



Quality in Life!

THESSALONIKI WATER SUPPLY & SEWERAGE Co. S.A.



2017 ANNUAL REPORT



THESSALONIKI WATER SUPPLY & SEWERAGE Co. S.A.

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MESSAGE FROM THE CHAIRMAN AND CEO OF EYATH S.A.

EYATH S.A. manages water, a public commodity, supplying it to more than 1 million citizens, businesses and industries in the Thessaloniki urban area. It also manages the urban area's sewerage system using urban and industrial Waste Water Treatment Plants, leaving its own footprint on another important public commodity which is under its protection: the environment.

Two key priorities which EYATH S.A.'s current management are focusing on are the uninterrupted supply of high quality water to safeguard public health, on the one hand, and a reduction in the company's environmental footprint on the other, via horizontal technology that runs through its day-to-day operations and protects it against climate change.

Against that general background, in 2017:

- The company's new investment plan for 2017-2023 was approved, which seeks to comprehensively develop and improve networks and expand operations, to supply water to areas within the urban area and outside of it which currently do not enjoy good quality water.
- As part of the business plan, a dossier was submitted and in 2018 we expect approval from the Central Macedonia Region Operational Programme for the financial proposal to extend the Thessaloniki Water Treatment Plant (Phase A2). That will entail overall public expenditure of € 30.7 million (VAT incl.).
- Two competitions via ASEP to recruit 150 full-time employees were completed. By 31.12.2017 a total of 126 employees had taken up their posts, and so far recruitment procedures for a total of 143 staff have been completed. New members of staff have filled posts within the company enabling it to implement its investment plans over the years to come.
- As part of its CSR activities, following the unprecedented frosts in January 2017 it was decided to provide full exemption from the cost of replacing broken water meters for special and vulnerable groups (social tariffs, public hospitals, schools, facilities for the elderly/disabled/refugees) and a 50% discount was given to all other consumers affected. Vulnerable groups also enjoyed complete exemption on the cost of excess water consumption, and other consumers were given a discount depending on the excess consumption.
- Technical details required to implement the project entitled "Remote control and automation of water supply systems within EYATH's remit" with a total budget of approximately € 4 million were finalised (this project is being financed by the Central Macedonia Region Partnership Agreement). The project seeks to ensure automated monitoring and management of the water supply network (pipelines, pumping stations, reservoirs, etc.) by installing a SCADA system. This is a vital project that will help identify and check drinking water leaks and will ensure optimal operation of all E/M equipment that has been installed.
- The project entitled "Smart infrastructure for remote water consumption and water demand management systems" (known as SMART-WATER) co-financed by the 2014-2020 Partnership Agreement was approved. It is a research partnership between EYATH, a private sector company and the Information and Communication Technologies Institute of the Centre for Research and Technology Hellas (CERTH). Thanks to trial installation of the so-called smart water meters and smart water switches as well as development of applications for them, consumers will be able to control water consumption at home or at their business premises in real time, to monitor charges, to receive automatic alerts about leaks so they intervene immediately no matter where they are, by turning on or turning off the water supply.
- Procedures were initiated to accredit the Water Supply Lab in line with the ISO 17025:2005 standard, which entails strict compliance with all requisite procedures to ensure optimal quality of the water supplied.
- Research work continued in partnership with the Aristotle University of Thessaloniki on the impact on sludge from the treatment plant on the physical, chemical and biological properties of the soil, on wheat and maize crops. To explore new methods for managing sludge in partnership with the Aristotle University of Thessaloniki, the company made the facilities at the Aeneia Waste Water Treatment Plant available for a pilot programme that composts dewatered sludge using earthworks. The company also partnered with the University's Dept. of Civil Engineering on a project to explore the toxicity of industrial waste at the Thessaloniki Industrial Area, on the nitrifying organisms at the industrial waste treatment plant.
- In the spring of 2017 the new ozonisation plant to decontaminate treated waste water before disposing of it to the Thermaikos Bay was completed.
- Working in partnership with the Aristotle University of Thessaloniki a programme to monitor the quality of the Thermaikos Bay is being implemented to study the marine environment at locations where the discharge pipes from the company's two biological treatment plants flow into the open sea, and along the coastline, next to the White Tower. In 2017 the company continued to assist cleaning up the bay by removing flotsam and any oil spills with the aid of a private sector company, under the aegis of the Ministry of Macedonia - Thrace.

MESSAGE FROM THE CHAIRMAN AND CEO OF EYATH S.A.

EYATH is a financially robust company and so can combine its business operations with a series of social responsibility measures, even in these financially and socially difficult times. During the year ended it managed to achieve an approx. € 4 million rise in net profits, which corresponds to an increase of around 32% and an 11.4% rise in EBITDA.

One of the top strategic goals continues to be to improve customer service by offering top class water supply and sewerage services at the least possible cost in an equitable manner. At the same time, it continues to offer practical support to economically vulnerable groups via its social tariff, and by developing debt repayment plans that are free of default interest.

Giving added value back to Thessaloniki's community via a series of information, educational and cultural activities in the context of its CSR policy is one of the tools EYATH employs -in parallel with generating strong financial results- to achieve viable, sustainable development.

May 2018



Prof. Ioannis N. Krestinitis
Chairman & CEO of EYATH S.A.



INFORMATION ON HOW ANNUAL REPORT WAS PREPARED

This Annual Report contains all the financial and other information necessary to investors and their investment advisors for true evaluation of the assets, financial position, results and prospects of the company EYATH S.A. (hereinafter the “Company”).

This report was prepared in accordance with the provisions of the applicable legislation and in particular the provisions of Article 8 of Decision No. 5/204/14-11-2000 of the Hellenic Capital Market Commission (HCMC), as amended by decision No. 7/372/15-2-2006 of the Board of Directors of the HCMC. The information it contains is true, accurate, complete, correct and clear.

All information required under Article 10 of Law 3401/2005 relating to the Company, its shares and the transferable securities market on which its shares are traded, which information the company published and made available to the public during the 2017 financial year in accordance with law, is available on the company's website: www.eyath.gr in the 'Investor relations' section. Moreover, the annual financial statements, audit certificates from the certified public accountants and reports from the Board of Directors which are incorporated into the consolidated financial statements have also been posted there. Lastly the Company declares that all transactions of persons obliged under Article 13(1) of Law 3340/2005 to disclose information, have been disclosed in accordance with the relevant law.

All Company Divisions provided the information needed within its own remit, to fully present the Company's key functions and operations.

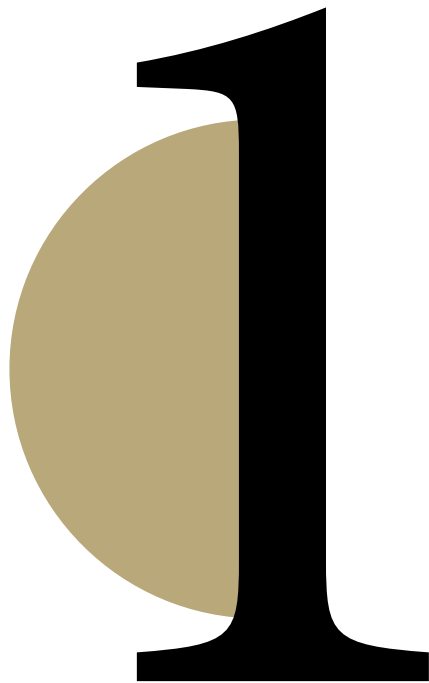
The Board of Directors declares that all its members were apprised of this report and along with its authors declare that all information and data contained herein is complete and true.

There is no other data and no other events have occurred, concealment or omission of which could make all or part of the information or data contained herein misleading.

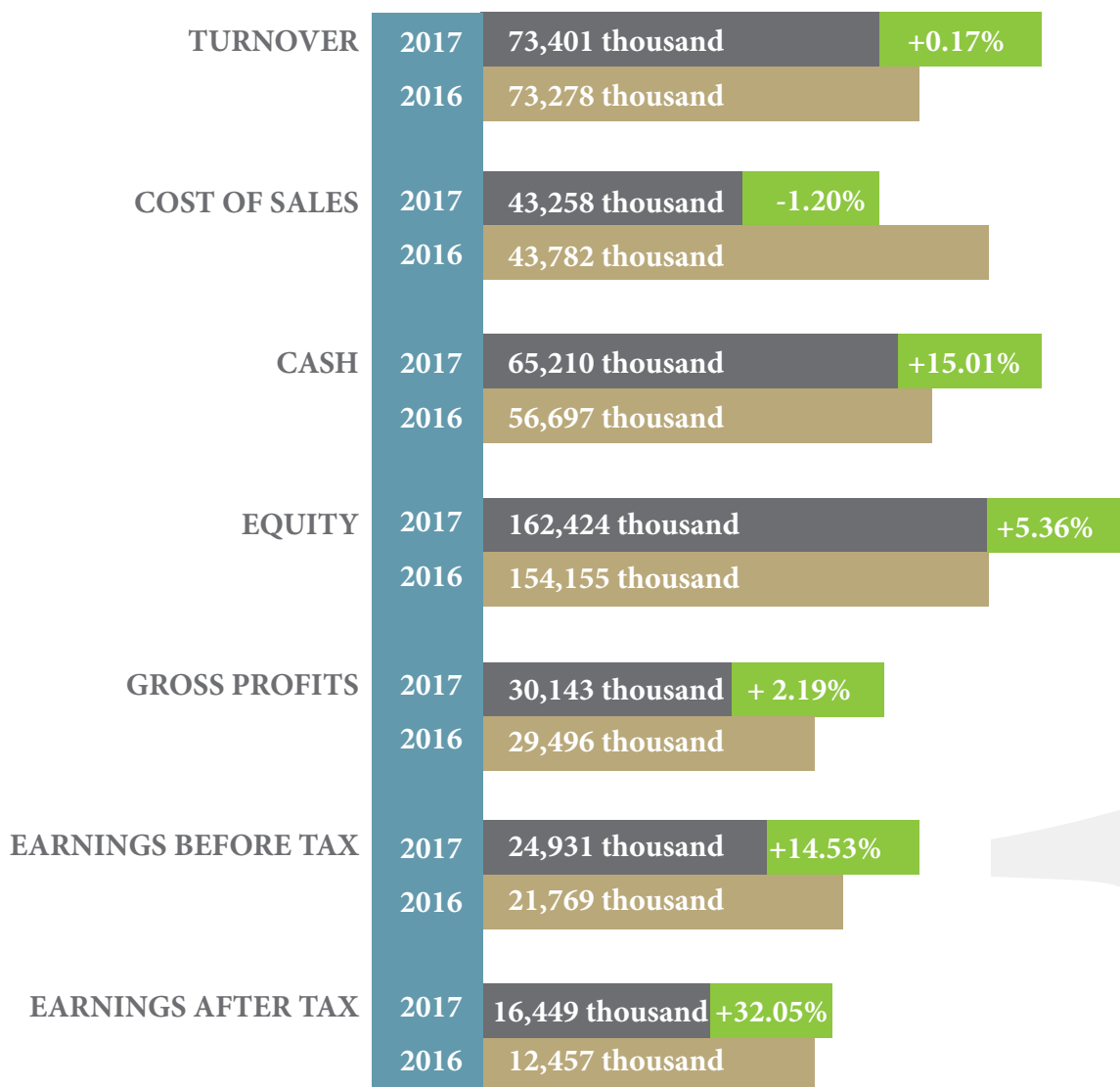
There is no litigation or arbitration pending against EYATH S.A. which could have major impacts on the company's financial status, other than those cited in the Annual Report as at 31/12/2017.

The person responsible for the preparation and accuracy of the data contained in this Report is: Dimitrios Alexandris, EYATH S.A.'s CFO.

CHAPTER



THE COMPANY IN 2017



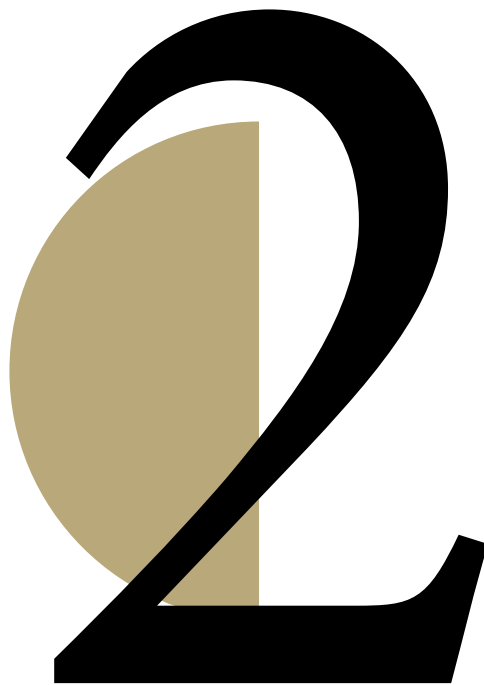
1.1

AT A GLANCE

INDICATORS

PERFORMANCE AND PROFITABILITY RATIOS			
	01/01/2017-31/12/2017	01/01/2016-31/12/2016	Deviation
Gross Profit Margin	41,07%	40,25%	0,81%
EBITDA Margin	40,21%	36,17%	4,04%
EBIT	31,73%	27,97%	3,76%
EBT Margin	33,96%	29,71%	4,26%
EAT Margin	22,41%	17,00%	5,41%
INVESTMENT RATIOS			
Earnings per share after tax	0,4532	0,3432	32,06%
LIQUIDITY RATIOS			
	31/12/2017	31/12/2016	Deviation
General liquidity (Current assets / short-term liabilities)	10,2	10,31	-1,03%
CAPITAL STRUCTURE & VIABILITY RATIOS			
Equity / Debt	428,28%	407,36%	20,91%

CHAPTER



THE COMPANY

Thessaloniki Water Supply & Sewerage Co. S.A., trading as EYATH S.A. was founded in 1998 (by Law 2651/2.11.1998, Government Gazette 248/A/3.11.1998) and came about from the merger of Thessaloniki Water Supply Organisation S.A. (OYTH S.A.) and Thessaloniki Sewerage Organisation S.A. (OATH S.A.). Prior to that, OYTH and OATH, which had been bodies governed by public law, had been converted into societies anonyme on 25.6.1997. It is listed on the Athens Exchange and is governed by the provisions of Codified Law 2190/1920 on societies anonyme, as that law applies as a complement to the provisions of Law 2937/2001, Chapter II (Government Gazette 169/A) and Law 3016/2002, as amended by Article 26 of Law 3091/2002. It is also subject to Chapter II of Law 3429/2009 on public corporations. The company's effective term is 99 years from 3.11.1998, and expires on 3.11.2097. The original Articles of Association were approved by decision No. EFA/606/26-7-2001 (Government Gazette 989/30-7-2001) and the company is entered in the Companies Register (Reg. No. 41913/06/B/98/32) and General Commercial Register (GCR No. 58240404000). The Company's registered offices are in a privately owned building at 127 Egnatias St., Thessaloniki, GR-54635, Tel. 2310209231.

The Interministerial Privatisation Committee (IPC) issued decisions No. 563/17.10.2000 and 605/27.7.2001 and resolved to list EYATH S.A. on the Athens Exchange, and this was done by selling shares that came about from the share capital increase and selling existing shares owned by the Greek State, which until that point had been the sole shareholder.

On 27.7.2001 EYATH S.A.'s Extraordinary General Meeting of Shareholders unanimously decided to increase the share capital and list the shares on the Main Market of the Athens Stock Exchange. The following were decided in this regard:

- A)** To increase the Company's share capital by 511,125,000 GRD (€ 1,500,000) by issuing 1,500,000 new ordinary registered shares (the new shares offered) with a nominal value of 340.75 GRD (€ 1) each which accounted for 10% of the company's share capital.
- B)** The existing shareholder (the Greek State) would waive its right of pre-exemption in the share capital increase.
- C)** The new shares would be able to draw a dividend from the profits for 2001.

The new shares offered were sold via a public offering to investors (individuals and institutional investors) in line with the provisions of Presidential Decree 350/1985, as in force.

At the same time, the Greek State which was the sole shareholder prior to the offer, decided for the purpose of achieving the neces-

sary diversification, to sell 2,700,000 existing ordinary shares with a nominal value of 340.75 GRD (€ 1) each, which accounted for 16.36% of the company's share capital as it stood after the share capital increase.

Of those 2,700,000 shares owned by the Greek State, 2,500,000 were sold to investors (individuals and institutional investors) via a public offering and the other 200,000 shares were sold via private placement to staff with open-ended contracts and members of the Company's Board at a price 20% below the sale price of shares in the public offering, which was set using the book building method.

The new and existing shares sold via the public offering and via private placement (4,200,000 shares) accounted for 25.45% of the total number of shares in the Company after the share capital increase, in accordance with Article 3 of Presidential Decree 350/1985, as in force.

Pursuant to Article 22 of law 2937/26.7.2001, upon listing ownership of the main part of EYATH S.A.'s assets was transferred to the newly established body governed by public law, EYATH Fixed Assets, free of consideration. Under a 30-year contract signed on 27.7.2001 by the Greek State, EYATH Fixed Assets and EYATH S.A., EYATH S.A. was granted the exclusive right to provide water supply and sewerage services within its territorial remit. Under the same contract EYATH Fixed Assets was obliged to provide EYATH S.A. with the necessary quantities of water, at a predetermined price, to facilitate its customers (consumers), and at the same time EYATH S.A. was to take measure to rationally use the water sold and to make concerted efforts to reduce leaks and losses as much as possible, by implementing a programme to improve and repair the water supply distribution network.

Following the decision of the Extraordinary General Meeting of Shareholders of 30.12.2002, the share capital was increased by € 1,650,000 by issuing 1,650,000 new ordinary registered shares with a nominal value of € 1 (340.75 GRD) each by:

- A)** capitalising € 1,580,015 from the premium on capital stock and
- B)** capitalising € 69,985 from the goodwill from adjustment in the value of real estate as at 31.12.2000.

The Extraordinary General Meeting of Shareholders decided on 29.12.2006 to increase the share capital by € 2,178,000 taken from the retained earnings account and by also increasing the value of existing shares from € 1 to € 1.12 (or 381.64 GRD) each.

The Extraordinary General Meeting of Shareholders decided on 7.11.2007 to increase the share capital by € 20,328,000.00 by capi-

2.1

BACKGROUND

talising part of the retained earnings account, as shown in the approved financial statements as at 31.12.2006 prepared in line with the IFRS, by issuing 18,150,000 new ordinary registered shares with a nominal value of € 1.12 each, and gratis distribution to existing shareholders at ratio of 1 new share for each existing share.

The Company's Share Capital stands at € 40,656,000 divided into 36,300,000 shares with a nominal value of € 1.12 each.

On 26/4/2016 the Board of Directors of the Hellenic Republic Asset Development Fund (HRADF) approved the updated Asset Development Plan (ADP), which on 25/5/2016 was approved by the Government Economic Policy Council (Government Gazette 1472/B). According to the above plan, 23% of the Company's shares were to be sold.

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to:

1. Revoke Interministerial Committee for Restructuring and Privatisation decision No. 195/27.10.2011 (Government Gazette 754/B) to the extent that it transferred 14,520,000 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.
2. Revoke Interministerial Committee for Restructuring and Privatisation Decision οκ. 206/25.4/2012, Government Gazette 1363/B/26.4.2012, to the extent that it transferred 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

The decision was published in Government Gazette 614/B/22.02.2018.

Following that, according to the notice submitted by the Ministry of Finance, which the company received by email on 21.3.2018, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in

EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital.

The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF.

The Greek State's total direct and indirect holding in those companies has not changed.

In light of those transfers and notices on the date this Board of Directors' Report was prepared, the Company's shareholder line-up since 1.1.2018 has been as follows:

SHAREHOLDER	Number of shares held	Holding on 01/01/2018
HCAP	18.150.001	50.00%+1
HRADF	8.717.999	24,02%
Other shareholders	9.432.000	25,98%
Total	36.300.000	100,00%

2.2

THE COMPANY'S OBJECTS

The Company's mission is to provide water supply and sewerage services.

More specifically, its mission is:

- the design, construction, installation, operation, running, management, maintenance, extension and renewal of water supply and sewerage services. Those activities and works include pumping, desalination, treatment, storage, transport, distribution and management of all types of water handed over to it for those purposes, and works and activities to collect, transport, treat, store and manage all manner of waste water (other than toxic waste water) and to treat, distribute, dispose of and manage the products of the sewerage network.
- utilisation of the products generated by treating waste water.
- providing all manner of telecommunications services, especially via water supply and sewerage networks.
- producing electricity especially by exploiting water from springs, dams, aqueducts and pipelines, and selling electricity it generates itself.
- making investments to expand or modify the water supply and sewerage system (networks and facilities) to improve the quantity and/or quality of the services provided to citizens/consumers.

Moreover, the Company seeks to rationally manage water resources and collect and process urban waste and industrial waste water, other than toxic waste water. Other key functions of the Company which are cited in its Articles of Association are:

- the provision of water supply services to consumers via the water supply network.
- the provision of sewerage services via the sewerage network.
- financial exploitation of those two services and networks.
- The provision of water supply services includes providing drinking water of suitable quality for consumption to households, municipalities, and for public use (to water public spaces, for example), and providing water for industrial uses and also providing adequate quantities of water to fight fires.

This is done via a whole set of hydraulic and other works and operations which fall into three distinct sectors:

- outdoor aqueducts and E/M facilities for transporting untreated water.
- water treatment plants.
- drinking water distribution network facilities.

The provision of sewerage services includes collecting liquid urban waste and industrial waste from the wider Thessaloniki area via the network of drains, transporting, cleaning it at waste treatment plans and then disposing of it in the natural environment.

The Company collects all quantities of untreated water required from underground springs located to the W and N of the city. The most important underground springs are at Kalohori, Sindos, Nares, Halkidona, Axios and Aravissos, which along with the Aliakmon River provide the largest quantities of water. Using pumping stations at Dendropotamos, Diavata, Sindos and Ionia, water is then stored in around 50 tanks and directed on to consumers via a network of pipes measuring around 2,340 km long.

Company activities are listed under code number 410 in the statistical classification of sectors of economic activity prepared by the National Statistical Authority of Greece.

According to Article 26 of Law 2937/2001, the Company's territorial remit, within which it may provide its services and conduct its business, is the following:

WITH REGARD TO WATER SUPPLY: the Municipalities of Thessaloniki, Ampelokipi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Efkarpi, Triandria, Eleftherio Kordelio, Evosmos, Stavroupoli, Panorama, Pylea, Oreokastro, Pefka, as well as the industrial area of Thessaloniki.

WITH REGARD TO SEWERAGE: the territorial remit of EYATH S.A. is divided into five regions:

“Region A” includes the Municipalities of Thessaloniki, Ampelokipi- Menemeni, Kalamaria, Neapoli - Sykies, Pavlos, Melas, Delta, Evosmos-Kordelio, Pylea - Hortiatitis and Oreokastro.

“Region B” includes the area surrounded by the rivers Gallikos and Axios, up to the sea, including the industrial zone of the major Thessaloniki area, the district of Sindos of the Municipality of Echodoros, the districts of Agios Athanasios, Anchialos, Gefyra of the Municipality of Ag. Athanasios and the districts of Halastra and Anatoliko of the Municipality of Halastra.

“Region C” includes the hill zone of the Thessaloniki urban area and includes the community of Pefka and the District of Asvestohori, Exochi, Filyro of the Municipality of Hortiatitis.

2.2

THE COMPANY'S OBJECTS

“Region D” extends to the Municipalities of Kalamaria and Panorama, to the Sedes public baths and the airport of Mikra and includes the Industrial area and the Districts of Thermi, N. Redestos, N. Rysio and Tagarades of the Municipality of Thermi and the District of Agia Paraskevi of the Municipality of Vassilika.

“Region E” extends from the airport of Mikra and the districts of N. Rysio and Tagarades of Agia Paraskevi to the sea and includes the Districts of Agia Triada, Perea, N. Epivates of the Municipality of Thermaikos and the districts of Nea Michaniona, Emvolo, Angelohori of the Municipality of Michaniona.

The Company, under a contract signed with the corresponding Municipality and EYATH Fixed Assets can undertake the existing network of local government authorities in one of the above regions and the obligation to provide water supply or sewerage services to the corresponding Municipality.

2.3

EYATH S.A. manages water, a public commodity. It supplies water to more than one million citizens, business and industries in the wider Thessaloniki area. It also manages the city's sewerage system using urban and industrial Waste Water Treatment Plants, leaving its own footprint on another public commodity which is under its protection: the environment.

In Management's view, EYATH S.A. is duty-bound to combine its business operations with social responsibility, providing a high level of water supply and sewerage services, at the lowest possible cost. At the same time, serving as the manager and provider of a public commodity, such as water, it makes sure that it is accessible to sensitive (vulnerable or special) groups of citizens, ensuring that they can cover their basic needs.

In a spirit of transparency and fairness, EYATH S.A.'s management team seeks to "invest" its profits in projects for the Thessaloniki public, ensuring a balance between the Company's growth and the protection of the environment, which in the case of the Thessaloniki urban centre, is synonymous with protection of the Thermaikos Bay.

The Company's strategy aims at fulfilling its obligations as a Utility Company, in combination with increasing the shareholders' assets. To this end, it seeks to improve the quality of the services it provides through an investment program, to improve its facilities, expand its technological infrastructures by using advanced software packages and developing specialised IT applications.

VISION & PROSPECTS

The increase in the company's workforce, with 150 employees to be added under ASEP (Central Staff Recruitment Board) procedures, will allow EYATH S.A. to expand its activities and contribute towards the economic growth of the wider region:

- ensure the overall development of its networks, namely a series of technical projects in order to supply water to areas of both the urban area, and beyond it, to regions which currently are lacking good quality water.
- expand its operation to neighbouring areas facing water supply and sewerage problems, for example tourist areas with water supply problems due to over-abstraction, saline water, etc.
- through building relationship of cooperation in the wider area, even outside the borders, where the high level of specialisation and know-how of the company and its workforce are appreciated.

Having developed business and investment plans, the company now seeks to grow and transform itself into a robust source of know-how and entrepreneurial skills for the wider area.

2.3

VISION & PROSPECTS

VISION

Universal, equal access for all to clean water and an environmentally safe sewerage network.



MISSION

The company's mission is to offer quality, comprehensive water supply and sewerage services by utilising, improving and extending its infrastructure, through sustainable environmental management practices.

2.4

In 2017

... we continued flood protection works in Thessaloniki, cleaning out water drains and checking the rainwater network, which is not something within EYATH's remit.

... we installed 3,200 new water meters and replaced a total of 6,500 old water meters.

... accreditation of the water supply / sewerage labs in accordance with ISO 17025:2005 was completed.

... we launched an international tender procedure and chose a contractor to remove 53,000 tn of sludge from the Waste Water Treatment Plant.

... we completed refitting works at the waste treatment plant and trial operations have commenced.

... 3,000 tests were carried out on samples of water and 1,500 tests were carried out on waste water samples, with 44,000 analyses in all being conducted.

2.4

MAJOR EVENTS IN 2017

During the current period, Panagiotis Gogos was elected as an independent non-executive member of the Company's Board of Directors by decision No. 139/6.4.2017 of the Board, and also as Chairman of the Audit Committee, replacing I. Antoniadis.

- The Ordinary General Meeting of Shareholders decided on 8.6.2017 that the Board's Vice Chairman, Styliani Valani would be a non-executive member and set up an Audit Committee comprises of the Board members, Panagiotis Gogos, as Chairman, and Stefania Taminanidou and Ioannis Tsionas.

- Marina Kouri was elected by Board of Directors decision No. 293/27.7.2017 as non-executive member to replace Eleftheria Karahaliou, representative of HRADE, who had resigned. Moreover, Board of Directors decision No. 388/12-10-2017 elected Petros Samaras as non-executive member of the Board and as member of the Audit Committee to replace Ioannis Tsionas who had resigned.

- During 2017 two staff recruitment competitions were run by ASEP to hire 150 full-time staff (80 employees with university or technical education and 70 with secondary education). By 31.12.2017 a total of 126 employees had taken up their posts, and so far recruitment procedures for a total of 143 staff have been completed. The increase of the company's workforce will allow EYATH S.A. to fill vacant posts and to expand its activities and contribute towards the economic growth of the wider region.

- As a company which manages a social good, in its efforts to assist citizens in Thessaloniki affected by the unprecedented frosts in the period 7.1.2017 to 12.1.2017 (which resulted in the destruction of water meters and household water pipes) EYATH S.A. adopted Board of Directors decision No. 41/2017 relating to the following measures:

A. Replacement of damaged water meters:

1. Full exemption for the following categories:

- Customers on the social tariff
- Public hospitals
- State schools
- Care facilities for the elderly, disabled and refugees.

2. A discount of up to 50% for other consumers.

B. Re extra water consumed due to damage or maintaining a constant flow to protect indoor facilities:

1. Full exemption for the following categories:

- Customers on the social tariff
- Public hospitals

- State schools
- Care facilities for the elderly, disabled and refugees.

2. Discount for other consumers as follows:

- no discount for extra consumption up to 10% historical average.
- across-the-board discount of 80% for quantities over the previous limit (historical average + 10%).

Implementing this decision resulted in credit notes for € 800K being issued.

- The Board of Directors also recently approved a new company investment and business programme for the 2017-2023 period, aiming to:

- ensure the overall development of its networks, namely a series of technical projects in order to supply water to areas of both the urban area, and beyond it, to regions which currently are lacking good quality water.
- implement the extension of the Thessaloniki Water Treatment Plant (known as the 'refinery') to ensure the necessary extra quantity of water needed to cope with current and future water supply demand for the Thessaloniki urban area.
- ensure uninterrupted, safe operation of the water supply systems, by supplying top quality water, in line with the rules and requirements laid down by the current regulatory framework.
- increase environmental safety, both in terms of pollution and protection of water resources.
- improve customer service by offering top class water supply and sewerage services at the least possible cost.
- combine business activity with social responsibility.
- upgrade infrastructure to improve the productivity of existing systems, which will lead to lower operating costs for the company, especially energy costs.
- raise awareness among citizens about how the company contributes to society as a whole, and provide information about key aspects of the company and the work it does.

The company is in the process of updating its investment and business plans, adding new investment activities.

- On 31.12.2016 contracts for work entered into by the subsidiary EYATH SERVICES S.A. expired but were extended to 30.6.2017 under Article 46 of Law 4440/2016. All persons engaged under such contracts sought recourse to the courts and obtained an interim order until the final judgment on the petition for injunctive relief is handed down. Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected their claims against the Company and the subsidiary EYATH SERVICES S.A. and since that date they have ceased offering their services to the company.

2.5

PRICING POLICY 2017

Decision No. 416/2011 of the Board of Directors set the company's pricing policy for the 2012-2013 period, which was ratified with Joint Ministerial Decision No. 4799/19-12-2012 (Government Gazette 3450/B/27-12-2012) of the Ministers of Finance and Macedonia-Thrace. This decision remains in force to date, and there has been no change to the Company's pricing policy.

Today Article 33 of Law 4258/2014 on arrangements for setting the tariffs of EYDAP and EYATH, is in force, under which as of 1.7.2015 tariffs for water supply and sewerage services are to be approved by decisions of the Special Secretary for Water, following consultations with the Minister of Finance and other relevant agencies.

In National Water Committee Decision No. 135275/22.5.2017 (Government Gazette 1751/B) "on general rules for costing and billing water services, methods and procedures for recovering costs of water services for various water uses", the Committee laid down the general costing and billing rules for water services. The purpose of the decision is to approve the general costing and billing rules as well as measures to improve water services for various uses of water, and to lay down procedures and methods for recovering the cost of such services, including environmental costs and water resource costs. The decision lays down the framework which EYATH is required to implement when billing its services from the start of 2019.

The Company is current examining its billing policy which is to be submitted to the National Water Committee.

EYATH S.A. combines its business operations with social responsibility, providing a high level of water supply and sewerage services, at the lowest possible cost. At the same time, serving as the manager and provider of a public commodity, such as water, it makes sure that it is accessible to sensitive (vulnerable or special) groups of citizens, ensuring that they can cover their basic needs, having established a social water supply tariff.

2.6

RESEARCH, DEVELOPMENT & GIS

The Research, Development & GIS Department within the Planning & Works Division engages in R&D and all processes relevant to improving the availability of documentation about company networks in digital format, and on the GIS background map which the company has.

In 2017 as part of various research programmes, steps were taken to manage and coordinate current and new research plans as part of the long-standing collaboration between various company divisions.

In relation to Geographical Information Systems (GIS), efforts continued to be made to improve documentation of the company's networks in digital format and on the GIS background map and new pilot measures were also adopted.

A. RESEARCH & DEVELOPMENT: RESEARCH PROGRAMMES SECTOR

Over the course of 2017 the company was involved in various working groups along with other players from the city and abroad, to ensure that EYATH plays a part in shaping proposals for research projects in the context of co-financed research, technology and innovation programmes run by the European Commission (Horizon 2020) or the Greek General Secretariat for Research and Technology (GSRT-NSRF).

As a result 4 research proposals were submitted to the Greek "Research - Innovate - Create" programme run by the Greek General Secretariat for Research and Technology (GSRT-NSRF) and 6 research proposals to the European Horizon 2020 programme. Of those, approval was given in November 2017 to a project co-financed by the 2014-2020 Partnership Agreement entitled: "Smart infrastructure for remote water consumption and water demand management systems" (known as SMART-WATER), which is a research partnership between EYATH, the telecom company Apifon, the Information and Communication Technologies Institute of the Centre for Research and Technology Hellas (CERTH). Project management will be done by the Executive Structure for such projects/programmes and the technical side of the project will commence in 2018 when funding is released.

RESEARCH PROGRAMME TO STUDY THE IMPACT OF DISPOSING OF SLUDGE ON EXPERIMENTAL CROPS.

At the same time the research project financed by EYATH S.A. in cooperation with the Aristotle University of Thessaloniki's Special Account for Research Grants for a scientific study on the impact of adding sludge treated at a biological treatment plant on the physical, chemical and biochemical properties of soil, and on the per-

formance, composition and quality of wheat and maize, continued. During 2017 the first experiment on wheat and the first experiment on maize (from the 2016-2017 growing period) continued and were completed. The project will run for 31 months in total, ending in December 2018.

THERMAIKOS BAY QUALITY MONITORING PROGRAMME

To study the marine environment close to the two submerged waste disposal pipes from the two waste treatment plants, and along the coastline near the White Tower, the company entered into a self-financed agreement with the Aristotle University of Thessaloniki's Special Account for Research Grants and the Dept. of Civil Engineering to implement the "Thermaikos Bay Quality Monitoring Programme". Boats sailed in the summer, autumn and winter of 2017 to collect samples.

PARTICIPATION IN CONSULTATIONS ON EUROPEAN COMMISSION STRATEGY FOR URBAN WATER AGENDA 2030

Moreover, in the period April to December 2017, the company was involved in the 20 European Cities Working Group, comprised primarily of municipal services and water supply / sewerage companies consulting on the European Commission's strategy for the Urban Water Agenda 2030. EYATH S.A. represented the Municipality of Thessaloniki in that working group, on issues of total urban water management and one outcome of this action was that the Mayor of Thessaloniki signed by the Porto 2017 Declaration.

PARTICIPATION IN OTHER RESEARCH ACTIONS AND PARTNERSHIPS

The company was one of 10 European water supply / sewerage companies to take part in energy audits at waste water treatment plants in the context of the European H2020 - Powerstep research programme. As a result of these moves EYATH S.A. submitted a technical report of the results and proposals for how to improve energy efficiency at waste water treatment plants, which will form the basis for further exploration.

To explore new methods of managing sludge, the company provided support by offering its facilities at the Aeneia Waste Water Treatment Plant to run a pilot scheme in which dewatered sludge is composted using earthworms. The programme was implemented by the Laboratory of Hydraulics and Environment / School of Rural and Surveying Engineering / AUTH and the operations department of the Aeneia Waste Water Treatment Plant.

2.6

RESEARCH, DEVELOPMENT & GIS

The Company also collaborated with the Dept. of Civil Engineering / AUTH to explore the toxicity of industrial waste from the Thessaloniki industrial area on nitrifying organisms at the industrial waste treatment plants. Samples of waste were collected from the Thessaloniki Industrial Area main collection pipe and toxicity was tested compared to samples of active sludge from the Thessaloniki industrial waste treatment plant for a period of 4 months.

B. GEOGRAPHICAL INFORMATION SYSTEMS (GIS)

In addition to performing its normal duties, during 2017 the GIS sector was also involved in the following pilot projects or unscheduled operations:

REPLACEMENT OF GIS SOFTWARE AND HARDWARE

Planning, authoring of technical specifications, tendering and selection of contractor to replace / upgrade all company GIS systems (software, servers, backup devices).

PILOT SCHEME TO DETECT HIDDEN LEAKS USING SATELLITE IMAGES

Procedures were devised and put in place to run a pilot project to detect hidden leaks in the water supply network using satellite images.

GIS ADDRESS BOOK FOR US WITH THE COMPANY'S ERP SYSTEM / WATER SUPPLY CUSTOMER BASES AND NORMALISATION THEREOF

The background map of roads within the company's territorial remit was updated. All competent municipalities were contacted to provide the company with maps and lists with the names of streets. Those sources and use of Google Street View resulted in changes to background map and new rules and exceptions to naming conventions were created.

WATER SUPPLY CUSTOMER BASE CONNECTED TO GIS

Water meters were digitised in a pilot area (Panorama and Pylea) based on the position obtained from the water meter reader. Rules were developed during this pilot stage based on which the water meters will be entered in a database.

