



**FINANCIAL STATEMENTS**  
**for the year ended 31 December 2018**  
**in accordance with**  
**International Financial Reporting Standards (IFRS)**

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## Company Information

**Board of Directors**

Andrea Testi (Chairman of the Board)  
Anastasios Kallitsantsis (Vice President)  
Nikolaos Zachariadis (Chief Executive Officer)  
Marco Adriano Landoni (Member of the Board)  
Ioannis Zissimos -(Member of the Board)  
Spiridon Kiartzis (Member of the Board)  
Andreas Shiamishis (Member of the Board)  
Loukas Dimitriou (Member of the Board)

**Registered Office:**

18-20 Amarousiou-Chalandriou Str.  
GR 15125, Maroussi, Greece

**Registration number:**

54352/01AT/B/03/416 Ministry of Economy and Development

**General Commercial Registry:** 009246101000

**Auditors:**

PricewaterhouseCoopers S.A.  
268 Kifisias Ave  
152 32 Halandri  
Athens, Greece



## **Independent auditor's report**

To the Shareholders of Elpedison S.A.

## **Report on the audit of the financial statements**

### **Our opinion**

We have audited the accompanying financial statements of Elpedison S.A. (the "Company") which comprise the statement of financial position as of 31 December 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

### **Other Information**

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise, explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

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In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to Board of Directors report, we considered whether the Board of Directors report includes the disclosures required by Codified Law 2190/1920.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' report for the year ended 31 December 2018 is consistent with the financial statements,
- The Board of Directors' report has been prepared in accordance with the legal requirements of articles 43a and 107A of Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' report. We have nothing to report in this respect.

### **Responsibilities of Board of Directors and those charged with governance for the financial statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, and for such internal control as Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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.

### **Report on other legal and regulatory requirements**

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

Additionally, we have audited the segmented by activity Balance Sheets of the Company as at 31 December 2018, as well as the segmented by activity Income Statements before tax for the period from 1 January 2018 up to 31 December 2018 presented in Note 27 to the financial statements. The preparation of the aforementioned segmented by activity Balance Sheets and Income Statements before tax (hereinafter the "Separated Financial Information") is the responsibility of the management of Elpedison S.A. and have been prepared in accordance with the provisions of Law 4001/2011 and the No. 124/2017 decision of the Regulatory Authority for Energy, regarding the approval of the rules for the allocation of the Assets and Liabilities, Expenses and Income to each segment. The segmentation methodology applied is described in detail in Note 27 to the financial statements.

The audit of the Separated Financial Information primarily focuses on the determination of whether the Company has properly applied the segmentation rules and whether it has complied with its obligation for the avoidance of discriminations and cross-subsidization between the separate activities.

Based on our audit, we have determined that the segmented per activity Balance Sheets as at 31 December 2018 and segmented per activity Income Statements before tax for the period from 1 January 2018 to 31 December 2018 presented in Note 27 to the financial statements of the Company have been prepared in accordance with the provisions of Law 4001/2011 and the No. 124/2017 approving decision of the Regulatory Authority for Energy.

Athens, 29 May 2019

PricewaterhouseCoopers S.A.  
Certified Auditors - Accountants  
268, Kifissias Avenue  
152 32 Halandri  
SOEL Reg. No 113

Konstantinos Michalatos  
Certified Auditor  
SOEL Reg. No 17701



## Statement of Financial Position

		As at	
	Note	31 December 2018	31 December 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	246.629	271.787
Intangible assets	6	2.799	2.847
Trade and other receivables	9	5.925	9.465
		<b>255.353</b>	<b>284.099</b>
<b>Current assets</b>			
Inventories	8	13.594	13.412
Trade and other receivables	9	101.728	96.669
Cash and cash equivalents	10	17.013	35.426
		<b>132.334</b>	<b>145.507</b>
<b>Total assets</b>		<b>387.687</b>	<b>429.606</b>
<b>EQUITY</b>			
Share capital	11	99.634	99.634
Share premium	11	44.996	44.996
Reserves	12	1.330	1.330
Retained Earnings		(74.222)	(60.830)
<b>Total equity</b>		<b>71.738</b>	<b>85.130</b>
<b>LIABILITIES</b>			
<b>Non- current liabilities</b>			
Borrowings, net of current portion	14	198.950	-
Deferred income tax liabilities	7	18.515	21.965
Other non-current liabilities	13	8.291	7.552
Employee benefit obligations	15	497	487
		<b>226.253</b>	<b>30.004</b>
<b>Current liabilities</b>			
Trade and other payables	13	82.208	90.099
Derivative financial instruments	16	71	109
Current portion of long term borrowings	14	7.416	224.264
		<b>89.696</b>	<b>314.472</b>
<b>Total liabilities</b>		<b>315.949</b>	<b>344.476</b>
<b>Total equity and liabilities</b>		<b>387.687</b>	<b>429.606</b>

The notes on pages 13 to 60 are an integral part of these financial statements.

These financial statements of Elpedison S.A. for the year ended 31 December 2018 were approved by the Board of Directors on 07 February 2019.

Chairman of the Board

Chief Executive Officer

The Accountant

Andrea Testi

Zachariadis Nikolaos

Marinos Kistanis  
Ernst & Young Business  
Advisory Solutions S.A

## Statement of Comprehensive Income

		Year ended	
	Note	31 December 2018	31 December 2017
Revenue	17	442.855	414.299
Cost of sales	19	(441.292)	(395.267)
<b>Gross profit</b>		<b>1.563</b>	<b>19.032</b>
Distribution costs	19	(4.955)	(4.136)
Administrative expenses	19	(11.886)	(13.426)
Other income	18	9.825	1.958
Other gains/(losses), net	20	182	(664)
<b>Operating profit</b>		<b>(5.271)</b>	<b>2.764</b>
Finance costs	21	(12.065)	(14.484)
Finance income	21	389	402
<b>Finance cost-net</b>		<b>(11.676)</b>	<b>(14.082)</b>
<b>Loss before income tax</b>		<b>(16.947)</b>	<b>(11.318)</b>
Income tax	22	3.480	(707)
<b>Loss for the year</b>		<b>(13.467)</b>	<b>(12.025)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gains/(losses) on defined benefit pension plans	15	105	(51)
Deferred tax on actuarial gains/ (losses)	7	(30)	15
		<b>75</b>	<b>(36)</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>75</b>	<b>(36)</b>
<b>Total comprehensive loss for the year</b>		<b>(13.392)</b>	<b>(12.061)</b>

The notes on pages 13 to 60 are an integral part of these financial statements.

## Statement of Changes in Equity

	Share Capital	Share Premium	Reserves	Retained Earnings	Total Equity
<b>Balance at 1 January 2017</b>	<b>99.634</b>	<b>44.996</b>	<b>1.330</b>	<b>(48.769)</b>	<b>97.191</b>
<b>Comprehensive income</b>					
Loss for the year	-	-	-	(12.025)	(12.025)
Other comprehensive income	-	-	-	(36)	(36)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12.061)</b>	<b>(12.061)</b>
<b>Balance at 31 December 2017</b>	<b>99.634</b>	<b>44.996</b>	<b>1.330</b>	<b>(60.830)</b>	<b>85.130</b>
<b>Balance at 1 January 2018</b>	<b>99.634</b>	<b>44.996</b>	<b>1.330</b>	<b>(60.830)</b>	<b>85.130</b>
<b>Comprehensive income</b>					
Loss for the year	-	-	-	(13.467)	(13.467)
Other comprehensive income	-	-	-	75	75
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13.392)</b>	<b>(13.392)</b>
<b>Balance at 31 December 2018</b>	<b>99.634</b>	<b>44.996</b>	<b>1.330</b>	<b>(74.222)</b>	<b>71.738</b>

The notes on pages 13 to 60 are an integral part of these financial statements.

## Statement of Cash Flows

		Year ended	
		31 December 2018	31 December 2017
<b>Cash flows from operating activities</b>			
(Loss) for the year		<b>(16.947)</b>	<b>(11.318)</b>
Adjustments for:			
Depreciation and amortisation	5,6	27.968	28.068
Fair value adjustment to derivative financial instruments	16	71	109
Provision for impairment of trade receivables	9	3.374	5.190
Amortisation of deferred borrowing cost	14	848	929
Increase in provisions for retirement benefits	15	106	71
Interest income	21	(389)	(98)
Interest expense and similar charges	21	11.217	13.555
		<b>26.247</b>	<b>36.505</b>
<b>Change in operating assets and liabilities</b>			
Increase in other long term assets	9	3.540	(4.069)
Increase in inventories	8	(182)	(5.472)
Decrease / (Increase) in receivables	9	(8.433)	6.624
Increase / (Decrease) in payables	13	(6.941)	15.570
<b>Cash generated from operating activities</b>		<b>(12.015)</b>	<b>12.653</b>
<b>Net cash inflow generated from operating activities</b>		<b>14.232</b>	<b>49.161</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	5, 6	(2.761)	(1.447)
Interest received		104	101
<b>Net cash outflow used in investing activities</b>		<b>(2.657)</b>	<b>(1.346)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	14	213.945	-
Repayment of borrowings	14	(231.041)	(29.163)
Deferred borrowing costs paid	14	(1.651)	(100)
Interest paid	14	(11.242)	(13.562)
<b>Net cash used in financing activities</b>		<b>(29.989)</b>	<b>(42.825)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(18.413)</b>	<b>4.990</b>
Cash and cash equivalents at the beginning of the financial year	10	35.426	30.436
<b>Cash and cash equivalents at the end of the year</b>		<b>17.013</b>	<b>35.426</b>

The notes on pages 13 to 60 are an integral part of these financial statements.

## Notes to the financial statements

### 1 General information

Elpedison Power Generation Société Anonyme with distinctive title Elpedison S.A., (the “Company”) was established on 27 May 2003 by Hellenic Petroleum S.A. **Elpedison B.V.** owns 75,78% of the share capital of the Company and minority shareholders own the remaining 24,22%. The registered address of the Company is 18-20 Amarousiou Chalandriou Str., 15125

The Company’s activities are the generation, purchase, trading and supply of electricity, purchase, resale and supply of natural gas and sale of energy services and other services connected to the retail sale of electricity and natural gas.

In accordance with the decisions of the Ministry of Development – Department of Energy, the Company obtained operating permits on 22 December 2005 for Thessaloniki Plant and on 7 December 2010 for Thisvi Plant.

