	(23.259.460)	(26.786.762)	(7.753.976)	(7.049.773)
Proceeds from disposal of tangible and intangible assets	6.262.218	2.659.569	3.217.755	220.145
Acquisition of subsidiary	-	909.747	(20.552.110)	-
(Acquisition)/ disposal of, associates, JVs and other investments	(14.681.939)	(7.520.250)	-	(12.334.860)
Interest received	3.196.596	3.878.958	466.799	104.263
Dividends received	32.371.178	25.968.512	27.229.469	25.169.019
<b>Cash Flow from Investing Activities</b>	<b>3.888.592</b>	<b>(890.227)</b>	<b>2.607.936</b>	<b>6.108.793</b>
<b>Cash Flow from Financing Activities</b>				
Proceeds from loans	2.277.296	21.109.540	4.599.543	20.637.972
Dividends paid	-	(770)	-	(770)
<b>Cash Flow from Financing Activities</b>	<b>2.277.296</b>	<b>21.108.770</b>	<b>4.599.543</b>	<b>20.637.202</b>
<b>Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)</b>	<b>(7.833.051)</b>	<b>(12.190.088)</b>	<b>(5.166.436)</b>	<b>(8.743.755)</b>
Cash and cash equivalents at the beginning of the year	73.509.303	85.699.390	59.385.651	68.122.915
Cash and cash equivalents of merged subsidiaries (ATHENA SA)	-	-	2.806.364	6.492
<b>Cash and cash equivalents at the end of the year</b>	<b>65.676.252</b>	<b>73.509.303</b>	<b>57.025.579</b>	<b>59.385.651</b>

\* The Group and the Company have applied IFRS 9 and 15 using the cumulative effect method. According to this method, comparative information is not restated (note 42).

The following notes are integral part of the Financial Statements.

AVAX S.A.  
ANNUAL STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE JANUARY 1st, 2018 TO DECEMBER 31st 2018 PERIOD  
(All Amounts in Euros)

**GROUP**

	Share Capital	Share Premium	Other Reserves	Translation exchange differences	Retained earnings	Share Capital & Reserves	Non-Controlling Interests	Total Equity
<b>Balance 31.12.2016</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>83.652.737</b>	<b>(694.326)</b>	<b>(157.924.255)</b>	<b>116.750.640</b>	<b>(975.984)</b>	<b>115.774.656</b>
Profit for the period	-	-	-	-	(10.341.327)	(10.341.327)	(210.797)	(10.552.124)
<b>Other comprehensive income</b>	-	-	5.361.686	(362.450)	-	4.999.236	464	4.999.700
<b>Total comprehensive income for the period</b>	-	-	<b>5.361.686</b>	<b>(362.450)</b>	<b>(10.341.327)</b>	<b>(5.342.091)</b>	<b>(210.333)</b>	<b>(5.552.424)</b>
Other movements	-	-	20.693.289	-	(22.000.069)	(1.306.780)	843.114	(463.667)
Addition of non-controlling interest	-	-	-	-	-	-	(7.205)	(7.205)
<b>Balance 31.12.2017</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>109.707.712</b>	<b>(1.056.776)</b>	<b>(190.265.651)</b>	<b>110.101.769</b>	<b>(350.408)</b>	<b>109.751.361</b>
<b>January 1, 2018 - Published data</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>109.707.713</b>	<b>(1.056.776)</b>	<b>(190.265.651)</b>	<b>110.101.769</b>	<b>(350.408)</b>	<b>109.751.361</b>
Effect of IFRS 9	-	-	(12.303.041)	-	9.503.041	(2.800.000)	-	(2.800.000)
<b>1 January 2018-Adjusted figures *</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>97.404.672</b>	<b>(1.056.776)</b>	<b>(180.762.610)</b>	<b>107.301.769</b>	<b>(350.408)</b>	<b>106.951.361</b>
Net profit for the period	-	-	-	-	(25.763.341)	(25.763.341)	(538.919)	(26.302.260)
<b>Other income for the period</b>	-	-	8.651.320	(1.210.240)	(180.795)	7.260.285	-	<b>7.260.285</b>
<b>Total comprehensive income for the period</b>	-	-	<b>8.651.320</b>	<b>(1.210.240)</b>	<b>(25.944.136)</b>	<b>(18.503.056)</b>	<b>(538.919)</b>	<b>(19.041.975)</b>
Transfer	-	-	46.809.957	-	(46.809.957)	-	-	-
Decrease of Share Capital	(21.743.358)	-	-	-	21.743.358	-	-	-
Other movements	-	-	(1.255)	-	-	(1.255)	(80.718)	(81.973)
<b>Balance 31.12.2018</b>	<b>23.296.455</b>	<b>146.676.671</b>	<b>152.864.694</b>	<b>(2.267.016)</b>	<b>(231.773.345)</b>	<b>88.797.458</b>	<b>(970.045)</b>	<b>87.827.414</b>

**COMPANY**

Changes in Total Equity	Share Capital	Share Premium	Other Reserves	Translation exchange differences	Retained earnings	Share Capital & Reserves	Non-Controlling Interests	Total Equity
<b>Balance 31.12.2016</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>199.837.685</b>	<b>(1.960.208)</b>	<b>(136.559.324)</b>	<b>253.034.636</b>	-	<b>253.034.636</b>
Net profit for the period	-	-	-	-	(17.136.197)	(17.136.197)	-	(17.136.197)
<b>Other income for the period</b>	-	-	<b>21.958.348</b>	<b>(512.880)</b>	-	<b>21.445.469</b>	-	<b>21.445.469</b>
<b>Total comprehensive income for the period</b>	-	-	<b>21.958.348</b>	<b>(512.880)</b>	<b>(17.136.197)</b>	<b>4.309.272</b>	-	<b>4.309.272</b>
Other movements	-	-	21.026.833	-	(21.593.347)	(566.514)	-	(566.514)
Absorption of a subsidiary	-	-	7.972.942	-	(13.465.479)	(5.492.536)	-	(5.492.536)
<b>Balance 31.12.2017</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>250.795.809</b>	<b>(2.473.088)</b>	<b>(188.754.347)</b>	<b>251.284.857</b>	-	<b>251.284.857</b>
<b>Balance 31.12.2017</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>250.795.809</b>	<b>(2.473.088)</b>	<b>(188.754.347)</b>	<b>251.284.857</b>	-	<b>251.284.857</b>
<b>January 1, 2018 - Published data</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>250.795.809</b>	<b>(2.473.088)</b>	<b>(188.754.347)</b>	<b>251.284.857</b>	-	<b>251.284.857</b>
Effect of IFRS 9	-	-	(12.303.041)	-	10.303.041	(2.000.000)	-	(2.000.000)
<b>1 January 2018-Adjusted figures *</b>	<b>45.039.813</b>	<b>146.676.671</b>	<b>238.492.768</b>	<b>(2.473.088)</b>	<b>(178.451.306)</b>	<b>249.284.857</b>	-	<b>249.284.857</b>
Net profit for the period	-	-	-	-	(16.564.125)	(16.564.125)	-	(16.564.125)
<b>Other income for the period</b>	-	-	<b>26.654.861</b>	<b>39.128</b>	-	<b>26.693.989</b>	-	<b>26.693.989</b>
<b>Total comprehensive income for the period</b>	-	-	<b>26.654.861</b>	<b>39.128</b>	<b>(16.564.125)</b>	<b>10.129.865</b>	-	<b>10.129.865</b>
Absorption of a subsidiary	-	-	7.579.468	-	(18.337.606)	(10.758.138)	-	(10.758.138)
Decrease of Share Capital	(21.743.359)	-	-	-	21.743.359	-	-	-
Other movements	-	-	34.506.916	-	(33.841.864)	665.052	-	<b>665.052</b>
<b>Balance 31.12.2018</b>	<b>23.296.454</b>	<b>146.676.671</b>	<b>307.234.013</b>	<b>(2.433.960)</b>	<b>(225.451.542)</b>	<b>249.321.635</b>	-	<b>249.321.635</b>

\* The Group and the Company have applied IFRS 9 and 15 using the cumulative effect method. According to this method, comparative information is not restated (note 42).

The following notes are integral part of the Financial Statements.



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## Notes and accounting policies

### A. ABOUT THE COMPANY

#### A.1 General Information about the Company and the Group

AVAX S.A. was listed on the Athens Stock Exchange's Main Market in 1994 and is based in Marousi, in the Attica prefecture. It boasts substantial expertise spanning the entire spectrum of construction activities (infrastructure projects, civil engineering, BOTs, precast works, real estate etc) both in Greece and abroad.

In 2002, AVAX S.A. merged with its subsidiaries J&P (Hellas) S.A. and ETEK S.A. and was renamed into J&P-AVAX S.A, whereas another 100% subsidiary unit, namely ETETH S.A., merged with its own subsidiary AIXMI S.A. The new business entities which evolved out of these mergers made use of Law 2940/2001 on contractors' certification for public works. The Group's leading company AVAX S.A. was awarded a 7<sup>th</sup>-class public works certificate, which is the highest class available, whereas ETETH S.A. acquired a 6<sup>th</sup>-class certificate. In the year 2007 Avax SA acquired the subsidiary Athena SA. which during 2018 was merged by absorption by the Company following the submission of an optional public offer and the exercise of the squeeze-out right of the minority shareholders of ATHENA SA (see note C1).

At the beginning of 2019, the Company was renamed to AVAX SA in accordance with the General Meeting of Shareholders of the Company on 27/03/2019 and the Approval Decision No. 40094 / 09-04-2019 by the Ministry of Economy and Development.

#### A.2 Activities

Group strategy is structured around four main pillars:

- **Concessions**
  - Intense presence in concession project tenders, to maintain a substantial backlog of projects and secure long-term revenue streams
  - Strengthening the project finance business unit and expanding our network of specialized external business partners (design consultants, financial and insurance advisors, legal firms) to enhance the Group's effectiveness in bidding for concession projects and maximize the return from their operation by means of financial risk management
- **Business Activities**
  - Development along the lines of major international construction groups, diversifying revenue through expansion into related business areas, eg environmental projects, facility maintenance & management, waste management, maintenance of large infrastructure projects, and management of large facilities constructed towards the Athens 2004 Olympic Games
  - Pursuit of synergies of various business activities on Group level
- **Energy**
  - Emphasis on industrial projects in the energy sector, for the construction of power generation and LNG plants, specializing in EPC type projects (design and construction)
  - Careful penetration of the wholesale market of wholesale and retail electricity and gas, as well as the development of RES projects, either autonomously or in cooperation with serious business partners.



## **B. FINANCIAL REPORTING STANDARDS**

### **B.1. Compliance with IFRS**

AVAX S.A.'s consolidated accounts for the period running from January 1<sup>st</sup>, 2018 to December 31<sup>st</sup>, 2018 conform to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by IASB's International Financial Reporting Interpretation Committee (IFRIC) which have been adopted by the European Union.

### **B.2. Basis of preparation of the financial statements**

Consolidated and Company Financial Statements of AVAX SA have been prepared on a going concern basis and the historical cost principle as amended by adjusting specific assets and liabilities to current values except for certain financial assets and liabilities (including derivatives), valued at fair value.

The policies listed below have been consistently applied throughout the periods presented.

The preparation of financial statements in accordance with IFRSs. requires the use of estimates and judgments when applying the Company's accounting policies. Significant assumptions by management for the application of the company's accounting policies have been identified where appropriate.

## **C. BASIC ACCOUNTING PRINCIPLES**

The Group consistently applies the following accounting principles in preparing the attached Financial Statements:

### **C.1. Business Combinations (I.F.R.S. 3)**

#### **Investments in Subsidiaries**

All companies managed and controlled, either directly or indirectly, by another company (parent) through ownership of a majority share in the voting rights of the company in which the investment has been made. Subsidiaries are fully consolidated (full consolidation) with the purchase method starting on the date on which their control is assumed, and are excluded from consolidation as soon as their control is relinquished.

Acquisitions of subsidiaries by the Group are entered according to the purchase method. Subsidiary acquisition cost is the fair value of all assets transferred, of all shares issued and all liabilities at the acquisition date, plus any costs directly related to the transaction. The specific assets, liabilities and contingent liabilities acquired through a business combination are accounted for at their fair values irrespective of the percentage of participation. The acquisition cost in excess of the fair value of the acquired net assets is entered as goodwill. Should the total acquisition cost fall short of the fair value of the acquired net assets, the difference is directly entered in the Income Statement.

Intragroup sales, balances and un-realised profits from transactions among Group companies are omitted. Losses among Group companies (un-realised on a Group level) are also eliminated, except when the transaction provides evidence of impairment of the transferred asset. The accounting principles of subsidiaries have been amended for uniformity purposes relative to those adopted by the Group.

At the Company's balance sheet, investment in subsidiaries is stated at cost less loss from impairment, if any. IAS 36 "Impairment of Assets" requires an impairment test if there is any indication that an asset is impaired.



## Merger Accounting Policy

### Merger by absorption of E-Construction A.E. and PROET SA

In line with Law 4374/2016, AVAX SA announced that the Board of Directors of «AVAX SA», «E-Construction SA» and «PROET SA, the latter two companies constituting 100% subsidiaries of the former, decided to commence their merger through the absorption of «E-Construction SA» and «PROET SA» by «AVAX SA».

Transformation balance sheet date was 31.12.2016. The merger operation was completed under the approval decision of the Ministry of Economy, 136174 / 11.12.2017, which was registered on 11.12.2017 in the General Commercial Registry (GEMI) with Registration Code 1272166, in accordance with the provisions of articles 69- 78 of K.N. 2190/1920 and article 54 of Law 4172/2013.

The business combination of "AVAX SA", "E-Construction SA" and "PROET SA" with absorption of the second and third of the first, does not result in a change in the control of the companies the ultimate controlling company (AVAX SA - Parent Company of AVAX Group) is the same before and after the combination.

Therefore, corporate transformation (Merger of companies) is considered as a transaction between entities under common control and is excluded from the scope of IFRS 3.

The Company has chosen the merger accounting method or the pooling of interest method. Based on this treatment, the Statement of Financial Position of the merging companies is added using the book values of the assets and liabilities without further calculation of fair values.

Specifically, based on the accrual accounting method, it is noted that:

- Assets and liabilities of the acquiree are recognized in the carrying amounts with appropriate adjustments to achieve uniform accounting policies. The accounting values used are derived from the separate financial statements of the acquiree.
- Goodwill is not recognized. The difference between the acquisition cost of the investment and the net position of the acquiree is recognized as a separate reserve in equity.
- Intangible assets and contingent liabilities are recognized only to the extent recognized in the financial statements of the acquiree.
- Transaction costs are recognized directly as expenses in the Income Statement.
- The transformation balance sheets of the absorbed companies were dated 31.12.2016 and therefore their data have been incorporated into the Company since 11.12.2017.

The Company has not reformulated the comparative figures presented.

### Merger by absorption of ATHENA SA

In January 2018, the acceptance period for the voluntary public offer submitted by the Company in December 2017 to the shareholders of ATHENA SA was completed in order to buy up to 100% of the shares, having already a control rate of over 99%. At the beginning of April 2018, the Company submitted a request to the Securities and Exchange Commission for the squeeze out of ATHENA's shareholders, demanding the transfer of ATHENA SA's remaining shares against the initially offered price of € 0.70 per share. The relevant approval decision was issued at the beginning of June 2018 and at the end of the same month the trading of ATHENA SA shares in the Athens Exchange ceased. At the beginning of July 2018, the squeeze out procedure of ATHENA ATE's shareholders was completed, with the acquisition of ATHENA SA's total shares that were not owned by the Company and became the exclusive owner of all the 113,465,290 shares of ATHENA SA (100%). In July 2018, an unspecified General Extraordinary General Meeting was held with the participation of the sole shareholder of ATHENA SA and it was unanimously decided to write off its shares from the Athens Stock Exchange. The relevant application submitted to the Hellenic Capital Market Commission was approved at the beginning of August 2018. Subsequently, a draft





merger agreement was submitted to the Ministry of Finance through the absorption of ATHENA SA by the Company, with a transformation balance date as of 31.12.2017, approved on 25.09.2018 .

According to no. 135598/14-12-2018 Decision of the Ministry of Development, the company was registered on the same day in the General Commercial Register of Sociétés Anonymes with Registration Code 1597391."J & P - AVAX SOCIETE ANONYME - ERGOLIPTIKI -TOURISTIKI-EMPORIKI - INDUSTRIAL AND CONSTRUCTION MATERIALS AND MACHINERY "with the GEMI id number 913601000 (ex. MAS 14303/06 / B / 86/26), with headquarters in the Municipality of Amaroussion, Attiki, and "ATHENA SOCIETE ANONYME TECHNICAL COMPANY", with GEMI id number 305301000, located in the Municipality of Amaroussion of Attica, got the permission and approval to merge, in accordance with the respective decisions of the Board of Directors of the aforementioned companies.

Following the completion of the merger formalities, the subrogation by the acquiring company to all the rights and obligations of the absorbed company, including administrative authorizations issued in favor of the merging companies and third parties, of the absorbed company and such transfer is treated as a universal succession under the law (Article 75 (1) of Law 2190/20) which is not applicable to any agreement to the contrary, since the relevant regulation is public order.

In view of the abovementioned merger, "AVAX SA" was automatically entitled to all rights and obligations of ATHENA SA as a quasi-universal successor.

The effect of the above events on the basis of the valuation of assets and liabilities as at 31 December 2017 is disclosed in note 40.

**Investments in Associates:** All companies which the Group may influence significantly but do not qualify for subsidiary or Joint Venture status. The Group's assumptions call for ownership between 20% and 50% of a company's voting rights to have significant influence on it. Investments in associates are initially entered in the Company's books at cost and subsequently consolidated using the equity method.

The Group's share into the profit or loss of associates following the acquisition is recognised into the Income Statement, whereas the share into changes in capital reserves following the acquisition is recognised into the reserves. Accumulated changes affect the book value of investments in associates. When the Group's participation into the financial loss of an associate is equal to or exceeds its participation in the associate, inclusive of provisions for bad debts, the Group does not recognise any further losses, except when covering liabilities or making payments on behalf of the associate, or taking other actions as part of its shareholder relationship.

Unrealised profits from transactions between the Group and its associates are omitted according to the participation of the group into those associates. Unrealised gains are omitted, unless the transactions suggest impairment of the transferred assets. Accounting principles of associates have been amended for uniformity purposes relative to those adopted by the Group.

Intragroup balances and transactions, along with Group profits arising from intragroup transactions which have yet to be concluded on a Group level, are eliminated in the consolidated Financial Statements.

### **Joint Arrangements IFRS 11.**

IFRS 11 replaces IAS 31. The IFRS 11 provides a more realistic approach to joint agreements by focusing on rights and obligations rather than on their legal form.

A common agreement has the following basic features:

- The parties are bound by a contractual agreement
- The contractual agreement confers on two or more of the parties joint control

The IFRS classifies joint arrangements into two types—joint operations and joint ventures.

- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint venturers) have rights to the net assets of the arrangement.



An entity determines the type of joint arrangement in which it is involved by considering its rights and obligations. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances. The factors that the Group tests to determine that joint arrangements are under common control include the structure, legal form, contractual arrangement and other facts and circumstances.

The IFRS requires to recognize and to account for a joint arrangement using similar to IAS 31 proportionate consolidation – the party's share of assets, liabilities, income and expenses of a jointly controlled entity was combined line-by-line with similar items in the companies' financial statements.

Also, the party to a joint venture shall account for the above data relating to its participation in the joint venture under the relevant IFRS.

**Group Structure:** AVAX Group consists of the following subsidiaries, which are consolidated with the full consolidation method. Their annual financial statements will be posted on the parent company's website ([www.jp-avax.gr](http://www.jp-avax.gr)) in accordance with the provisions in force:

Company	% of AVAX's SA participation	Fiscal Years not tax audited
AVAX S.A., Athens	Parent	2011-2018
ETETH S.A., Salonica	100%	2011-2018
ELVIEX Ltd, Ioannina	60%	2011-2018
J&P DEVELOPMENT S.A., Athens	100%	2011-2018
TASK J&P-AVAX S.A., Athens	100%	2011-2018
CONCURRENT REAL INVESTMENTS SRL, Romania	95%	2005-2018
SC BUPRA DEVELOPMENT SRL, Romania	99,93%	2005-2018
SOPRA AD, Bulgaria	99,99%	2005-2018
J&P-AVAX IKTEO S.A., Athens	94%	2011-2018
SC FAETHON DEVELOPMENTS SRL, Romania	100%	2006-2018
MONDO TRAVEL (ex.TERRA FIRMA S.A.), Athens	99,999%	2011-2018
J&P AVAX CONCESSIONS S.A. (ex. EVIA REAL ESTATE), Athens	99,967%	2011-2018
ATHENS MARINA S.A., Athens	86,3951%	2011-2018
J&P AVAX POLSKA, Poland	100%	2009-2018
JPA ATTICA SCHOOLS PPP, Athens	100%	2016-2018
J&P AVAX INTERNATIONAL LTD, Cyprus	100%	2016-2018
GLAVIAM HELLAS SINGLE MEMBERED COMPANY LTD	100%	2016-2018
VOLTERRA SA, Athens	100%	2011-2018
VOLTERRA K-R SA, Athens	100%	2014-2018
ILIOPHANIA SA, Athens	100%	2014-2018
VOLTERRA LYKOVOUNI S.A, Athens	100%	2017-2018
VOLTERRA L-S SA, Athens	100%	2017-2018
ATHENA LIBYA COMPANY, Libya	65%	-
ATHENA CONCESSIONS S.A., Athens	99%	2014 & 2018
ERGONET SA, Athens	51,52%	2016 & 2018

In the consolidated financial statements of 31/12/2018 the newly established subsidiary VOLTERRA L-S SA of the Volterra Group was consolidated as well.



For fiscal years 2011, 2012 and 2013, the parent Company and its subsidiaries have been subjected to tax auditing from an auditor in accordance with article 82 paragraph 5 of Law 2238/1994 and have received a "Tax Compliance Certification" with an unqualified opinion.

For the fiscal years 2014, 2015, 2016 & 2017, the parent Company and its subsidiaries that are tax audited in Greece have been subjected to tax auditing from an auditor in accordance with article 65A para 1 of Law 4174/2013 as amended by the Law 4262/2014 and have received a "Tax Compliance Certification" with an unqualified opinion. It should also be noted that the Administrative Courts, on the basis of their recent decisions on similar cases (for example: CTE 1738/2017, CTE 675/2017, and Tue Dec 1490/2016), have ruled that the 2011 fiscal year is time-barred for tax purposes (five-year limitation).

For the fiscal year 2018, the parent Company and its subsidiaries that are tax audited in Greece have been subjected to tax auditing from an auditor in accordance with Law 4174/2013 article 65A as it is amended and still in force. This control is in progress and the related tax certificate is projected to be provided after the publication of financial statements of 31/12/2018. The Group's management believes that upon completion of the tax audit no additional tax liabilities will occur that will have substantial impact beyond those recognized and reported in the financial statements.

It is noted that according to the tax provisions applicable on 31/12/2018, the uses up to 2012 are considered to be drawn.

