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Gas Distribution Company
Thessaloniki – Thessalia S.A.
(EDA THESS)

Financial Statements
in compliance with the
International Financial Reporting Standards
as adopted by the European Union
For the year ended

December 31st, 2018

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ERNST & YOUNG (HELLAS)
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **GAS DISTRIBUTION COMPANY THESSALONIKI – THESSALIA S.A.**

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Company GAS DISTRIBUTION COMPANY THESSALONIKI – THESSALIA S.A. as at 31 December 2018, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated in 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our ethical responsibilities in accordance with these requirements and the above-mentioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

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

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 as incorporated in Greek Law, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as incorporated in Greek Law, 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 management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

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

Report on Other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report pursuant to the provisions of Article 2, paragraph 5 (part B) of Law 4336/2015, we note that:

a) In our opinion, the Board of Directors' Report has been prepared in accordance with the legal requirements of article 43a of the Codified Law 2190/1920 and its content is consistent with the accompanying financial statements for the year ended 31.12.2018.
b) Based on the knowledge obtained in the course of our audit for the Company GAS DISTRIBUTION COMPANY THESSALONIKI – THESSALIA S.A. and its environment, no material inconsistencies in the Directors' report have been identified.

Athens, February 26th 2019
The Certified Auditor Accountant

VASSILIOS KAPLANIS
AUDIT REGISTRATION NUMBER 19321
ERNST & YOUNG (HELLAS)
CERTIFIED AUDIT ACCOUNTANTS S.A.
8B CHIMARRAS, MAROUSI
COMPANY SOEL R.N. 107

(all amounts are expressed in Euro)

Statement of Financial Position

Statement of Financial Position	Notes	31.12.2018	31.12.2017
Assets			
Tangible assets	5	42.160.228,59	18.944.689,50
Intangible assets	6	260.297.569,91	270.204.850,40
Deferred tax asset	7	1.195.968,56	1.467.967,64
Long-term receivables	9	257.829,74	253.131,09
Non - Current Assets		**303.911.596,80**	**290.870.638,63**
Inventories	8	2.448.912,98	2.711.394,02
Trade and other receivables	9	19.055.659,75	20.974.924,91
Cash and cash equivalents	10	12.664.135,69	15.366.454,75
Current Assets		**34.168.708,42**	**39.052.773,68**
Total Assets		**338.080.305,22**	**329.923.412,31**
Equity & Liabilities			
Share capital	11	247.127.605,00	247.127.605,00
Reserves	12	16.079.768,20	15.155.997,00
Retained earnings		21.213.434,50	16.713.060,28
Equity		**284.420.807,70**	**278.996.662,28**
Long-term loan	13	19.200.000,00	12.800.000,00
Provision of personnel compensation	14	1.574.034,00	1.525.487,00
Deferred income	15	0,00	6.170.940,72
Grants	16	10.310.260,58	10.722.671,00
Other long-term liabilities	17	286.920,73	54.966,75
Non - Current Liabilities		**31.371.215,31**	**31.274.065,47**
Trade and other payables	17	16.282.663,76	16.452.684,56
Short term portion of long term loans	13	5.600.000,00	3.200.000,00
Income tax payable	18	405.618,45	0,00
Current Liabilities		**22.288.282,21**	**19.652.684,56**
Total Liabilities		**53.659.497,52**	**50.926.750,03**
Total Equity & Liabilities		**338.080.305,22**	**329.923.412,31**

The accompanying notes constitute an integral part of these financial statements

(all amounts are expressed in Euro)

Income Statement

Income Statement	Notes	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Distribution Revenue		51.767.787,09	51.965.584,70
Connection Charges		179.918,58	268.489,44
Other Income	20	879.932,21	1.152.160,63
Deferred income	15	0,00	342.830,04
Opex Payroll	19	-11.466.607,74	-10.324.745,17
Other opex	21	-9.281.933,06	-7.844.014,93
Payroll Capitalization	19	5.105.851,52	4.329.259,57
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**37.184.948,60**	**39.889.564,28**
Depreciation Tangible & Int. Assets	5,6	-12.598.473,39	-15.651.119,50
Amortization of grants	16	412.410,42	564.351,11
Earnings before interest and taxes (EBIT)		**24.998.885,63**	**24.802.795,89**
Interest income	22	231.269,31	219.382,19
Interest expense	22	-540.728,89	-162.783,53
Earnings before taxes (EBT)		**24.689.426,05**	**24.859.394,55**
Income tax	18	-7.413.385,43	-7.338.431,19
Earnings after taxes (EAT)		**17.276.040,62**	**17.520.963,36**

Statement of Comprehensive Income

Statement of Comprehensive Income	Notes	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Profit after taxes		17.276.040,62	17.520.963,36
Items that will not be classified in the income statement at later time			
Profit / (Losses)Profit from remeasurement of defined benefit plan	14	93.211,00	-152.498,00
Income tax related to actuarial Gain / (Losses)	7	-33.241,83	44.224,42
Total comprehensive income after taxes		**17.336.009,79**	**17.412.689,78**

The accompanying notes constitute an integral part of these financial statements

(all amounts are expressed in Euro

Statement of Changes in Equity

Statement of Changes in Equity	Share Capital	Statutory Reserves	Other Reserves	Accum. Profit	Total Shareholders' Equity
Balance at 01.01.2018	**247.127.605,00**	**15.332.004,52**	**-176.007,52**	**16.713.060,28**	**278.996.662,28**
Adjustment for the application from IFRS 15 (Note 2.3)	0,00	0,00	0,00	4.624.777,24	**4.624.777,24**
Revalued Balance 01.01.2018	**247.127.605,00**	**15.332.004,52**	**-176.007,52**	**21.337.837,52**	**283.621.439,52**
Net profits for the period after taxes	0,00	0,00	0,00	17.276.040,62	**17.276.040,62**
Other comprehensive income after taxes	0,00	0,00	59.969,17	0,00	**59.969,17**
Total comprehensive income after taxes	**0,00**	**0,00**	**59.969,17**	**17.276.040,62**	**17.336.009,79**
Distribution to reserves (Note 12)	0,00	863.802,03	0,00	-863.802,03	**0,00**
Dividends paid (Note 26)	0,00	0,00	0,00	-16.536.641,61	**-16.536.641,61**
Balance at 31.12.2018	**247.127.605,00**	**16.195.806,55**	**-116.038,35**	**21.213.434,50**	**284.420.807,70**
Balance at 01.01.2017	**266.309.200,00**	**14.455.956,35**	**-67.733,94**	**25.540.454,09**	**306.237.876,50**
Net profits for the period after taxes	0,00	0,00	0,00	17.520.963,36	**17.520.963,36**
Other comprehensive losses after taxes	0,00	0,00	-108.273,58	0,00	**-108.273,58**
Total comprehensive income / (losses) after taxes	**0,00**	**0,00**	**-108.273,58**	**17.520.963,36**	**17.412.689,78**
Decrease share capital (Note 11)	-19.181.595,00	0,00	0,00	0,00	**-19.181.595,00**
Distribution to reserves (Note 12)	0,00	876.048,17	0,00	-876.048,17	**0,00**
Dividends paid (Note 26)	0,00	0,00	0,00	-25.472.309,00	**-25.472.309,00**
Balance at 31.12.2017	**247.127.605,00**	**15.332.004,52**	**-176.007,52**	**16.713.060,28**	**278.996.662,28**

(all amounts are expressed in Euro)

Statement of Cash Flows

Statement of Cash Flows	Notes	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Cash Flows from Operating Activities			
Profit of period before taxes		24.689.426,05	24.859.394,55
Adjustments for:			
Depreciation	5	2.001.722,49	1.369.798,77
Amortization	6	10.596.750,90	14.281.320,73
Amortization of grants	16	-412.410,42	-564.351,11
Net profit from sale/disposal of fixed assets	5	-4.813,57	-1.144,16
Provision of personnel compensation	14	141.758,00	83.939,76
Provision for inventory impairment	8	4.007,74	0,00
Provision for doubtful debts	9	12.963,37	48.925,68
Interest expense	22	540.728,89	162.783,53
Interest income	22	-231.269,31	-219.382,19
		37.338.864,14	**40.021.285,56**
Decrease/(Increase) in inventories		258.473,30	-613.186,28
Decrease / (Increase) in trade and other receivables		1.901.603,14	-7.656.438,01
(Decrease) / Increase in trade and other payables		-323.088,55	4.809.442,79
Increase in trade and other long-term liabilities		231.953,98	9.366,75
Decrease Deferred revenue	15	0,00	-342.830,04
Personnel compensation paid	14	0,00	-9.100,00
		39.407.806,01	**36.218.540,77**
Interest paid		-44.831,10	-40.694,64
Income tax paid	18	-8.658.003,25	0,00
Net cash Flows from Operating activities		**30.704.971,66**	**36.177.846,13**
Cash Flows from Investing activities			
Capital expenditure incurred on network expansion	5	-25.175.854,88	-18.229.065,50
Purchases of other tangible assets	5	-730.880,48	-1.496.765,15
Proceeds from disposal of tangible assets	5	4.816,94	34.594,74
Interest received		231.269,31	219.382,19
Net cash flows from Investing activities		**-25.670.649,11**	**-19.471.853,72**
Cash Flows from Financing activities			
Reiceipts from issued long term borrowing	13	12.000.000,00	16.000.000,00
Repayment of bank loans	13	-3.200.000,00	0,00
Dividends paid	26	-16.536.641,61	-25.472.309,00
Net Cash Flows from Financing activities		**-7.736.641,61**	**-9.472.309,00**
(Decrease) / Increase in Cash and cash equivalents		**-2.702.319,06**	**7.233.683,41**
Cash and cash equivalents at beginning of the year	11	15.366.454,75	8.132.771,34
Cash and cash equivalents at the end of the year	11	**12.664.135,69**	**15.366.454,75**

Thessaloniki, February 26th, 2019

Chairman of the BoD:	**Venetios Bouras**
General Manager:	**Leonidas Bakouras**
Finance Manager:	**Theodosios Bakirtzis**
Tax Consultant:	**Nikolaos Zeberligos**

The accompanying notes constitute an integral part of these financial statements

Notes to the Financial Statements

1 General Information

The GAS DISTRIBUTION COMPANY THESSALONIKI-THESSALIA S.A. (former GAS SUPPLY COMPANY OF THESSALONIKI S.A.) or "Company" was founded in 2000 as a Joint-Stock Company under the Greek Companies Act. The Company is seated on 256 Monastiriou & 7 Glinou Str., GR-54628, Thessaloniki, Greece ever since March 2011.