As at 31 December 2018 the Company had 138 employees and 5 seconded employees, (FY 2017: 121 employees and 5 seconded employees).

The financial statements of Elpedison S.A. for the year ended 31 December 2018 were approved for issue by the Board of Directors on 7 February 2019.

### 2 Summary of significant accounting policies

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

#### 2.1 Basis of preparation

The financial statements of Elpedison S.A. for the year ended 31 December 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and present the financial position, results of operations and cash flows of the Company on a going concern basis.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving an extensive judgment or complexity or where assumptions and estimates have a significant impact on financial statements are disclosed in Note 4, “Critical accounting estimates and judgments”.

These estimates are based on management’s best knowledge of current events and actions and actual results ultimately may differ from those estimates.

##### 2.1.1 Going Concern

In assessing going concern, management has taken into consideration macro-economic and Company’s specific factors and their impact on the Company’s operations:

### **Refinancing**

The Company has successfully refinanced its loans which were due on September 28, 2018 for another three years further at an all-in cost of 3,53% compared to an all-in cost of 5,73% for the matured loans, resulting in an annual interest saving of approx. € 4 million.

The total amount of the Company's borrowings is guaranteed by the shareholders.

### **Greek Electricity and Natural Gas Market**

During 2018, the Company experienced a substantial improvement in the amount of the overdue balances. The market deficit deriving from the expulsion of certain alternative suppliers in 2011 which had burdened the Company was redistributed in accordance with the Greek Laws for the electricity market and has been settled with the Company receiving € 3,1 million from ADMIE during 2018.

The increase of the CO2 emissions cost boosted SMP prices and allowed Combined Cycle Gas Turbine (CCGT) plants to remain competitive despite the increase of the oil prices. However mild weather in combination with increased hydro production especially in the first half of the year resulted in a decrease of production volumes during 2018.

The continuously increasing liquidity in the gas wholesale market, allowed the building of a competitive cost and diversified gas portfolio by the Company for 2018.

In a competitive landscape, the market share in retail activity remained stable in the MV segment and has significantly increased in the LV segment during 2018. In 2019, the management expects that the market share shall maintain a reasonable but continuous upward trend.

### **Internal Audit**

The Company approved its Internal Audit Charter and Plan in the course of 2018 and has therefore started the Internal Audit activity.

***The Company's revenues are sufficient to service the loans and meet the ongoing operating expenses.***

Based on the above considerations management has concluded that (a) the going concern basis of preparation of the accounts is appropriate, (b) all assets and liabilities of the Company are appropriately presented in accordance with the Company's accounting policies.

### **New standards, amendments to standards and interpretations**

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

#### **Standards and Interpretations effective for the current financial year**

##### **IFRS 9 "Financial Instruments"**

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

model in IAS 39. The effect from applying the standard was not significant for the Company and is described in note 9.

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

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity recognises 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 effect from applying the standard to the Company is described in note 17.

#### **IFRIC 22 “Foreign currency transactions and advance consideration”**

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. This did not have an impact on the Company’s financial statements.

#### **Standards and Interpretations effective for subsequent periods**

The following standards and interpretations are applicable in subsequent reporting periods. Unless otherwise stated, their impact on the Company is not expected to be significant.

#### **IFRS 9 (Amendments) “Prepayment Features with Negative Compensation” (effective for annual periods beginning on or after 1 January 2019)**

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.

#### **IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019)**

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The effect of this standard on the Company is not expected to be significant, as the Company does not have significant lease obligations.

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

The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9. The amendments have not yet been endorsed by the EU.

#### **IFRIC 23 “Uncertainty over income tax treatments” (effective for annual periods beginning on or after 1 January 2019)**

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

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

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

**IAS 1 and IAS 8 (Amendments) “Definition of a material”** (effective for annual periods beginning on or after 1 January 2020)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS. The amendments have not yet been endorsed by the EU.

**Annual Improvements to IFRS (2015 – 2017 Cycle)** (effective for annual periods beginning on or after 1 January 2019)

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

IAS 12 “Income taxes”

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 “Borrowing costs”

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

## 2.2 Foreign currency translation

### **(a) Functional and presentation currency**

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

### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income in the financial statement line that is relevant to the specific transaction.



## 2.3 Property, plant and equipment

All property, plant and equipment is shown at historical cost less accumulated depreciation and subsequent impairment. Cost includes expenditure that is directly attributable to the acquisition of property, plant & equipment. Land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Repairs and maintenance are charged to the statement of comprehensive income as incurred except for the general refurbishment costs of the energy plant which are capitalised and charged against income on a straight line basis for a period until the next scheduled refurbishment.

Depreciation on assets is calculated using the straight-line method over their estimated useful life, as shown on the table below for the main classes of assets:

- Buildings	20 years
- Machinery, and equipment (Energy plant and substation)	20 years
- Furniture and fixtures	5 years
- Transportation equipment	6 years
- Computer hardware & software	3 - 5 years

The assets's residual value and the useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (See Note 2.6 Impairment of non financial assets).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income within 'Other gains/(losses), net' as appropriate .

## 2.4 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised over the period of time that is required to complete and prepare the asset for its intended use. An asset fulfilling the requirements is an asset necessarily requiring a significant period of preparation for the use it is intended for, or for its sale.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for

capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed.

## 2.5 Intangible assets

### **Computer software**

These include primarily the costs of implementing the (ERP) computer software program.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 years).

### **Shallow connection**

Shallow connections are Natural Gas Transmission System expansion projects needed for the connection of a single consumer, from the battery limits of the consumer's installations up to the existing gas transmission infrastructure. The Shallow connections are constructed by DESFA (Hellenic Gas Transmission System Operator S.A) and part of the relevant cost charged to the consumer is up to the maximum amount of €3 million plus inflation (defined with a ministerial decision), in return for the exclusive right to use this connection.

Accordingly, the total cost charged by DESFA to the Company has been allocated to the cost of the right to use the asset and is treated as an intangible asset with the same useful economic life as the Plant (20 years).

## 2.6 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. (Current value of cash flows anticipated to be generated based on the management's estimates of future financial and operating conditions).

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

## 2.7 Environmental Securities (Emission Rights)

Elpedison S.A. requires a supply of environmental securities (emission rights) to meet its own requirements in the exercise of its industrial activities (so-called "own use"). The emission rights can be purchased or sold in the open market. Emission rights in the possession of the Company at the balance sheet date that are in excess of the amount required to be matched against the actual emissions of the Company during the year, are treated as intangible assets and are recognized at the cost incurred to acquire them. The allowances recognized are not amortised, provided residual value is at least equal to carrying value. The residual value of the

rights is the value at which they are traded in the open market. On the other hand, if the Company's actual emissions during the year exceed the value of the emission rights in the Company's possession, the Company raises a provision for the estimated cost of the purchase of the emission rights necessary to cover the difference. Any emission rights that are purchased to cover prior year liabilities are netted off against the provision set up for this purpose at the end of that year, with any difference recognized in the Statement of Comprehensive Income. Emission rights are recognized in the Statement of Comprehensive Income as they are delivered to the government in settlement of the liability for emissions on a units-of-production basis.

## 2.8 Financial assets

### **CLASSIFICATION**

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

#### (a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current.

#### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the statement of financial position.

### **RECOGNITION AND MEASUREMENT**

Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial

assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they have arisen.

## **IMPAIRMENT OF FINANCIAL ASSETS**

IFRS 9 requires the Company to adopt the expected credit losses (ECL) model for the financial assets of the Company that are within the scope of this standard, ie Trade and other receivables and Cash and cash equivalents. For details of the impact of the implementation of IFRS 9 to the impairment of Trade receivables refer to Note 9.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was not significant.

## **2.9 Derivative financial instruments and hedging activities**

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

The Company 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. The Company 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 of hedged items.

The fair value of derivative instruments used for hedging purposes is disclosed in note 20. The total fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of comprehensive income as they arise.

## **2.10 Inventories**

Inventories are comprised of spare parts for maintenance and proper operation of the power plant and of fuel oil reserve as an alternative fuel, classified as "Consumable materials".

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## **2.11 Trade receivables**

Trade receivables, which generally have 15-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when

there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment is recognised in the Statement of Comprehensive Income. (Note 9)

## **2.12 Insurance and other claims**

Insurance and other claims are included in other receivables, are recorded on an accrual basis and represent the claimable expenses, net of deductibles, which are expected to be recovered from insurance companies. The Company recognizes receivables from insurances only when the realization of the related economic benefit is virtually certain. Any remaining costs to finalize the claims are included in other liabilities.

## **2.13 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less.

## **2.14 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as "share premium" in shareholder's equity.

## **2.15 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## **2.16 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Statement of Comprehensive Income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or in equity, respectively.

Current income tax charge is calculated according to tax rates and tax laws that were applicable on the taxable income of each year.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

To the extent that it is not probable that taxable profit will be available against which the unused tax losses can be utilised, deferred tax asset is not recognized. The temporary differences relate to differences arising between the IFRS accumulated depreciation and the tax accumulated depreciation. These time differences are expected to result in taxable amounts after the expiry of the unrecognized tax losses and therefore no offset has been recognized.

## 2.17 Employee Retirement Benefits

The Company has both defined benefit and defined contribution plans.

### Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly administered Social Security funds on a mandatory basis. The staff is mainly covered by the main National Insurance Agency in relation to the private sector ("IKA"), which provides retirement and medical benefits. Each employee is required to contribute part of their monthly salary to the fund, part of the overall contribution is paid by the Company.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age,

years of service and compensation. The Company is required by law to pay employees a lump sum benefit upon retirement. This classifies as a defined benefit which is not funded.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The current service cost of the defined benefit scheme that is recognized in the Statement of the Comprehensive Income in "Payroll and related Expenses" reflects the increase in the defined benefit obligation resulting from an employee's service in the current period, benefit charges, cut-backs and settlements. The recognised prior service cost is directly recognised in profit/loss).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Net interest cost is assessed at the net amount between the obligation for the defined scheme and the fair value of the assets of the scheme on the prepayment interest rate.

Past-service costs are recognized immediately in the statement of comprehensive income

The Company's defined benefit plan is an "insurance pension plan", according to which, in case of employees' retiring, 100% of the insured individual amount will be paid at the time of retirement.

Termination benefits are payable when employment is terminated before the normal retirement date. The termination benefits are calculated according to the provisions of the law.