The Group consolidates the following associates using the equity method:

5N S.A., Athens	45,00%
ATHENS CAR PARKS S.A., Athens	25,32%
ATTICA DIODIA S.A., Athens	34,22%
ATTIKI ODOS S.A., Athens	34,21%
POLISPARK S.A., Athens	28,76%
3G S.A., Athens	50,00%
CAR PARK N.SMIRNI S.A., Athens	20,00%
LEISURE PARKS S.A.(KANOE-KAYAK), Athens	29,70%
CYCLADES ENERGY CENTER S.A., Athens	45,00%
SC ORIOL REAL ESTATE SRL, Romania	50,00%
SALONICA PARK S.A., Athens	24,70%
AEGEAN MOTORWAY S.A., Larissa	23,61%
GEFYRA OPERATION S.A., Athens	21,55%
GEFYRA S.A., Athens	20,53%
PIRAEUS ST.NICOLAS CAR PARK S.A., Athens	48,62%
MARINA LIMASSOL S.A., Limassol	33,50%
METROPOLITAN ATHENS PARK S.A., Athens	22,91%
STARWARE ENTERPRISES LTD, Cyprus	50,00%
ELIX S.A., Athens	31,97%
VAKON SA, Greece	25,00%
VIOENERGEIA S.A., Greece	45,00%

Joint arrangements (construction consortia or companies) which the parent Company or its subsidiaries participate in, are consolidated with the method of proportional consolidations in the financial statements of the parent Company, or its subsidiaries respectively. The total participations in joint arrangements (construction consortia) are as follows:

Proportionate consolidation

1. J/V J&P – AVAX S.A. – ETETH S.A., Athens (SMAEK)	100.00%
2. J/V J&P – AVAX S.A. – ETETH S.A., Athens (Suburban Railway)	100.00%



3.	J/V J&P-AVAX S.A. – “J/V IMPREGILO SpA –J&P-AVAX S.A.- EMPEDOS S.A.”, Athens	66.50%
4.	J/V AKTOR S.A. – J&P – AVAX S.A. – ALTE S.A. – ATTIKAT S.A. - ETETH S.A. – PANTECHNIKI S.A. – EMPEDOS S.A., Athens	30.84%
5.	J/V J&P-AVAXS.A. – EKTER A.E – KORONIS S.A., Athens	36.00%
6.	J/V J&P-AVAX S.A.- VIOTER S.A., Athens	50.00%
7.	J/V J&P AVAX S.A. – INTL TAPESTRY CENTRE, Athens	99.90%
8.	J/V ETETH S.A. – J&P-AVAX S.A. – TERNA S.A. – PANTECHNIKI S.A., Athens	47.00%
9.	J/V TOMES S.A. – ETETH S.A., Chania	50.00%
10.	J/V J&P – AND J&P – AVAX GERMASOGEIA, Cyprus	75.00%
11.	J/V AKTOR A.T.E – AEGEK S.A. – J&P-AVAX S.A. – SELI S.p.A, Athens	20.00%
12.	J/V J&P AVAX S.A – J&P Ltd (Vassilikos), Cyprus	75.00%
13.	J/V “J/V AKTOR SA – DOMOTEXNIKH S.A. THEMELIODOMI S.A.” – TERNA S.A – ETETH S.A., Salonica	25.00%
14.	J/V J&P AVAX S.A. – FCC CONSTRUCCION S.A, Athens	49.99%
15.	J/V ETETH SA – GANTZOULAS SA – VIOTER SA, Athens	40.00%
16.	J/V APION KLEOS (ELEFSINA-PATRA), Elefsina	21.00%
17.	J/V J&P AVAX SA – EKTER SA, Athens	50.00%
18.	J/V CONSTRUCTION MALIAKOS – KLEIDI, Larissa	20.70%
19.	J/V MAINTENANCE ATT.ODOS, Athens	30.84%
20.	J/V SUBURBAN RAILWAY, SKA PIRAEUS, PHASE B’, Athens	33.33%
21.	J/V QUEEN ALIA AIRPORT, Jordan	50.00%
22.	J&P AND J&P AVAX J/V – QATAR BUILDING, Cyprus	45.00%
23.	AVAX-J&P LTD-CYBARCO MARINA LIMASSOL J/V, Cyprus	55,00%
24.	J/V ERGOTEM ATEVE – KASTOR S.A. – ETETH S.A., Athens	15.00%
25.	J/V AKTOR – J&P-AVAX OTE NETWORKS, Athens	50,00%
26.	J/V AKTOR – J&P-AVAX – INTRAKAT (Road Line Tripoli-Kalamata-Moreas), Athens	15,00%
27.	J/V AKTOR – J&P-AVAX, Athens (Maintenance of National Natural Gas Network)	50,00%
28.	J/V AKTOR – J&P-AVAX, Athens (Attica Natural Gas Network)	50,00%
29.	J/V AKTOR – J&P-AVAX, Athens (Technical Support of Public Natural Gas Co)	50,00%
30.	J/V J&P-AVAX – GHELLA SpA, Piraeus	60,00%
31.	J/V AKTOR SA – J&P-AVAX SA., Athens (New Maintenance of Attiki Odos)	34,22%
32.	J/V AKTOR SA – J&P-AVAX SA., Achaia (Panagopoula)	33,91%
33.	J/V AKTOR SA – J&P-AVAX SA – TERNA SA, Athens (Tithorea-Domokos)	33,33%
34.	J/V AKTOR SA – J&P-AVAX SA – TERNA SA, Athens (Tithorea-Domokos-Sub Project D, Bridge)	31,00%
35.	J/V AKTOR SA – J&P-AVAX SA (Technical Support DEPA – 2) , Athens	50,00%
36.	J/V AKTOR SA – J&P-AVAX SA (Construction of Gas Networks), Athens	50,00%
37.	J/V AKTOR SA – J&P-AVAX SA (Attica Gas Networks & Pipelines), Attica	60,00%
38.	J/V J&P QATAR/CONSP/EL/J&P-AVAX/J&P(O) (QFS), Qatar	24,00%
39.	J/V AKTOR SA – J&P-AVAX SA (White Regions), Athens	50,00%
40.	J/V J&P-AVAX SA – TERNA SA – AKTOR ATE – INTRAKAT SA (Mosque), Athens	25,00%
41.	J/V J&P-AVAX SA – TASK J&P-AVAX SA (ISP), Athens	100,00%



42.	J/V AKTOR SA-ATHENA SA (D-1618), Psitalia	30,00%
43.	J/V ATHENA SA – AKTOR (“MACEDONIA” AIRPORT), Thessaloniki	70,00%
44.	J/V ATHENA SA-FCC SA , Igoumenitsa	50,00%
45.	J/V ATHENA SA – THEMELIODOMI SA-ATTIKAT SA (HERMES), Athens	33,33%
46.	J/V MICHANIKI SA – ATHENA SA (MPC), Athens	50,00%
47.	J/V PROODEUTIKI SA-ATHENA SA (CRAIOVA), Romania	35,00%
48.	J/V AKTOR SA – ATHENA SA – GOLIOPOULOS (A-440), Psytallia	48,00%
49.	BONATTI J&P-AVAX Srl, Italy	45,00%
50.	J/V ARCHIRODON – ERGONET (indirect participation), Athens	22.95%
51.	J/V TSO-ARCHIRODON - ERGONET (indirect participation), Athens	25.50%
52.	J/V D.SIRDARIS & CO – ERGONET (indirect participation), Athens	15.30%
53.	J/V PROET SA – ERGONET SA (indirect participation), Athens	25.50%
54.	J/V ERGONET SA – PROET SA (KOS) (indirect participation), Athens	25,50%
55.	J/V EURARCO SA – ERGONET SA (SPERCHEIOS) (indirect participation), Athens	7,65%

The following Joint Arrangements are not included in current period’s financial statements in comparison with those of previous one because the projects are now completed:

1.	J/V ATH-THEM.-EL.TECH.-KON.-TSABRAS, Athens	25.00%
2.	J/V ATH.-THEM.-EL.TECH. - KTIPIO BITIOFOR, Athens	33.33%
3.	J/V ARCHIRODON - ATHENA (THISIO), Athens	50.00%
4.	J/V AKTOR - THEMELIODOMI - ATHENA (A380), Athens	33.33%
5.	J/V ATHENA-PANTECHNIKI-TERNA-JV PLATAMONA PART1, Platamonas	19,60%
6.	J/V TECHNIKI 2000 – ERGONET (indirect participation), Alexandroupoli	15.30%

Also in the current period compared to 31/12/2017 the following jointly controlled (joint venture) schemes were automatically resolved:

1.	J/V J&P-AVAX – ATHENA SA (FA-275), Athens	100.00%
2.	J/V J&P-AVAX – ATHENA SA (FA-705), Athens	100.00%
3.	J/V ATHENA SA – J&P-AVAX SA (SKARFIA), Lamia	100.00%
4.	J/V ATHENA SA – J&P-AVAX SA (Dredging of Limassol port), Cyprus	100.00%

### **C.2a. Property, Plant & Equipment, Investment Property (I.A.S. 16)**

Group Management has utilised the basic valuation method (at acquisition cost, less accumulated amortisation and impairments), as per IAS 16, for classifying operating fixed assets (Technical Equipment, Vehicles, Furniture and other Equipment).

The revaluation method was chosen by management for classifying land and fixtures.

#### **Revaluation Model**

Upon recognition as an asset, a fixed asset whose fair value may be estimated reliably may be revalued, to reflect the fair value at recognition date less any subsequent accumulated impairment of value.

The fair value of land and buildings is usually appraised by auditor-valuators. The fair value of equipment and fixtures is usually their acquisition price.

When tangible fixed assets are revalued, the entire class of similar assets should be revalued.



When the book value of a fixed asset increases as a result of revaluation, the increase is credited directly into the Equity as a Revaluation Surplus.

Increases in value due to revaluation will be recognised through the Income Statement to the extent it reverses an earlier impairment of the same asset, charged in the Income Statement.

Should the book value of an asset be reduced as a result of a revaluation, the decrease in value should be charged in the Income Statement. If a revaluation surplus for that asset exists in Equity, the decrease will be charged directly into Equity up to the value of that surplus. Revaluation surpluses in Equity are transferred to Retained Earnings as soon as the fixed assets are sold or derecognized. Tax effects on the revaluation of tangible fixed assets are recognised and disclosed according to IAS 12 Income Tax.

The initial implementation of a tangible fixed asset revaluation policy is treated as a revaluation according to IAS 16, not IAS 8.

While applying I.A.S. 36 (on Impairment of Assets), on each reference date Group management effectively estimates whether its asset base shows signs of impairment, comparing the residual value for each asset against its book value.

Subsequent expenditure on fixed assets already appearing on the Company's books are added to that asset's book value only if they increase its future economic benefits. All expenditure (maintenance, survey etc.) for assets not increasing their future economic benefits are realised as expenses in the financial period incurred.

Expenditures incurred for a major repair or survey of a fixed asset are realised as expenses in the financial period in which they are incurred, except when increasing the future economic benefits of the fixed asset, in which case they are added to the book value of the asset.

Depreciation of tangible fixed assets (excluding land which is not depreciated) is calculated on a straight-line basis according to their useful lives. The main depreciation rates are as follows:

Operating Property (buildings)	3%
Machinery	5.3% - 20%
Vehicles	7.5% - 20%
Other equipment	15% - 20%

Residual values and useful lives of tangible fixed assets are subject to revision on balance sheet date. When the book value of fixed tangibles exceeds their recoverable value, the difference (impairment loss) is directly charged as an expense item in the Income Statement.

When disposing of tangible fixed assets, the difference between the revenue from the sale and the book value of the assets is realised as profit or loss in the Income Statement.

Own-produced fixed tangibles constitute an addition to the acquisition cost of the assets in the form of direct cost of personnel participating in their production (including related employer's social security contributions), cost of materials and other general expenses.

### **C.2b. Investment Property (IAS 40)**

For investment property, management has opted to apply the method of revaluation (fair values), based on IAS 40.

Management believes that the use of fair values in appraising investment property provides reliable and more pertinent information, because it is based on updated prices.

### **C.3. Intangible Assets (I.A.S. 38)**

These expenses should be amortised during the financial period in which they are incurred. Only expenses meeting the criteria of I.A.S. 38.18 are capitalized, such as expenses for computer software and licences. Long-term expenses not meeting the criteria of I.A.S. 38.18 are written off in applying IFRS. Intangible assets include software licences.



#### **C.4. Impairment of Assets (I.A.S. 36)**

##### **i) Goodwill**

Goodwill represents the additional price paid by the Group for the acquisition of new subsidiaries, joint ventures, and associates. It arises from the comparison of the price paid for the acquisition of a new company with the proportion of the group share to the fair value of the net assets, during the acquisition date. The arisen goodwill from the acquisition of the new subsidiaries and joint ventures is recognized to intangible assets. Every year impairment test for the goodwill is conducted, which decreases the original amount as it is recognized in the balance sheet. During the calculation of profit or loss arisen from participation disposal, the relevant (if any) goodwill is taken under consideration of the disposed company.

For an easier processing of impairment tests, goodwill is allocated to Cash Generating Units (CGU's). The CGU is the smallest identifiable unit of assets which creates independent cash flows and represents the level at which the Group collects and presents the financial data for reasons of internal information. The impairment for the goodwill, is determined from the calculation of the recoverable amount of the CGU's with which the goodwill is connected. Impairment loss which is related with goodwill cannot be reversed in future periods. The Group conducts the annual test for goodwill impairment at 31 December of each accounting period.

In case that the fair value of net assets of a company during the acquisition date is higher than the price paid for the acquisition, negative goodwill is recognized (income), which goes directly in the Income Statement.

I.A.S. 36 applies for the impairment of subsidiaries acquisition or I.A.S. 39 for participation to associates, and other participating interest companies.

##### **ii) Other Assets**

Assets with an infinite useful life are not depreciated and are subject to annual review for impairment, whenever events take place showing their book value is not recoverable. Assets being depreciated are subject to review of their value impairment when there are indications that their book value shall not be recovered.

Net Selling Price (NSP) is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. At each balance sheet date, management assess whether there is an indication of impairment as required by I.A.S. 36, requiring that the book value of assets does not exceed their recoverable amount. Recoverable amount is the highest between Net Selling Price and Value in Use.

This evaluation also takes into account all available information, either from internal or external sources. Impairment review is applied on all assets except for inventories, construction contracts, deferred tax receivables, financial assets falling under I.A.S. 39, investment property and non-current assets classified as being held for disposal.

Impairment losses are charged in the Income Statement.

#### **C.5. Inventories (I.A.S. 2)**

On Balance Sheet date, inventories are valued at the lowest between cost and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Inventory cost does not include financial expenses.

#### **C.6. Financial Instruments: Presentation (IAS 32)**

The principles in this Standard complement the principles for recognising and measuring financial assets and financial liabilities in IAS 39 Financial Instruments: Recognition and Measurement.

This Standard is concerned with the classification of financial instruments into financial assets, financial liabilities and equity instruments, as well as the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities should be offset.



A *financial instrument* is any contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **C.7. Financial Instruments: Disclosures (IFRS 7)**

IFRS 7 refers to all risks arising from all financial instruments, except those instruments specifically excluded (e.g. interests in subsidiaries, associates and joint ventures, etc.). The objective of the disclosures is to provide an overview of the Group's use of financial instruments and its exposure to risks they create. The extent of the disclosure required depends on the extent of the Company's use of financial instruments and its exposure to risk. The Group and Company apply IFRS 7 from January 1st, 2007.

#### **C.8. Provisions (I.A.S. 37)**

Provisions are recognized when the Group faces legal or substantiated liabilities resulting from past events, their settlement may result in an outflow of resources and the amount of the liability can be reliably estimated. Provisions are reviewed on Balance Sheet date and adjusted to reflect the present value of the expense estimated for settling the liability. Contingent liabilities are not recognized in the financial statements but nevertheless are disclosed in the accompanying notes, except when the probability of an outflow of resources is minimal. Contingent assets are not recognized in the financial statements, but are disclosed in the notes, provided an inflow of economic benefits is probable.

#### **C.9. Government Grants (I.A.S. 20)**

The Group recognizes government grants (subsidies) only when there is reasonable assurance that:

- a) the enterprise will comply with any conditions attached to the grants,
- b) the grant is likely to be received.

Subsidies are entered in the company's books at their fair value and recognized on a consistent basis as revenue, in accordance with the principle of matching the receipts of subsidies with the related expenses.

Subsidies on assets are included in long-term liabilities as deferred income and recognized on a consistent basis as revenues over the expected useful life of the assets.

#### **C.10. The effects of changes in Foreign Exchange Rates (I.A.S. 21)**

The financial statements of all Group companies are prepared using the currency of the economic area which the Group mainly operates in (operating currency). Consolidated financial reports are denominated in euros, the operating and presentation currency of the parent Company and its subsidiaries. Transactions in foreign currency are converted in the operating currency according to the going foreign exchange rates on the date on which transactions take place.

Profit and losses from foreign exchange differences arising from settlement of transactions in foreign currency during the financial reporting period and the conversion of monetary items denominated in foreign currency according to the going exchange rates on balance sheet date are recognised in the Income Statement. Foreign exchange adjustments for non-monetary items valued at fair value are considered part of the fair value and are therefore treated as differences in fair value.

#### **C.11. Equity Capital (I.A.S. 33)**

Expenses incurred due to the issue of new shares appear below the deduction of related income tax, reducing the net proceeds from the issue. Expenses incurred due to the issue of new shares to finance the acquisition of another company are included in the target company's total acquisition cost.

#### **C.12 Dividend Distribution (I.A.S. 10)**

Dividend distribution to the parent's shareholders is recognized as a liability in the consolidated financial statements at the date that the distribution is approved by the General Meeting of Shareholders.





### **C.13. Income Taxes & Deferred Tax (I.A.S. 12)**

Income tax expenses appearing in the Income Statement include both tax for the period and deferred tax, which correspond to tax charges or tax returns arising from benefits realized within the reporting period in question but booked by the tax authorities in earlier or later reporting periods. Income tax is recognized in the Income Statement for the reporting period, except for tax relating to transactions directly charged against shareholders' funds; in that case, income tax is similarly charged directly against shareholders' funds.

Current income tax includes short-term liabilities and/or receivables from the tax authorities related to payable tax on the taxable income of the reporting period, as well as any additional income tax from earlier reporting periods.

Current tax is calculated according to the tax rates and fiscal legislation applied on each reporting period involved, based on the taxable income for the year. All changes in short-term tax items listed on either side of the balance sheet are recognized as part of the tax expense in the Income Statement.

Deferred income tax is calculated by means of the liability arising from the temporary difference between book value and the tax base of asset and liabilities. No deferred income tax is entered when arising from the initial recognition of assets or liabilities in a transaction, excluding corporate mergers, which did not affect the reported or taxable profit / loss at that time.

Deferred tax income and liabilities are valued according to the tax rates expected to apply in the reporting period in which the receipt or payment will be settled, taking into account the tax rates (and fiscal laws) introduced or in effect until the reporting date. The tax rate in effect on the day following the reporting date is used whenever the timing of reversal of temporary differences cannot be accurately determined.

Deferred tax receivables are recognized to the extent in which taxable profits will arise in the future while making use of the temporary difference which gives rise to the deferred tax receivable.

Deferred income tax is recognized for the temporary differences arising from investments in subsidiaries and affiliates, excluding those cases where de-recognition of temporary differences is controlled by the Group and temporary differences are not expected to be derecognized in the foreseeable future.

Most changes in deferred tax receivables or liabilities are recognised as tax expenses in the Income Statement. Only changes in assets or liabilities affecting temporary differences (e.g. asset revaluations) which are recognized directly against the Group's shareholders' funds do result in changes in deferred tax receivables or liabilities being charged against the relevant revaluation reserve.

### **C.14. Personnel Benefits (I.A.S. 19)**

Short-term benefits:

Short-term benefits to personnel (excluding termination benefits) in money and in kind are recognized as an expense when deemed payable. Portions of the benefit yet unpaid are classified as a liability, whereas if the amount already paid exceeds the benefit then the company recognizes the excess amount as an asset (prepaid expenses) only to the extent to which the prepayment will result in a reduction in future payments or to a fund return.

Retirement benefits:

Benefits at retirement from service include a defined contribution plan as well as a defined benefit plan.

Defined Contribution Plan:

According to the plan, the company's legal liability is limited to the amount agreed for contribution to the institution (social security fund) managing employer contributions and handing out benefits (pensions, medical plans etc).

The accrued cost of defined contribution plans is classified as an expense in the corresponding financial reporting period.

Defined Benefit Plan:

The Company has legal liability for personnel benefits due to lay-offs ahead of retirement date or benefits upon retirement from service, in accordance with pertinent legislation.



The Projected Unit Credit Method is used to calculate the present value of defined benefit obligations, the related current cost of services and the cost of services rendered which is the accrued services method, according to which benefits are paid at the financial periods in which the retirement benefit liability is founded. Liabilities arise while employees provide services qualifying for retirement benefits.

The Projected Unit Credit Method therefore requires that benefits are paid in both the current reporting period (to calculate the current cost of services) and in the current and past reporting periods (to calculate the present value of defined benefit obligations).

Despite the fact that remaining in service with the Company is a prerequisite for receiving benefits (ie benefits cannot be taken for granted by employees), liabilities are calculated using actuarial methods as follows:

Demographic Assumptions: Personnel Turnover (Staff Resignations / Staff Lay-offs), and

Financial Assumptions: discount rate, future salary levels (calculated using government bond yield of equal maturities) and estimated future changes in state benefits affecting payable benefits.

### **C.15. Leases (I.A.S. 17)**

Financial leases are all leases on fixed assets which transfer onto the Group all risks and benefits in relation to those assets' ownership, irrespective of the eventual transfer of ownership of the assets.

These leases are capitalized at the start of the lease using the lowest price between the fair value of the fixed asset and the present value of the minimum lease. All leases comprise a liability and a financial expense, securing a fixed interest rate for the balance of the financial liability. Liabilities arising from leases, net of financial expenses, are entered as liabilities in the balance sheet. The portion of financial expenses arising from financial leases is recognized in the Income Statement throughout the term of the lease. Fixed assets acquired via financial leases are depreciated over the lowest term between their useful life and their lease term.

Lease agreements in which the lessee transfers the right of usage of an asset for a fixed time period but not the risks and rewards of the asset's ownership, are classified as operating leases. Payments for operating leases (net of any discounts offered by the lessor) are recognized in the Income Statement proportionately over the term of the lease.

Fixed assets leased as lessor through operating leases are included as tangible assets in the balance sheet and depreciated over their expected useful lives using the same procedure as other fully-owned tangibles. Proceeds from leases (net of any discounts offered to the lessee) are recognized on a straight-line basis over the lease term. The Group does not lease fixed assets using the financial lease method.

### **C.16. Borrowing Cost (I.A.S. 23)**

Borrowing cost refers to interest charged on debt, as well as other expenses incurred by the company in securing that debt.

Included in borrowing costs are:

- Interest expenses on short-term and long-term bank loans, as well as overdraft interest charges
- Amortisation of par discount arising from bond loan issues
- Amortisation of additional expenses incurred in securing a loan
- Financial expenses from financial leases, as defined in I.A.S. 17
- Foreign exchange adjustments, to the extent that they constitute a financial expense

Borrowing costs that can be allocated directly in acquisition, construction or production of an asset which fulfils the requirements should be capitalized.

### **C.17. Operating Segments (I.F.R.S. 8)**

The Group recognises the sectors of constructions, concessions, energy and other activities as its primary business operating segments. It also recognizes Greece and international markets as its secondary operating geographic segments. Those operating segments are used by



Management for internal purposes and strategic decisions are taken on the basis of the adjusted operating results of each segment, which are used to measure their performance.

#### **C.18. Related Party Disclosures (I.A.S. 24)**

Related party disclosures are governed by I.A.S. 24 and refer to transactions between a company reporting its financial statements and other related parties. The main issue is the economic substance of transactions, as opposed to their legal form.

A company is considered a related party to a reporting company if:

- a) It is directly or indirectly via intermediaries in control, or controlled by or under joint control of the reporting company
- b) It controls an equity stake in the reporting company which grants substantial control, or joint control of the reporting company
- c) It is an associate, as defined in IAS 28
- d) It is a joint venture, as defined in IAS 31
- e) It is a key member of the top management team (Board of Directors) of the reporting company or its parent firm
- f) It is closely related family-wise to any person matching the first and fourth case noted above
- g) It is a company controlled (or under joint control or under substantial influence) by a person matching the fourth and fifth case noted above
- h) It has an employee defined benefit plan in place, where those eligible for receiving the benefits are either the reporting company or the employees of the reporting company

Related party transaction is any transfer of resources, services or liabilities between related parties, irrespective of the payment of a price in return.

#### **C.19. Significant accounting estimates and judgments**

The preparation of the financial statements requires management to make estimations and judgments that affect the reported disclosures. On an ongoing basis, management evaluates its estimates, the most important of which are presented below. Estimates and judgements 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. These management's estimation and assumptions form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. 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.

##### **C.19.1 Impairment of goodwill and other non-financial assets**

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in paragraph C.4.i. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The basic assumptions that are used in the calculations are explained further in note 12. These calculations require the use of estimates which mainly relate to future earnings and discount rates. Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policy stated in paragraph C.6.

##### **C.19.2 Income taxes**

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

##### **C.19.3 Deferred tax assets**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in note 19.



#### **C.19.4 Asset lives and residual values**

Property, plant and equipment (PPE) are depreciated over their estimated useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

#### **C.19.5 Allowance for net realizable value of inventory**

The allowance for net realizable value of inventory, in accordance with the accounting policy as stated in paragraph C.5, represents management's best estimate, based on historic sales trends and its assessment on quality and volume, of the extent to which the stock on hand at the reporting date will be sold below cost.

#### **C.19.6 Allowance for doubtful accounts receivable**

The Group's management periodically reassess the adequacy of the allowance for doubtful accounts receivable using parameters such as its credit policy, reports from its legal counsel on recent developments of the cases they are handling, and its judgment/estimate about the impact of other factors affecting the recoverability of the receivables.

#### **C.19.7 Provision for staff leaving indemnities**

The cost for the staff leaving indemnities is determined based on actuarial valuations. The actuarial valuation requires management making assumptions about future salary increases, discount rates, mortality rates, etc. Management, at each reporting date when the provision is re-examined, tries to give its best estimate regarding the above mentioned parameters.

#### **C.19.8 Contingent liabilities**

The existence of contingent liabilities requires from management making assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Group.

#### **C.19.9 Revenue from Contracts with Customers (IFRS 15)**

Whenever the financial result of a contract may be estimated with reliability, the income and expenses of the contract are recognized during the life of the contract respectively as income and expenses. Income is only recognized to the extent that the cost arising from the contract may be recovered, while that cost is recognized as an expense in the period in which it arose.

#### **C.19.10 Joint Arrangements (IFRS 11)**

The factors examined by the Group to assess whether a company is a joint arrangement, include the structure, the legal form, the contractual agreement and other facts and conditions.

#### **C.19.11 Fair Value measurement (IFRS 13)**

A number of assets and liabilities included in the Group's financial statements require measurement at, and / or disclosure of, fair value. The Group measures a number of items at fair value (see Note 40):

- \* Tangible Fixed Assets & Property for Investment
- \* Financial Assets available for Sale
- \* Long-Term and Short-Term Loans
- \* Derivative Financial Instruments

#### **C.19.12 Derivative financial instruments and hedging activities**

Group Companies consider, as applicable, entering into derivative financial instrument contracts with the aim of hedging their exposure to interest rate risk deriving from long-term loan agreements. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. This procedure includes linking all derivatives defined as hedging instruments to specific asset and liability items or to specific commitments or forecast transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Any changes in the value of the derivative that does not meet the recognition criteria as a hedging instrument are recognized in the income statement. The estimated fair value is calculated on the basis of current prices. The total fair value of hedging derivatives is classified as equity.

#### **Cash flow hedge**

Derivative assets are initially recognized at fair value as of the date of the relevant agreement. The portion of change to the derivative's fair value considered effective and meeting the cash flow hedging criteria is



recognized in other comprehensive income. Profit or loss associated with the non-effective portion of change is directly recognized in the Income Statement, under "Finance income" or "Finance cost". Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the profit or loss of the period. Profit or loss associated with the effective portion of the hedging of floating interest rate swaps is recognized in the Income Statement under "Finance income" or "Finance cost". However, when a prospective transaction to be hedged results in the recognition of a non-financial asset (such as inventory or PPE), then profit or losses previously recognized in equity are transferred from Equity and are accounted for at the initial cost of such asset. The deferred amounts are ultimately recognized in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets. When a hedging instrument expires or it is sold, or when a hedging relation no longer meets the criteria of hedge accounting, the cumulative profit or loss recorded to that time under Equity remain in Equity and are recognized when the prospective transaction is ultimately recognized in the Income Statement. When a prospective transaction is no longer expected to occur, the cumulative profit or loss recognized in Equity is directly transferred to the Income Statement under "Other operating profit/(loss)".

**D. New standards, amendments to standards and interpretations adopted for the preparation of the financial statements as of 31/12/2018**

IFRS	IASB Effective Date
IFRS 9 (2014) Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 2 Share Based Payments (Amendment – Classification and Measurement of Share Based Payment Transactions)	1 January 2018
IFRS 4 Insurance Contracts (Amendment – Applying IFRS 9 Financial Instruments)	1 January 2018
Annual Improvements to IFRSs 2014 – 2016 Cycle (IFRS 1 First-time Adoption of IFRS and IAS 28 Investments in Associates and Joint Ventures)	1 January 2018
IAS 40 Investment Property (Amendment - Transfers of Investment Property)	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

New standards that were adopted in the annual financial statements for the year ended 31 December 2018, and which have impacted the Group's accounting policies are:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

**Effects of changes in accounting policies**

The Group applied, for the first time, IFRS 15 "Revenue from Contracts with Customers" and IFRS.9"Financial instruments" using the cumulative effect method (ie the modified retrospective approach), with the effect of applying these Standards recognized on the date of initial application (ie 1 January 2018). Accordingly, the information relating to the year 2017 has not been restated, ie it is imprinted according to the previous standards, IAS. 18, IAS. 11, IAS. 39 and related interpretations.

As required by IAS. 34, the nature and effect of these changes are shown below:

**IFRS 9 "Financial Instruments"**

The IFRS 9 "Financial Instruments" replaces IAS. 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018 and primarily affects the classification and measurement, impairment and hedge accounting of financial instruments.