The Company's share capital is fully paid up, stands at €247,127,605 and is divided into 247,127,605 registered shares with a nominal value of €1 each.

Based on the above, the Company's current shareholding structure is as follows:

(1) DEPA S.A.: 126,035,079 shares, i.e. 51%

(2) ENI Gas e Luce S.p.A: 121,092,526 shares, i.e. 49%.

According to Law 4001/2011, as amended and in force, as from 30/12/2016 the Company became the legal Operator of Distribution Networks in Thessaloniki and Thessaly. Pursuant to Article 8, L.4336/2015, with the issuance of the Distribution Licenses provided for in article 80C, L.4001/2011 the arrangements for the distribution Licenses granted under the provisions of Law 2364/1995 (Government Gazette A 256) are abolished.

Under L.4336/2015, a plan for the gradual full liberalization of the gas market has been introduced where as of August 2015, all industrial customers with an annual consumption of more than 2.2 GWh per year became eligible, as of January 2017, all commercial customers with an annual consumption of more than 2.2 GWh per year will become eligible and as of January 2018, all customers will become eligible regardless consumption.

On 31.12.2018, the Company was authorized with a Natural Gas Distribution License (απΡΑΕ 1314/2018, ΦΕΚ Β' 5922/31.12.2018) and Natural Gas Distribution Network Operation License (απΡΑΕ 1315/2018 ΦΕΚ Β' 5916/31.12.2018), according with the provisions of the law 4001/2011 and the licensing regulation (ΦΕΚ Β' 3430/17.08.2018). The duration of the Licenses is 25 years, ending on 31.12.2043.

The attached Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union for the year ended 31st December 2018 and have been approved by the Board of Directors on 26 February 2019.

2. Basis for the Preparation of Financial Statements and significant Accounting Policies

2.1 Basis for the Presentation of Financial Statements

The Financial Statements have been prepared in accordance with IFRS as issued by the International Board (IASB) as well as in accordance with their interpretations, as issued by the IASB Standards Interpretation Committee, as adopted by the European Union and are mandatory applied for the years ending 31 December 2018. There are no standards and interpretations of standards that have been applied before the date of their application.

The summarized Financial Statements have been prepared in accordance with the historical cost principle and on the basis of the going concern principle.

The preparation of the Financial Statements in accordance with IFRS require the adoption of specific estimations and assumptions. It also requires management judgment when applying the Company's accounting policies. Areas with a higher degree of judgment or complexity, or areas where assumptions and estimations are significant in the Financial Statements are indicated in note 4 below.

The financial data are presented in Euro which is the applicable currency for the Company's operation and presentation.

In the statement of Financial Position are disclosed separately the tangibles and the intangible assets belonging to EDA THESS and DEPA SA. According to the article 80B of Law N. 4001/2011, the networks of Distribution that had been constructed until 31.03.2017 remain in the exclusive property of DEPA SA and transferred as tangible assets to DEPA SA. DEPA as the owner of the Network is not entitled to an exchange for the concession of the management and exploitation of Distribution Networks of Thessaloniki and Thessalia up to the amortization of the right of use and beneficial use of assets and specifically until the expiration of the License in 31.12.2043. Accordingly, the Distribution Networks constructed by the Company from April 1, 2017 belong to the exclusive ownership of EDA THESS and are amortized until the expiration of the Distribution License on 31.12.2043.

According to the provisions of Article 80a of Law 4001/2011, the Company is obliged, following the decision of RAE, to keep separate accounts, in accordance with the provisions of Article 89 for the Distribution Activities by geographical area. On 31.03.2017, the Company has submitted a proposal to RAE regarding the allocation rules for Assets, Liabilities, Expenses and Revenues in each geographical area - Thessaloniki and Thessalia, for the separate monitoring and separate disclosure of these items in the Financial Statements.

Until the date of preparation of the financial statements, neither the above-mentioned RAE decision has not been issued nor the allocation rules have been issued. The Company will be able to prepare and submit to RAE separate financial statements in accordance with approved allocation rules and in accordance with the provisions of article 89 of Law 4001/2011, following the issuance of the relevant regulatory decision by the Authority, which is expected within 2019. In the same context, once approved, it will be feasible to disclose the approved distribution rules and the separate financial statements for each geographical area in the notes the financial statements.

2.2 New Standards, interpretations and modifications on existing I.F.R.S.

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2018

- **IFRS 9 Financial Instruments:**
  The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and

Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Management of the Company examined the impact of the new standard in the Financial Statements and a detailed analysis is given to note 2.3.

- **IFRS 15 Revenue from Contracts with Customers**
  IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Management of the Company examined the impact of the new standard in the Financial Statements and a detailed analysis is given to note 2.3.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**
  The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The Management of the Company examined the impact of the new standard in the Financial Statements and a detailed analysis is given to note 2.3.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**
  The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Management of the Company examined the impact of the new standard in the Financial Statements and a detailed analysis is given to note 2.3.

- **IAS 40: Transfers to Investment Property (Amendments)**
  The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments have no impact on the financial statements of the Company.

- **IFRIC INTERPRETATION 22: Foreign Currency Transactions and Advance Consideration**
  The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This interpretation has no impact on the financial statements of the Company.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. These amendments had no impact on the financial statements.

  - ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Standards issued but not yet effective and not early adopted

- **IFRS 16: Leases**

  The standard is effective for annual periods beginning on or after January 1st, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Company carried out an assessment of the impact of this standard witch is presented below.

  The Company expects an impact on the total of assets and liabilities on the first application due to the capitalization of operating leases as rights of use assets and the recognition of the corresponding lease obligations. The operating leases concern leases of transport and real estate.

  IFRS 16 permits various approaches to the implementation of the Standard. The Company will apply the new standard using the modified retrospective approach, according to which the comparative figures for the previous year will not be adjusted. At the date of application of the Standard (1 January 2019), the Company has selected for all its leases to measure the right of use each asset in an amount equal to the corresponding lease obligation.

Practical facilities
Using the relevant practical expedient provided by the Standard, the Company will not re-evaluate at the date of initial application whether a contract is or contain a lease and therefore will apply the standard to contracts which previously recognized as leases under the IAS 17.

The Company will also follow the following practical facility during the transition:
- Will apply a single discount rate to all leases

Exceptions
The Company intends to use the exemption provided by the standard for short-term leases and leases of low value. Therefore, the requirements of the standard regarding on recognition, initial and subsequent measurement and presentation will not be applied to short-term contracts (of 12 months or less without the right to purchase the underlying) and contracts for which the underlying asset is low worth. The lessee estimates the value of the underlying asset as new, irrespective of the age of the asset when it is leased. The Company has set the amount of € 5.000,00 as "low value".

Discount Rate
In order to discount the liabilities of the existing operating leases, the Company used the incremental borrowing rate, which amounted to 2.85%. The present value of future operating lease payments for vehicles and real estate will be recognized as a right to use an asset in the Assets and an equivalent interest-bearing liability in the Liabilities.

Impact on Financial Statements
In order to determine the estimated impact on the Company's financial statements in 2019, a relevant calculation was conducted with the existing lease agreements on 31/12/2018.
The expected impact on the Statement of Financial Position and the Income Statement of the Company is analyzed as follows:
- Estimated Initial Recognition of Right of Use of assets and equivalent operating lease liabilities of € 3.957 thousand for the Company,
- Estimated net decrease in operating costs of € 999 thousand for the Company (decrease in operating leases / increase in financial results),
- Estimated increase of depreciations of € 1.048 thousand for the Company.

The above effect is expected to lead in a change in the cash outflow for operating and financing activities in the Company's cash flow statement.

- **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have

not yet been endorsed by the EU. The Management of the Company estimates that these amendments will have no impact on the financial statements.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. The Management of the Company estimates that these amendments will have no impact on the financial statements.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long-term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU. The Management of the Company estimates that these amendments will have no impact on the financial statements.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Management of the Company estimates that these amendments will have no impact on the financial statements.

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU. The Management of the Company estimates that these amendments will have no impact on the financial statements.
- **Conceptual Framework in IFRS standards**
  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting

policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**
  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. The Management of the Company estimates that these amendments will have no impact on the financial statements.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments))**
  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. The Management of the Company estimates that these amendments will have no impact on the financial statements

- The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. The Management of the Company estimates that these amendments will have no impact on the financial statements.
  - ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements***: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - ***IAS 12 Income Taxes***: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
  - ***IAS 23 Borrowing Costs:*** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific

borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

2.3 New Standards, interpretations and modifications on existing I.F.R.S

The Company implemented for first time IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" on 01.01.2018.