## 2.18 Trade and other payables

Trade and other payables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

## 2.19 Leases

### Where the Company is the lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

## 2.20 Provisions for Risks and Charges

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

## 2.21 Environmental liabilities

Environmental expenditure that relates to current or future revenues is expensed or capitalized as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is expensed.

The Company complies with existing legislation and all obligations resulting from its environmental and operational licenses.

Liabilities for environmental remediation costs are recognized when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

## 2.22 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized as follows:

### (a) Sales of electricity

#### Revenue from Generation

Prior to the adoption of IFRS 15, revenue from the sale of electricity was recognized based on the monthly production provided to the Greek national grid, as confirmed by HEnEx S.A. (Hellenic Energy Exchange S.A.) and ADMIE (Independent Power Transmission Operator), which is the date that associated risks and rewards are deemed to have passed to the buyer.

Revenue also includes income from ancillary services which is received from ADMIE. Such revenue was also recognized when the criteria entitling the Company to indemnification have been met.

#### Cross Border revenue

Prior to the adoption of IFRS 15, cross border revenue was recognized as electricity being transmitted through the cross border connections and was based on the monthly measurements that HEnEx and the other Operators, communicated to the Company. These



monthly measurements included the total imported and exported quantities that have been sold to the domestic and external markets. For these sold quantities, the Company issued and received the respective invoices every month.

### **Retail Revenue**

Prior to the adoption of IFRS 15, revenue from the sale of electricity to the retail market was recognized over the period that electricity was provided to customers on an annual basis and was measured on a monthly basis, based on measurements that ADMIE communicated for Medium Voltage Customers and on estimations based on the historical consumption that the Hellenic Electricity Distribution Network Operator S.A (DEDDIE) communicated for Low Voltage (LV) Customers. Based on these measurements provided by ADMIE and the forecasts provided by DEDDIE which contained the consumption per metering point and combined with the contractual terms, each client received a monthly bill per metering point. For LV customers, the bills were “on-account” until DEDDIE communicated the actual consumption of the period, and subsequently, a settlement invoice was issued.

Under IFRS 15, the Company concluded that revenue from the sale of electricity, cross border revenue and retail revenue will continue to be recognized over time, using similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

### **(b) Interest income**

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

## **2.23 Dividend distribution**

Dividend distribution to the Company’s shareholders is recognized as a liability in the Company’s financial statements in the period in which the dividends are approved by the Shareholders’ assembly.

## **2.24 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current year.

## **3 Financial Risk Management**

This note describes the policies and principles adopted by Elpedison S.A. to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO2 emissions) and other risks related to financial instruments (market risk, credit risk and liquidity risk).

As required by IFRS 7, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.

In this economic and regulatory environment, management continuously assesses the situation to ensure that all necessary actions and measures are taken in order to minimize any impact in the operations of the Company.

### 3.1 Market Risk

#### 1. Commodity Price Risk and Exchange Rates Risk Related to Commodity Transactions

The Company's revenue and cost of production is affected by fluctuations in the prices of the energy commodities that it handles (electric power, natural gas, environmental securities). These fluctuations affect the Company both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, the Company is also exposed to the resulting exchange rate risk.

The Company is exposed to a USD risk through the cost of purchases of natural gas that is linked to USD. In order to mitigate this risk, the Company has decided to hedge the USD gas related exposure with the use of foreign currency forward contracts through which it buys, on a daily basis, the actual amount in USD that corresponds to the cost of its actual daily gas consumption, but with a value date corresponding to the date that gas suppliers will invoice the respective gas consumption.

#### 2. Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company is exposed to cash flow interest rate risk, as borrowings are at floating rates.

The interest rate that the Company is exposed to is the 3-month Euribor. If interest rates on borrowings had been, during 2018, 0,15% higher/lower with all other variables held constant, pre-tax profit/loss for the year would have been approximately €330 lower/higher, as a result of higher/lower interest expense.

### 3.2 Liquidity risk

The liquidity risk represents the risk that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The total indebtedness of the Company is guaranteed by the Shareholders (Note 14). The loans that the Company had received for the construction of its two power plants were extended until 30 September 2021.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At 31 December 2018</b>				
Borrowings (Note 14)	8.000		199.866	-
Trade and other payables (Note 13)	82.208	-	-	-
Derivatives financial instruments (Note 16)	71	-	-	-
<b>At 31 December 2017</b>				
Borrowings (Note 14)	233.912	-	-	-
Trade and other payables (Note 13)	90.099	-	-	-
Derivatives financial instruments (Note 16)	109	-	-	-

The Company was in compliance with its loan covenants as of 31 December 2018.

The amounts included as loans in the table above do not correspond to amounts included in Statement of Financial Position as they are contractual (undiscounted) cash flows, which include capital and interest.

### 3.3 Credit Risk

#### (i) Monitoring of Credit Risk

The Company is exposed to potential losses in the event that a commercial or financial counterparty fails to meet its obligations. Since the credit risk that the Company is substantially exposed to wholesale sales which relates to the national grid and market operators (HEnEx /ADMIE), the underlying risk is considered to be low.

In 2018, the retail portfolio included High, Medium and Low Voltage customers. During the year the Company expanded the portfolio in the Low Voltage segment both for Business and Residential customers. The following paragraphs describe how the Company manages the associated credit risk.

#### (ii) Securities held for managing Credit Risk

The customer risk profile is pre-emptively evaluated in cooperation with a primary credit management services Company and, when deemed necessary, adequate additional securities are requested. The majority of the customers that are supplied with electricity by the Company are evaluated between intermediate and high credit rating. As far as Low Voltage Business and Residential customers are concerned, cash deposit is compulsory, unless a standing order (through a credit card or bank account) is used for the payment of the electricity bill and depending on the clientele. The Company continuously monitors credit risk and payment performances and, in cooperation with an external Call Center, manages the "Reminder for Payment" activity.

#### (iii) Assessment of Impairment

The doubtful debt provision is based on Elpedison's credit policy which has been updated to comply with IFRS 9. The allowance for doubtful debts for LV Accounts is assessed by performing a stratification of accounts receivable. This involves splitting the receivables into groups, which

share similar credit risk characteristics. The credit risk groups are being assessed on the basis of historical loss experience for each group. The historical loss experience is assessed on an annual basis taking into account, the most recently available data. For credit risks related to specific MV customers, provisions are made on an individual balance basis for possible impairment.

A provision for impairment of trade receivables of related parties (ADMIE and HEnEx) is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in statement of comprehensive income (note 9).

### 3.4 Capital risk management

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

Consistent with other peers, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the Statement of Financial Position) less "Cash & Cash equivalents". Total capital employed is calculated as "Equity" as shown in the Statement of Financial Position plus net debt.

Within 2018 the Company repaid a total amount of € 17.094 of its bond loans (2017: € 29.163).

The gearing ratios as at 31 December 2018 were as follows:

	As at	
	31 December 2018	31 December 2017
Total Borrowings (Note 14)	206.366	224.264
Less: Cash & Cash Equivalents (Note 10)	(17.013)	(35.426)
<b>Net debt</b>	<b>189.354</b>	<b>188.838</b>
Total Equity	71.738	85.130
<b>Total Capital Employed</b>	<b>261.092</b>	<b>273.968</b>
Gearing ratio	73%	69%

### 3.5 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's liabilities that are measured at fair value:

<b>At 31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>(Liabilities) / Assets</b>				
Financial liabilities / assets at fair value through profit or loss				
- Forward foreign exchange contracts	-	(71)	-	(71)
<b>Total (Liabilities) / Assets</b>	<b>-</b>	<b>(71)</b>	<b>-</b>	<b>(71)</b>

  

<b>At 31 December 2017</b>				
<b>(Liabilities) / Assets</b>				
Financial liabilities / assets at fair value through profit or loss				
- Forward foreign exchange contracts	-	(109)	-	(109)
<b>Total (Liabilities) / Assets</b>	<b>-</b>	<b>(109)</b>	<b>-</b>	<b>(109)</b>

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of forward foreign exchange contracts is determined using foreign exchange rates at the balance sheet date, with the resulting value discounted back to present value.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings

#### 4 Critical accounting estimates and judgements

The preparation of the financial statements and the related notes requires the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that arise upon the occurrence of the relevant events could thus differ from these estimates.

The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in statement of comprehensive income. The use of estimates is particularly significant for the following items:

- 
- Measurement of sales revenues for which no final clearance statement has been received by ADMIE and HEnEx, is estimated using historical and predictive data for electricity consumptions for each meter.
  - The provisions for risks and charges, arising mainly from legal disputes are estimated based on legal counsel's view of potential outcome.
  - The process that management follows to estimate the allowance for doubtful accounts and other provisions for write downs is described in note 3 above.
  - Determination of the provision for income taxes that the Company is subjected to, requires significant judgment. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audits based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
  - Amortization of intangible assets with a finite useful life and impairment tests of property, plant and equipment and other intangible assets. The process of determining depreciation and amortization expense entails reviewing periodically the remaining useful lives of assets. Intangible assets which are the result of payments to obtain the right to use third party assets such as the shallow connection are amortised over the life of the asset or the period of the license obtained, whichever is shorter.

The use of judgments is particularly significant for the following items:

- There are pending disputed cases relating to the Company. The Management assesses the outcome of these cases in order to recognise asset or liability. Where a negative outcome is possible, the Company forms the required provisions. Provisions, where required, are calculated on the basis of the current value of the estimates made by the management of the cost to be incurred for settling the expected liabilities as of the reporting period date.