The adoption of IFRS 9 "Financial Instruments" resulted in changes in the Group's accounting policies related to financial assets from 1 January 2018, while it had no impact on the accounting policies relating to financial liabilities.

The Group and the Company have applied the Standard from 1 January 2018 retrospectively, without reviewing comparative information from previous years. Therefore, the adjustments resulting from the new classification and the new impairment rules do not appear in the financial position of 31 December 2017 and are presented in the interim statement of changes in Equity.

### **Classification & measurement**

The IFRS 9 eliminates the previous categories of IAS. 39 for financial assets (held to maturity, loans and receivables and available-for-sale). Under IFRS, 9, financial instruments are measured and classified at either fair value (fair value through profit or loss or fair value through other comprehensive income) or depreciable costs.

The classification is based on two criteria: a) the business model for managing the assets and b) whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the 'SPPI criterion').

The classification of equity instruments is based on the business model for managing the investments concerned.

On 1 January 2018 (the date of the initial application of IFRS 9), the management of the Group and the Company assessed the business models that apply to the financial assets held by the Group and the Company and classified them in the appropriate IFRS category. 9.

The Group and the Company measure financial assets initially at their fair value by adding transaction costs, and if a financial asset is not measured at its fair value, it will be measured through profit or loss. Trade receivables are initially measured at the transaction price.

### **Impairment**

The Group and the Company recognize impairment provisions for expected credit losses for all financial assets. Expected credit losses are based on the difference between the contractual cash flows and all cash flows that the Group and the Company expects to receive. The difference is discounted using an estimate of the original effective interest rate of the financial asset. For contractual assets, trade receivables and leases, the Group and the Company have applied the simplified approach to the standard and have calculated the expected credit losses on the basis of the expected credit losses over the life of those assets.

### **Risk Hedging**

The IFRS 9 introduces a revised general hedge accounting model, which links hedge accounting to management risk management activities. According to the new model, additional hedging strategies may meet the hedge accounting criteria, new requirements apply to the effectiveness of hedging, while discontinuing hedge accounting will only be permitted under certain conditions.

The IFRS 9 enables entities to continue to apply the requirements of IAS. 39 for hedge accounting. The Group and the Company have chosen to continue to apply IAS. 39 for the existing hedging relationship at the date of first application. Therefore, they will continue to apply their present hedge accounting policy, although they will consider initiating the hedge accounting in accordance with IFRS 9 requirements when a new hedging relationship arises.

The main implications of the initial application of IFRS 9 are as follows:

### **Classification & measurement**

#### **A. Financial assets at amortized cost**

Financial assets will be measured at amortized cost if they are held within a business model for the purpose of holding and collecting the contractual cash flows that meet the SPPI criterion. Interest income



of these items is included in financial income and is recognized using the effective interest rate. Any gain or loss resulting from the write-off is recognized immediately in the income statement.

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

#### **Trade and other receivables**

Trade receivables are initially recognized at their fair value and are subsequently measured at amortized cost using the effective interest method, unless the result of the discount is not material, less any impairment loss. Trade and other receivables also include foreign exchange and receivables.

#### **Loans granted**

It includes non-derivative financial assets with fixed or determinable payments that are not traded in active markets and there is no intention to sell them. They are included in current assets, except those with maturities greater than 12 months from the balance sheet date. The latter are included in non-current assets. Loans with a maturity of more than 12 months are included in "Other Fixed Assets" in the Company's Statement of Financial Position.

### **B. Financial assets at fair value through other comprehensive income**

#### **Debt Securities**

This category includes investments in Subordinated Debt, in concessions in the Group and the Company, which will be measured at fair value through the statement of other comprehensive income if they are held as part of a business model whose objective both the collection of cash flows and the sale of financial assets, and these contractual cash flows relate exclusively to capital and interest payments. Changes in fair value are recognized in the statement of comprehensive income and upon their recognition the accumulated profits or losses will be recycled to the income statement.

When switching to IFRS 9, these investments were reclassified from "available-for-sale financial assets" to "financial assets measured at fair value through other comprehensive income".

#### **Participatory Securities**

This category includes equity investments mainly in concession companies that the Group and the Company intends to hold in the foreseeable future and have irrevocably decided to classify them in their initial recognition or transfer to the IFRS 9. Dividends from such investments continue to be recognized in the income statement unless they represent a recovery of part of the cost of the investment. Changes in fair value are recognized in the statement of comprehensive income and, upon their recognition, accrued gains or losses will not be recycled to the income statement.

When switching to IFRS 9, these investments were reclassified from "available-for-sale financial assets" to "financial assets measured at fair value through other comprehensive income".

Previous impairment losses of € 12,303 thousand recognized in the income statement of prior periods were reclassified from Retained Earnings to the Investment Reserve at fair value through other comprehensive income in order to reflect the total valuation of the shares from their initial recognition.

### **C. Financial assets at fair value through profit or loss**

In all other cases, the financial assets will be measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognized at fair value and transaction costs are recognized in profit or loss in the period in which they arise. Realized and unrealized gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss in the period in which they arise. The Group and the Company do not have any assets in this category.

#### **Impairment**

The Group and the Company have applied the simplified approach of IFRS 9 for the impairment of the expected credit losses on the balances of trade and other receivables at the date of initial application.



The result from the adjustments recognized for the statement of financial position for Trade Receivables on the 1<sup>st</sup> of January 2018 from the adoption of the IFRS 9 is of the order of € 2.800 thousand at Group level and € 2.000 thousand at Company level with a corresponding impact on the beginning balance of the Retained Earnings account.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

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

The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard also defines the accounting for the additional costs of taking out a contract and the direct costs required to complete the contract.

Revenue should be recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to the customers, except for amounts collected on behalf of third parties (value added tax, other sales tax). Variable amounts are included in the consideration and are estimated using either the expected value method, or the most likely amount method.

An entity recognizes revenue when (or as) meets the obligation to execute a contract by transferring the goods or services promised to the customer. The customer acquires control of the good or service if he is able to direct the use and derive virtually all the economic benefits from that good or service. Control is passed over a period or at a specific time.

Revenue from the sale of goods is recognized when the control of the good is transferred to the customer, usually upon delivery, and there is no unfulfilled obligation that could affect the acceptance of the good by the customer.

Revenue from the provision of services is recognized in the accounting period in which the services are provided and measured according to the nature of the services provided using either (out put) methods or (in put) methods.

The customer requirement is recognized when there is an unconditional right for the entity to receive the consideration for the contractual obligations performed to the customer. A conventional asset is recognized when the Group and the Company have satisfied its obligations to the customer before the customer pays or before the payment is due, for example when the goods or services are transferred to the customer prior to the Group's right to invoicing.

The contractual obligation is recognized when the Company and the Group receive a consideration from the customer (prepayment) or when it retains the right to a price that is unconditional (deferred income) before the performance of the contract's obligations and the transfer of the goods or services. The contractual obligation is recognized when the contractual obligations are executed and the income is recorded in the income statement.

IFRS 15 "Revenue from contracts with customers" is applied by the Group and the Company from 1st January 2018. The Group and the Company applied the "modified retrospective method" on first adoption meaning that the cumulative impact of the adoption was recognized in retained earnings and comparatives were not restated. However, according to management's assessment, the new standard had no impact on the profitability and financial position of the Group and the Entity upon IFRS 15 first time adoption. Therefore, opening retained earnings for 2018 were not adjusted. Receivables from contracts with customers are presented as "Contract Assets" under the "Trade and other receivables" line item and payables from contracts with customers are presented as "Contract liabilities" under "Trade and other payables" line item.





The Group operates in the sectors of Constructions, Concessions, Energy trading and sale and Real estate. In the context of the assessment of the impact from the adoption of IFRS 15, the Group segregated its revenue into revenue from construction and maintenance contracts, revenue from the sale of goods, revenue from energy trading and sale and other revenue.

### **Revenue from construction contracts and maintenance contracts**

Contracts with customers of this category concern the construction or maintenance of public projects and private projects in Greece and abroad.

Prior to the adoption of IFRS 15, the Group recognized the revenue from construction contracts in accordance with IAS 11 over the life of the contract. The Group determined the amount of revenue and expense of each period based on the percentage of completion method. The stage of completion was calculated based on the expenses which have been incurred from the balance sheet date compared to the total estimated expenses for each contract.

As part of their assessment about the impact of IFRS 15 adoption, Management examined all the significant contracts in terms of contract value which were in progress at the beginning of the current period as well as the new contracts which started in the period. The results of Management's assessment confirm the conclusion that IFRS 15 did not change significantly the current revenue recognition model.

More specifically based on the analysis performed:

- Each construction contract contains a single performance obligation for the contractor. Even in the cases of contracts that contain both the design and construction of a project, in substance the contractor's obligation is to deliver one project, the goods and services of which form individual components.
- Contract revenue will continue to be accounted for over the time of the contract by using an estimation method similar to the percentage of completion method. The completion stage is measured on the basis of the contractual costs incurred up to the balance sheet date in relation to the total estimated cost of construction of each project.
- IFRS 15 states that any variable consideration, i.e. claims for delay/acceleration costs, reward bonus, additional work, should only be recognized as revenue if it is highly probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in the future. In making this assessment, Management has to consider past experience adjusted to the circumstances of the existing contracts. According to IAS 11, additional claims and variation orders are included in contract revenue when it is probable that they will be approved by the customer and the amount of revenue can be reliably measured.

The conditions required by the new standard for the recognition of claims and variation orders are similar to the Group's policy based on which the delay/ acceleration costs and variation orders are recognised when the discussions with the customer for their recovery are at an advanced negotiation stage or are supported by evaluations of independent professionals.

Costs of Projects: Project costs include the following:

- Costs directly linked to this project,
- Costs attributable to the specific project and attributable to the project,
- Other costs charged to that particular customer in accordance with the terms of the contract.

In the latter case, general construction costs are also included. These costs are allocated on an ongoing basis using reasonable methods and bases that are consistently applied to all expenses with similar characteristics.

Indirect project costs include costs such as the preparation and processing of the payroll of construction sites, bank costs directly related to the projects.

Costs that are not attributed or allocated to a project include sales expenses, research and development costs, general administrative expenses and depreciation of machinery inactivity, which are not occupied in the specific project.

There are also contracts with clients for the maintenance of construction projects. Recognition of the revenue from these contracts is made during the contract using the percentage cost-based approach.



On 01.01.2018 the amounts for the Group and for the Company that related to "Claims on construction contracts" were transferred to "Contractual assets" as well as the amounts for the Group and the Company that related to "Liabilities from construction contracts" were transferred in "Contractual Obligations".

The other amendments either do not significantly affect, or are not relevant to the operations of the Group and the Company.

The following amendments relate to annual financial statements and are not applicable or have no material impact on the interim financial statements of 31 December 2018 for the Company and the Group unless otherwise stated.

- **IAS 7 (Amendments) "Disclosure initiative"** (effective for annual periods beginning on or after 1 January 2017 - Endorsed by the EU on 6 November 2017). These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. (Note 26a)
- **IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses"** (effective for annual periods beginning on or after 1 January 2017 - Endorsed by the EU on 6 November 2017). These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.
- **Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle)** (effective for annual periods beginning on or after 1 January 2017 – Endorsed by the EU on 7 February 2018)
  - **IFRS 12 "Disclosures of Interests in Other Entities"**. The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale or distribution according to IFRS 5, except for the summarised financial information required (par B10-B16).

a) **New standards, amendments to standards and interpretations issued, effective for subsequent periods**

Pronouncement	Mandatorily effective for periods beginning on or after	Adopted by the EU
IFRS 16 Leases	1 January 2019	Yes
IFRS 9 (2014) Financial Instruments (Amendment – Prepayment Features with Negative Compensation and Modifications of Financial Liabilities)	1 January 2019	Yes
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	Yes
IAS 28 – Investments in Associates and Joint Ventures (Amendment – Long-term Interests in Associates and Joint Ventures)	1 January 2019	No
Annual Improvements to IFRSs 2015 – 2017 Cycle (IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing Costs)	1 January 2019	No
Amendment to IAS 19 Employee Benefits	1 January 2019	No



Pronouncement	Mandatorily effective for periods beginning on or after	Adopted by the EU
Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	1 January 2020	No
Amendment to IFRS 3 Business Combinations (issued on 22 October 2018)	1 January 2020	No
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	1 January 2020	No
IFRS 17 Insurance Contracts	1 January 2021	No

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company and the Group has decided not to adopt early. The most significant of these are:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).

The Company and the Group has progressed its projects dealing with the implementation of these new pronouncements and is able to provide the following information regarding their likely impact:

#### **IFRS 16 Leases**

The IFRS 16 introduces a single model for the accounting treatment on the part of the lessee requiring the lessee to recognize assets and liabilities for all lease agreements with a maturity of more than 12 months unless the underlying asset is of negligible value.

Regarding accounting treatment by the lessor, IFRS 16 substantially integrates the requirements of IAS. 17. The lessor therefore continues to categorize the lease agreements in operating or finance leases and to follow different accounting treatment for each type of contract.

The Standard will mainly affect the existing accounting treatment of the Company's and the Group operating leases for which no assets are recognized and related liabilities. The total, discounted, future liability arising from operating leases and recognized on 1 January 2019 will amount to € 1.4 million.

#### **Other Standards and Interpretations**

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group

- **IFRIC 22 “Foreign currency transactions and advance consideration”** (effective for annual periods beginning on or after 1 January 2018 – it has not yet been endorsed by the EU). The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency denominated contracts.
- **IFRIC 23 “Uncertainty over Income Tax Treatments”** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU). The interpretation is to be applied when there is uncertainty over income tax treatments under IAS 12. An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment in its calculations.
- **IFRS 17 “Insurance Contracts”** (effective for annual periods beginning on or after 1 January 2021 – it has not yet been endorsed by the EU). The standard measures insurance contracts either under a



general model or a simplified version at current value. Companies will report estimated future payments to settle incurred claims on a discounted basis and use current discount rates that reflect the characteristics of the financial risks as well as a risk adjustment for non-financial risk.

### **Other Amendments**

- **IFRS 4 (Amendments) “Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts”** (effective for annual periods beginning on or after 1 January 2018 – Endorsed by the EU on 3 November 2017). The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021.
- **IFRS 2 (Amendments) “Classification and measurement of Share-based Payment transactions”** (effective for annual periods beginning on or after 1 January 2018 – Endorsed by the EU on 26 February 2018). The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- **Annual Improvements to IFRSs (2014 – 2016 Cycle)** (effective for annual periods beginning on or after 1 January 2018 – Endorsed by the EU on 7 February 2018)
  - **IAS 28 “Investments in associates and Joint ventures”**. The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.
  - **IFRS 1 “First-time adoption of IFRS”**. IFRS 1 has been amended to remove short-term exemptions which are no longer applicable and had been available to entities for reporting periods that have now passed
- **IAS 40 (Amendments) “Transfers of Investment Property”** (effective for annual periods beginning on or after 1 January 2018 – it has not yet been endorsed by the EU). The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. A change in management’s intentions alone does not constitute evidence of change in use.
- **IFRS 9 (Amendments) “Prepayment Features with Negative Compensation”** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU). The amendment clarifies that an entity can measure at amortised cost some prepayable financial assets with negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL). Negative compensation



arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest.

- **IAS 28 (Amendments) “Long-term Interests in Associates and Joint Ventures”** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU). The amendment clarifies that an entity should apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture.
- **Annual Improvements to IFRSs (2015 – 2017 Cycle)** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU).
  - **IFRS 3 “Business Combinations”**. The amendment clarifies that when an entity obtains control over a previously held interest in a joint operation that is a business, it must remeasure its previously held interest at the acquisition-date fair value and recognize any difference as a gain or loss.
  - **IFRS 11 “Joint Arrangements”**. The amendment clarifies that when an entity participates in a joint operation that is a business and obtains joint control, it must not remeasure its previously held interest at the acquisition-date fair value.
  - **IAS 12 “Income Taxes”**. The amendment clarifies that the income tax consequences of dividends must be recognized at the same time as the liability to pay those dividends is recognized and in the same statement where the entity originally recognised the past transactions or events that generated the distributable profits from which the dividends are being paid.
  - **IAS 23 “Borrowing Costs”**. The amendment clarifies that once a qualifying asset funded through specific borrowings becomes ready for its intended use or sale, those borrowings then become part of the pool of general borrowings. Therefore, from that date, the rate applied on those borrowings are included in the determination of the capitalisation rate applied to general borrowings.
- **IAS 19 (Amendments) “Plan Amendment, Curtailment or Settlement”** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU). The amendment specifies that entities should determine pension expenses when changes to a defined benefit pension plan occur during an annual reporting period, by requiring the use of the updated assumptions to determine current service cost and net interest for the remainder of the reporting period after the date of change to the plan.

#### **Other changes not endorsed by the EU**

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016 – endorsement by the EU has been postponed until a final standard is issued)
- **IFRS 10 and IAS 28 (amendment) “Sales or contributions of assets between an investor and its associate/joint venture”** (deferred indefinitely – it has not yet been endorsed by the EU)

## NOTES TO THE ACCOUNTS

### 1. Turnover

	GROUP		COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Turnover	470.569.914	575.712.586	465.149.558	549.110.849
Sale of products	2.278.860	2.446.654	104.803	294.086
Sale of services	<u>109.656.355</u>	<u>94.917.792</u>	<u>11.874.717</u>	<u>17.419.680</u>
	<b><u>582.505.129</u></b>	<b><u>673.077.032</u></b>	<b><u>477.129.078</u></b>	<b><u>566.824.615</u></b>

### 2. Cost of sales

	GROUP		COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Raw Materials	(171.338.100)	(230.220.989)	(84.294.092)	(127.875.426)
Wages and Salaries	(60.008.923)	(71.151.243)	(61.125.963)	(70.776.027)
Third Party Fees	(247.327.783)	(228.479.750)	(249.332.550)	(251.129.072)
Charges for Outside Services	(45.785.873)	(52.970.373)	(38.190.487)	(40.461.190)
Other Expenses	(18.625.558)	(46.242.276)	(13.993.610)	(47.103.775)
Depreciation	(7.631.022)	(7.229.578)	(5.023.305)	(6.286.442)
<b>TOTAL from operations</b>	<b><u>(550.717.259)</u></b>	<b><u>(636.294.209)</u></b>	<b><u>(451.960.007)</u></b>	<b><u>(543.631.931)</u></b>

### 3. Other net operating income/(expense)

	GROUP		COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Other Income	1.701.177	2.091.355	811.443	1.493.587
(Expenses & Loss)	<u>5.241.397</u>	<u>(276.765)</u>	<u>4.832.708</u>	<u>1.673.151</u>
<b>TOTAL from operations</b>	<b><u>6.942.574</u></b>	<b><u>1.814.590</u></b>	<b><u>5.644.151</u></b>	<b><u>3.166.738</u></b>

### 3a. Impairment of goodwill/ participations

	GROUP		COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Impairment cost of participations/goodwill	-	-	(2.000.000)	(17.678.014)
Impairment of financial instruments (see note 22)	-	(82.359)	-	(22.462)
	<u>-</u>	<u>(82.359)</u>	<u>(2.000.000)</u>	<u>(17.700.476)</u>

In 2018, the Company proceeds to impairment of the investments of subsidiary J & P DEVELOPMENT SA by 2 million euro.

### 3b. Bad dedts and other provisions

	GROUP		COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Bad dedts and other provisions	(16.716.308)	(4.609.692)	(15.974.074)	(4.073.697)
	<u>(16.716.308)</u>	<u>(4.609.692)</u>	<u>(15.974.074)</u>	<u>(4.073.697)</u>

The above amounts include write-offs of doubtful debts (see note 21).

### 4. Administrative expenses

	GROUP		COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Wages and Salaries	(10.588.749)	(11.332.491)	(6.961.091)	(7.008.822)
Third Party Fees	(6.203.654)	(4.704.499)	(4.009.927)	(2.418.706)
Charges for Outside Services	(2.733.656)	(2.250.774)	(1.835.605)	(1.489.051)
Other Expenses	(4.579.224)	(3.738.356)	(3.023.158)	(2.459.349)
Depreciation	(1.188.808)	(1.188.808)	(905.645)	(925.731)
<b>TOTAL</b>	<u>(25.294.091)</u>	<u>(23.214.928)</u>	<u>(16.735.426)</u>	<u>(14.301.659)</u>

### 5. Selling & Marketing expenses

	GROUP		COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Wages and Salaries	(4.438.161)	(1.179.662)	(3.872.494)	(798.039)
Third Party Fees	(3.673.753)	(2.411.176)	(1.140.737)	(1.145.980)
Charges for Outside Services	(239.452)	(133.795)	(69.836)	(53.409)
Other Expenses	(2.905.875)	(5.247.312)	(2.096.396)	(4.558.069)
Depreciation	(37.213)	(22.502)	(12.920)	(2.666)
<b>TOTAL</b>	<u>(11.294.454)</u>	<u>(8.994.446)</u>	<u>(7.192.383)</u>	<u>(6.558.162)</u>

**6a. Income from sub-debt**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>
Income from sub-debt	<b>5.485.871</b>	<b>3.595.354</b>	<b>5.917.679</b>	<b>4.055.642</b>

The income from sub-debt relates to income from the participation of the company and the group in the financial assets of Sunordinated Debt issued by the concession companies

**6b. Income/(Losses) from Associates/Participations**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>
Dividends from subsidiaries/ Joint Ventures	-	-	7.259.350	11.986.236
Dividends from associates	1.121.333	1.943.677	25.769.210	20.851.199
Profit/(loss) from associates	<u>30.766.638</u>	<u>26.448.779</u>	<u>-</u>	<u>-</u>
	<b>31.887.971</b>	<b>28.392.456</b>	<b>33.028.560</b>	<b>32.837.435</b>

**7. Net finance cost**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>
Other financial results	187.582	332.656	-	-
Interest income	3.196.596	3.878.958	466.799	104.262
Interest expense	<u>(36.178.107)</u>	<u>(41.315.113)</u>	<u>(30.719.114)</u>	<u>(35.021.734)</u>
	<b>(32.793.929)</b>	<b>(37.103.499)</b>	<b>(30.252.315)</b>	<b>(34.917.472)</b>

**8. Tax charge**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>
Income tax	(2.281.488)	(10.669.430)	(2.102.901)	(9.837.424)
Deferred Tax	(13.833.112)	2.549.059	(12.066.486)	7.000.193
Tax auditing differences	<u>-</u>	<u>(72.153)</u>	<u>-</u>	<u>-</u>
	<b>(16.114.600)</b>	<b>(8.192.524)</b>	<b>(14.169.387)</b>	<b>(2.837.231)</b>

**Tax charge calculation**

<b>Description</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>	<b>1.1-31.12.2018</b>	<b>1.1-31.12.2017</b>
<b>Earnings/ (Losses) before tax</b>	<b>(10.187.660)</b>	<b>(2.359.600)</b>	<b>(2.394.738)</b>	<b>(14.298.966)</b>
Tax on accounting earnings	(2.954.422)	(684.284)	(694.474)	(4.146.701)
Plus: Non deductible expenses	23.419.163	17.610.060	20.277.261	16.011.878
Plus: taxes imputed in previous years	2.635.505	36.954	489.807	-
Minus: compensation of loss of previous years	(1.448.461)	88.908	(1.448.461)	-
Minus: non-taxed earnings	(7.524.076)	(6.042.117)	(7.131.156)	(6.210.946)
Adjustment of deferred tax from change in tax r	2.848.214	-	2.873.257	-
Financial impact of tax rates applicable in other countries that the group contacts operations	<u>(861.323)</u>	<u>(2.816.997)</u>	<u>(196.847)</u>	<u>(2.817.000)</u>
<b>Effective tax charge</b>	<b>16.114.600</b>	<b>8.192.524</b>	<b>14.169.387</b>	<b>2.837.231</b>

According to POL. 1228/2018 and the provisions of article 23 of Law 4579/2018 (Government Gazette A 201), the tax rate of the profits from business activity earned by legal entities and legal entities is gradually reduced by one percentage point per year, starting with the income reduction for tax year 2019.

In particular, the tax rate for the tax year 2018 will be applied to the current tax rate (29%), while for the tax year 2019 the tax rate is set at twenty eight per cent (28%), for the income for the tax year 2020 to twenty-seven per cent (27%) income for the tax year 2021 to twenty-six per cent (26%) and to the income for the tax year 2022 and thereafter the rate is set at twenty-five per cent (25%).