- ***IFRS 9 Financial Instruments:***
  IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement" for periods beginning on or after 01.01.2018.
  IFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting of financial instruments.
  The Company adopted the new standard on 01.01.2018 without adjusting comparative information.

  a. **Classification and measurement of financial assets and liabilities**
  IFRS 9 eliminates the previous categories of IAS 39 for financial assets: held-to-maturity, loans and receivables and available-for-sale.
  According to IFRS 9financial assets after initial recognition will be measured at fair value through the income statement, amortized cost or fair value through the statement of other comprehensive income. The classification is based on the following two criteria: (a) the business model for the management of a financial asset, i.e. whether the objective is to hold for the purpose of collecting contractual cash flows or the collection of contractual cash flows and the sale of financial assets and (b) whether the contractual cash flows of the financial asset consist exclusively of capital repayments and interest on the outstanding balance ("SPPI" criterion).
  Regarding trade and other receivables, the Company applies a business model with the objective of holding financial assets and collecting contractual cash flows. As a result, the Company, when initially applying IFRS 9, measures these receivables at amortized cost.
  At the date of first application, the Company had no financial assets that it had classified as available-for-sale or held-to-maturity under IAS 39 and therefore there was no change in the financial statements.
  The new standard did not affect the classification and measurement of the financial liabilities of the Company.

  b. **Impairment**
  The adoption of IFRS 9 resulted in a change in the accounting treatment of impairment losses for financial assets as it replaced the treatment of IAS 39 for recognition of realized losses by recognizing the expected credit. The new model of expected credit losses includes customer receivables and other trade receivables.
  Regarding 'Trade Payables', the Company applied the simplified approach of the standard and calculated the expected credit losses over the life of the receivables. For this purpose, a credit loss forecasting table was used to measure the projections in a way that reflects past experience and predictions of the future financial situation of customers and the economic environment
  With respect to the receivables of network distribution users, the Company assessed the need for provisioning for these receivables but due to the fact that all users have

provided either a letter of guarantee or a warranty covering the whole claim, the Company concluded that there is no expected significant credit loss and does not make a distinct provision for these receivables in the financial statements.
With regard to receivables from connection fees and supplementary services, which constitute a very small part of the trade receivables, the Company has calculated the expected credit losses over the life of the receivables but due to the low value of the provision that resulted from the calculation (10,6 k approximately), the Company did not adjust the retained earnings but the 2018 use was charged to the total provision.

c. **Hedge accounting**
The application of the new standard had no impact on the Company's financial statements as the Company does not apply hedging policy.

- ***IFRS 15 Revenue from Contracts with Customers:***

IFRS 15 replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and all Interpretations relating to income from contracts with customers, unless such contracts fall within the scope of other standards. The main principle of the new standard is that an entity recognizes revenue to reflect the transfer of the promised goods or services to its customers in an amount that reflects the consideration that an entity estimates to be entitled to such goods or services.

IFRS 15 provides a single model based on five steps to identify and recognize revenue to be applied to all customer contracts. The Standard is additionally applied to the recognition and measurement of gains and losses on the sale of non-financial assets that are not part of the Group's ordinary activities (eg sales of tangible fixed assets or intangible assets).
It requires entities to allocate transaction price from contracts to individual discrete promises, ie execution obligations, based on standalone selling prices, according to the five-step model. Revenue is then recognized when the entity settles the execution obligations, ie when it transfers the goods or services specified in the contract to the customer.

The Company applied IFRS 15 for the first time on 1 January 2018. IFRS 15 allows various approaches to the application of the Standard. The Company has chosen to apply IFRS 15 retrospectively with the cumulative effect of the original application being recognized as an adjustment to the opening balance of retained earnings on 1 January 2018. Comparative information has not been restated. The Company did not use any of the practical facilities provided by the standard during the transition.

Cumulative Effect from the Application of IFRS 15:

According to the Distribution Network Operation Code, the Connection Fee is defined as the fee charged by the Company to the Final Customer for the construction of the External Installation required to connect it. According to the Basic Distribution activity tariff Regulation, in case of a request for connection, the applicant who requested the connection of a new Delivery Point and whose application was accepted by the Company in accordance with the Code, shall pay to the Company Connection Fees. Connection fees are set in such a way that the Company recovers through them, part or all of the cost of manufacturing the External Installation for each new Delivery Point. The charging of the fees is made after the deductions, which have been approved by the Regulatory Authority for Energy. These fees are not related to the provision of future services and are not reimbursable to customers.

(all amounts are expressed in Euro

Based on the assessment made by the Company, the connection of each customer to the Distribution Network is a distinct obligation to execute, as the connection has an independent value for the customer. Therefore, the proceeds from the specific one-off fees will continue to be recognized at a given point in time, namely at the time of the connection to the Network.
The one-off charges were billed to customers the years 2006 - 2008 (ie earlier than the effective date of IFRIC 18, which is not applied retrospectively) were deemed by the Company as deferred revenue and recognized as revenue during the License of the Distribution Network. With the adoption of IFRS 15, the amount of Euro 6,513,770.76 that was included on 1 January 2018 as Deferred Income in the Statement of Financial Position either in the item "Deferred Income" (the long-term part) or in the item "Trade and Other Liabilities" (the short-term) was recognized in the Company's new earnings on 1 January 2018. The related deferred tax asset previously recognized in the amount of € 1,888,993.52 was recognized as a deduction from the Group's earnings on 1 January 2018.
Although the new standard, with the exception of the above impact, does not introduce material differences from the Company's current accounting policies, the corresponding accounting policy has been formulated and presented in note 2.4.15 of the financial statements.

The table below shows the adjustments made for each separate line item of the Statement of Financial Position. Lines not affected by the changes introduced by the new standard are not included in the table. The readjustments are analyzed in more detail below.

Effect on the Statement of Financial Position (increase / (decrease)) of 31 December 2017 as posted:

Statement of Financial Position	31.12.2017	IFRS 15	01.01.2018
Assets			
Deferred tax asset	1.467.967,64	-1.467.967,64	0,00
Equity & Liabilities			
Retained earnings	16.713.060,28	4.624.777,24	21.337.837,52
Non - Current Liabilities			
Deferred tax liability	0,00	421.025,88	421.025,88
Deferred income	6.170.940,72	-6.170.940,72	0,00
Current Liabilities			
Trade and other payables	16.452.684,56	-342.830,04	16.109.854,52

(all amounts are expressed in Euro

2.4 Basic Accounting Principles

2.4.1 Concession Right

According to Article 80B of Law 4001/2011, Distribution Networks that had been constructed until 31.03.2017 remain in the exclusive property of DEPA SA and are transferred as a "tangible asset" to DEPA SA. DEPA SA, as Network Owner, is not entitled to anything in exchange for the granting of the management and operation of the Distribution Districts of Thessaly and Thessaloniki until the amortization of right to use and beneficial use, until the expiry of the Distribution License on 31.12.2043.

The rights and obligations that govern the relationship of the Company with the owner of the Distributive Network assets existing on 1 April 2017 are set out in Annex IV of the Company's Distribution Network Management Authorization (ΦΕΚ Β' 5916/31.12.2018) relating to fixed assets referred to in Annexes II and III of the License. The Existing Distribution Network, which was built and completed before April 1, 2017, and its replacements or restorations throughout the lifetime of the License, is owned by DEPA.

DEPA grants to the Company, without anything in exchange, the management and exploitation of the Existing Network.

The aforementioned fixed assets DEPA SA are presented as intangible assets, rights of use, in the Company's Statement of Financial Position and are amortized until the expiry of the License (2043).

2.4.2 Tangible Fixed Assets

In compliance with Law, the expansion works on Distribution Networks operated by the Company from 01.04.2017 belong to its exclusive property and are presented as tangible fixed assets in the Statement of Financial Position.

Fixed assets are presented at historical cost less accumulated depreciation and any impairment. Acquisition cost includes any costs directly attributable to the acquisition of fixed assets. Subsequent expenditure is included in the carrying amount of the asset only when it is likely that future economic benefits will flow to the Company and the asset cost can be reliably estimated.

The residual value and useful life of the assets are reviewed and determined at each date of preparation of the Financial Statements, if necessary.

Depreciation is computed based on the straight-line method over the estimated useful lives of such assets and starts when the asset becomes available for use. Plant and equipment are depreciated as follows:

Leasehold improvements:	over the life of the lease contract or useful life if shorter
Machinery and equipment:	8 years
Distribution network:	Until the License expiration (2043)
Vehicles:	8 years
Furniture and fittings:	3-5 years

Depreciated values of assets are reviewed for impairment when events or amendments indicate the depreciated value may not be recoverable. In case of such indication and whenever depreciated values exceed the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the highest between net selling price and value in use. Value in use is assessed by the estimated future cash flows in their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to such asset. Impairment losses are recognised in the Income Statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.4.3 Impairment of non-financial assets

Assets of indefinite useful life are not subject to amortization and are reviewed annually for impairment. Assets subjected to amortisation are reviewed for impairment when events indicate the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable. The recoverable amount is the highest of an asset's fair value less costs to sell and value in use. Value in use is assessed by the estimated future cash flows in their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to such asset. Impairment losses are recognised in the Income Statement.

2.4.4 Financial Instruments

Financial instrument is any contract that creates a financial asset to a company and a financial liability or an equity instrument in another one.

I. Financial Assets

Initial recognition and measurement

At initial recognition financial assets are classified depending on their nature and characteristics into one of the following four categories:

I. Financial assets measured at amortized cost,
II. Financial assets measured at fair value through profit or loss,
III. Financial assets measured at fair value through other comprehensive income

All financial assets are initially recognized at their fair value, which is usually the acquisition cost plus direct transaction costs. Purchases and sales of investments are recognized at the date of the transaction, which is the date the Company commits to purchase or sell the item.

Subsequent measurement

i. **Financial assets measured at amortized cost**

This category classifies the financial assets for which both of the following conditions are met:

1. the financial asset is retained within a business model, the objective of which is to hold financial assets for the purpose of collecting contractual cash flows; and
2. under the contractual terms of the financial asset, cash flows that consist exclusively of capital repayment and interest on the outstanding capital are created at specific dates.

This category includes all the financial assets of the Company.

ii. **Financial assets measured at fair value through profit or loss**.

A financial asset is measured at fair value through profit or loss, unless is measured at amortized cost according to paragraph (i) or fair value through other comprehensive income in accordance with paragraph (ii).