UPDATING FIRE HYDRANT LOCATIONS

The locations of fire hydrants on the background map were updated. To do this the location of all fire hydrants and so on were checked.

WATER METER READER ROUTES

The routes followed by water meter readers were visually recorded in a pilot area as part of a process of developing methodology to optimise the routes.

DIGITISING BUILDINGS TO CREATE A 3D MODEL

The roofs of buildings and structures at different altitudes on the roofs of buildings were digitised. Kalamaria was chosen as the pilot area.

2.6

RESEARCH, DEVELOPMENT & GIS

IT SYSTEM AND INFRASTRUCTURE DEVELOPMENT BUSINESS UNIT

1. Introduction

The IT System and Infrastructure Development Business Unit (the Unit) was set up in 2017 by decision No. 251/251 of EYATH S.A.'s Board of Directors to provide overall coordination of measures to modernise functional and technological aspects of the company. It will perform this task in cooperation with the Divisions involved in each case, looking at issues of functional and operational restructuring of EYATH S.A. using ICTs.

In 2017 this Unit was directly involved in various working groups and looked into the following:

1. Coordinating the programme to redesign how customers are managed and to develop an IT system.
2. Identifying how the legal department is organised and determining software operational requirements for it.
3. Revamping the website (by creating the proposed customer-centred approach).
4. Upgrading / developing the SCADA system for the water supply sector.
5. Identifying the steps needed to meet GDPR requirements and properly manage personal data.
6. Specifying the steps needed to prepare a programme to adopt telecom systems and infrastructure.

In addition to this, it was involved in committees that supervised and took acceptance of specialist studies/designs for issues within the company's remit.

2. Steps taken per business segment

A. IT - Restructuring

1. Coordinating the programme to redesign how customers are managed and to develop an IT system.

During 2017 Phase 2 of the programme to modernise the company from an operational and technological viewpoint was implemented which related to customer service. 3 actions were implemented in this regard:

- redesign of billing, CRM and customer service via various improvements relating to (a) modernisation of the bill checking, issuing and management system and (b) development of a comprehensive framework and computerising CRM and customer service.
- developing requirements and then running a tender procedure for the supply, configuration, installation and commissioning of a billing and CRM and customer service IT system.

- running that tender procedure.

At the present moment (2018) Phase 2 is under way, and the plan is to run the tender procedure to procure the new CRM system,

2. Identifying how the legal department is organised and determining software operational requirements for it.

To improve how the legal department works, steps were taken to improve its operations. This involved identifying the technical requirements for adopting a case management software.

B. SCADA systems

Following the decision to finance a remote control and automation system to manage EYATH water supply services to be funded by the Central Macedonia Region Partnership Agreement, the following measures were taken in 2017 to coordinate with the water supply sector:

- technical and operational requirements for the tender procedure documents were completed for the project entitled “Remote control and automation of water supply systems within EYATH's remit” with a total budget of € 3,347,049.00 plus VAT and
- the management structure for the co-financed project and parallel but essential actions - works required to complete it were developed.

The project is designed to ensure automated monitoring and management of the water supply network (pipelines, pumping stations, reservoirs, etc.) by installing a SCADA system. That system will help identify and check drinking water leaks and safeguard the operational status of all E/M equipment installed, thereby supporting moves being made to optimise operations.

C. Management- upgrading of telecom systems

To ensure that the company has the telecom systems and services needed for its operations, and above all to improve those systems a working group was set up to prepare an operational programme to improve and develop telecom systems and services, to take the following steps:

- analysis of the current state of telecom system technologies and services which have been adopted.
- examination of the feasibility of alternative technological and operational scenarios for telecom systems and services that the company could adopt in the short- and medium-term and submission of the relevant report.
- formulation and submission of the proposed master plan for the adoption and development of telecom systems and services to improve the current operational model, particularly over the next 4 year period.

2.6

RESEARCH, DEVELOPMENT & GIS

D. Revamping - rebuilding the website

As part of the move to upgrade the company website's technology, structure and content, a new website structure was developed and it is currently being developed. It is customer-focused and showcases the quality of the company's services and its characteristics.

E. Identifying measures needed to meet GDPR requirements

The necessity of meeting the requirements laid down in the new personal data processing regulatory framework for the data of customers, associates / suppliers and company staff which comes into force in May 2018 was acknowledged. A set of measures to ensure that the requirements were met was proposed and adopted, and a working group was set up with the Unit's involvement in order to process and handle the relevant actions.

F. Other activities

In addition to the above, the Unit was involved in overseeing service agreements for the operation and maintenance of the company's large facilities in the water supply sector and the sewerage sector (water and waste water treatment plants) and was also involved in the EYATH public tender procedure committees.

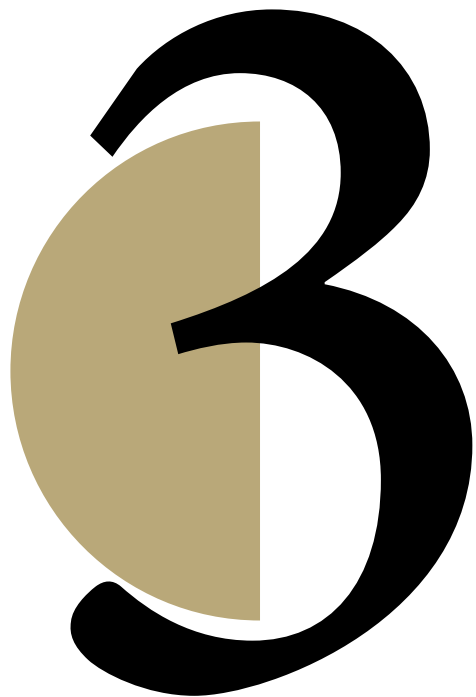
It was also involved in a series of specialist technical/financial and management issues affecting the company, to prepare or oversee special designs/studies within the company's area of interest, such as the pricing and credit policy study that was prepared.

3. Conclusions

During 2017 the Unit coordinated and was involved in actions relating to:

1. Restructuring the operation of company business areas.
2. The adoption and development of IT systems and applications.
3. Improving, standardising and developing telecom systems and services.
4. Ensuring that regulatory requirements relating to the processing of personal data were met.

CHAPTER



COMPANY STRUCTURE

3.1

ORGANISATIONAL CHART

During 2016, the study to re-engineer the company's organisational structure was completed. The objective was to simplify the then organisational chart. All company Divisions now report to a single General Division and the number of Company Divisions was reduced from 8 to 6.

In 2017 there were no further changes and consequently the divisions were:

- (a) Water Supply Facilities and Networks Division
- (b) Sewerage Facilities and Networks Division
- (c) Planning & Works Division
- (d) Customer Service Division
- (e) Admin & Operations Division
- (f) Finance Division

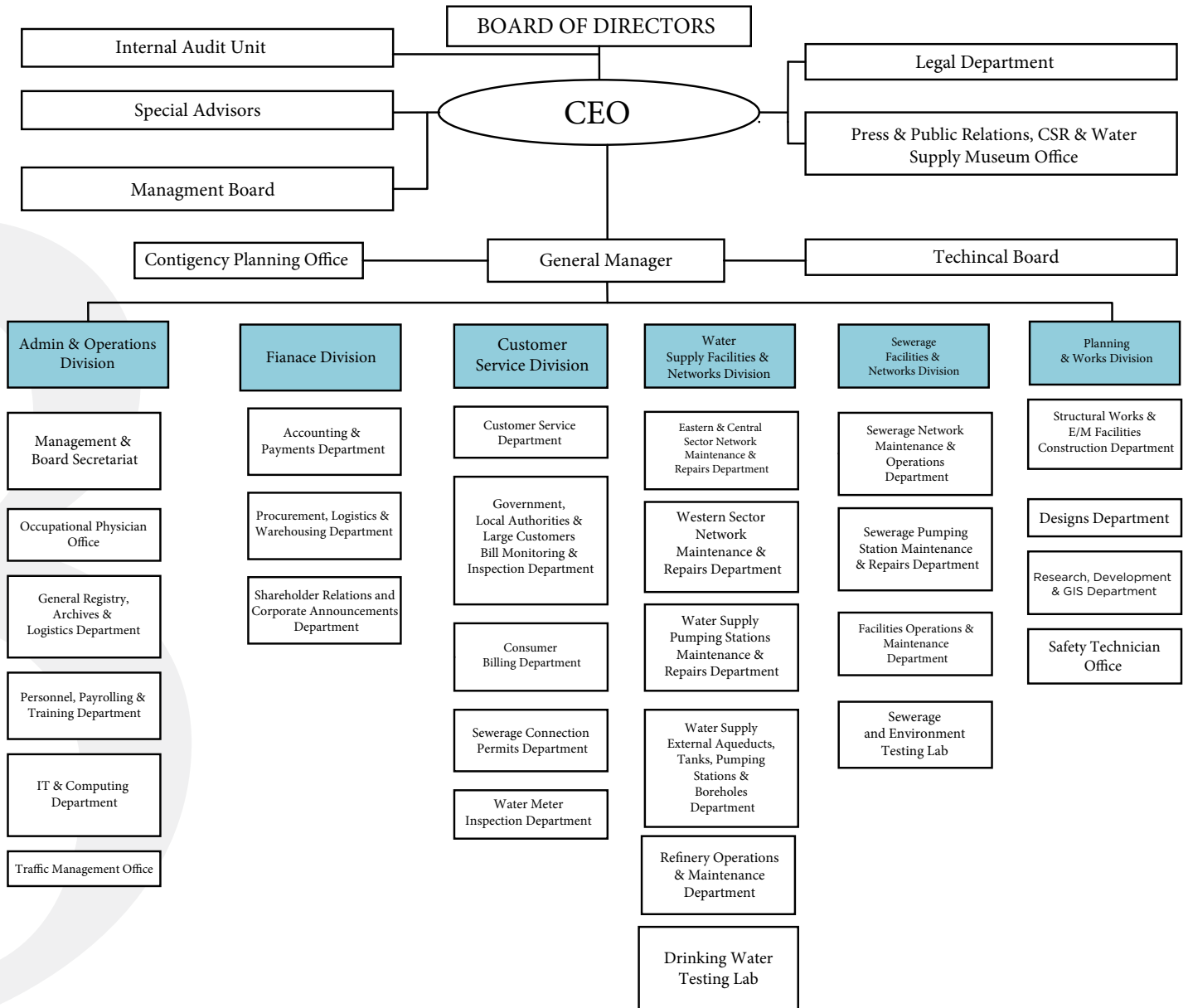
The new organisational chart seeks to capitalise on economies of scale (with fewer Divisions and Departments) and bring similar activities under the same roof, thereby creating a more compact organisation that is ready to respond to the challenges in this new period of company growth.

The Management Board makes an important contribution to the Company's smooth functioning and growth and it has been in regular use again since last year, equipped with new, updated internal regulations.



3.1

ORGANISATIONAL CHART



3.2

BOARD OF DIRECTORS

Article 13 of EYATH S.A.'s codified Articles of Association, approved by Decision No. K2-16550/19-11-2007 of the Minister of Development (Government Gazette 13309/20.11.2007), amended as regards Article 5(4) and Article 13 by decision No. K5-1143/1-4-2013 of the Minister of Development, Competitiveness, Infrastructure, Transport & Networks (Government Gazette 2044/5.4.2013), states that the Company is to be run by a Board of Directors comprised of between 7 and 11 directors, elected by the Company's General Meeting of Shareholders. Members of EYATH S.A.'s Board serve for a five-year term in office.

Members are either executive or non-executive, and at least 2 are independent. Two members are also employee representatives.

Article 17 of the Articles of Association (Establishment of the Board) states that immediately after it is formed under Article 13 of the Articles of Association, the Board must meet and officially establish itself and elect a Chairman and one or more Vice Chairmen. A CEO can also be elected from among the members. The position of Chairman may be held by the same person holding the position of CEO.

The Board selects Managers, and in the same decision sets out their competences.

LINE-UP OF THE BOARD OF DIRECTORS IN 2017

During 2017 the Board of Directors' line-up was as follows:

BOARD OF DIRECTORS' LINE-UP FROM 01/01/2017 TO 31/12/2017

No.	NAME – SURNAME	POSITION ON BOARD	ROLE
1.	Ioannis Krestenitis	Chairman & CEO	University Professor
2.	Ioannis Papaioannou	1st Vice Chairman - Executive Member	Agronomist
3.	Styliani Valani	2nd Vice Chairman - Executive Member	Attorney at law
4.	Stefania Tanimidou	Independent Non-Executive Member	Economist
5.	Ioannis Antoniadis	Independent Non-Executive Member	Attorney at law
6.	Eleftheria Karahaliou	Non-Executive Member	Economist
7.	Evdoxos Petridis	Non-Executive Member	Civil Engineer
8.	Olympia Latsiou Chryssafi	Non-Executive Member	Attorney at law
9.	Ioannis Tsionas	Non-Executive Member	Surveyor
10.	Georgios Archontopoulos	Non-Executive Member, employee representative	Employee representative
11.	Anastasios Sachinidis	Non-Executive Member, employee representative	Employee representative

In decision No. 233/2017 taken at its meeting on 15.6.2017 the Board replaced Ioannis Antoniadis with Panagiotis Gogos.

In decision No. 294/2017 taken at its meeting on 27.7.2017 the Board replaced Eleftheria Karahaliou with Marina Kouri.

In decision No. 388/2017 taken at its meeting on 12.10.2017 the Board replaced Ioannis Tsionas with Petros Samaras.

The Board is the Company's supreme body and is primarily involved in devising strategy and growth policy for the company and also oversees and controls how its assets are managed. Its competences are set out in Law 2190/1920 and Law 3016/2002, as in force today.

3.2

BOARD OF DIRECTORS

The fees paid to members of the Board for Board meetings in 2017 are presented in the table below, for each relevant period.

FEES & REMUNERATION FOR BOARD MEMBERS FROM 1.1.2017 TO 31.12.2017

NAME – SURNAME	ROLE	BOARD OF DIRECTORS	ATTENDANCE EXPENSES	EMPLOYER CONTRIBUTIONS	ANNUAL REMUNERATION	TRAVEL EXPENSES	TOTAL COST
IOANNIS KRESTENITIS	CHAIRMAN & CEO - EXECUTIVE MEMBER	3,760.00		5,522.74	57,000.00	1,101.81	67,384.55
IOANNIS PAPAIOANNOU	BOARD MEMBER & VICE CHAIRMAN	3,760.00		3,696.94	13,531.44	148.91	21,137.29
STELLA VALANI	BOARD MEMBER & VICE CHAIRMAN	3,760.00		3,696.94	13,531.44	100.10	21,088.48
ELEFThERIA KARAHALIOU	BOARD MEMBER	1,997.50	2,515.11	964.79			5,477.40
IOANNIS ANTONIADIS	BOARD MEMBER	705.00	1,231.76	414.09		147.00	2,497.85
STEFANIA TANIMIDOU	BOARD MEMBER	1,762.50	4,643.28	1,369.56			7,775.34
IOANNIS TSIONAS	BOARD MEMBER	2,820.00	3,544.86	1,360.81			7,725.67
EVDOXOS PETRIDIS	BOARD MEMBER	3,290.00	4,643.28	1,696.14			9,629.42
OLYMPIA LATSIOU CHRYSSAFI	BOARD MEMBER	3,760.00	4,643.28	1,796.62			10,199.90
PANAGIOTIS GOGOS	BOARD MEMBER	2,585.00	3,411.52	1,282.05			7,278.57
MARINA KOURI	BOARD MEMBER	1,645.00	2,128.17	806.69			4,579.86
PETROS SAMARAS	BOARD MEMBER	822.50	1,023.48	394.66		35.81	2,276.45
GEORGIOS ARCHONTOPOULOS	BOARD MEMBER EMPLOYEE REPRESENTATIVE	3,642.50		1,688.77	4,643.28		9,974.55
ANASTATIOS SACHINIDIS	BOARD MEMBER EMPLOYEE REPRESENTATIVE	3,760.00		1,713.89	4,643.28		10,117.17
TOTAL		€ 38,070.00	€ 27,784.74	€ 26,404.69	€ 93,349.44	€ 1,533.63	€ 187,142.50

The amounts paid to the CEO were for fees, while other members receive attendance expenses. Those figures were set in the decision of the Ordinary General Meeting of 8.6.2017.

€ 3,877.50 was paid in remuneration for meetings of the Board secretaries in 2017. According to Article 23 of the Articles of Association, the Board's pay and remuneration are set by decision of the Ordinary General Meeting of Shareholders.

The pay, excluding employer contributions, for the General Manager in the period 1.1.2017 - 31.12.2017 stood at € 55,161.48 and for Managers stood at € 280,430.32.

3.3

THE GENERAL MANAGER AND MANAGERS

GENERAL MANAGER'S PAY

No.	NAME – SURNAME	FROM	TO	GROSS PAY	EMPLOYER CONTRIBUTIONS	TOTAL
1.	PETROS NASTOS	01/01/2017	31/12/2017	€ 51,625.80	€3,535.68.26	€ 55,161.48

PAY FOR MANAGERS FROM 1.1.2017 TO 31.12.2017

No.	NAME – SURNAME	FROM	TO	GROSS PAY	EMPLOYER CONTRIBUTIONS	TOTAL
1.	ALEXANDROS ADAMOPOULOS	01/01/2017	31/12/2017	41,306.74	11,093.38	52,400.12
2.	DIMITRIOS ALEXANDRIS	01/01/2017	31/12/2017	32,588.75	8,504.08	41,092.83
3.	NIKOLAOS ARAMBATZIS	01/01/2017	31/12/2017	31,978.64	9,131.72	41,110.36
4.	PARTHENA THEODORIDOU	01/01/2017	31/12/2017	33,652.18	8,354.14	42,006.32
5.	LAZAROS KAMBOURIDIS	01/01/2017	31/12/2017	45,107.23	10,741.10	55,848.33
6.	CHRISTOS TRAGANOS	01/01/2017	31/12/2017	44,974.12	2,998.24	47,972.36
TOTAL				€ 229,607.66	€ 50,822.66	€ 280,430.32

3.3

THE GENERAL MANAGER AND MANAGERS

After completion of staff evaluation procedures and adoption of the new organisational chart, the Company selected the General Manager and Managers of its new Divisions, serving for a 3-year term commencing from 1.1.2017.

Mr. Petros Nastos remains as Company General Manager, while the following persons were appointed as Company Managers:

- Lazaros Kambouridis, Mechanical - Electrical Engineer, heading the Water Supply Facilities & Networks Division.
- Christos Traganos, Civil Engineer, heading the Sewerage Facilities & Networks Division.
- Dimitrios Alexandris, university graduate in Economics and TEI graduate in business and finance, heading the Finance Division.
- Parthena Theodoridou, Civil Engineer, heading the Planning & Works Division.
- Alexandros Adamopoulos, Mechanical - Electrical Engineer, heading the Customer Service Division.
- Nikolaos Arambatzis, TEI graduate in admin and accounting, heading the Admin. and Operations Division.

Note that none of the Company's Board Members or senior executives are related to each other. Moreover, none of the Board members or senior executives of EYATH S.A. have been convicted for dishonourable offences or financial crimes or are involved in pending litigation pertaining to bankruptcy, criminal acts, nor have they been banned from engaging in business activities, stock exchange transactions, acting as investment advisors, bank and insurance fund executives, issuing underwriters, or executives with securities firms, among other things.

Note that in addition to the transactions listed above in this report, no other business relationship or transaction existed over the last three years up until the current accounting period between the administration and management and supervision bodies of the company or the main shareholder and the company itself.

All members of the Board of Directors and Company senior executives are Greek citizens. The postal address for Board members is the Company's head offices at 127 Egnatias St, Thessaloniki GR-54635.

The Board's independent non-executive members meet the requirements laid down in Article 4 of Law 3016/2002, as in force.

3.4

CORPORATE GOVERNANCE STATEMENT

1. Principles of Corporate Governance

In line with the requirements of Article 43a(3)(d) of Codified Law 2190/1920, the Company hereby gives notice that it implements the Corporate Governance Code for listed companies prepared by the Federation of Greek Industries (SEV) published in January 2011 which can be found on the Federation's website: www.sev.org.gr.

The Corporate Governance principles it follows have been incorporated into the Company's internal regulations which are available to the public in hard copy at the Company's head offices.

During the past year the Company updated its Internal Audit Unit procedures to bring them into line with modern auditing standards.

2. Main characteristics of the Internal Audit and Risk Management Systems in relation to the preparation of the Financial Statements

The Internal Audit Unit's mission is:

- to examine and evaluate the adequacy and effectiveness of the Company and Group's system of internal controls and to ascertain to what extent the system provides a reasonable assurance about:

- compliance with policies, procedures, guidelines and decisions of Company Management and the legislation governing its operations;
- adequate evaluation of the data processing systems, in order to ascertain to what extent such systems achieve their purposes and objectives, and adequate auditing procedures have been incorporated into them;
- efficient and effective utilisation of the Company's available resources, and an overview of the means of safeguarding assets and an assurance per se of the existence of such assets (via inventories, counts, etc.).
- reliability of the financial statements;
- reliability and completeness of data, information and means used for decision-making.

- Management is briefed by the Audit Committee about the results of scheduled and unscheduled audits.

- Steps taken to correct auditing issues which have been identified and notified in the past are evaluated.

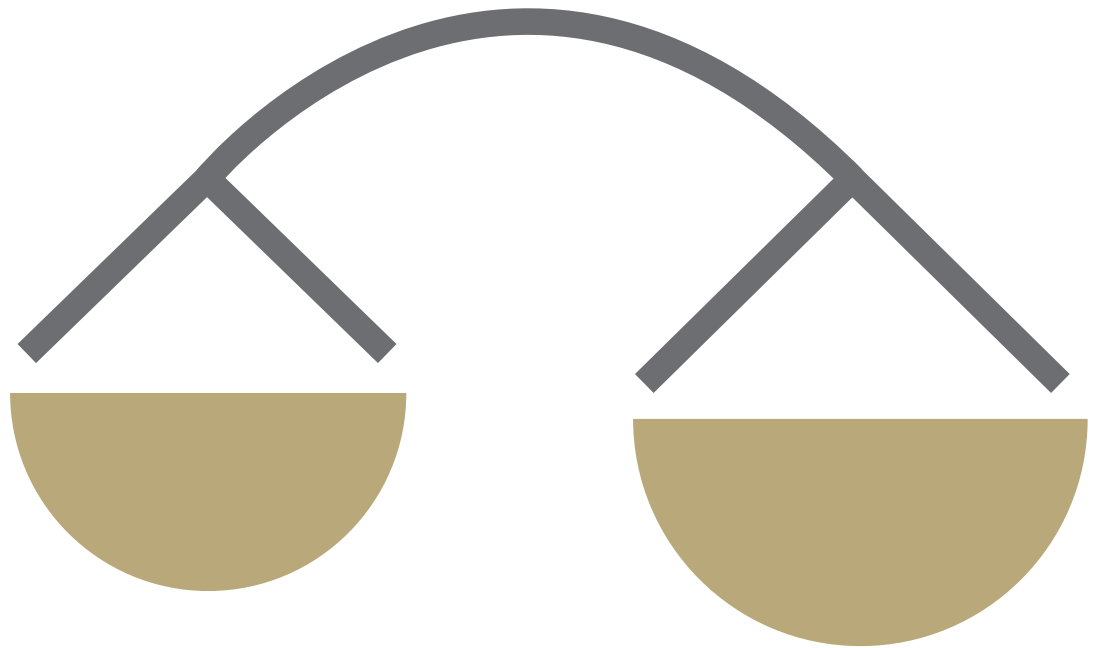
Internal auditing, as a function, is performed in an independent, objective manner and consequently has no power or other form of responsibility for the activities it oversees. The key principles guiding how internal audits are carried out are set out below:

- Each year an Audit Plan is drawn up, which includes areas to be audited during the year, the subject matter and timeframe for carrying out all auditing work. The annual audit plan is prepared based on risk assessment and is approved by the Audit Committee.
- Auditing work is carried out by 1st and 2nd class auditors with the required degree of professional diligence, conduct, confidentiality, objectivity and integrity, in compliance with the International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Conduct of the international Institute of Internal Auditors (IIA).
- When carrying out audits, Company auditors collaborate as necessary with staff and executives who are directly or indirectly involved in the activity being audited.
- The practices and detailed procedures implemented by Internal Auditing, and the operating framework for internal audits are outlined in detail in the Internal Audit Manual.
- The scope of audits and the findings which emerge from each auditing task are recorded in detail in internal Audit Reports. These are prepared by a class 1 and 2 auditor who were involved in the auditing task and are reviewed by the head of the Internal Audit Unit.
- Follow-up of corrective measures is done by the Internal Audit Unit at regular intervals depending on their seriousness.
- The Audit Committee periodically briefs Company Management about issues which come to the attention of auditors while carrying out audits, or from other sources which require further investigation by expert investigators.

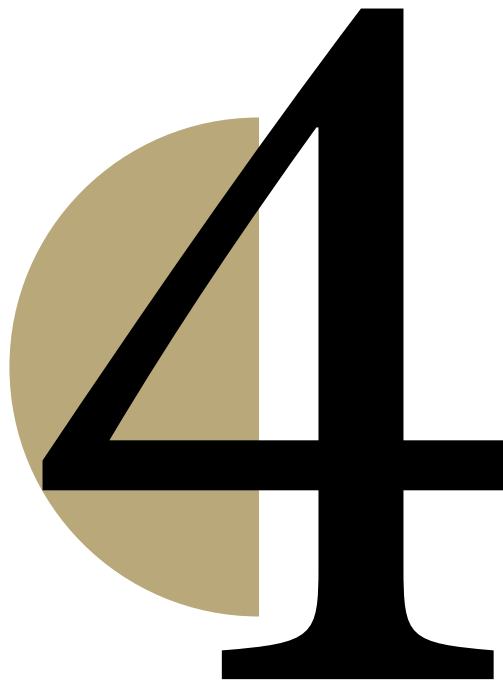
3.5

LEGISLATIVE FRAMEWORK - LEGISLATION

EYATH S.A. implements the legislation on companies (Codified law 2190/1920) as in force today, and Law 3016/2002, as a listed company. Following the enactment of Law 3429/2007 the Company brought its Articles of Association into line with the law following the decision of its Extraordinary General Meeting of Shareholders of 7.11.2007. The Extraordinary General Meeting of Shareholders decided on 21.2.2013 to delete Article 5(4) of the Articles of Association and bring it into line with the provisions of Article 2 of Law 4092/2012. That same decision also amended Article 13.



CHAPTER



CORPORATE SOCIAL RESPONSIBILITY

As part of its Corporate Governance strategy to ensure the long-term, balanced development of the company for the benefit of employees, consumers and shareholders, EYATH S.A. is implementing Corporate Social Responsibility (CSR) activities, considering CSR as a key Corporate Governance tool.

CSR is now intimately bound up as a company activity with the reputation and brand equity of every business, can improve its economic, environmental and social performance, and has assumed greater importance in recent years thanks to the economic crisis. EYATH S.A.'s CSR programme primarily relates to **employees**, who benefit from a creative, rewarding work environment; **consumers**, who have shown increasing interest in the social and environmental credentials of the companies they do business with; and **local communities** that want to share the principles and values of local companies, especially in hard financial times, like those Greece has had to ensure in recent years. However, it also relates to **shareholders**, who reward responsible corporate behaviour and attitudes, just as they do with **similar businesses** in Europe which seek to operate and run under a common European and international framework of principles. Above all, it relates to **future generations** who seek to take possession of a world which respects man and the environment.

In line with European practice in this sector, which in effect is voluntary for businesses, but contributes to the goals of sustainable development, EYATH has taken steps in the following sectors:

4.1 EDUCATION - HEALTHCARE PROGRAMMES - FINANCIAL SUPPORT FOR EMPLOYEES

EYATH:

- encourages and provides financial support for employee involvement in educational programmes (seminars, conferences, workshops, postgraduate degrees), to bolster their skills, personal development and job satisfaction, and to improve their day-to-day dealings with consumers.

In 2017 an info-day for new company staff hired in 2017 was held, entitled “Company structure & how EYATH S.A. works”. The event was held successfully on 24.10.2017.

- encourages staff to get involved in volunteering (by collecting food or other items for the poor, running events with a social side, etc.).
- organises events and distributes gifts to employees' children and provides cash rewards to school pupils with the highest scores in the university entrance exams every year.
- runs camping schemes for employees' children.

4.2 CUSTOMER SERVICE - SPECIAL ARRANGEMENTS FOR DEBTORS

THE COMPANY:

- has been offering a social tariff since early 2014, with a 50% discount to assist vulnerable groups of citizens and in particular those large families, the elderly, those on low incomes or the long-term unemployed, and also offers an broad spectrum of repayment plans for over-due debts for all debtors and the financially disadvantaged (with a total taxable income of less then or equal to € 8,000 a year, augmented by € 3,000 for each dependent child).

Special tariffs with discounts and exemptions from charges were applied by the company on an extraordinary based, in the case of frosts in early 2017 so that consumers were not even harder hit than they had already been.

- now operates a new cutting edge customer service store in the west of the city, directly opposite the Thessaloniki courts, to facilitate the public and enable transactions to be more easily processed.

- **now uses new envelopes and easy-to-read bills, showing consumption from the user's last 3 bills, so they can economise on water, that precious natural resource. There is a brief but also a detailed presentation of obligations, as well as information about how users can look after their own facilities, how they can make payment and what special arrangements are in place for special groups of consumers. For the first time the envelope and bill have a QR Code which can be read allowing consumers to directly view the company's website.**

- **operates a special platform at www.eyath.gr to inform consumers about interruptions to water supply in their area, and the scheduled restoration time, and to allow them to report water supply / sewerage problems online.**

- runs info-campaigns for the public about the options available to socially and financially vulnerable population groups, about updating their water cards and the advantage of the card, and about measures that can be taken to safeguard facilities against the frost.

- facilitates customers by offering improved e-services (on the EYATH website and web banking) and a wide network of partners and associated businesses (150 super markets in the prefecture of Thessaloniki and neighbouring prefectures of Halkidiki, Pieria, Imathia, Pella and Kilikis at no extra charge, and at associated OPAP agencies and Hellenic Post Office branches).

4.3

REDUCING THE ENVIRONMENTAL FOOTPRINT - INNOVATION AND RESEARCH - ECOLOGICAL PRACTICES

EYATH is ensuring that it is in line with the applicable environmental legislation, by constantly monitoring, consolidating and complying with the terms of environmental guidelines and directives at national and European level. EYATH is actively involved in EUREAU I-II (the European Federation of National Associations of Water and Wastewater Services) through working groups and participates in the preparation of environmental guidelines at European level.

Moreover:

- it invests in improving its facilities to ensure better performance and reduce energy consumption.
- it contributes actively to surface cleaning of the Thessaloniki seafront, removing floating objects and spills or cleaning up pollution incidents.
- it removes urban and industrial wastewater from the urban area via an extensive sewerage network, controlled by remotely controlled and operated systems.
- it is planning systematic modernisation of the water supply network to reduce leaks.
- it operates a state-of-the-art GIS system for preventative maintenance and rapid response to emergencies.
- it implements a programme to re-use water treated at the Thessaloniki Wastewater Treatment Facility to irrigate areas of land in the Halastra - Kalohori plains during droughts.
- it ensures that sludge is managed in an environmentally and socially beneficial manner: one of the most appropriate solutions is to use it as a fertiliser. It also aims to improve the biogas production unit running on sewage sludge which is already in operation at the Sindos Biological Treatment Plant, and to utilise its heat generating capacity.
- it systematically recycles at the workplace and uses environmentally-friendly materials.



4.4

RELATIONS WITH THE LOCAL COMMUNITY

EYATH

- collaborates with the academic community at specialist and general events on environmental issues, attracting audiences comprised of students, experts and ordinary citizens.
- has signed a MoU with the Aristotle University of Thessaloniki, Greece's largest university, to provide scholarships to postgraduates (2 a year) and doctorates (1 every 4 years) on the issues of water supply and sewerage, offering the option for real time research in the EYATH working environment.
- participates in World Water Day celebrations on 22 March and World Environment Day events on 5 June, hosting info-events for the general public.
- supports sporting and artistic events in the city, promoting the idea of well-being and culture, and also supports the activities of bodies with a strong reputation for social action either by purchasing equipment for them or carrying out works within its remit.
- has prepared and submitted for approval to the Ministry of Education a 1-hour programme entitled 'The sewerage cycle in Thessaloniki', to brief primary and secondary school pupils about daily influxes to the sewerage network and raise their awareness.
- prepares educational programmes for children as part of the Thessaloniki International Fair.
- offers students at universities, technological education institutes and OAED academies the chance to do an internship and acquire valuable work experience in a decent working environment.
- helps improve the life of refugees in refugee camps in the wider area of Thessaloniki, providing aid in the form of radiators and carrying out infrastructure works (water supply and sewerage facilities at those camps, and repairs to damaged facilities).
- has a long-standing partnership with a magazine sold in the streets to support the unemployed, since its head offices are a 'safe haven' for sellers, and also supports unemployed people in Thessaloniki via the Labour Centre.
- welcomes thousands of primary and secondary school pupils, as well as associations and other stakeholder groups, at the Water Supply Museum in operation since 2001 and open for the duration of the school year. Visitors are taken on a tour of the old Thessaloniki Main Pumping Station in the Sfagia area by experienced staff training in providing museum-based education, and experience the history of water supply in the city up close. The museum was also involved in the annual Open House event to promote and showcase architecture, welcoming visitors to its premises and offering guided tours over 2 days. It is also the venue for major company events (New Year Pie cutting ceremonies, Christmas parties for employees' children, celebrations for World Water Day and World Environment Day) and also hosts periodic exhibitions in partnership with prestigious local organisations.

- keeps an archive of maps, letters and other documents at the Water Supply Museum which cover the history of water supply in Thessaloniki and are available to any interested parties.

Through activities like these EYATH S.A. is fostering and showcasing its long, vibrant relationship with the local community.



4.5

HUMAN RESOURCES

On 31.12.2017 the Company employed 339 people.
The table below shows the change in employee figures over the last 5 years.

SPECIALISATIONS

STAFF CATEGORY	2013	2014	2015	2016	2017
Expert staff	3	3	3	3	3
University-educated Admin-Finance staff	8	8	8	9	17
University-educated Lawyers	1	1	1	1	1
University-educated Engineers	20	20	20	19	51
University-educated Chemists	4	4	4	4	6
University-educated Environmental	2	2	2	2	3
University-educated IT staff	-	-	-	-	4
University-educated Doctors	1	1	1	1	-
University-educated Communications & Media experts	1	1	1	1	1
TEI-educated Admin-Accounting staff	13	13	13	12	11
TEI-educated Tech. apps staff	23	23	22	24	38
TEI-educated Computer engineers	-	-	-	-	6
TEI-educated Public health inspectors / food technicians	2	2	2	2	5
Secondary-educ. Collectors - note-takers	-	-	-	-	-
Secondary-educ. Management secretaries	46	44	43	43	49
Secondary-educ. Typists	1	1	1	1	1
Secondary-educ. Technicians	67	62	62	61	106
Secondary-educ. Receptionists	1	1	1	1	1
Secondary-educ. Nurses	1	1	1	1	1
Secondary-educ. IT staff	-	-	-	-	2
Secondary-educ. Foremen (temporary)	14	12	11	10	10
General-educ. Cleaners	2	2	1	1	1
General-educ. Guards	3	3	3	3	3
General-educ. Process agents	1	1	1	1	1
General-educ. Labourers	26	23	22	20	18
General-educ. Collectors	2	1	1	1	-
TOTAL	242	229	224	221	339

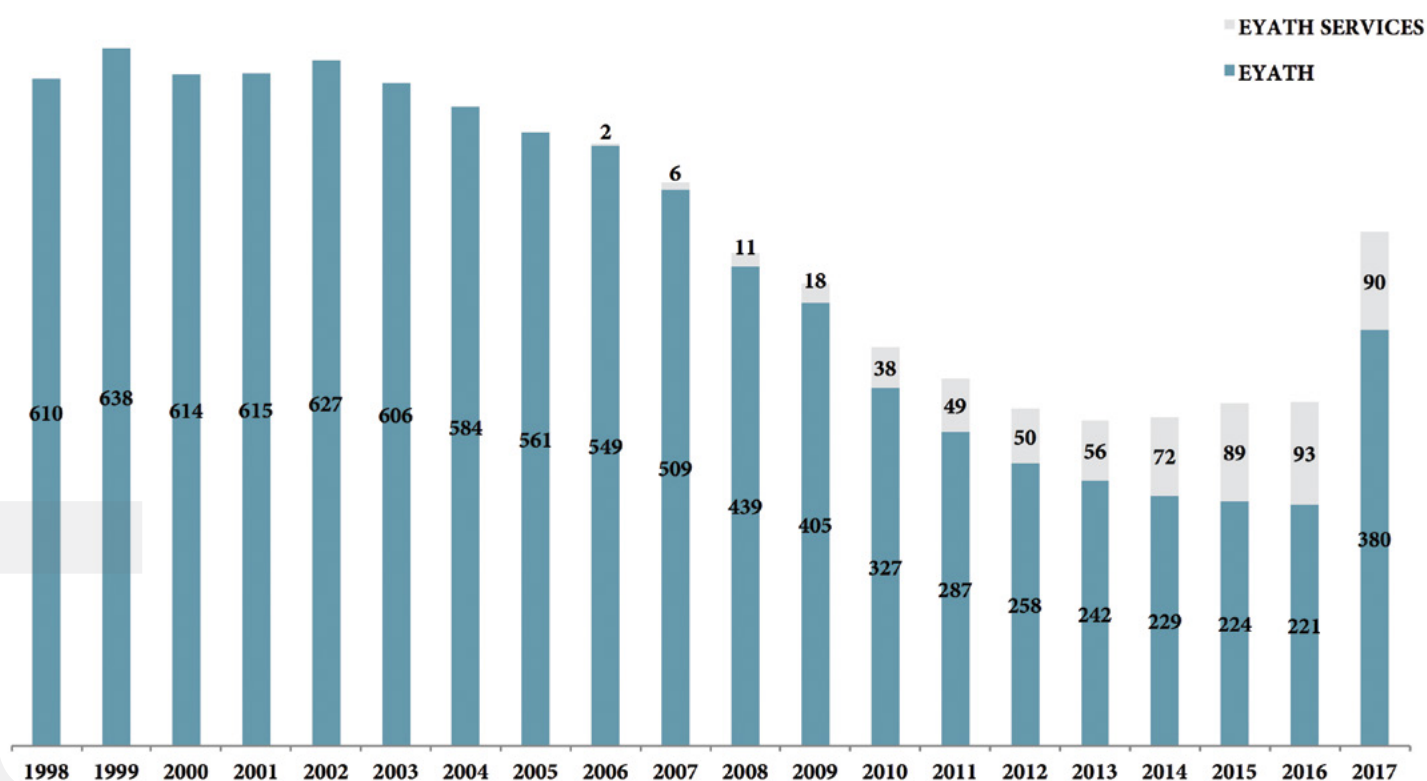
Note that the figure of 339 includes the legal advisor.