## 9a. Segment Reporting

### Primary reporting format - business segments

The Group is active in 4 main business segments:

- Construction
- Concessions
- Energy
- Other activities (Real estate development and other activities)

The figures per business segments for the year ended 31 December 2018 are as follows:

	<b>Construction</b>	<b>Concessions</b>	<b>Energy</b>	<b>Other activities</b>	<b>Total</b>
Total gross sales per segment	548.771.409	5.038.582	86.419.246	17.238.869	657.468.106
Inter-segment sales	<u>(69.840.009)</u>	<u>-</u>	<u>(1.022.427)</u>	<u>(4.100.540)</u>	<u>(74.962.977)</u>
<b>Net Sales</b>	<b>478.931.399</b>	<b>5.038.582</b>	<b>85.396.819</b>	<b>13.138.329</b>	<b>582.505.129</b>
<b>Gross Profit/ (Loss)</b>	<b>25.719.918</b>	<b>(1.645.642)</b>	<b>4.885.266</b>	<b>2.828.328</b>	<b>31.787.870</b>
Other net operating income/(expenses)	6.145.538	21.003	360.711	222.158	6.749.410
Write-off of doubtful receivables & other provisions	<u>(16.577.411)</u>	<u>-</u>	<u>(138.897)</u>	<u>-</u>	<u>(16.716.308)</u>
Administrative expenses / Selling & Marketing expenses	<u>(20.984.917)</u>	<u>(7.596.327)</u>	<u>(4.580.822)</u>	<u>(3.426.480)</u>	<u>(36.588.545)</u>
Income from sub-debt	-	5.485.871	-	-	5.485.871
Income/(Losses) from Investments in Associates	<u>439.091</u>	<u>31.542.050</u>	<u>-</u>	<u>(93.171)</u>	<u>31.887.971</u>
<b>Profit/ (Loss) from operations</b>	<b>(5.257.780)</b>	<b>27.806.955</b>	<b>526.258</b>	<b>(469.164)</b>	<b>22.606.269</b>
Profit/ (Loss) of other financial instruments					187.582
Interest					<u>(32.981.511)</u>
<b>Profit/ (Loss) before tax</b>					<b>(10.187.660)</b>
Tax					<u>(16.114.600)</u>
<b>Profit/ (Loss) after tax</b>					<b><u>(26.302.260)</u></b>
<b>Depreciation</b>	<u>9.614.941</u>	<u>206.518</u>	<u>386.349</u>	<u>400.998</u>	<u>10.608.807</u>
<b>EBITDA</b>	<b>20.934.572</b>	<b>28.013.473</b>	<b>1.051.504</b>	<b>(68.166)</b>	<b>49.931.384</b>

The figures per business segments for the year ended 31 December 2017 are as follows:

	<b>Construction</b>	<b>Concessions</b>	<b>Energy</b>	<b>Other activities</b>	<b>Total</b>
Total gross sales per segment	741.947.438	5.451.504	51.744.590	19.408.899	818.552.430
Inter-segment sales	<u>(137.728.831)</u>	<u>-</u>	<u>(3.708.710)</u>	<u>(4.037.858)</u>	<u>(145.475.398)</u>
<b>Net Sales</b>	<b>604.218.607</b>	<b>5.451.504</b>	<b>48.035.880</b>	<b>15.371.041</b>	<b>673.077.032</b>
<b>Gross Profit/ (Loss)</b>	<b>30.965.405</b>	<b>(1.294.467)</b>	<b>2.572.698</b>	<b>4.539.187</b>	<b>36.782.823</b>
Other net operating income/(expenses)	6.720.244	537.002	246.483	(4.629.039)	2.874.690
Write-off of doubtful receivables & other provisions	<u>(4.522.977)</u>	<u>-</u>	<u>(169.074)</u>	<u>-</u>	<u>(4.692.051)</u>
Administrative expenses / Selling & Marketing expenses	<u>(20.557.182)</u>	<u>(5.759.179)</u>	<u>(2.351.699)</u>	<u>(3.541.314)</u>	<u>(32.209.374)</u>
Income from sub-debt	-	3.595.354	-	-	3.595.354
Income/(Losses) from Investments in Associates	<u>478.441</u>	<u>28.206.263</u>	<u>-</u>	<u>(292.248)</u>	<u>28.392.456</u>
<b>Profit/ (Loss) from operations</b>	<b>13.083.931</b>	<b>25.284.973</b>	<b>298.408</b>	<b>(3.923.414)</b>	<b>34.743.899</b>
Other financial results					332.656
Interests					<u>(37.436.155)</u>
<b>Profit/ (Loss) before tax</b>					<b>(2.359.600)</b>
Tax					<u>(8.192.524)</u>
<b>Profit/ (Loss) after tax from operations</b>					<b><u>(10.552.124)</u></b>
<b>Depreciation</b>	<u>9.767.249</u>	<u>204.772</u>	<u>28.887</u>	<u>435.749</u>	<u>10.436.657</u>
<b>EBITDA</b>	<b>27.374.158</b>	<b>25.489.746</b>	<b>496.369</b>	<b>(3.487.665)</b>	<b>49.872.607</b>

The assets and liabilities of the business segment at 31 December 2018 are as follows:

	<b>Construction</b>	<b>Concessions</b>	<b>Energy</b>	<b>Other activities</b>	<b>Total</b>
Assets (excluding investments in associates)	618.549.420	52.561.650	28.438.342	38.745.367	738.294.779
Investments in associates	374.351.428	21.000	0	3.771.439	378.143.867
Investments in tangible fixed assets, intangible and investment property	113.789.938	48.953.059	28.438.542	19.001.887	210.183.426
Total assets	964.016.177	52.582.650	57.323.013	42.516.806	1.116.438.646
Liabilities	-893.358.633	-61.919.641	-46.178.494	-27.154.465	-1.028.611.233
Debentures / Long term Loans	-528.167.150	-35.979.477	-15.354.196	-15.886.846	-595.387.669
Cash and cash equivalents	60.677.951	1.281.377	2.424.644	1.292.280	65.676.252
Net Debt / Available cash and cash equivalents	-467.489.199	-34.698.100	-12.929.552	-14.594.566	-529.711.417

The assets and liabilities of the business segment at 31 December 2017 are as follows:

	<b>Construction</b>	<b>Concessions</b>	<b>Energy</b>	<b>Other activities</b>	<b>Total</b>
Assets (excluding investments in associates)	744.824.543	55.449.985	35.096.678	46.633.046	882.004.252
Investments in associates	355.450.190	21.000	0	417.465	355.888.655
Investments in tangible fixed assets, intangible and investment property	167.897.048	5.510.103	19.294.634	20.938.638	213.640.423
Total assets	1.100.274.733	55.470.985	35.096.678	47.050.511	1.237.892.907
Liabilities	-1.057.468.264	-21.353.310	-29.126.308	-20.193.663	-1.128.141.545
Debentures / Long term Loans	-529.915.128	-37.274.058	-7.214.795	-18.706.393	-593.110.374
Cash and cash equivalents	66.364.070	3.026.440	1.981.449	2.137.344	73.509.303
Net Debt / Available cash and cash equivalents	-463.551.058	-34.247.618	-5.233.346	-16.569.049	-519.601.071

## 9b. Secondary reporting format - Geographical segments

The group is active in 2 main Geographical segments

- Greece
- International Markets

The figures per segment for the year ended 31 December 2018 are as follows:

	<b>Greece</b>	<b>International Markets</b>	<b>Total</b>
Total gross sales per segment	397.856.640	259.611.465	657.468.106
Inter-segment sales	<u>(20.345.539)</u>	<u>(54.617.438)</u>	<u>(74.962.977)</u>
<b>Net Sales</b>	<b>377.511.102</b>	<b>204.994.028</b>	<b>582.505.129</b>
<b>Gross Profit/ (Loss)</b>	<b>5.350.200</b>	<b>26.437.669</b>	<b>31.787.870</b>
Other net operating income/(expenses)	14.394.609	(7.645.198)	6.749.410
Impairment of investments/participations & Write-off of doubtful receivables & other provisions	(1.178.234)	(15.538.074)	(16.716.308)
Administrative expenses / Selling & Marketing expenses	(20.852.254)	(15.736.291)	(36.588.545)
Income from sub-debt	5.485.871	-	5.485.871
Income/(Losses) from Investments in Associates	<u>31.887.971</u>	<u>-</u>	<u>31.887.971</u>
<b>Profit/ (Loss) from operations</b>	<b>35.088.162</b>	<b>(12.481.894)</b>	<b>22.606.268</b>
Profit/ (Loss) of other financial instruments	187.582	-	187.582
Interest	<u>(23.963.154)</u>	<u>(9.018.357)</u>	<u>(32.981.511)</u>
<b>Profit/ (Loss) before tax</b>	<b>11.312.590</b>	<b>(21.500.252)</b>	<b>(10.187.661)</b>
Tax	<u>(15.898.974)</u>	<u>(215.626)</u>	<u>(16.114.600)</u>
<b>Profit/ (Loss) after tax</b>	<b><u>(4.586.384)</u></b>	<b><u>(21.715.877)</u></b>	<b><u>(26.302.261)</u></b>
<b>Depreciation</b>	<u>10.215.217</u>	<u>393.590</u>	<u>10.608.807</u>
<b>EBITDA</b>	<b>46.481.613</b>	<b>3.449.770</b>	<b>49.931.383</b>

The figures per segment for the year ended 31 December 2017 are as follows:

	<b>Greece</b>	<b>International Markets</b>	<b>Total</b>
Total gross sales per segment	453.239.444	365.312.987	818.552.431
Inter-segment sales	<u>(44.801.579)</u>	<u>(100.673.819)</u>	<u>(145.475.399)</u>
<b>Net Sales</b>	<b>408.437.865</b>	<b>264.639.167</b>	<b>673.077.032,0</b>
<b>Gross Profit/ (Loss)</b>	<b>(2.340.114)</b>	<b>39.122.937</b>	<b>36.782.823</b>
Other net operating income/(expenses)	350.687	2.524.003	2.874.690
Impairment of investments/participations & Write-off of doubtful receivables & other provisions	(4.609.692)	(82.359)	(4.692.051)
Administrative expenses / Selling & Marketing expenses	(19.933.103)	(12.276.271)	(32.209.374)
Income from sub-debt	3.595.354	-	3.595.354
Income/(Losses) from Investments in Associates	<u>28.392.456</u>	<u>-</u>	<u>28.392.456</u>
<b>Profit/ (Loss) from operations</b>	<b>5.455.588</b>	<b>29.288.311</b>	<b>34.743.899</b>
Profit/ (Loss) of other financial instruments	332.656	-	332.656
Interest	<u>(22.510.865)</u>	<u>(14.925.290)</u>	<u>(37.436.155)</u>
<b>Profit/ (Loss) before tax</b>	<b>(16.722.621)</b>	<b>14.363.020</b>	<b>(2.359.600)</b>
Tax	<u>(8.202.577)</u>	<u>10.053</u>	<u>(8.192.524)</u>
<b>Profit/ (Loss) after tax from operations</b>	<b><u>(24.925.197)</u></b>	<b><u>14.373.073</u></b>	<b><u>(10.552.124)</u></b>
<b>Depreciation</b>	<u>8.381.622</u>	<u>2.055.036</u>	<u>10.436.657</u>
<b>EBITDA</b>	<b>18.446.902</b>	<b>31.425.705</b>	<b>49.872.607</b>

The assets and liabilities of the business segment at 31 December 2018 are as follows:

	<b>Greece</b>	<b>Other European countries</b>	<b>Gulf and Middle East countries</b>	<b>Consolidated data</b>
Turnover excluding intra-company transactions	377.511.102	13.339.335	191.654.692	582.505.129
Non-current assets (other than deferred tax and financial assets)	382.154.242	20.139.852	5.647.962	407.942.056
Capital expenses	31.719.780	6.221.619	-	37.941.399

The assets and liabilities of the business segment at 31 December 2017 are as follows:

	<b>Greece</b>	<b>Other European countries</b>	<b>Gulf and Middle East countries</b>	<b>Consolidated data</b>
Turnover excluding intra-company transactions	408.437.865	16.250.835	248.388.332	673.077.032
Non-current assets (other than deferred tax and financial assets)	370.413.039	11.630.555	3.838.672	385.882.266
Capital expenses	31.555.165	2.751.847	-	34.307.012

## 9c. Sensitivity Analysis - Foreign Exchange rate Risk

amounts in €	31/12/2018					
	GROUP			COMPANY		
	USD	JOD	QAR	USD	JOD	QAR
Financial assets	14.009.881	1.841.726	274.752.411	14.009.881	1.841.726	274.752.411
Financial liabilities	<u>14.123.597</u>	<u>104.664</u>	<u>237.400.026</u>	<u>14.123.597</u>	<u>104.664</u>	<u>237.400.026</u>
<b>Short-term exposure</b>	<b><u>-113.716</u></b>	<b><u>1.737.062</u></b>	<b><u>37.352.385</u></b>	<b><u>-113.716</u></b>	<b><u>1.737.062</u></b>	<b><u>37.352.385</u></b>
Financial assets	234.085	0	26.825.563	234.085	0	26.825.563
Financial liabilities	0	0	0	0	0	0
<b>Long-term exposure</b>	<b><u>234.085</u></b>	<b><u>0</u></b>	<b><u>26.825.563</u></b>	<b><u>234.085</u></b>	<b><u>0</u></b>	<b><u>26.825.563</u></b>

amounts in €	31/12/2017					
	GROUP			COMPANY		
	USD	JOD	QAR	USD	JOD	QAR
Financial assets	9.248.208	4.273.054	155.165.643	9.248.208	4.273.054	155.165.643
Financial liabilities	<u>2.763.218</u>	<u>3.762.064</u>	<u>218.828.753</u>	<u>2.763.218</u>	<u>3.762.064</u>	<u>218.828.753</u>
<b>Short-term exposure</b>	<b><u>6.484.990</u></b>	<b><u>510.990</u></b>	<b><u>-63.663.110</u></b>	<b><u>6.484.990</u></b>	<b><u>510.990</u></b>	<b><u>-63.663.110</u></b>
Financial assets	206.905	42.090	15.541.251	206.905	42.090	15.541.251
Financial Liabilities	0	0	17.979.404	0	0	17.979.404
<b>Long-term exposure</b>	<b><u>206.905</u></b>	<b><u>42.090</u></b>	<b><u>-2.438.153</u></b>	<b><u>206.905</u></b>	<b><u>42.090</u></b>	<b><u>-2.438.153</u></b>

The sensitivity analysis to exchange rate fluctuations for the period of 2018 are:

amounts in €	GROUP		COMPANY	
	USD	USD	USD	USD
	Income statement	69.419	-76.003	69.419
Shareholders equity	69.419	-76.003	69.419	-76.003
amounts in €	GROUP		COMPANY	
	JOD	JOD	JOD	JOD
	Income statement	92.684	-101.475	92.684
Shareholders equity	92.684	-101.475	92.684	-101.475
amounts in €	GROUP		COMPANY	
	QAR	QAR	QAR	QAR
	Income statement	667.752	-731.087	667.752
Shareholders equity	667.752	-731.087	667.752	-731.087

The sensitivity analysis to exchange rate fluctuations for the period of 2017 are:

amounts in €	GROUP		COMPANY	
	USD	USD	USD	USD
	Income statement	-132	132	-132
Shareholders equity	-132	132	-132	132
amounts in €	GROUP		COMPANY	
	JOD	JOD	JOD	JOD
	Income statement	-137.145	137.145	-137.145
Shareholders equity	-137.145	137.145	-137.145	137.145
amounts in €	GROUP		COMPANY	
	QAR	QAR	QAR	QAR
	Income statement	-690.275	690.275	-690.275
Shareholders equity	-690.275	690.275	-690.275	690.275

## 10. Property, Plant and Equipment

### GROUP

<b>Cost</b>	<b>Land</b>	<b>Buildings</b>	<b>Machinery &amp; Equipment</b>	<b>Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Assets under construction</b>	<b>Total Tangible Assets</b>
Balance 31.12.2017	23.257.062	48.131.315	113.584.535	25.478.319	10.918.376	14.527.679	235.897.286
Acquisitions during the 1.1-31.12.2018 period	392.329	3.394.973	9.579.166	5.700.952	1.583.502	1.055	20.651.976
Revaluations	(1.149.197)	1.412.769	-	-	-	-	263.572
Transfers	149.775	3.291.577	10.687.874	-	-	(14.129.227)	-
Net foreign currency exchange differences	-	-	3.421	(55)	8.095	-	11.461
Disposals during the 1.1-31.12.2018 period	-	408.859	5.863.910	381.367	1.539.992	-	8.194.128
<b>Balance 31.12.2018</b>	<b>22.649.969</b>	<b>55.821.775</b>	<b>127.991.086</b>	<b>30.797.848</b>	<b>10.969.981</b>	<b>399.508</b>	<b>248.630.166</b>

### Accumulated Depreciation

Balance 31.12.2017	-	21.589.649	74.263.355	19.386.534	8.954.380	2.625	124.196.543
Depreciation charge for the 1.1-31.12.2018 period	-	1.156.343	7.183.963	1.120.453	667.738	1.050	10.129.547
Revaluation	-	(59.804)	(29.086)	-	-	-	(88.890)
Net foreign currency exchange differences	-	-	2.311	(55)	2.166	-	4.422
Disposals during the 1.1-31.12.2018 period	-	398.686	3.630.559	369.689	1.400.194	-	5.799.128
<b>Balance 31.12.2018</b>	<b>-</b>	<b>22.287.501</b>	<b>77.789.984</b>	<b>20.137.243</b>	<b>8.224.091</b>	<b>3.675</b>	<b>128.442.493</b>

### Net Book Value

<b>Balance 31.12.2018</b>	<b>22.649.969</b>	<b>33.534.274</b>	<b>50.201.103</b>	<b>10.660.605</b>	<b>2.745.890</b>	<b>395.833</b>	<b>120.187.673</b>
Balance 31.12.2017	23.257.062	26.541.667	39.321.181	6.091.785	1.963.995	14.525.055	111.700.744

The Group and the Company apply the revaluation model (land and buildings).

The Group, as of 31/12/18 as part of a review of the value of tangible assets, has assigned to independent valutors the valuation of the main properties, as well as for 31/12/17.

**COMPANY**

<b>Cost</b>	<b>Land</b>	<b>Buildings</b>	<b>Machinery &amp; Equipment</b>	<b>Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Assets under construction</b>	<b>Total Tangible Assets</b>
Balance 31.12.2017	18.335.007	27.368.720	82.918.619	8.951.970	7.990.403	929.538	146.494.258
Acquisitions during the 1.1-31.12.2018 period	-	1.333.109	4.304.471	190.397	1.560.147	-	7.388.124
Acquisition of subsidiary companies	1.904.770	4.046.459	9.103.074	15.692.794	2.245.612	43.855	33.036.564
Transfers	149.775	(149.775)	835.801	-	-	(835.801)	-
Revaluation	(1.125.197)	512.840	-	-	-	-	(612.357)
Net foreign currency exchange differences	-	-	3.422	(55)	8.095	-	11.462
Disposals during the 1.1-31.12.2018 period	-	279.710	6.544.189	356.213	1.437.693	-	8.617.805
<b>Balance 31.12.2018</b>	<b>19.264.355</b>	<b>32.831.643</b>	<b>90.621.198</b>	<b>24.478.893</b>	<b>10.366.564</b>	<b>137.592</b>	<b>177.700.246</b>

**Accumulated Depreciation**

Balance 31.12.2017	-	9.227.466	57.911.445	7.261.923	6.284.265	-	80.685.101
Depreciation charge for the 1.1-31.12.2018 period	-	694.777	5.402.012	1.118.885	575.622	-	7.791.296
Depreciation due to acquisition of subsidiary companies	-	3.089.663	7.813.837	11.542.112	2.238.660	-	24.684.272
Net foreign currency exchange differences	-	-	2.312	(55)	1.425	-	3.682
Disposals during the 1.1-31.12.2018 period	-	272.511	3.478.482	345.446	1.303.611	-	5.400.050
<b>Balance 31.12.2018</b>	<b>-</b>	<b>12.739.395</b>	<b>67.651.124</b>	<b>19.577.419</b>	<b>7.796.361</b>	<b>-</b>	<b>107.764.301</b>

**Net Book Value**

<b>Balance 31.12.2018</b>	<b>19.264.355</b>	<b>20.092.249</b>	<b>22.970.075</b>	<b>4.901.474</b>	<b>2.570.203</b>	<b>137.592</b>	<b>69.935.945</b>
Balance 31.12.2017	18.335.007	18.141.254	25.007.174	1.690.047	1.706.139	929.538	65.809.157

The Group and the Company apply the revaluation model (land and buildings).

The Group, as of 31/12/18 as part of a review of the value of tangible assets, has assigned to independent valuers the valuation of the main properties, as well as for 31/12/17.

## 11. Investment Property

	GROUP			COMPANY		
	Land	Buildings	Total	Land	Buildings	Total
<b>Cost</b>						
Balance 31.12.2017	12.764.266	2.829.465	15.593.731	1.017.285	254.450	1.271.736
Acquisitions during the 1.1-31.12.2018 period	421.633	747.039	1.168.672	-	-	-
Revaluation	(206.184)	(2.700)	(208.884)	-	-	-
Absorption of a subsidiary	-	-	-	2.182.400	-	2.182.400
Translation exchange differences	-	-	-	-	-	-
Disposals during the 1.1-31.12.2018 period	<u>2.017.256</u>	<u>1.394.347</u>	<u>3.411.603</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance 31.12.2018</b>	<b>10.962.459</b>	<b>2.179.457</b>	<b>13.141.916</b>	<b>3.199.685</b>	<b>254.450</b>	<b>3.454.136</b>
Balance 31.12.2017	12.764.266	2.829.465	15.593.731	1.017.285	254.450	1.271.736

For fiscal year 2018 the value of Investment property assets has been estimated by independent certified asset valuers.

The value of land and property for the group under the historical cost method of valuation would amount € 11.531 thousand for fiscal year 2018 and € 12.582 thousand for fiscal year 2017 respectively. The value of land and property for the company under the historical cost method of valuation would amount € 3.235 thousand for fiscal year 2018 and € 693 thousand for fiscal year 2017 respectively.



### 11a. Net profit or loss from fair value adjustments for investment properties

1) As of 31/12/2018 as part of the annual regular review of the value of the investment property, the Administration has assigned independent valueators the valuation of the main properties. The new valuations in relation to the previous ones show fluctuations in the value of real estate. As a result, the Group has accounted for the related adjustments. Therefore, the fair values for 31/12/2018 were formulated for the purposes of applying IAS 40 as follows:

Real Estate	Revaluation based on Fair Values in 31/12/2018 (€)	Revaluation based on Fair Values in 31/12/2017 (€)	Change (€) during 1/1- 31/12/18	Period additions/ (disposals)	Recognition to Income Statement
1. Real estate property of Concurrent company (Romania)	910.600	927.400	-16.800	0	-16.800
2. Real estate property of Bupra company (Romania)	2.177.000	2.195.800	-18.800	0	-18.800
3. Real estate property of Faethon company (Romania)	496.600	470.500	26.100	0	26.100
4. Real estate property ETETH	215.580	231.300	-15.720	-15.720	0
5. J&P Development	5.888.000	8.225.000	-2.337.000	-2.242.931	-94.069
6. AVAX SA	1.271.736	1.271.736	0	0	0
7. ATHENA ATE	2.182.400	2.271.995	-89.595	0	-89.595
<b>TOTAL</b>	<b>13.141.916</b>	<b>15.593.731</b>	<b>-2.451.815</b>	<b>-2.258.651</b>	<b>-193.164</b>

As of 31/12/17, in the context of the annual regular review of the value of the investment property, the Management valued the properties for investment and no significant impairment occurred.

Real Estate	Revaluation based on Fair Values in 31/12/2017 (€)	Revaluation based on Fair Values in 31/12/2016(€)	Change (€) during 1/1- 31/12/17	Period additions/ (disposals)	Recognition to Income Statement
1. Real estate property of Concurrent company (Romania)	927.400	633.000	294.400	0	294.400
2. Real estate property of Bupra company (Romania)	2.195.800	1.743.000	452.800	0	452.800
3. Real estate property of Faethon company (Romania)	470.500	282.000	188.500	0	188.500
5. Real estate property ETETH	231.300	258.700	-27.400	0	-27.400
6. J&P Development	8.225.000	7.914.000	311.000	0	311.000
7. AVAX SA	1.271.736	1.271.736	0	0	0
8. ATHENA ATE	2.271.995	2.431.195	-159.200	0	-159.200
<b>TOTAL</b>	<b>15.593.731</b>	<b>14.533.631</b>	<b>1.060.100</b>	<b>0</b>	<b>1.060.100</b>

## 12. Intangible Assets

### GROUP

<u>Cost</u>	<u>Software</u>	<u>Other intangible Assets</u>	<u>Energy stations licenses</u>	<u>TOTAL</u>
Balance 31.12.2017	3.175.376	7.026.200	5.528.544	15.730.120
Acquisitions during the 1.1-31.12.2018 period	301.004	-	1.137.695	1.438.699
Net foreign currency exchange differences	110	-	-	110
Disposals during the 1.1-31.12.2018 period	59.885	-	455.601	515.486
<b>Balance 31.12.2018</b>	<b>3.416.605</b>	<b>7.026.200</b>	<b>6.210.638</b>	<b>16.653.443</b>
<b><u>Accumulated Depreciation</u></b>				
Balance 31.12.2017	2.903.494	1.807.838	-	4.711.332
Amortisation charge for the 1.1-31.12.2018 period	278.212	201.048	-	479.260
Net foreign currency exchange differences	(3)	-	-	(3)
Disposals during the 1.1-31.12.2018 period	59.872	-	-	59.872
<b>Balance 31.12.2018</b>	<b>3.121.831</b>	<b>2.008.886</b>	<b>-</b>	<b>5.130.717</b>
<b><u>Net Book Value</u></b>				
<b>Balance 31.12.2018</b>	<b>294.773</b>	<b>5.017.314</b>	<b>6.210.638</b>	<b>11.522.725</b>
Balance 31.12.2017	271.881	5.218.362	5.528.544	11.018.787

*Note: The amount recorded in the Other intangible assets relates mainly to the proceeds of the operation rights of the Athens Marina. The original amount paid in October 2008 was € 7 million. The duration of the leasing agreement is 35 years.*

### COMPANY

<u>Cost</u>	<u>Software</u>	<u>Other intangible Assets</u>	<u>TOTAL</u>
Balance 31.12.2017	2.989.921	-	2.989.921
Acquisitions during the 1.1-31.12.2018 period	234.701	-	234.701
Acquisition of subsidiary companies	121.876	-	121.876
Net foreign currency exchange differences	(3)	-	(3)
Disposals during the 1.1-31.12.2018 period	-	-	-
<b>Balance 31.12.2018</b>	<b>3.346.494</b>	<b>-</b>	<b>3.346.494</b>
<b><u>Accumulated Depreciation</u></b>			
Balance 31.12.2017	2.818.648	-	2.818.648
Amortisation charge for the 1.1-31.12.2018 period	211.769	-	211.769
Amortisation due to acquisition of subsidiary companies	117.645	-	117.645
Net foreign currency exchange differences	(3)	-	(3)
Disposals during the 1.1-31.12.2018 period	-	-	-
<b>Balance 31.12.2018</b>	<b>3.148.060</b>	<b>-</b>	<b>3.148.060</b>
<b><u>Net Book Value</u></b>			
<b>Balance 31.12.2018</b>	<b>198.434</b>	<b>-</b>	<b>198.434</b>
Balance 31.12.2017	171.272	-	171.272

### 13. Investments in Subsidiaries/Associates and other companies

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Investments in subsidiaries	-	-	77.077.284	121.117.480
Investments in associates	261.534.341	246.275.445	-	-
Other participating companies	709.383	538.166	3.958.278	1.523.300
	<b>262.243.724</b>	<b>246.813.611</b>	<b>81.035.562</b>	<b>122.640.780</b>

#### Investments in Associates

	GROUP	
	31.12.2018	31.12.2017
Cost of investments in Associates	246.275.445	237.253.378
Share of Post - Acquisition Profit, net of Dividend received	(1.950.461)	(190.761)
Cash flow hedging reserve	1.709.320	2.490.213
Additions / (Decrease)	15.500.037	6.722.615
<b>Balance *</b>	<b>261.534.341</b>	<b>246.275.445</b>

\* Some of the previous year's amounts have been reclassified to be comparable to the corresponding amounts for the current year.