## 5 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Total
<b>Cost</b>						
<b>As at 1 January 2017</b>	<b>1.592</b>	<b>24.480</b>	<b>525.065</b>	<b>208</b>	<b>2.682</b>	<b>554.027</b>
Additions	-	17	924	-	211	1.152
<b>As at 31 December 2017</b>	<b>1.592</b>	<b>24.497</b>	<b>525.989</b>	<b>208</b>	<b>2.893</b>	<b>555.179</b>
<b>Accumulated Depreciation</b>						
<b>As at 1 January 2017</b>	-	<b>11.240</b>	<b>241.920</b>	<b>207</b>	<b>2.366</b>	<b>255.733</b>
Charge for the year	-	1.238	26.284	-	137	27.659
<b>As at 31 December 2017</b>	-	<b>12.478</b>	<b>268.204</b>	<b>207</b>	<b>2.503</b>	<b>283.392</b>
<b>Net Book Value at 31 December 2017</b>	<b>1.592</b>	<b>12.019</b>	<b>257.785</b>	<b>1</b>	<b>390</b>	<b>271.787</b>
<b>Cost</b>						
<b>As at 1 January 2018</b>	<b>1.592</b>	<b>24.497</b>	<b>525.989</b>	<b>208</b>	<b>2.893</b>	<b>555.179</b>
Additions	-	113	2.067	-	191	2.371
<b>As at 31 December 2018</b>	<b>1.592</b>	<b>24.610</b>	<b>528.056</b>	<b>208</b>	<b>3.084</b>	<b>557.550</b>
<b>Accumulated Depreciation</b>						
<b>As at 1 January 2018</b>	-	<b>12.478</b>	<b>268.204</b>	<b>207</b>	<b>2.503</b>	<b>283.392</b>
Charge for the year	-	1.256	26.124	1	148	27.529
<b>As at 31 December 2018</b>	-	<b>13.734</b>	<b>294.328</b>	<b>208</b>	<b>2.651</b>	<b>310.921</b>
<b>Net Book Value at 31 December 2018</b>	<b>1.592</b>	<b>10.876</b>	<b>233.728</b>	<b>-</b>	<b>433</b>	<b>246.629</b>

### Impairment Test of Plant and Machinery

The Company's plant and machinery were tested for impairment as of 31 December 2018. The results did not indicate any basis for recognizing impairment losses for the assets, since the carrying amount of the assets, does not exceed their recoverable amount, which was determined as the higher value between their fair value less costs to sell and their value in use.

## 6 Intangible assets

Intangible assets are analysed as follows:

	Software	Right of use of Shallow Connection	Total
<b>Cost</b>			
<b>As at 1 January 2017</b>	<b>1.480</b>	<b>3.517</b>	<b>4.997</b>
Additions	296	-	296
<b>As at 31 December 2017</b>	<b>1.776</b>	<b>3.517</b>	<b>5.293</b>
<b>Accumulated Amortisation</b>			
<b>As at 1 January 2017</b>	<b>962</b>	<b>1.074</b>	<b>2.036</b>
Charge for the year	234	176	410
<b>As at 31 December 2017</b>	<b>1.196</b>	<b>1.250</b>	<b>2.446</b>
<b>Net Book Value at 31 December 2017</b>	<b>580</b>	<b>2.267</b>	<b>2.847</b>
<b>Cost</b>			
<b>As at 1 January 2018</b>	<b>1.776</b>	<b>3.517</b>	<b>5.293</b>
Additions	390	-	390
<b>As at 31 December 2018</b>	<b>2.165</b>	<b>3.517</b>	<b>5.682</b>
<b>Accumulated Amortisation</b>			
<b>As at 1 January 2018</b>	<b>1.196</b>	<b>1.250</b>	<b>2.446</b>
Charge for the year	262	175	437
<b>As at 31 December 2018</b>	<b>1.458</b>	<b>1.425</b>	<b>2.883</b>
<b>Net Book Value at 31 December 2018</b>	<b>707</b>	<b>2.092</b>	<b>2.799</b>

A description of the shallow connection can be found in Note 2.5.



## 7 Deferred Taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are presented in the following table:

	As at	
	31 December 2018	31 December 2017
Deferred tax asset	14.614	17.073
Deferred tax liability	(33.129)	(39.038)
<b>Total deferred tax liability</b>	<b>(18.515)</b>	<b>(21.965)</b>

The gross movement in the deferred income tax asset/ (liability) is as follows:

	Year ended	
	31 December 2018	31 December 2017
<b>Beginning of the year</b>	(21.965)	(21.273)
Income statement charge	3.480	(707)
Released/(charged) to equity	(30)	15
<b>End of year</b>	<b>(18.515)</b>	<b>(21.965)</b>

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

	Intangible and tangible fixed assets	Inventory	Pension Obligation	Provisions	Other	Total
<b>Deferred Tax Assets</b>						
<b>At 1 January 2017</b>	<b>493</b>	<b>3.377</b>	<b>91</b>	<b>6.396</b>	<b>3.805</b>	<b>14.162</b>
(Charged)/credited						
- to profit or loss	(405)	-	36	2.110	1.156	(2.631)
- to other comprehensive income	-	-	15	-	-	15
<b>Total comprehensive income/(loss)</b>	<b>(405)</b>	<b>-</b>	<b>51</b>	<b>2.110</b>	<b>1.156</b>	<b>2.912</b>
<b>At 31 December 2017</b>	<b>88</b>	<b>3.377</b>	<b>142</b>	<b>8.506</b>	<b>4.961</b>	<b>17.074</b>
<b>Balance at 1 January 2018</b>	<b>88</b>	<b>3.377</b>	<b>142</b>	<b>8.506</b>	<b>4.961</b>	<b>17.074</b>
(Charged)/credited						
- to profit or loss	(30)	(465)	75	(1.544)	(526)	(2.490)
- to other comprehensive income	-	-	30	-	-	30
<b>Total comprehensive income/(loss)</b>	<b>(30)</b>	<b>(465)</b>	<b>105</b>	<b>(1.544)</b>	<b>(526)</b>	<b>(2.460)</b>
<b>Balance at 31 December 2018</b>	<b>58</b>	<b>2.912</b>	<b>247</b>	<b>6.962</b>	<b>4.435</b>	<b>14.614</b>

“Provisions” includes deferred tax assets deriving from the allowance for bad debts as well as provisions for expenses. “Other” includes deferred tax assets deriving from interest (thin capitalization).

	Intangible and tangible fixed assets	Other	Total
<b>Deferred Tax Liabilities</b>			
<b>At 1 January 2017</b>	<b>35.260</b>	<b>175</b>	<b>35.435</b>
Charged/(credited)			
- to profit or loss	3.254	349	3.603
<b>Total comprehensive income/(loss)</b>	<b>3.254</b>	<b>349</b>	<b>3.603</b>
<b>At 31 December 2017</b>	<b>38.514</b>	<b>524</b>	<b>39.038</b>
<b>Balance at 1 January 2018</b>	<b>38.514</b>	<b>524</b>	<b>39.038</b>
(Charged)/credited			
- to profit or loss	(5.723)	(186)	(5.909)
<b>Total comprehensive income/(loss)</b>	<b>(5.723)</b>	<b>(186)</b>	<b>(5.909)</b>
<b>Balance at 31 December 2018</b>	<b>32.791</b>	<b>338</b>	<b>33.129</b>

Other temporary differences include temporary differences on various provisions (notes 9,13 and 16) and accrued expenses such as secondment fees. Based on the recently voted

amendment of article 58 of the current Tax Law, the corporate income tax rate of legal entities in Greece will be gradually reduced by 1% per annum as follows:

- 28% for fiscal year 2019
- 27% for fiscal year 2020
- 26% for fiscal year 2021
- 25% for fiscal year 2022 and onwards

## 8 Inventories

Inventories relate to supplies and equipment used to maintain and operate the Company's facilities as follows:

	As at	
	31 December 2018	31 December 2017
Merchandise	51	-
Spare Parts	6.420	6.844
Consumable materials	7.123	6.568
<b>Total</b>	<b>13.594</b>	<b>13.412</b>

Inventories recognised as an expense due to consumption during the year ended 31 December 2018 amount to € 1.160 (2017: € 1.447), the amount has been included in Cost of Sales.

## 9 Trade and other receivables

	As at	
	31 December 2018	31 December 2017
Trade receivables	79.844	60.217
Trade receivables -Related parties	36.236	56.621
<b>Total</b>	<b>116.080</b>	<b>116.838</b>
Less: Provision for impairment of trade receivables	(29.406)	(26.032)
<b>Trade receivables net</b>	<b>86.674</b>	<b>90.806</b>
Prepayments	3.201	1.313
Guarantees to suppliers	5.925	9.465
Other receivables- current	11.853	4.550
<b>Other receivables net</b>	<b>20.979</b>	<b>15.328</b>
Less non current portion	(5.925)	(9.465)
<b>Total</b>	<b>101.728</b>	<b>96.669</b>

The carrying amounts of the receivables approximate their fair value.

Other receivables as at 31 December 2018 includes advance payments to vendors (€ 2.618) , withholding taxes (€ 725) , Vat receivable (€ 7.772) and other debtors (€ 665).

ADMIE, HEnEx and DAPEEP balances are included in receivables from related parties, and are normally due within 30 days. Accordingly balances over 30 days old, are considered to be past due and are assessed for impairment.

Movements on the provision for impairment of the trade receivables are as follows:

	Year ended	
	31 December 2018	31 December 2017
At 1 January	26.032	20.842
Provision for impairment of trade receivables for the year	3.374	5.190
At 31 December	<b>29.406</b>	<b>26.032</b>

Provision for impairment of trade receivables is mainly due to the discounting of trade receivables resulting from the expected delay in their collection and is shown on the face of the Statement of Comprehensive Income, in Administrative Expenses (other), note 19.

The Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

ECL model is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

To measure the expected credit loss in relation to trade receivables, the Company has established a provision matrix relying on aging analysis, which is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Implementation of IFRS 9 did not have any material impact on the provision for impairment of trade receivables.

## 10 Cash and cash equivalents

	As at	
	31 December 2018	31 December 2017
Cash at Bank and in Hand	4.513	5.426
Short-term Bank deposits	12.500	30.000
<b>Total cash and cash equivalents</b>	<b>17.013</b>	<b>35.426</b>

Short term bank deposits represent time deposits for period no more than three months.

## 11 Share capital and Share Premium

	Number of Shares (authorised and issued)	Share Capital	Share Premium	Total
As at 1 January 2017	9.963.360	99.634	44.996	144.630
As at 31 December 2017	9.963.360	99.634	44.996	144.630
As at 1 January 2018	9.963.360	99.634	44.996	144.630
As at 31 December 2018	9.963.360	99.634	44.996	144.630

All ordinary shares were authorised, issued and fully paid. As at 31/12/2018 the authorised share capital after the merger with Elpedison Energy S.A on 2015 is € 99.634 divided to 9.963.360 shares. The nominal value of each ordinary share is €10.00.

As at 31/12/2018 the share premium amount is € 44.996 (representing share premium of € 45.452 minus expenses on capital increase € 456) is the total net amount of the difference for the issuance of the shares above par value (share premium).