4.5

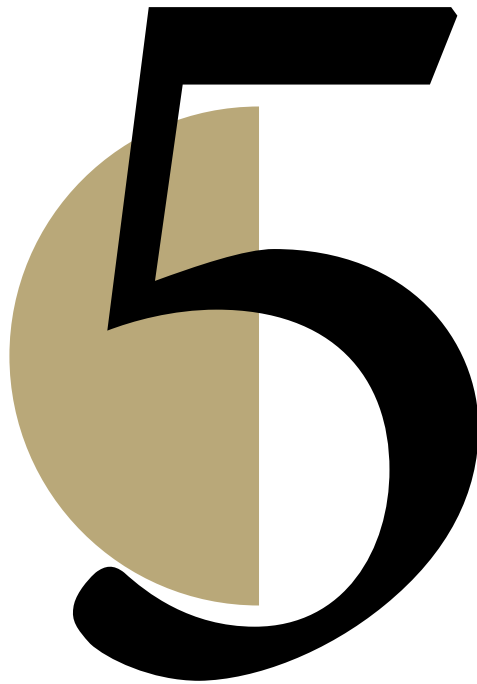
HUMAN RESOURCES

- In 2017 the company ran two competitions via ASEP to recruit 150 full-time employees. By 31.12.2017 a total of 126 employees had taken up their posts, and so far recruitment procedures for a total of 144 staff have been completed.
- In 2017 staff included 41 employees with an 8-month fixed term private-law contract, who were engaged via ASEP.
- Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected the claims of those contract staff against EYATH and the subsidiary EYATH SERVICES S.A. and since that date they have ceased offering their services to the company.

GROWTH IN STAFF FIGURES



CHAPTER



INFRASTRUCTURE

WATER SUPPLY SECTOR

The facilities which EYATH S.A. owns or manages pursuant to the contract of 27.7.2001 with the Greek State include: a) water abstraction works, b) external aqueducts, boreholes and pipelines, c) pumping stations and tanks and d) the distribution network comprised of pipelines and water meters.

AQUIFERS SUPPLYING WATER TO THE WIDER THESSALONIKI AREA

Paiko Aquifer

EYATH S.A. uses the karst system of springs on Mt. Paiko to supply water to Thessaloniki, and in particular collects water from the discharge point in the area known as Aravissos. Water abstraction from the Aravissos springs includes 2 natural supply shafts, a well with pump and 11 boreholes which funnel water to the Aravissos aqueduct via connecting pipelines. One of the boreholes is used to supply water to the local communities of Aravissos and Plagiari. The flow of water abstracted from the Aravissos springs ranges from 70,000 - 130,000 m³/day and is directly dependent on the level of snowfall and rainfall each year.

Aliakmon River

Water abstraction from the river commences at Agia Varvara, around 40 km from the river delta. Using the connecting channel the water flows freely over 50 km to the Axios River. Then using the Axios siphon around 1.5 km long, and a sealed pipe 8.5 km long it is transported to the Sindos pumping station.

From there, it is pumped via a 4.7 km long pipeline to the Thessaloniki water treatment facilities known as the 'Refinery'. A cutting edge treatment procedure is followed at the Refinery involving sedimentation beds, sand, carbon filters, ozonisation, chlorination, etc. to ensure its high quality.

The clean drinking water then enters a 75,000 m³ tank and is distributed via 36 km of pipelines to existing water supply tanks at Diavata, Evosmos, Polichni, Neapoli, Vlatades, Toumba and Kalamaria and the Thessaloniki Industrial Area.

AQUIFERS WEST OF THESSALONIKI

Kalohori Aquifer

The Kalohori Aquifer was a major source of water for the city in the past. The Kalohori Aquifer springs and boreholes are no longer used due to inadequate supply, apart from 2 boreholes which have been made available to provide water to the Kalohori local community in the Municipality of Echodoros. Around 5,500 m³ of water is abstracted every day.

Sindos Aquifer

The Sindos Aquifer consists of a series of pressurised water-rich layers of rock with a high water potential. The quantity of water which can be abstracted from the aquifer via 10 boreholes is around 19,000 m³/day. Water reaches the Kalohori pumping station along the Sindos aqueduct having first passed through a sedimentation tank. Due to the Refinery being in operation, the boreholes are not in use all year round and are systematically maintained and ready to cope with emergencies.

It is worth point out at this juncture that the way in which the Kalohori and Sindos Aquifers are managed, coupled with high levels of rainfall in recent years has meant that the aquifer has risen considerably and artesian phenomena have been observed again in both areas.

Axios Aquifer

In the wider Axios River area (Gefyra, Nea Halkidona, Eleousa, and Agios Athanasios) there are important aquifers with a total of 21 boreholes currently in use producing around 41,000 m³ of water a day. Of those, 4 supply water to the local communities in the Municipality of Halkidona (Mikro Monastiri, Adendro, Valtohori and Eleousa).

Narres Aquifer on the Gallikos River

The Narres Aquifer is within the bed of the Gallikos River and uses via 3 water collection shafts and radial pipes, and 6 vertical, shallow boreholes.

The quantity that can be collected at Narres varies from 5,000 m³ to 25,000 m³ a day depending on rainfall and snowfall recorded each year. The Narres aqueduct is currently out of use.

AQUIFERS EAST OF THESSALONIKI

Agia Paraskevi Springs at Hortiatiss

The Agia Paraskevi springs at Hortiatiss are used to provide additional water to the Hortiatiss Municipal District and as a back up to supply water to the G. Papanikolaou Hospital. The springs have been conceded to the Municipality of Pylea-Hortiatiss. One borehole is used to supply water to the local community of Exochi.

Plains east of Thessaloniki

In the plains to the east of Thessaloniki (in the areas of Mikra Kalamaria) there are 6 boreholes producing 4,500 m³ a day overall. This quantity is used to top up the Kalamaria tank. These boreholes are currently not in use.

EXTERNAL AQUEDUCTS - BOREHOLES

The Wider Thessaloniki Area is today supplied with water from the Aravissos – Axios aqueducts and the Refinery. The Sindos and Kalohori aqueducts are used during the summer.

5.1

WATER SUPPLY

Aravissos - Axios aqueducts

The Aravissos aqueduct is around 56 km long and uses gravity to transport water from the Paiko Aquifer to Thessaloniki. As mentioned above, water is collected naturally from two supply shafts and by pumping from 11 boreholes. During periods of increased flow from the aquifer (as in recent years from 2011 onwards) pumping operations are suspended and water is collected naturally from the main water collection shaft. In this way only the springs' regulatory reserves are collected. Construction work on the Aravissos aqueduct was completed in 1978 and it has since been supplying water to Thessaloniki and the Thessaloniki Industrial Area. The aqueduct's transmission pipeline is made of prestressed concrete and steel rods. Water from the Aravissos aqueduct ends up at the main Dendropotamos pumping station. Water from boreholes in the Nea Halkidona area also ends up in the Aravissos aqueduct via connecting pipelines.

The Axios aqueduct, which became operational in 1976 connects to the Aravissos aqueduct via a series of valves. The Axios aqueduct transmission pipelines is made of asbestos cement pipes with a 800 mm diameter and is 14.7 km long. The Axios aqueduct pipe collects water pumped from the Axios, Eleousa, Gefyra and Agios Athanasios boreholes near Thessaloniki and operates over a length of 13,840 m parallel to the Aravissos aqueduct, thereby bolstering the ability of that aqueduct to channel water.

Narres aqueduct

The external Narres aqueduct became operational in 1968 and its water abstraction facilities have been built in the bed of the Galikos River. The aqueduct is 11 km long approximately and consists of steel pipes. Water is collected into the aqueduct from 3 radial shafts and 6 boreholes.

The Narres aqueduct operated using gravity and supplied water to the Diavata tank which used to supply water to a section of Western Thessaloniki and the EKO facilities. The Narres aqueduct is currently out of use.

Sindos - Kalohori aqueduct

The Sindos - Kalohori aqueduct collects water from boreholes in the aquifers of the same name, consists of steel pipes, and operates under gravity. Water from the Sindos - Kalohori aqueduct via a bypass that has been built, first passes through a sedimentation tank and ends up at the Kalohori pumping station, where it is then forwarded under pressure to the Diavata tank or the Dendropotamos pumping station. It is used primarily during the summer to top up the water supply system.

PUMPING STATIONS AND TANKS

To transfer, store and distribute drinking water within the Thessaloniki conurbation, EYATH S.A. runs and maintains around 41 pumping stations and 40 tanks (including those in areas which recently came within its remit).

During the year the Androutsos pumping station in Pefka was upgraded with new arrays of booster pumps being installed to ensure 100% backup of the pumping arrays. The objective in doing so was to reduce the facility's energy footprint and to increase equipment availability to ensure interrupted water supply to the area.

During that same year, 9 lifting devices were used at water pumping stations and conditions were put in place to ensure that certification for the other 8 could be obtained. Certification procedures are now under way.

There was also considerable involvement in preparing the technical specifications for the upcoming SCADA system for water supply facilities.

A. Dendropotamos Pumping Station

Water from the Dendropotamos Pumping Station supplies the centre of the city of Thessaloniki via high pressure steel pipes. Using the Evangelistria pumping station, water is sent to the Agios Pavlos Tank to supply water to the city centre and the Saranda Ekklesies tank to supply water to the Saranda Ekklesies and Triandria areas.

The Dendropotamos pumping station also supplies water to all of Eastern Thessaloniki and part of the western suburbs via a low pressure steel pipe as follows:

Areas in Eastern Thessaloniki

Water is pumped via a low pressure pipe to the Kassandrou pumping station where it is then sent on to the Toumba tank using 2 steel pressure pipes. From the Toumba tank a pumping station and pressure pipe direct the water to the Pylea tank from whence it supplies water directly to the upper Kalamaria area, and water is also pumped on to the wider area of Panorama. The lower Kalamaria zone is supplied with water from the Kalamaria tank which is gravity-fed from the Toumba tank via a steel pipe.

Areas in Western Thessaloniki

Using a low pressure pipe the Dendropotamos pumping station also supplies the Kallithea tank which uses a pumping station to supply the Kafkasos, Neapoli and Skyies tanks. Using a pressure pumping station the Sykies tank supplies the Eptapyrgi tank which supplies water to the Agios Pavlos area. Today additional water is also sent to the Meteora area from the Sykies tank using the pressure pumping station.

B. Sindos Pumping Station - Ionia Pumping Station

The Sindos Pumping Stations forwards water from the Aliakmon River to the Refinery for treatment. The treated water is then sent using gravity to the Thessaloniki Industrial Area and the Diavata and Ionia pumping stations. The majority of water is sent via the Ionia pumping station to the Paleokastro, Evosmos, Polichni, Neapoli, Vlatades, Toumba and Kalamaria tanks. Oreokastro is also supplied with water from the Paleokastro tank (D4) using a pressure pumping station.

EXPANSION OF OPERATIONS INTO NEW AREAS

EYATH S.A.'s expansion, involving the supply of water to new areas, is part of a wide-ranging development policy the Company has adopted, and plans will see it cover other areas such as Nikopoli (in Stavroupoli), Anthokipi (in Polichni) and Echedoros. During 2014 water to the new workers housing complexes in the Delta District of Diavata was topped up from the Diavata tank.

TREATMENT OF DRINKING WATER

With the exception of water collected from the Sindos area boreholes, treatment is limited to chlorination before water is introduced to the distribution system. There are chlorination plants at the Dendropotamos and Diavata pumping stations. There are also chlorination plants at the treatment facilities for water from the Aliakmon River at Nea Ionia. Pre-chlorination is also carried out at the Sindos sedimentation tank, post-chlorination takes place at the Androutsos tank (Pefka), on the transmission pipeline at the Agia Kyriaki pumping station, and chlorination takes place at the Kalirachi borehole (in Panorama).

WATER SUPPLY - TREATMENT OF DRINKING WATER

Thessaloniki Water Treatment Plant on the Aliakmon River (the Refinery)

The Thessaloniki Refinery treats surface water using cutting edge methods that render the water hygienic and fit for drinking. The facility can at present treat 150,000 m³ a day. The Public Works Special Service of the Ministry of the Environment, Planning & Public Works is currently examining a study to expand water treatment by an additional 150,000 m³ a day.

When the Thessaloniki Refinery is fully rolled out it will be able to handle 600,000 m³ a day.

Water is transported from the Aliakmon Dam (at Agia Varvara near Veria) to the Refinery in an open canal, twin siphon and sealed pipes.

The facilities occupy around 25 hectares which were expropriated specifically for this purpose by the company OYTH in a section of the Municipality of Nea Ionia. They lie around 2 km north of the Thessaloniki Industrial Area and around 23 km from the city of Thessaloniki itself.

The average annual quantity abstracted to supply water for Phase I projects will be 109.5 million m³ (or 3.5 m³/s), which accounts for 3.4% of the average annual flow of the Aliakmon River. In addition, the existing EYATH S.A. water supply springs offer the system the flexibility needed, so that abstraction at the Thessaloniki Refinery can be adjusted to suit other water regulation/management needs (power generation, irrigation, ecosystem requirements).

The main stages in treating drinking water are as follows:

- pre-ozonisation,
- initial pH adjustment by adding sulphuric acid,
- rapid stirring by adding flocculants,
- flocculation - sedimentation in special round tanks,
- filtering through sand beds using gravity,
- ozonisation and simultaneous addition of Hydrogen peroxide
- absorption and biodegrading of organic materials in carbon beds,
- final pH adjustment by adding slaked lime
- final decontamination of water using chlorine gas upstream from the water storage tank.

The production process is automated to a very high degree and includes a large number of on-line instruments which constantly record operational parameters and water characteristics in various stages (supply meters, pH meters, conductivity meters, turbidity meters, residual chlorine meters, etc.). Signals from these instruments are sent to the facility's control centre where a mimic diagram of all functions is installed. The same facilities also house the SCADA for the Sindos pumping station. Lab tests on the water produced and the functioning of all interim production stages are carried out at the Facility's lab and the EYATH Drinking Water Testing Lab, where a large number of samples are examined daily in line with the applicable legislation (Joint Ministerial Decision No. Y2/οικ.2600/2001 and Joint Ministerial Decision No. Γ1(δ)/ΓΠ οικ. 67322/2017, Government Gazette 3282/19.9.2017).

Remote control of machinery, remote operation of engines and automatic operation of the Thessaloniki Refinery units is achieved via 22 PLCs.

Using the SCADA employees:

- record and constantly check water characteristics in various stages of treatment.
- check that individual units and pieces of equipment are operating properly.
- make changes to operational parameters to optimise the procedure.
- ensure that the water leaving the Refinery is of excellent quality.

The Refinery also has facilities for storing chemicals, preparing them and applying doses (sulphuric acid, polyelectrolytes, aluminium sulphate, chlorine and lime). There is also a line for treating sludge produced by the flocculation - sedimentation tanks (thickening and mechanical dehydration), a line for treating rinsing water which includes a special unit for removing solids, rainwater, water supply and sewerage, fire-fighting networks, and other ancillary facilities.

The installed capacity is around 1,400 KW and power comes from the PPC network via two independent lines, and there is also a 450 KW backup generator installed.

5.1

WATER SUPPLY

The project budget of € 20 million was financed entirely by the Public Investments Programme via the EU Cohesion Fund, under the aegis of the Greek Ministry of the Environment, Planning & Public Works and was completed at the end of 2002.

The trial period and 18-month pilot operation period for the facility were managed by the designer-builder under the supervision of Project Construction Inspection Directorate and came to an end on 25.2.2005 (when final acceptance of the whole project took place).

EYATH S.A. formally acquired the Refinery upon administrative acceptance of the project for use from the Project Construction Inspection Directorate / Ministry of the Environment, Planning & Public Works on 7.3.2005.

Ministerial Decision No. 41253/EKO 632/12.9.2008 approved the delivery - acceptance report transferring ownership to the body governed by public law by the name of EYATH Fixed Assets of the properties in the project entitled "Thessaloniki water supply from the Aliakmon River. Design, Build and Operation of Phase 1 of the Refinery".

Running and maintenance of the Refinery was assigned by decision of the Board of Directors of EYATH S.A. to the technical firm C. D. Konstantinidis S.A., for the period 8.11.2005 - 29.6.2007 for a monthly fee of € 180,000 and € 16/1000 m³ of treated water. Between 30.6.2007 and 31.3.2010 the Refinery was run by I. Papailioupoulos S.A. for a monthly fee of € 158,000 and € 8.65/1000 m³ of treated water for quantities outside the agreed figures. On 1.4.2010 the Board signed 2 1/2 month-long service agreements to run the Refinery choosing AKTOR S.A. as the service provider while from 14.3.2012 to 1.8.2013 the service provider was C. D. Konstantinidis S.A.

Decision No. 151/2013 of the Court of Audit approved the contract for the running of the Thessaloniki Refinery from 2.8.2013 for a period of 36 calendar months by the service provider "Aktor S.A. - C. D. Konstantinidis S.A." Joint Venture, which was chosen after an open international tender procedure to choose service providers, with a budget of € 7,638,882 (plus VAT). With an option for a total of 18 months (expiring on 1.2.2018) up to the sum of € 11,458,323.

During 2017 the Refinery treated 50,826,036 m³ of surface water from the Aliakmon River overall and 47,609,028 m³ of drinking water was released from the facility at an average daily rate of 130,415 m³. That water met all the requirements in the applicable legislation (Joint Ministerial Decision No. Y2/οικ.2600/2001 and Joint Ministerial Decision No. Γ1(δ)/ΓΠ οικ. 67322/2017, Government Gazette 3282/19.9.2017) on drinking water with an average turbidity level at the point of exit of just 0.083 NTU.

5.2

QUALITY CONTROL

Drinking Water Testing Lab

EYATH S.A.'s Drinking Water Testing Lab carries out daily checks, takes samples and performs analyses on drinking water from the EYATH S.A. distribution network and water from abstraction springs, complying with the company's legislative obligations at the very least.

It monitors national and European legislation on issues relating to the quality of drinking water and briefs other Divisions which have a remit in this area.

It holds the necessary records and reports to the competent public authorities about drinking water quality issues.

In this context it:

1. Monitors the quality of drinking water

Drinking water quality is monitored in accordance with the applicable Joint Ministerial Decision No. Y2/οικ.2600/2001 and Joint Ministerial Decision No. Γ1(δ)/ΓΠ οικ. 67322/19.9.2017 (Government Gazette 3282/19.9.2017) on the quality of water for human consumption, in compliance with the provisions of Council Directive 98/83/EC of 3 November 1998 as amended by Directive (EU) No 2015/1787 (OJ L 260/7.10.2015).

Under the current sanitation provisions on effective protection of public health, parameters in group A are checked daily (ex testing group of minimum daily checks) on samples from the distribution network (1,800 samples during 2017) and from central pumping stations.

Moreover, parameters from group B (ex confirmation group) are also checked 16 times over the course of the year including parameters such as toxic substances, heavy metals and organic compound analyses (agrochemicals, polycyclic aromatic hydrocarbons, VOCs). In 2017 38 samples overall, representative of the water supply system, were underwent checks at regular intervals.

All EYATH S.A. springs and boreholes which are in operation were monitored individually.

2. Hygiene - microbiological checks

To ensure that drinking water is suitable, systematic sanitary checks and tests are carried out at water abstraction springs and the distribution network.

Each day the lab performs microbiological tests for total coliforms, Escherichia Coli (E.Coli), Clostridium perfringens and total bacteria at 37°C and 22°C, on samples taken from the distribution network and locations where water is made available for consumption.

3. Decontaminating drinking water

To more effectively safeguard the quality of drinking water from a microbiological viewpoint:

- it is automatically decontaminated with anhydrous liquid chlorine (Cl₂) at the central pumping stations round the clock across the whole year in line with Sanitary Decree YM 5673 (Government Gazette 5/B/9.1.1958) on decontamination of water used for water supply purposes.
- it is decontaminated with a solution of sodium hypochlorite (NaOCl) at smaller pumping stations.
- Free residual chlorine is constantly present and are tested for right to the furthest reaches of the distribution network, and the minimum concentration is 0.2 mg/l of free residual chlorine (using the DPD method).

The Drinking Water Testing Lab carries out residual decontaminating action tests on the distribution network.

4. Certification - accreditation

The Drinking Water Testing Lab implements a quality management system that conforms to ISO 9001: 2008 /EN ISO 9001: 2008.

The lab is also in the process of accrediting its testing methods in conformity with ISO 17025:2005.



5.3

SEWERAGE

1. NETWORK

The network includes:

- the Main Sewerage Pipeline 16 km long and the extension to the Municipality of Thermi with a main collection pipeline 11 km long.
- Central sewerage and rainwater collectors.
- Primary and secondary sewerage pipelines.
- Overflows and sluice gates to ensure the problem-free operation of the network during rainfall and reverse valves to prevent sea-water entering the network and being carried to the Thessaloniki Waste Water Treatment facilities.

The total length of pure sewage and combined sewage/rain water pipes is around 1,800 km, which around 35% being of the combined type.

Total length of rainwater pipes: around 315 km.

Pipeline overflows: 140 items

No. of water collection shafts: 25,000 items

No. of access shafts: 42,000 items

No. of private junctions: 60,000 items

The cross section of the main sewerage pipeline ranges from 2,000 mm to 2,400 mm and from 600 mm to 1,600 mm for the extension to it.

Main collectors: 600 - 1,200 mm

Primary pipelines: 400 - 600mm

Secondary pipelines: 250 - 355mm

No. of people covered: 1,100,000 people

Sewerage collected from an area of: 9,000 ha.

The quantity of waste transported to the Thessaloniki Waste Water Treatment Plant located on the Echodoros (Gallikos) River is on average 155-160,000 m³/day approximately.

The quantity of sewage taken to the Waste Water Treatment Plant at Aeneia is 8,000 m³ a day, but up to 15,000 m³ a day can be handled. There is no overflow though.

2. PUMPING STATIONS

60 sewerage pumping stations are in operation round the clock in the Thessaloniki conurbation in areas from the Plagiari municipal district to the Sindos Industrial Area.

- City centre - Kalamaria: 11 pumping stations.
- Finikas - Thermi: 2 pumping stations.
- Western areas - Kalohori: 11 pumping stations.
- Pefka: 3 pumping stations
- Triandria: 1 pumping station.
- Pylea: 1 pumping station.
- Sykies: 1 pumping station.
- Panorama: 6 pumping stations.
- Filyro: 1 pumping station.
- Oreokastro- Paleokastro: 4 pumping stations.
- Thessaloniki Industrial Area Sindos: 2 pumping stations.
- Sindos: 2 pumping stations.
- Plagiari: 3 pumping stations.
- Polichni: 1 pumping station.
- Tourist areas in the Municipality of Thermaikos: 11 pumping stations.

165 pump arrays are installed at those pumping stations.

They carry rain water and waste water to the main sewerage pipeline via single and double pressure pipes to ensure the uninterrupted flow of sewage water from areas that cannot use a gravity-operated sewage system, in the event that a pipeline is damaged.

The total quantity of waste water carried by the pumping stations to the main sewerage pipeline is 90,000 m³ a day max. outside of rainy periods.

Those pumping stations operate to provide sewerage services to the above areas in groups or in a chain, or individually. In the first case, the waste water from several local pumping stations is sent to a main pumping stations and from there is sent on to the main sewerage pipeline. In the second case the waste water is pumped in succession from one pumping station to the next using twin force pipes until it reaches the main sewerage pipeline. In the third case, the waste water from the area is sent to the pumping station and then pumped on to the main sewerage pipeline via force pipes.

Pumping stations operate using automatic electronic pump, meaning they come on and go off based on electronic sensors that detect the level, based on the specified thresholds.

Operations are controlled by two remote control - remote operation systems. Those systems operate using PLCs at the local pumping stations, which control the overall process. PLCs from TOSHIBA support the operation of 24 pumping stations. PLCs from TELEMECANIQUE support the operation of 6 pumping stations. PLCs from MOTOROLA support the operation of 15 pumping stations. PLCs from SIEMENS support the operation of 4 pumping stations and PLCs from MITSUBISHI support the operation of 11 pumping stations in the tourist areas. All automated systems at the pumping stations are wirelessly networked to the two control centres, one of which controls the operation of 46 pumping stations and the other of which the operation of 14 pumping stations, from which all information needed for surveillance is obtained. The control centre has 2 computers with suitable hardware (transceivers, modems, antennas, etc.) and software to control operations and breakdowns and to remotely ensure uninterrupted operation of the pumping stations round the clock.

A study is being prepared to procure and install a new, cutting edge remote control system for the control centre that controls 46 pumping stations, offering more functionality than the current one:

- Installation of a comprehensive SCADA system with higher availability and redundant capacity.
- Replacement of old automation panels at local pumping stations control stations.
- Extension of the system for communicating being the local pumping station control stations and the control centre.
- Installation of a local server to keep a log for statistical, financial and other purposes.

Just some of the advantages this offers are listed below:

- Operations are consolidated, resulting in a drop in operating

costs (fewer computers and less hardware in general, etc.).

- Two alternative means of communication (GPRS and RF) can be used and there is an automatic switch over system to ensure accurate, uninterrupted communication.
- Data can be safely stored on the Control Centre server that is being built.
- Information can be better managed, processed and presented, meaning it is easier to schedule preventative maintenance, fix problems and generate financial data.
- Open source software is used so that in the future modifications and upgrades can be made by EYATH S.A.'s own staff depending on operational needs.
- Generic types of spare parts are used which EYATH can procure from numerous suppliers at low cost.
- EYATH staff are trained in how to use, programme and configure the systems to acquire know-how and free the company from the need to have the supplier / manufacturer intervene.



5.4

WASTE WATER TREATMENT

According to the Master Plan prepared in the late 1970s and then implemented, the Thessaloniki wider area was divided into the following waste collection zones:

- a. waste water from central and western areas where most of the urban and industrial activities is concentrated and collected and transported to the Thessaloniki Waste Water Treatment Plant in the Sindos Area.
- b. waste water from eastern (tourist) areas is collected and transported to the Waste Water Treatment Plant at Aeneia in the Municipality of Michaniona.
- c. waste water from the Thessaloniki Industrial Area is collected and transported to the Waste Treatment Plant there which came under EYATH S.A.'s control in January 2003.

a. Thessaloniki Waste Water Treatment Plant

Stage I of works on the Waste Water Treatment Plant with a total budget of € 11 million approximately commenced in 1983 and was completed in February 1992 when the facility was commissioned by the builder. In the meantime (1989-1992) necessary modifications needed to be carried out to individual units, to achieve a higher processing rate for some of the waste water from the city than had been originally planned, and the discharge point for

treated waste water changed (in order to protect the Axios Delta) and the Thermaikos Bay was chosen as the discharge body. In 1992 the Waste Water Treatment Plant began treating around 40,000 m³/day and gradually that rose to 70,000 m³/day when Stage II became operation in 2000, with the treatment rate at over 90%.

The Stage II works commenced at the end of 1996 with a budget of € 34 million and were completed in early 2000, achieving a treatment rate of over 95% of urban waste water from the city of Thessaloniki using a conventional biological treatment system and simultaneous nitrogen removal. Each day the Waste Water Treatment Plant receives around 160,000 m³ of waste water but the specifications for the facility mean it can accept average waste water flows of up to 296,000 m³/day and pollutant loads of BOD₅, SS and Total N, of 80, 76 and 16 tn/day respectively.

At the same time, following completion of the project to receive and pre-treat septic tank waste in mid-2002 (with a budget of € 4.7 million) the Waste Water Treatment Plant can now receive around 1,500 m³ of waste water a day from trucks from areas which are not connected to the sewerage network.

The Waste Water Treatment Plant outflow is directed via the twin treated waste water disposal pipeline out into Thermaikos Bay. The project, with a budget of € 19 million, was completed in mid-2001 and runs for 10.5 km on land and 2.5 km out to sea to a depth of 23 m.

Waste water undergoes secondary treatment at the Waste Water Treatment Plant with simultaneous nitrogen removal and the biologically treated waste water is disposed off in Thessaloniki Bay.

However, given the excellent quality of that water, and given the expected decline in water quantities at national and global level, EYATH S.A. is working in partnership with the National Agricultural Research Foundation and other bodies (using the old twin



5.4

WASTE WATER TREATMENT

pipeline to the Axios River) to explore whether treated waste water mixed with water from the Axios River could be used to irrigate farmland close to the Waste Water Treatment Plant. This programme has been running over the last few summers.

Dehydrated Sludge Thermal Drying Plant:

On 16.1.2012 the Dehydrated Sludge Thermal Drying Plant commenced a 15-month trial period. The Public Works Special Service of the Ministry of Competitiveness, Infrastructure, Transport and Networks is responsible for construction and trial operation of the plant. In line with agreed plans, when the trial period ended on 16.4.2013 EYATH S.A. took over running and maintenance of the plant (as operator) which was then awarded to a contractor following a tender procedure.

The Dehydrated Sludge Thermal Drying Plant at the Waste Water Treatment Plant receives quantities of dehydrated sludge produced daily by the Waste Water Treatment Plant in order to thermally treat it, evaporate any water in the sludge and produce a dry end product which is more than 92% solid.

The quantity produced daily (up to 22 t/day of dry product with 5-8% humidity compared to 160 t/day of dehydrated sludge with 80% humidity) can by its very nature be used in a wider variety of ways than dehydrated or limed sludge. The dry product is suitable for the following applications:

As a fuel in cement industries, in thermoelectric power plants, in construction material industries, in composting facilities, for soil improvement for non-edible crops, as a fertiliser additive for crops, etc.

In light of that, during all of 2017 the total quantity of dry product was taken away by contractors chosen following a tender procedure (total quantity of dried sludge in 2017: 6,820 tons).

Waste Water Treatment Plant - summary data for 2017

Waste water treatment capacity (in population equivalent / PE units)

Organic load capacity (planned): **296,000m³/d**
(based on design, Directive 91/271/EEC)

Population covered (planned population) **1,333,000**

Flow data for 2017

Average daily flow (m³): **156,470**

Type of waste water - quantities (m³/d):

A. Urban waste water: 155,840

b. Industrial waste water: -

c. Waste from septic tanks: 630

Annual dried sludge production: **6,820 tons**

Volume of waste water treated in 2017 (m³): **54,481,000**

Annual average outlet quality for 2017 (mg/L)	BOD5	COD	SS	N-NH4	Total N	Total P
	14.8	65.5	19.5	1.24	8.54	3.68

5.4

WASTE WATER TREATMENT

b. Aeneia Waste Water Treatment Plant for Thessaloniki's tourist areas

The Aeneia Waste Water Treatment Plant which covers Thessaloniki's tourist areas was opened in 1997 and in stage one of Phase I can treat 27,000 m³/d. Initially small quantities of waste water from Michaniona and Angelohori were treated via the network and 3 pumping stations, and larger quantities of septic tank waste from other areas in the Municipality of Thermaikos, taken to the plant by tanker trucks.

Since 2001 the main sewerage pipeline for the tourist areas has been in operation with 8 pumping stations and the sewerage network of areas in the Municipality of Thermaikos, whose waste water is directed to the Aeneia Waste Water Treatment Plant to be treated. Waste water from the Plagiari area is also covered.

Since 1.5.2016 the Aeneia Waste Water Treatment Plant and pumping stations for the tourist areas of Thessaloniki has been run by AKTOR S.A. based on the contract of 28.4.2016 and decision 4/2016 of the Board of Directors of EYATH S.A. The contract is for 60 months and expires on 30.4.2021.

In the spring of 2017 the new ozonisation plant to decontaminate treated waste water before disposing of it to the Thermaikos Bay was delivered and commissioned.

AENEIA Waste Water Treatment Plant - summary data for 2017

Waste water treatment capacity (in population equivalent / PE units)

Organic load capacity (planned): **87,000m³**
(based on design, Directive 91/271/EEC)

No. of people covered:
(Population connected): **41,800**
(based on average flow and organic load)

Flow data for 2017:

Average daily flow (m³): **8100**

Type of waste water - quantities (m³/d):

A. Urban waste water: **7,360**

b. Industrial waste water: -

c. Waste from septic tanks: **740**

Annual dehydrated sludge production (tons, approximately):
3,115

Volume of waste water treated in 2017 (m³):
3,032,560

Annual average outlet quality for 2017 (mg/L)	BOD5	COD	SS	N-NH4	Total N	Total P
	2.9	22.4	6.5	0.42	7.16	5.0

5.4

WASTE WATER TREATMENT

c. Thessaloniki Industrial Area Waste Treatment Plant (WTP)

EYATH S.A. took over the plant in 2003 and it handles around 10,000 - 15,000 m³ of industrial waste a day from the Thessaloniki Industrial Area.

In 2012 preliminary works financed by ETVA VIPE S.A. were carried out which will be incorporated into the overall project to upgrade and improve WTP operations. Once the preliminary works are completed, around 70% of the organic load in the waste will be removed.

ETVA VIPE S.A. submitted an environmental impact study to the Ministry of the Environment, Energy & Climate Change and a new decision approving environmental terms and conditions was issued, which includes the upgrade works and the WTP terms and conditions of operation. A request was also submitted to the Central Macedonia Region and a technical reconstruction permit was issued to enable the upgrade works to be carried out.

The plant is in the process of completing the technical reconstruction works which are being carried out by ETVA VIPE S.A. (In trial operation since 1 August).

Flow data for 2017 (after 1 August):

Average daily flow (m³): **12,381**

Annual dehydrated sludge production (m³): **5,423**

5.5

CARING FOR THE ENVIRONMENT

Sewerage and Environment Quality Control Department

During 2017 the Sewerage and Environment Quality Control Lab was engaged in the following activities:

It carried out systematic checks on around 1480 field and sample collection visits and 10,000 analyses were performed over the course of the year:

- at production facilities located within EYATH's territorial remit (at least once a year)
- at food businesses and professional facilities, connected to the EYATH network or networks managed by EYATH at:
- The Thessaloniki Waste Water Treatment Plant
- The Aeneia Waste Water Treatment Plant
- The Waste Treatment Plant
- The EYATH network of sewage pipes located within its territorial remit
- at field visits and samplings of water leaks
- in emergencies
- it implements a quality management system that conforms to ISO 9001: 2000 /EN ISO 9001: 2000. As part of its quality management system it performs continuous self-checks to ensure the reliability of its analyses. Proficiency testing is carried out at least 3 times a year. In 2017 proficiency testing checked 33 parameters, the results of which were within permissible limits.
- it supports the work of the Waste Water and Liquid Industrial Waste Treatment and Disposal Designs Inspection Committee, carrying out field visits, taking samples, and analysing samples, and receiving and forwarding documentation needed to issue disposal permits and handling documents for licensing after the Committee issues its opinion (around 180 cases were examined).
- on a proposal from the Committee, the Special Sewerage Regulations were approved by decision No. 404/2017 of the Board of EYATH S.A. and the necessary measures were also taken to ensure that those Regulations were approved by the state.
- procedures were launched to obtain ISO 17025:2005 accreditation for the lab and this is under way.
- it continues to keep records of its customers in digital format and hard copy (a total of 1,500 customers are on file).
- it oversees students doing their internship.

5.6

LICENCES/PERMITS

EYATH S.A. has the following licences/permits for its facilities.

A. Thessaloniki Refinery on the Aliakmon River

- A single open-ended installation and operating permit was issued for this facility on 10.5.2004 by DG Development - Industry & Mineral Wealth of the Thessaloniki Prefectural Authority in the name of EYATH S.A.
- Decision No. 197256/17.3.2011 approving the environmental terms and conditions was issued, and that decision was renewed and amended by decision No. 13587/15.3.2016 of the Environmental Permitting Directorate of the Ministry of the Environment and Energy.
- A fire protection certificate was issued after an on-site visit by the local Fire Service (May 2008-2016) and decision No. 3157/Φ.701.4/25.2.2016 on exemption from the obligation to hold a fire protection certificate was obtained.
- Permit No. 83494/30.11.2016 for EYATH S.A. to use water from the Aliakmon River was issued by the Water Directorate.
- The Regulatory Authority for Energy has granted exemption from the need to obtain a power generation permit for the backup generator (Decision No. 33/2008 in accordance with Article 10 of Law 2773/1999).