However, at initial recognition, the Company may elect irrevocably for specific investments in equity instruments that would otherwise be measured at fair value through profit or loss, presenting other comprehensive income on subsequent changes in fair value

Realized and unrealized gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss in the period in which they arise.

iii. **Financial assets measured at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if both the following conditions are met

1. the financial asset is retained in the context of a business model the objective of which is achieved both by the collection of contractual cash flows and the sale of financial assets; and
2. under the contractual terms of the financial asset, cash flows that consist exclusively of capital repayment and interest on the outstanding capital are created at specific dates.

At the date of the Financial Statements the Company did not have investments of this category.

Derecognition of financial asset

The Company ceases to recognize a financial asset when the contractual rights to the cash flow of the financial asset expire or transfer the financial asset and the transfer meets the conditions for write-off.

Reclassification of financial assets

Reclassification of financial assets occurs in rare cases and is due to a decision by the Company to modify its business model for the management of those financial assets.

Impairment of financial assets

Under IFRS 9, impairment of financial assets measured at amortized cost or at fair value through other comprehensive income occurs by recognizing the expected credit losses.

At each reporting date, IFRS 9 requires measuring the provision for a financial instrument for an amount equal to the expected lifetime loss if the credit risk of the financial instrument has increased significantly since initial recognition. On the other hand, if at the reporting date the credit risk of a financial instrument has not increased significantly from the initial recognition, IFRS 9 requires the provision for a loss provision for that financial instrument to be equal to the expected 12-month credit losses.

The risk parameters taken into account for the calculation of expected credit losses are the estimated default probability, the percentage of loss on the principal due to the fact that the client has failed to repay the amount due and the outstanding balance of the Company in case of default the customers. In certain cases, the Company may assess for certain financial information that there is a credit event when there is internal or external information indicating that the collection of amounts determined under the relevant contract is unlikely to be collected as a whole.

As a general rule, the assessment of the classification in stages shall be carried out at each reporting period.

With regard to 'Trade and other receivables, IFRS 9 requires the application of the simplified approach to the calculation of expected credit losses. The Company, using this approach, has calculated the expected credit losses over the life of the receivables. For this purpose, a credit loss forecasting table was used to measure the projections in a way that reflects past experience and predictions of the future financial situation of customers and the economic environment. A more detailed description of accounting is presented below in paragraph 9.

II. Financial liabilities

Initial recognititon

The balances of suppliers and other liabilities are recognized at cost that is the fair value of the future payment for the purchases of goods and services provided. Trade and other short-term liabilities are not interest-bearing accounts and are usually settled at 0-60 days.

All loans are initially recorded at cost, which reflects the fair value of the receivables less the relevant direct acquisition costs where they are significant. After initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account issuing costs and the difference between the original amount and the maturity. Gains and losses are recognized in profit or loss when liabilities are written off or impaired through the amortization process.

Subsequent measurement

After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method except for:

a. financial liabilities at fair value through profit or loss.

b. financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach is applied.

c. financial guarantee contracts

d. loan commitments at lower interest rates than those on the market.

The unamortised cost of loans is calculated by taking into account issuing costs and the difference between the original amount and the maturity. Gains and losses are recognized in profit or loss when the liabilities are written off or impaired, and through the amortization process.

Loans are classified as current liabilities unless the Company has the right to postpone the repayment of the liability for at least 12 months from the date of the Financial Statements.

Derecognition

An entity ceases to recognize a financial liability (or part thereof) in its financial statements when, and only when, it is repaid, that is, when the commitment set out in the contract is fulfilled, canceled or expires. An exchange between an actual debtor and a borrower of debt securities in substantially different terms is accounted for as a repayment of the original financial liability and recognition of a new financial liability. Similarly, a material changes in the terms of an existing financial liability (whether due to a borrower's financial difficulty or not) is accounted for as a repayment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of a financial liability (or a portion of a financial liability) payable or transferred to another party and the consideration paid, including the non-cash assets and the liabilities assumed, is recognized in the income statement.

Reclassification of financial liabilities

The Company may not reclassify any financial liability.

Offsetting financial instruments

The offsetting of financial assets with liabilities and the presentation of the net amount in the Financial Statements is made only if there is a legal right to offset and there is an intention to settle the net amount resulting from the offsetting or simultaneous settlement.

2.4.5 Inventory

Inventories consist of materials related to for the construction of gas distribution network and spare parts used for maintenance. Inventories are valued at the lowest between cost and net realizable value. Net realizable value is the estimated selling price of stocks in the ordinary course of business less any costs of sale where applicable. The Company measures inventories at the weighted average monthly cost.

Appropriate allowance is made for obsolete, useless and slow-moving materials. The reductions in value of inventories to net realizable value and other reserves losses are entered in the Income Statement of the period displayed.

2.4.6 Trade and other receivables

The commercial receivables which generally have a credit of 0-60 days are entered at fair value (originally invoiced amount) minus the provisions for any uncollectable balance amounts.

The remaining receivable which are expected to be collected within a year from the reporting date, are entered at fair value less the provisions for any uncollectable balance amounts, while long-term receivable accounts (balance amounts deviating from the standard credit limits) are valued at unamortized cost on the basis of the effective interest rate method.

A provision for bad debts is made when the collection of a total amount due is no longer possible. Furthermore, the Company calculates the expected credit losses over the life of the receivables and prepares a related provision. For this purpose, a forecasting matrix of credit losses is used, based on aging of balances, to measure the related provisions in a way that reflects past experience and forecasts of the future financial situation of customers and the economic environment.

The balance of such provision for bad debts is applicably adjusted to each reporting date, in order to reflect the potentially relevant risks.

Any written-off balance of customers is charged to the existing provision for bad debts. The Company does not write off any receivable until all possible legal actions are taken for its collection. The provision amount is entered as an expense item in the Income Statement.

Any subsequent recovery of amounts for which a provision had been made, are credited under "Other revenues" in the Income Statement.

2.4.7 Cash and cash equivalents

Cash and cash equivalents consist of maximum 3-month term deposits and other highly liquid investments.

2.4.8 Share Capital

Share capital comprises the value of the Company's common registered shares, as issued. Incremental costs (share issuance costs) directly attributable to the issue of share capital are deducted from retained earnings.

2.4.9 Foreign currency translation and transactions

Financial Statements are presented in Euro, the functional currency of the Company. Transactions in foreign currencies are translated into the functional currency using the exchange rates existing on the date of transaction. Debts, assets and liabilities in foreign currency on reporting date are adjusted to reflect the exchange rates prevailing on reporting date. Gains and losses from foreign exchange differences arising from translation of monetary items denominated in foreign currencies during the year and on reporting date with the existing rates, are entered in Income Statement.

2.4.10 Personnel Retirement Benefits

In compliance with the provisions of labour law, the Company reimburses its retirees, with the amount of compensation depending on the years worked and the salary. The program is considered to be a defined benefit plan.

Retirement obligations are calculated at the discounted value of future benefits accumulated at the end of the year, based on the employees' retirement benefit rights during the expected working life. Such obligations are calculated on the basis of financial and actuarial assumptions and are determined by means of the Projected Unit Method.

Net pension costs for the period are comprised in the Statement of Comprehensive Income and consist of the present value of benefits earned during the year, interest on the benefit obligation and the actuarial gains or losses are entered directly in other comprehensive income rather than carried forward. For the prepayment, the Full Yield curve method is used.

Short-term employee benefits in cash and in kind are entered as an expense when accrued.

2.4.11 Provisions

Provisions are entered when the Company has a present obligation (legal or constructive) as a result of a past event, it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of such obligation.

Provisions are re-estimated on each reporting date and adjusted so as to depict the current value of the expense to be made in order the obligation to be settled. Should the effect of the time value of money is significant, provisions are calculated by discounting the expected future cash flows with a pre-tax factor, reflecting the current estimations of the market for the time value of money and, whenever necessary, the risks specifically related to the obligation. Any eventual payables are not recognized to the Financial Statements but rather announced, unless the probability of an outflow of resources incorporating financial benefits is increased and at the same time the probable outflow can be measured with relative accuracy. Eventual claims are not recognized to the Financial Statements but rather announced, should the inflow of financial benefits is likely.

2.4.12 Government grants

Government grants relating to investments in the construction of gas distribution network are recognized at fair value when the grant is considered to be received and the Company will comply with all relevant terms.

As grants concern property of DEPA SA which are presented as intangible assets, or right of use the gas network, in the statement of the financial position, the fair value is credited to a deferred income account and charged equally to the Income Statement in the period for which the Company has the right to use the gas namely until to 2043. The line Depreciation is entered under "Other Income" in the Income Statement.

2.4.13 Trade and other payables

The suppliers and other liabilities balances are recognized at cost, which is identical to the fair value of future payment for goods and services provided. Trade and other payables are not interest bearing and are normally settled within 0-60 days.

Part of long-term liabilities are related to guarantees received from customers to guarantee future payments.

Long-term liabilities are not interest-bearing accounts and the amounts should be refunded to customers on cancellation of contract under the condition to settle their debts.

In the event of termination of the contract of use from the Company due to non-payment of the bad depts, the amount of the guarantee is forfeited to the Company and offset against the amount of bad depts.

2.4.14 Current and Deferred Income Tax

Current tax is calculated in compliance with the tax laws in force in Greece.

Current income tax expense includes income tax calculated on profits the Company, as adjusted in tax returns, additional income taxes resulting from tax audits by the tax authorities and provisions for additional taxes and surcharges on tax issues and is calculated in compliance with the effective tax rates as of Balance Sheet date.

Deferred income tax is recognized by means of the liability method, under the effective rates applicable when will be paid on all temporary differences on reporting date, between the tax basis and book value of assets and liabilities.

If deferred income tax arises from the initial entry of an asset or liability in a transaction other than the business combination, then when the transaction affects neither accounting nor taxable profit or loss and therefore not taken into account.