## 12 Reserves

### Statutory reserves

The Company forms statutory reserves under Greek law, according to which corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until such reserve equals one third of the outstanding share capital. This reserve cannot be distributed during the existence of the corporation, but can be used to offset accumulated losses. For the financial year 2018 the Company did not form any amount of statutory reserves due to losses of the period. The statutory reserves amount to € 1.330.

## 13 Trade and other payables

Trade and other payables include amounts with respect to:

	As at 31 December 2018	31 December 2017
Trade payables	9.634	8.094
Trade payables - Related Parties	25.521	39.565
Accrued Expenses & Deferred Income	35.604	32.231
Social security and other taxes	9.903	9.471
Guarantee deposits from customers	8.291	7.552
Other payables	1.547	738
	90.499	97.651
Less non current portion:	(8.291)	(7.552)
<b>Total</b>	<b>82.208</b>	<b>90.099</b>

Non-current portion of Trade and other payables refers to retail customers' guarantee deposit paid in cash. Trade payables are unsecured and are usually paid within 30 to 60 days of

recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Accrued expenses refer to gas cost, long-term maintenance cost accruals, accrued interest for the bond loans and other accrued operating expenses.

Fair value of non-current liabilities is equal to book value.

## 14 Borrowings

The table below shows the balance outstanding of the loan facilities of the Company at December 31, 2018:

	As at	
	31 December 2018	31 December 2017
<b>Long term Borrowings</b>		
Long term Bond Loans	199.866	-
Deferred borrowing costs	(916)	-
<b>Total Long term Borrowings</b>	<b>198.950</b>	<b>-</b>
Current portion of Long term Bond Loans	8.000	224.961
Deferred borrowing costs	(584)	(697)
<b>Total Short term Borrowings</b>	<b>7.416</b>	<b>224.264</b>
<b>Total Borrowings</b>	<b>206.366</b>	<b>224.264</b>

On 26 September 2018, the Company agreed with its Bondholders to refinance its total debt amounting to €213.945 for 3 years, until 30 September 2021. The bond loans provide for a total quarterly capital repayment of €3.000 on average, mandatory capital repayments from any proceeds from ADMIE's historical deficit (up to €3.079 that was fully repaid on 28/12/2018), as well as any amount relating to the provisions of the cash sweep mechanism that is explained below. More specifically, on 26 September 2018 the Company proceeded to the issuance of three Bond Loans & the signing of an Intercreditor Agreement as follows:

- Bond Loan 1 for the maximum amount of €81.064 from Banca IMI S.p.A., HSBC FRANCE (Athens Branch) and Edison International Holding N.V. as Mandated Lead Arrangers, Intesa Sanpaolo S.p.A., HSBC FRANCE (Athens Branch) and Edison International Holding N.V. as Bondholders and BNP Paribas Securities Services as Bondholders' Agent and Paying Agent. The Bond Loan bears a margin of 3,30% over 3-months Euribor and is denominated in euro. The loan facility is to be repaid in 11 quarterly instalments each amounting to €1.137 on average, with the remaining balance payable on 30 September 2021 and is guaranteed, for the third party lenders, by Edison International Holding N.V. On 31 December 2018, the outstanding balance of Bond Loan 1 amounted to €78.760.
- Bond Loan 2 for the maximum amount of €81.064 from Eurobank Ergasias SA as Bondholders' Agent, Paying Agent, Mandated Lead Arranger and Bondholder and Piraeus Bank S.A., HSBC FRANCE (Athens Branch) and ALPHA Bank S.A., as Mandated Lead Arrangers and Bondholders. The Bond Loan bears a margin of 3,30% over 3-months Euribor and is denominated in euro. The loan facility is to be repaid in 11 quarterly instalments each amounting to €1.137 on average, with the remaining balance payable on 30 September 2021 and is guaranteed by Hellenic Petroleum S.A. On 31 December 2018, the outstanding balance of Bond Loan 2 amounted to €78.760.

- Bond Loan 3 for the maximum amount of €51.818 from Eurobank Ergasias SA as Bondholders' Agent, Paying Agent, Mandated Lead Arranger and Bondholder and Piraeus Bank S.A. and ALPHA Bank S.A., as Mandated Lead Arrangers and Bondholders. The Bond Loan bears a margin of 3,30% over 3-months Euribor and is denominated in euro. The loan facility is to be repaid in 11 quarterly instalments each amounting to €727 on average, with the remaining balance payable on 30 September 2021 and is guaranteed by ELLAKTOR S.A., INTRACOM S.A. HOLDINGS and HALCOR S.A. On 31 December 2018, the outstanding balance of Bond Loan 3 amounted to €50.346.
- Intercreditor Agreement between Eurobank Ergasias SA, as Intercreditor Agent and all other involved parties

All Bond Loans provide for a mandatory repayment (cash sweep) that shall be equal to 50% of the Excess Cash Flow to be verified by auditors on a semi-annual basis, with the exemption of the last quarter of 2018 for which the relevant calculation period will be the three months of that quarter. The Excess Cash Flow is defined as the aggregate of the Net Cash Flow minus the Debt Service Obligations.

Within 2018 the Company repaid a total amount of €17.094 of its bond loans (2017: €29.163).

The weighted average borrowing cost for 2018 was 4,71% (effective rate 4,80%). The weighted average borrowing cost for 2017 was 5,40% (effective rate 5,51%).

Unamortized deferred borrowing costs relate to the bank fees for the arrangement of the loans which are amortised using the effective interest rate method.

Movement of deferred borrowing costs:

	Year ended	
	31 December 2018	31 December 2017
At beginning of year	697	1.526
Additions	1.651	100
Amortization of deferred borrowing cost	(848)	(929)
<b>At end of year</b>	<b>1.500</b>	<b>697</b>
Current portion	584	697
Non-current portion	916	-
<b>Total</b>	<b>1.500</b>	<b>697</b>

## 15 Employee benefit obligations

	Year ended	
	31 December 2018	31 December 2017
At 1 January	487	363
Benefits paid within the current year	-	(4)
Provision for compensation upon dismissal or retirement	106	71
Interest expense	9	6
Actuarial (gains)/losses	(105)	51
Transfers to actuarial (gains)/losses	-	-
<b>Total</b>	<b>497</b>	<b>487</b>

	Year ended	
	31 December 2018	31 December 2017
<b>Retirement benefit obligations</b>		
Present value of obligation	497	487
Unrecognised actuarial (gains) / losses	-	-
Unrecognised past service cost	-	-
<b>Net defined liability recognised in the Statement of Financial Position</b>	<b>497</b>	<b>487</b>

**Movement in the defined benefit obligation is as follows:**

	Year ended	
	31 December 2018	31 December 2017
<b>Net defined benefit liability at the beginning of the year</b>	487	363
Benefits paid within the current year	0	(4)
Current service cost	106	71
Interest expense/(income)	9	6
Actuarial (gains)/losses	(105)	51
Transfers to actuarial (gains)/losses	-	-
<b>Net defined benefit liability at the end of the year</b>	<b>497</b>	<b>487</b>

	Year ended	
	31 December 2018	31 December 2017
Opening defined benefit obligation	487	363
Benefits paid within the current year	0	(4)
Current service cost	106	71
Interest cost	9	6
Actuarial (gains)/losses	(105)	51
Transfers to actuarial (gains)/losses	-	-
<b>Obligation registered in the Statement of Financial Position</b>	<b>497</b>	<b>487</b>

**The amounts recognised in the Statement of Comprehensive Income are as follows:**

	Year ended	
	31 December 2018	31 December 2017
Current service cost	106	71
Interest cost	9	6
<b>Total</b>	<b>114</b>	<b>77</b>

**The principal actuarial assumptions were as follows:**

<b>Actuarial assumptions</b>	Year ended	
	31 December 2018	31 December 2017
Discount rate	1,53%	1,75%
Salary growth rate	1,50%	1,50%
Inflation	1,90%	1,80%
Plan Duration	25,2	26,19



## 16 Derivative financial instruments

The fair value of the derivative financial instruments designated as fair value hedges as at 31 December were:

	Year ended 31 December 2018	31 December 2017
	Liabilities	Liabilities
Forward foreign exchange contracts	71	109
<b>Total</b>	<b>71</b>	<b>109</b>

### Forward foreign exchange contracts

During the year ended 31 December 2018 the Company entered into a Forward foreign exchange contract with ALPHA Bank S.A. The notional principal amount of the outstanding forward foreign exchange contract at 31 December 2018 was € 5.236 (2017: € 8.904).

The maturity date of the aforementioned forward foreign exchange contract is 09/01/2019 and is included within current liabilities.

## 17 Sales revenue

Sales revenue is analysed as follows:

	Year ended 31 December 2018	31 December 2017
Sales from Day Ahead Market	174.082	181.246
Temporary Flexibility Remuneration Mechanism(TFRM)	6.261	9.863
Natural Gas supply	2.449	1.206
Dual fuel reimbursement	1.408	-
Electricity Supply	244.696	210.422
Cross-border trading	13.959	11.266
<b>Total</b>	<b>442.855</b>	<b>414.299</b>

Sales from “Day Ahead Market” relate to the daily market in which power generators bid and offer electricity for every hour of the next day for all nodal locations.

“Cross border activities” category relates to cross-border purchases and sales of electricity.

The Company has not recognized any assets or liabilities related to contracts with customers. Costs incurred to obtain a contract are immaterial.

## 18 Other Income

	Year ended	
	31 December 2018	31 December 2017
Other revenues	79	34
Other non-operating income	9.746	1.924
<b>Total</b>	<b>9.825</b>	<b>1.958</b>

Other non-operating income refers to reversals of previous years' unutilized provisions and to Thessaloniki Plant insurance claim which is described below:

Following the findings of the inspections performed in 2016 on Thessaloniki plant's Low Pressure (LP) rotor of the Steam Turbine, it was decided that the LP rotor should be replaced. Elpedison notified the reinsurers for the loss and the relevant claim has been raised. In July 2017 the new rotor has been ordered from GE and was successfully installed in May 2018. In November 2018 the company communicated to the loss adjuster the final data relating to the loss. An amount of €3,2 mil has already been collected in March 2018. The final settlement of the claim is expected within the first semester of 2019.