B. Thessaloniki Waste Water Treatment Plant

- The plant has a permit (No. 30/οικ 6604/18-11-2003) to dispose of waste water into the Thermaikos Bay in line with Decision No. ΔΥ/22374/91/11-1-94 of the Prefect of Thessaloniki which was amended by his decision No. 30/οικ4439/13-6-2006.
- It also has approval for its environmental terms and conditions from the Special Environmental Service of the Ministry of the Environment, Planning & Public Works (Joint Ministerial Decision No. 106129/25-10-2006) valid for 9 years, which was amended by Joint Ministerial Decision No. 198531/20-04-2011, valid until 31.12.2015) and then by Joint Ministerial Decision No. 171602/20-03-14, which is valid for 10 years.
- A fire safety certificate (No. 1495/Φ.701.4/6986/27-02-13) was issued by the Thessaloniki Fire Department.
- There is a single installation and operating permit for the Waste Water Treatment Plant (No.15/Φ.14.2.22243/2/10664/28-11-2003) from the Prefect of Thessaloniki which is of unlimited duration.
- There is also approval for the environmental terms and conditions from the Special Environmental Service of the Ministry of the Environment, Planning & Public Works for the disposal of treated waste water for irrigation purposes (Joint Ministerial Decision No. 141937/7-3-2005, which was extended by Joint Ministerial Decision No. 198531/20-04-2011 to 31.12.2015).
- 2.5 MWee Biogas power generation plant at the Waste Water Treatment Plant. The operating permit for that plant was granted

by decision of the General Secretary of the Central Macedonia Region (No. 8253/12-12-2003), valid for 10 years.

C. Aeneia Waste Water Treatment Plant

The Aeneia Waste Water Treatment Plant has:

- Approval under decision No. 23665/15-05-2017 amending Joint Ministerial Decision No. 85222/15.7.2002, as renewed and amended by Joint Ministerial Decision No. 133119/6.12.2010 and Decision No. 100622/29.1.2016 of the Director General for Environmental Policy, relating to the waste water treatment plant in the tourist areas of Thessaloniki, located in the Aeneia area in the Michaniona Municipal Unit of the Prefecture of Thessaloniki, and the sewerage works for the Thermaikos, Michaniona and Epanomi Municipal Units of the Municipality of Thermaikos and the Mikra Municipal Unit of the Municipality of Thermi (Web Ref. No. 71ΕΔ4653Π8-0ΑΖ).
- approval for its environmental terms and conditions from the Special Environmental Service of DG Environment / Ministry of the Environment, Energy & Climate Change (Joint Ministerial Decision No. 133119/06-12-2010) valid for 10 years, renewing and amending the environmental terms and conditions for the waste water treatment and cleaning plant in the tourist areas of Thessaloniki, which is located in the Aeneia area of the Municipality of Michaniona / Pref. of Thessaloniki, and for construction and operation of main sewerage pipelines, pumping stations and networks in the Municipalities of Thermaikos, Nea Michaniona, Epanomi and Mikra, which is an amendment to the original Joint Ministerial Decision No. 85222/15-7-2002.

NOTE: New environmental terms and conditions were issued in 2017 (Decision No. 23665/15-05-17).

- a final permit to dispose of waste water - industrial waste from the Aeneia Plant (Prefect of Thessaloniki Decision No. 30/3748/29-7-2002 which was amended by his Decision No. 30/οικ.1096/8-2-2007).
- a fire protection certificate (No. 14937 Φ.701.4/7642/07.10.2010) from the Regional Fire Services Directorate of the Central Macedonia Region.
- EYATH S.A. also holds a single installation and operating permit for the Waste Water Treatment Plant (Prefect of Thessaloniki Decision No. 15/Φ.14.2.24558/2/5978/15-5-2007). Ministerial Decision No. ΔΥΤ2/Γ.Π.
- 102784/19-9-2008 approved the method for decontaminating treated waste water from the Aeneia Plant.

WORKS COMPLETED DURING 2017

No.	Project	Completion date	Contractual amount in € (excl. VAT)
1.	Group I of urgent water supply works 2014	11/09/2017	2,061,000.01
2.	Group I of urgent sewerage works and extensions to the network of drains with third party participation in the cost (2014)	12/06/2017	1,741,273.60
3.	Maintenance of EYATH S.A. facilities in 2016	31/08/2017	422,764.22
4.	New branch set up at 26, 26th Oktovriou St.	31/12/2017	19,647.66
5.	Repair of damage to the water supply network in Western Thessaloniki in 2016	10/10/2017	1,178,799.99
6.	Repair of damage to water supply network in central and eastern Thessaloniki in 2016	29/10/2017	884,100.00
TOTAL			€ 6,307,585.48

5.7

TECHNICAL WORKS

WORKS IN PROGRESS DURING 2017

No.	Project	Budget (VAT excl.) in €	Contractual amount in € (excl. VAT)
1.	Group I of urgent sewerage works 2016	2,439,024.39	1,449,103.04
2.	Works to improve operation of the water supply and sewerage networks and facilities within EYATH S.A.'s territorial remit	2,682,000.00	1,636,019.98
3.	Group I of urgent water supply works 2016	2,000,000.00	1,424,759.99
4.	Repair of damage to the water supply network in Western Thessaloniki in 2017	550,000.00	236,115.00
5.	Repair of damage to water supply network in central and eastern Thessaloniki in 2017	550,000.00	217,181.17
6.	Repair of damage to the sewerage network in 2016	2,439,024.38	1,512,195.13
7.	Disconnection - reconnection of water supplies within EYATH S.A.'s territorial remit in 2016	490,000.00	289,100.00
TOTAL			€ 6,764,474.31

TENDER PROCEDURES TO APPOINT CONTRACTORS FOR WORKS TO BE CARRIED OUT IN 2017

NO.	Project	Budget (VAT excl.)	Discount (%)	Duration	Lowest Bidder
1.	Repair of damage to the water supply network in Western Thessaloniki in 2017	550,000.00 (275,000.00 option)	57.07	5 months	PSARRAS CONSTRUCTION S.A.
2.	Repair of damage to water supply network in central and eastern Thessaloniki in 2017	550,000.00 (275,000.00 option)	60.51	5 months	LIACHTIDA S.A.
3.	Repair of damage to the water supply network in Western Thessaloniki in 2018	2,000,000.00	63.07	18 months	PSARRAS CONSTRUCTION S.A.
4.	Group I of urgent sewerage works 2018	2,500,000.00	22.41	24 months	PANTECHNIKI PROJECTS S.A.
5.	Repair of damage to water supply network in central and eastern Thessaloniki in 2018	1,500,000.00	39.00	18 months	DOMIKA S.A.
6.	Repair of damage to the sewerage network in 2018	1,200,000.00	39.00	18 months	KANDIA S.A.
7.	Group I of urgent water supply works 2018	2,000,000.00	17.03	24 months	LIACHTIDA S.A.
8.	New branch set up at 26, 26th Oktovriou St.	19,850.00	1.00	1 month	B & K TECHNIKI S.A. *Direct award of contract
9.	Modification of the study for the extension to the Thessaloniki Water Treatment Plant	19,950.00	-	2.5 months	ECOS Consulting S.A. and TEAM E-M S.A. *Direct award of contract
TOTAL			€ 10,889,800.00		

CHAPTER



CONSUMPTION

By its nature, the Customer Service Division's main task is customer service. This means that staff in the Division have to deal with the Company's customers/consumers every day whether by taking meter readings and then billing for water and sewer usage, or collecting bills at various locations or signing new water supply contracts or just handling customer requests.

To achieve its objective of optimal customer service, the company has significantly increased the number of locations where customer service is provided, to ensure the least inconvenience for them.

EYATH's consumers can visit the company's head offices at 127 Egnatias St., its offices at 98 Tsimiski St. (for sewerage-related matters only) or the Western Sector branch, which relocated to new premises in mid-December 2017 at 26 26th Oktovriou St. offering better services to consumers.

Bills can be paid:

- at the company's head offices at 127 Egnatias St. or at the Western Sector branch at 26 26th Oktovriou St.
- at the 150 Diamantis Masoutis Supermarkets in the Prefecture of Thessaloniki and neighbouring prefectures of Halkidiki, Pieria, Imathia, Pella and Kilkis, at no additional cost.

- at more than 50 Hellenic Post office branches and agencies in the wider area and at all Hellenic Post branches nationwide.
- by standing order from any bank account or at bank cashiers' desks by debiting any account.
- online via the EYATH website (www.eyath.gr) by credit card or via any bank using

Plans already have been made to develop an integrated customer service and management tool which will focus on modernising billing, and customer service and management.

EYATH S.A.'s goal is:

- to meet rising customer demand for minimal bureaucracy and faster service.
- to safeguard its revenues by monitoring customers from start to end, and so having a comprehensive picture of each customer.
- to examine alternative methods for settling payments and granting discounts, to see how these impact on revenues. This is vital given the ongoing economic crisis and EYATH S.A.'s sensitivity about the need to supply this public commodity, water.
- to improve the company's image and customer experience by adopting uniform water supply and sewerage practices and so ensure that a single profile is projected to customers.
- to effectively utilise its available resources.

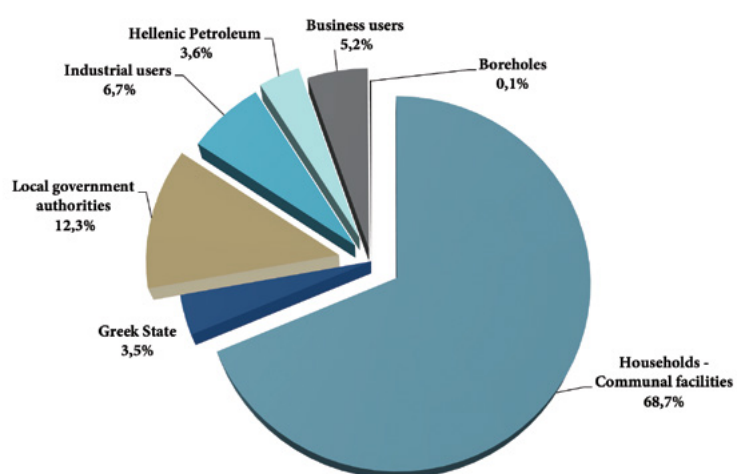
6.2

CONSUMPTION DATA ANALYSIS

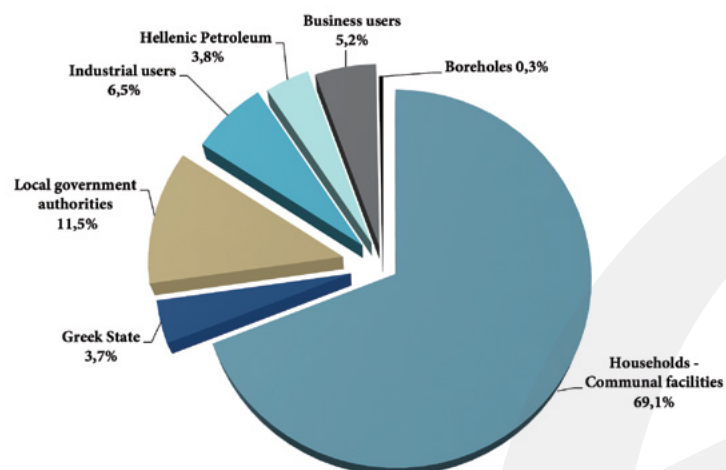
Quantities of water billed					
Consumer category		Quantities for 2017	Percentages for 2017	Percentages for 2016	Percentages for 2015
Households - Communal facilities		38,280,206	67.50	68.12	69.10
State		2,090,413	3.69	3.67	3.66
Local government authorities	Ordinary customers	1,245,264	11.90	11.66	11.52
	Network improvement	5,504,120			
Industries		3,584,078	6.32	7.33	6.45
Hellenic Petroleum		2,238,550	3.95	3.77	3.78
Businesses, ThPA, Fire Hydrants		3,655,290	6.45	5.36	5.24
Boreholes		113,071	0.20	0.08	0.25
TOTAL		56,710,992 m ³	100.00%	100.00%	100.00%

According to the table, households continue to consume over 2/3 of all the water supplied.

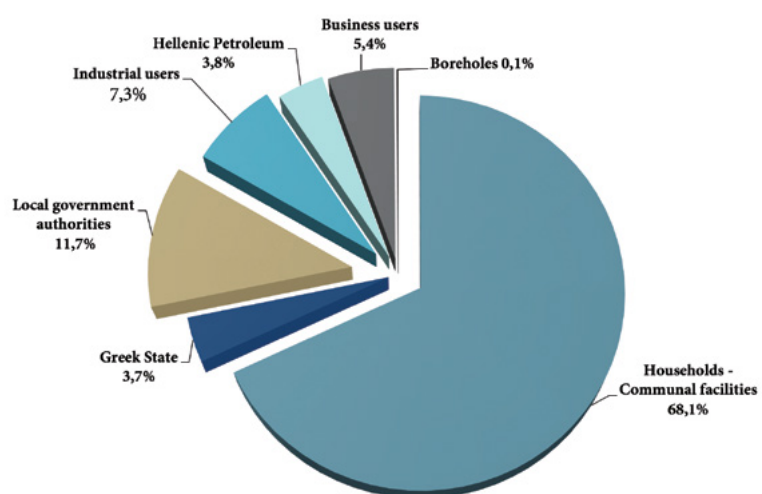
ALLOCATION OF WATER CONSUMPTION IN 2014



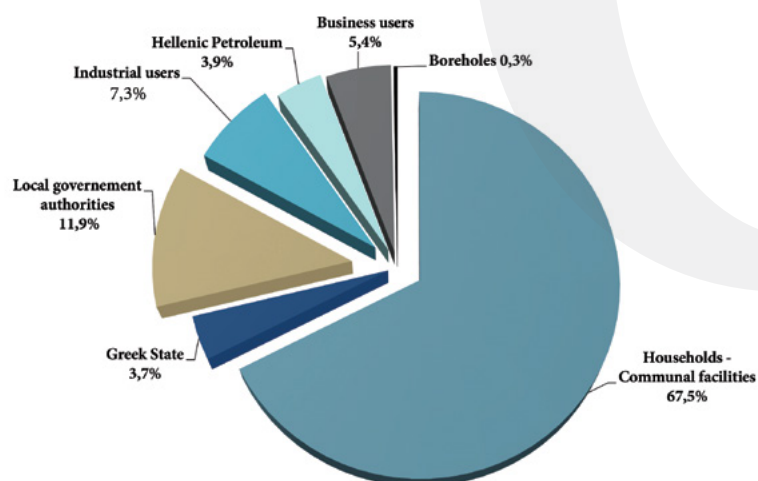
ALLOCATION OF WATER CONSUMPTION IN 2015



ALLOCATION OF WATER CONSUMPTION IN 2016



ALLOCATION OF WATER CONSUMPTION IN 2017



6.2

CONSUMPTION DATA ANALYSIS

The table below shows the structure of revenues from water sales per category of customer.

Value of water sales						
Consumer category		Water prices 2017		Percentages for 2017	Percentages for 2016	Percentages for 2015
Households - Communal facilities		25,532,952		69.45	69.48	70.78
State		1,358,768		3.69	3.73	3.71
Local government authorities	Ordinary meters	809,315	2,735,757	2.20	2.40	2.13
	Network improvement	1,926,442		5.24	5.07	5.15
Industries		2,764,371		7.52	8.89	7.80
Hellenic Petroleum		1,343,130		3.65	3.53	3.55
Businesses, etc.		2,991,525		8.13	6.86	6.76
Boreholes		34,591.29		0.09	0.04	0.12
Total		€ 36,761,094		100.00%	100.00%	100.00%

6.2

CONSUMPTION DATA ANALYSIS

Average value of water sales per category of customer in 2017

Consumer category	Sales revenues for water (€)	Quantities billed m ³	Average price per m ³
	(a)	(b)	(a/b)
Household users	25,532,952	38,280,206	0.67
State	1,358,768	2,090,413	0.65
Local government authorities	2,735,757	6,749,384	0.41
Industries	2,764,371	3,584,078	0.77
Hellenic Petroleum	1,343,130	2,238,550	0.60
Businesses, etc.	2,991,525	3,655,290	0.82
Boreholes	34,591	113,071	0.31
TOTAL	€ 36,761,094	56,710,992 m³	0.65

Change in the average price per m³ of water for each category of customer for the years 2009-2017 €/m³

Consumer category	2009	2010	2011	2012	2013	2014	2015	2016	2017
Households & communal facilities	0.6040	0.5772	0.6408	0.6431	0.6577	0.6565	0.6558	0.6535	0.6670
State	0.6500	0.6500	0.8500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500
Local government authorities	0.3844	0.4221	0.4220	0.4314	0.4298	0.4115	0.4045	0.4105	0.4053
Industries	0.7401	0.7573	0.7715	0.7698	0.7708	0.7732	0.7736	0.7772	0.7713
Hellenic Petroleum	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Businesses, etc.	0.7881	0.7975	0.6795	0.8044	0.8266	0.8328	0.8267	0.8199	0.8184
General Average	0.6032	0.5890	0.6283	0.6370	0.6488	0.6408	0.6402	0.6407	0.6482
Deviation	3.43%	-2.35%	6.67%	1.38%	1.85%	-1.23%	-0.09%	0.08%	1.17%

The average sale price of water to household consumers almost represents the general average price which applies for all of EYATH S.A.'s consumers.

6.2

CONSUMPTION DATA ANALYSIS

For households on the sliding household tariff, total consumption in 2017 was 37,778,681 m³. This can be broken down for the 6 steps in the sliding scale as follows:

Consumption brackets	Quantities per year (m ³)	as a % of total quantity	2017 sub-total	2016 sub-total	2015 sub-total
0-10 m ³ /4-month period (€ 0.46/m ³)	1,450,017	3.84	3.84%	3.66%	4.10%
11-30 m ³ /4-month period (€ 0.63/m ³)	9,863,306	26.11	29.95%	29.61%	30.22%
31-60 m ³ /4-month period (€ 0.72/m ³)	17,877,275	47.32	77.27%	77.74%	78.06%
61-120 m ³ /4-month period (€ 1.16/m ³)	7,093,320	18.78	96.05%	96.66%	96.62%
121-180 m ³ /4-month period (€ 2.39/m ³)	652,014	1.73	97.77%	98.36%	98.24%
181 m ³ and over/4-month period (€ 4.03/m ³)	842,749	2.23	100.00%	100%	100.00%
TOTAL	37,778,681m³	100.00%			

As is clear from the table, over the last two years the trend for prudent use of water by households has become well-established, given the continuing negative economic situation coupled with the fact that EYATH applies a sliding scale with prices, meaning that the price increases as consumption increases.

Thus 77.27% of total water consumption is billed at between € 0.46 and € 0.72 /m³, 18.78% is billed at € 1.16 /m³, and just 3.95% is billed at prices of € 2.39 and € 4.03/m³.

Change in revenues from sales of water per customer category over time

Consumer category	Revenues from sales of water (in € million)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Households - Communal facilities	26.46	27.9	25.08	27.79	25.70	24.95	25.07	24.65	24.83	25.53
State	1.56	1.53	1.58	1.44	1.33	1.21	1.25	1.29	1.33	1.35
Local government authorities	2.77	2.42	2.55	2.49	2.31	2.18	2.81	2.54	2.67	2.73
Industries	3.26	3.35	3.14	2.99	2.68	2.54	2.89	2.72	3.18	2.76
Hellenic Petroleum	1.98	1.72	1.75	1.50	1.60	1.52	1.19	1.24	1.26	1.34
Businesses, etc.	2.65	2.65	2.44	2.00	2.25	2.27	2.39	2.36	2.47	2.99
TOTAL	38.61	39.57	36.54	38.21	35.87	34.67	35.60	34.79	35.74	36.76

CHAPTER



INVESTMENT PLAN

STRATEGIC GOALS

To ensure uninterrupted and safe operation of all water supply systems by providing top quality water

To improve customer service by offering top class water supply and sewerage services at the least possible cost

To upgrade infrastructure to improve the productivity of existing systems, which will lead to lower operating costs for the company, especially energy costs

To develop the company as an efficient manager of water resources, protecting the environment in the wider Thessaloniki and Thermaikos Bay area

To expand the geographical area within which water supply and sewerage services are provided - to increase the number of households & businesses covered

To combine business activity with social responsibility via the social tariff and the debt repayment policy

To invest in the local community by offering information, educational and cultural events as recompense as part of CSR

Measures taken to achieve the objectives which were previously presented constitute company strategy for the 2017-2023 period and can be divided into operating and investing activities.. The first category pertains to the company's operations and involve changes to internal arrangements in terms of staff and company structures. The second category relates to implementation of projects that improve both infrastructure and equipment in terms of machinery and IT systems.

7.1

OPERATING ACTIVITIES

7.1.1. Human capital development

- Training courses and life-long learning for employees
- Programmes to modernise HRM systems

7.1.2. Adapting the company's organisation to reflect new conditions

- Re-engineering the company's organisational structure
- Re-engineering procedures, improving and developing IT systems
- Development of a quality management system in line with the ISO 9001:2008 standard
- Development of a management decision-making tool

7.1.3 CSR - Information - Awareness raising for citizens

- Social policy
- Customer Service
- Environmental awareness
- Information for the local community

7.1.4 Outward-looking approach and development - transfer of know-how

7.1.5 Company commercial policy

- Pricing Policy
- Customer credit policy

7.2

INVESTING ACTIVITIES

7.2.1 Improvement / upgrade of the water supply system and extension to areas outside the company's territorial remit

One of the key objectives is to upgrade and improve water supply infrastructure and to extend it to areas outside the company's territorial remit, in cooperation with neighbouring municipalities, or local water supply and sewerage companies which operate in the wider Thessaloniki regional unit.

The investment project required to implement this objective was developed after a study the company prepared. The study entitled "Business plan for management - distribution of water supply within EYATH S.A.'s territorial remit" was approved by decision No. 331/2016 of the Board of Directors and is an integral part of this report.

According to the technical report the study's objective was, inter alia:

- to plan all hydraulic works needed to ensure the problem-free transport of an additional 150,000 m³ of water a day by expanding the Thessaloniki Refinery to new water supply areas, meaning citizens in need of water will be able to get it.
- in parallel with the expansion into new areas, to ensure that existing works are repaired and modernised, meaning better management of the network and a reduction in non-reimbursable water in the system, a reduction in energy currently used to operate the water supply system (it is estimated that after implementing the plan savings of around € 900,000 a year will be made) and a reduction in operating costs and the cost of maintaining the water supply system.

7.2

INVESTING ACTIVITIES

The estimated cost required to implement the plan is € 68 million. Referring to expansion into new areas, taking into account the new projects which will be built to transport water to central aqueducts in those areas (water will be distributed to new consumers and the distribution network will be run and maintained by local water supply and sewerage companies) it is estimated that the total annual revenues from sales of water to new consumers will be around € 4,830,000 after completion of the construction works (in 2023) while in the future (2055) if the charges remain fixed (€0.35/m³) the figure will be € 9,740,000. If there is an annual increase in the charge by 0.5% or 1% then the revenues in 2055 will be around € 10,920,000 or € 12,850,000 respectively.

During 2017:

- contract documents were drawn up to award the framework agreement on preparation of support studies to meet the company's investment activities needs. These were approved in January 2018.
- All necessary steps to prepare the financing proposal to be submitted under the Central Macedonia Region Operational Programme to build the extension to the Thessaloniki water treatment plant (phase A2) entailing overall public expenditure of € 30,727,200.00 (including VAT) commenced. That proposal was submitted in 2018.
- Contacts were made to ensure extensions to new reservoir facilities which are included in the business plan.

7.2.2. Gradual replacement of networks and curtailment of water losses

The company's policy is to gradually replace old water supply networks which have been fully depreciated and also have major problems of corrosion or blockages along their length. This will result in a drop in the actual losses that arise due to the network's age. As part of the investment plan, up to 2023 efforts will continue in this vein.

Reducing the amount of non-reimbursable water in the water supply network has positive environmental and economic impacts. The environmental impacts include protecting water as a natural resource, since smaller quantities will be abstracted, and reducing energy consumption since the reduction in non-reimbursable water will entail less energy used. CO₂ and GHG emissions will also drop.

7.2.3. Improving the Waste Water Treatment Plant facilities and water supply and sewerage pumping stations

As far as improving the Waste Water Treatment Plant facilities and water supply and sewerage pumping stations is concerned, EYATH S.A.'s main concern is to new existing E/M and electrical equipment when and where necessary in order to improve efficiency

and reduce maintenance costs. Moreover, it plans to construct new civil engineering works, when and where feasible, at the sewerage pumping stations to minimise possible leakages of waste water into bodies of water. In addition to this, the Company is planning to do away with water supply and sewerage pumping stations to simplify system operations and reduce operating costs.

Furthermore, in terms of improving Waste Water Treatment Plant facilities, EYATH is exploring how it could re-use water that results from the treatment of urban waste water. Treated waste water may be suitable for irrigating crops or urban green spaces provided that satisfactory levels of quality for the re-used water can be achieved (Joint Ministerial Decision No. 145116/2011).

7.2.4 Power generation using biogas produced by the Thessaloniki and Aeneia Waste Water Treatment Plants

A power generation plant was built under the supervision of the Public Works Special Service of the Ministry of the Environment, Planning & Public Works, as part of Stage II of the project entitled "Extension and completion of biological treatment works for waste water from Thessaloniki" in 2002. The 2.6 MW power generation plant consists of two internal combustion engines fuelled by biogas/natural gas and two 3-phase 1,250 kVA electrical generators. They can also be supplied with a mix of natural gas/biogas or just pure natural gas.

The power generated can be used in various treatment stages at the Thessaloniki Waste Water Treatment Plant.

Under a new contract which is currently being implemented, suitable infrastructure is to be installed and operated to heat the management building using biogas, work will be done to upgrade, modify and commission an additional digester and a desulphurisation unit will be installed to make operation of the power generation plant and electricity - thermal energy co-generation plant safer and more efficient.

7.2.5 Management of sludge produced by the Waste Water Treatment Plants

One key issue that has been debated in recent years has been how to manage the sludge produced; it is a problem primarily because of the high cost involved in disposing of and transporting the sludge produced by the Waste Water Treatment Plants. EYATH faces another problem in that it spends large amounts on removing and disposing of the sludge.

Consequently, it is considered important that EYATH identify ways to use new technically and financially efficient technologies to manage the dehydrated sludge produced by its Waste Water Treatment Plants.

7.2

INVESTING ACTIVITIES

7.2.6 Replacement of conventional water meters with new AMI-MDM meters to electronically record and remotely transmit meter readings to the company's billing and metering data management system.

As part of the drive to modernise the system that reads and checks water meter readings, replacing existing water meters with new high tech ones will improve both the readings taken and checks and moves to prevent theft of water.

Given that the company currently has a round 505,000 active water meters, plans need to cover a 10-year horizon at least and will include gradual replacement of old meters with new high tech ones, which will have an automated data collection and transmission system. Replacing conventional water meters with new automated ones could be completed by sector or area, so that specific areas within EYATH's territorial remit have their meters replaced and ready for use.

7.2.7 Use of RES to generate energy

One of the major issues that water supply and sewerage companies in Greece constantly face is the high energy costs they have to bear, which are then passed on to end users. To make energy savings and reduce operating costs, the company is examining the idea of generating power using a net metering method.

In this model (which has been possible in Greece since 2014) photovoltaic panels installed at sites close to pumping stations at the Waste Water Treatment Plants could supply the power they generate to meet their the energy needs of those stations. A new piece of legislation (Law 4414/2016) also gives water supply companies the ability to use virtual net metering, and to set off the power generated by P/V systems or small wind turbines against the power used at pumping stations, boreholes, Waste Water Treatment Plants, refineries and their overall consumption irrespective of the site where the power is generated.

7.2.8 Upgrade and installation of new IT systems

- Gradual replacement of commercial / accounting systems used by the company with cutting edge ones coupled with parallel re-engineering of all operations.
- Continuous improvements to the pipeline documentation system (mapping and digitisation).
- Automation of facilities and networks by installing advanced automation - control systems and a single operations - management centre for networks and facilities.
- Upgrades to the call centre.
- Further development of web services thereby improving the company's public image and improving the level of services provided and information offered to customers.
- e-water bills.
- Development of a consumer portal.

7.3

EYATH'S INVESTMENT PLAN (2017-2023)

The 2015-2018 Investment Plan which was approved, updated and extended to 2023, is summarised in the tables below to show actions implemented in each sector of investment, targets to be met, and the timeframe developed.

Updated 2014-2018 investment plan, extended to 2023, per target and investment sector.

Target / Investment Sector	Automation - Computerisation	Sewerage network	Water supply network	Waste water treatment plant	Water treatment plant	Buildings	Transportation equipment	Grand Total
Increase in revenues			3.575.000 €					3.575.000 €
Improvement of basic water flow rate and energy savings			7.070.000 €					7.070.000 €
Improvement of operations	1.800.000 €					8.940.000 €	105.000 €	10.845.000 €
Checks for water leaks and energy savings	4.000.000 €		60.000 €					4.060.000 €
Supplied water quality checks					50.000 €			50.000 €
Meeting sewerage needs in areas with shortage of infrastructure & increased revenues		11.050.000 €						11.050.000 €
Meeting water needs in areas with shortages & increased revenues			5.437.011 €					5.437.011 €
Environmental protection	500.000 €							500.000 €
Environmental protection	90.000 €	13.081.848 €		50.000 €	130.000 €			13.351.848 €
Environmental protection		200.000 €						200.000 €
Environmental protection of Thermaikos Bay		6.080.000 €						6.080.000 €
Environmental protection via better management of sludge				3.825.000 €				3.825.000 €
(blank)			120.000 €					120.000 €
Grand Total	6.390.000 €	30.411.848 €	16.262.011 €	3.875.000 €	180.000 €	8.940.000 €	105.000 €	66.163.859 €

Updated 2014-2018 investment plan, extended to 2023, per action and investment sector.

Action / Investment Sector	Automation - Computerisation	Sewerage network	Water supply network	Waste water treatment plant	Water treatment plant	Buildings	Transportation equipment	Grand Total
Upgrades to all company management IT systems	1.800.000 €							1.800.000 €
Replacement of old tachymetric type water meters with modern volumetric ones			3.575.000 €					3.575.000 €
Improvement of water supply network infrastructure to ensure better operation			7.070.000 €					7.070.000 €
Improved waste water treatment plant infrastructure to ensure better management of sludge				3.825.000 €				3.825.000 €
Modernisation of sewerage network infrastructure to ensure better operation	90.000 €	19.361.848 €						19.451.848 €
Modernisation of equipment				50.000 €	130.000 €		105.000 €	285.000 €
Modernisation of equipment					50.000 €			50.000 €
Modernisation of the sewerage network control equipment	500.000 €							500.000 €
Modernisation of water supply network control equipment	4.000.000 €							4.000.000 €
Modernisation of building infrastructure						2.900.000 €		2.900.000 €
Modernisation of building infrastructure						6.040.000 €		6.040.000 €
Extension of sewerage network into new areas		11.050.000 €						11.050.000 €
Extension of water supply network into new areas			5.437.011 €					5.437.011 €
Systematic improvements to water supply network maps			60.000 €					60.000 €
(blank)			120.000 €					120.000 €
Grand Total	6.390.000 €	30.411.848 €	16.262.011 €	3.875.000 €	180.000 €	8.940.000 €	105.000 €	66.163.859 €

7.3

EYATH'S INVESTMENT PLAN (2017-2023)

Updated 2014-2018 investment plan, extended to 2023, per implementation year.

Action	2017	2018	2019	2020	2021	2022	2023	TOTAL
Upgrades to all company management IT systems	500.000 €	600.000 €	400.000 €	300.000 €				1.800.000 €
Replacement of old tachymetric type water meters with modern volumetric ones	275.000 €	550.000 €	550.000 €	550.000 €	550.000 €	550.000 €	550.000 €	3.575.000 €
Improvement of water supply network infrastructure to ensure better operation	966.000 €	1.338.000 €	1.766.000 €	1.500.000 €	500.000 €	500.000 €	500.000 €	7.070.000 €
Improved waste water treatment plant infrastructure to ensure better management of sludge	1.375.000 €	2.325.000 €	25.000 €	25.000 €	25.000 €	25.000 €	25.000 €	3.825.000 €
Modernisation of sewerage network infrastructure to ensure better operation	4.859.348 €	4.767.500 €	1.930.000 €	2.395.000 €	2.000.000 €	2.000.000 €	1.500.000 €	19.451.848 €
Modernisation of equipment	335.000 €							335.000 €
Modernisation of the sewerage network control equipment	50.000 €	450.000 €						500.000 €
Modernisation of water supply network control equipment	800.000 €	3.200.000 €						4.000.000 €
Modernisation of building infrastructure	340.000 €	720.000 €	1.200.000 €	2.300.000 €	3.000.000 €	1.500.000 €		9.060.000 €
Extension of sewerage network into new areas	1.050.000 €	2.050.000 €	750.000 €	1.550.000 €	1.550.000 €	1.550.000 €	2.550.000 €	11.050.000 €
Extension of water supply network into new areas	1.337.011 €	1.600.000 €	500.000 €	500.000 €	500.000 €	500.000 €	500.000 €	5.437.011 €
Systematic improvements to water supply network maps	30.000 €	30.000 €						60.000 €
Grand Total	11.917.359 €	17.630.500 €	7.121.000 €	9.120.000 €	8.125.000 €	6.625.000 €	5.625.000 €	66.163.859 €

As stated above, the company recently completed the Business Plan for the Management - Distribution of water for water supply purposes within EYATH's remit. The budget for the plan (€ 64 million), less the cost of the water supply SCADA, has been added to the existing plan which was described above.

The work to install the water supply SCADA (€ 4 million) will be done under the Partnership Agreement for which EYATH has submitted a proposal (via EYATH Fixed Assets). Approval has already been obtained.

The tables below summarise the investment plan to extend the network.

Business Plan for the Management - Distribution of water for water supply purposes 2017-2023

Area	Project	Cost (excl. VAT)	Comments
Thermi	Thermi - Phase 1	1.360.000 €	transmission pipeline, Ø500
Thermaikos, Mikra	Thermaikos, Mikra - Phase 1	5.720.000 €	transmission pipeline, Ø800
Thermaikos, Mikra	Thermaikos, Mikra - Phase 2	2.770.000 €	Extension of new pipeline to Kalamaria to secure future supply needs
Oreokastro		4.500.000 €	Kaikasos & Evangeustria zones, Strempenioti & Forest Theatre (Theatro Dassous) tanks, transmission pipelines and upgrade of Dendronotamos
Low Zone		9.120.000 €	Neapoli, Vlatades, 40 Eklissies & Toumba zones, Neapoli & Vlatades tanks
Medium Zone		3.960.000 €	
High Zone	Polichni	2.450.000 €	Polichni & Meteora zones, Polichni tank
High Zone	Sykies	2.110.000 €	Sykies & Eptapyrgio zones, Kastrá tank and pumping station
High Zone	Toumba, Pylaia	3.130.000 €	Toumba & Pylaia high zones, new Toumba tank, upgrade and extension of the Toumba pumping station
Evosmos		1.930.000 €	Improvement and completion of internal main network and of the Efkarpiá tank
Pefka, Hortiatis	Pefka, Hortiatis - Phase 1	3.000.000 €	Upgrade and additions to the Vosnaki pumping station, construction of transmission pipeline leading to the Pefka & Filyro tanks, improvement of the internal network at Pefka
Pefka, Hortiatis	Pefka, Hortiatis - Phase 2	6.500.000 €	Additions to and completion of the external water supply network of other settlements
Kalamaria		8.750.000 €	Improvement of the internal network, construction of tanks and pumping station
Panorama		300.000 €	Improvement of and additions to the internal network
Survey of the Aravissos pipeline and installation of a system for real-time monitoring of damages.		8.000.000 €	An amount of 2 million EUR is also included for the repair of a small part of major damages.
Technical Consultant for the development and implementation of the Project		400.000 €	
Total		64.000.000 €	

Year	Investment amount	Extension of the Thessaloniki Water Treatment Plant (Refinery)	Total of the 2016-2023 investment plan for the expansion of the area of operations
2016	1.481.800 €	0 €	1.481.800 €
2017	8.802.058 €	0 €	8.802.058 €
2018	9.464.139 €	2.940.000 €	12.404.139 €
2019	10.637.669 €	11.760.000 €	22.397.669 €
2020	10.727.581 €	14.700.000 €	25.427.581 €
2021	10.435.658 €	0 €	10.435.658 €
2022	8.616.395 €	0 €	8.616.395 €
2023	3.834.699 €	0 €	3.834.699 €
Total	64.000.000 €	29.400.000 €	93.400.000 €

The figures for the Business Plan for the Management - Distribution of water for water supply purposes can be broken down as follows:

- Investments which will result in an increase in the quantities of water sold (provided that Phase A2 of the Thessaloniki Refinery is built) equal to **€ 22,950,000.00** approximately (VAT excl.) can be broken down as follows:
[7,500,000 (Part of the Pefka project phases A & B + 1,360,000 + 5,720,000 + 2,770,000 + 5,600,000 (part of the Kalamaria project - 8ek)= €22,950,000.00].