Deferred tax receivables are entered for all deductible temporary differences, tax losses carried forward and tax-deductible transfer of investment laws to the extent that it is likely that taxable profit will be available, against which the deductible temporary differences, tax losses transferred, and transferable rights tax-free deduction of investment laws can be exploited.

The carrying amount of deferred tax assets is reviewed on each reporting date and is reduced to the extent that it is unlikely that there will be sufficient taxable profits against which part or all of the deferred tax assets may be used.

2.4.15 Revenue recognition from contracts with customers

The Company's main sources of revenue are the following

I. Distribution Revenues
II. Revenues from Connection Charges
III. Revenues from other ancillary services (except connection Charges)

The amounts attributable to each Revenue category are presented separately in either the Income Statement or the Explanatory Notes of the Financial Statements.
The Company recognizes revenue when it fulfills a contractual obligation to the individual customer by providing a service (which is the same time when the control of services passes to the customer). The customer acquires control of a service when it can direct its use and take substantially all the remaining benefits from it. If a contract includes more than one contractual obligation, the total value of the contract is allocated to the individual obligations on the basis of the individual sales values. The amount of revenue recognized is the amount attributed to the corresponding contractual obligation that has been settled, based on the consideration expected to be received by the Company under the terms of the contract.
The Company does not enter into contracts where the period between the transfer of the goods or services promised to the customer and the payment by the customer exceeds one year. Consequently, the Company does not adjust the transaction price for the time value of money.

a) Distribution Revenues
The Company, in the context of signed contracts of Network Use, invoices the Distribution users of Gas Network monthly based on the approved distribution invoices by the Regulatory Authority for Energy (RAE). The Company invoices the Basic Distribution activity of Natural Gas to the Distribution Networks of Thessaloniki and Thessaly.

Revenues from the use of the Natural Gas Distribution Network are the main source of revenue for the Company. Based on the valuation carried out by the Company's Management, gas revenue is recognized over time as the customer receives and at the same time uses the benefits arising from the use of the Network. In particular, revenue is recognized by issuing the invoice to customers on the basis of distributed quantities of natural gas. Therefore, the right to issue an invoice is used to recognize revenue from such contracts.

b) Revenues from Connection Charges
Based on the assessment conducted by the Company's Management, the connection of each customer to the Distribution Network is a separate execution obligation, as the connection has a value for the customer. Therefore, revenue from these one-time charges is recognized at a

point in time, namely at the time of the connection to the Network, and the customer acquires control of that service.

c) Revenues from other ancillary services (except Connection Charges)

The Company charges monthly the Ancillary Services provided in accordance with the list of Ancillary and Priced Services of the Distribution Networks of Thessaloniki and Thessaly and their unit prices.

Revenue from ancillary services, mainly including de-activation and reconnection fees, is recognized at the time the service is completed (at a point in time), as at that time the customer acquires control of that service.

Contract assets

At the end of the year, the Company recognizes a contractual asset for accrued revenue that has not yet been invoiced to Gas Network users and which is included in the Trade and other receivables in the Statement of Financial Position. When the relevant invoice is issued to customers, the Company recognizes a relevant receivable, as the issuance of the invoice is the moment when the Company's right in exchange becomes unconditional (if only the passage of time is required to make payment of the said consideration). The amount of the contractual asset at 31 December 2018 is Euro 11,297,068.68 and is included in the other receivables in the attached Financial Statements (Note 9). The Company's right to this amount becomes unconditional once the relevant invoices are issued on January 15, 2019.

2.4.16 Interest income

Interest income is recognized on a time proportion basis, determined by the actual performance of the asset.

2.4.17 Leases

All Company leases are classified as operating leases where the lessor retains substantially all risks and benefits of fixed assets' ownership. The rent paid under operating leases is regularly entered as expenses in the Income Statement over the lease. If operating lease contract is terminated before the expiry date, the amount paid to the lessor by way of compensation is entered as expense in the period in which the termination of the lease takes place.

2.4.18 Expenses

Expenses are recognized in the Income Statement on accrual basis. Payments related to operational leasing are entered in the Income Statement, during the term of the lease.

2.4.19 Profit distribution, dividend distribution

Appropriations for use other than the statutory reserve, and recognition of the liability distribution are entered in the Financial Statements if the distribution is approved by the General Assembly of the Shareholders.

3 Risk Management

3.1 Financial risk management factors

The Company is exposed to several financial risks, such as:

I. market risk (changes in exchange rates, interest rates, market prices);

II. credit risk; and

III. liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Management provides guidance and directions for the overall risk management and the specific internal bodies (such as the liquidity and legal committees) ensure the management of specific risks (such as interest rate risk and credit risk).

Financial assets and liabilities of financial position include cash, trade and other receivables, available for sale financial assets and short-and long-term trade and other liabilities.

The Company does not use derivatives to offset risk aversion. The Company is not engaged in financial tools that could expose it to fluctuations in exchange rates of foreign currencies and interest rates.

I. Market risk:

Risk of exchange rates: The Company operates and functions in Greece. The Company's exposure to currency risk is limited in supply of materials and services. Such transactions are not essential to the operation of the Company.

Thus, no financial tool is used to reduce this risk.

Interest rates risk: The Company's exposure to risk due to changes in interest rates relates primarily to current liabilities. The Company's policy is to monitor the interest rate trends as well as the Company's financing needs.

Investments are mainly in time deposits or sight deposits to ensure liquidity.

The Company finances its investments and working capital needs through bank borrowing resulting in charging its earnings with debit interest. An increase in interest rates (change to Euribor) will have a negative effect on the results, as the Company will incur additional borrowing costs.

Interest Rate Sensitivity Analysis		
	Interest rate change in basis points	Impact on Earnings Before Taxes € 000's
2018		
Euro	+/-1%	-/+149
2017		
Euro	+/-1%	-/+34

II. Credit risk:

The biggest credit risk (net of the value of collateral or other security) if the contracting parties meet their obligations with respect to each class of recognized financial asset is the present value of these requirements, as shown in Balance Sheet less the value of securities/ collateral.

The credit risk due to a possible delay of payment by a Distributor User is minimized as, under the User Contracts, all Users have provided either a Letter of Guarantee or a Cash Guarantee. According to the terms of the Contracts, the guarantee letters may be forfeited immediately.

III. Liquidity risk:

Prudent liquidity risk management includes the following:

- maintaining sufficient cash and equivalent assets; and
- adequacy of financial facility.

Management monitors the Company's liquidity based on cash inflows and outflows forecasts.
The following table shows financial liabilities that are allocated according to the date of repayment. The following amounts are presented in their book value, since the present value of discounted future cash flows are not significantly different.

Table of Liquidity Risk according to the payment period (31.12.2018 & 31.12.2017) based on the payments resulting from the relevant contracts and agreements:

(all amounts are expressed in Euro

Liquidity Risk according to the payment period	Period	up to 2 months	from 2 months up to 12 months	over 1 year	Total
Commercial & other Liabilities at :	31.12.2018	7.909.966,21	8.372.697,55	0,00	16.282.663,76
Other long-term liabilities at:	31.12.2018	0,00	0,00	286.920,73	286.920,73
Long term loan at:	31.12.2018	800.000,00	4.800.000,00	19.200.000,00	24.800.000,00
Income Tax payble at:	31.12.2018	0,00	405.618,45	0,00	0,00
Commercial & other Liabilities at:	31.12.2017	8.328.301,14	8.124.383,42	0,00	16.452.684,56
Other Long term liabilities at:	31.12.2017	0,00	0,00	54.966,75	54.966,75
Long term loan at:	31.12.2017	800.000,00	2.400.000,00	12.800.000,00	16.000.000,00

3.2 Fair value estimation

The fair value of a financial instrument is the price that someone would get for selling an asset or that someone would pay to transfer a liability in a normal transaction between market participants on the measurement date. The fair value of financial assets in the Financial Statements on December 31st, 2018 and on December 31st, 2017 was determined by the Management as better as possible.

Fair value measurement methods are hierarchized at three levels:

Level 1: Stock market values from active financial markets for exactly the same marketable items;

Level 2: Other than level 1 values which yet can be directly or indirectly identified through stock prices from active markets;

Level 3: Values for assets or liabilities not based on stock prices from active financial markets.

The amounts shown in the Financial Statements for cash, trade and other receivables as well as trade and other short-term liabilities approximating their respective fair values due to their short-term maturity.

During the period there were no transfers between Levels 1 and 2 or transfers in and out of Level 3 when measuring fair value. Also, during the same period there was no change in the purpose of a financial asset that would lead to different classification of the asset.

There are no differences between the fair values and the respective accounting values of the financial instruments shown in Assets and Liabilities.

3.3 Capital risk factors

The Company's objective in Capital management is the assurance of a continuous productivity and profits for the Shareholders as well as maintaining a capital structure which will reduce the cost of capital.

The capital is reviewed using a Gearing (Leverage) ratio. The factor is calculated as the percentage of long-term debt to the sum of Equity and long-term debt.

4 Critical Accounting Estimates and Judgements

The preparation of Financial Statements in compliance with International Financial Reporting Standards requires Management to make significant judgments & accounting estimates affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the reporting date and the reported revenues and expenses during the reporting year. Although such estimates are based on the best knowledge of Management under the circumstances and the prevailing actual results, they may eventually differ from such estimates. Estimates and judgments are continuously assessed and are based on historical experience and other factors, including reasonably expected future events, under the circumstances.

The areas requiring a higher degree of management judgment, in which assumptions and estimates are significant to the Financial Statements, are as follows:

Estimates and Assumptions

4.1 Revenue recognition and estimates

The Company recognizes revenue when it fulfills a contractual obligation to the customer by providing a service. The Company makes a judgment to determine when the customer acquires control of a service and considers that the customer acquires control when it can direct its use and obtain substantially all the remaining benefits from the service provided to it.