## 19 Expenses by category

	1/1 - 31/12/2018		
	Cost of sales	Administrative expenses	Distribution expenses
Payroll and related expenses	2.981	4.349	-
Third party fees	11.106	2.704	1.378
Repairs & maintenance costs	13.736	-	-
Depreciation & amortization	27.618	350	-
Miscellaneous costs	883	1.109	3.577
Impairment of trade receivables	-	3.374	-
Natural gas cost	135.070	-	-
Emission Rights	13.572	-	-
Chemicals	459	-	-
Purchase of Electricity	222.889	-	-
Cross-border trading	12.978	-	-
<b>Total</b>	<b>441.292</b>	<b>11.886</b>	<b>4.955</b>

  

	1/1-31/12/2017		
	Cost of sales	Administrative expenses	Distribution expenses
Payroll and related expenses	2.799	3.731	-
Third party fees	9.141	2.107	667
Repairs & maintenance costs	7.596	-	-
Impairment	0	-	-
Depreciation & amortization	27.792	276	-
Miscellaneous costs	856	2.121	3.469
Impairment of trade receivables	-	5.191	-
Natural gas cost	134.230	-	-
Emission Rights	6.320	-	-
Chemicals	898	-	-
Purchase of Electricity	197.167	-	-
Cross-border trading	8.468	-	-
<b>Total</b>	<b>395.267</b>	<b>13.426</b>	<b>4.136</b>

### RES deficit provision

The Law 4414/2016 included provisions regarding the RES account deficit. Based on these provisions, all suppliers are charged with an additional uplift for the energy they consume through the Day Ahead Market. The supplier charge represented a significant cost driver of the supply activity in 2018. The charge has been reduced by 35% as of 01.04.2018 and shall be abolished in 2019. According to the provisions of the Law 4585/2018 any surplus of the RES account above €70 million will be returned to suppliers. The amount to be returned to the suppliers will be defined following the issuance of the relevant RAE'S decision.

Third party fees relate to the cost of the Company's long term service agreements for the power plants and the cost of agents' fees in connection to retail activity.

Miscellaneous costs mainly consist of Headquarter's and plants' administration expenses.

The costs recognised for benefits to employees are as follows:

	Year ended	
	31 December 2018	31 December 2017
Wages and salaries	5.263	4.756
Social security costs	1.314	1.161
Employees allowances and expenses	648	543
Provision for compensation upon dismissal or	106	71
<b>Total</b>	<b>7.331</b>	<b>6.531</b>

The Company as at 31 December 2018, 138 employees and 5 seconded employees, (FY 2017: 121 employees and 5 seconded employees).

## 20 Other gains/ (losses), net

	Year ended	
	31 December 2018	31 December 2017
Foreign exchange forward contracts:		
-Fair value losses	(71)	(109)
Foreign exchange forward contracts:		
-Realised loss	(364)	(903)
-Realised gains	617	346
<b>Total</b>	<b>182</b>	<b>(664)</b>

## 21 Finance costs – net

	Year ended	
	31 December 2018	31 December 2017
Interest income	104	98
Interest and other financial income on trade receivables	285	304
<b>Total finance income</b>	<b>389</b>	<b>402</b>
Impairment of interest on trade receivables	-	-
Interest expense and similar charges	(11.217)	(13.555)
Amortisation of deffered borrowinging cost	(848)	(929)
<b>Total finance cost</b>	<b>(12.065)</b>	<b>(14.484)</b>

## 22 Income tax expense

	Year ended	
	31 December 2018	31 December 2017
Deferred tax (Note 7)	3.480	(707)
<b>Total</b>	<b>3.480</b>	<b>(707)</b>

	Year ended	
	31 December 2018	31 December 2017
<b>Loss before Tax</b>	<b>(16.947)</b>	<b>(11.318)</b>
Tax calculated at tax rates appl. to profits	-	-
Deferred tax on assets	5.694	(3.658)
Deferred tax on borrowing costs	(526)	1.157
Deferred tax on accrued expenses	(1.253)	2.160
Other movements	(435)	(366)
<b>Tax (Charge) / Credit</b>	<b>3.480</b>	<b>(707)</b>

The income tax rate was 29% for the year ended 31 December 2018.

## 23 Commitments and Contingencies

### 23.1 Unresolved legal claims

The Company is engaged in a number of legal cases as at 31 December 2018. A summary of these legal cases and managements assessments of their outcome is provided below:

#### a) Imposed interest to ADMIE, LAGIE for overdue payments

The Company has charged interest on the overdue balances of LAGIE and ADMIE during the years 2012-2014, amounting to € 19,1 million. The Company has filed two lawsuits against LAGIE and ADMIE before the Piraeus Multi-Member Court of First Instance and the Athens Multi-member Court of First Instance respectively. The hearing of ADMIE lawsuit has taken place on the 19.11.2015 and the Court issued Num. 703/2016 Judgment rejecting the lawsuit partly in substance and partly as non-admissible. The Company has filed an Appeal against Judgment 703/2016, the hearing of which has taken place on 01.06.2017 and the Court of Appeal of Athens based on 952/2018 Judgment rejected the Company's Appeal. Our Company has filled on 26.06.2018 Cassation, the hearing of which has set for 07.10.2019

The Company has filled before the Multi-Member Court of Athens second lawsuit against ADMIE, with object similar to the abovementioned, the hearing of which took place on 09.03.2017. The Court issued No 4270/2017 preliminary Decision, based on which postponed its Judgment until the issue of the pending decision of the Court of Appeal. None of the parties reintroduced until today new hearing.

The Company has filled on 25.04.2017 before the Multi-Member Court of Athens a lawsuit against LAGIE, the hearing of which has taken place on 25.10.2017. The issuance of a judgment is still pending. Under this lawsuit, the Company requests that LAGIE pay 1) the amount of 23.627.827,82 Euros along with the legal interest thereof calculated as of 20.01.2014 2) the amount of 6.599.844,81 Euros, or alternatively the amount of 4.699.357,24 Euros, or alternatively the amount of 3.898.723,88 Euros as default interest for the period 1.1.2012-1.12.2013 for the non-timely payment of the invoices mentioned in such claim 3) the amount of 15.656.846,35 Euros as compensation for damages incurred during the period 1.1.2012-

31.12.2013 and 500.000 Euros as moral damages, both along with the legal interest to be calculated from the date of service of the claim and until full repayment thereof.

#### **b) Interest charged by ADMIE**

#### **Retroactive charges of the Weighted Variable Cost of Thermal Conventional Plants – (Law 4152/2013)**

ADMIE, through a Civil Lawsuit dated 13.02.2015, claimed against Elpedison Power (already named ELPEDISON SA) for the payment of €123,286.94 for capital and €30,305.94 for default interest concerning unsettled or partially settled invoices. The default interest charges are related to the period from January 2012 to February 2015. The lawsuit has been heard on the 19.11.2015.

ADMIE, through a Civil Lawsuit dated 13.02.2015, claimed against Elpedison Energy (already absorbed by the Company) for the payment of €1,137,079.14 for capital and € 306,582.01 for default interests concerning unsettled or partially settled invoices. The default interest charges are related to the period from January 2012 to February 2015. Part of the claim involved the charges based on the Weighted Variable Cost of Thermal Conventional Plants, regarding an amount of € 481,899.10 VAT included. The said charge was depicted to the Notes of corrective clearing concerning the months May, June, July and August 2013.

With Num. 702/2016 Decision the claim of ADMIE regarding the abovementioned charges was rejected.

ADMIE filed an Appeal against the rejection of the claims the hearing of which took place on 28.09.2017 and the Court of Appeal based on 5413/2017 Judgment rejected the appeal of ADMIE.

#### **c) Impact of error in calculation of income from Ancillary Services**

On 19 January 2012, the HTSO notified the Company that the calculation of income for ancillary services (the Secondary Reserve) in the period from the 5th Reference Date (October 2010) to November 2011, had a numerical error resulting in a higher amount of income having been allocated to the Company than what would have arisen had the correct calculation per RAE decision 249/2006 been made. According to the Company's calculations, due to this error, the Company may be called to return to the HTSO (and already ADMIE) the amount of the difference of approximately €6 million for ancillary services rendered during the aforementioned period. In 2012 RAE issued decision Num. 324/2012, calling ADMIE SA to conduct a corrective settlement of Ancillary Services for the period between October 2010 and October 2011. The Company appealed to the Athens Administrative Court of Appeals in relation to this matter and the Court with its Judgment Num. 1578/2014 accepted the appeal entirely annulling the relevant decision of RAE. Against that decision RAE filed a notice of appeal to the Council of State, the hearing of which has been fixed, after adjournment, for the 02.04.2019. To the Administration's judgment the case will be solved in favor of Elpedison.

## **23.2 Taxation -Unaudited tax years**

From 2011 onwards, under certain provisions, all Greek companies are subject to an annual tax compliance audit by their statutory auditors. Accordingly, the Company was subject of a tax compliance audit by its statutory auditor for the financial years 2011-2017 for which it obtained unqualified tax audit certificates. According to recent legislation, the tax audit and the issuance of tax certificates is also valid from 2016 onwards but on an optional basis. The Company is

currently under a tax compliance audit by its statutory auditor for the financial year 2018, Management does not expect any material findings from this audit.

### 23.3 Letters of Guarantee

The Company has issued letters of guarantee or provided cash collaterals to related companies as well as third parties of an amount of €28,54 million.

### 23.4 Operating lease commitments – Company as a lessee

The Company leases its headquarters' offices and the land on which the Thessaloniki Plant is located. The minimum operating lease payments under these operating lease agreements as at 31 December 2018 fall due as follows:

	Year ended	
	31 December 2018	31 December 2017
No later than 1 year	442	380
Later than 1 year and no later than 5 years	1.070	1.093
later than 5 years	1.362	1.178
<b>Total</b>	<b>2.875</b>	<b>2.651</b>

### 23.5 Contractual commitments

The Company has long term agreements for the maintenance of the gas turbines of both plants Thessaloniki and Thisvi. The annual minimum commitments under these agreements amount to € 0,8 million approx.

## 24 Dividends

The Board of Directors will not propose any dividends or reserves' distribution for the 2018 financial year at the next Annual General Meeting of the Shareholders in 2019.

## 25 Related-party transactions

### 25.1 Parent and ultimate controlling party

The Company is controlled by Elpedison B.V. (incorporated in the Netherlands), which owns 75,78% of the Company's shares and is the parent Company. The remaining 24,22% of the shares is held by Hellenic Energy and Development SA and Halcor SA. The ultimate controlling parties of the Company are Edison SpA and Hellenic Petroleum S.A.