- Investments to rationalise and optimise operation of the existing water supply system in the city (new tanks, zoning, internal networks, etc.) equal to **€ 33,050,000**.

- An investment to maintain and monitor damage in real time to the Aravissos pipeline equal to **€ 8,000,000.00**.

Total € 64,000,000.00

One condition for implementing the Plan for the Management - Distribution of water for water supply purposes, which is explained in the report that accompanies the plan, is that Phase A2 of the Thessaloniki Refinery is built, which will add 150,000 m³ of water a day to the network. The budget for that project, based on current data, is approximately **€ 29,400,000.00**(VAT excl.).

Consequently, the total investment project for the company is as follows if one adds up the amounts required for the individual investment plans:

EYATH's Total Investment Plan for 2017-2023

Year	Updated 2014-2018 investment plan, extended to 2023	Investment plan for the expansion of the area of operations for 2016-2023	Phase 2 of the Thessaloniki Water Treatment Plant (Refinery) 2016- 2023	Investment for the maintenance and monitoring of damages to the Aravissos pipeline	Investments to rationalize and optimize the operation of the current water supply system	Total 2016-2023 Investment Plan*
2016	6.384.210 €	1.574.413 €	0 €			7.958.623 €
2017	11.917.359 €	3.353.636 €	0 €		5.998.551 €	21.269.546 €
2018	17.630.500 €	3.247.299 €	2.940.000 €		5.808.349 €	29.626.148 €
2019	7.121.000 €	3.694.420 €	11.760.000 €	1.287.815 €	5.320.287 €	29.183.523 €
2020	9.120.000 €	3.728.678 €	14.700.000 €	1.679.872 €	4.989.506 €	34.218.055 €
Total 2016-2020	52.173.069 €	15.598.445 €	29.400.000 €	2.967.687 €	22.116.693 €	122.255.895 €
2021	8.125.000 €	3.617.453 €	0 €	1.963.746 €	4.506.688 €	18.212.887 €
2022	6.625.000 €	3.282.897 €	0 €	1.945.231 €	3.926.792 €	15.779.920 €
2023	5.625.000 €	1.461.043 €	0 €	1.123.336 €	1.489.989 €	9.699.367 €
Total 2016-2023	72.548.069 €	23.959.838 €	29.400.000 €	8.000.000 €	32.040.161 €	165.948.069 €

7.4

EYATH FIXED ASSETS' INVESTMENT PLAN (2017-2023)

Under the contract specified in Article 20(3) of Law 2937/2001, EYATH S.A. is obliged to prepare investment plans to be submitted in time to the State and EYATH FIXED ASSETS for approval. Having taken into account the investment plans proposed by EYATH S.A., the State and EYATH FIXED ASSETS then finalise the plans and ensure that they secure and provide the resources needed in each case to implement those projects. EYATH S.A.'s investment plan was analysed in the previous sections. Currently EYATH FIXED ASSETS has capital of around € 5.5 million. Given that it collects around € 1.47 million each year from EYATH S.A. as part of the commission for untreated water, by the end of 2022 it will be able to make € 14.3 million available for investments ($5.5 + 1.47 \times 6$).

If one takes into account those points and that:

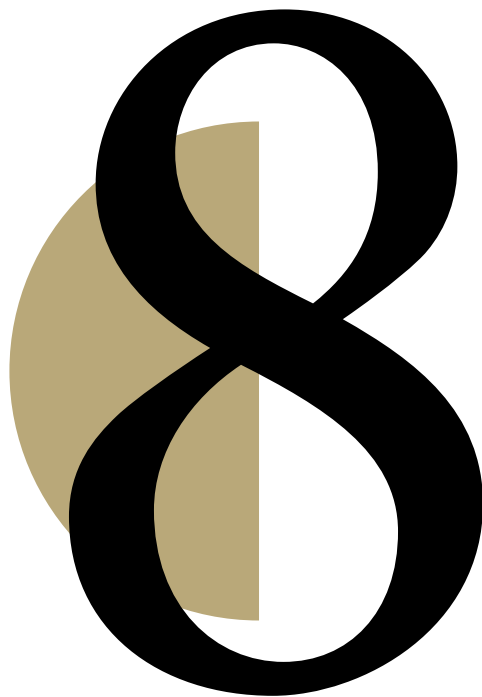
- Under the agreement between EYATH S.A., EYATH FIXED ASSETS and the Municipality of Oreokastro (Government Gazette 1487/B/2006), EYATH FIXED ASSETS has undertaken to seek out financing to upgrade and extend the water supply network in the Oreokastro Municipal Unit of the Municipality of Oreokastro.
- It is vital to build a second branch of the twin force pipe from the Sindos AY1 water supply pumping station, due to the construction of Phase A2 of the Refinery and the need for a backup.
- The following 5-year investment plan, to be implemented by EYATH FIXED ASSETS covering the 2018-2022 period has been proposed.

EYATH FIXED ASSETS S.A.'S 5-year investment plan

No.	Sector	Project description	2018	2019	2020	2021	2022	Total
1	Water supply	Internal water supply networks of Oreokastro Municipal Community			3.000.000	2.330.000		5.300.000
2	Water supply	Internal water supply networks of expansion areas and areas outside urban planning zones of the Oreokastro Municipal Community.			1.000.000	1.000.000		2.000.000
3	Water supply	Construction of the second branch of the twin force pipes of the Sindos AY1 water supply pumping station.				3.000.000	6.000.000	9.000.000
4	Water supply/Sewerage	Implementation of water supply/sewerage projects in new areas.			1.000.000	1.000.000	1.000.000	3.000.000
*Prices are ex VAT							Total	19.300.000



CHAPTER



SHARE

8.1

DEVELOPMENT OF SHARE CAPITAL

As mentioned above, EYATH S.A. came about from the merger of the former companies OYTH S.A. and OATH S.A. The share capital of those two former companies, following a valuation of their assets done for the first time in 1997 (Presidential Decrees 156 and 157/25.6.1997) was as follows:

A) OYTH S.A.	€ 186,940,572.27
B) OATH S.A.	€ 220,983,125.46
After they merged into EYATH S.A. under Law 2651/1998, the share capital stood at	€ 407,923,697.73.

The founding law (Law 2651/1998) required that the Institute of Certified Public Accountants undertake the task of valuing EYATH S.A.'s assets in order to determine its share capital. During that valuation, the view was taken that the Company was over-valued and using a conservative approach the value of its assets was reduced by around 30%. The new opening balance sheet dated 1.1.1999 showed EYATH S.A.'s share capital at € 278,796,711.83, divided into 95,000,000 shares of € 2.93 each, all of which were owned by the Greek State (Government Gazette 8174/A/5.9.2000).

Following the transfer of assets to the body governed by public law, EYATH FIXED ASSETS, under Article 18 of Law 2937/26.7.2001, EYATH S.A.'s share capital stood at € 15,000,000 divided into 15,000,000 shares of € 1.00 each. A special reserve of € 263,796,711.83 (278,796,711.83 - 15,000,000) was created which was then reduced by the value of the assets transferred to EYATH FIXED ASSETS.

On 27.7.2001 the Interministerial Privatisation Committee comprised of the Ministers of Macedonia - Thrace, Economy and Development, issued Decision No. 605/27.7.2001 increasing EYATH S.A.'s share capital by € 1,500,000 (1,500,000 shares of € 1.00 each).

It was also decided to sell 2,700,000 existing shares in the company owned by the Greek State to investors. Of those shares, 200,000 were privately placed with members of the Board and staff.

Thus on 31.12.2001 the Greek state held 74.55% of EYATH S.A.'s 16,500,000 shares (namely 12,300,000 shares) and other private and institutional investors held 25.45% (or 4,200,000 shares).

Then 6 months after EYATH S.A. was listed on the exchange, on 21.3.2002 the retention incentive specified in the listing prospectus took effect. 2 gratis shares for every 10 existing shares were provided to shareholders (other than institutional investors) who retained the shares from the public offering for 6 months and so the Greek State had a 74.016% stake in the share capital and other institutional and private investors had a 25.84% stake.

The share's listing price on 21.9.2001 was € 3.94 but for comparative reasons regard has been had to the adjusted price which emerged following:

A) The share capital increase resulting from capitalising results by creating 1,500,000 new shares, done at the Extraordinary General Meeting of Shareholders on 30.12.2002, when it was decided to issue 1 gratis share for every 10 existing shares. On 29.12.2006 the Extraordinary General Meeting of Shareholders decided to increase the company's share capital by € 2,178,000 by capitalising the premium.

The share capital increase also entailed an increase in the nominal value of each share from € 1.00 to € 1.12 each.

Following this increase, Company share capital stood at € 20,328,000 divided into 18,150,000 ordinary registered shares with a nominal value of € 1.12 each.

B) The share capital increase decided on by the Extraordinary General Meeting of Shareholders on 7.11.2007 done by capitalising taxed and undistributed profits, at a ratio of one new share for every existing share, by issuing 18,150,000 new shares with a nominal value of € 1.12 each, and gratis distribution of those shares to shareholders.

So the listing price taken into account hereinafter is € 1.79 calculated using this formula:

$$P2 = P1 \times M1 / M2 = 3.94 \times 16,500,000 / 36,300,000 = € 1.79$$

Where P1: Listing price

M1: No. of shares when listed on ATHEX

M2: Number of shares today.

So the Company's total share capital following the decision of the Extraordinary General Meeting of Shareholders of 7.11.2007 was € 40,656,000 divided into 36,300,000 ordinary registered shares of € 1.12 each.

8.2

STRUCTURE OF THE COMPANY'S SHARE CAPITAL

The Company's Share Capital amounts to € 40,656,000 divided into 36,300,000 ordinary registered shares with voting rights, of a nominal value of € 1.12 each.

Company shares are listed for trading on the Equities Market of the Athens Exchange on the main market. The Company's shareholders' rights arising from shares depend on the percentage of capital held which corresponds to the share's paid value.

Each share grants all the rights specified by law and the Company's Articles of Association and in particular:

- Right to obtain a dividend from the Company's annual profits.

35% of the net profits (having deducted the statutory reserve first) are distributed from the profits each fiscal year to shareholders as a first dividend, unless the General Meeting stipulates otherwise. The General Meeting also decides on whether to distribute any additional dividend. **As regards the dividend of 2017, the distribution of a dividend of € 0.221/share was proposed**, in order to avoid potential liquidity problems due to the major investment programme which the Company has under way. All persons who are shareholders before the dividend cut-off date are entitled to a dividend. The dividend to which each share is entitled shall be paid to the shareholder within two (2) months of the date of approval by the Ordinary General Meeting of the annual financial statements. The place and manner of payment is announced in the press. Dividends not collected within 5 years from the end of the year in which the General Meeting approved distribution, devolve to the State.

- The right to receive the contribution paid, upon liquidation or upon the writing off of capital corresponding to the shares, where this is decided upon by the General Meeting.
- The pre-emptive right in each increase of the Company's share capital with cash and new shares.
- The right to receive a copy of the financial statements and reports of chartered auditors and the Company's Board of Directors.
- The right to participate in the General Meeting which consists of the following specific rights: legal standing, attendance, participation in discussions, submission of proposals on items on the agenda, entry of views in the minutes and voting rights.
- The General Meeting of the Company's shareholders shall retain all its rights during the period of liquidation.

Shareholders' liability is limited to the nominal value of the shares held.

8.3

DIVIDEND POLICY

Given that the Company is profitable, Management proposes that dividends equal to € 0.221 per share be distributed. More specifically, it is proposed that the dividend should amount to € 8.022 for 2017, which is 50% of net profits having deducted the statutory reserve only in accordance with the applicable law.

8.4

SHAREHOLDER'S RIGHTS

A. General

The shares of this company are registered and blocked.

Possession of the share certificate automatically implies acceptance by the owner thereof of the Company's Articles of Association and the lawful decisions of the General Meeting of its shareholders even if shareholders did not take part in those meetings.

Each share incorporates all the rights and obligations established by law and by the Company's Articles of Association, which however do not contain provisions more restrictive than those appointed by the law.

The Company's shares are freely negotiable.

The company's shares are transferred as stipulated by Law 2190/1920, Article 8b, and there are no limitations on transfer set out in its Articles of Association. Company shares are dematerialised and listed on the Athens Exchange. Article 18(8) of Law 2937/2001 (Government Gazette 169/26-7-2001) provided that the "State can sell to investors shares representing up to 49% of the Company's share capital in each case".

This paragraph was repealed with Article 2 of Law 4092/2012 which ratified the Legislative Act of 07/09/2012. Then, the extraordinary General Meeting of shareholders of 21/02/2013 also repealed the relevant provision of Article 5 of the Company's Articles of Association.

The shares of this company are dematerialised.

The trading unit is a dematerialised certificate representing ten shares. Each share entitles its holder to one voting right. Company shareholders' liability to creditors is limited to the nominal value of the shares held. Shareholders participate in the management and profits of the Company in accordance with law and the provisions of the Company's Articles of Association. The rights and obligations attached to each share are indivisible and follow it to every general or specific assign.

Other rights

Shareholders exercise their rights in relation to the management of the Company exclusively via their participation in the General Meetings of Shareholders of the Company. Shareholders have an option over any future increase in the Company's share capital, proportional to their holding in the existing share capital, as specified in Article 19(7) of Law 3604/2007.

Neither the shareholder's creditors nor their successors have any right to provoke the seizure or sealing of any Company assets or records, nor to ask for its distribution or liquidation, nor to become involved in any manner in its management or administration.

All shareholders, regardless of where they live, shall be taken for the purposes of their relations with the Company as residents of its registered offices and shall be subject to Greek law. Any disputes between the Company on the one hand and its shareholders or any third party on the other shall be subject to the exclusive jurisdiction of the ordinary courts and actions against the Company may only be brought in the courts of its seat.

Each share confers the right to a single vote. Joint holders of a share must, in order to be entitled to vote, designate a common representative who shall represent them at all General Meetings and must so inform the Company. Until such appointment has been made the exercise of their rights shall be suspended.

Every shareholder is entitled to attend and take part in the General Meeting of Shareholders.

In order to exercise these rights it is not necessary for shareholders to block their shares or comply with any other similar procedural requirements which limit the ability to sell or transfer those shares in the time period intervening between the Registration Date and the General Meeting.

Shareholder representatives

Shareholders may participate in the General Meeting and vote in person or via representatives. There are no provisions of the Arti-

8.4

SHAREHOLDER'S RIGHTS

cles of Association which limit exercise of the shareholders' rights via a representative or the eligibility of persons who can be appointed as representatives.

A representative who acts for more than one shareholder may vote differently on behalf of each shareholder. Legal entities shall participate in General Meetings by appointing up to three natural persons as their representatives.

A shareholder may appoint a proxy for a single General Meeting or for any general meetings occurring within a determined period of time. The representative shall vote in accordance with the shareholder's instructions, if available, and shall be obliged to hold the voting instructions on file for at least 1 year from the date of submission of the minutes of the General Meeting to the competent authority or if the decision is published, from the date of entry in the Companies Register and the General Commercial Register. Failure by the representative to comply with the voting instructions provided does not affect the validity of the decisions of the General Meeting even if the vote of the representative was decisive for the decision taken.

Prior to the beginning of the General Meeting, the shareholder's representative shall be obliged to notify to the Company every specific facts that may be useful for the shareholders in evaluating the risk of having the representative serve interests other than those of the shareholder he represents.

Within the meaning of this paragraph, a conflict of interests may arise, especially when the representative:

- a)** is a shareholder exercising control over the Company or is another legal person or entity controlled by such shareholder,
- b)** is a member of the Board of Directors or the overall management body of the Company or shareholder exercising control over the Company or other legal person or entity controlled by a shareholder exercising control over the Company,
- c)** is an employee or certified public accountant of the Company or a shareholder who controls the Company, or another legal person or entity controlled by the shareholder who controls the Company,
- d)** is spouse or first-degree kin to any of the natural persons set out in cases (a) to (c) above.

Shareholder representatives shall be appointed and removed in writing or by electronic media, such notice being sent to the Company in the same way, at least 3 days before the date set for the General Meeting. A shareholder may appoint up to 3 proxies.

However, if a shareholder holds shares in a company which appear in more than one securities account, this limitation does not prevent the shareholder from appointing different representatives for the shares which appear in each securities account in relation to the General Meeting.

General Meeting and Rights of Shareholders

Any person who appears as a shareholder in the files of the body which holds the Company's shares (transferable securities) shall be entitled to participate in the General Meeting. The capacity of shareholder shall be proven by furnishing the relevant written attestation of the above agency or alternatively through direct electronic connection of the Company with the records of the said agency. The capacity of shareholder must exist on the record date, i.e. at the beginning of the fifth day prior to the date of the General Meeting, and the relevant attestation or electronic certification regarding the shareholder's capacity should be received by the Company no later than the third day before the General Meeting. Shareholders may participate in repeat General Meetings under the same formal conditions outlined above. The capacity of shareholder must exist at the beginning of the fourth day prior to the date of the Repeat General Meeting (the repeat General Meeting registration date) and the relevant attestation or electronic certification regarding the shareholder's capacity should be received by the Company no later than the third day before the General Meeting.

In accordance with Article 27(2), the Board is obliged to enter in the list of persons entitled to vote at the General Meeting all shareholders who have complied with the provisions of that Article.

Only persons who are shareholders on the relevant Registration Date shall be deemed by the Company to be entitled to participate in and vote at the General Meeting. Where shareholders do not comply with the provisions of this Article, they may only participate in the General Meeting with its permission.

Any shareholder may ask for a copy of the Company's annual financial statements and the Directors' and Auditor's Reports 10 days before the Ordinary General Meeting.

B. Special shareholder or third party rights

There are no special shareholder or third party rights other than in Article 13(4) of EYATH S.A.'s codified Articles of Association which state that company employees are entitled to appoint 2 members of the company's Board of Directors.

Minority shareholder rights

Codified Law 2190/1920, as in force, gives certain rights to a shareholder or shareholders who act jointly, provided that they have a certain minimum minority holding in the Company's share capital. These rights of minority shareholders were amended by Articles 47 and 49 of the new Law 3604/2007 and have brought about the following changes:

- If shareholders representing one twentieth (1/20) of the paid-up share capital so request, the Board of Directors shall be required to call an Extraordinary General Meeting of Shareholders, appointing a day for the same that shall not be more than 45 days after the date upon which the Chairman of the Board received such request.
- On a request from shareholders representing 1/20 of the paid-up share capital the Board of Directors shall enter in the agenda of the General Meeting which has already been called additional items if that request arrives with the Board of Directors at least 15 days before the General Meeting. The additional items shall be published or notified by the Board of Directors in line with Article 26 at least 7 days before the General Meeting.
- On a request from any shareholder submitted to the company at least 5 whole days before the General Meeting the Board of Directors shall be obliged to provide the specific information requested to the General Meeting about company affairs to the extent that it is useful for a real assessment of the items on the agenda.

Moreover, on the request of shareholders representing 1/20 of the paid up share capital the Board of Directors shall be obliged to inform the Ordinary General Meeting only of the amounts paid over the last two years to each member of the Board of Directors or managers of the company and all benefits given to those persons on any ground or under any contract between them and the company.

On a request from shareholders representing 1/5 of the paid-up share capital submitted to the company at last 5 whole days before the General Meeting, the Board of Directors shall be obliged to provide the General Meeting with information about the progress of company affairs and its asset status.

Shareholders representing 1/20 of the share capital shall have a right to request an audit of the company by the Single-Member Court of First Instance in the region where the company has its seat if it is considered that there are acts which breach the provisions of law or the company's Articles of Association or General Meeting decisions. In this case the application for an audit shall be submitted within 3 years from approval of the financial statements for the period in which the acts complained of were committed.

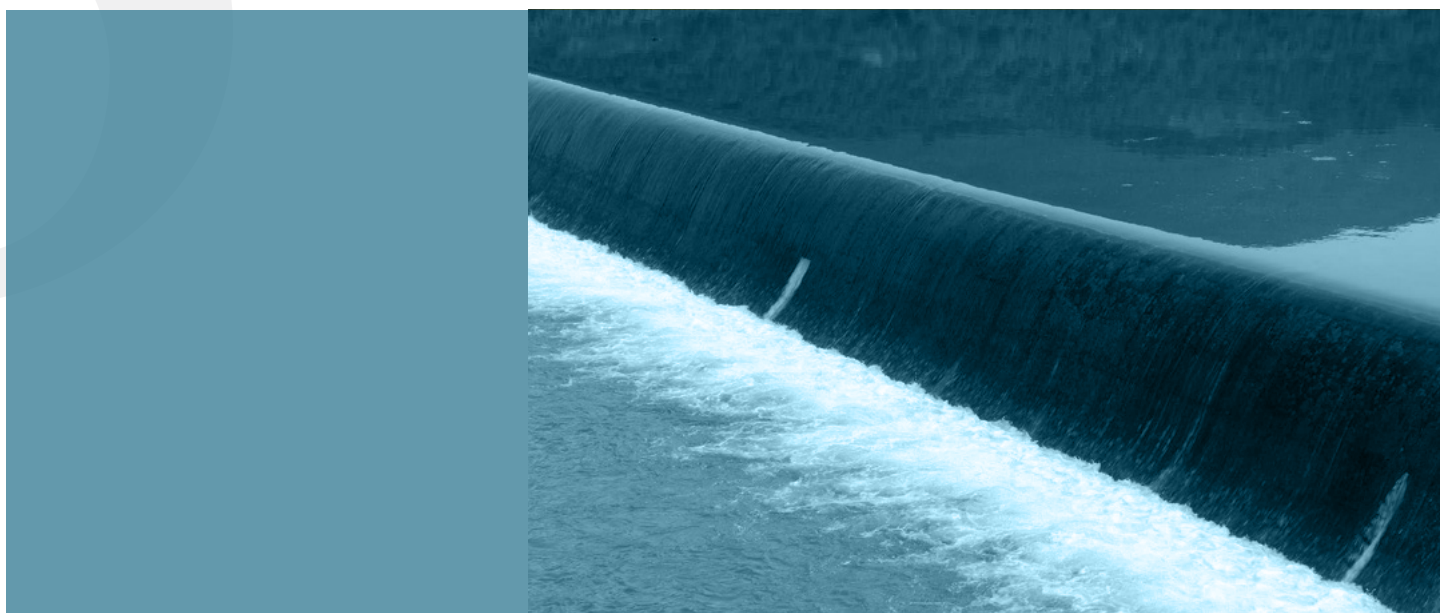
Shareholders representing 1/5 of paid-up share capital are entitled to ask the Single-Member Court of First Instance to order an audit of the Company, when the general state of the Company's affairs warrants the belief that the Company Management is not, as required, exercising prudent and effective management.

Payment of Dividends

Provided a decision has been taken to distribute a dividend, it is to be paid to shareholders within two months from the date of the Ordinary General Meeting that approved the annual financial statements and the profit distribution, in compliance with articles 5.2 & 5.5 of the new revised ATHEX Rules. The method and date of payment must be notified to shareholders by notices or publications in the daily press. Dividends may be claimed within a period of 5 years from the end of the year in which the dividends became payable.

Taxation of dividends

Under the provisions of Article 112(7), (8) and (11) of Law 4387/2016 (Government Gazette 85/A/12.5.2016) which amended the provisions of Law 4172/2013 on the tax rate for dividends from distributed profits approved by General Meetings, a withholding tax of 15% is applied to dividends which are distributed.



8.5

SHARE'S STOCK MARKET PERFORMANCE

The Company's share has performed as followed since it was listed on the Athens Exchange:

- On 10.4.2007 it was upgraded to the High Cap category. (for companies whose valuation is over € 100 million).
- Since 2.6.2008 it has been listed on the ATHEX General Index.
- On 26.9.2008 it was included in the Mid40 Index.
- On 29.5.2009 it was included in the MSCISmallCap Index.

On 31.12.2017 the company's share formed part of the following indexes:

- i. GI Athens Exchange General Index
- ii. DKO FTSE ATHEX UTILITIES
- iii. FTSEA: FTSE/ATHEX Market index
- iv. FTSEM: FTSE ATHEX MID CAP
- v. HELMSI: Hellenic MID & SMALL CAP Index
- vi. GIOP General Index Overall Performance



8.6

SHAREHOLDER LINE-UP

SHAREHOLDINGS AT 31.12.2017

Shareholding brackets	NO. OF SHAREHOLDERS	NO. OF SHARES	%
0<Shares<=100	471	22,409	0.06%
100<Shares<=1,000	1,206	587,392	1.62%
1,000<Shares<=10,000	620	1,846,666	5.09%
10,000<Shares<=100,000	83	2,015,146	5.55%
100,000<Shares<=1,000,000	12	2,977,517	8.20%
1,000,000<Shares	2	28,850,870	79.48%
TOTAL	2,394	36,300,000	100.00%

Shareholder line-up at 31-12-2017

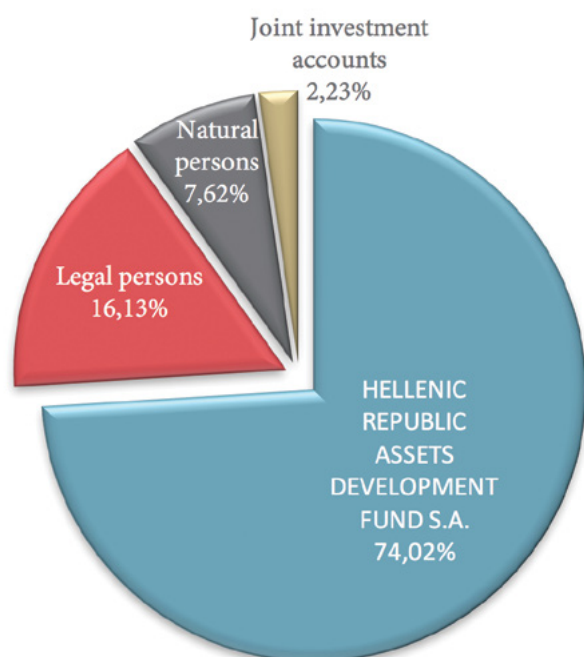
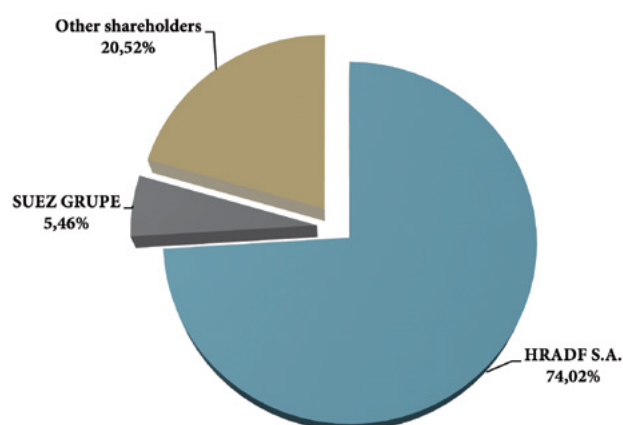
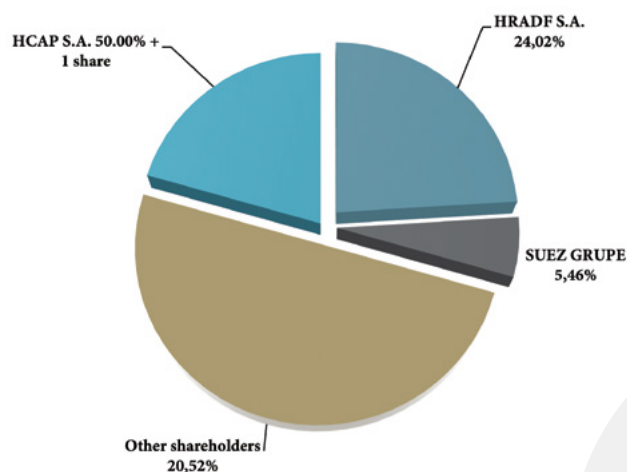
Shareholders	as a % of shares	No. of shareholders	No. of shares
HELLENIC REPUBLIC ASSETS DEVELOPMENT FUND S.A.	74.02%	1	26,868,000
Legal persons	16.13%	90	5,855,040
Natural persons	7.62%	1,997	2,766,772
Joint investment accounts	2.23%	306	810,188
Joint owners	0.00%	0	0
Total	100.00%	2,394	36,300,000

8.6

SHAREHOLDER LINE-UP

01/01/2018

31/12/2017



Shareholder distribution

If one compares EYATH S.A.'s shareholder line-up on 31.12.2017 with that on 31.12.2016 the following points can be made:

- i. HRADF S.A. continues to be the main shareholder, with a 74.02% stake.
- ii. Changes have occurred with the legal persons category, whose number has dropped to 90, though their stake has risen by 0.72% from 15.41% to 16.13%.
- iii. The holding of individuals have fallen from 8.29% to 7.62% (0.67%) and their number has dropped by 58 from 2,055 shareholders on 31.12.2016 to 1,997 shareholders on 31.12.2017.
- iv. On 31.12.2016 there were 286 joint investment accounts accounting for 2.18% of the capital and 791,704 shares, while on 31.12.2017 there were since 286 of them but they accounted for 2.23% of the capital and 810,188 shares.

Shareholders with more than 5% of the capital

Other than the Greek State which has a 74.02% stake, the French firm "SUEZ ENVIRONNEMENT" (www.suez-environnement.com) has a strategic holding of 1,982,870 shares or a 5.46% stake.

TECHNICAL DATA FORM

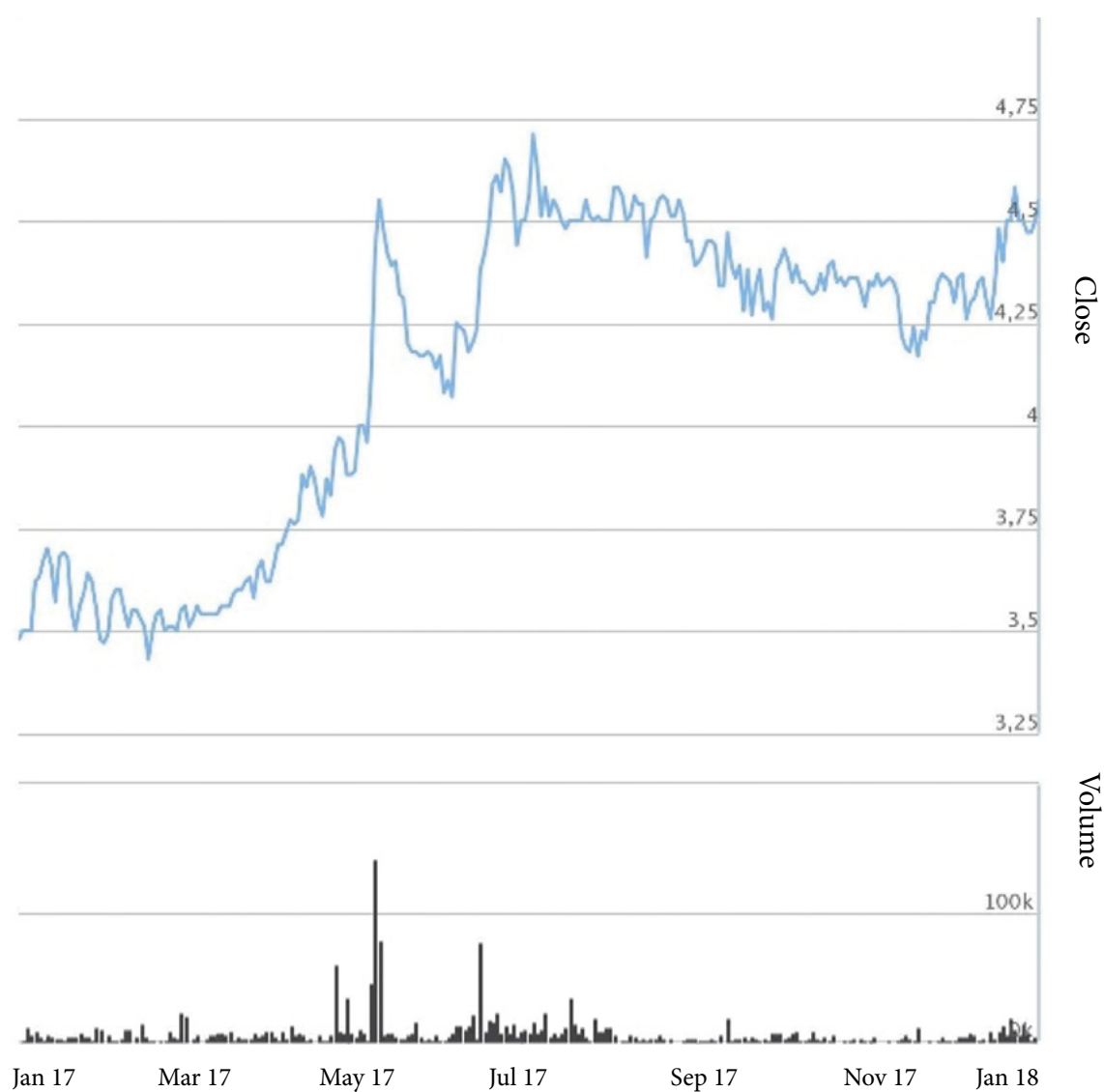
	2017	2016
Number of shares	36,300,000	36,300,000
Free float	9,432,000	9,432,000
Share nominal value	€ 1.12	€ 1.12
Listing price	€ 1.79	€ 1.79
Highest price for year	€ 4.78	€ 3.86
Lowest price for year	€ 3.42	€ 2.65
Closing price on 31/12	€ 4.50	€ 3.48
EYATH S.A.'s stock exchange value on 31/12	€ 163,350,000	€ 126,324,000
Dividends	€ 0.221	€ 0,114

The figure of 0.221 is the Board's recommendation to the General Meeting.
The General Meeting of Shareholders is entitled to take a different decision.

The change in share prices at stock exchange sessions in 2017 is presented in the table below which shows the highs and lows:

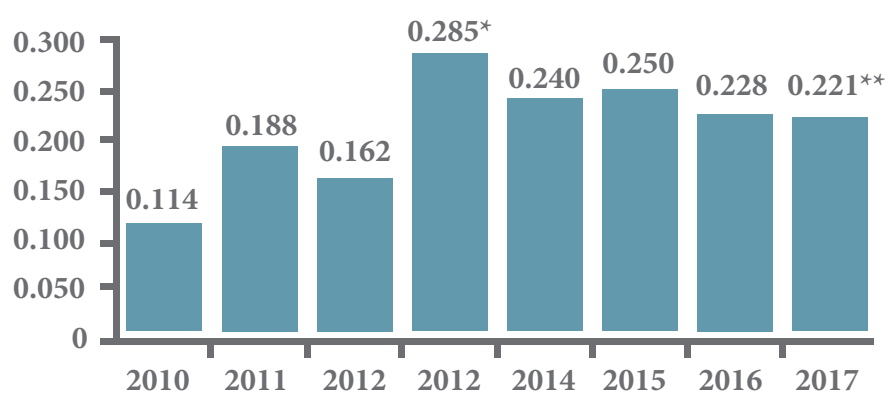
MONTHS	VALUE OF VOLUME OF TRANSACTIONS	MAX. PRICE	MIN. PRICE	CLOSING PRICE
January	336.151 €	3,75 €	3,43 €	3,47 €
February	337.058 €	3,66 €	3,42 €	3,55 €
March	431.786 €	3,70 €	3,47 €	3,66 €
April	656.259 €	3,98 €	3,67 €	3,88 €
May	1.556.562 €	4,57 €	3,87 €	4,14 €
June	1.208.773 €	4,77 €	3,98 €	4,50 €
July	1.001.217 €	4,78 €	4,38 €	4,50 €
August	267.231 €	4,60 €	4,38 €	4,39 €
September	317.619 €	4,60 €	4,19 €	4,40 €
October	238.566 €	4,49 €	4,25 €	4,35 €
November	171.736 €	4,40 €	4,14 €	4,36 €
December	522.437 €	4,58 €	4,26 €	4,50 €
TOTAL FOR YEAR	7.045.395 €			

The chart showing the share's performance during 2017 is presented below:



Shareholders and investors interested in more information can contact the Shareholders Relations and Corporate Announcements Dept. (98 Tsimiski St., Thessaloniki GR-54622) (contact Mr. Georgios Kafetzis Tel. 2310 966925 & Fax 2310 250642) during normal business hours.

DIVIDEND PER SHARE



* The dividend includes:

- a dividend of € 0.120/share for 2013,
- distribution of the untaxed reserve of € 0.065/share,
- handing back of the unused part of funds raised (€ 0.10/share)

** Proposed dividend, subject to approval by the General Meeting on 31.5.2018

Fixed dividend
yield

CHAPTER



ANNUAL FINANCIAL REPORT

For the period 1.1.2017 – 31.12.2017
(in accordance with Article 4 of Law 3556/2007)

Companies Reg. No.: 41913/06/B/98/32

General Commercial Reg. No.: 58240404000

127 Egnatias St - 54635 Thessaloniki

THESSALONIKI WATER SUPPLY & SEWERAGE CO. S.A.

ANNUAL FINANCIAL REPORT FOR THE PERIOD 1.1.2017 - 31.12.2017 IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

It is hereby confirmed that the attached annual financial report is the one approved by the Board of Directors of THESSALONIKI WATER SUPPLY & SEWERAGE CO. S.A. on 29 March 2018. It was made public by posting it on the website www.eyath.gr.