In the following table, a brief Financial Information is indicated for the total of the associate companies

*amounts in thousands euro*

Subsidiary	ASSETS	LIABILITIES	Turnover	Profit/(Loss) after tax
1 ATTIKI ODOS SA	524.166	186.474	185.765	70.586
2 GEFYRA SA	543.638	209.822	44.413	14.259
3 AEGEAN MOTORWAY SA	664.598	606.293	88.889	(15.034)
4 ATTIKES DIADROMES SA	29.737	8.608	57.803	4.901
5 ATHENS CAR PARKS SA	17.074	14.151	2.138	(621)
6 ENERGY CENTRE R.E.S. CYCLADES SA	157	5	-	(11)
7 ENTERTAINMENT & SPORTS PARK SA (KANOE-K	2.001	579	(43)	132
8 CAR PARKS N.SMYRNI	8.235	1.930	745	(171)
9 ATTICA DIODIA SA	4.188	-	-	2.030
10 AG.NIKOLAOS CAR PARKS SA	4.732	2.730	654	(26)
11 METROPOLITAN ATHENS PARK	8.019	4.188	-	(21)
12 SALONICA PARK	3.979	6.436	172	(248)
13 GEFYRA OPERATIONS SA	3.688	1.008	4.784	466
VIOENERGIA SA EXPLOITATION OF ENERGY				
14 RESOURCES	1.613	575	463	13
15 SC ORIOL REAL ESTATE	1.472	1.900	-	(307)
16 LIMASSOL MARINA LIMITED	277.305	219.775	56.994	19.609
17 POLISPARK	2.015	868	1.827	8
	<b>2.096.617</b>	<b>1.265.341</b>	<b>444.604</b>	<b>95.563</b>

#### 14. Joint Ventures

The following amounts represent the share of assets, liabilities, sales and earnings of the Group's companies in joint ventures and are included in the statement of financial position and statement of comprehensive income:

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
<b>Assets</b>				
Non-current assets	7.375.063	12.649.050	7.351.992	12.162.281
Current assets	129.906.616	236.155.396	184.444.078	268.111.729
	<b>137.281.679</b>	<b>248.804.447</b>	<b>191.796.070</b>	<b>280.274.010</b>
<b>Liabilities</b>				
Long-term liabilities	4.802.779	11.374.980	4.575.343	7.029.322
Short-term liabilities	81.316.990	170.013.622	96.302.908	168.126.825
	<b>86.119.769</b>	<b>181.388.602</b>	<b>100.878.251</b>	<b>175.156.147</b>
<b>Net Worth</b>	<b>51.161.910</b>	<b>67.415.845</b>	<b>90.917.819</b>	<b>105.117.863</b>
Turnover	59.883.689	210.983.889	59.868.946	190.477.586
Cost of sales	(73.767.635)	(211.084.402)	(73.335.022)	(189.276.733)
<b>Profit/ (loss) after tax</b>	<b>(13.883.946)</b>	<b>(100.512)</b>	<b>(13.466.076)</b>	<b>1.200.853</b>

#### 15. Available for sale Investments

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Investments in AVAX S.A	115.900.143	109.075.044	503.929.977	454.501.761
	<b>115.900.143</b>	<b>109.075.044</b>	<b>503.929.977</b>	<b>454.501.761</b>

**15a. Available-for-sale financial assets measured at fair values (cont.)**  
**Table 2: Analysis of the Account "Available-for-Sale Financial Assets"**

Based on IFRS 7, the following financial instruments are recognized at fair value (Level 3) as Financial assets at fair value through comprehensive income

(amounts in €)	<b>Group</b>		<b>Company</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Opening period balance</b>	109.075.044	106.814.745	454.501.760	415.401.539
<b>Additions</b>				
1. Reclassifications (and measurement at fair values)	-	-	-	-
2. Participations/increase of investments	210.811	1.001.648	58.742.195	12.233.790
3. Participation / absorption ATHENA SA	-	-	8.239.522	-
4. Adjustments to fair values	8.197.936	1.492.584	30.971.011	43.429.422
<b>Reductions</b>				
1. Sales/write-offs	-	-	-	-
2. Adjustment to fair values (impairments through equity)	(1.583.649)	(233.933)	(48.524.513)	(13.950.939)
3. Impairments (through P&L)	-	-	-	-
4. Other changes	-	-	-	(2.612.051)
<b>Ending period balance</b>	<b>115.900.143</b>	<b>109.075.044</b>	<b>503.929.976</b>	<b>454.501.760</b>

At company level, the change in Additions - Increases of fair value investments through the total comprehensive Income mainly concerns the increase in Attiki Odos and the Aegean Motorway, and the change in Additions - Fair Value Adjustments mainly concerns the increase in the Aegean Motorway and at Olympia Odos.

At group level, the change in Additions - Fair Value Adjustments mainly relates to an increase in Olympia Odos.

At company level, the change in Additions - absorption of ATHENA SA of Financial Assets Available for Sale mainly concerns the participation of the absorbed ATHENA SA in Limassol Marina and Gefyra Operation SA.

At the company level, the change in the Decreases - Fair Value Adjustment (impairment through Equity) of the Available Financial Statements comes mainly from Attiki Odos.

**Table 3a: Differences between fair values and cost 31.12.2018**

(amounts in €)	<b>Cost</b>	<b>Fair Value</b>	<b>Revaluation Surplus Credited to Fair Values Revaluation Reserve</b>	<b>Revaluation Surplus Credited to Profit and Loss</b>	<b>Revaluation Surplus Credited to Minority Interest</b>	<b>Deferred Tax Liability</b>
<b>Group</b>						
Participations <20%	79.895.032	115.900.143	53.333.337	(17.328.227)	-	14.133.334
<b>Ending period balance</b>	<b>79.895.032</b>	<b>115.900.143</b>	<b>53.333.337</b>	<b>(17.328.227)</b>	<b>-</b>	<b>14.133.334</b>
<b>Company</b>						
Participations <20%	81.221.896	116.226.093	52.332.424	(17.328.227)	-	13.868.092
Participations from 20% to 50%	182.016.989	387.703.883	205.686.894	-	-	54.507.027
Participations >50%	-	-	-	-	-	-
<b>Total</b>	<b>263.238.885</b>	<b>503.929.976</b>	<b>258.019.318</b>	<b>(17.328.227)</b>	<b>-</b>	<b>68.375.119</b>

**Table 3b: Differences between fair values and cost 31.12.2017**

(amounts in €)	<b>Cost</b>	<b>Fair Value</b>	<b>Revaluation Surplus Credited to Fair Values Revaluation Reserve</b>	<b>Revaluation Surplus Credited to Profit and Loss</b>	<b>Revaluation Surplus Credited to Minority Interest</b>	<b>Deferred Tax Liability</b>
<b>Group</b>						
Participations <20%	80.949.857	109.075.044	45.453.415	(17.328.227)	-	13.181.490
<b>Ending period balance</b>	<b>80.949.857</b>	<b>109.075.044</b>	<b>45.453.415</b>	<b>(17.328.227)</b>	<b>-</b>	<b>13.181.490</b>
<b>Company</b>						
Participations <20%	81.339.535	110.397.234	46.385.926	(17.328.227)	-	13.451.919
Participations from 20% to 50%	162.292.134	344.104.526	181.812.392	-	-	52.725.594
Participations >50%	-	-	-	-	-	-
<b>Total</b>	<b>243.631.669</b>	<b>454.501.760</b>	<b>228.198.319</b>	<b>(17.328.227)</b>	<b>-</b>	<b>66.177.512</b>

The valuation of the concession companies was carried out by an independent valuator. It was based on financial model data, licensed by concessionaires, and funding banks. The discount rate for 2018 is between 5.1% and 7.6%, calculated using the WACC, proportionate to the stage of completion and maturity of the concession project, and proportional to the overall risk estimated at Greece and abroad.

**15b. Fair Value Sensitivity Analysis - Discount Rate**

The change in the fair value of investments classified as Financial Instruments at fair value through total income, derived from the transition by  $\pm 1\%$  at the discount rate at Group and Company level, is as follows:

	<b>Group</b>	<b>Company</b>
	<b>31.12.2018</b>	<b>31.12.2018</b>
Change by +1%	(14.279.322,92)	(42.780.535,37)
Change by -1%	16.713.575,28	49.810.690,81

### 15c. Net Investment in Concession Companies subscribed in the form of Last Priority Financial Assets (Subordinated Debt)

The group participates in some Concession Companies, in two ways: i) participation in the form of Share Capital, and ii) participation in the form of Financial Assets of Last Priority (Subordinated Debt), which are issued by the Concession Companies.

The FA's LP are classified and accounted for according to IAS 39, as Available-for-Sale Financial Assets (Net investment to Concession Companies). The FA's LP along with the participation in the Share Capital of the Concession Company, are measured to Fair Value (method of Present Value). The difference between the cost and fair value is recognized directly to Other Comprehensive Income (namely, to Equity).

The main characteristics of the above Last Priority FA's are the following:

- The participation in the form of FA's LP is issued contractually with specific and fixed analogy to the Share Capital (pro rata),
  - The subscription of FA's LP is maintained steadily throughout the lifetime of the concession proportionally to the participation in the Share Capital,
  - The transfer of the FA's LP contractually is carrying out along with the corresponding transfer of an equal percentage of Share Capital,
  - The FA's LP do not contractually have a fixed terminated date, and the Group cannot demand for their future repayment,
- The FA's are of Last Priority; they have last priority against all other claims of the Assets of the Concession Company in case of liquidation (subordinated debt - last in line). They are treated as equity equivalent to the Share Capital, bearing the same risk,
  - The capital structure of the Concession Companies Equity, contractually does not distinguish the subscription in the form of Share Capital with the subscription in the form of the FA's LP (equity equivalent).

The following table provides analytically the financial data of the Concessions Companies, whereas the Company participates both to Share Capital and to Last Priorities FA's.

(amounts in euros)	Participation Type	Cost 31/12/2018	Fair Value 31/12/2018	Revaluation Surplus Credited to Fair Values Revaluation Reserve
<b>Group</b>				
<b>1) AEGEAN MOTORWAY SA</b> (Participation > 20%)	Share Capital	13.362.110	39.301.724	-
	Financial Assets	39.911.268	52.038.646	-
<b>Total</b>		<b>53.273.378</b>	<b>91.340.370</b>	<b>-</b>
<b>2) OLYMPIA ODOS</b> (Participation > 20%)	Share Capital	24.437.360	80.551.364	56.114.004
	Financial Assets	23.209.166	19.369.475	(3.839.691)
<b>Total</b>		<b>47.646.526</b>	<b>99.920.839</b>	<b>52.274.313</b>
<b>3) LIMASSOL MARINA</b> (Participation > 20%)	Share Capital	5.088.625	64.502.917	-
	Financial Assets	18.957.807	11.152.722	-
<b>Total</b>		<b>24.046.432</b>	<b>75.655.639</b>	<b>-</b>
<b>4) MOREAS</b> (Participation > 20%)	Share Capital	17.328.227	-	-
	Financial Assets	14.176.139	6.503.996	(7.672.143)
<b>Total</b>		<b>31.504.366</b>	<b>6.503.996</b>	<b>(7.672.143)</b>
<b>5) ENTERTAINMENT &amp; SPORTS PARK SA (KANOE-KAYAK)</b> (Participation > 20%)	Share Capital	1.854.470	1.854.470	-
	Financial Assets	150.000	150.000	-
<b>Total</b>		<b>2.004.470</b>	<b>2.004.470</b>	<b>-</b>
<b>Total of Participations</b>	Share Capital	62.070.792	186.210.475	56.114.004
<b>Ending period balance</b>	Financial Assets	96.404.380	89.214.839	(11.511.834)
		<b>158.475.172</b>	<b>275.425.314</b>	<b>44.602.170</b>
<b>Company</b>				
<b>1) AEGEAN MOTORWAY SA</b> (Participation > 20%)	Share Capital	13.362.110	39.301.724	25.939.614
	Financial Assets	39.911.268	52.038.646	12.127.378
<b>Total</b>		<b>53.273.378</b>	<b>91.340.370</b>	<b>38.066.993</b>
<b>2) OLYMPIA ODOS</b> (Participation > 20%)	Share Capital	24.437.360	80.551.364	56.114.004
	Financial Assets	23.209.166	19.369.475	(3.839.691)
<b>Total</b>		<b>47.646.526</b>	<b>99.920.839</b>	<b>52.274.313</b>
<b>3) LIMASSOL MARINA</b> (Participation > 20%)	Share Capital	5.088.625	64.502.917	59.414.292
	Financial Assets	18.957.807	11.152.722	(7.805.085)
<b>Total</b>		<b>24.046.432</b>	<b>75.655.639</b>	<b>51.609.207</b>
<b>4) MOREAS</b> (Participation > 20%)	Share Capital	17.328.227	-	-
	Financial Assets	14.176.139	6.503.996	(7.672.143)
<b>Total</b>		<b>31.504.366</b>	<b>6.503.996</b>	<b>(7.672.143)</b>
<b>5) ENTERTAINMENT &amp; SPORTS PARK SA (KANOE-KAYAK)</b> (Participation > 20%)	Share Capital	1.854.470	1.854.470	-
	Financial Assets	150.000	150.000	-
<b>Total</b>		<b>2.004.470</b>	<b>2.004.470</b>	<b>-</b>
<b>Total of Participations</b>	Share Capital	62.070.792	186.210.475	141.467.910
<b>Ending period balance</b>	Financial Assets	96.404.380	89.214.839	(7.189.541)
		<b>158.475.172</b>	<b>275.425.314</b>	<b>134.278.369</b>

## 16. Guaranteed receipts from grantor

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Guaranteed receipt from grantor	43.667.265	45.211.606	0	0

  

	Balance 31/12/2017	Increase in Receivables	Decrease in Receivables	Reversal of Discounting	Balance 31/12/2018
<b>Assets</b>					
Guaranteed receipt from grantor (IFRIC 12)	45.211.606		-4.068.845	2.524.504	43.667.265
<b>Total</b>	45.211.606	0	-4.068.845	2.524.504	43.667.265

	GROUP	
	31.12.2018	31.12.2017
Non-Current Assets	<b>37.541.268</b>	<b>39.110.254</b>
Current Assets	<b>6.125.997</b>	<b>6.101.352</b>
	43.667.265	45.211.606

### Net finance income/expense

	1/1-	
	1/1-31/12/2018	31/12/2017
Interest expense		
- Bank loans	2.357.412	2.741.732
- Other bank expenses	15.518	24.188
	<b>2.372.930</b>	<b>2.765.920</b>
Interest income	2.524.504	2.742.635
Gains from interest swaps	0	0
<b>Net Financial expenses</b>	<b>-151.574</b>	<b>23.285</b>

Receivables under item "Guaranteed receipt from grantor (IFRIC 12)" amounting to € 43,667,265 on 31.12.2018 derives from "JPA CONSTRUCTION & MANAGEMENT OF ATTICA SCHOOLS SA", a 100% subsidiary of the Company which signed with Greek Building Infrastructure SA (formerly School Building Organisation SA) on 09.05.2014 a contract worth a total of €35.6 million for the construction of 10 school facilities in the Attica region under a Public-Private Partnership scheme. Besides the construction of the school facilities, JPA CONSTRUCTION & MANAGEMENT OF ATTICA SCHOOLS SA has agreed the subsequent maintenance and technical management of the facilities for a 25-year period, against an annual availability payment from the Greek state. The project is financed by own equity amounting to €10 million as well as long-term debt raised from the European Investment Bank and the EU's JESSICA fund, totalling €33.4 million.

## 17. Other non-current assets

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Other non-current assets	<b>846.017</b>	<b>755.393</b>	<b>6.248.763</b>	<b>8.699.098</b>

Other non-current assets include an amount of € 5,743,906 on 31.12.2018 and an amount of € 8,263,906 on 31.12.2017 regarding a bond granted from the Company to the subsidiary "JPA CONSTRUCTION & MANAGEMENT OF ATTICA SCHOOLS SA".

## 18. Deferred tax assets

Deferred tax assets	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Deferred tax assets	26.943.826	35.461.514	24.479.877	38.251.971
	<b>26.943.826</b>	<b>35.461.514</b>	<b>24.479.877</b>	<b>38.251.971</b>

### Analysis of Deferred tax assets

Description	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Receivables-Deferred Income	155.901	1.300.512	-	1.171.783
Derecognition of start-up and other long-term expenses	59.332	331	59.333	-
Derecognition of receivables and investments in participations	18.120.322	26.337.007	23.479.693	29.755.371
Provision for employee termination compensation	1.056.206	1.113.188	940.851	827.271
Deferred income from tax loss	7.456.838	5.113.527	-	5.000.000
Adjustment to Fair Value due to revaluation of fixed assets	95.227	1.596.949	-	1.497.546
	<b>26.943.826</b>	<b>35.461.514</b>	<b>24.479.877</b>	<b>38.251.971</b>

### Changes in "Deferred Income Tax Assets" account

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Balance 01/01</b>	35.461.514	35.526.369	38.251.971	35.167.028
<b>Adjustment, in accordance with IAS</b>				
Direct credit (debit) in Reserves	(1.171.783)	-	(1.171.783)	3.070.263
Acquisition of subsidiary	-	(8.635)	494.089	-
<b>Credit (debit) in Income Statement</b>				
Plus: Participation and other long term receivables	-	2.875	530.000	-
Plus: Deductible temporary adjustments	518.717	(28.415)	400.152	14.680
Plus/less: Decrease in Income Tax Rate	(2.863.196)	331	(2.780.462)	-
Less: taxable temporary differences	-	-	(6.244.089)	-
Deferred income from tax loss	(5.001.426)	(31.011)	(5.000.000)	-
<b>Balance 31.12.2018</b>	<b>26.943.826</b>	<b>35.461.514</b>	<b>24.479.877</b>	<b>38.251.971</b>



<b>Deferred tax liabilities</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Deferred tax liabilities	31.501.018	34.113.880	80.098.221	80.445.780
	<b>31.501.018</b>	<b>34.113.880</b>	<b>80.098.221</b>	<b>80.445.780</b>

#### **Analysis of Deferred income tax liabilities**

<b>Description</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Tax exempt Reserves	285.224	338.176	285.224	-
Operating fixed assets (Machinery and Vehicles)	337.996	1.309.357	261.054	225.030
Deferred income tax liability	12.184.654	14.543.712	8.382.387	8.040.780
Adjustment to fair value of participations	14.133.334	13.181.490	68.164.691	69.169.846
Adjustment to fair value due to revaluation of fixed assets	4.559.809	4.741.146	3.004.864	3.010.124
	<b>31.501.018</b>	<b>34.113.880</b>	<b>80.098.221</b>	<b>80.445.780</b>

#### **Change in "Deferred Tax Liabilities" account**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Balance 01/01	34.113.880	34.353.374	80.445.780	69.214.542
<b>Adjustment based on IAS</b>				
Direct debit (credit) in Shareholder Funds	87.721	484.602	(3.428.773)	11.365.744
Absorption of a subsidiary	-	-	5.252.917	-
<b>Debit (credit) in Income Statement</b>				
Increase/Decrease in Income Tax Rate	(165.835)	-	-	-
Plus : Deductible temporary differences	(2.534.748)	(724.096)	(2.171.703)	(134.506)
<b>Balance 31.12.2018</b>	<b>31.501.018</b>	<b>34.113.880</b>	<b>80.098.221</b>	<b>80.445.780</b>

According to POL. 1228/2018 and the provisions of article 23 of Law 4579/2018 (Government Gazette A 201), the tax rate of the profits from business activity earned by legal entities and legal entities is gradually reduced by one percentage point per year, starting with the income reduction for tax year 2019.

In particular, the tax rate for the tax year 2018 will be applied to the current tax rate (29%), while for the tax year 2019 the tax rate is set at twenty eight per cent (28%), for the income for the tax year 2020 to twenty-seven per cent (27%) income for the tax year 2021 to twenty-six per cent (26%) and to the income for the tax year 2022 and thereafter the rate is set at twenty-five per cent (25%).

#### **19. Inventories**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Finished & semi-finished goods	5.483.412	7.337.559	-	-
Work in progress	3.247.460	3.656.549	885.200	-
Raw materials	18.163.511	28.210.383	12.151.883	17.673.192
	<b>26.894.383</b>	<b>39.204.491</b>	<b>13.037.083</b>	<b>17.673.192</b>

*The accounting policy of the company Inventories is that evaluates them at the lower of cost and net realisable value.*

#### **Work in Progress**

	<b>GROUP</b>	<b>COMPANY</b>
	<b>31.12.2018</b>	<b>31.12.2017</b>
Buildings for disposal after construction	<b>2.362.260</b>	<b>3.656.549</b>

## 20. Contractual Assets

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Conventional assets	<u>118.930.436</u>	<u>133.848.548</u>	<u>111.969.543</u>	<u>94.814.865</u>
Contractual obligations	<u>9.655.507</u>	<u>23.950.584</u>	<u>9.432.676</u>	<u>9.544.000</u>
<b>Net conventional assets</b>	<b><u>109.274.929</u></b>	<b><u>109.897.964</u></b>	<b><u>102.536.867</u></b>	<b><u>85.270.865</u></b>
Accumulated expenses	8.216.215.265	9.136.156.039	7.908.343.069	6.459.532.806
plus: Recognised profit (cumulatively)	1.080.744.884	1.071.167.826	937.146.496	826.207.369
less: Recognised loss (cumulatively)	313.185.591	256.149.591	250.390.913	199.002.913
less: Invoices up to 31/12	8.874.499.629	9.841.276.310	8.492.561.785	7.001.466.397
	<b><u>109.274.929</u></b>	<b><u>109.897.964</u></b>	<b><u>102.536.867</u></b>	<b><u>85.270.865</u></b>
<b>Turnover</b>				
Contracts expenses recognized in the reporting period	463.649.988	552.653.586	450.310.529	540.288.624
plus: Recognized profit for the reporting period	<u>6.919.926</u>	<u>23.059.000</u>	<u>14.839.029</u>	<u>8.822.225</u>
<b>Revenues from Construction contracts recognized during the reporting period</b>	<b><u>470.569.914</u></b>	<b><u>575.712.586</u></b>	<b><u>465.149.558</u></b>	<b><u>549.110.849</u></b>
<b>Total advances received</b>	<b><u>61.718.641</u></b>	<b><u>123.431.965</u></b>	<b><u>58.375.413</u></b>	<b><u>117.922.387</u></b>

Revenues and expenses relating to each construction contract are recognised in the income statement, depending on the percentage of completion on reporting date. Expenses which have incurred but the relative construction work has not yet been invoiced to clients and are recognised in the income statement, along with the proportional profit or loss provided for in the contract. According to GR GAAP, these expenses were recognised as work in progress, and their relative profit or loss was instead recognised in the reporting period in which the works were invoiced rather than carried out. Moreover, for any project with an estimated loss, that loss is recognised immediately in the income statement.

The Group uses the **Percentage of Completion Method**, whereby the percentage of completion is calculated using the following ratio: Realised Cost / Total Estimated Contract Cost

The Group uses an integrated Management Information System which produces the following information to draw consistent and reliable estimates of the percentage of completion of contracts:

- 1) Total Revised Contract Revenue
- 2) Contract Cost to complete the contract

According to the Budgetary Control System applied by the Group, revisions and re-evaluations are carried out on a semi-annual basis.

## 21. Clients and other receivables

Clients	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Clients	218.760.114	240.088.642	216.760.784	205.572.933
Allowance for doubtful debtors	(36.861.133)	(22.115.574)	(33.783.566)	(15.113.385)
	<b>181.898.981</b>	<b>217.973.068</b>	<b>182.977.218</b>	<b>190.459.548</b>
<b>Other receivables</b>				
Receivables from associates	22.323.645	48.185.230	24.669.596	42.678.823
Debtors	102.470.120	129.297.019	88.688.338	90.514.008
Allowance for doubtful debtors	(40.997.213)	(36.413.213)	(40.147.858)	(15.197.980)
	<b>83.796.552</b>	<b>141.069.036</b>	<b>73.210.076</b>	<b>117.994.851</b>
Receivables from subsidiaries	-	-	16.595.274	29.119.330
Advances and credit accounts	14.081.643	18.354.337	12.836.118	18.442.621
Prepaid expenses	14.295.149	12.916.652	12.877.191	11.177.654
Accrued income	16.411.961	24.837.234	6.881.732	20.227.032
	<b>44.788.753</b>	<b>56.108.223</b>	<b>49.190.315</b>	<b>78.966.638</b>
	<b>128.585.305</b>	<b>197.177.259</b>	<b>122.400.391</b>	<b>196.961.489</b>

### 21a. Ageing Analysis of clients

The Ageing analysis at 31/12/2018, is as follows:

(amounts in euro's)	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Not in arrears and not impaired	61.820.992	90.309.832	77.183.530	71.752.687
In arrears but not impaired				
3-6 months	16.597.366	18.177.539	13.641.890	16.756.936
6-12 months	12.559.251	35.466.675	8.055.129	33.119.757
1-2 years	17.195.649	3.868.988	13.591.519	1.844.518
>2 years	73.725.723	70.150.033	70.505.150	66.985.651
	<b>181.898.981</b>	<b>217.973.068</b>	<b>182.977.218</b>	<b>190.459.548</b>

Part of the aforementioned receivables include claims from the Greek state which are secured by guarantees and the Management estimates that they will be received in full. Therefore the Group and the Company will continue bidding for state projects taking into account of course the possibility of delays in receipt.

The receivables from customers of the Company and the Group include an amount of € 43.788.000, which is overdue for more than two years. This amount relates to a portion of an invoiced amount under a Lebanon technical project contract for which an Arbitration Application has been filed before the ICSID (International Center for the Resolution of Investment Disputes). As the process continues, the claim's recoverability estimate on 31.12.2018 was further reduced to the aforementioned amount.

### 21b. Ageing Analysis of other receivables

The Ageing analysis at 31/12/2018, is as follows:

(amounts in euro's)	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Not in arrears and not impaired	87.626.866	159.358.249	90.216.398	167.793.608
In arrears but not impaired				
3-6 months	938.523	8.430.415	0	6.267.633
6-12 months	1.564.205	9.872.270	0	6.267.633
1-2 years	1.282.684	3.025.290	27.077	141.580
>2 years	37.173.027	16.491.034	32.156.916	16.491.034
	<b>128.585.305</b>	<b>197.177.259</b>	<b>122.400.391</b>	<b>196.961.489</b>

There are enough guarantees for open balances over 1 year.

**The allowance for doubtful debtors is as follows:**

	<b>GROUP</b>	<b>COMPANY</b>
<b>Balance December 31st 2016</b>	<b>54.358.779</b>	<b>26.677.352</b>
Additional allowances	4.170.008	3.634.013
Used allowances		
Discontinued operations	<u>-</u>	<u>-</u>
<b>Balance December 31st 2017</b>	<b>58.528.787</b>	<b>30.311.365</b>
Additional allowances	19.329.559	17.974.074
Effect of absorption of subsidiary ATHINA SA	-	25.645.985
Used allowances	<u>-</u>	<u>-</u>
<b>Balance December 31st 2018</b>	<b><u>77.858.346</u></b>	<b><u>73.931.424</u></b>

## 21c. Other Debtors/Ongoing Litigation

Regarding the pending court cases of the Company on 31.12.2017, arbitration decision 21/2005, which had obliged the parties to pay the Company €16.3 million plus interest for the equity deficit of "TECHNICAL UNION SA" which was absorbed by the Company, under the Decision of the Court of First Instance of Athens #2752/2010 was ordered to suspend the execution of the arbitration decision under article 938 of the Criminal Law Code until a decision is taken on the ordinary opposition that challenges the validity of the enforcement procedure, which was tried in March 2013. This decision of suspension is incorrect because it accepted that the Company misused its right to enforcement, which was repeatedly raised by the defendants and was dismissed, covered by the "res judicata".