### 25.2 Related party entities

The Company has transactions and balances outstanding with the following entities that are related parties:

- Edison SpA
- Hellenic Petroleum S.A
- DIAXON AVEE

- 
- Hellenic Energy and Development S.A
  - Hellenic Energy Exchange S.A. (HEnEx S.A.)
  - RES and GOs Operator S.A. (DAPEEP S.A.)
  - Independent Power Transmission Operator (ADMIE S.A)
  - Hellenic Electricity Distribution Network Operator S.A (DEDDIE S.A)
  - Edison Trading SpA
  - Edison Hellas S.A
  - Public Gas Corporation of Greece S.A. (DEPA)
  - Hellenic Gas Transmission System Operator S.A (DESFA)
  - Edison International Holding N.V
  - Hellenic Fuels S.A
  - EKO KALIPSO LTD
  - EDF ENERGIES NOUVELLES
  - EDF EN Services
  - EDF Trading
  - Hellenic Petroleum Renewable Energy Sources SA
  - Energy Pylou-Methonis SA
  - Aeoliki Energy Peloponnese SA
  - AETOS WIND PARK S.A

Edison S.P.A is one of the ultimate controlling parties of the Company and provides the Company with experienced personnel which provided technical support and technical services through service agreements. Edison S.P.A has also provided the Company with experienced personnel for key company operational services during 2018.

Hellenic Petroleum SA is one of the ultimate controlling parties of the Company and is guarantor of Bond Loan 2 and lends the land where the power plant in Thessaloniki is located, has also provided the Company with experienced personnel for key Company operational services during 2018

Hellenic Energy and Development S.A (HED S.A) is one of the Company's share-holders and provides it with experienced personnel for key company operational services. ELLACTOR S.A which is the controlling party of HED S.A is the main guarantor of the Bond Loan 3.

Hellenic Energy Exchange S.A. (HEnEx S.A.), RES and GOs Operator S.A. (DAPEEP S.A.) and Independent Power Transmission Operator (ADMIE S.A) are related parties to the Company, as are partly controlled by the Greek State which is also a major shareholder in Hellenic Petroleum S.A. (one of the ultimate controlling parties of the Company).

Hellenic Electricity Distribution Network Operator S.A (DEDDIE) is a related party to the Company, since the Public Power Company S.A (PPC) is partly controlled by the Greek State which is also a major shareholder in Hellenic Petroleum S.A. (one of the ultimate controlling parties of the Company).

Edison Trading SpA, is a subsidiary of Edison SpA .

Edison HELLAS S.A, is a subsidiary of Edison SpA.

Public Gas Corporation of Greece S.A. (DEPA) is a related party to Hellenic Petroleum SA since Hellenic Petroleum S.A. owns 35% of the share capital of DEPA. The supply contract between the companies is at standard trading terms.



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Hellenic Gas Transmission System Operator S.A (DESFA) is a related party to the Company since Hellenic Petroleum S.A. owns 35% of the share capital of DEPA which is the ultimate shareholder of DESFA.

Edison International Holding NV is a related party to Edison SpA, the Company has provided bond loan 1 to Elpedison SA as disclosed in Note 14.

HELLENIC FUELS AND LUBRICANTS SA is related party of the Company, as HELLENIC FUELS SA is a subsidiary of Hellenic Petroleum SA.

DIAXON AVEE is related party of the Company, as DIAXON AVEE is a subsidiary of Hellenic Petroleum SA.

EKO KALIPSO LTD is related party of the Company, as EKO ABEE is a subsidiary of Hellenic Petroleum SA.

EDF EN Services is related party of the Company, EDF SA is the ultimate controlling party of Edison Spa.

EDF ENERGIES NOUVELLES is related party of the Company, EDF SA is the ultimate controlling party of Edison Spa.

EDF Trading is related party of the Company, EDF SA is the ultimate controlling party of Edison Spa.

HELLENIC RENEWABLE ENERGY SOURCES SA is related party of the Company, as it is a subsidiary of Hellenic Petroleum SA.

ENERGY PYLOU-METHONIS SA is related party of the Company, as it is a subsidiary of Hellenic Renewable Energy Sources SA.

AEOLIKI ENERGY PELOPONNESE SA and AETOS WIND PARK S.A are related party of the Company, as it is a subsidiary of EDF EN Hellas SA.

Transactions with related parties were carried out at arm's length.

The value of transactions and balances with the aforementioned related parties appears in the following tables.

### 25.3 Sales of electricity and other services to related parties

	Year ended	
	31 December 2018	31 December 2017
ADMIE S.A	25.970	34.701
DAPEEP S.A	63.899	156.409
HEnEx S.A	99.078	-
EKO KALIPSO	2.003	1.612
EKO ABEE	382	370
ELPE SA	16.281	10.096
ELPE RES S.A	3	2
EDISON HELLAS S.A	2	2
EDF EN SERVICES	11	8
ENERGY PYLOU-METHONIS SA	6	6
AEOLIKI ENERGY PELOPONNESE SA	5	1
DIAXON AVEE	2.431	2.629
EDF ENERGIES NOUVELLES	14	23
DESFA SA	1.408	296
DEDDIE S.A	18.645	10.178
	<b>230.138</b>	<b>216.332</b>

### 25.4 Purchases of materials and services from related parties

	Year ended	
	31 December 2018	31 December 2017
Edison S.P.A	515	572
Edison Trading SPA	-	2.654
EDISON HELLAS S.A	7.214	-
Hellenic Petroleum SA	489	370
ADMIE S.A	46.590	67.647
DAPEEP S.A	50.903	98.622
HEnEx S.A	55.599	-
HELLENIC FUELS AND LUBRICANTS S.A	-	6.099
Hellenic Energy & Development SA	150	150
DEPA S.A	48.399	86.630
DESFA S.A	11.516	9.816
EDF Trading	149	-
DEDDIE SA	76.760	36.764
	<b>298.284</b>	<b>309.324</b>

## 25.5 Year-end balances arising from sales/purchases of services

	Year ended	
	31 December 2018	31 December 2017
<b>Receivables from related parties</b>		
DEDDIE SA	1.612	586
DESFA SA	261	366
ADMIE S.A	18.936	45.103
DAPEEP S.A	6.666	8.231
HEnEx S.A	7.253	-
EKO KALIPSO LTD	114	353
HELLENIC FUELS AND LUBRICANTS S.A	72	97
ELPE S.A	1.322	1.884
EDF ENERGIES NOUVELLES HELLAS AE	-	1
	<u>36.236</u>	<u>56.622</u>

	Year ended	
	31 December 2018	31 December 2017
<b>Payables to related parties</b>		
Edison S.P.A	132	81
Hellenic Petroleum SA	115	30
Hellenic Fuels and Lubricants SA	-	40
Hellenic Energy & Development SA	47	47
DEPA S.A	-	-
DEDDIE SA	7.150	3.654
ADMIE S.A	11.179	34.834
DAPEEP S.A	3.035	870
HEnEx S.A	3.467	-
DESFA S.A	396	9
	<u>25.521</u>	<u>39.565</u>

## 25.6 Key Management compensation

Key management includes directors (executive and non-executive), the Company Chief Executive Officer, Chief Operating Officer, Deputy Chief Operating Officer and Chief Financial Officer. The increase in 2018 amount is due to the addition of the Deputy Chief Operating Officer. The compensation paid to key management for employee services is shown below:

	Year ended	
	31 December 2018	31 December 2017
Salaries and other short-term employee benefits	1.014	851
	<u>1.014</u>	<u>851</u>

## 26 Events after the reporting period and other significant events

There are no significant events after the reporting period.

## 27 Separate financial information of the integrated undertaking of generation and supply of electricity

Balance Sheet 31/12/2018				
Amounts in Euro thousands	Generation of electricity	Supply of electricity	Other	Total
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>254.003</b>	<b>1.349</b>		<b>255.353</b>
Property, plant and equipment	246.265	363		246.629
Intangible assets	2.350	449		2.799
Other long term assets	5.388	537		5.925
<b>Current assets</b>	<b>71.719</b>	<b>60.616</b>		<b>132.335</b>
Inventories	13.543	51		13.594
Trade and other receivables	47.438	54.290		101.728
Derivative financial instruments	-	-		-
Cash and cash equivalents	10.738	6.275		17.013
<b>Total assets</b>	<b>325.722</b>	<b>61.965</b>		<b>387.687</b>
<b>EQUITY</b>				
Share capital	98.198	1.436		99.634
Reserves	1.330			1.330
Share premium	44.584	412		44.996
Retained Earnings	(89.310)	15.086		(74.224)
<b>Total equity</b>	<b>54.803</b>	<b>16.934</b>	<b>0</b>	<b>71.737</b>
<b>Capital allocation to business units</b>	<b>6.097</b>	<b>(6.097)</b>		
<b>LIABILITIES</b>				
<b>Non- current liabilities</b>	<b>217.946</b>	<b>8.307</b>		<b>226.253</b>
Borrowings	198.950			198.950
Deferred income tax liabilities	18.515	-		18.515
Other non-current liabilities		8.291		8.291
Retirement benefit obligations	481	16		497
<b>Current liabilities</b>	<b>46.876</b>	<b>42.821</b>		<b>89.697</b>
Trade and other payables	20.119	25.969		46.088
Derivative financial instruments	71			71
Provisions	19.271	16.852		36.122
Borrowings Short Term	7.416	-		7.416
<b>Total liabilities</b>	<b>264.822</b>	<b>51.128</b>		<b>315.950</b>
<b>Total equity and liabilities</b>	<b>325.722</b>	<b>61.965</b>		<b>387.687</b>