Note that summary financial data published in the press seeks to provide the reader with certain general financial information but does not provide a complete picture of the financial position and results of the Company and Group in accordance with the International Financial Reporting Standards.

Moreover, it should be noted that the condensed financial data published in the press contains certain abridgements of accounts for the purpose of simplification.

STATEMENTS BY MEMBERS OF BOARD OF DIRECTORS

(in accordance with Article 4(2) of Law 3556/2007)

The members of the Board of Directors of the company with the corporate name "**THESSALONIKI WATER SUPPLY & SEWERAGE CO S.A.**", trading as EYATH S.A.", whose registered offices are at 127 Egnatias St., Thessaloniki, Greece, PO 54635:

1. Ioannis Krestenitis, Chairman of the Board & CEO
2. Ioannis Papaioannou, Vice Chairman of the BoD
3. Panagiotis Gogos, Board Member, Chairman of the Audit Committee

In implementation of the provisions of Article 4(2) of Law 3556/2007, we hereby state and confirm, that to the best of our knowledge:

- (a) the attached annual company and consolidated financial statements for the company EYATH S.A. for the period from 01/01/2017 to 31/12/2017 which were prepared in accordance with the applicable IFRS accurately reflect the assets and liabilities, equity and results of EYATH S.A. and the enterprises included in the consolidation, taken as a whole.
- (b) the attached annual report of the Board of Directors of EYATH S.A. accurately reflects the developments, performance and position of EYATH S.A. and the enterprises included in the consolidation, taken as a whole, including a description of the main risks and uncertainties they face.

Thessaloniki, 29 March 2018

Confirmed by

Ioannis Krestenitis
Chairman of the Board & CEO
ID Card No. AB 680550

Ioannis Papaioannou
Vice Chairman
ID Card No. AE 183479

Panagiotis Gogos
Board member & Chairman of the
Audit Committee
ID Card No. AE 680814

THESSALONIKI WATER SUPPLY & SEWERAGE CO. S.A.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

(prepared in accordance with the provisions of Article 4 of Law 3556/2007 and the relevant decisions of the BoD of the Hellenic Capital Market Commission for the period 1.1.2017 - 31.12.2017)

Dear Shareholders,

In accordance with the provisions of Law 3556/2007 and the relevant decisions of the Hellenic Capital Market Commission, we are submitting to you this Annual Report of the Board of Directors for the current period (1/1/2017-31/12/2017).

This report contains summary financial data about the financial position and results of the company EYATH S.A. and the EYATH Group of companies, a description of the significant events that took place during this fiscal year, a description of the significant events that took place after the balance sheet date, a description of the projected course of business for the Group and the Company, information about the management of significant financial risks for the Group and the Company, a presentation of the significant transactions concluded between the Company and the Group and related parties, as well as other information with regard to the shares, share capital and significant agreements in force at the end of this fiscal year.

CONDENSED FINANCIAL INFORMATION ABOUT THE GROUP AND THE COMPANY

The Group consists of a) the company under the name «THESSALONIKI WATER SUPPLY & SEWERAGE CO S.A.» trading as «EYATH S.A.» (hereinafter the «COMPANY» or «EYATH S.A.»), that was founded in 1998 (Law 2651/3-11-1998 (Government Gazette 248/A/3-11-1998), created from the merger of the companies «Thessaloniki Water Supply Organisation S.A.» (OYTH S.A.) and «Thessaloniki Sewerage Organisation S.A.» (OATH S.A.), which had been converted into societies anonyme during 1997 and b) the subsidiary EYATH SERVICES S.A., which engages in the provision of all types of Water Supply & Sewerage Services, telecommunications services and the generation and sale of electricity.

FINANCIAL INFORMATION - COURSE OF BUSINESS

EYATH remains a robust, viable company and has continued to be profitable over recent years. During this year, it managed to increase its net profits by € 4,000 approximately, which corresponds to an increase of 32% approximately.

The following financial information concern the EYATH S.A. Group.

Turnover was € 73,401 compared to € 73,278 during the corresponding period last year, reflecting an increase of € 123 or 0.17%. The cost of sales was € 43,258 compared to € 43,782 in 2016, down € 524 or 1.20%. Group EBT was € 24,931 compared to € 21,769 during the corresponding period last year, up € 3,162 or 14.52% approximately. Finally, Earnings After Tax in 2017 amounted to € 16,449 compared to € 12,457 in 2016, up by € 3,992 or 32.05%.

That change was primarily due to the higher provisions for contingent liabilities imputed to the previous year. The Group's turnover was the result of the sale of water supply and sewerage services.

Gross Profit in 2017 stood at € 30,143 compared to € 29,496 in the previous year, up € 647 or 2.20%.

EBITDA for EYATH S.A. during the current period amounted to € 29,512 compared to € 26,501, up € 3,011 or 11.36%. Finally cash and cash equivalents as at 31/12/2017 stood at € 65,210 compared to € 56,697 as at 31/12/2016, up € 8,513 or 15.01%.

ALTERNATIVE PERFORMANCE MEASURES ("APMs")

In its management reports and investor disclosures the Group uses Alternative Performance Measures (APMs) in addition to the financials included in its financial statements, which have been prepared in accordance with the current financial reporting framework.

The purpose in providing these measures is so that both Company Management and investors have a fuller picture of the performance, capital structure, activities and liquidity of the Group, but should not under any circumstances be taken into account independently of the measures resulting directly from the financial statements.

The APMs used by the Group are as follows:

Gross profit margin (%)

This measure is calculated by dividing the Gross Profit by Turnover, using the exact figures which appear in the financial statements.

EBITDA Margin (%)

This measure is widely known among the investing community and is a general performance measure, with the advantage that it isolates the impacts of financing-investing results, income tax and the main category of non-cash expenses which is depreciation.

The measure is calculated by deducting from turnover the cost of sales, selling expenses, administrative expenses, and other expenses and adding operating expenses and total depreciation, and then dividing by turnover. These figures are used as shown in the financial statements and notes thereto, without any adjustments.

EBIT Margin (%)

This measure, like the previous one (EBITDA) is widely known among investors and is a general performance measure, with the advantage that it can isolate the impacts of financing-investing results and income tax.

The measure is calculated by deducting from turnover the cost of sales, selling expenses, administrative expenses, and other expenses and adding operating income, and then dividing by turnover. These figures are used as shown in the financial statements, without any adjustments.

Earnings before tax / turnover (EBT Margin) (%)

This measure, like the previous one (EBIT) is widely known among investors and is a general performance measure, with the advantage that it can isolate the impacts of income tax.

The measure is calculated by deducting from turnover the cost of sales, selling expenses, administrative expenses, other expenses and financial expenses, and adding other operating income and financial income, and then dividing by turnover. These figures are used as shown in the financial statements, without any adjustments.

Earnings after tax / turnover (EAT Margin) (%)

This measure is widely known among investors and is a general performance indicator, with the advantage that it examines the performance of net earnings after tax compared to turnover.

The measure is calculated by deducting from turnover the cost of sales, selling expenses, administrative expenses, other expenses, financial expenses, and income tax and adding other operating income and financial income, and then dividing by turnover. These figures are used as shown in the financial statements, without any adjustments.

Current ratio: total current assets / total short-term liabilities

This ratio shows the relationship between a company's equity and debt. These figures are used as shown in the financial statements, without any adjustments.

These measures are shown in the table below:

	01/01/2017-31/12/2017	01/01/2016-31/12/2016	Deviation
PERFORMANCE AND PROFITABILITY RATIOS			
Gross Profit Margin	41.07%	40.25%	0.81%
EBITDA Margin	40.21%	36.17%	4.04%
EBIT	31.73%	27.97%	3.76%
EBT Margin	33.96%	29.71%	4.26%
EAT Margin	22.41%	17.00%	5.41%
INVESTMENT RATIOS			
Earnings per share after tax	0.4532	0.3432	32.06%
LIQUIDITY RATIOS			
	31/12/2017	31/12/2016	Deviation
General liquidity (Current assets / short-term liabilities)	10.20	10.31	-1.03%
CAPITAL STRUCTURE & VIABILITY RATIOS			
Equity / Debt	428.28%	407.36%	20.91%

PRICING POLICY

Decision No. 416/2011 of the Board of Directors set the company's pricing policy for the 2012-2013 period, which was ratified with Joint Ministerial Decision No. 4799/19-12-2012 (Government Gazette 3450/B/27-12-2012) of the Ministers of Finance and Macedonia-Thrace. This decision remains in force to date, and there has been no change to the Company's pricing policy.

Today Article 33 of Law 4258/2014 on arrangements for setting the tariffs of EYDAP and EYATH, is in force, under which as of 1.7.2015 tariffs for water supply and sewerage services are to be approved by decisions of the Special Secretary for Water, following consultations with the Minister of Finance and other relevant agencies.

In National Water Committee Decision No. 135275/22.5.2017 (Government Gazette 1751/B) "on general rules for costing and billing water services, methods and procedures for recovering costs of water services for various water uses", the Committee laid down the general costing and billing rules for water services. The purpose of the decision is to approve the general costing and billing rules as well as measures to improve water services for various uses of water, and to lay down procedures and methods for recovering the cost of such services, including environmental costs and water resource costs. The decision lays down the framework which EYATH is required to implement when billing its services from the start of 2019.

The Company is currently examining its billing policy which is to be submitted to the National Water Committee.

EYATH S.A. combines its business operations with social responsibility, providing a high level of water supply and sewerage services, at the lowest possible cost. At the same time, serving as the manager and provider of a public commodity, such as water, it makes sure that it is accessible to sensitive (vulnerable or special) groups of citizens, ensuring that they can cover their basic needs, having established a social water supply tariff.

MAJOR EVENTS

- During the current period, Panagiotis Gogos was elected as an independent non-executive member of the Company's Board of Directors by decision No. 139/6.4.2017 of the Board, and also as Chairman of the Audit Committee, replacing I. Antoniadis.
- The Ordinary General Meeting of Shareholders decided on 8.6.2017 that the Board's Vice Chairman, Styliani Valani would be a non-executive member and set up an Audit Committee comprised of the Board members, Panagiotis Gogos, as Chairman, Stefania Taminidou and Ioannis Tsionas.
- Marina Kouri was elected by Board of Directors decision No. 293/27.7.2017 as non-executive member to replace Eleftheria Karahaliou, representative of HRADF, who had resigned. Moreover, Board of Directors' decision No. 388/12-10-2017 elected Petros Samaras as non-executive member of the Board and as member of the Audit Committee to replace Ioannis Tsionas who had resigned.
- During 2017 two staff recruitment competitions were run by ASEP to hire 150 full-time staff (80 employees with university or technical education and 70 with secondary education). By 31.12.2017 a total of 126 employees had taken up their posts, and so far recruitment procedures for a total of 143 staff have been completed. The upcoming increase of the company's workforce, with employees to be added under ASEP (Central Staff Recruitment Board) procedures, will allow EYATH S.A. to expand its activities and contribute towards the economic growth of the wider region.
- As a company which manages a social good, in its efforts to assist citizens in Thessaloniki affected by the unprecedented frosts in the period 7.1.2017 to 12.1.2017 (which resulted in the destruction of water meters and household water pipes), EYATH S.A. adopted Board of Directors' decision No. 41/2017 relating to the following measures:

A. Replacement of damaged water meters:

1. Full exemption for the following categories:

- Customers on the social tariff
- Public hospitals
- State schools
- Care facilities for the elderly, disabled and refugees.

2. A discount of up to 50% for other consumers.

B. For extra water consumed due to damage or maintaining a constant flow to protect indoor facilities:

1. Full exemption for the following categories:

- Customers on the social tariff
- Public hospitals
- State schools
- Care facilities for the elderly, disabled and refugees.

2. Discount for other consumers as follows:

- no discount for extra consumption up to 10% historical average.
- across-the-board discount of 80% for quantities over the previous limit (historical average + 10%).

Implementing this decision resulted in credit notes for € 800 being issued.

- The Board of Directors also recently approved a new company investment and business strategic plan for the 2017 – 2023 period, aiming to:

- the overall development of its networks, namely a series of technical projects in order to supply water to areas of both the urban area, and beyond it, to regions which currently are lacking good quality water
- implement the extension of the Thessaloniki Water Treatment Plant (known as the ‘refinery’) to ensure the necessary extra quantity of water needed to cope with current and future water supply demand for the Thessaloniki urban area
- ensure uninterrupted, safe operation of the water supply systems, by supplying top quality water, in line with the rules and requirements laid down by the current regulatory framework
- increase environmental safety, both in terms of pollution and protection of water resources
- improve customer service by offering top class water supply and sewerage services at the least possible cost
- combine business activity with social responsibility
- upgrade infrastructure to improve the productivity of existing systems, which will lead to lower operating costs for the company, especially energy costs
- raise awareness among citizens about how the company contributes to society as a whole, and provide information about key aspects of the company and the work it does.

The company is in the process of updating its investment and business plans, adding new investment activities.

- On 31.12.2016 contracts for work entered into by the subsidiary EYATH SERVICES S.A. expired but were extended to 30.6.2017 under Article 46 of Law 4440/2016. All persons engaged under such contracts sought recourse to the courts and obtained an interim order until the final judgment on the petition for injunctive relief is handed down. Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected their claims against the Company and the subsidiary EYATH SERVICES S.A. and since that date they have ceased offering their services to the company.

VISION - MISSION - PROSPECTS

Management’s vision is to develop the company as an efficient manager of water resources, protecting the environment in the wider Thessaloniki and Thermaikos Bay area.

The company’s mission is to offer quality, comprehensive water supply and sewerage services to a new set of consumers who are in need of them, by utilising, improving and extending its infrastructure, through sustainable environmental management practices.

The Company’s strategy aims at fulfilling its obligations as a Utility Company, in combination with increasing the shareholders’ value. To this end, it seeks to improve the quality of the services it provides through an investment programme, to improve its facilities, expand its technological infrastructures by using advanced ICT infrastructure.

EYATH’s special features, such as the natural monopoly it has, its strong cash flow situation, zero borrowing and its business and investment plans will ensure that the company grows, remains profitable, and transforms into a robust centre for know-how and entrepreneurship in the wider region.

To that end, in 2013 EYATH prepared a plan for functional and technological modernisation to be implemented in 4 phases, in the areas of retail, support and administrative functions within the company.

Phase 1 of the modernisation plan, which related to financial management, was successfully completed in January 2016, on budget and on schedule despite the project’s scale and complexity.

In that context the company installed a new SAP system in early 2016 which supports the procurement management, warehouse logistics and accounting office functions.

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During 2017 Phase 2 was implemented which related to customer service. 3 actions were implemented in this regard:

A. Redesign of billing, CRM and customer service via various improvements relating to (a) modernisation of the bill checking, issuing and management system and (b) development of a comprehensive framework and computerising CRM and customer service.

B. Developing requirements and then running a tender procedure for the supply, configuration, installation and commissioning of a billing and CRM and customer service IT system.

C. Running that tender procedure.

Phase 2 is currently under way, and the plan is to run the tender procedure to procure the new CRM system.

In addition, during 2017 following the Central Macedonia Region NSRF funding decision for the remote control and automation system to manage EYATH's water supply system, steps were taken to finalise technical and other requirements in the tender procedure documents for the financed project entitled "Remote control and automation of water supply systems within EYATH's remit" with a total budget of € 3,347 + VAT.

The project is design to ensure automated monitoring and management of the water supply network (pipelines, pumping stations, reservoirs, etc.) by installing a SCADA system. That system will help identify and check drinking water leaks and safeguard the operational status of all E/M equipment installed, thereby supporting moves being made to optimise operations.

EYATH's geographical remit

- Article 26 of Law 2937/2001 states that the Company's territorial remit, within which it may provide its services and conduct its business, is the following:

WITH REGARD TO WATER SUPPLY: the Municipalities of Thessaloniki, Ampelokipoi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Efkarpiia, Triandria, Eleftherio Kordelio, Evosmos, Stavroupoli, Panorama, Pylea, Oreokastro, Pefka, as well as the industrial area of Thessaloniki.

WITH REGARD TO SEWERAGE: the territorial remit of EYATH S.A. is divided into five regions:

"Region A" includes the Municipalities of Thessaloniki, Ampelokipi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Triandria, Diavata, Eleftherio Kordelio, Evosmos, Stavroupoli, Pylea, Panorama, Oreokastro, the districts of Ionia and Kalohori of the Municipality of Echedoros and the Community of Efkarpiia.

"Region B" includes the area surrounded by the rivers Gallikos and Axios, up to the sea, including the industrial zone of the major Thessaloniki area, the district of Sindos of the Municipality of Echedoros, the districts of Agios Athanasios, Anchialos, Gefyra of the Municipality of Ag. Athanasios and the districts of Halastra and Anatoliko of the Municipality of Halastra.

"Region C" includes the hill zone of the Thessaloniki urban area and includes the community of Pefka and the Districts of Asvestochori, Exochi, Filyro of the Municipality of Hortiatiss.

"Region D" extends to the Municipalities of Kalamaria and Panorama, to the Sedes public baths and the airport of Mikra and includes the Industrial area and the Districts of Thermi, N. Redestos, N. Rysio and Tagarades of the Municipality of Thermi and the District of Agia Paraskevi of the Municipality of Vassilika.

"Region E" extends from the airport of Mikra and the districts of N. Rysio and Tagarades of Agia Paraskevi to the sea and includes the Districts of Agia Triada, Perea, N. Epivates of the Municipality of Thermaikos and the districts of Nea Michaniona, Emvolo, Angelohori of the Municipality of Michaniona.

The Company, under a contract signed with the corresponding Municipality and EYATH Fixed Assets can undertake the existing network of local government authorities in one of the above regions and the obligation to provide water supply or sewerage services to the corresponding Municipality.

The Company, under a contract signed with the corresponding Municipality, EYATH Fixed Assets, and approved by a joint decision of the co-competent ministers, can extend its activity to the territory of local government authorities that are outside the above regions. The Company has undertaken initiatives for inclusion of the Nikopoli area in the network.

Note that there are no discontinued operations.

GROUP AND COMPANY RESEARCH & DEVELOPMENT OPERATIONS

During the year ended the group spent a total of € 148 on R&D, primarily by self-financing development studies and research projects.

Over the course of the year the company was involved in various working groups along with other agents from the city and abroad, to ensure that EYATH plays a part in shaping proposals for research projects in the context of co-financed research, technology and innovation programmes run by the European Commission (Horizon 2020) or the Greek General Secretariat for Research and Technology (GSRT-NSRF).

As a result of this, at the end of 2017 approval was obtained for a project entitled “Smart infrastructure for remote water consumption and water demand management systems” (known as SMART-WATER) as part of the 2014-2020 NSRF, which is a research partnership between EYATH, the telecom company Apifon, the Information and Communication Technologies Institute of the Centre for Research and Technology Hellas (CERTH), and focuses on the following objectives:

- Designing model integrated infrastructure to smartly manage the water supply network which will utilise remote measuring and remote control technologies to offer innovative services to the water supply company and end consumer.
- R&D on alternative technologies to implement the remote measurement and more control network, via a pilot scheme under real conditions in Thessaloniki's urban environment, to test and evaluate their reliability and efficiency.
- R&D and pilot testing of the water consumption data management, imaging and analysis system to support decision-making, automatically identify incidents thanks to alerts, provide personalised information to consumers and provide the water supply company with automated procedures.
- Evaluation of the infrastructure overall, based on criteria such as business performance, ease-of-use and reliability, cost-benefit for the water supply company, user/consumer satisfaction and financial return on the investment.

The total budget for this project is around € 660, of which around € 490 will be financed with public money. EYATH S.A.'s budget is around € 170, of which around € 87.5 will be financed with public money.

At the same time the research project financed by EYATH S.A. in cooperation with the Aristotle University of Thessaloniki's Special Account for Research Grants for a scientific study on the impact of adding sludge treated at a biological treatment plant on the physical, chemical and biochemical properties of soil, and on the performance, composition and quality of wheat and maize, continued.

The project's overall budget is around € 130 (plus VAT) and lasts 31 months and will end in December 2018. As part of this project, 4 field experiments were conducted in the 2016-2017 growing period, and there will be 4 in the 2017-2018 period to explore the impact of adding limed, dehydrated sludge on improving soil structure and on the performance/quality of wheat and maize.

To explore new methods for managing the sludge generated EYATH participated in a pilot scheme to compost the dehydrated sludge generated at the Aeneia Waste Water Treatment Plant using worms. The programme was implemented by the Laboratory of Hydraulics and Environment / School of Rural and Surveying Engineering / AUTH and the operations department of the Aeneia Waste Water Treatment Plant.

Moreover during 2017 the company was one of 10 European water supply / sewerage companies to take part in energy audits at waste water treatment plants in the context of the European H2020 - Powerstep research programme. As a result of these moves EYATH S.A. submitted a technical report of the results and proposals for how to improve energy efficiency at waste water treatment plants, which will form the basis for further exploration.

Moreover, in the period April to December 2017, the company was involved in the 20 European Cities Working Group, comprised primarily of municipal services and water supply / sewerage companies consulting on the European Commission's strategy for the Urban Water Agenda 2030. EYATH S.A. represented the Municipality of Thessaloniki in that working group, on issues of total urban water management and one outcome of this action was that the Mayor of Thessaloniki signed by the Porto 2017 Declaration.

CORPORATE SOCIAL RESPONSIBILITY

Today's key challenges are to ensure access to key services, proper resource management and to safeguard resources for future generations.

EYATH is working to achieve those objectives by constantly monitor its own corporate responsibility since its strategy includes high-

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lighting its important relationship with the local community and ensuring a positive environmental footprint. Through dialogue with stakeholders -staff, customers, investors, suppliers, the local community in which it operates- mutual targets can be set which can then be implemented as part of the company's CSR strategy.

EYATH's undisputed role as a public benefit enterprise is reinforced through societal measures designed to improve the quality of life of citizens, to improve their health and protect the environment, all of which are sectors directly related to the company's business activities.

We have opted to focus our commitments on 4 key aspects and present our performance in those areas: The environment, society, human resources and culture. EYATH's values are being turned into reality in the following areas:

1. Natural resources and the environment
2. Society and vulnerable social groups
3. Human Resources and Training
4. Culture and Sport

NATURAL RESOURCES AND THE ENVIRONMENT

Water is our most precious natural resource. That's why for EYATH ensuring sustainable water management is synonymous with protecting the natural environment; a concept interrelated with sustainable development. EYATH's commitment to environmental protection takes shape through the company's day-to-day practices. In that context it ensures that all business moves relating to the environment comply with Greek law.

More specifically,

- it fully implements Community and national environmental law, seeking to minimise the impacts of its activities on the environment;
- it engages in R&D, ever seeking out ways to protect and improve the environment
- it is planning systematic modernisation of the water supply network to reduce leaks
- it is working together with like-minded European partners and bodies via research activities on the impact of climate change on aquifers, helping promote solutions for sustainable development in our region and in SE Europe more widely, such as active participation in EUREAU, the European Federation of National Associations of Water and Wastewater Services
- it invests in improving its facilities to ensure better performance and reduce energy consumption
- it actively contributes to cleaning the surface of the sea in the bay of Thessaloniki, removing floating objects, oil spills or contaminants
- it removes urban and industrial wastewater from the urban area via an extensive sewerage network, controlled by remotely controlled and operated systems
- it operates a state-of-the-art GIS system for preventative maintenance and rapid response to emergencies
- it implements a programme to re-use water treated at the Thessaloniki Wastewater Treatment Facility to irrigate areas of land in the Halastra - Kalohori plains during droughts
- it is significantly reducing the time required to carry out network-related tasks (new connections, relocations, extensions, etc.)
- it also ensures environmentally and socially beneficial management of sewage sludge and seeks to improve the biogas production unit running on sewage sludge which is already in operation at the Sindos Biological Treatment Plant, and to utilise its heat generating capacity
- it systematically recycles at the workplace and uses environmentally-friendly materials
- it is focusing on rationalising business travel and on applying environmental criteria to procurement
- it has (a) a Sewerage & Environment Quality Control Lab which carries out environmental tests every day at the outlets of the waste water treatment plants and industries (around 1,500 tests which generate over 12,000 quality analyses) and (b) a Drinking Water Testing Lab in cooperation with the quality control lab at the water treatment plant which receives over 3,000 samples of water and carries out around 50,000 chemical and microbiological tests a year, implementing the relevant legislation. Both labs systematically participate each year in the inter-laboratory tests and have ISO 9001:2000 quality management systems and are in the process of obtaining ISO 17025 accreditation.
- the Drinking Water Testing Lab implements a quality management system that conforms to ISO 9001:2000.

- the Drinking Water Testing Lab and the water treatment plant are systematically involved (at least twice a year) in inter-laboratory tests and run thousands of chemical and microbiological analyses a year. The reliability of their results are confirmed by an independent body
- it shares know-how with other water management bodies such as municipal water supply & sewerage companies, and provides training services to bodies and organisations that lack experience and knowledge about how to manage water resources and waste water
- it participates in financed research programmes.

SOCIETY AND VULNERABLE SOCIAL GROUPS

- Is exploring innovative procedures and automated processes to optimise day-to-day operations at its facilities and ensure better customer service (e-transactions, web-banking, payments via an extensive network of supermarkets, and other similar ideas)
- it offers a social tariff to vulnerable groups of citizens and in particular those with large families, the elderly, those on low incomes or the long-term unemployed, and also offers a broad spectrum of repayment plans for overdue debts for all debtors and the financially disadvantaged
- it facilitates customers via improved e-services and a wide network of partners and associated businesses (150 super markets in the prefecture of Thessaloniki and neighbouring prefectures of Halkidiki, Pieria, Imathia, Pella and Kilkis at no extra charge, and at associated OPAP agencies and Hellenic Post Office branches)
- it runs info-campaigns for the public about the options available to socially and financially vulnerable population groups
- it offers work to students and pupils at technical schools as part of their work experience requirements
- it helps improve the life of refugees in refugee camps in the wider area of Thessaloniki, providing radiators and carrying out infrastructure works (water supply and sewerage facilities at those camps, and repairs to damaged facilities)
- it has a long-standing partnership with a magazine sold in the streets to support the unemployed, since its head offices are a 'safe haven' for sellers, and also supports unemployed people in Thessaloniki via the Labour Centre
- it encourages staff to get involved in volunteering (by collecting food or other items for the poor, participating in running events that share a social cause, etc.)
- it collaborates with the academic community at specialist and general events on environmental issues, attracting audiences comprised of students, experts and ordinary citizens
- it presents a 1-hour programme entitled 'The sewerage cycle in Thessaloniki' approved by the Ministry of Education, to brief primary and secondary school pupils about daily influxes to the sewerage network and raise their awareness
- it prepares educational programmes for children as part of the Thessaloniki International Fair
- it cultivates ecological awareness among consumers thanks to info-campaigns and daily visits by tens of primary and secondary school pupils to the Water Supply Museum
- it participates in World Water Day celebrations on 22 March and World Environment Day events on 5 June, hosting info-events for the general public
- it is supporting the activities of local bodies and organisations relating to the environment and water
- it donates electronic equipment to schools in Thessaloniki.

HUMAN RESOURCES AND TRAINING

- it looks after its employees and to that end has group life and health insurance policies
- it invests in developing its employees' skills in life-long learning, offering numerous changes for training both via specialised seminars and post-graduate training
- it supports the families of staff, covers the costs of kindergartens and summer camps for employees' children
- it rewards the children of employees who enter university
- it organises parties for employees' children
- it implements policies to protect the H&S of all employees

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- it ensures equal opportunities for both genders when it comes to promotions
- it offers employees a work uniform and personal protection equipment.

CULTURE AND SPORT

- it runs the Water Supply Museum which is visited by thousands of children
- it provides support to sports clubs and associations
- it supports cultural activities, sports and artistic events in the city, promoting the idea of culture and the good life
- it keeps an archive of maps, letters and other documents at the Water Supply Museum which cover the history of water supply in Thessaloniki and are available to any interested parties.

COMPANY BRANCHES

During the year ended, as well as during the previous one, the Company had no branches through which it engages in its business activities, outside the Thessaloniki urban area.

OWN SHARES HELD BY THE GROUP AND THE COMPANY

At year-end no shares of the parent Company were held by the same or another company included in the consolidation.

RISKS

Risk related to the sector in which the Group operates

As regards the possibility of the future deregulation of the market, in relation to EU law and its possible impact on the Group, we note that due to the nature of the installed infrastructure (mainly underground networks and tanks), the water supply - sewerage sector is a typical example of a physical monopoly, where the development of alternative networks and the creation of competition conditions, where customers could choose between different suppliers of processed drinking water, is extremely difficult. Moreover, EYATH's product suffers from inelasticity.

We further note that in all countries of the European Union, as well as the rest of the world, water supply-sewerage services are provided by private or state companies (or local government authorities) without any capability of developing competition within the specific geographical boundaries where these companies provide their services.

The specific characteristics of the water supply and sewerage sector (that differentiate this utility sector), are recognised by the European Union, and never to this date has an issue ever been raised regarding the abolition of the monopoly of the sector, and the development of competition, as for example was the case in the telecommunication services sector. Therefore, we do not consider possible, at least in the foreseeable future, the possibility of development of competition in this sector.

Financial risk factors

The Group's main financial tools are cash, bank deposits, trade and other receivables and liabilities. Management examines and periodically reviews the policies and procedures related to financial risk management, such as credit risk and liquidity risk, which are described below:

Market risk

(i) Exchange rate risk

The Group and the Company do not face exchange rate risks, because throughout the year ended they did not carry out transactions in foreign currency and all assets and liabilities were in euro.

ii) Price risk

As regards price risk, the Group is not exposed to significant risk of fluctuation of the variables that determine both revenues and cost.

There were no loan liabilities on 31/12/2017.

(iii) Cash flows and fair value of risk rate

The Group has a limited interest rate risk in interest-bearing assets (time deposits) and therefore the income and the operating cash flows depend, to a point, on the changes to the interest rate market.

Management is monitoring interest rate fluctuations on an ongoing basis, and evaluates in each case the duration and the type of time deposits.

Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash at hand and cash in banks, as well as credit exposure to customers, including significant receivables and transactions made.

The Company is constantly monitoring its receivables, either separately or per group (customer categories) and incorporates this information into its credit control processes.

Cash and cash equivalents do not entail significant credit risk. Trade and other receivables include receivables from private customers, with a relatively limited degree of risk of losses, mainly due to the broad dispersion of the receivables, whereas for receivables from the State and the broader public sector, the company examines the possibility of collecting due debts by drawing up contracts or through legislative regulations.

At the end of the period, Management deemed that there is no significant credit risk that is not covered by some collateral or an adequate provision for bad debt. The Company forms no provision for due receivables from the State because it anticipates that it will collect them in their entirety.

None of the financial assets has been secured with a mortgage or other form of credit security.

The Company forms no provision for due receivables from the State and bodies governed by public law because it anticipates that it will collect them in their entirety.

Liquidity risk

Liquidity risk is kept low, by means of ensuring high cash assets.

As regards the Company's and the Group's cash, note that it is deposited in sight and time accounts in Greek banks and at the Bank of Greece, which are subject to capital controls. On the other hand, the Group operates in the domestic market and is not affected by potential adversities, because it does not have any significant transactions with foreign suppliers, which might have affected its smooth operation.

The Group continues to follow-up these developments carefully, taking any measure needed to ensure the unhindered continuation of its business activity and will inform investors immediately about any effect which the unfolding events may have on its operation, financial position and results.

SIGNIFICANT TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

According to the Group, related parties are members of the Board of Directors, members of Management, as well as the shareholders holding a significant percentage of its share capital (including their related persons). The Group's trading transactions with these related parties during the 01/01/2017-31/12/2017 period were carried out under market terms and in the framework of its usual business activity. The transactions and the balances of the Group's and Company's related parties, during the 1/1/2017 - 31/12/2017 period and on 31 December 2017 respectively, as well as during the previous period, are broken down in the following tables (see note 27 of the financial statements):

	THE GROUP		THE COMPANY	
	01/01/2017 - 31/12/2017	01/01/2016 - 31/12/2016	01/01/2017 - 31/12/2017	01/01/2016 - 31/12/2016
Income	-	-	-	-
Expenses	-	-	2,225	1,969
Transactions with and fees for executives and board members	632	783	632	783

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Receivables	-	-	24	120
Liabilities	-	-	477	275
Receivables from management executives and board members	4	4	4	4
Liabilities to management executives and board members	3	20	3	20

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The Company's expenses of € 2,225 are related to meter reading services and distribution of bills and consultancy services provided by subsidiary "EYATH SERVICES S.A.". The Company's receivable of € 24 mainly related to receivables in lieu of the approved dividend. The Company's liability of € 477 related to meter reading services and distribution of bills to the subsidiary EYATH SERVICES S.A.

The actuarial liability for the company's related parties (management executives) was € 122 on 31.12.2017 (compared to € 105 in 2016).

STRUCTURE OF THE COMPANY'S SHARE CAPITAL (amounts in €)

The Company's Share Capital amounts to forty million six hundred and fifty six thousand euro (€ 40,656,000) divided into thirty six million three hundred thousand (36,300,000) ordinary bearer shares with voting rights, of a nominal value of one euro and twelve cents (€ 1.12) each.

Company shares are listed for trading on the Equities Market of the Athens Exchange (Category: Large Capitalisation). The Company's shareholders rights arising from shares depend on the percentage of capital held which corresponds to the share's paid value.

Each share grants all the rights specified by law and the Company's Articles of Association and in particular:

- Right to obtain a dividend from the Company's annual profits

35% of the net profits (having deducted the statutory reserve first) are distributed from the profits each fiscal year to shareholders as a first dividend, unless the General Meeting stipulates otherwise. The General Meeting also decides on whether to distribute any additional dividend. For 2017 a dividend of € 0.221/share has been proposed due to the high levels of cash assets. All persons who are shareholders as at the holder-of-record date are entitled to a dividend. The dividend to which each share is entitled shall be paid to the shareholder within two (2) months of the date of approval by the Ordinary General Meeting of the annual financial statements. The place and manner of payment is announced in the press. Dividends not collected within 5 years from the end of the year in which the General Meeting approved distribution, devolve to the State.

- The right to receive the contribution paid, upon liquidation or upon the writing off of capital corresponding to the shares, where this is decided upon by the General Meeting.
 - The pre-emptive right in each increase of the Company's share capital with cash and new shares.
 - The right to receive a copy of the financial statements and reports of chartered auditors and the Company's Board of Directors.
 - The right to participate in the General Meeting which consists of the following specific rights: legal standing, attendance, participation in discussions, submission of proposals on items on the agenda, entry of views in the minutes and voting rights.
 - The General Meeting of the Company's shareholders shall retain all its rights during the period of liquidation.
- Shareholders' liability is limited to the nominal value of the shares held.

LIMITATIONS TO THE TRANSFER OF THE COMPANY'S SHARES

The company's shares are transferred as stipulated by Law 2190/1920, Article 8b, and there are no limitations on transfer set out in its Articles of Association. Company shares are dematerialised and listed on the Athens Exchange.

SIGNIFICANT DIRECT OR INDIRECT HOLDINGS WITHIN THE MEANING OF ARTICLES 9 TO 11 OF LAW 3556/2007

Shareholders with a significant holding in the Company's share capital on 31/12/2017 were as follows:

SHAREHOLDER	Number of shares held	Holding on 31/12/2017
Hellenic Republic Asset Development Fund S.A.	26,868,000	74.02%
Other shareholders	9,432,000	25.98%
Total	36,300,000	100.00%

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to:

1. Revoke Interministerial Committee for Restructuring and Privatisation decision No. 195/27.10.2011 (Government Gazette 754/B) to the extent that it transferred 14,520,000 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

2. To revoke Interministerial Committee for Restructuring and Privatisation Decision oik. 206/25.4/2012, Government Gazette 1363/B/26.4.2012), to the extent that it transferred 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

The decision was published in Government Gazette 614/B/22.02.2018.

Following that, according to the notice submitted by the Ministry of Finance, which the company received by email on 21.3.2018, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital.

The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF.

The Greek State's total direct and indirect holding in those companies has not changed.

In light of those transfers and notices on the date this Board of Directors' Report was prepared, the Company's shareholder line-up since 1.1.2018 has been as follows:

SHAREHOLDER	Number of shares held	Holding on 01/01/2018
HCAP	18,150,001	50.00% +1
HRADF	8,717,999	24.02%
Other shareholders	9,432,000	25.98%
Total	36,300,000	100.00%

HOLDERS OF ALL CLASSES OF SHARES ENTITLING THEM TO SPECIAL RIGHTS OF CONTROL

There are no shares in the Company granting their holders special rights of control.

LIMITATIONS ON THE VOTING RIGHT - DEADLINES FOR EXERCISING RELEVANT RIGHTS

The Company's Articles of Association contain no restrictions on voting rights deriving from its shares.

AGREEMENTS BETWEEN COMPANY SHAREHOLDERS

The Company is not aware of the existence of agreements between its shareholders which entail restrictions on the transfer of its shares or the exercise of voting rights deriving from its shares.

RULES ON THE APPOINTMENT AND REPLACEMENT OF BOARD MEMBERS AND AMENDMENTS OF THE ARTICLES OF ASSOCIATION

The rules contained in the Company's Articles of Association on appointment and replacement of members of the Board of Directors and amendment of the provisions of the Articles of Association are not different from those contained in Codified Law 2190/1920.