The Company on 30.03.2011 requested the Court of First Instance of Athens to revoke this decision, reopening the road of enforcement, but this revocation application was rejected, and the progress of the enforcement would therefore be delayed by the March 2013 hearing, as part of the regular opposition. The case was adjudicated and a decision was issued by the First Instance Court of Athens, which also dismissed the objection of the Protopapas "family", so that the decision to suspend (5752/10) lost its validity and progress in enforcement is now possible.

Within the framework of this last possibility, after two suspensions at the Athens Peace Court, on 06.10.2015, ATHENA SA requested permission to sell by auction the shares of the Protopapas family members to satisfy its claim. At the same time, the Protopapas family house located in Kefalari, Kifissia (Pentelis 39 Street), has been seized, the Court having determined the value of this property at €5,000,000 and cleared it for auctioning.

A decision was taken by the Athens Court of Appeal (7/2016), which allowed the public auctioning of the shares and appointed a public notary to perform the auction (in the hands of the ATHEX as a third party). A lawsuit dated 08.01.2016 was notified to the Company for the recognition of the non-existence of the Arbitration Decision 21/2005, which was scheduled to be heard on 03.11.2016 at the Athens Court of Appeal, but ultimately resigned from it.

The option to abandon the public auction of the shares was finally approved, due to the significant dilution of the stake of Athanasios Protopapas and Amalia Protopapas on the back of share capital increases which they did not participate in. Subsequently, a second action was brought for recognition of the non-existence (not invalidity) of arbitration award 21/2005, of similar content to the request of the first action, the application of which was resigned. It was discussed at the Athens Court of Appeal on 21.09.2017 and is reasonably expected to be rejected. Prior to this second lawsuit, ATHENA SA removed the existing seizure of the Athanasios Protopapas residence because there was a fear of being overthrown because a year had passed since its imposition without being auctioned. To this extent, it imposed a new seizure, the relevant auction being set for 24.01.2018. An objection was brought against this seizure, which was tried on 13.03.2018 without, so far, any sign of application for suspension of the exec Company's Shareholders held on 27.03.2019 decided the increase of the share capit

Furthermore, according to unofficial information (no legal document has been received) Athanasios Protopapas and Amalia Protopapas have appealed against the decision of the Court of First Instance of Athens, which had rejected their first objection aimed at the annulment of an execution, which nevertheless is no longer being pursued, since ATHENA SA has lifted the first seizure, which the first objection is linked to, therefore this appeal is deprived anymore of legitimate interest. The only valid cases left, are the second objection against the new seizure that was tried on 13.03.2018 and the lawsuit filed in the Court of Appeal on 21.09.2017 to acknowledge the non-existence of the arbitration decision. New (electronic) auction is set for 06.06.2018, with a first bid price of 1,930,000 €, without (so far) any court ruling preventing it from taking place.

The Company will continue its efforts to collect the remaining amount due by proceeding with the sale of other properties of the

## 22. Available for sale financial assets - short term

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
a) Available for sale financial assets short term				
	-	549.809	-	149.948
- Bank of Cyprus shares	-	<b>549.809</b>	-	<b>149.948</b>
		-		-
b) Non Current assets available for sale	-	<b>549.809</b>	-	<b>149.948</b>

The Group through the "Limassol Marina" consortium owned Bank of Cyprus shares from 2013, which it sold in 2018 with a capital loss of 106,311.13 euros. For the Group companies participating in the consortium, namely AVAX SA by 15% and ATHENA SA by 40%, the relevant portfolio of the Group with a closing price of 31.12.2017 of the Nicosia Stock Exchange was valued at €999.653,46, while the December 31, 2018 value was zero.

### 23. Cash and cash equivalent

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Cash in hand	204.127	214.412	125.581	108.563
Cash at bank	65.472.125	73.294.891	56.899.998	59.277.088
	<b>65.676.252</b>	<b>73.509.303</b>	<b>57.025.579</b>	<b>59.385.651</b>

### 24. Trade and other payables

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Trade payables	163.195.764	179.317.296	138.957.092	135.513.057
Advances from clients	61.718.641	121.647.850	58.375.413	114.234.641
Other current payables	119.110.412	142.402.146	88.014.995	108.971.872
	<b>344.024.817</b>	<b>443.367.292</b>	<b>285.347.500</b>	<b>358.719.570</b>

### AGEING ANALYSIS TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
0-90 days	121.780.785	207.869.803	95.533.580	146.293.333
91-180 days	40.482.935	58.807.039	37.344.271	55.772.267
181-365 days	80.266.214	124.508.336	72.050.024	122.002.652
366-731 days	37.990.945	14.684.530	33.414.230	17.398.476
>731 days	63.503.937	37.497.583	47.005.395	17.252.841
	<b>344.024.817</b>	<b>443.367.292</b>	<b>285.347.500</b>	<b>358.719.570</b>

### Other current payables

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Social security funds	3.489.533	7.124.606	2.814.086	6.006.220
Dividends payable	133	2.108	-	-
Payables to subsidiaries	-	-	9.365.136	24.894.511
Payables to Associates/ other participating companies	5.489.271	13.116.999	16.898.182	4.907.033
Payables to construction contracts	-	23.950.584	-	9.544.000
Contractual obligations	9.655.607	-	9.432.676	-
Other payables	100.475.868	98.207.849	49.504.915	63.620.109
	<b>119.110.412</b>	<b>142.402.146</b>	<b>88.014.995</b>	<b>108.971.872</b>

The "Other Payables" item in the Company and Group Balance Sheet of 31.12.2018 includes an amount of € 13,000,000 which has been deposited by a major shareholder in a Company's bank account against a capital increase of € 20 million approved by the General shareholders of the Company and is expected to be realized in the coming months. The corresponding amount in the balance sheet of the Company and the Group on the comparable date of December 31, 2017, against a similar capital increase with different terms of issue, which was not finally realized, amounted to € 10,000,000.

The Company had included a provision of € 18.3 million in the published financial results for the year 2016 according to 628/2016 Resolution of the Hellenic Competition Commission regarding investigation into the construction sector. A fine of € 18.3 million was imposed on the company. The Company is observing the schedule of 12 installments of the fine, the balance amounting to € 9.8 million, which will be repaid within 2019 and included in the short-term liabilities under the heading "various creditors".

## 25. Income tax and other tax liabilities

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Income tax payable	6.430.196	1.319.203	-	-
Other taxes payable	15.289.970	18.087.126	14.766.517	14.100.957
	<b>21.720.166</b>	<b>19.406.330</b>	<b>14.766.517</b>	<b>14.100.957</b>

For fiscal years 2011, 2012 and 2013, the parent Company and its subsidiaries in Greece have been subjected to tax auditing from an auditor in accordance with article 82 paragraph 5 of Law 2238/1994 and have received a "Tax Compliance Certification" with an unqualified opinion.

For the fiscal years 2014,2015,2016 & 2017, the parent Company and its subsidiaries that are tax audited in Greece have been subjected to tax auditing from an auditor in accordance with article 65A paragraph 1 of Law 4174/2013 as amended by the Law 4262/2014 and have received a "Tax Compliance Certification" with an unqualified opinion. It should also be noted that the Administrative Courts, on the basis of their recent decisions on similar cases, have ruled that the fiscal year 2011 is time-barred for tax purposes five-year limitation).

For the fiscal year 2018, the parent Company and its subsidiaries that are tax audited in Greece have been subjected to tax auditing from an auditor in accordance with Law 4174/2013 article 65A as currently in effect . This control is in progress and the related tax certificate is projected to be provided after the publication of financial statements of 31/12/2018. The Group's management believes that upon completion of the tax audit no additional tax liabilities will be occur that will have substantial impact beyond those recognized and reported in the financial statements.

It is noted that according to the tax legislation the tax unaudited years up to 2012 are considered to be written off.



## 26. Borrowings

### Short term borrowings

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Short term debentures payable in the following year	6.080.000	22.810.000	6.080.000	22.810.000
Short term loans	110.191.696	94.825.761	98.416.767	81.800.355
Payables (leasing see note 28)	3.449.330	3.555.206	480.385	573.201
	<b>119.721.026</b>	<b>121.190.967</b>	<b>104.977.152</b>	<b>105.183.555</b>

### Long - term borrowings

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Long term debentures	429.956.889	435.639.196	415.941.889	410.474.221
Long -term loans	43.530.588	30.807.349	-	-
Payables (leasing see note 28)	2.179.167	5.472.862	121.331	527.353
	<b>475.666.644</b>	<b>471.919.407</b>	<b>416.063.220</b>	<b>411.001.574</b>

### AGEING ANALYSIS OF LONG TERM LOANS

31/12/2018	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
Group	19.789.200	383.864.575	72.012.869	<b>475.666.644</b>
Company	16.831.000	366.957.210	32.275.010	<b>416.063.220</b>
31/12/2017	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
Group	14.890.175	392.819.794	64.209.439	<b>471.919.407</b>
Company	8.290.000	368.886.574	33.825.000	<b>411.001.574</b>

Based on the published financial statements for the year ended 2018 the company satisfies most of the financial ratios required, except for few for which a waiver has been issued with cut off date 31/12/2018.

In April 2018, lender banks approved the amendment of terms of the two Syndicated Bond Loans issued by the Company. More specifically, the amendments related to a two-year extension and restructuring of the repayment schedule and a drop in the interest rate spread. The move granted the Company the scope to service both bond loans with no burden on its construction sector.

### Sensitivity analysis in interest rates

According to a sensitivity analysis of the Group's debt to potential changes in the Euribor rate, the effect of a  $\pm 100$  basis point interest rate variation on Group financial results and shareholder funds at the end of 2018 amounts to  $\pm \text{€}5.30$  million, versus  $\pm \text{€}5.20$  million in the previous year. At parent company level, the respective effect at the end of 2018 amounted to  $\pm \text{€}4.64$  million versus  $\pm \text{€}4.57$  million a year earlier.

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Short-term Loans	119.721.026	121.190.967	104.977.152	105.183.555
Debenture/Other Long-term Loans	475.666.644	471.919.407	416.063.220	411.001.574
Cash and cash equivalents	65.676.252	73.509.303	57.025.579	59.385.651
<b>Net loans</b>	<b>529.711.417</b>	<b>519.601.071</b>	<b>464.014.792</b>	<b>456.799.479</b>

### Change effect by $\pm 1\%$ on EURIBOR

Income Statement	<b>5.297.114</b>	<b>5.196.011</b>	<b>4.640.148</b>	<b>4.567.995</b>
Shareholders Equity	<b>5.297.114</b>	<b>5.196.011</b>	<b>4.640.148</b>	<b>4.567.995</b>

## 26a. Change in financial activity

Below is an analysis of the change in liabilities arising from financing activities as reflected in the cash flow statement.

	<b>GROUP</b>		
	<b>Long Term Bond Loan Liabilities</b>	<b>Short-term Loan Liabilities</b>	<b>Total</b>
<b>01/01/18</b>	<b>471.919.407</b>	<b>121.190.967</b>	<b>593.110.374</b>
Cash flow	2.295.406,00	(18.111)	<b>2.277.295</b>
Bond Loan Liabilities payable in the next fin	(6.527.000)	6.527.000	-
Transfers	7.978.830	(7.978.830)	-
<b>31/12/2018</b>	<b>475.666.643</b>	<b>119.721.026</b>	<b>595.387.669</b>

	<b>COMPANY</b>		
	<b>Long Term Bond Loan Liabilities</b>	<b>Short-term Loan Liabilities</b>	<b>Total</b>
<b>01/01/18</b>	<b>411.001.574</b>	<b>105.183.555</b>	<b>516.185.129</b>
Absorption effect by ATHENA SA	0	0	<b>(255.700)</b>
Cash flow	3.865.536	989.707	<b>4.855.243</b>
Bond Loan Liabilities payable in the next fin	(6.045.720)	6.045.720	-
Transfers	7.241.830	(7.241.830)	-
<b>31/12/2018</b>	<b>416.063.220</b>	<b>104.977.152</b>	<b>520.784.672</b>

## 27. Derivative financial instruments

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Derivative financial instruments	1.249.026	1.436.608	-	-
	<b>1.249.026</b>	<b>1.436.608</b>	-	-

The aforementioned amount for the subsidiary company ATHENS MARINA S.A. relates to a nominal value hedge of € 4.995 thousand with maturity date of 22.10.2028 . Any fluctuations are recorded to the profit and loss statement.

## 28. Obligations arising from lease contracts

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Current obligation	3.449.330	3.555.206	480.385	573.201
Non current obligation	<u>2.179.167</u>	<u>5.472.862</u>	<u>121.331</u>	<u>527.353</u>
	<b><u>5.628.496</u></b>	<b><u>9.028.068</u></b>	<b><u>601.715</u></b>	<b><u>1.100.554</u></b>
Total lease obligation				

### Total future minimum lease payments

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
No greater than 1 year	3.649.269	3.747.124	501.569	616.018
Greater than 1 year but no more than 5 years	2.302.624	5.746.463	132.414	553.679
Greater than 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<b><u>5.951.894</u></b>	<b><u>9.493.587</u></b>	<b><u>633.984</u></b>	<b><u>1.169.697</u></b>
Future Interest charges	<u>-323.398</u>	<u>-465.519</u>	<u>-32.269</u>	<u>-69.143</u>
<b>Present value</b>	<b><u>5.628.496</u></b>	<b><u>9.028.068</u></b>	<b><u>601.715</u></b>	<b><u>1.100.554</u></b>

### Present value of future minimum lease payments

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
No greater than 1 year	3.449.330	3.555.206	480.385	573.201
Greater than 1 year but no more than 5 years	2.179.167	5.472.862	121.331	527.353
Greater than 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Present value</b>	<b><u>5.628.496</u></b>	<b><u>9.028.068</u></b>	<b><u>601.715</u></b>	<b><u>1.100.554</u></b>

Group policy is to lease the equipment it uses. The average lease period is 36 months for the company and 57 months for the group. Up until December 2018 the real average interest rate was 5%. The interest rates are fixed during the lease period. All lease contracts are agreed on fixed payment terms, and there are no contractual obligations for contingent lease payments. The Group is entitled to extend the lease contracts for a fixed period of time or to purchase the equipment at a price determined in the lease contract. All lease payments are expressed in euro terms. All Group lease obligations are guaranteed by the parent company.

## 29. Retirement and termination benefit obligations

(amount in €)

According to the Greek legislation employee pension plans take into consideration salary and seniority for determining the employees' pension. In case of termination employees are entitled to 40% compensation according to the Greek law. The defined benefit pension expense and termination benefits are disclosed under IAS 19. The company's DBO plan was carried out by an independent employee benefits consulting company.

The movement of the net liability in the Statement of Financial Position after the adoption of the revised IAS 19 is as follows:

<b>GROUP</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
<b>Amounts recognized in Profit and Loss statement</b>		
Current cost service	515.500	667.696
Recognition of past service cost	-	-
Interest cost	62.598	59.863
Benefit payments from the plan	525.344	450.577
<b>Total P&amp;L charge</b>	<b>1.103.441</b>	<b>1.178.136</b>
<b>Movements in Net Liability/(Asset) in BS</b>		
Net Liability/(Asset) in BS at the beginning of the period	4.586.573	4.274.411
Benefits paid by the company	(1.173.866)	(750.712)
Lay off Compensations	-	-
Total expense recognized in the income statement	1.103.441	1.178.136
Total expense recognized in the statement of comprehensive income	318.746	-115.262
<b>Net Liability/(Asset) in BS</b>	<b>4.834.894</b>	<b>4.586.573</b>
<b>Reconciliation of benefit obligation</b>		
Defined benefit obligations at the beginning of the period	4.586.573	4.274.411
Current cost service	515.500	667.696
Interest cost	62.598	59.863
Benefits paid by the company	(1.173.866)	(750.712)
Lay off Compensations	-	-
Settlement/Curtailment/Termination loss/gain	525.344	450.577
Total amount recognized in the OCI	318.746	-115.262
<b>Defined benefit obligations at the end of the period</b>	<b>4.834.894</b>	<b>4.586.573</b>

## COMPANY

The table below outlines where the Company's retirement benefit amounts are included in the financial statements. The DBO plan was carried out by an independent employee

	<b>31/12/2018</b>	<b>31/12/2017</b>
<b>Amounts recognized in Profit and Loss statement</b>		
Current cost service	431.663	574.472
Recognition of past service cost	-	-
Interest cost	53.441	43.294
Benefit payments from the plan	433.853	308.567
<b>Total P&amp;L charge</b>	<b>918.956</b>	<b>926.333</b>
<b>Movements in Net Liability/(Asset) in BS</b>		
Net Liability/(Asset) in BS at the beginning of the period	3.412.784	3.162.971
Net Liability/(Asset) in BS at the beginning of the period from absorption of subsidiary Athena S	464.006	0
Benefits paid by the company	(1.016.537)	(604.695)
Total expense recognized in the income statement	918.956	926.333
Total expense recognized in the statement of comprehensive income	282.178	(71.825)
<b>Net Liability/(Asset) in BS</b>	<b>4.061.386</b>	<b>3.412.784</b>
<b>Reconciliation of benefit obligation</b>		
Defined benefit obligations at the beginning of the period	3.876.790	3.162.971
Current cost service	431.663	574.472
Interest cost	53.441	43.294
Benefits paid by the company	433.853	308.567
Settlement/Curtailment/Termination loss/gain	(1.016.537)	(604.695)
Total amount recognized in the OCI	282.178	(71.825)
<b>Defined benefit obligations at the end of the period</b>	<b>4.061.386</b>	<b>3.412.784</b>

The principal actuarial assumptions used were as follows:

	<b>31/12/2018</b>	<b>31/12/2017</b>
Discount rate	1,5%	1,5%
Future salary increases %	0,5%	0,5%
Mortality rate	MT_EAE2012P (Bank of Greece, Credit & Insurance Committee, Meeting 49/12.09.2012)	MT_EAE2012P (Bank of Greece, Credit & Insurance Committee, Meeting 49/12.09.2012)
<b>Personnel mobility:</b>		
Age group	Voluntary departure	Voluntary departure
Up to 40 years old	0%	0%
41-55 years old	0%	0%
55 and over	0%	0%
Normal retirement age	Insurance in "heavy" works:62 years old Social Insurance: 67	Insurance in "heavy" works:62 years old Social Insurance: 67

### 30. Other provisions and non-current liabilities

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Other provisions	15.817.433	6.564.538	15.334.781	6.313.343
Other Non-current liabilities	10.017.908	18.026.251	3.034.351	12.798.346
Non-current liabilities - Prepayments	<u>4.058.302</u>	<u>7.529.700</u>	<u>3.687.746</u>	<u>7.529.700</u>
	<b><u>29.893.643</u></b>	<b><u>32.120.490</u></b>	<b><u>22.056.878</u></b>	<b><u>26.641.390</u></b>

There are pending litigation and arbitration cases concerning contractual disputes and other issues against the Group's companies. To cover potential loss from pending court cases, a provision of € 767 thousand has been formed.

On a periodic basis, the Group's Management examines the stage at which each significant matter occurs and evaluates the potential economic risk based on the views of its legal advisers. If the potential loss from any claims and legal claims is considered probable and the relevant amount can be reliably estimated, the Group's Management recognizes a provision for the estimated loss. The management's judgment is required to a significant extent both to determine the probability and the extent to which the risk can be reliably estimated.

When additional information becomes available, the Group's Management reviews the potential or probable liabilities for outstanding claims and legal affairs and may revise the estimates. Such revisions may have a material effect on the Group's financial position and results.

A number of litigation claims against the Group are pending and their final outcome cannot be foreseen at this point. Therefore no provision was made for the Group. It is our view that any claims collected following a Court Order will not change appreciably the Groups Equity.

The Company had included a provision of € 18.3 million in the published financial results for the year 2016 since a fine of € 18.3 million was imposed on the company based on 628/2016 Resolution of the Competition Commission regarding the ex officio investigation of this authority in the construction sector. From the total obligation, 9.8 million euros for the Company and the Group - are included in long-term liabilities, while the balance is included in short-term liabilities from other taxes payable (see note 25).

### 31. Share capital

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Paid up share capital (77.654.850 Shares of € 0.30)	23.296.455	45.039.813	23.296.455	45.039.813
Share premium account	<u>146.676.671</u>	<u>146.676.671</u>	<u>146.676.671</u>	<u>146.676.671</u>
	<b><u>169.973.125</u></b>	<b><u>191.716.484</u></b>	<b><u>169.973.126</u></b>	<b><u>191.716.484</u></b>

The nominal share capital of the Company decreased by € 21,743,358 in the year 2018, from € 45,039,813 at the end of 2017 to € 23,296,455 at the end of 2018 due to a reduction in the nominal value of the shares from € 0.58 to € 0,30 following a decision of the Extraordinary General Meeting of Shareholders dated 03.09.2018, capitalizing on losses of previous years.

### 32. Revaluation reserves

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Revaluation of participations and securities & of other assets	<u>8.488.899</u>	<u>8.348.986</u>	<u>9.860.136</u>	<u>10.088.275</u>
	<b><u>8.488.899</u></b>	<b><u>8.348.986</u></b>	<b><u>9.860.136</u></b>	<b><u>10.088.275</u></b>

### 33. Reserves

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Statutory reserve	5.226.020	7.437.538	7.408.154	7.408.154
Special reserves	96.882.536	61.082.442	95.912.680	60.252.844
Tax-exempt reserves	<u>3.842.199</u>	<u>3.051.106</u>	<u>3.300.182</u>	<u>2.509.089</u>
	<b><u>105.950.755</u></b>	<b><u>71.571.086</u></b>	<b><u>106.621.016</u></b>	<b><u>70.170.087</u></b>

### 34. Reserves for financial instruments available for sale

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Reserves for financial instruments	<u>39.200.003</u>	<u>32.271.923</u>	<u>191.527.822</u>	<u>170.537.447</u>
	<b><u>39.200.003</u></b>	<b><u>32.271.923</u></b>	<b><u>191.527.822</u></b>	<b><u>170.537.447</u></b>

### 35. Cash flow hedging reserve

	<b>GROUP</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
Cash flow hedging reserve	<u>(774.962)</u>	<u>(2.484.283)</u>
	<b><u>(774.962)</u></b>	<b><u>(2.484.283)</u></b>

The Cashflow hedging reserves are about the following:

	<b>Proportion of the group</b>	<b>Proportion of the group</b>
Aegean Motorway S.A.	(774.962)	(2.410.931)
Other	-	(73.350)
	<b><u>(774.962)</u></b>	<b><u>(2.484.281)</u></b>

The Group uses, on a case by case basis, complex financial products in cooperation with the banking sector in order to offset the cash flow mainly to specific investments in self-financed projects. The part of the highly effective cash flow hedge of these investments is recognized directly in equity through the statement of changes in equity of the concession companies in accordance with the International Accounting Standards. The ineffective portion of profit or loss is recognized directly in the income statement of the companies. Therefore, in the consolidated financial statements, the Group records its share, respectively, of how it is recorded in associates in accordance with International Accounting Standard 28.

### 36. Non-controlling interest

	<b>GROUP</b>	<b>COMPANY</b>
	<b>31.12.2018</b>	<b>31.12.2017</b>
Beginning balance 1/1	(350.408)	(975.984)
Additions / (Decrease)	(80.718)	835.909
Period movement	<u>(538.919)</u>	<u>(210.333)</u>
	<b><u>(970.045)</u></b>	<b><u>(350.408)</u></b>

### 37. Memorandum accounts - Contingent liabilities

	<b>GROUP</b>	<b>COMPANY</b>
	<b>31.12.2018</b>	<b>31.12.2018</b>
Letters of Guarantee	548.262.527	512.018.229
Other memorandum accounts	<u>29.203.328</u>	<u>1.502.973</u>
	<b><u>577.465.855</u></b>	<b><u>513.521.202</u></b>

### 38. Encumbrances - Concessions of Receivables

The following guarantees were provided towards the bond loans:

- ❖ mortgage on Group property with a book value of € 47.127 thousands , and mortgage on Company property with a book value of € 17.273 thousands are accounted for.
- ❖ Cession of the Group's receivables arising from the concession projects, mainly relating to retentions on performance bonds issued for those projects.
- ❖ Cession of Group law-disputed claims, in the event of successful outcome of litigation for the Company.

### 39. Transactions with related parties

The Group is controlled by AVAX. The members of the Board of Directors and the related legal entities hold approximately 70% of the share capital of the Company, without any substantial change compared to the previous year, while the remaining approximately 30% of the shares are held by the public. Several transactions with affiliated companies are accounted for by the Company and its subsidiaries during the year. Sales and purchases from and to affiliated companies are made at the actual market prices.

Account balances shown at the end of the year are not covered by guarantees and are settled in cash. For the years 2018 and 2017 the Group did not enter a provision for doubtful receivables from affiliated companies, as until now the course of payments was without problems. Transactions between Group companies (intra-group) are eliminated when consolidating their financial statements.