Income Statement 31/12/2018				
Amounts in Euro thousands	Generation of electricity	Supply of electricity	Other	Total
<b>Revenues</b>				
Revenues from Generation	181.751			<b>181.751</b>
Revenues from Supply of Electricity		206.678		<b>206.678</b>
Public Services Obligations		19.526		<b>19.526</b>
Public Services Obligations (Non inter.islands)		18.492		<b>18.492</b>
Electricity Exports		13.959		<b>13.959</b>
Other revenues	1.404	-	1.045	<b>2.449</b>
<b>Total revenues</b>	<b>183.155</b>	<b>258.655</b>	<b>1.045</b>	<b>442.854</b>
<b>EXPENSES</b>				
Natural gas cost	134.056		1.014	<b>135.070</b>
Cost of energy sold		146.768		<b>146.768</b>
Electricity Imports		12.979		<b>12.979</b>
Public Services Obligations		22.421		<b>22.421</b>
Distribution Network		21.085		<b>21.085</b>
Transmission System		7.014		<b>7.014</b>
ETMEAR		25.596		<b>25.596</b>
Emission Rights-CO2	13.572			<b>13.572</b>
Inventories consumptions	1.160			<b>1.160</b>
Payroll and related expences	4.196	3.029		<b>7.225</b>
Third party fees	7.731	12.318		<b>20.049</b>
Repairs & maintenance costs	12.037	0		<b>12.037</b>
Other income-expenses	(5.382)	(2.808)		<b>(8.190)</b>
Depreciation & amortization	27.704	263		<b>27.968</b>
Impairment on trade receivables	0	3.374		<b>3.374</b>
Finance costs	11.776	289		<b>12.065</b>
Finance income	(104)	(285)		<b>(389)</b>
<b>Total expenses</b>	<b>206.745</b>	<b>252.043</b>	<b>1.014</b>	<b>459.802</b>
<b>Profit/(Loss) before income tax</b>	<b>(23.591)</b>	<b>6.612</b>	<b>31</b>	<b>(16.947)</b>

Balance Sheet 31/12/2017				
Amounts in Euro thousands	Generation of electricity	Supply of electricity	Other	Total
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>282.022</b>	<b>2.077</b>		<b>284.099</b>
Property, plant and equipment	271.568	219		271.787
Intangible assets	2.425	422		2.847
Other long term assets	8.029	1.436		9.465
<b>Current assets</b>	<b>84.968</b>	<b>60.539</b>		<b>145.507</b>
Inventories	13.412			13.412
Trade and other receivables	49.083	47.585		96.669
Derivative financial instruments	-	-		-
Cash and cash equivalents	22.472	12.954		35.426
<b>Total assets</b>	<b>366.990</b>	<b>62.616</b>		<b>429.606</b>
<b>EQUITY</b>				
Share capital	98.198	1.436		99.634
Reserves	1.330			1.330
Share premium	44.584	412		44.996
Retained Earnings	(69.304)	8.474		(60.830)
<b>Total equity</b>	<b>74.808</b>	<b>10.322</b>		<b>85.130</b>
<b>Capital allocation to business units</b>	<b>4.166</b>	<b>(4.166)</b>		
<b>LIABILITIES</b>				
<b>Non- current liabilities</b>	<b>22.437</b>	<b>7.567</b>		<b>30.004</b>
Borrowings				0
Deferred income tax liabilities	21.965	-		21.965
Other non-current liabilities		7.552		7.552
Retirement benefit obligations	471	16		487
<b>Current liabilities</b>	<b>265.579</b>	<b>48.892</b>		<b>314.472</b>
Trade and other payables	27.643	30.346		57.989
Derivative financial instruments	109			109
Provisions	13.564	18.546		32.110
Borrowings Short Term	224.264	-		224.264
<b>Total liabilities</b>	<b>288.016</b>	<b>56.460</b>		<b>344.476</b>
<b>Total equity and liabilities</b>	<b>366.990</b>	<b>62.616</b>		<b>429.606</b>

Income Statement 31/12/2017				
Amounts in Euro thousands	Generation of electricity	Supply of electricity	Other	Total
<b>Revenues</b>				
Revenues from Generation	191.109			<b>191.109</b>
Revenues from Supply of Electricity		185.816		<b>185.816</b>
Public Services Obligations		25.071		<b>25.071</b>
Public Services Obligations (Non inter.islands)		9.068		<b>9.068</b>
Electricity Exports		1.733		<b>1.733</b>
Other revenues	295	29	1.206	<b>1.530</b>
<b>Total revenues</b>	<b>191.404</b>	<b>221.717</b>	<b>1.206</b>	<b>414.327</b>
<b>EXPENSES</b>				
Natural gas cost	133.065		1.165	<b>134.230</b>
Cost of energy sold		118.190		<b>118.190</b>
Electricity Imports		14.297		<b>14.297</b>
Public Services Obligations		22.008		<b>22.008</b>
Distribution Network		19.741		<b>19.741</b>
Transmission System		6.782		<b>6.782</b>
ETMEAR		24.043		<b>24.043</b>
Emission Rights-CO2	6.320			<b>6.320</b>
Inventories consumptions	1.447			<b>1.447</b>
Payroll and related expences	3.990	2.540		<b>6.530</b>
Third party fees	7.197	10.777		<b>17.974</b>
Repairs & maintenance costs	7.903	0		<b>7.903</b>
Other income-expenses	(420)	(741)		<b>(1.161)</b>
Depreciation & amortization	27.861	207		<b>28.068</b>
Impairment on trade receivables	0	5.191		<b>5.191</b>
Finance costs	14.336	148		<b>14.484</b>
Finance income	(98)	(304)		<b>(402)</b>
<b>Total expenses</b>	<b>201.601</b>	<b>222.879</b>	<b>1.165</b>	<b>425.645</b>
<b>Profit/(Loss) before income tax</b>	<b>(10.197)</b>	<b>(1.162)</b>	<b>41</b>	<b>(11.318)</b>



## 1. General Principles

The Company ELPEDISON S.A drafts, submits for audit and publishes its annual financial statements in accordance with IFRSs, the relevant provisions of C.L. 2190/1920, as well as Laws 3229/2004 and 3301/2004.

The Company, as an Integrated Company, has considered the provisions of Law 4001/2011 (Official Government Gazette First Issue 179) and Directive 2009/72/EC, no. 31 on the separation of the accounts of integrated electricity undertakings as well as the decision n. 124/2017 of the Regulatory Authority of Energy.

Based on the above, prepares separate accounts, Balance Sheet and Profit and Loss Statement regarding the activities Generation and Supply in the Electricity Market in accordance with the provisions of Article 141 of Law 4001/2011 and decision no. 43/2014 by the Regulatory Authority for Energy:

The other activities of the Company, apart from electricity (E), are kept in consolidated non-separated accounts (Other or Other activities).

At the end of the financial year, the Company drafts and publishes according to the IFRS, its separate profit and loss statements and balance sheet per activity. Balance Sheet and profit and loss statements (before tax). The totals of the unbundled financial statements are equal and agree with the Balance Sheet and the profit and loss statement of Elpedison SA that have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, with the exception of income tax, as unbundled Financial Statements of Income are presented in before tax.

The abovementioned statements are contained in the notes of the annual financial statements of the Company, which are approved and signed according to the law and contain a certificate by the auditors, where reference is made to the rules which are approved by RAE, as referred to in Article 141 paragraph 4 of Law 4001/2011.

The Company shall notify RAE within 15 working days, after the approval of the annual financial statements by the General Meeting of the Company, the annual financial statements which shall contain the certificate and report of the auditors on the application of the Allocation Principles and Rules in the Assets and Liabilities accounts and in Revenues and Expenses.

## 2. Allocation Method & Rules

### Methods and Accounting Rules

The methods and accounting rules followed by the Company are dictated by the general accounting principles and the articles of the International Accounting Standards (IFRS).

The Accounting Department of the Company is fully computerized with a valid and properly configured accounting program (SAP), which ensure that separate accounts have been prepared and that separate profit and loss statements and balance sheet are prepared for each activity.

In particular, the mandatory registration of all accounting records per business area (in SAP) is currently applied, as designated by the Company in accordance with the above General Principles, as follows:

- (a) Business Areas / Activities
  - Generation of electricity.
  - Supply of electricity.
  - Cross border trading
  
- (b) Business Areas apart from the activities
  - Other.

### Allocation Rules of Expenditure and Revenue (Profit or loss)

In each registration of a document or transaction, as well as any other entry, the amounts are characterized by "business area" and then the corresponding accounts of expenditure, income, assets and liabilities are automatically updated. The program has a security key based on which no entry is allowed without the above characterization.

In this way, the documents and transactions which are solely related to one of the activities of the Company or which state a separate amount per activity, shall immediately update the separate accounts of each Activity / Business Areas (a).

Any documents and transactions which do not separately state the activity they are related to, shall update, when entered, the business area accounts (b), "Other".

At the end of each month, the balances of "Other" accounts are allocated as an assessment to each one of the activities (business areas a), whereas the allocation key is the participation percentage of each one in the total revenues of the Company during each closing financial year or the MWH or the meters or the employees participation.

Thereafter, the Company prepares the annual profit and loss statements of each financial year per activity.

### **Allocation Rules of Assets and Liabilities**

The entries updating the Assets and Liabilities Accounts, such as fixed assets, reserves, customers, other receivables, suppliers, liabilities and loans are allocated based on the activity to which they relate.

At the end of each financial year, total Equity is allocated based on the difference of Assets and Liabilities of each activity, which is designated as "capital allocation to business units".

Based on the above "capital allocation", as well as the general accounting principles, the following Assets and Liabilities are also allocated by activity: Cash and any financial products, tax liabilities and receivables, provisions.

### **3. Contents of Activities of Annual Income and Expenditure**

The annual separate Profit and Loss Account for each activity includes the Company's transactions with third parties.

In particular, each activity includes the following:

#### **a) Generation of electricity**

This activity includes Income, Expenditure and Assets and Liabilities, which are derived solely from the operation of power plants.

Expenses relating to the above income, the main ones are the following: Supply of natural gas, CO2 allowances markets, payroll, third party fees and expenses, maintenance and operational costs, consumption of spare parts, other production expenses and depreciation, as well as finance costs.

#### **b) Supply of electricity (Retail)**

This activity includes Income, Expenditure and Assets and Liabilities, which are derived from the wholesale and retail electricity trade and cross-border trade in electricity. Purchases relating to the supply of Electricity from HEnEx and companies in Greece and abroad, purchase of import and export rights and other services from ADMIE and network use (DEDDIE).

Expenses mainly relate to payroll, third party payments, finance costs, amortization and miscellaneous costs. are mainly originating from billings to HEnEx and to domestic and foreign companies.

Purchases concern the supply of Electricity from LHEnEx and domestic and foreign companies, the rights of import and export, and the other services from ADMIE, the network usage (DEDDIE).

Expenses mainly relate to personnel remunerations and costs, third party fees, depreciation finance costs and miscellaneous expenses.

#### **c) Other activities**

They include Income from other activities. The Expenses include fees, expenses, depreciation, financial and extraordinary profits or losses, which relate to the other activities of the Company, apart from the Generation and Supply of Electricity, as they are mentioned above.