POWERS OF THE BOARD OF DIRECTORS OR SPECIFIC MEMBERS TO ISSUE NEW SHARES OR PURCHASE OWN SHARES

Article 5 of the Company's Articles of Association states that the General Meeting may reach a decision, to be published in the manner required by Article 7b of Codified Law 2190/1920 as in force, granting the Board of Directors the right to make a decision by a 2/3 majority at least of its members to increase the share capital in whole or in part by issuing new shares up to the paid-up share capital on the date that the said power was granted to the Board of Directors. To purchase own shares, the competence of the Board of Directors does not change, according to the provisions of Article 16 of Codified Law 2190/1920. There is no provision to the contrary in the Company's Articles of Association.

ANY SIGNIFICANT AGREEMENT CONCLUDED BY THE COMPANY WHICH ENTERS INTO FORCE, IS AMENDED OR ENDS, IN CASE OF CHANGE IN CONTROL OF THE COMPANY FOLLOWING A TAKEOVER BID

There are no other agreements that enter into force, are amended or end in case of a change in the Company's control, following a takeover bid, beyond the trilateral concession agreement between EYATH SA, EYATH Fixed Assets and the Greek State, which was ratified with Law 2937/2001 Government Gazette 169-A-26.7.2001.

ANY AGREEMENT BETWEEN THE COMPANY AND ITS BOARD MEMBERS PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE REDUNDANT WITHOUT VALID REASON OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A TAKEOVER BID

There are no agreements between the Company and members of the Board of Directors or staff which provide for the payment of remuneration specifically in the case of resignation or dismissal without just cause or termination of service or employment due to a takeover bid.

DIVIDEND POLICY

Given that the Company is profitable, Management proposes that dividends equal to € 0.221 per share be distributed. More specifically, it is proposed that the dividend should amount to € 8,023 for 2017, which is 50% of net profits having deducted the statutory reserve only in accordance with the applicable law, for all 36,300,000 bearer shares. The dividend is subject to a 15% withholding tax. The net amount of dividends (after the withholding) cannot be assessed before the dividend is paid and the Hellenic Central Securities Depository is notified because some investors receive special tax breaks and are exempt from the withholding tax.

STATEMENT OF CORPORATE GOVERNANCE

Section: I. Principles of Corporate Governance

In making this statement, and following the provisions of Article 43a(3)(d) of Codified Law 2190/1920, and Article 2(2) of Law 3873/2010, the Board of Directors declares that it has decided of its own initiative to implement the Hellenic Corporate Governance Code which was prepared by the Hellenic Federation of Enterprises and then amended as part of the first revision by the Hellenic Corporate Governance Council on 28 June 2013.

(http://www.helex.gr/documents/10180/2227277/HCGC_GR_20131022.pdf/e8e7b6da-6dd0-4c30-90e9-79fe9ca8383d)

The Hellenic Corporate Governance Code includes provisions of two types: “general principles” which are aimed at all companies, whether listed or not, and “special practices” which only relate to listed companies. The Code follows the “comply or explain” approach and requires listed companies which adopt it to publish their intention in this regard and either comply with all special practices in the Code or explain the reasons for non-compliance with specific special practices. The Code incorporates all applicable legislative requirements on corporate governance, and also includes special practices that go beyond those requirements. EYATH S.A. fully complies with all legislative requirements on corporate governance, while for the time being, at least, does not apply any of the special practices in the Code which go beyond the legislative requirements.

The deviations from the Hellenic Corporate Governance Code are presented and justified in the table below:

Special practices in the Hellenic Corporate Governance Code

Explanation/ justification for deviation from the special practice in the Hellenic Corporate Governance Code

Size and composition of the Board: Special practice 2.3

EYATH S.A.'s Board of Directors consists of 11 members, 2 of whom are independent, non-executive members. The independent members provide the Board with independent, impartial viewpoints.

Size and composition of the Board: Special practice 2.8

For the time being, EYATH has not adopted this specific diversity policy on the composition of the Board of Directors. The fact that it is a company in which the Greek State has a direct and indirect holding does not allow the staff selection and promotion procedures for public agencies to be bypassed. However, the Company publishes the line-up of its Board in the Corporate Governance Statement, giving information about diversity (gender, experience, etc.).

Role and profile of the Chairman of the Board: Special practice 3.1

At EYATH, the posts of Chairman of the Board and CEO are held by the same person. Generally speaking, the Chairman and CEO's competences are set out in the Company's codified Articles of Association and in other internal documents (internal regulations).

Role and profile of the Chairman of the Board: Special practice 3.3

At EYATH, the posts of Chairman of the Board and CEO are held by the same person. The General Meeting decided to appoint the 2nd Vice-Chairman as a non-executive member of the Board.

Role and profile of the Chairman of the Board: Special practice 3.4

No independent Vice Chairman has been appointed at EYATH and consequently such person cannot lead the evaluation of the Chairman of the Board, or meetings of the non-executive members.

Nomination of Board members: Special practice 5.1 / Term in office

According to EYATH's Articles of Association, the Board's term in office is 5 years. The specific term in office facilitates the Company's development and strategic planning objectives and is not expected to be reduced.

Nomination of Board members: Special practice 5.4, Special practice 5.5, Special practice 5.6 and Special practice 5.7

EYATH has not set up a board nomination committee. Due to EYATH's special situation and the legislation governing how it operates, the practice can only be applied to a limited extent.

**Special practices in the Hellenic
Corporate Governance Code**
**Explanation/ justification for deviation from the special
practice in the Hellenic Corporate Governance Code**
**Functioning of the Board:
Special practice 6.1**

The internal regulations for EYATH's Board of Directors were approved by Board decision No. 402/2017.

**Board evaluation:
Special practice 7.1 and Special practice 7.3**

By the date this statement was drawn up, there were no evaluation procedures for the Board of Directors and its Committees, which are chaired by the Chairman. Moreover, the Board does not evaluate the Chairman's performance, which is a procedure that an independent Vice Chairman or other non-executive member (if there is no Vice Chairman) would have to oversee. Members of the Board of Directors are evaluated by the General Meeting of Shareholders.

**Board evaluation:
Special practice 7.2**

Non-executive members do not convene periodically without the executive members being present in order to evaluate the performance of the executive members and discuss their remuneration. The remuneration of members of the Board of Directors is set by the General Meeting of Shareholders. The Board is evaluated by the General Meeting, however the Company will examine the possibility of developing procedures to enable the Board's operations to be evaluated. The design of that evaluation process will be examined after the Board's internal regulations have been prepared.

**System of internal controls:
Special practice 1.7**

In Decision No. 67/2017 the Board of Directors approved the internal regulations of the Board's Internal Audit Committee.

**Level and structure of remuneration:
Special practice 1.1 and Special practice 1.10**

All Board members receive a fixed fee and a maximum cap has been set for executive members. Consequently, there is no possibility of remuneration being linked to the corporate strategy and the company's objectives, nor with remuneration being linked to how executive members perform.

**Level and structure of remuneration:
Special practice 1.4**

The remuneration for each executive member of the Board is approved by the General Meeting. The remuneration for executive members of the Board is not based on a recommendation from the remuneration committee since at present no remuneration committee has been set up by EYATH (the reasons for this were mentioned above).

**Level and structure of remuneration: Special practice 1.6,
Special practice 1.7, Special practice 1.8 and Special practice 1.9**

No remuneration committee has been set up by EYATH (the reasons for this were mentioned above).

Section: II. Main characteristics of the Internal Controls and Risk Management Systems in relation to the preparation of the Financial Statements

The Internal Audit Unit's mission is:

- to examine and evaluate the adequacy and effectiveness of the Company and Group's system of internal controls and to ascertain to what extent the system provides a reasonable assurance about:
- compliance with policies, procedures, guidelines and decisions of Company Management and the legislation governing its operations.
- adequate evaluation of the data processing systems, in order to ascertain to what extent such systems achieve their purposes and objectives, and adequate auditing procedures have been incorporated into them
- efficient and effective utilisation of the Company's available resources, and an overview of the means of safeguarding assets and an assurance per se of the existence of such assets (via inventories, counts, etc.)
- Reliability of the financial statements.
- The reliability and completeness of data, information and means used for decision-making.
- Management is briefed by the Audit Committee about the results of scheduled and unscheduled audits.
- Steps taken to correct auditing issues which have been identified and notified in the past are evaluated.

Internal auditing, as a function, is performed in an independent, objective manner and consequently has no power or other form of responsibility for the activities its oversees. The key principles guiding how internal audits are carried out are set out below:

- Each year an Audit Plan is drawn up, which includes areas to be audited during the year, the subject matter and timeframe for carrying out all auditing work. The annual Audit Plan is prepared based on risk assessment and is approved by the Audit Committee.
- Auditing work is carried out by 1st and 2nd class auditors with the required degree of professional diligence, conduct, confidentiality, objectivity and integrity, in compliance with the International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Conduct of the international Institute of Internal Auditors (IIA).
- When carrying out audits, Company auditors collaborate as necessary with staff and executives who are directly or indirectly involved in the activity being audited.
- The practices and detailed procedures implemented by Internal Auditing, and the operating framework for internal audits are outlined in detail in the Internal Audit Manual.
- The scope of audits and the findings which emerge from each auditing task are recorded in detail in internal Audit Reports. These are prepared by the class 1 and 2 auditors who were involved in the auditing task and are reviewed by the head of the Internal Audit Unit.
- Follow-up of corrective measures is done by the Internal Audit Unit at regular intervals depending on their seriousness.
- The Audit Committee periodically briefs Company Management about issues which come to the attention of auditors while carrying out audits, or from other sources which require further investigation by expert investigators.

Section: III. Modus operandi of the General Meeting of Shareholders, key powers and description of shareholder rights and how they can be exercised.

a) Modus operandi and powers of the General Meeting of Shareholders

The modus operandi and powers of the General Meeting of Shareholders and the rights of shareholders and how they exercise them are set out in detail in Articles 27 to 38 of the Company's Articles of Association, which are available to the public in hard copy at the Company's head offices.

According to the Articles of Association, the General Meeting of Shareholders is the supreme management body which decides on all corporate affairs and its lawful decisions are binding on all shareholders.

The General Meeting of Shareholders is convened by the Board of Directors and meets regularly at the place and time specified by the Board of Directors within the first six months from the end of each fiscal year.

The General Meeting convenes where at least 20 whole days before the meeting an invitation was published which clearly sets out the place and time of the meeting, the items on the agenda, and the procedure to be followed by shareholders to participate and exercise their voting rights.

The General Meeting meets and has a quorum where 1/5 of the share capital is represented at it, apart from cases where a larger quorum of 2/3 of the share capital is required by the Articles of Association.

Shareholders who participate in the General Meeting and have voting rights elect the Chairman and Secretary. The items on the agenda are then discussed and decisions are taken on those matters by absolute majority.

Minutes are kept of the items discussed and decided on by the General Meeting signed by the Chairman and Secretary.

The General Meeting is the sole body competent to decide on:

- a) Extension of the Company's effective term, merger or winding up.
- b) Amendment of the Articles of Association.
- c) Share capital increases or decreases.
- d) The election of members of the Board, auditors and valuers.
- e) Approval of the annual financial statements.
- f) Profit distribution.

b) Rights of Company shareholders

The rights of shareholders and the rights of shareholders with non-controlling interests are set out in the aforementioned articles of the Articles of Association.

The rights of Company shareholders deriving from its shares depend on their holding in the capital which corresponds to the paid-up value of each share. Each share grants all the rights specified by Codified Law 2190/1920 as amended and in force, and the Company's Articles of Association and in particular:

- Right to obtain a dividend from the Company's annual profits. 35% of the net profits (having deducted the statutory reserve first) are distributed from the profits each fiscal year to shareholders as a first dividend. The General Meeting decides on whether to distribute any additional dividend. Each shareholder entered in the register of shareholders maintained by the Company on the holder-of-record date are entitled to a dividend. The dividend will be paid to the shareholders within 2 months from the date of the Ordinary General Meeting that approved the annual financial statements. The place and manner of payment shall be announced in the press. The right to collect a dividend becomes statute-barred and the amount involved devolves to the State if not collected within 5 years from the end of the year in which the General Meeting approved distribution.
- Pre-emptive right for each Company share capital increase with cash and the right to subscribe new shares.
- The right to receive a copy of the financial statements and reports of chartered auditors and the Company's Board of Directors.
- The right to participate in the General Meeting which consists of the following specific rights: legal standing, attendance, participation in discussions, submission of proposals on items on the agenda, entry of views in the minutes and voting rights.
- The right to receive the contribution paid, upon liquidation or upon the writing off of capital corresponding to the shares, where this is decided upon by the General Meeting.
- The General Meeting of the Company's shareholders shall retain all its rights during the period of liquidation.

Company shareholders' liability is limited to the nominal value of the shares held.

Section: IV. Composition and modus operandi of the Board of Directors and other administrative, management and supervisory bodies or committees.

a) Composition and modus operandi of the Board

The composition and modus operandi as well as assignable and non-assignable competences of the Company's Board of Directors are set out in detail in Articles 12 to 25 of its Articles of Association and in the Company's internal regulations, which are available to the public in hard copy at the Company's head offices.

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By the time this statement was prepared, there was no nomination committee.

On 11 May 2016, the Ordinary General Meeting of Shareholders elected a new Board of Directors for a 5-year term in office which ends on 10 May 2021 comprised of the following 11 members, following BoD decision No. 179/11.5.2016 and elections held by the company's trade union:

1. Ioannis Krestenitis, Chairman & CEO, executive member
2. Ioannis Papaioannou, Vice Chairman, executive member
3. Styliani Valani, executive member
4. Stefania Tanimanidou, Member, independent non-executive member
5. Ioannis Antoniadis, Member, independent non-executive member
6. Evdoxos Petridis, Member, non-executive member
7. Olympia Latsiou - Chrysafi, Member, non-executive member
8. Ioannis Tsionas, Member, non-executive member
9. Eleftheria Karahaliou, Member, non-executive member
10. Georgios Archontopoulos, Member, non-executive member, representative of employees
11. Anastasios Sachinidis, Member, non-executive member, representative of employees

In line with Article 13 of the Articles of Association, the Board of Directors is comprised of between 7 and 11 members.

At the Board meeting of 6 April 2017, Panagiotis Gogos was elected as an independent non-executive member, to replace Ioannis Antoniadis who had resigned.

At the meeting on 27.7.2017 Marina Kouri was elected as a non-executive member of the Board of EYATH S.A. to replace Eleftheria Karahaliou.

At the meeting of 12.10.2017 Petros Samaras was elected to replace Mr. Ioannis Tsionas who had resigned. Mr Samaras was appointed to the Board and to the Company's Audit Committee in accordance with Article 44 of Law 4449/2017.

Following those replacements, on 12.10.2017 EYATH S.A.'s Board official re-established itself and allocated the following roles to its members:

- Ioannis Krestenitis, Chairman & CEO, executive member
- Ioannis Papaioannou, 1st Vice Chairman, executive member
- Styliani Valani, 2nd Vice Chairman, non-executive member
- Stefania Tanimanidou, independent non-executive member
- Panagiotis Gogos, independent non-executive member
- Evdoxos Petridis, non-executive member
- Olympias Latsiou, non-executive member
- Petros Samaras, non-executive member
- Marina Kouri, non-executive member
- Georgios Archontopoulos, non-executive member, representative of employees
- Anastasios Sachinidis, non-executive member, representative of employees

Data is set out below about the gender distribution and age of Board members and senior executives:

Board of Directors	No. of people	%
Men	7	64%
Women	4	36%
Total	11	100%

The age range of Board members is from 33 to 70.

Senior Executives	No. of people	%
Men	7	87%
Women	1	13%
Total	8	100%

The age range of senior executives is from 50 to 69.

b) Independence of Board members

The Board's two independent members meet all requirements on relationships of dependence set out in the Code.

c) Board meetings

In the period 1.1-31.12.2017 the Board of Directors met 34 times, and all members of the Board were presented in person or via a lawful representative at 12 of those meetings. At 17 meetings, 1 independent non-executive member was missing, at 5 meetings 1 non-executive member was absent and at 4 meetings 1 non-executive member was absent.

d) Board Committees

Audit Committee

According to the Company's internal regulations, the Board of Directors runs an Audit Committee whose members in the period 1.1.2017 - 5.4.2017 were as follows:

- Mr. Ioannis Antoniadis, independent non-executive member, attorney at law
- Mrs. Stefania Tanimanidou, independent non-executive member, economist
- Mr. Evdoxos Petridis, non-executive member, engineer.

Mr. Ioannis Antoniadis served as Chairman of the Audit Committee.

For the time period from 6.4.2017 to 7.6.2017:

- Panagiotis Gogos, independent non-executive member, economist
- Mrs. Stefania Tanimanidou, independent non-executive member, economist
- Mr. Evdoxos Petridis, non-executive member, engineer.

The duties of Chairman of the Audit Committee were performed by Mr. Panagiotis Gogos.

For the time period from 8.6.2017 to 11.10.2017:

- Panagiotis Gogos, independent non-executive member, economist
- Mrs. Stefania Tanimanidou, independent non-executive member, economist
- Ioannis Tsionas, non-executive member, engineer.

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The duties of Chairman of the Audit Committee were performed by Mr. Panagiotis Gogos.

For the time period from 12.10.2017 to the present day:

- Panagiotis Gogos, independent non-executive member, economist
- Mrs. Stefania Tanimanidou, independent non-executive member, economist
- Petros Samaras, non-executive member, chemical engineer.

The duties of Chairman of the Audit Committee were performed by Mr. Panagiotis Gogos.

All members attended the regular meetings of that committee held in the period 01/01/2017– 31/12/2017 in person (the relevant minutes were kept which addressed the following matters:

- monitoring of the financial reporting process in the first half of 2017
 - approving the Audit Committee regulations and making recommendations thereon to the Board
 - approving the annual audit plan for the Internal Audit Unit for 2017 and making recommendations thereon to the Board of Directors
 - presenting the quarterly reports for 2016 Q4 and 2017 Q1, Q2 and Q3 prepared by the Internal Audit Unit to the Board of Directors
 - selecting certified public accountants for ordinary and tax audits for 2017, and approving their fees, and making recommendations thereon to the Company's General Meeting
 - monitoring the progress of the mandatory audit of the financial statements by the certified public accountants Athanasia Arabatzi (ICPA (GR) Reg. No. 12821) and Christos Vargiomezis (ICPA (GR) Reg. No. 30891).
 - reviewing and monitoring of issues related to whether the certified public accountants and the auditing firm GRANT THORNTON S.A. are -and remain- objective and independent especially as regards other services provided to the Company by them.
- The Audit Committee met a total of 9 times during the year.

e) Evaluation and remuneration of Members of the Board

By the date this statement was prepared there was no remuneration committee and there were no procedures for evaluating the Board of Directors and its committees.

Members of the Board are evaluated, and their remuneration and that of the Chairman and CEO are set by the General Meeting. Board members do not receive additional remuneration from the Company, except for the 2 non-executive members of the Board who are employee representatives. According to Article 23 of the Articles of Association, the Board's pay and remuneration are set by decision of the Ordinary General Meeting of Shareholders.

g) Conduct of Board members and Company executives

All Board members and Company executives are obliged to comply at all times with the Company's ethics and professional conduct rules, which are set out in its internal regulations.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to:

- Revoke Interministerial Committee for Restructuring and Privatisation decision No. 195/27.10.2011 (Government Gazette 754/B) to the extent that it transferred 14,520,000 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.
- Revoke Interministerial Committee for Restructuring and Privatisation Decision oik. 206/25.4/2012, Government Gazette 1363/B/26.4.2012), to the extent that it transferred 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

The decision was published in Government Gazette 614/B/22.02.2018.

Following that, according to the notice submitted by the Ministry of Finance, which the company received by email on 21.3.2018, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital.

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The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADE.

The Greek State's total direct and indirect holding in those companies has not changed.

In light of those transfers and notices on the date this Board of Directors' Report was prepared, the Company's shareholder line-up is as follows:

SHAREHOLDER		Number of shares held		Holding on 01/01/2018
HCAP		18,150,001		50.00% +1
HRADE		8,717,999		24.02%
Other shareholders		9,432,000		25.98%
Total		36,300,000		100.00%

- On 31.12.2016 contracts for work entered into by the subsidiary EYATH SERVICES S.A. expired but were extended to 30.6.2017 under Article 46 of Law 4440/2016. All persons engaged under such contracts sought recourse to the courts and obtained an interim order until the final judgment on the petition for injunctive relief is handed down. Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected their claims against the Company and the subsidiary EYATH SERVICES S.A. and since that date they have ceased offering their services to the company.

There are no events between 31 December 2017 and the date on which the financial statements were approved by the Company's Board of Directors which could materially affect the financial position or the Company's results for the period that ended on this date, or other events which should be disclosed in the financial statements.

Thessaloniki, 29 March 2018

ON BEHALF OF THE BOARD OF DIRECTORS

Ioannis Krestenitis
Chairman of the Board & CEO
ID Card No. AB 680550

Ioannis Papaioannou
Vice Chairman
ID Card No. AE 183479

Panagiotis Gogos
Board member & Chairman of the Audit
Committee
ID Card No. AE 680814



Independent Auditor's Report

To the Shareholders of "THESSALONIKI WATER SUPPLY & SEWERAGE Co. S.A."

Report on the audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of "THESSALONIKI WATER SUPPLY & SEWERAGE Co. S.A." (Company and/or Group), which comprise the separate and consolidated statement of financial position as at December 31, 2017, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of the Company and the Group as at 31 December 2017, their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as they have been incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of separate and consolidated financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters, as well as the related risk of significant misstatements, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters**How our audit addressed the key audit matter**

Trade Receivables – Trade Receivables Recoverability Assessment

As at 31/12/2017, the Group's trade receivables had a total of € 74.953 (€ 70.942 as at 31/12/2016), while accumulated provision for bad debt amounted at € 25.700 (€ 23.210 as at 31/12/2016), as referred to in Notes 5.1 and 12 of the financial statements.

Trade receivables mainly include receivables arising from sale of water supply, sewerage and other services. The economic crisis, combined with reduction in disposable income of households and corporations has increased the risk of bad receivables.

In order to estimate the recoverability of trade receivables, Management reviews maturity of customer balances, their credit history, and settlement of subsequent payments in accordance with the arrangement. Management also takes into account the available recent or historical data provided by the Legal Department.

Given the significance of the matter and the level of judgment and estimates involved, we consider this issue to be one of the key audit matters.

Our audit procedures regarding assessment of trade receivables include among others, the following:

- Assessment of assumptions and methodology used by Management in estimating recoverability of trade receivables.
- Examination of the attorney's confirmation letter regarding bad receivables and identification of any indication of doubtful accounts.
- Assessment of provision of bad debt, taking into account specific debtors classifications and factors, such as maturity, substantial debtors and high risk debtors.
- Assessment of recoverability of balances through comparing the year end closing balances with subsequent amounts collected / settlements.
- We also assessed adequacy and appropriateness of the disclosures included in Notes 5.1 and 12 of financial statements.

Contingent liabilities and provisions for litigations

As at 31/12/2017, the Group is engaged in numerous litigation claims and arbitration procedures totaling approximately € 29,7 million, for which a provision is recognized amounting to approximately € 6,036 million. The relative reference is provided in Notes 5.5, 17 and 28.1 to financial statements.

Management uses legal advisors who periodically examine all significant legal cases. If the potential loss from litigation is considered probable and the amount can be estimated reliably, Management recognizes the relevant provision in the financial statements.

Management's assessment in respect of the outcome of legal cases involves subjectivity, as it requires significant judgment to include assessments based on the latest available information, determination of potential risk and reliable data on similar court cases. Negative outcome in the course of litigations or on the basis of estimates made by Management and external legal advisors could result in recognizing impairment losses that may have a material impact on the Group's income statement.

Given the above factors, significant Management's estimates and the amount of provisions and contingent liabilities, we consider this issue to be one of the key audit matters.

Our audit procedures regarding contingent liabilities and provisions for litigations include, among others, the following:

- Analysis of provisions that have been made in comparison with the detailed checklist of pending court cases held by the Group's Legal Department
- Receiving direct external confirmation letter from legal advisors handling pending court cases
- Discussion with the Group's Legal Department on legal cases and their potential outcome, and assessment of reasonableness of estimates as well as the evidence on which Management's assessment is based
- We also assessed the adequacy and appropriateness of the disclosures included in explanatory Notes 5.5, 17 and 28.1 of the financial statements

Other Information

Management is responsible for the other information. The other information, which is included in the Annual Financial Report, includes the Board of Director's Report, the reference to which is made in the "Report on Other Legal and Regulatory Requirements" section of our Report and Statements of the Members of the Board of Directors, but does not include the separate and consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 affect the economic decisions of users taken on the basis of these separate and consolidated financial statements.

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

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

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

- Evaluate the overall presentation, structure and content of the separated and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration the fact that Management is responsible for the preparation of the Board of Directors' Report under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, we note the following:

- The Board of Directors' Report includes the Corporate Governance Statement that provides the information required by article 43bb, CL 2190/1920.
- In our opinion, the Board of Directors' Report has been prepared in compliance with the applicable legal requirements of Article 43a and 107A of Paragraph 1 (cases c' and d') of Article 43bb of CL 2190/1920, and its content is consistent with the accompanying separate and consolidated financial statements for the year ended as at 31/12/2017.
- Based on the knowledge we acquired during our audit of "THESSALONIKI WATER SUPPLY & SEWERAGE Co. S.A." and its environment, we have not identified any material inconsistencies in the Board of Directors' Report.

2. Additional Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report to the Company's Audit Committee, prepared in compliance with Article 11, Regulation (EU) No 537/2014.



3. Provision of Non-Audit Services

We have not provided to the company and its subsidiary the prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014.

Authorized non-audit services provided by us to the Company during the year ended as at December 31, 2017 are disclosed in Note 22 to the accompanying separate and consolidated financial statements.

4. Auditor's Appointment

We were first appointed as auditors of the Company by the Annual General Meeting of Shareholders on 04/08/2011. Since then, our appointment has been renewed annually for a total uninterrupted period of 6 years following the Decisions of the Annual General Meetings of Shareholders.

Athens, March 30, 2018

The Certified Public Accountants

Athanasia Arabatzi
I.C.P.A. Reg. No 12821

Christos Vargemezis
I.C.P.A. Reg. No 30891

STATEMENT OF FINANCIAL POSITION

		THE GROUP		THE COMPANY	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
ASSETS					
Non-Current Assets					
Tangible assets	7	76,878	80,275	76,878	80,275
Intangible assets	8	342	401	342	401
Participations in subsidiaries	9	-	-	60	60
Deferred tax assets	25	3,133	3,376	3,133	3,376
Other long-term assets	10	3,914	1,880	3,914	1,880
Total non-current assets		84,267	85,933	84,326	85,992
Current Assets					
Inventories	11	1,620	1,336	1,620	1,336
Trade and other receivables	12	49,253	47,732	49,242	47,783
Cash and Cash Equivalents	13	65,210	56,697	64,914	56,302
Total current assets		116,083	105,766	115,776	105,421
TOTAL ASSETS		200,349	191,698	200,103	191,413
EQUITY					
Share capital and reserves					
Share capital	14	40,656	40,656	40,656	40,656
Premium on capital stock	14	2,830	2,830	2,830	2,830
Reserves	15	29,065	28,221	29,042	28,198
Results carried forward		89,873	82,448	89,880	82,111
Total equity		162,424	154,155	162,408	153,795
Non-controlling interests					
Total equity		162,424	154,155	162,408	153,795
LIABILITIES					
Long-term liabilities					
Provisions for employee benefits	16	1,892	1,998	1,892	1,998
Provisions for contingencies and expenses	17	8,246	8,888	7,715	8,888
Grants	18	1,994	2,345	1,994	2,345
Other long-term liabilities	19	14,417	14,024	14,417	14,024
Total long-term liabilities		26,548	27,254	26,017	27,254
Short-term liabilities					
Trade and other liabilities	20	10,973	9,712	11,279	9,863
Short-term tax liabilities	21	405	576	398	501
Total short-term liabilities		11,377	10,288	11,677	10,364
Total Liabilities		37,925	37,542	37,694	37,618
TOTAL OWNERS' EQUITY AND LIABILITIES		200,349	191,698	200,102	191,413

The disclosures on pages 42 to 79 constitute an integral part of these financial statements.

THESSALONIKI WATER SUPPLY & SEWERAGE CO. S.A.

STATEMENT OF COMPREHENSIVE INCOME

	Note	THE GROUP		THE COMPANY	
		01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Sales	6	73,401	73,278	73,401	73,278
Less: Cost of sales	22	(43,258)	(43,782)	(41,796)	(43,037)
Gross profit margin		30,143	29,496	31,605	30,241
Other operating income	23	3,039	4,553	2,953	4,462
		33,182	34,049	34,558	34,703
Selling and distribution expenses	22	(4,566)	(4,417)	(6,072)	(5,082)
Administrative expenses	22	(3,814)	(4,213)	(3,952)	(4,306)
Research & Development expenses	22	(148)	(491)	(148)	(621)
Other operating expenses	23	(1,367)	(4,432)	(834)	(4,396)
Results of operations		23,288	20,496	23,552	20,298
Net Financial Income	24	1,643	1,272	1,642	1,270
Result from usual business		24,931	21,769	25,194	21,568
Income from investments					
Results before tax		24,931	21,769	25,194	21,568
Income tax	25	(8,481)	(9,311)	(8,400)	(9,237)
Results net of tax		16,449	12,457	16,794	12,331
Allocated among:					
Parent shareholders		16,449	12,457	16,794	12,331
Non-controlling interests					
Other comprehensive income net of tax:					
Data that will not be classified later in the Income Statement:					
Actuarial Results		96	105	96	105
Total comprehensive income net of tax		16,545	12,562	16,890	12,436
Allocated among:					
Parent shareholders		16,545	12,562	16,890	12,436
Non-controlling interests					
Earnings per share (in euro per share)	26	0.4532	0.3432	0.4626	0.3397
Basic					

The disclosures on pages 42 to 79 constitute an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity (Group)

	Share capital	Share premium	Statutory Reserve	Other reserves	Other comprehensive income / results carried forward	TOTAL
Balance on 01/01/2017 according to IFRS	40,656	2,830	11,184	17,035	82,449	154,155
Total comprehensive income net of tax 1/1/2017 - -31/12/2017						
			845		15,605	16,449
Other Total Income of period 01/01 - 31/12/2017					96	96
Other changes						
Dividends distributed					(8,276)	(8,276)
Balance on 31/12/2017 according to IFRS	40,656	2,830	12,029	17,035	89,874	162,424
Balance on 01/01/2016 according to IFRS	40,656	2,830	10,563	16,984	79,635	150,669
Total comprehensive income net of tax 1/1/2016 - -31/12/2016						
			621		11,836	12,457
Other Total Income of period 01/01 - 31/12/2016					105	105
Other changes				51	(51)	
Dividends distributed					(9,075)	(9,075)
Balance on 31/12/2016 according to IFRS	40,656	2,830	11,184	17,035	82,449	154,155

Statement of changes in equity (Company)

	Share capital	Share premium	Statutory Reserve	Other reserves	Other comprehensive income /results carried forward	Total
Balance on 01/01/2017 according to IFRS	40,656	2,830	11,162	17,035	82,112	153,795
Total comprehensive income net of tax 1/1/2017 - -31/12/2016						
			845		15,949	16,795
Other Total Income of period 01/01 - 31/12/2017					96	96
Other changes						
Dividends distributed					(8,276)	(8,276)
Balance on 31/12/2017 according to IFRS	40,656	2,830	12,007	17,035	89,881	162,410
Balance on 01/01/2016 according to IFRS	40,656	2,830	10,541	16,984	79,425	150,435
Total comprehensive income net of tax 1/1/2016 - -31/12/2016						
			621		11,710	12,331
Other Total Income of period 01/01 - 31/12/2016					105	105
Other changes				51	(51)	
Dividends distributed					(9,075)	(9,075)
Balance on 31/12/2016 according to IFRS	40,656	2,830	11,162	17,035	82,112	153,795

The disclosures on pages 42 to 79 constitute an integral part of these financial statements.

THESSALONIKI WATER SUPPLY & SEWERAGE CO. S.A.

CASH FLOW STATEMENT

Indirect method

	Note	THE GROUP		THE COMPANY	
		01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Cash flow from operating activities					
Profit / (loss) before income tax (continuing operations)		24,931	21,769	25,194	21,568
Plus/(Minus) adjustments for:					
Depreciation	7&8	6,576	6,402	6,576	6,401
Fixed asset investment subsidies	18	(351)	(397)	(351)	(397)
Provisions		1,605	4,583	1,075	4,583
Interest and related (income) / expenses		(1,643)	(1,272)	(1,642)	(1,270)
		31,117	31,084	30,851	30,884
Decrease/ (increase) in inventories		(283)	591	(283)	591
Decrease/(increase) in trade and other receivables		(3,945)	3,094	(3,945)	3,080
Increase / (Decrease) of trade and other liabilities (except loans)		1,473	(7,632)	1,706	(7,627)
Decrease/ (increase) in other long-term receivables		(2,034)	53	(2,034)	53
(Less):					
Interest charges and related expenses paid		(77)	(50)	(77)	(57)
Tax paid		(8,344)	(8,330)	(8,210)	(8,330)
Total inflow/(outflow) from operating activities (a)		17,908	18,809	18,009	18,594
Cash Flows from Operating Activities					
Purchases of tangible assets	7	(3,086)	(5,181)	(3,086)	(5,181)
Purchase of intangible assets	8	(33)	(330)	(33)	(330)
Sales of fixed assets		2		2	
Dividends collected					
Interest received		1,720	1,312	1,718	1,312
Total inflow/(outflow) from investing activities (b)		(1,398)	(4,199)	(1,399)	(4,200)
Cash flows from financing activities					
Dividends paid		(7,997)	(8,869)	(7,997)	(8,869)
Total inflow / (outflow) from financing activities (c)		(7,997)	(8,869)	(7,997)	(8,869)
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)		8,513	5,741	8,613	5,526
Cash assets and equivalents at start of year		56,697	50,956	56,302	50,776
Cash assets and equivalents at end of period	13	65,210	56,697	64,914	56,302

The disclosures on pages 42 to 79 constitute an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1. GENERAL INFORMATION ABOUT THE COMPANY AND THE GROUP**

The **THESSALONIKI WATER SUPPLY & SEWERAGE CO S.A.** trading as EYATH S.A. (or the «Company») provides water supply and sewerage services. Also, the «Group», through its subsidiary EYATH Services S.A., has the purpose of providing all types of telecommunication services and engages in the production and sale of electricity, in addition to the parent company's operations.

Board of Directors:

1. Ioannis Krestenitis, Chairman & CEO, executive member
2. Ioannis Papaioannou, 1st Vice Chairman, executive member
3. Styliani Valani, 2nd Vice Chairman, non-executive member
4. Stefania Tanimanidou, Member, independent non-executive member
5. Panagiotis Gogos, Member, independent non-executive member
6. Evdoxos Petridis, Member, non-executive member
7. Olympia Latsiou - Chrysafi, Member, non-executive member
8. Petros Samaras, Member, non-executive member
9. Marina Kouri, Member, non-executive member
10. Georgios Archontopoulos, Member, non-executive member, representative of employees
11. Anastasios Sachinidis, Member, non-executive member, representative of employees

Company registered office: 127 Egnatias St. Thessaloniki GR-54635 Greece

Companies Reg. No.: 41913/06/B/98/32

General Commercial Registry No.: 58240404000

Auditing Company: GRANT THORNTON SA

56 Zefyrou St.

Paleo Faliro GR-17564

Athens, Greece

ICPA (GR) Reg. No. 127

The Company's shares are traded in the Large Capitalisation category on the Athens Stock Exchange.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**2.1 Basis of preparation of the financial statements**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and the interpretations issued by the IFRIC Committee, as adopted by the European Union up to 31 December 2017. The key accounting policies implemented for drawing up the financial statements for the period that ended on 31 December 2017 are the same as those followed when drawing up the annual financial statements of the year ended on 31 December 2016, and are described in them. Where necessary, the comparable data have been reclassified to agree with any changes to the presentation of the current period data. Any differences between the amounts reported in the financial statements and the respective amounts in the notes are due to rounding.

The financial statements have been prepared based on the historical cost conventions, as disclosed in the company's accounting policies below, which were approved by the BoD on 29/03/2018 and are subject to approval by the General Meeting.

Preparing the financial statements in accordance with the IFRS requires the adoption of certain estimates and assumptions. It also requires Management to use its discretion when implementing the Company's accounting policies. Areas entailing a high degree of subjectivity or which are complex or where assumptions and estimates are significant for the financial statements are cited in Note 5 below.

2.2. Standards and interpretations mandatory for the fiscal year ended

Specific new standards, amendments to standards and interpretations have been issued which are mandatory for accounting periods which commence on or after 1.1.2017. An assessment of the Group as regards the effect of the application of such new standards, amendments and interpretations is given below:

Standards and interpretations mandatory for the current fiscal year

IAS 7 (Amendments) "Disclosures"

The amendments introduce mandatory disclosures that provide the capability to users of financial statements to evaluate the changes to liabilities from financing activities.

IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses"

The amendments clarify the accounting handling related to the recognition of deferred tax assets on unrealised losses related to debt instruments measured at fair value.