4.2 Income tax

The Company is subject to income tax in compliance with Greek tax laws. A significant judgment in determining income tax provision is required. For some transactions and calculations outright tax calculation is uncertain.

Whenever the final tax outcome of such matters is different from the amounts initially entered, such differences will have an impact on the income tax and the income tax provisions in the period in which they are incurred.

4.3 Estimated impairment of non-financial assets

The Company annually reassesses whether non-financial assets have been impaired in compliance with IAS 36, based on available data and information. The recoverable amounts of assets generating cash inflows are determined by calculating the value in use. Such calculations require the use of estimates.

The unamortized value of intangible assets on rights of network use, is considered fully recoverable due to amortization up to 2043.

4.4 Programs of specific benefits

The cost of specific benefits programs is determined by means of actuarial valuations, when assumptions on discount rates, the rate of wage growth and mortality rates are used. Due to the long-term nature of the programs, such assumptions are subject to significant uncertainty.

4.5 Bad debts

Bad debts are presented as amounts likely to be recovered. Estimates of the amounts expected to be recovered arise from the Company's experience regarding the likelihood of bad debts.

The Company's policy is that no claim is made until all possible legal actions for their collection have been exhausted.

Judgments

4.6 Operating and financial leases

The Company's Management examines the lease agreements (in terms of the duration of the lease, the present value of the asset in combination with the value of the minimum lease payments, the specialized use of fixed assets and other factors) and enters as financial leases those which transfer to the Company all ownership risks and benefits of the leased assets.

(all amounts are expressed in Euro)

5. Tangible assets

Property, Plant & Equipment	Land	Leasehold improvements	Network of distribution	Other machinery	Vehicles	Furniture & office equipment	Assets under construction	Total
Initial Value								
Balance at 01.01.2017	**0,00**	**1.455.516,97**	**0,00**	**284.234,42**	**10.754,61**	**10.874.416,22**	**2.739.952,58**	**15.364.874,80**
Additions of network	0,00	0,00	0,00	0,00	0,00	0,00	18.229.065,50	**18.229.065,50**
Other additions	0,00	74.421,93	0,00	9.038,00	3.725,00	765.738,07	643.842,15	**1.496.765,15**
Disposals	0,00	0,00	0,00	0,00	0,00	-48.051,88	0,00	**-48.051,88**
Transfers	0,00	0,00	8.006.550,84	0,00	0,00	0,00	-8.006.550,84	**0,00**
Transfers to intangible assets (Note 6)	0,00	0,00	0,00	0,00	0,00	0,00	-6.412.224,59	**-6.412.224,59**
Balance at 31.12.2017	**0,00**	**1.529.938,90**	**8.006.550,84**	**293.272,42**	**14.479,61**	**11.592.102,41**	**7.194.084,80**	**28.630.428,98**
Additions of network	0,00	0,00	0,00	0,00	0,00	0,00	25.175.854,88	**25.175.854,88**
Other additions	4.066,74	35.687,15	0,00	23.887,50	19.896,03	373.728,87	273.614,19	**730.880,48**
Disposals	0,00	0,00	0,00	0,00	0,00	-141.482,53	0,00	**-141.482,53**
Transfers	0,00	0,00	22.530.964,46	0,00	0,00	340.859,04	-22.871.823,50	**0,00**
Transfers to intangible assets (Note 6)	0,00	0,00	0,00	0,00	0,00	0,00	-689.470,41	**-689.470,41**
Balance at 31.12.2018	**4.066,74**	**1.565.626,05**	**30.537.515,30**	**317.159,92**	**34.375,64**	**12.165.207,79**	**9.082.259,96**	**53.706.211,40**
Accum. Depreciation								
Balance at 01.01.2017	**0,00**	**733.936,84**	**0,00**	**216.204,78**	**8.427,09**	**7.371.973,30**	**0,00**	**8.330.542,01**
Depreciation	0,00	87.538,54	106.418,02	10.598,66	1.400,75	1.163.842,80	0,00	**1.369.798,77**
Disposals	0,00	0,00	0,00	0,00	0,00	-14.601,30	0,00	**-14.601,30**
Balance at 31.12.2017	**0,00**	**821.475,38**	**106.418,02**	**226.803,44**	**9.827,84**	**8.521.214,80**	**0,00**	**9.685.739,48**
Depreciation	0,00	91.898,97	751.829,97	18.688,53	2.067,24	1.137.237,78	0,00	**2.001.722,49**
Disposals	0,00	0,00	0,00	0,00	0,00	-141.479,16	0,00	**-141.479,16**
Balance at 31.12.2018	**0,00**	**913.374,35**	**858.247,99**	**245.491,97**	**11.895,08**	**9.516.973,42**	**0,00**	**11.545.982,81**
Net book value								
31.12.2017	0,00	708.463,52	7.900.132,82	66.468,98	4.651,77	3.070.887,61	7.194.084,80	**18.944.689,50**
31.12.2018	4.066,74	652.251,70	29.679.267,31	71.667,95	22.480,56	2.648.234,37	9.082.259,96	**42.160.228,59**

Fixed Asset Reduction	**01.01.2018-31.12.2018**	**01.01.2017-31.12.2017**
Receipts from disposals	4.816,94	34.594,74
Minus net book value	3,37	33.450,58
Net profit from disposal/ destruction of fixed assets	**4.813,57**	**1.144,16**

There are no fixed assets pledged on December 31st, 2018 and 2017.

(all amounts are expressed in Euro)

6. Intangible Assets

Intangible Assets	Network License Rights 31.12.2018	Network License Rights 31.12.2017
Cost		
Opening balance	**495.227.876,14**	**488.815.651,55**
Gas network construction additions (Note 5)	689.470,41	6.412.224,59
Closing balance	**495.917.346,55**	**495.227.876,14**
Accumulated Amortization		
Opening balance	**225.023.025,74**	**210.741.705,01**
Amortization of gas network construction	10.596.750,90	14.281.320,73
Closing balance	**235.619.776,64**	**225.023.025,74**
Net Book Value	**260.297.569,91**	**270.204.850,40**

Gas Network Usage Rights are amortized over the period of the concession licence until 2043. The constructed network is adequately insured against any property risk.

7. Deferred tax assets

Deferred Tax Asset	31.12.2018	31.12.2017
Opening Balance	**1.467.967,64**	**3.287.221,44**
Adjustment for the application from IFRS 15 (Note 2.3)	-1.888.993,52	0,00
Credit/(debit) in income statement (Note 18)	1.650.236,27	-1.863.478,22
(Debit)/Credit in other comprehensive income	-33.241,83	44.224,42
Closing Balance	**1.195.968,56**	**1.467.967,64**

(all amounts are expressed in Euro

Deferred Tax Analysis	Useless Materials	Deferred Revenue	Provision for Staff compensation	Provision for doubtful debts	Intangible Assets	Network Distribution	Grants	Distribution of Profit	Other	Total
Balance at 01.01.2017	**8.827,60**	**1.988.414,24**	**548.830,28**	**13.029,47**	**728.119,85**	**0,00**	**0,00**	**0,00**	**0,00**	**3.287.221,44**
Credit/(Debit) in Income Statement (Note	0,00	-99.420,72	205.734,05	14.188,45	-2.098.616,02	6.976,16	88.124,53	0,00	19.535,33	**-1.863.478,22**
Credit in other comprehensive income	0,00	0,00	44.224,42	0,00	0,00	0,00	0,00	0,00	0,00	**44.224,42**
Balance at 31.12.2017	**8.827,60**	**1.888.993,52**	**798.788,75**	**27.217,92**	**-1.370.496,17**	**6.976,16**	**88.124,53**	**0,00**	**19.535,33**	**1.467.967,64**
Balance at 01.01.2018	**8.827,60**	**1.888.993,52**	**798.788,75**	**27.217,92**	**-1.370.496,17**	**6.976,16**	**88.124,53**	**0,00**	**19.535,33**	**1.459.140,04**
Adjustment for the application from IFRS 15 (Note 2.3)	0,00	-1.888.993,52	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**-1.888.993,52**
Credit/(Debit) in Income Statement (Note	-5.302,24	0,00	-19.022,66	-513,36	331.282,95	-7.496,59	-15.077,01	1.369.707,43	-3.342,25	**1.650.236,27**
Debit in other comprehensive income	0,00	0,00	-33.241,83	0,00	0,00	0,00	0,00	0,00	0,00	**-33.241,83**
Balance at 31.12.2018	**3.525,36**	**0,00**	**746.524,26**	**26.704,56**	**-1.039.213,22**	**-520,43**	**73.047,52**	**1.369.707,43**	**16.193,08**	**1.195.968,56**

According to tax law N.4334 / 2015, the tax rate for the year 2018 is 29% (2017: 29%). In December 2018 a new tax law enacted in Greece (Law 4579/2018). The new tax law introduced some changes to corporate income tax, such as a reduction in the tax rate from 29% as exist on 31 December 2018, gradually by one unit per year to a rate of 25% for the fiscal years beginning on 1 January 2022 and later.

The Company, is taking into account the new tax rates and in accordance with IAS 12, has adjusted the deferred tax by recognizing the difference as income/expense from income tax in the income statement and other comprehensive income in the statement of comprehensive income.

8. Inventories

Inventory	31.12.2018	31.12.2017
Network Construction materials and spare parts	3.471.129,50	3.315.833,66
Provision for materials not invoiced yet	-1.009.625,95	-573.999,64
Provision for obsolete & slow moving materials	-12.590,57	-30.440,00
Inventories at the lowest between cost and net realizable value	**2.448.912,98**	**2.711.394,02**

The movement of Provision for obsolete & slow moving materials is analysed as follows:

	31.12.2018	31.12.2017
Opening Balance	30.440,00	30.440,00
Addition provision for the year	4.007,74	0,00
Utilized provision	-21.857,17	0,00
Closing Balance	**12.590,57**	**30.440,00**

(all amounts are expressed in Euro

9. Trade and Other Receivables

Trade and Other Receivables	31.12.2018	31.12.2017
Trade receivables (except related parties)	547.208,43	320.079,47
Minus: provision for doubtful debts	(106.818,25)	(93.854,88)
Total Trade Receivables	**440.390,18**	**226.224,59**
Amounts due from related parties (Note 23)	17.644.227,37	15.904.900,93
Amounts due from Greak State	77.124,67	4.248.079,81
Other receivables and prepaid expenses	552.659,10	540.521,18
Accrued income (except related parties)	341.258,43	55.198,40
Total Other Receivables	**18.615.269,57**	**20.748.700,32**
Total Trade and Other Receivables	**19.055.659,75**	**20.974.924,91**

Trade and other receivables are expected to be collected within one year of the reporting date.