The following table provides a brief overview of transactions with related parties during the year:

#### Year ended 31 December 2018

(all amounts in € thousands)

Group	Income	Expenses	Receivables	Payables
PYRAMIS		1.158	2	15
AG.NIKOLAOS CAR PARK			14	
OLYMPIA ODOS OPERATIONS SA	69		24	
OLYMPIA ODOS SA	834		100	1.003
GEFYRA OPERATIONS SA	81		28	
GEFYRA SA	20		25	
ATTIKA ROAD S.A		257		322
ATTIKA DIODIA S.A				
AEGEAN MOTORWAY SA	3.140	135	234	263
SALONICA PARK S.A			15	
POLISPARK			24	
ELIX A.E.			6	
ATHINAIKOI STATHMOI SA			1	
HELLINIKON ENTERTAINMENT AND SPORT PARKS SA (KANOE - KAJAK)	56		8	
METROPOLITAN ATHENS PARK			2	
BONATTI J&P-AVAX Srl			12.143	
5N	3		143	
ORIOI REAL ESTATES SRL			934	
J&P-AVAX QATAR WLL			11	
J&P-AVAX QATAR LLC			1	
JOANNOU PARASKEVAIDES ENERGIKI			43	
J&P (O) LTD LONDON				31
JOANNOU & PARASKEVAIDES (O) LTD				1
ENERSYSTEM FZE		1.870		119
VIOENERGEIA SA	1		152	
LIMASSOL MARINA LTD	926		10.939	
CYCLADES ENERGY CENTER S.A	2		3	
J&P EMIRATES LTD				48
Executives and members of the Board		2.450		445
	<b>5.132</b>	<b>5.871</b>	<b>24.851</b>	<b>2.246</b>

#### COMPANY

COMPANY	Income	Expenses	Receivables	Payables
ETETH SA	451	156	5.793	686
TASK J&P AVAX SA	14	1.660	1.190	2.629
J&P-AVAX IKTEO			4	16
GLAVIAM	4		5	
J&P DEVELOPMENT	51		923	3
ATHENA			13	41
ERGONET	15		409	1
MONDO TRAVEL	19	302	155	569
JPA ATTICA SCHOOLS PPP	2.154		250	23
ATHENS MARINA	433		1.159	
BONATTI J&P-AVAX Srl			12.143	
J&P-AVAX CONCESSIONS			3	20
VOLTERRA S.A.	2.058	472	141	897
J&P-AVAX INTERNATIONAL LTD	4.399	48.045	5.533	5.432
AG.NIKOLAOS CAR PARK			14	
OLYMPIA ODOS OPERATIONS SA	1.191		24	
OLYMPIA ODOS SA	1.765		100	1.003
GEFYRA OPERATIONS SA	232		28	
ATTIKA ROAD S.A	17.016	257		322
ATTIKA DIODIA S.A	700			
AEGEAN MOTORWAY SA	3.140	135	226	263
SALONICA PARK S.A			10	
POLISPARK			24	
ELIX A.E.			6	
ATHINAIKOI STATHMOI SA			1	
HELLINIKON ENTERTAINMENT AND SPORT PARKS SA (KANOE - KAJAK)	56		8	
METROPOLITAN ATHENS PARK			2	
GEFIRA SA	1.002		25	
VIOENERGEIA SA	1		152	
PIRAMIS SA		1.158	2	15
J&P-AVAX QATAR LLC			1	
J&P-AVAX QATAR WLL			11	
J&P (UK) LTD LONDON				31
JOANNOU PARASKEVAIDES ENERGIKI			43	
J/V J&P-AVAX - J&PARASKEVAIDES OV.LTD (JORDAN)				216
JOANNOU & PARASKEVAIDES (O) LTD				1
LIMASSOL MARINA LTD	5.958		10.939	
JOINT VENTURES	4.461		31.841	718
Executives and members of the Board		1.050		180
	<b>45.120</b>	<b>53.235</b>	<b>71.174</b>	<b>13.063</b>

**39a. Transactions with related parties(cont'd)**
**Year ended 31 December 2017**
*(all amounts in € thousands)*
**GROUP**

	Income	Expenses	Receivables	Payables
PYRAMIS		909	2	572
AG.NIKOLAOS CAR PARK			14	
OLYMPIA ODOS OPERATIONS SA	2.046		125	
OLYMPIA ODOS SA	2.016			840
GEFYRA OPERATIONS SA	81		25	
GEFYRA SA	20			
ATTIKA ROAD S.A				214
AEGEAN MOTORWAY SA	3.589		485	67
SALONICA PARK S.A	1		15	
POLISPARK			20	
ELIX A.E.			6	
ATHINAIKOI STATHMOI SA			1	
(KANOE - KAJAK)	34		143	
METROPOLITAN ATHENS PARK			2	
NEA SMYRNI CAR PARK	1		2	
5N			130	
ORIOI REAL ESTATES SRL			927	
DRAGADOS - J&P-AVAX S.A. JOINT VENTURE			204	
J&P-AVAX QATAR WLL			11	
JOANNOU PARASKEVAIDES ENERGIAKI			45	
J&P (O) LTD LONDON				31
J&P (O) LTD-Guernsey			398	334
STARWARE ENTERPRISES LTD			5.152	
JOANNOU PARASKEVAIDES (O) LTD		8.017		1
D S JOANNOU INVESTMENTS LTD				10.000
ENERSYSTEM FZE		4.983		
VIOENERGEIA SA	1		151	
VAKON A.E.				
LIMASSOL MARINA LTD	75		5.579	
Executives and members of the Board		3.111	19	630
	<b>7.864</b>	<b>17.020</b>	<b>13.457</b>	<b>12.689</b>

**Company**

	Income	Expenses	Receivables	Payables
ETETH SA	827	289	7.401	598
TASK J&P AVAX SA	218	1.153	2.254	1.086
J&P-AVAX IKTEO			4	13
GLAVIAM	4			
J&P DEVELOPMENT	44		867	3
ATHENA	12.569		12.792	49
ERGONET	81			
MONDO TRAVEL	72	216	157	201
JPA ATTICA SCHOOLS PPP	2.643		8.454	1.329
ATHENS MARINA	269		728	
BONATTI J&P-AVAX Srl	5.374			
J&P-AVAX CONCESSIONS			3	20
J&P-AVAX INTERNATIONAL LTD	4.681	100.674	25.690	
AG.NIKOLAOS CAR PARK			14	
OLYMPIA ODOS OPERATIONS SA	2.046		125	
OLYMPIA ODOS SA	2.016			840
GEFYRA OPERATIONS SA	128		16	
GEFYRA SA	20			
ATTIKA ROAD S.A				214
AEGEAN MOTORWAY SA	3.152		448	67
SALONICA PARK S.A	1		10	
POLISPARK			20	
ELIX A.E.			6	
VOLTERRA A.E.	105	2.428	1.700	124
ATHINAIKOI STATHMOI SA			1	
HELLINIKON ENTERTAINMENT AND SPORT PARKS SA				
(KANOE - KAJAK)	34		143	
METROPOLITAN ATHENS PARK			2	
NEA SMYRNI CAR PARK	1		2	
DRAGADOS - J&P-AVAX S.A. JOINT VENTURE			204	
J&P(O) -J&P-AVAX J/V - QATAR			11.132	13.000
J&P-AVAX QATAR WLL			11	
J/V J&P-AVAX - J&PARASKEVAIDES OV.LTD				
(JORDAN)			548	5.571
J/V J&P QATAR CONSPTEL/J&PAVAX/J&P(O)			136	10.290
J&P (UK) LTD LONDON				31
JOANNOU PARASKEVAIDES ENERGIAKI			45	
J&P (O) LTD - GUERNSEY			398	334
JOANNOU & PARASKEVAIDES (O) LTD				1
LIMASSOL MARINA LTD			4.204	
D S JOANNOU INVESTMENTS LTD				10.000
JOINT VENTURES	10.241		28.978	3.865
Executives and members of the Board		900		149
	<b>44.526</b>	<b>105.660</b>	<b>106.493</b>	<b>47.785</b>



#### **40 .Absorption of subsidiary ATHENA SA**

The draft merger plan for the absorption of ATHENA SA by the Company, based on their 31.12.2017 balance sheets, was submitted to the Finance Ministry and approved on September 25, 2018. The merger process was concluded with the issue of the #135598/14.12.2018 approval of the Finance Ministry which was posted on its Corporate Register.

The effect of the above events on total assets, liabilities and equity is analyzed as follows:

Total assets ATHENA SA	90.204.081
Total liabilities ATHENA SA	<u>(54.003.972)</u>
Total Equity ATHENA SA as of 31-12-2017 according to the valuation of an independent valuator	36.200.109
Participation of AVAX SA in ATHINA SA	<u>(46.958.248)</u>
<b>Equity capital effect based on adjusted balance sheet 31.12.2017</b>	<b>(10.758.140)</b>

#### 41. Projects in JV with J&P (Overseas) Ltd

On 11.10.2018, it was announced that international contractor J&P (Overseas) Limited, incorporated in Guernsey, filed for liquidation to address the deficits and liquidity problems it faced. The Company participates in four joint venture projects with J&P (Overseas) Limited, three of which in Qatar and one in Jordan, for which it became necessary to review the respective contracts with the clients and banks. The Company made, and still makes, every effort to continue and complete these projects in the most technically perfect way, to ensure the Company's future presence in the construction market of the wider Arab world as well as its access to the local banking system.

Detailed reference on this matter is made in section "I. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report"

More specifically, the status on each project is as follows:

##### 1a. Qatar Roadworks

In Qatar, the Company participates in two road projects ("West Corridor P010" and "New Orbital Highway and Truck Route") with J & P (Overseas) Ltd and in the construction of the Qatar Foundation Stadium. These projects are linked to the general upgrading of the country's infrastructure in preparation for hosting the FIFA World Cup in 2022.

The contracts for the West Corridor P010 and New Orbital Highway and Truck Route projects were signed with Ashgal (Qatar Public Works Authority) on 01.08.2013 and 22.01.2014 respectively with a value of €101.3 million and €192.2 million for the 25% stake of the Company. The completion rate at 31.12.2018 of both road projects amounts to 97% and 92% respectively, as remaining works include installations of road signs, lighting fixtures and landscaping

For both road works in Qatar, agreements were signed during 2019 with Ashghal, providing for the unilateral undertaking of the completion by AVAX and the expulsion of J&P (Overseas) Ltd from the construction consortium. Upon signing the revised contracts, the client released the performance bonds held, and then partially called the outstanding letters of guarantee to repay any legacy payments for suppliers appearing in the books. These payments will be reviewed and approved by the client to ensure that payments exclusively concern the projects. Thereafter, if payments for the remainder of the two road projects fall short of meeting the costs of the projects until their completion, the client will partially call the letters of guarantee in his possession, issued by J&P (Overseas) Ltd without any AVAX SA guarantee. Thus, it appears that AVAX SA will not be harmed in any way by the completion of these two road projects.

##### 1b. Qatar Foundation Stadium

The contract was signed with state institution Qatar Foundation on 21.07.2016, representing a value of €133.7 million for our Company, corresponding to a 24% stake. In the Qatar Foundation project, it is agreed, and the relevant contract is expected to be signed shortly, that J&P (Overseas) Ltd will be fully substituted by Conspel Qatar WLL, another member of the construction joint venture, assuming all obligations and rights for all work completed so far and scheduled for the future. The relevant revised contract will be signed by the client after the shares of Conspel Qatar WLL are sold by the liquidator and transferred to a new owner. Conspel Qatar WLL is a subsidiary of J&P (Overseas) Ltd, it is regarded as viable due to its backlog of profitable projects and is scheduled to continue its independent course, according to the J&P (Overseas) Ltd liquidator. Therefore, Conspel Qatar WLL is not included in the assets planned to be liquidated, but its shares will be sold.

Letters of guarantee for this project were issued by J&P (Overseas) Ltd, while our Company provided corporate guarantees to the bank up to the percentage of its participation. For the purposes of the project, the bank has provided working capital to J&P (Overseas) Ltd, which is expected to be repaid until the project is completed by the joint venture. The Company through its branch in Qatar (which is incorporated in the parent company's balance sheet) records this payable item in its liabilities according to its stake in the JV (24%) at 31.12.2018. It amounts to 32.4 million QAR or €7.5 million.

Works towards the project proceed normally, with the completion percentage as of 31.12.2018 amounting to 50%. It should be noted that following the placement of J&P (Overseas) Ltd under liquidation, the construction joint venture in 2019 was awarded two additional contracts for the project, to erect a school building complex and assume maintenance of the entire sports and education facilities for a two-year period, worth around €62 million and €31 million, respectively.

##### AVAX SA income from projects, amounts in euro

	up to 31.12.2017	up to 31.12.2018
West Corridor P010	3.372.910	3.372.910
New Orbital Highway and Truck Route	6.969.008	6.969.008
Qatar Foundation Stadium	7.402.549	11.345.156
Other earlier projects	<u>1.445.087</u>	<u>1.445.087</u>
Total Qatar	19.189.554	23.132.161

##### Project receivables from Client, amounts in euro

	up to 31.12.2017		up to 31.12.2018		
	from Clients	from Retentions	from Clients	from Retentions	
<i>Company Share</i>	25%	25%	100%	100%	
West Corridor P010	2.225.091	4.716.003	13.687.148	19.743.185	<b>Note A</b>
New Orbital Highway and Truck Route	<u>12.345.828</u>	<u>7.356.775</u>	<u>44.524.024</u>	<u>14.454.248</u>	
Total Roadworks	14.570.919	12.072.778	58.211.172	34.197.433	
<i>Company Share</i>	24%	24%	24%	24%	
Qatar Foundation Stadium	<u>13.248.234</u>	<u>0</u>	<u>940.044</u>	<u>0</u>	
Total Qatar	27.819.153	12.072.778	59.151.216	34.197.433	

**Note A:** AVAX had a 25% stake in the Joint Ventures for the projects titled "West Corridor P010" and "New Orbital Highway and Truck Route". Following the signing of the the revised contracts, on 08.04.2019 and 30.01.2019 respectively, the Company's share in the Joint Ventures of both projects amounts to 100%, with retrospective effect from the date of placement of J&P (Overseas) Ltd in liquidation

**Transactions with AVAX: Net Receivables / (Payables), amounts in € '000**

	up to 31.12.2017	up to 31.12.2018
JV Qatar 2 roadworks	-1.868	0
JV Qatar Foundation Stadium	-10.154	0
AVAX Branch in Qatar	<u>3.381</u>	<u>2.390</u>
Total Qatar	-8.641	2.390
Provisions for doubtful receivables		-2.390

Joint Ventures are consolidated through the local Branch

## 2. Jordan

The project concerns the upgrading of the baggage handling system at the international airport of Queen Alia in the capital city of Amman, which is effectively an extension of the oldest contract signed with the government of the country for the construction of the state-of-the-art airport. The contract was signed on 12.04.2018 representing a value of €24.8 million for our Company, corresponding to a 50% stake.

The relevant contract between the Client, the liquidator of J&P (Overseas) Ltd and banks is expected to be signed soon. The deal grants AVAX SA full responsibility for the continuation of the project and calls for the purchase of the assets of J&P Overseas Ltd (office space and limited mechanical equipment exclusively employed by the project), according to the appraisal conducted by a specialist on behalf of AVAX and the liquidator of J&P (Overseas) Ltd). The transaction cost will be paid in installments until June 2019 in order to be covered by the operational cash flow of the project.

Bank guarantees for advance payment and performance of the project, of a total value of €9.0 million, have been issued only by our Company.

Works towards the project proceed normally. On reference date 30.06.2018, the project was 5% complete, rising to 11% on 31.12.2018. The contractual work schedule calls for project delivery in 2022, with the largest part of works planned for 2019 (65%) and 2020 (15%).

**Income, amounts in euro**

	up to 31.12.2017	up to 31.12.2018
Jordan	5.431.156	5.941.900

**Project receivables from Client, amounts in euro**

	up to 31.12.2017		up to 31.12.2018	
	from Clients	from Retentions	from Clients	from Retentions
Jordan	0	0	0	0

**Transactions with AVAX: Net Receivables / (Payables), amounts in euros**

	up to 31.12.2017	up to 31.12.2018
Jordan	3.580.570	1.543.339

## 3. Financial Data of JVs and Branches for projects with J&P (Overseas) Ltd, (Qatar, Jordan)

*amounts in euro*

	Jordan	Qatar Roadworks	Qatar Stadium	Total 2018	Total 2017
Assets	2.268.680	134.775.659	27.912.818	164.957.157	87.208.951
Liabilities	<u>2.644.098</u>	<u>101.634.352</u>	<u>27.776.956</u>	<u>132.055.406</u>	<u>79.675.838</u>
	-375.418	33.141.307	135.862	32.901.751	7.533.113
Income	4.373.390	73.648.000	44.120.000	122.141.390	92.663.693
Expenses	<u>4.748.808</u>	<u>65.938.000</u>	<u>43.572.000</u>	<u>114.258.808</u>	<u>95.225.360</u>
	-375.418	7.710.000	548.000	7.882.582	-2.561.667

## 42. Effects of applying new standards IFRS 9 and IFRS 15

### GROUP

		31.12.2017	ΔΠΧΑ 9/ ΔΠΧΑ 15	ΔΠΧΑ 9	01.01.2018
	Revaluations	Published data	Reclassifications	Revaluations	Restated data
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Financial assets at fair value through other comprehensive income	(1)		109.075.044		109.075.044
Available for sale investments	(1)	109.075.044	(109.075.044)		
<b>Current Assets</b>					
Financial assets at fair value through other comprehensive income	(1)		549.809		549.809
Available for sale investments	(1)	549.809	(549.809)		
Contractual assets	(4)		133.848.548		133.848.548
Receivables from construction contracts	(4)	133.848.548	(133.848.548)		
Trade receivables	(2)	217.973.068		(2.800.000)	215.173.068
<b>EQUITY</b>					
Revaluation reserve of financial assets at fair value through tota	(1), (3)		19.968.882		19.968.882
Reserves for financial instruments available for sale	(1)	32.271.923	(32.271.923)		
Retained earnings	(2), (3)	(190.265.651)	12.303.041	(2.800.000)	(180.762.610)
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Contractual liabilities	(4)		23.950.584		23.950.584
Obligations from construction contracts	(4)	23.950.584	(23.950.584)		
<b>COMPANY</b>					
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Financial assets at fair value through other comprehensive income	(1)		454.501.761		454.501.761
Available for sale investments	(1)	454.501.761	(454.501.761)		
<b>Current Assets</b>					
Financial assets at fair value through other comprehensive incor	(1)		149.948		149.948
Contractual assets	(1)	149.948	(149.948)		
Construction contracts	(4)		94.814.865		94.814.865
Trade receivables	(4)	94.814.865	(94.814.865)		
	(2)	190.459.548		(2.000.000)	188.459.548
<b>EQUITY</b>					
Revaluation reserve of financial assets at fair value through tota	(1), (3)		158.234.405		158.234.405
Reserves for financial instruments available for sale	(1)	170.537.446	(170.537.446)		
Retained earnings	(2), (3)	(188.754.347)	12.303.041	(2.000.000)	(178.451.306)
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Contractual liabilities	(4)		9.544.000		9.544.000
Obligations from construction contracts	(4)	9.544.000	(9.544.000)		

### 43. Fair Value measurement

Below is a comparison by category of the accounting and fair values of assets and liabilities of the Group and the Company, which are presented in the statement of financial position as at 31 December

#### 31.12.2018, amounts in € '000

	GROUP		COMPANY		Fair Value Hierarchy
	Carrying Value	Fair Value	Carrying Value	Fair Value	
<b>Assets</b>					
Tangible Fixed Assets (Property / Buildings)	36.758	56.184	28.794	39.357	2
Investments in Property	11.531	13.142	3.235	3.454	2
Financial Assets available for sale (Long Term)	79.895	115.900	263.239	503.930	3
Other Financial Assets (Long Term)	37.541	37.541	0	0	3
Financial Assets available for sale (Short Term)	0	0	0	0	1
Other Financial Assets (Short Term)	6.126	6.126	0	0	3
<b>Liabilities</b>					
Long Term Loans	475.667	475.667	416.063	416.063	2
Short Term Loans	119.721	119.721	104.977	104.977	2
Financial Derivatives	4.995	1.249	0	0	1

#### 31.12.2017, amounts in € '000

	GROUP		COMPANY		Fair Value Hierarchy
	Carrying Value	Fair Value	Carrying Value	Fair Value	
<b>Assets</b>					
Tangible Fixed Assets (Property / Buildings)	34.462	49.799	26.620	36.476	2
Investments in Property	12.582	15.594	693	1.272	2
Financial Assets available for sale (Long Term)	80.950	109.075	243.632	454.502	3
Other Financial Assets (Long Term)	39.110	39.110	0	0	3
Financial Assets available for sale (Short Term)	4.452	550	1.214	150	1
Other Financial Assets (Short Term)	6.101	6.101	0	0	3
<b>Liabilities</b>					
Long Term Loans	471.919	471.919	411.002	411.002	2
Short Term Loans	121.191	121.191	105.184	105.184	2
Financial Derivatives	4.995	1.437	0	0	1

Η διοίκηση εκτίμησε ότι τα ταμειακά διαθέσιμα και οι βραχυπρόθεσμες καταθέσεις, οι πελάτες, οι προμηθευτές και οι λοιπές βραχυπρόθεσμες υποχρεώσεις προσεγγίζουν τη λογιστική τους αξία, κυρίως λόγω των βραχυπρόθεσμων λήξεών τους.

#### Fair Value Hierarchy

The Group and the Company use the following hierarchy to define and disclose the fair value of receivables and payables per valuation method:

**Level 1: based on negotiable (non-adjusted) prices in active markets for similar assets or liabilities**

**Level 2: based on valuation techniques for which all data with substantial effect on the fair value are visible, either directly or indirectly, while also including valuation techniques with negotiable prices at less active markets for similar or equivalent assets or liabilities**

**Level 3: based on valuation techniques utilising data with substantial effect on fair value, as opposed to apparent market data**

The fair value of financial assets and liabilities is the value at which an asset or liability could be traded in a current transaction between consenting parties, differing from the price of a forced liquidation or sale. The following methods and assumptions were used to calculate the fair values:

For 2017, and property for investment and for own use (property / buildings) were valued by independent auditors. For 2016, property for investment and for own use (property / buildings) were valued at fair value by the Management.

Financial assets available for sale (long-term and other long-term financial assets) of Level 3 mostly concern investments in concession companies. Valuation of the most important concession companies was carried out by independent auditors, while other concession companies were valued by J&P-AVAX. The valuations were based on data from financial models approved by the concession companies and financing banks. The discount rate for 2017 ranges between 5,7% and 7,5%, proportionately to the stage of completion and the maturity rate of each concession project, and proportionately to the total risk calculated in Greece and abroad.

Valuation of financial assets available for sale through the income statement is conducted at current prices because those assets are listed and traded on organised markets in Greece and abroad.

Long-term and short-term debt of Level 2 is valued by the Group and the Company according to parameters such as interest rates, special country risk factors or current prices on balance sheet closing date.

Derivative financial assets of Level 2 comprise interest rate swaps agreements. The Group and the Company utilise various methods and assumptions which are based on market conditions prevailing in each balance sheet closing date. Interest rate swap agreements are measured at fair value using future interest rates from observable yield curves.

## 44. Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Market risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous year unless otherwise stated in this note.

### (i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Investments in quoted and unquoted equity securities
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans, and
- Interest rate swaps.

### (ii) Financial instruments by category

*Financial assets and liabilities by category please refer to note 40.*

### (iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

### (iv) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided in note 40. There were no transfers between levels during the period. There were no changes to the valuation techniques during the period.

*For the reconciliation of the opening and closing fair value balance of level 3 financial assets, and for the sensitivity analysis of a reasonable change of the discount factor ( $\pm 1\%$ ) used for the measurement of the fair value of level 3 financial instruments, please refer to note 15b.*

## General objectives, policies and processes

The **Board** has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and the policies to the **Risk Management Committee**. The **Board** receives monthly and quarterly reports through which it reviews and controls the effectiveness of the processes put in place and the appropriateness and the management of the objectives and policies it sets. The **Group's internal auditors** also review the risk management policies and processes and report their findings to the **Audit Committee**.

The overall objective of the Board through the Risk Management committee is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

### Credit risk

The **Risk Management Committee** has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. As far as public works are concerned, the Group's policy is to participate only in tenders where the financing is secured by the EEC funds.

### Cash in bank and short-term deposits

The **Risk Management Committee** through the **Finance Function** monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

### Market risk

Market risk arises from the group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange (currency risk) or other market factors (other price risk).

### Interest rate risk

*The Group is exposed to interest rate risk from long-term borrowings at variable rate (Euribor interest rate). For the sensitivity analysis of a reasonable change of the interest rate ( $\pm 1\%$ ) for the loans, please refer to note 26.*

### Foreign exchange risk

*Please refer to note 9c.*

### Other market price risk

*The group holds some strategic investments abroad through branches, or strategic equity investments in other companies abroad for the purpose to expand its operations and diversify the relevant risks. The risk management committee believes that the above exposure is acceptable in the group's circumstances.*

### Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements analytically for a period of a month. The Board receives a 12-month cash flow projection on a monthly basis, prepared by the Finance Division which also prepares summarised 5-year budgets and cash flows which are updated on a quarterly basis.

## **45. Important Events during 2018**

### *Position of J & P (Overseas) Ltd in liquidation*

On 11.10.2018, it was announced that international contractor J&P (Overseas) Limited, incorporated in Guernsey, filed for liquidation to address the deficits and liquidity problems it faced. It is noted that the Company participates with J&P (Overseas) Limited in four joint ventures for projects in Jordan and Qatar, for which a detailed reference is made in section "I. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report" as well as Note 41 of the Financial Accounts for 2018.

### *New Projects*

New additions to the Group's portfolio of projects remained low for another year in 2018, mainly concerning low-budget projects, additional works and service contracts in the local market. Taking into account the execution of works during 2018, the uncompleted portion of projects signed by the Group at end-2018 amounted to €1.0 billion versus around €1.23 billion at the end of 2017.

The largest project added during 2018 was worth around €69 million, with a two-year deadline, in Iraq. The contract was signed with Basrah Gas consortium, comprising South Gas Company of Iraq, Shell Gas Iraq BV and Mitsubishi. The project pertains to dredging of the port of Umm Qasr in southern Iraq and rehabilitation of jetties 1 and 2 of the terminal station, allowing very large gas carrier and compacted cargo ships to dock at full load, eschewing the need for spacer barges. Works include dredging, on-shore treatment of residual material, underwater survey of jetty foundations and refurbishment of marine loading arms and quick release equipment.

### *Absorption of ATHENA SA*

The Acceptance Period for the voluntary tender offer submitted by the Company in December 2017 to the shareholders of ATHENA SA for up to 100% of its shares, having already control over 99%, was concluded in January 2018. In April 2018, the Company filed an application to the Greek Capital Markets Commission to squeeze-out ATHENA SA shareholders, demanding the transfer of all ATHENA SA shares it did not already own at the same price as the Tender Offer of €0.70 per share. The Commission granted its approval in early June 2018 and trading on ATHENA SA shares on the Athens Stock Exchange ceased towards the end of the same month. In early July 2018, the squeeze-out was concluded with the Company owing the total of 113,465,290 shares of ATHENA SA. The sole shareholder of ATHENA SA decided in July 2018 to delist the company from the Athens Stock Exchange. The relevant application filed to the Capital Markets Commission was approved in early August 2018. The draft merger plan for the absorption of ATHENA SA by the Company, based on their 31.12.2017 balance sheets, was submitted to the Finance Ministry and approved on September 25, 2018. The merger process was concluded with



the issue of the #135598/14.12.2018 approval of the Finance Ministry which was posted on its Corporate Register.

#### Capital increase up to €20 million did not proceed

The 2<sup>nd</sup> Repeat Extraordinary General Meeting of Company shareholders held on 03.09.2018 approved a rights issue worth up to €20 million, to be carried out at an issue price of €0.45 per share. The decision called for the issue of 44,444,444 new shares entitling existing shareholders to around 0.572333138 new shares for each share held. Prior to the rights issue, the nominal price of each share was lowered from €0.58 to €0.30, thereby causing a €21,743,358 reduction in nominal share capital through the capitalization of an equal amount of accumulated losses. Due to the uncertainty over the four projects executed in joint venture form with J&P (Overseas) Ltd, which filed for liquidation in October 2018, the Information Memorandum of the Company for the rights issue was not filed in time to the Greek Capital Markets Commission for approval, thereby failing to complete the rights issue within the four-month period of validity of the decision of the shareholder assembly. The matter was discussed again in early 2019, as described in chapter "I. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report".