Trade and other receivables approximate their fair value on the date of preparation of the Financial Statements.

In any case, the credit risk of any delay in payment by Gas Distribution Users is minimized as all Users have provided either a Letter of Guarantee or a Cash Guarantee under the Terms of Use.

Letters of Guarantee may be immediately withdrawn, in compliance with the terms of the Contracts.

The movement of the provision for bad debts is as follows:

Provision for Trade receivables	31.12.2018	31.12.2017
Balance at the beginning of the year	**93.854,88**	**44.929,20**
Additional provision	12.963,37	48.925,68
Balance at the end of the year	**106.818,25**	**93.854,88**

At December 31st, 2018 and 2017, the trade receivables are presented as follows:

(all amounts are expressed in Euro

Aging Analysis of Receivables	Neither past-due nor impaired	0-30 Days	31-60 Days	61-90 Days	> 90 Days	Total
Commercial Receivables						
31.12.2018	339.115,05	49.694,80	71,07	5.981,01	45.528,25	**440.390,18**
31.12.2017	85.970,01	39.923,31	10.584,47	23.871,70	65.875,10	**226.224,59**

The long-term receivables of Euro 257,829.74 (31.12.2017: Euro 253,131.09) include guaranteed rents for buildings and vehicles and guarantees to utilities.

10. Cash and Cash Equivalents

Cash & Cash Equivalents	31.12.2018	31.12.2017
Cash on hand	521,82	367,89
Cash at Banks	12.663.613,87	4.366.086,86
Term deposits	0,00	11.000.000,00
Total	**12.664.135,69**	**15.366.454,75**

The weighted average interest rate on short-term deposits during the year 2018 is around 1% (2017: 1%).

Interest income on bank sight deposits amounts to Euro 231,263.94 and Euro 176,925.66 respectively for the years ended December 31, 2018 and 2017 and are included in financial income / expense in the attached Income Statement (Note 22).

11. Share Capital

Share Capital	31.12.2018	31.12.2017
Number of Common Shares	247.127.605,00	247.127.605,00
Total share capital paid	**247.127.605,00**	**247.127.605,00**
Each share has a nominal value of 1 €		

The Extraordinary General Assembly of Shareholders of the Company on 26.01.2017 decided to transfer the value of the participation in "EPA THESSALONIKI THESSALY SA" with all rights incorporated in it in proportion to the Shareholders of DEPA SA and ENI S.p.A. with an equal reduction of the share capital of the Company, as a reimbursement of a contribution in kind. The disposal of the holding was made on the amount of euro 19,181,595.00 in compliance with the provisions of Article 80A, par. 4, L.4001/2011 and Article 2, par. 1, L. 2166/1993. The Region of Central Macedonia approved the amendment of Article 5 of the Company's Articles of Association, as stated in the decision of the Extraordinary General Assembly of the Shareholders of the Company dated 26.01.2017 (Ref.14/27.01.2017).

12. Reserves

Reserves	31.12.2018	31.12.2017
Statutory Reserve	16.195.806,55	15.332.004,52
Other Reserves	-116.038,35	-176.007,52
Total	**16.079.768,20**	**15.155.997,00**

Statutory reserve: In compliance with the Greek Company legislation, companies are obliged to hold 5% of their net annual profit as a statutory reserve, until it reaches one third of the paid share capital. During the Company's life, any distribution of the statutory reserve is forbidden.

Other Reserves: Other reserves comprise the following:

- reserve (loss) on actuarial losses relating to the provision of employment termination benefits amounting to Euro 116.449,50 (2017: loss Euro 176.418,67); and
- reserve from exchange local currency capital amounting to Euro 411.15 (2017: Euro 411.15)

13. Long -term Loans

The Long-term borrowing of the Company has been granted by a Greek bank and is expressed in Euro on a floating rate.

Amounts repayable within one year from the date of the Financial Statements are entered as current liabilities whereas amounts payable at a later stage are entered as long-term loans.

The fair value of borrowing approximates the value entered in the books.

The long-term borrowing of the Company is analyzed on its repayment time as follows:

(all amounts are expressed in Euro

Loans	31.12.2018	31.12.2017
Within one year	5.600.000,00	3.200.000,00
From 1 - 5 years	19.200.000,00	12.800.000,00
Total	**24.800.000,00**	**16.000.000,00**

Pursuant to the dated 31.07.2017 Decision of the Extraordinary General Assembly of the Company's Shareholders, a contract for the issuance of a five-year common bond loan amounting to Euro 16.000.000,00 was signed on 11.08.2017 with organizer and bondholder "ALPHA BANK SA" and additional bondholder of "ALPHA BANK LONDON LTD". The bond loan is common, with no right to negotiate on regulated markets operating in Greece and without the right to convert it into shares. Repayment was set at twenty (20) quarterly amortization installments, the first to be paid in January 2018 amounting to Euro 800.000,00 and the last installment of Euro 800.000,00 payable on maturity of the bond loan (11.10.2022). The outstanding loan amounts to Euro 12.800.000,00 on December 31st, 2018 since the Company has paid four installments with total amount Euro 3.200.000,00 in fiscal year 2018.

Pursuant to the dated 25.10.2018 Decision of the Extraordinary General Assembly of the Company's Shareholders, a contract for the issuance of a five-year common bond loan amounting to Euro 12.000.000,00 was signed on 13.11.2018 with organizer and bondholder "ALPHA BANK SA" and additional bondholder of "ALPHA BANK LONDON LTD". The bond loan is common, with no right to negotiate on regulated markets operating in Greece and without the right to convert it into shares. Repayment was set at twenty (20) quarterly amortization installments, the first to be paid in March 2019 amounting to Euro 600.000,00 and the last installment of Euro 600.000,00 payable on maturity of the bond loan on December 2023.

The Company duly meets all its obligations arising from the bond loan including financial ratios on liquidity and capital adequacy.

The average borrowing interest rate of the Company for the year 2018 and 2017 is approximately 3.33%. The Company, at 31.12.2018 and 31.12.2017 has no unused available credit limits for long-term loans.

The Company has a financing agreement for the financing of an amount of Euro 10.000.000,00 for direct financing. The credit agreement has not been used up to today.

The total interest expense for long-term loans for the year ending December 31st, 2018 amounted to Euro 495.897,79and is included in the financial expenses in the Income Statement (Note 22).

(all amounts are expressed in Euro

14. Provision of staff compensation

Provision for Staff Compensation	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Net Liability in BS	**1.574.034,00**	**1.525.487,00**
Components of total charge to Income Statement		
Service cost	118.876,00	59.150,76
Interest cost	22.882,00	19.602,00
Cost of extra benefits	0,00	5.187,00
Total charge to income statement (Note 19)	**141.758,00**	**83.939,76**
Movement of provision		
Net Liability at the beginning of the year	1.525.487,00	1.298.149,24
Total expense recognized in the income statement	141.758,00	83.939,76
Total (credit)/debit in other comprehensive income	-93.211,00	152.498,00
Benefits paid	0,00	-9.100,00
Net Liability at end of the year	**1.574.034,00**	**1.525.487,00**
Assumptions		
Discount Rate	2,00%	1,50%
Rate of compensation increase	2,50%	2,50%
Plan Duration	17,53	18,66

The retirement benefit obligation was defined by means of an actuarial study.

In case of increase in the average annual salary increase by 0.5%, the total employee benefits will increase by 8.7% to Euro 1.710.974,96; while in case of reduction in the average annual salary increase by 0.5%, the total employee benefits would be reduced by 8.1% to euro 1.446.537,25.

In case of an increase of the discount rate by 0.25%, the total employee benefits would be reduced by 4.30% to Euro 1.506.350,54; while in case of reduction of the discount rate by 0.25%, all employee benefits would increase by 4.5% to Euro 1.644.865,53.

(all amounts are expressed in Euro)

15. Deferred Revenue

Deferred Revenue	
Balance as at 01.01.2017	**6.856.600,80**
Connection fees recognized to Income Statement	-342.830,04
Balance as at 31.12.2017	**6.513.770,76**
Analysis of Deferred Revenue	
Short -term deferred revenue (Note 17)	342.830,04
Long-term deferred revenue	6.170.940,72
Balance as at 31.12.2017	**6.513.770,76**

With the implementation of IFRS 15 the Deferred Income was transferred to Retained Earnings with date 01.01.2018. Therefore, the Deferred Income is not reflected to the Income Statement for the year 2018.

16. Grants

Grants	
Balances at 01.01.2017	**11.287.022,11**
Amortization of grants	-564.351,11
Balance at 31.12.2017	**10.722.671,00**
Balances at 01.01.2018	**10.722.671,00**
Amortization of grants	-412.410,42
Balance at 31.12.2018	**10.310.260,58**

Grants were received from the Greek State (Ministry of Development) and are amortized over the period of the License (until 2043).