#### Increase of Group stake in Athens Ring Road / operator company and Aegean Motorway

During 2018, AVAX increased its participation in two contracts for basic road concessions, Athens Ring Road and the Aegean Motorway. In June 2018, the Company increased its participation in Aegean Motorway to 23.61% from 21.25%. In November 2018, the Company acquired from Piraeus Bank an additional 3.38% stake, for a consideration of € 19.5 million, in the concession of Athens Ring Road and operator Attikes Diadromes, increasing Group participation to 34.21%.

#### Amendment of Terms of Syndicated Bond Loans

In April 2018, lender banks approved the amendment of terms of the two Syndicated Bond Loans issued by the Company. More specifically, the amendments related to a two-year extension and restructuring of the repayment schedule and a drop in the interest rate spread. The move granted the Company the scope to service both bond loans with no burden on its construction sector.

#### Election of new Management

The Annual General Meeting of Company shareholders held at the end of June 2018 elected a new Board of Directors for a three-year term, to 30.06.2021. The new Board of Directors comprised the following members: Christos Joannou, Chairman (executive), Konstantine Kouvaras, Deputy Chairman (executive), Konstantine Mitzalis, Vice Chairman & Managing Director (executive), Konstantine Lysarides, Director (executive), Athena Demetriou-Eliades, Director (executive), George Demetriou, Director (non executive), Leoni Paraskevaides Mavronikola, Director (non executive),

Aikaterini Pistioli, Director (non executive), Alexios Sotirakopoulos, Director (non executive & independent), Christos Siatis, Director (non executive & independent). The shareholder meeting also elected a new Audit Committee, comprising Aikaterini Pistioli, Christos Siatis and Alexios Sotirakopoulos.

*[Also read chapter «I. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report» for further recent changes in the Board of Directors of the Company]*

#### Impairment of Value of Subsidiaries

The 31.12.2018 financial accounts of J&P-AVAX SA include an impairment of the value of its subsidiaries amounting to €2.0 million, versus €17.7 million in the previous year.

#### Renewal of Market Making Agreement on Company shares

The Company renewed on 14.12.2018 for a further year its agreement with Eurobank Equities to act as market maker on Company shares, to boost their market liquidity.

## **46. Important Developments & Events past the Balance Sheet Date (31.12.2018) and up to the date of approval of this Report**

### Corporate Name Change

The 2nd Repeat Extraordinary General Meeting of Company shareholders held on 27.03.2019 decided the change of the Company's name from J&P-AVAX SA to AVAX SA. The renaming is part of the general renewal of the Group's business profile and the need to avoid undue confusion among the investment public, the banking sector and the construction sector, following the appointment of liquidators at the international construction group J&P (Overseas) Ltd and the separation of the activities of the Joannou and Paraskevaides families (included in AVAX's main shareholders).

### Election of new Board of Directors

The 2nd Repeat Extraordinary General Meeting of Company shareholders held on 27.03.2019 elected a new Board of Directors for a three year term ending 26.03.2022, which subsequently convened and appointed its members as follows:

1. Christos Joannou, Chairman (executive)
2. Konstantine Kouvaras, Deputy Chairman (executive)
3. Konstantine Lysarides, Vice Chairman & Director (executive)
4. Konstantine Mitzalis, Managing Director (executive)
5. Aikaterini Pistioli, Director, Non Executive
6. Christos Siatis, Director, Non Executive-Independent
7. Alexios Sotirakopoulos, Director, Non Executive- Independent
8. Michael Hatzipavlou, Director, Non Executive-Independent

It should be noted that on 08.03.2019, Mr George Demetriou had resigned from the post of non-executive member of the Board of Directors for personal reasons. The Board of Directors had decided not to replace Mr George Demetriou, but to continue the management and representation of the Company with its remaining members, as provided by article 82 of Law 4548/2018 and in conjunction with Article 23 paragraph 2 of the Corporate Charter of the Company.

Furthermore, the executive member of the Board of Directors, Mr Konstantine Lysarides, has been appointed Vice-Chairman since 13.03.2019, replacing Mr. Constantinos Mitzalis, who remains the Managing Director of the Company.

### Introduction of new Project Bidding Committee

In March 2019, the Board of Directors decided to introduce a three-member Project Bidding Committee, in line with the provisions of its Corporate Charter, article 87 of Law 4548/2018 and best practice principles and corporate governance rules. The new committee work towards the

effective operation of the Company's institutional bodies and the application of all principles, technical and organizational measures and procedures adopted by the Company to comply with competition regulations. The Board of Directors granted the Project Bidding Committee all powers of administration and representation of the Company in relation with tenders for public contracts, and overall with bidding for public and private works, as specified in the Board decision. The Project Bidding Committee comprises the following Group officials:

1. Konstantine Lysarides, Vice Chairman & Executive Director
2. Athena Demetriou-Eliades, Group Financial Officer, and
3. Zoe Lysarides, Bidding Department Director

#### Share Capital Increase amounting to €20 million

The 2nd Repeat Extraordinary General Meeting of Company shareholders held on 27.03.2019 decided a share capital increase amounting to €20 million through a rights issue for all shareholders, at an issue price of €0.30 per share. The capital increase will be implemented through the issue of 66,666,666 new ordinary shares at a ratio of approximately 0.885849971 new shares for each existing share. The relevant information memorandum is expected to be submitted shortly to the Capital Markets Commission for approval.

#### Acquisition of Businesses in Libya and Greece

The Company agreed in April 2019 to acquire PSM Suppliers Limited ("PSM") based in Channel Islands from "Overseas Holdings Limited" (OHL), which belongs to the Joannou & Paraskevaides (Overseas) Limited group ("JPO"), placed under liquidation since October 2018. PSM's shares were transferred together with all the rights and obligations related in particular to the continuation of two separate contracts for an energy project in Libya's Faregh oil deposit, the client being WAHA Oil Company of Libya. It is noted that the project is in the final stage of completion, estimated to be completed in 2019, as the remaining works include testing & commissioning of mechanical equipment from Siemens, a subcontractor of PSM. With this transaction, the Company seeks:

- to acquire PSM's experience and project record, thereby improving its bidding capacity for similar energy projects in international markets
- to collect in the near-term the funds withheld to guarantee the performance of the two projects, which exceed the agreed acquisition price.

The Company also acquired from JPO for a symbolic price the total shares of J&P Energy SA, based in Greece, which has long experience in the design of energy projects in international markets.

#### Addition of new projects:

1. The Company signed on 12.03.2019 a contract for the design, financing, construction, maintenance and operation on a PPP basis (Public-Private Partnership) of a Waste Management

Plant in the Ilia Prefecture of Western Greece, in a consortium with Mesogeios SA and AAGIS SA. The investment amounts to €39.5 million and the project aims to effectively manage urban solid waste produced in the prefecture, with a maximum capacity of 80,000 tons per annum. The waste management plant will be located in a rural area between the municipalities of Pyrgos and Ilida. The construction period is 22 months, including 4 months of pilot operation, to be followed by an operation term of 25 years and 2 months. The private entity of the public & private sector partnership, assumes, among others, the following obligations: a) construction, operation and maintenance of the waste management unit, b) financing of the project with own equity, debt and a financial participation by Ilida municipality, c) commercial use of by-products (recycled material, biogas-energy, compost, etc), d) transportation of residual waste to sanitary landfills.

2. The Company participates in a joint venture with TEPNA, 100% subsidiary of GEK TERNA Group, which signed a contract with "ICR CYPRUS RESORT DEVELOPMENT CO LIMITED", of Chinese interests, for the construction of the "City of Dreams Mediterranean" integrated casino resort in Limassol, Cyprus. The joint venture is comprised of J&P-AVAX SA (60%) and TERNA SA (40%). The contract, worth around €270 million with a 30-month deadline, pertains to the construction of an integrated casino resort with approximately 96,000 m<sup>2</sup> building construction area on a 37 hectare site. The resort will include a casino, restaurants, retail and commercial area, spa, a 16-storey hotel tower with approximately 500 guest rooms, expo building, sizeable sports facilities with indoor and outdoor pools, and an assortment of other main and auxiliary areas and facilities, as well as expansive landscaped areas.

*Collaboration of subsidiary Volterra with PPC to develop wind parks totalling 69.7 MW*

Volterra, 100% subsidiary of AVAX Group, agreed with PPC to jointly develop and operate wind parks with total capacity of 69.7MW. Specifically, PPC acquired 45% of the share capital of two Volterra SPVs, the first of which owns two wind parks of 16MW total capacity in Etoloakarnania region which are already operational at a FiP of €98/MWh, and the second which owns two wind parks in Viotia region, one with capacity 42.9MW with a FiP of €98/MWh, and the other with a 10.8MW capacity with a FiP of €56.45/MWh, whose construction will start soon. The transaction is subject to the notification and approval of Greece's Monopolies Commission.

#### **47. Contingent Receivables and Liabilities**

(a) Litigation against the Group is proceeding for labour accidents which took place during construction works by companies or joint ventures which the Group participates in. Given that the Group is insured against labour accidents, no significant impact from contingent adverse legal decisions is expected. Other litigation or arbitration cases, as well as pending court or arbitration decisions are expected to have a significant impact on the financial status or operation of the Group or the Company, hence no provisions have been made.

(b) A note (C1) on tax auditing is included in the annual financial account.

(c) The Group has contingent liabilities in relation to banks, guarantees and other issues arising from its ordinary operations, which are not expected to yield any negative impact.



# AVAX S.A.

Company's number in the General Electronic Commercial Registry: 913601000

(Former Number 14303/06/B/86/26 in the register of Societes Anonymes)

16 Amarousiou-Halandriou Street, Marousi 151 25, Greece

Figures and Information for the year from 1st of January to 31st of December 2018

The figures and information illustrated below aim to provide a summary view of the financial position and results of AVAX S.A. and its subsidiaries. Before making any investment decision or any other transaction concerning the company, we advise the reader to visit the company's web site (www.jp-avax.gr) which presents the detailed financial statements according to International Financial Reporting Standards, along with the auditor's report.

Supervising Authority:

Ministry of Economy & Development (Department of Companies & G.E.M.I.)

Web Site:

www.jp-avax.gr

Board of Directors:

Chairman & Executive Director: Christos Joannou

Deputy Chairman & Executive Director: Konstantinos Kouvaras

Vice Chairman & Executive Director: Konstantinos Lisaridis

Managing Director: Konstantinos Mitzalis

Non-Executive Members: Akaterini Pistioli

Independent & Non-Executive Members: Alexios Sotirakopoulos, Christos Siatas, Michael Chatzizavlou

Board of Directors approval date:

April 25th, 2019

Public Certified Accountant:

Dimitrios V. Spirakis (S.O.E.L. R.N. 34191)

Auditing Firm:

BDO Certified Public Accountants S.A. (S.O.E.L. R.N. 173)

Type of Auditor's Review Report:

Unqualified Opinion - Emphasis of Matter

## CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in € thousand

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<b>ASSETS</b>				<i>reclassified</i>
Tangible assets	120.188	111.701	69.936	65.809
Investment properties	13.142	15.594	3.454	1.272
Intangible assets	11.523	11.019	198	171
Financial assets at fair value through other comprehensive income	115.900	-	503.930	-
Available for sale investments	-	109.075	-	454.502
Other non current assets	327.575	322.141	111.764	169.592
Inventories	26.894	39.204	13.037	17.673
Trade receivables	300.829	351.822	294.947	285.274
Other current assets	134.712	203.828	122.400	197.111
Cash and cash equivalents	65.676	73.509	57.026	59.386
<b>TOTAL ASSETS</b>	<b>1.116.439</b>	<b>1.237.893</b>	<b>1.176.693</b>	<b>1.250.790</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>				
Share Capital (77.654.850 shares x 0,30 euro)	23.296	45.040	23.296	45.040
Share Premium Account	146.677	146.677	146.677	146.677
Other equity items	(81.176)	(81.615)	79.349	59.568
<b>Share capital and reserves (a)</b>	<b>88.797</b>	<b>110.102</b>	<b>249.322</b>	<b>251.285</b>
Non-controlling interests (b)	(920)	(350)	-	-
<b>Total Equity (c)=(a)+(b)</b>	<b>87.877</b>	<b>109.751</b>	<b>249.322</b>	<b>251.285</b>
Debentures/ Long-term loans	475.667	471.919	416.063	411.002
Provisions and other long-term liabilities	67.479	72.258	106.216	110.500
Short-term borrowings	119.721	121.191	104.977	105.184
Other short-term liabilities	365.745	462.774	300.114	372.821
<b>Total liabilities (d)</b>	<b>1.028.611</b>	<b>1.128.142</b>	<b>927.371</b>	<b>999.506</b>
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES (c)+(d)</b>	<b>1.116.439</b>	<b>1.237.893</b>	<b>1.176.693</b>	<b>1.250.790</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in € thousands

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Equity balance at the beginning of the year (1/1/18 and 1/1/17 respectively) as per published financial statements	109.751	115.775	251.285	253.035
Effect of implementation of IFRS 9	(2.800)	-	(2.000)	-
Equity balance at the beginning of the year (1/1/18 and 1/1/17 respectively) adjusted	<b>106.951</b>	<b>115.775</b>	<b>249.285</b>	<b>253.035</b>
Total comprehensive income/ (loss) after tax	(19.042)	(5.552)	10.130	4.309
Merger of a subsidiary	-	-	(10.758)	(5.493)
Addition/ (reduce) of non-controlling interests	(82)	(7)	-	-
Other movements	(82)	(464)	665	(567)
<b>Total equity balance at the end of the year (31/12/18 and 31/12/17 respectively)</b>	<b>87.827</b>	<b>109.751</b>	<b>249.322</b>	<b>251.285</b>

## TRANSACTIONS WITH RELATED PARTIES (amounts in € thousand)

	GROUP		COMPANY	
	1-1-31-12-2018	1-1-31-12-2017	1-1-31-12-2018	1-1-31-12-2017
a) Income	5.132	45.120	-	-
b) Expenses	3.421	52.185	-	-
c) Receivables	24.851	71.174	-	-
d) Payables	1.801	12.883	-	-
e) Key management compensations	2.450	1.050	-	-
f) Receivables from key management	-	-	-	-
g) Payables to key management	445	180	-	-

## NOTES TO THE ACCOUNTS

- The accounting policies applied in preparing these Financial Statements are consistent with those applied for the Financial Statements at 31.12.2017, with the exception of the application of the IFRS 9 and 15, the application of which is mandatory for accounting periods beginning on 1 January 2018. (See note 42 of the annual financial information of 31.12.2018).
- Tax auditing for the Company and the companies of the Group are analysed in note C1 of the Annual Financial Report.
- There are ongoing litigation cases with judicial or administrative bodies which are not expected to have a significant impact on the financial stance of the Group and the Company. The estimated amount for the fiscal years not tax audited as of 31.12.2018 is €453 thousand for both the Group and the Company. Other provisions as of 31.12.2018 amount to €127.776 thousand for the Group and €85.419 thousand for the Company.
- The companies of the Group, the percentages the Group participates in their share capital, as well as the consolidation method used in the financial statements of the fiscal period 1/1-31/12/2018, are mentioned analytically in note C1 of the Annual Financial Report.
- The number of employees at the end of the reporting period at Group level is 1.980 persons (vs 1.674 on 31/12/2017) and at Company level is 1.484 (vs 1.185 on 31/12/2017).
- Earnings per share are calculated using the weighted average number of shares for the period.
- The Board of Directors approved the above financial statements on April 25th, 2019.
- Minor differences in sums are due to rounding.
- Capital expenditure excluding acquisitions for the fiscal year of 1/1-31/12/2018 amounted to : Group €23.2 m and Company €7.7 m.
- None of the Company's shares are held by the Company itself or any of its group member-companies at the end of the period.
- As of 31.12.2018, there are pledges amounting to €23,847 thousand on Company property and further pledges amounting to €47,127 thousand on Group property to secure bond holder banks. For the same purpose, there are pledges on retentions on outstanding performance bonds, future receivables from ongoing projects as well as claims in legal dispute.
- The other comprehensive income after tax for the Group and the Company is analyzed as follows:

	GROUP		COMPANY	
	1-1-31-12-2018	1-1-31-12-2017	1-1-31-12-2018	1-1-31-12-2017
<b>Amounts reclassified to the income statement in subsequent periods</b>				
Cash flow hedging	2.326	3.507	-	-
Exchange Differences on translating foreign operations	(1.210)	(362)	39	(513)
Reserves for available for sale investments	9.426	867	37.320	31.098
Revaluation reserves of other assets	190	2.973	(605)	(189)
Other reserves	72	-	(191)	-
Tax on other comprehensive income	(3.184)	(2.131)	(9.679)	(8.964)
<b>Amounts not reclassified to the income statement in subsequent periods</b>				
Actuarial revaluation of liabilities for personnel retirement/ benefits	(489)	204	(259)	19
Tax on other comprehensive income	130	(59)	69	(5)
<b>Total other comprehensive income for the period net of tax</b>	<b>7.260</b>	<b>5.000</b>	<b>26.694</b>	<b>21.445</b>
- The "squeeze-out" of ATHENA SA's shareholders was concluded in early July 2018, rendering the Company the sole shareholder of ATHENA SA. An extraordinary general meeting of ATHENA SA's sole shareholder in July 2018 approved the delisting from the Athens Stock Exchange, a move cleared by the Capital Markets Commission in early August 2018. The company has begun the process of full absorption of ATHENA SA. The merger plan was approved on 25.09.2018 by the Finance Ministry and the decision was posted on the General Commercial Registry. Transformation balance sheet date was 31/12/2017. The relevant merger procedure for absorption was completed by the registration in the general commercial register of the Ministry of Finance by the Approval Decision 135598 / 14.12.2018.
- The 2nd Repeat Extraordinary General Meeting of Company shareholders held on September, 2019 approved a share capital increase amounting up to €20 million through a rights issue for all its shareholders, at an issue price of €0.45 per share. Prior to the capital increase, the par value of Company shares will be reduced from €0.58 to €0.30, thereby causing a €21,743,358 reduction in total nominal share capital, capitalising an equal amount of accumulated losses. Due to the uncertainty that arose for the four joint venture projects with J & P (Overseas) Ltd, which was liquidated in October 2018, it was not possible to submit the relevant Information Memorandum in time for approval to the Securities and Exchange Commission, resulting in the four-month period of validity of the relevant decision of the General Meeting of Shareholders without realization of the capital increase. The issue was resubmitted for approval by the shareholders at the beginning of 2019. The 2nd Repeat Extraordinary General Meeting of the Company's Shareholders held on 27.03.2019 decided the increase of the share capital by 20 million euro by cash payment and preference right to all shareholders with an issue price of € 0.30 per share. The capital increase will be realized through the issue of 66,666,666 new ordinary shares in the amount of approximately 0.85849971 new shares per old one. The relevant Information Memorandum is expected to be submitted shortly to the Securities and Exchange Commission for approval.
- In addition, the 2nd Repeat Extraordinary General Meeting held on 27.03.2019 decided the change of the Company's name from J & P-AVAX SA to AVAX SA and the election of a new Board of Directors with a three-year term, ie until 26.03.2022.
- In April 2018, lender banks approved the amendment of terms of the two Syndicated Bond Loans issued by the Company. More specifically, the amendments related to a two-year extension and restructuring of the repayment schedule and a drop in the interest rate spread. The move granted the Company the scope to service both bond loans with no burden on its construction sector.
- During 2018, AVAX increased its participation in two contracts for basic road concessions, Attiki Odos and the Aegean Motorway. In June 2018, the Company increased its participation in the Aegean Motorway to 23.61% from 21.25%. In November 2018, the Company acquired from Piraeus Bank an additional 3.38% for a consideration of €19.5 million in the concession of Attiki Odos and the operating company Attica Routes, increasing the Group's participation to 34.21%.
- The focus of the Audit Report refers to the J & P (Overseas) Limited winding-up application by which the Company participates jointly in overseas projects and the related revision of the contracts of cooperation with customers and co-operating banks (see note 41 on the annual financial statements).
- The Group applied IFRS 9 and 15 using the cumulative effect method. According to this method, comparative information is not restated. The parent company was not affected by the application of IFRS 9 and 15 (see note 42 of the annual financial statements of 31.12.2018).
- Certain figures on the financial statements of the previous year have been reclassified in order to be comparable to the corresponding amounts of the present year. This reclassification had no effect on equity, profit or loss and the aggregate net income of the company.

Marousi April 25th, 2019

CHAIRMAN & EXECUTIVE DIRECTOR

DEPUTY CHAIRMAN & EXECUTIVE DIRECTOR

MANAGING DIRECTOR

GROUP CFO

CHIEF ACCOUNTANT

CHRISTOS JOANNOU  
I.D. No. 889746

KONSTANTINOS KOUVARAS  
I.D. No. AI 597426

KONSTANTINOS MITZALIS  
I.D. No. AN 033558

ATHENA ELIADES  
I.D. No.550801

GEORGE GIANNOPOULOS  
I.D. No. AI 109515

## CONDENSED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amounts in € thousand

	GROUP		COMPANY	
	1/1-31/12/2018	1/1-31/12/2017	1/1-31/12/2018	1/1-31/12/2017
Turnover	582.505	673.077	477.129	566.825
Cost of sales	(550.717)	(636.294)	(451.960)	(543.632)
<b>Gross profit</b>	<b>31.788</b>	<b>36.783</b>	<b>25.169</b>	<b>23.193</b>
Other net operating income/(expense)	6.943	2.875	5.644	3.167
Impairment of investments/ Trade receivables	(16.909)	(4.692)	(17.974)	(21.774)
Administrative expenses	(25.294)	(23.215)	(16.735)	(14.302)
Selling & Marketing expenses	(11.294)	(8.994)	(7.192)	(6.558)
Income from sub-debits	5.486	3.595	5.918	4.056
Income/(Losses) from Associates/Participations	31.888	28.392	33.029	32.837
<b>Profit/ (Loss) before tax, financial &amp; investment results</b>	<b>22.606</b>	<b>34.744</b>	<b>27.858</b>	<b>20.619</b>
Net finance costs	(32.794)	(37.103)	(30.252)	(34.917)
<b>Profit/ (Loss) before tax (a)</b>	<b>(10.188)</b>	<b>(2.360)</b>	<b>(2.395)</b>	<b>(14.299)</b>
Tax	(16.115)	(8.193)	(14.169)	(2.837)
<b>Profit/ (Loss) after tax</b>	<b>(26.302)</b>	<b>(10.552)</b>	<b>(16.564)</b>	<b>(17.136)</b>
Attributable to:				
Equity holders of the parent	(25.763)	(10.341)	(16.564)	(17.136)
Non-controlling interests	(539)	(211)	-	-
<b>Total comprehensive income net of tax (a)+(b)</b>	<b>(26.302)</b>	<b>(10.552)</b>	<b>(16.564)</b>	<b>(17.136)</b>
Other comprehensive income net of tax (b)	7.260	5.000	26.694	21.445
<b>Total comprehensive income net of tax (a)+(b)</b>	<b>(19.042)</b>	<b>(5.552)</b>	<b>10.130</b>	<b>4.309</b>
Attributable to:				
Equity holders of the parent	(18.503)	(5.342)	10.130	4.309
Non-controlling interests	(539)	(210)	-	-
Basic earnings/ (losses) per share (in €)	(0,3318)	(0,1332)	(0,2133)	(0,2207)
- Diluted earnings/ (losses) per share (in €)	(0,3318)	(0,1332)	(0,2133)	(0,2207)
Profit/ (Loss) before tax, financial and investment results and depreciation	49.931	49.873	53.835	49.640

## CASH FLOW STATEMENT

Amounts in € thousands

	GROUP		COMPANY	
	1/1-31/12/2018	1/1-31/12/2017	1/1-31/12/2018	1/1-31/12/2017
<b>Operating Activities</b>				
<b>Profit/ (Loss) before tax from continuing operations</b>	(10.188)	(2.360)	(2.395)	(14.299)
Adjustments for:				
Depreciation	10.609	10.437	8.003	7.248
(Gain)/ Loss from impairment of assets	209	(1.060)	-	-
Exchange differences	(30)	3.516	593	2.167
Provisions/ Bad debts	16.965	7.675	16.159	7.414
Income from sub-debits	(5.486)	(3.595)	(5.918)	(4.056)
Interest income	(3.197)	(3.879)	(4.67)	(104)
Interest expense	36.178	41.315	30.719	35.022
Impairment Loss	-	-	2.000	17.544
(Gain)/ Losses from financial instruments	(188)	(333)	-	-
Investment (income)/ Loss	(30.421)	(26.281)	(33.029)	(32.837)
<b>Change in working capital</b>				
(Increase)/decrease in inventories	12.310	(5.871)	5.521	1.568
(Increase)/decrease in trade and other receivables	113.389	98.158	147.563	88.372
Increase/(decrease) in payables	(114.605)	(97.049)	(148.541)	(97.144)
Interest paid	(36.278)	(40.800)	(30.800)	(35.326)
Income taxes paid	(3.268)	(12.281)	(1.783)	(11.058)
<b>Cash flow from operating Activities</b>	<b>(13.999)</b>	<b>(32.409)</b>	<b>(12.374)</b>	<b>(35.490)</b>
<b>Investing Activities:</b>				
Purchase of tangible and intangible assets	(23.259)	(26.787)	(7.754)	(7.050)
Proceeds from disposal of tangible and intangible assets	6.262	2.660	3.218	220
Merger of a subsidiary	-	910	(20.552)	-
(Acquisition)/ Sale of associates, JVs and other investments	(14.682)	(7.520)	-	(12.335)
Interest received	3.197	3.879	467	104
Dividends received	32.371	25.969	27.229	25.169
<b>Cash flow from investing activities</b>	<b>3.889</b>	<b>(890)</b>	<b>2.608</b>	<b>6.109</b>
<b>Financing Activities</b>				
Proceeds/ (Payments) from loans	2.277	21.110	4.600	20.638
Dividends paid	-	(1)	-	(1)
<b>Cash flow from financing activities</b>	<b>2.277</b>	<b>21.109</b>	<b>4.600</b>	<b>20.637</b>
<b>Net increase in cash and cash equivalents (a)+(b)+(c)</b>	<b>(8.839)</b>	<b>(12.190)</b>	<b>(5.166)</b>	<b>(8.744)</b>
Cash and cash equivalents at the beginning of the period	73.509	85.699	59.386	68.123
Cash and cash equivalents at the beginning of the period of merged subsidiaries	-	-	2.806	6
<b>Cash and cash equivalents at the end of the period</b>	<b>64.670</b>	<b>73.509</b>	<b>57.026</b>	<b>59.386</b>