(all amounts are expressed in Euro

17. Trade and Other Payables – Other Long-Term Liabilities

Trade and Other Long-Term Liabilities	31.12.2018	31.12.2017
Trade payables (except related parties)	6.314.481,60	5.560.328,74
Amounts due to related parties (Note 23)	2.320.053,62	2.578.097,67
Other payables	1.470.636,80	2.059.772,06
Accrued expenses	6.177.491,74	5.911.656,05
Deferred revenue (Note 15)	0,00	342.830,04
Total	**16.282.663,76**	**16.452.684,56**

Other long-term liabilities are amounting to Euro 286.920,73 (31.12.2017: Euro 54.966,75) concern guaranties received from Distribution Users as collateral for future payments and are refundable on termination of their contracts.

18. Income Tax

Income Tax	31.12.2018	31.12.2017
Current Income Tax	-9.063.621,70	-5.474.952,97
Deferred Tax (Note 7)	1.650.236,27	-1.863.478,22
Income Tax Expense	**-7.413.385,43**	**-7.338.431,19**
Profit before Taxes	**24.689.426,05**	**24.859.394,55**
Income Tax calculated based on current tax rate (2018: 29%, 2017: 29%)	-7.159.933,55	-7.209.224,42
Tax impact on non deductible expenses	-575.914,23	-132.844,04
Tax impact on non taxed income	7.700,44	3.637,28
Impact from change in tax rate	314.761,92	0,00
Income Tax Expense presented in Income Statement	**-7.413.385,43**	**-7.338.431,18**
<u>Income Tax Payable</u>		
Income Tax	7.474.761,09	5.474.952,97
(-) Income tax advance and other withheld taxes	-7.069.142,64	-5.474.952,97
Total	**405.618,45**	**0,00**
Total Income tax paid during the year	**8.658.003,25**	**0,00**

The audit for the issuance of tax compliance certificate for fiscal years 2011 - 2017 conducted by the statutory auditors of the Company in compliance with the provisions of Article 82, par.

(all amounts are expressed in Euro)

5, L.2238/1994 and the provisions of Article 65A, L.4174/2013. The audits did not reveal any significant tax liabilities.

For fiscal year 2018 the Company is subject to the tax audit of Chartered Accountants provided by the provisions of Article 65A, L.4174/2013. This audit is in progress and the related tax certificate to be awarded after the publication of the Financial Statements for the year ended December 31st, 2018. In case, on completion of the audit, any additional tax liabilities incur, it is estimated that they will have insignificant impact on the Financial Statements.

On 12.07.2017, the Independent Public Revenue Authority, has issued an order with protocol No 277/0/1118, for the re-audit of the year 2012 of EPA THESSALONIKI S.A. The tax audit is in progress.

Also, on 12.7.2017, the Independent Public Revenue Authority, has issued an order with protocol No 194/0/1118 for the re-audit of the year 2012 of EPA THESSALIA S.A. The tax audit has not yet commenced.

19. Employee emoluments and Number of Employees

Payroll Cost and Number of Personnel	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Payroll expenses	-8.404.534,19	-7.681.527,11
Employer's contributions	-2.137.315,93	-1.759.846,61
Other personnel expenses	-782.999,62	-799.431,69
Provision of personnel compensation (Note 14)	-141.758,00	-83.939,76
Personnel cost	**-11.466.607,74**	**-10.324.745,17**
Number of employees at the end of the year	**283**	**260**

Part of the Payroll expenses Euro 5.105.851,32 (31.12.2017: Euro 4.329.259,57) has been capitalized at the cost of Distribution Network since it is directly related to the construction.

(all amounts are expressed in Euro

20. Other Income

Other Income	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Income from ancillary services	509.749,98	559.168,18
Income from expenses recharges to customers	184.685,08	569.572,50
Other income	185.497,15	23.419,95
Total	**879.932,21**	**1.152.160,63**

Revenues from ancillary services are related to services provided to Distribution Users and/or to Final Customers. They are supplementary to the Basic Distribution Activity and are provided exclusively by the Company within the License Area, in accordance with article 13 of Distribution Network Operation Code (GG B' 1507/02.05.2018)

RAE with the (decision 552/2017 GG B' 2354/11.07.2017), approved the Catalog of Ancillary and Invoiced Services of the Distribution Networks of Thessaloniki and Thessaly and their unitary prices, in accordance with the provisions of article 13 of the Distribution Network Operation Code. According to the approved cost-oriented methodology, the revenue of each service is equal to the corresponding cost.

21. Other Opex

Other Operating Expenses	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Building Maintenance	-1.178.822,38	-1.159.478,22
Marketing Expenses	-750.883,47	-761.033,83
Gas Network Expenses	-1.404.314,65	-668.782,77
Gas Meter Readings	-1.632.776,66	-1.567.274,22
Software Maintenance	-694.089,70	-389.182,85
Staff Related Expenses	-1.200.371,45	-1.079.096,41
Other Services-Fees	-2.420.674,75	-2.219.166,63
Total	**-9.281.933,06**	**-7.844.014,93**

Staff Related Expenses mainly include communication costs (telephone expenses, mobile and internet) and transport costs (transport rents, fuel, parking etc).

Other service fees include consultancy and insurance costs.

(all amounts are expressed in Euro

22. Finance Income and Expenses

Finance Income & Expense	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Income		
Interest income (Note 10)	231.263,94	176.925,66
Income from interest on late payments	5,37	42.456,53
Total	**231.269,31**	**219.382,19**
Expenses		
Bank charges	-44.831,10	-40.694,64
Interest on bond loan (Note 13)	-495.897,79	-122.088,89
Total	**-540.728,89**	**-162.783,53**

23. Related Party Transactions and balances

Income Statement comprises income and expenses arising from transactions between the Company and related parties.

Such transactions mainly consist of sales and purchases of goods and services in the ordinary course of business and are analysed as follows:

(all amounts are expressed in Euro

Related Party Transactions	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Sales of fixed assets		
E.P.A THESSALONIKIS-THESSALIAS S.A	0,00	33.450,00
	0,00	**33.450,00**
Sales of goods		
GAS DISTRIBUTION COMPANY OF ATTIKI	0,00	416,00
	0,00	**416,00**
Sales of services		
D.EP.A S.A.	112.941,65	82.988,32
E.P.A THESSALONIKIS-THESSALIAS S.A	51.100.631,90	52.271.086,99
E.P.A ATTIKIS S.A.	98.244,46	16.864,79
	51.311.818,01	**52.370.940,10**
Gas Network Sales		
D.EP.A S.A.	689.470,41	6.412.224,59
	689.470,41	**6.412.224,59**
Purchases of Services		
D.E.S.F.A S.A.	237.717,58	233.801,48
E.P.A THESSALONIKIS-THESSALIAS S.A	34.951,26	36.770,31
D.EP.A. S.A. (Concession rights)	689.470,41	6.412.224,59
ENI INSURANCE Limited	273.946,32	171.075,47
	1.236.085,57	**6.853.871,85**
Management Fees		
Board of Directors Fees	70.800,00	70.800,00

Closing Balances coming from sales and purchases of goods and services	31.12.2018	31.12.2017
Due from Related Parties		
D.EP.A S.A.	23.073,72	15.791,36
E.P.A THESSALONIKIS-THESSALIAS S.A	17.543.425,75	15.885.887,41
E.P.A ATTIKIS S.A.	77.727,90	3.222,16
Total (Note 9)	**17.644.227,37**	**15.904.900,93**
Due to Related Parties		
D.EP.A S.A.	2.285.536,67	2.376.958,14
E.P.A THESSALONIKIS-THESSALIAS S.A	427,33	1.876,76
D.E.S.F.A S.A.	33.940,79	28.187,30
ENI INSURANCE Limited	148,83	171.075,47
Total (Note 17)	**2.320.053,62**	**2.578.097,67**
Amount due to the Board of Directors	**16.645,83**	**63.711,09**

(all amounts are expressed in Euro

The open balances at the end of the fiscal year have no collaterals and the settlement is performed in cash.

It is also underlined that there are no specific agreements or co-operations between the Company and its related parties and any transactions between them are carried out based on the usual terms, within the context and the specificities of each market.

24. Operating Leases

Operating Lease Commitments	31.12.2018	31.12.2017
Within one year	1.111.835,96	1.133.898,87
From one to five years	2.750.073,29	3.262.756,13
More than five years	434.222,47	494.499,86
Total	**4.296.131,72**	**4.891.154,86**
Total expenses recognized in the income statement	1.148.873,56	1.134.013,38

Operating leases mainly concern the leasing of buildings and vehicles and expire on several dates until December 2027 and June 2022, respectively.

25. Commitment and Contingent Liabilities/ Assets

The obligations and requirements on the basis of letters of guarantee and unexecuted contracts are as follows:

Commitment and Contingent Liabilities/ Assets	31.12.2018	31.12.2017
Liabilities		
Open network construction contracts still in use	3.940.894,14	12.956.383,04
Letters of Guaranties to vendors and third parties	1.628.333,13	209.000,00
Total	**5.569.227,27**	**13.165.383,04**
Assets		
Letters of Guaranties from customers	20.121.151,01	16.718.370,67
Letters of Guaranties from Network Constructors & Materials' vendors	4.656.169,83	4.169.976,01
Total	**24.777.320,84**	**20.888.346,68**

26. Dividends

In compliance with Greek law, each fiscal year companies may distribute to their Shareholders 35% of profits after tax and withholding for statutory reserves.

The Ordinary General Assembly of Shareholders on 15.06.2017 approved the dividend distribution from 2016 profit, amounting to Euro 25,472,309.00 (Euro 0.0956 per share).

The Ordinary General Assembly of Shareholders on 28.06.2018 approved the dividend distribution from 2017 profit of Euro 16.536.641,61 (Euro 0.0669 per share).

On February 26th, 2019 the Board of Directors proposed a dividend from the profits of the year 2018, amounting to Euro 21.096.985,00 (Euro 0.0854 per share). The proposal is subject to approval by the Annual General Assembly.

27. Events after the Reporting Period

There were no events after the Financial Statements of December 31st, 2018 that would have a significant impact on the understanding of these Financial Statements and should be either communicated or differentiate the items of the published Financial Statements.