Annual improvements to the IFRSs (2014 -2016 Cycle)

IFRS 12 "Disclosure of interests in other economic entities"

This amendment provides clarifications about the fact that the obligation to provide disclosures under IFRS 12 applies to interests in entities which have been classified as held for sale, in addition to the obligation to provide condensed financial information.

IFRS 9 "Financial instruments" and later amendments to IFRS 9 and IFRS 7 (effective for annual accounting periods commencing on or after 1.1.2018).

IFRS 9 replaces the provisions of IAS 39 pertaining to the classification and measurement of the financial assets and liabilities, and also includes a model of expected credit loss that replaces the model of incurred credit losses that is currently implemented. IFRS 9 establishes a principle-based approach of hedge accounting and addresses inconsistencies and weaknesses in the current model of the IAS 39. The Group will apply the new standard on 1.1.2018 and will not adjust the comparative information. As for trade receivables, the company will apply the simplified method to calculate expected credit losses over the lifetime of its trade receivables. During 2017 the Group carried out an evaluation of the impact of the standard and concluded that the impact from applying it will primarily relate to the impairment of trade receivables. That evaluation was based on the most recently available information and is subject to changes which may arise from other support material which will become available to the Group when it implements the standard in 2018. When applying the standard, the rise in losses from provisions of customer bad debt and the corresponding negative impact on equity are not expected to be significant for the Group. Standards and Interpretations mandatory for later accounting periods

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual accounting periods commencing on or after 1.1.2019)

If a specific condition is met the amendments allow companies to measure financial assets with prepayment features with negative compensation at amortised cost or fair value through comprehensive income, instead of at fair value through profit and loss. The group cannot apply the amendments earlier since they have not yet been adopted by the European Union.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual accounting periods commencing on or after 1.1.2018)

IFRS 15 was issued in May 2014. The purpose of the standard is to provide a single, easy to understand model recognising revenue from contracts with customers in order to improve comparability between companies of the same industry, across industries and different capital markets. It includes the principles which an economic entity must implement to determine the measurement of the revenue and the time of its recognition. The basic principle is that an economic entity will recognise the revenue in a manner that reflects the transfer of goods or services to customers at the amount which it anticipates to be entitled to in exchange for these goods or services. The group will implement the standard retrospectively, with the cumulative impact of initial adoption being recognised on the adoption date of 1.1.2018, as an adjustment to the opening balance of the retained earnings account, without adjusting the comparative data.

The group evaluates the sources of income, applying the 5 steps described in the standard, in order to identify areas which could be affected. Group Management reached the conclusion that generally speaking contracts with customers consist of an obligation to perform or provide a service and the prices are fixed and are based on price lists. Revenues are recognised the minute the service is provided to the customer. In light of that assessment, the Group concluded that the specific standard will not have a significant impact on its financial statements.

IFRS 16 "Leases" (effective for annual accounting periods commencing on or after 1.1.2019)

IFRS 16 was published in January of 2016, to replace IAS 17. The purpose of the standard is to ensure that lessees and lessors provide useful information that fairly presents the essence of the transactions related to leases. IFRS 16 introduces a single accounting model from the lessee's side, which requires the lessee to recognise assets and liabilities for all lease contracts with a term of more than 12 months, unless the underlying asset is of low value. As regards the accounting handling by the lessor, IFRS 16 essentially incorporates the requirements of IAS 17. Therefore, the lessor continues to classify lease contracts into operating and financial leases, and handle each type of contract differently in the accounts. The standard is not expected to have a significant impact on the Group and company.

IAS 40 (Amendments) "Transfers of investment property" (effective for annual accounting periods commencing on or after 1.1.2018)

The amendments clarify that in order to transfer to/from the investment property category, there must have been a change in use. In order for there to have been a change in the property's use, it is essential to evaluate to what extent the property meets the definition and that the change in use can be documented with evidence.

IAS 28 (Amendments) "Investments in associates and joint ventures" (effective for annual accounting periods commencing on or after 1.1.2019)

The amendments make it clear that entities must account for long-term holdings in an associate or joint venture to which the equity

method does not apply, using IFRS 9. These standards have not yet been adopted by the European Union.

IFRIC 22 “Foreign currency transactions and advance consideration” (effective for annual accounting periods commencing on or after 1.1.2018)

The Interpretation provides guidance about how to identify the transaction date when the Standard relevant to foreign current transactions (IAS 21) applies. This Interpretation applies when an entity

either pays or collects in advance the price of contracts expressed in a foreign currency. This Interpretation has not yet been adopted by the European Union.

IFRIC 23 “Uncertainty over Income Tax Treatments” (effective for annual accounting periods commencing on or after 1.1.2019)

The interpretation provides explanations about how to recognise and measure current and deferred income tax when there is uncertainty about the tax treatment of certain assets. IFRIC 23 applies to all aspects of income tax accounting when there is such uncertainty, including taxable profits/losses, the tax base of assets and liabilities, tax profits and losses and tax rates. This Interpretation has not yet been adopted by the European Union.

IAS 19 (Amendments) “Plan Amendment, Curtailment or Settlement” (Effective for annual accounting periods commencing on or after 1.1.2019)

The amendments lay down how entities must define pension costs when changes are made to defined benefit pension plans. These standards have not yet been adopted by the European Union.

Annual improvements to the IFRSs (2014 -2016 Cycle)

IAS 28 (Amendments) “Investments in associates and joint ventures” (effective for annual accounting periods commencing on or after 1.1.2018)

The amendments provide clarifications about the fact 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 a venture capital organisation, mutual fund or entities with similar activities, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Annual improvements to the IFRS (2015 – 2017 Cycle) (effective for annual accounting periods commencing on or after 1.1.2019)

The amendments presented below describe the basic changes to four IFRSs. These standards have not yet been adopted by the European Union.

IFRS 3 “Business Combinations” The amendments clarify how an entity re-measures the percentage previously held in a jointly controlled activity when it acquires control of that undertaking.

IFRS 11

Joint Arrangements The amendments clarify how an entity should not re-measure the percentage previously held in a jointly controlled activity when it acquires joint control of that undertaking.

IAS 12

Income Tax

The amendments clarify how an entity should account for all incomes of dividend payments on income tax, doing so in the same way.

3. MAIN ACCOUNTING POLICIES

3.1 Investments in subsidiaries

Subsidiaries are businesses over which the Group exerts control. The parent company acquires and exercises control via voting rights. The existence of any potential voting rights which are exercisable at the time the financial statements are prepared is taken into account in order to determine whether the parent company exercises control over subsidiaries. Subsidiaries are fully consolidated from the date on which control of them is acquired and they cease to be consolidated from the date on which such control no longer exists.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquiring a subsidiary is the fair value of the assets given, the shares issued and the liabilities assumed on the transaction date plus any cost directly associated with the transaction. Individual assets, liabilities and contingent liabilities acquired in a business combination are measured at acquisition at fair value regardless of the holding. The cost of acquisition above fair value of the specific assets acquired is posted as goodwill. If the total acquisition cost is lower than the fair value of the individual assets acquired, the difference is directly recorded in the profit and loss account.

Intra-group transactions, balances and unrealised profits from transactions between companies in the group are crossed out. Unrealised losses are also crossed out but are taken into account as indications of impairment of the asset transferred. The subsidiary's accounting policies have been changed, where necessary, so that they are identical with those adopted by the Group.

Investments in subsidiaries in the parent company's separate financial statements are valued at acquisition cost less any accumulated impairment losses.

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3.2 Basis of consolidation:

The consolidated financial statements consist of the financial statements of the parent company and the subsidiary of the Group. The following table presents the parent and the subsidiary included in the consolidation, together with the corresponding participation percentages, the country where they are registered as well as their activity.

COMPANIES	% GROUP	COUNTRY	ACTIVITY
THESSALONIKI WATER SUPPLY AND SEWERAGE S.A. (EYATH) EYATH SERVICES S.A.	PARENT COMPANY 100%	GREECE GREECE	Water supply & Sewerage Services Provision of all types of Water supply & Sewerage Services, telecommunication services & production / sale of electricity

3.3 Tangible fixed assets

Tangible assets are measured at acquisition cost less accumulated depreciation and impairment. The cost of acquisition includes all directly payable expenses for acquiring assets. Subsequent expenses are recorded as an increase to the book value of the fixed assets or as a separate asset only where it is likely that the future financial benefits accruing to the Group and the cost can be reliably measured. The cost of repair and maintenance works is recognised in profit and loss when the said works are carried out.

Plots – lots are not depreciated. Depreciation of other tangible assets is calculated using the straight line method, charged in equal amounts over the asset's expected useful life, so as to write off the cost at residual value, as follows:

Buildings and technical works 9 to 40 years
Machinery and installations 10 -25 years
Transportation equipment 10 -15 years
Furniture and other equipment 6 -15 years

Residual value and the useful life of tangible assets are subject to re-examination on each balance sheet date. When the book value of tangible assets exceeds the recoverable value the differences (impairment) are posted as expenses to the results.

When the tangible assets are sold, differences between the price received and the book value are posted as profits or losses in the income statement. Financial expenses which relate to the construction of assets are capitalised for the time required to complete construction. All other financial expenses are recognised in the income statement.

3.4 Intangible assets

3.4.1 Software

Software here means the cost of purchasing or developing such software, such as payrolling, materials and services, as well as all expenses incurred to develop software in order for it to be put into service. Costs which improve or extend the performance of software beyond initial specifications are recognised as capital expenditure and added to the initial cost of the software.

Depreciation on software is imputed to the income statement using straight line depreciation over the entire useful life of the asset. The estimated useful life is 6 years.

3.4.2 Product Research and Development (R&D) cost

The R&D cost is recognised in the Income Statement when incurred. Development costs are incurred mainly for the development of new products and production methods. The costs incurred for developing a separate program are recognised as intangible assets only when the requirements of IAS 38 "Intangible assets" are met.

3.5 Asset impairment

Tangible and intangible assets as well as other non-current assets are examined for possible impairment loss whenever events or changes in circumstances indicate that their book value may not be recoverable. Whenever the book value of a fixed asset exceeds its recoverable amount, its corresponding impairment loss is presented in the results. The recoverable value of an asset is either the estimated net sale value or the value in use, whichever is higher. The net sale price is the amount which could be obtained from selling an asset in a two-way transaction where the parties are fully cognisant and which they enter into freely, having deducted any additional direct cost of selling the asset. The value in use is the current value of the estimated future cash flows anticipated to flow into the enterprise from asset usage and disposal at the end of its anticipated useful life. If it is not possible to estimate the recoverable amount of an asset, for which there is an indication of impairment, the recoverable amount of cash-generating unit to which the asset belongs must be calculated.

Impairment losses for assets booked in previous years may only be reversed where there are satisfactory indications that such impairment no longer exists or has reduced. In such cases the reversal is recognised as income.

3.6 Inventories

Inventories are valued at acquisition cost or net realisable value, whichever is lower. The cost is calculated using the average weighted cost method. The financial cost is not included in the acquisition cost of inventories. Net realisable value is assessed based on current sale prices of inventories in the context of normal activities less any sales expenses which apply in the case.

More specifically, inventories/stocks consisting of specialist spare parts for machinery purchased when the machinery is purchased are considered to be an integral part of the machinery's value and are depreciated along with the machinery, while replacements for used spare parts are expensed at the time of purchase. On the contrary though, consumables for machinery maintenance and spare parts for general use are included in inventories and are expensed at the time of consumption.

3.7 Trade and other receivables

Receivables from customers are posted initially at fair value and subsequently valued at carried cost using the effective interest rate less impairment losses. Impairment losses (losses from bad debt) are recognised when there are objective indications that the Group and the Company are not in a position to collect the amounts due based on contractual terms. The amount of impairment loss is the difference between the book value of receivables and the present value of estimated future cash flows, discounted at the effective interest rate. The impairment loss is recorded as an expense in the results for the period, in the Selling Expenses account in the Statement of Comprehensive Income. Every write-off of bad debt is performed by debiting the provision for bad debts. Write-offs of bad debt which go above the provision that has been formed affect the results for the year. If bad debt that was written off is then collected, the amount is entered as income in the results for the period in which it is collected.

3.8 Cash assets

Cash also includes cash equivalents such as sight deposits and short-term time deposits. Overdrafts payable upon first demand, which are an integral part of managing the Group and Company's cash are included as an integral part of cash for the purpose of preparing the cash flow statement.

3.9 Share capital

Expenditure paid to third parties related directly to the issuing of new shares is recorded in equity, less the corresponding tax, as a reduction in the premium on capital stock.

When acquiring own shares, the price paid including relevant expenses are presented as reducing equity.

3.10 Loans

All loans are initially recorded at fair value, less loan acquisition costs. Loans are subsequently valued at the depreciated acquisition value using the discount rate method. Any difference between the benefit (other than acquisition costs) and discount value is recognised in the results over the term of the loans.

On 31/12/2017 and 31/12/2016 there were no loan liabilities.

3.11 Income tax

Current and deferred income tax is calculated based on the relevant financial statement accounts, in accordance with taxation laws which apply in Greece. Current income tax relates to tax on the taxable profits of the Group and Company adjusted in accordance with tax law requirements and calculated based on the current tax rate.

Deferred taxation is calculated using the liability method on all interim differences on the balance sheet date between the taxation basis and the book value of the assets and liabilities.

Expected tax discounts from interim tax adjustments are determined and presented either as future (deferred) tax liabilities or as deferred tax assets.

Deferred tax assets are posted for all tax deductible interim difference and tax losses carried forward to the extent that this is likely that there will be taxable profits available in respect of which the interim difference can be utilised.

The book value of deferred tax assets is revised on each balance sheet date and reduced to the extent that it is not considered likely that there will be sufficient taxable profits for which all or part of the deferred tax assets can be used.

Current tax assets and liabilities for the current and past accounting periods are valued at the figure expected to be paid to the tax authorities (or recovered from them) using tax rates (and tax laws) which have been adopted or substantively adopted by the balance sheet date.

3.12 Dividends

Dividends payable are presented as a liability at the time they are approved by the General Meeting of Shareholders.

3.13 Provisions for employee benefits

The Company's and Group's obligation to staff employed in Greece for future payment of benefits depending on their length of previous service is measured and presented based on the accrued right expected to be paid to each employee, on the balance sheet date, discounted at present value, compared to the expected time of payment.

The relevant obligation is calculated based on the financial and actuarial assumptions and is specified using the actuarial valuation method called the projected unit method. The net cost of retirement in the period is included in payrolling cost in the attached statement of comprehensive income and consists of the present value of benefits which became accrued during the year, interest on the benefit obligation, the cost of past service, actuarial profits or losses, and any other additional pension costs.

Water Benefit

According to BoD Decision 154/2016 dated 19/4/2016, the free supply of water to EYATH S.A. pensioners was stopped, and therefore part of the relevant liability was reversed on 31/12/2016.

3.14 Provisions for contingencies and expenses

Provisions are formed when the Group has a legal or presumed obligation as a result of some past event and it is considered likely that an outflow of resources will be required to settle the liability, and that amount can be reliably estimated.

The Company re-examines the need to form provisions at the end of each year and adjusts them so that they reflect the best possible assessments and in the case where this is considered necessary discounts them based on a reasonable pre-tax discount rate. Contingent liabilities are not posted to the financial statements but are disclosed unless the likelihood of a resource output incorporating financial benefits is minimal. Contingent assets are not posted to the financial statements but are disclosed where the inflow of financial benefits is likely.

3.15 Grants

Grants are initially recognised at their nominal value where there is a reasonable assurance that the grant will be received and the Company will comply with all relevant conditions. Grants for current expenditure are recognised in the results during the period when the grant is needed, in order to be matched to the expenditure it is intended to offset. Grants for the purchase of tangible (fixed) assets are included in long-term liabilities as deferred income and are recognised as income and transferred to the income statement over the useful life of the subsidised asset.

3.16 Financial instruments

The Group's main financial instruments are cash, bank deposits, short-term receivables and liabilities. Given the short-term nature of these instruments, Group Management considers that their fair value in effect is identical to the value shown in the accounting books. In addition, Management considers that the interest rates paid in relation to the loans taken out are equivalent to the current, reasonable market rates and thus the conditions for making any change to the value shown under these circumstances are not met. The Group does not use financial derivatives.

3.17 Revenue recognition

3.17.1 Sales of goods

Revenues from the sale of goods are recognised when the material risks and rewards of ownership of the goods are transferred to the buyer. Revenues from the provision of services are based on the stage of completion which is set by reference to the services provided so far, as a percentage of the overall services being provided.

3.17.2. Income from interest

Interest earned is recognised pro rata with time, taking into account balance of the initial amount and the current rate in the period to maturity, when it is specified that such income will be payable to the Group.

3.17.3. Income from dividends

Income from dividends is recognised as revenue on the date distribution is approved.

3.18 Cost of financing

The net cost of financing consists of accrued interest on loans taken out, calculated using the effective interest rate method.

3.19 Earnings per share

The basic earnings per share are calculated by dividing net profits for the period by the average weighted number of shares in circulation during the specific period, apart from the average number of ordinary shares acquired by the Group as own shares.

3.20 Leases

Asset leases where the Group or Company substantially retains all risks and rewards of ownership are classed as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the assets and the present value of the minimum lease payments. The corresponding liabilities from lease payments net of financial charges are presented as liabilities. That part of financial expenses relating to finance leases is recognised in the income statement over the term of the lease.

Leases where in effect the risk and rights of ownership remain with the lessor are posted as operating leases. Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

3.21 Group operations by segment

A Group's sector or segment of activity is each distinct business activity with special features in terms of the nature of the activity and the business risks entailed (business segment). A similar distinction can be drawn based on the business environment within which it carries on activity (geographical segment).

The Group primarily operates in the water supply - sewerage segments in the wider area of the Prefecture of Thessaloniki, in order to rationally manage water resources on the one hand, and collect and process waste water so as to provide top level services to society as a whole, to safeguard hygiene and a clean environment.

3.22 Set-off

Financial assets and liabilities are set off and the net amount is shown in the balance sheet when there is an applicable legal right to set off and the intention is for them to be paid by set-off.

3.23 Rounding off

The amounts in these financial statements have been rounded off to thousands of euro. Due to that, discrepancies which may arise are due to such rounding off.

4. FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks, the most important of which are price risk and credit risk. The Group's risk management policies aim to minimise the negative impacts that those risks could have on the Group's financial position and performance. Risk management is primarily done by the Company's general management and the relevant policies are approved by the Board of Directors. Financial risk management includes recognition, calculation and hedging of financial risks in close collaboration with the Group's operating units.

A. Market risk**(i) Exchange rate risk**

The Group and the Company do not face exchange rate risks, because throughout the year ended they did not carry out transactions in foreign currency and all assets and liabilities were in euro.

ii) Price risk

As regards price risk, the Group is not exposed to significant risk of fluctuation of the variables that determine both revenues and cost. There were no loan liabilities on 31/12/2017.

(iii) Cash flows and fair value of risk rate

The Group has a limited interest rate risk in interest-bearing assets (time deposits) and therefore the income and the operating cash flows depend, to a point, on the changes to the interest rate market.

Management is monitoring interest rate fluctuations on an ongoing basis, and evaluates in each case the duration and the type of time deposits.

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B. Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash at hand and cash in banks, as well as credit exposure to customers, including significant receivables and transactions made.

The Company is constantly monitoring its receivables, either separately or per group (customer categories) and incorporates this information into its credit control processes.

Cash and cash equivalents do not entail significant credit risk. Trade and other receivables include receivables from private customers, with a relatively limited degree of risk of losses, mainly due to the broad dispersion of the receivables, whereas for receivables from the State and the broader public sector, the company examines the possibility of collecting due debts by drawing up contracts or through legislative regulations.

At the end of the period, Management deemed that there is no significant credit risk that is not covered by some collateral or an adequate provision for bad debt. The Company forms no provision for due receivables from the State because it anticipates that it will collect them in their entirety.

None of the financial assets has been secured with a mortgage or other form of credit security.

The Company forms no provision for due receivables from the State and bodies governed by public law because it anticipates that it will collect them in their entirety.

C. Liquidity risk

Liquidity risk is kept low, by means of ensuring high cash assets.

The maturity of Group and Company financial assets on 31.12.2017 can be broken down as follows:

FINANCIAL LIABILITIES MATURITY AS AT 31/12/2017									
	Group					Company			
	SHORT-TERM	LONG-TERM				SHORT-TERM	LONG-TERM		
	Within 1 year	1 to 5 years	Over 5 years	Total		Within 1 year	1 to 5 years	Over 5 years	Total
Public borrowing									
Other long-term liabilities			14,417	14,417			14,417	14,417	
Suppliers and other liabilities	10,973			10,973	11,279			11,279	
Short-term tax liabilities	405			405	398			398	
Total	11,377		14,417	25,794	11,677		14,417	26,094	

The maturity of Group and Company financial assets on 31.12.2016 can be broken down as follows:

FINANCIAL LIABILITIES MATURITY AS AT 31/12/2016				
	Group			
	SHORT-TERM	LONG-TERM		
	Within 1 year	1 to 5 years	Over 5 years	Total
Public borrowing				
Other long-term liabilities			14,024	14,024
Suppliers and other liabilities	9,712			9,712
Short-term tax liabilities	576			576
Total	10,288		14,024	24,311

Company			
SHORT-TERM	LONG-TERM		
Within 1 year	1 to 5 years	Over 5 years	Total
		14,024	14,024
9,863			9,863
501			501
10,364		14,024	24,387

D. Capital risk management

The Group's aim when managing capital is to ensure the ability to continue operating, to generate profits for shareholders and benefits for other stakeholders and to maintain its capital structure which will reduce the cost of capital.

Capital is reviewed based on the gearing ratio. This ratio is calculated as net debt / total capital. Net debt is calculated as total borrowing (including short- and long-term loans presented in the balance sheet) less cash assets. Total capital is calculated as equity presented in the balance sheet plus net debt. More specifically,

	THE GROUP			THE COMPANY	
	31/12/2017	31/12/2016		31/12/2017	31/12/2016
Total borrowing					
Less: Cash assets	(65,210)	(56,697)		(64,914)	(56,302)
Net debt	(65,210)	(56,697)		(64,914)	(56,302)
Total equity	162,424	154,155		162,410	153,795
Total capital	97,214	97,458		97,496	97,493
Gearing ratio	-67.08%	-58.18%		-66.58%	-57.75%

Determination of fair value

The fair value of financial instruments traded on active markets (Stock Exchanges) (e.g. derivatives, shares, bonds, mutual funds) is determined by the published prices which apply on the financial statements reference date.

The fair value of financial instruments not traded on active markets is determined using valuation techniques and the use of valuation methods and assumptions based on market data on the financial statements reference date.

The amounts shown in the balance sheets for cash, short-term receivables and liabilities are close to the relevant fair values due to their short-term maturity. The nominal value less provisions for bad trade debts is deemed to be close to the actual value.

5. MAJOR ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements in accordance with the IFRS requires the use of certain important accounting estimates, which may affect the book balances in the balance sheet with the disclosures required, and the exercise of judgement by Management in applying and implementing accounting policies. Moreover, it requires the use of certain calculations and assumptions which affect the value of assets and liabilities mentioned, the disclosure of contingent receivables and liabilities on the date of preparation of the financial statements and the income and expenses for the duration of year being reported on. Despite the fact that these calculations are based on Management's best possible knowledge of current conditions and activities, the actual future results may in fact differ from those calculations. The estimates and judgements made by Management are re-examined continuously and are based on historical data and expectations about future events which are considered reasonable in light of current circumstances. The basic estimates and evaluations referring to data whose development could affect the financial statements' accounts in the upcoming 12 months are as follows:

5.1 Bad debt

The Group and Company impair the value of trade receivables when data or indications show that it is likely that all or part of a receivable will not be collected. The Group and Company Management periodically re-examine the adequacy of the bad debt provision which was formed based on the credit policy and taking into account information from the Legal Department derived from analysing historical data and recent developments in cases it is handling.

5.2 Provision for income tax

The provision for income tax is calculated by estimating the taxes to be paid to the tax authorities and includes the current income tax for every fiscal year and a provision for surtaxes that may emerge in future tax audits. In order to determine the size of the Group and Company's provision for income tax, a proper understanding of these matters is required. The final statement of income tax payable may differ from the amounts entered in the Group and Company's financial statements and those differences may affect income tax and provisions for deferred tax.

5.3 Provisions for employee benefits

Employee benefit obligations are calculated based on a study prepared by independent actuaries. The final obligation may differ from the actuarial figure due to various facts related to the discount rate, inflation, pay rises, as well as demographic and other data.

5.4 Depreciation of tangible and intangible assets

The Group calculates depreciation on tangible and intangible assets based on estimates of their useful life. The residual value and useful life of those assets are re-examined and determined on each balance sheet date if that is considered necessary.

5.5 Pending litigation

The Group is involved in legal proceedings and claims for compensation in the normal course of its operations. Calculating the contingent liabilities associated with pending litigation and claims is a complex process which includes value judgements about the likely consequences and also interpretations of laws and regulations. If a contingent loss from court cases is considered to be likely and the amount can be reliably assessed Management recognises the relevant provisions in the financial statements.

Assessing court cases entails subjectivity, since it requires major judgments to be made which include estimates based on the most recently available information, determining the likelihood of the risk and reliable information from related court cases.

Changes in judgements or estimates may lead to the Group's contingent liabilities decreasing or increasing in the future.

5.6 Provision for accrued but not yet invoiced supply of water and sewerage services.

Revenue is recognised to the extent that it is likely that the financial benefits will accrue to the Company and the relevant amounts can be reliably quantified. Revenues from sales of water supply and sewerage services are accounted for on an accrual basis. On each balance sheet date revenues from the non-invoiced supply of water and sewerage services are calculated and recorded to show the accrued level of supply to customers which has not yet been invoiced. The actual amounts which are eventually invoiced may differ from those forecast.

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6. SEGMENTAL REPORTING

The Group's Management (Chief Operating Decision Maker) responsible for taking financial decisions, after evaluating the Group's activity, has designated the Provision of Water Supply Services and the Provision of Sewerage Services as its operating segments. The break-down per segment of activity is as follows:

6.1 Break-down per Business Segment (primary reporting type)

6.1.1 Distribution of income statement per business segment

Group data for the period 1/1 - 31/12/2017			
	Provision of Water Supply Services	Provision of Sewerage Services	GROUP TOTAL
Sales to third parties	48,410	24,991	73,401
Less: Total cost of sales	(23,048)	(20,210)	(43,258)
Gross Profit (losses)	25,362	4,781	30,143
Earnings / (Losses) before taxes, financial and investment results	20,840	2,447	23,288
Net Financial Income	1,134	509	1,643
Result from usual business	21,974	2,956	24,931
Results before tax	21,974	2,956	24,931
Income tax	(7,475)	(1,006)	(8,481)
Results net of tax	14,499	1,951	16,449
Earnings / (Losses) before taxes, financial and investment results and depreciation	26,101	3,411	29,512

Group data for the period 1/1 - 31/12/2016			
	Provision of Water Supply Services	Provision of Sewerage Services	GROUP TOTAL
Sales to third parties	47,288	25,990	73,278
Less: Total cost of sales	(23,214)	(20,568)	(43,782)
Gross Profit (losses)	24,075	5,421	29,496
Earnings / (Losses) before taxes, financial and investment results	18,267	2,230	20,496
Net Financial Income	858	414	1,272
Result from usual business	19,125	2,644	21,769
Results before tax	19,125	2,644	21,769
Income tax	(8,180)	(1,131)	(9,311)
Results net of tax	10,944	1,513	12,457
Earnings / (Losses) before taxes, financial and investment results and depreciation	73,389	3,113	26,501

6.1.2 Distribution of Assets and Liabilities per business segment

Group data

	Group data as at 31/12/2017		
	Provision of Water Supply Services	Provision of Sewerage Services	GROUP TOTAL
Fixed Assets	46,327	30,893	77,220
Customers and other receivables	32,484	16,770	49,253
Non-allocated assets	-	-	73,876
Total assets	78,811	47,663	200,349
Future subsidy income	-	1,994	1,994
Liabilities	6,954	4,019	10,973
Non-allocated liabilities	-	-	187,383
Total Liabilities	5,486	7,480	200,349
Additions of Tangible and Intangible Assets	1,290	1,829	3,119

Group data

	Group data as at 31/12/2016		
	Provision of Water Supply Services	Provision of Sewerage Services	GROUP TOTAL
Fixed Assets	48,826	31,850	80,677
Customers and other receivables	30,803	16,929	47,732
Non-allocated assets	-	-	63,589
Total assets	79,629	48,780	191,998
Future subsidy income	-	2,345	2,345
Liabilities	5,646	5,119	9,712
Non-allocated liabilities	-	-	179,941
Total Liabilities	5,646	7,464	191,998
Additions of Tangible and Intangible Assets	3,459	2,047	5,506

6.2 Break-down per Geographical Segment (secondary reporting type)

The Group's registered offices are in Greece and all the activities take place in Greece.

7. TANGIBLE ASSETS

The Group's tangible assets are analysed as follows:

	THE GROUP					
	Plots – lots	Buildings and building facilities	Machinery & Mechanical Installations	Transportation equipment	Furniture and other equipment	Fixed assets under construction
Acquisition or valuation value						
Balance on 01/01/2017	18,896	5,826	111,917	1,955	3,533	6,516
Additions 1/1 - 31/12/2017		45	691	8	73	2,269
Redistributions 1/1 - 31/12/2017			4,005			(4,005)
Sales 1/1 - 31/12/2017				(23)		
Total on 31/12/2017	18,896	5,871	116,613	1,940	3,606	4,779
Accumulated depreciation						
Balance on 01/01/2017		1,894	62,552	1,133	2,788	
Depreciation of period 1/1 - 31/12/2017		145	6,091	85	162	
Sales 1/1 - 31/12/2017				(23)	0	
Total on 31/12/2017		2,039	68,644	1,195	2,950	
Net carried value on 31/12/2016	18,896	3,932	49,365	822	745	6,516
Net carried value on 31/12/2017	18,896	3,832	47,969	745	656	4,779

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	THE GROUP						Total
	Plots – lots	Buildings and building facilities	Machinery & Mechanical Installations	Transportation equipment	Furniture and other equipment	Fixed assets under construction	
Acquisition or valuation value							
Balance on 01/01/2016	18,896	5,826	104,921	1,828	3,423	8,568	143,462
Additions 1/1 - 31/12/2016			982	127	110	4,286	5,505
Redistributions 1/1 - 31/12/2016			6,014			(6,338)	(324)
Sales 1/1 - 31/12/2016							
Total on 31/12/2016	18,896	5,826	111,917	1,955	3,533	6,516	148,643
Accumulated depreciation							
Balance on 01/01/2016		1,748	56,626	1,057	2,613		62,045
Depreciation of period 1/1 - 31/12/2016		146	5,926	75	174		6,322
Sales 1/1 - 31/12/2016							
Total on 31/12/2016		1,894	62,552	1,131	2,788		68,366
Net carried value on 31/12/2015	18,896	4,078	48,295	771	811	8,568	81,418
Net carried value on 31/12/2016	18,896	3,932	49,365	822	745	6,516	80,275

The Company's tangible assets can be broken down as follows:

	THE COMPANY						
	Plots – lots	Buildings and building facilities	Machinery & Mechanical Installations	Transportation equipment	Furniture and other equipment	Fixed assets under construction	Total
Acquisition or valuation value							
Balance on 01/01/2017	18,896	5,826	111,917	1,955	3,533	6,516	148,642
Additions 1/1 - 31/12/2017		45	691	8	73	2,269	3,086
Redistributions 1/1 - 31/12/2017			4,005			(4,005)	
Sales 1/1 - 31/12/2017				(23)			(23)
Total on 31/12/2017	18,896	5,871	116,613	1,940	3,606	4,779	151,705
Accumulated depreciation							
Balance on 01/01/2017		1,894	62,552	1,133	2,788		68,366
Depreciation of period 1/1 - 31/12/2017		145	6,091	85	162		6,484
Sales 1/1 - 31/12/2017		(0)		(23)	0		(23)
Total on 31/12/2017		2,039	68,644	1,195	2,950		74,827
Net carried value on 31/12/2016							
	18,896	3,932	49,365	822	745	6,516	80,275
Net carried value on 31/12/2017	18,896	3,832	47,969	745	656	4,779	76,878

	THE COMPANY						
	Plots – lots	Buildings and building facilities	Machinery & Mechanical Installations	Transportation equipment	Furniture and other equipment	Fixed assets under construction	Total
Acquisition or valuation value							
Balance on 01/01/2016	18,896	5,826	104,921	1,828	3,423	8,568	143,462
Additions 1/1 - 31/12/2016			982	127	110	4,286	5,505
Redistributions 1/1 - 31/12/2016			6,014			(6,338)	(324)
Sales 1/1 - 31/12/2016							
Total on 31/12/2016	18,896	5,826	111,917	1,955	3,533	6,516	148,643
Accumulated depreciation							
Balance on 01/01/2016		1,748	56,626	1,057	2,613		62,045
Depreciation of period 1/1 - 31/12/2016		146	5,926	75	174		6,322
Sales 1/1 - 31/12/2016							
Total on 31/12/2016		1,894	62,552	1,133	2,787		68,368
Net carried value							
Net carried value on 31/12/2015	18,896	4,078	48,295	771	811	8,568	81,418
Net carried value on 31/12/2016	18,896	3,932	49,365	822	745	6,516	80,275

No encumbrances have been registered on the Company's and the Group's assets.

8. INTANGIBLE ASSETS

The intangible assets of the Company and the Group can be broken down as follows:

	THE GROUP		THE COMPANY	
	Software Applications	Total	Software Applications	Total
<u>Acquisition or valuation value</u>				
Balance on 01/01/2017	1,089	1,089	1,089	1,089
Additions 1/1 - 31/12/2017	33	33	33	33
Total on 31/12/2017	1,121	1,121	1,121	1,121
<u>Accumulated depreciation</u>				
Balance on 01/01/2017	688	688	688	688
Depreciation of period 1/1 - 31/12/2017	92	92	92	92
Total on 31/12/2017	780	780	780	780
Net carried value on 31/12/2016	401	401	401	401
Net carried value on 31/12/2017	342	342	342	342

	THE GROUP		THE COMPANY	
	Software Applications	Total	Software Applications	Total
<u>Acquisition or valuation value</u>				
Balance on 01/01/2016	758	758	758	758
Additions 1/1 - 31/12/2016	6	6	6	6
Redistributions 1/1 - 31/12/2016	324	324	324	324
Sales 1/1 - 31/12/2016				
Total on 31/12/2016	1,088	1,088	1,088	1,088
<u>Accumulated depreciation</u>				
Balance on 01/01/2015	606	606	606	606
Depreciation of period 1/1 - 31/12/2016	82	82	82	82
Total on 31/12/2016	688	688	688	688
Net carried value on 31/12/2015	153	153	153	153
Net carried value on 31/12/2016	401	401	401	401

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9. PARTICIPATIONS IN SUBSIDIARIES

Company participations in subsidiaries and the relevant transactions for the year can be broken down as follows:

	31/12/2017	31/12/2016
Balance at start of period	60	60
Provision for impairment	-	-
	60	60
Sale of subsidiary	-	-
Balance at end of period	60	60

10. LONG-TERM RECEIVABLES

Long-term receivables on 31/12/2017 primarily related to the guarantees provided to PPC (€ 404, compared to € 403 in 2016) and long-term trade receivables after arrangements made for their repayment (€ 3,510, compared to € 1,476 in 2016).

11. INVENTORIES

Group and Company inventories can be broken down as follows:

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Raw direct and indirect materials - consumables - spare parts	1,655	1,671	1,655	1,671
Impairment of inventories	(35)	(335)	(35)	(335)
Total after impairment	1,620	1,336	1,620	1,336

There is an impairment provision of € 35 on the Group's inventories (2016: € 335).

There are no pledges on the Group's inventories.

During the previous year, to properly present information € 300 was moved from provisions for contingencies and expenses, to the inventories impairment account.

12. TRADE AND OTHER RECEIVABLES

Group and Company other receivables can be broken down as follows:

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Trade receivables	39,756	41,360	39,729	41,338
Short-term receivables from related parties			24	120
Doubtful – disputed customers and debtors	25,700	23,210	25,700	23,210
Sundry debtors	1,213	506	1,207	459
Advances and credit control account	159	160	159	160
Prepaid expenses	304	263	304	263
Years' receivable income	7,819	5,442	7,819	5,442
	74,953	70,942	74,942	70,993
Less: Provision for bad debt	(25,700)	(23,210)	(25,700)	(23,210)
Total of trade and other receivables	49,253	47,732	49,242	47,783

The book values of the above receivables represent their fair value and no discounting is required on the Balance sheet date. There is no credit risk concentration related to receivables, as the Company has a large number of customers and the credit risk is dispersed.

17% of the balance of trade and other receivables come from one customer.

It should be noted that the balance of account "Receivable Income of period" on 31/12/2017 amounting to €7,819, pertains to incurred income of EYATH S.A. for the 01/01/2017-31/12/2017 period (when they were recorded) amounting to €6,748 which will be invoiced in a subsequent period, and other receivable income of € 1,071.

The advances and credit management account on 31/12/2017 mainly included receivables-bills for payment of the Company's collectors and other associates.

The change in bad debts and the provision formed can be broken down as follows:

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Balance on 1.1.2017 / 1.1.2016	23,210	20,429	23,210	20,429
Increase	2,539	2,782	2,539	2,782
Decrease - writing off trade receivables	49	-	49	-
Balance on 31 December 2017 / 31 December 2016	25,700	23,210	25,700	23,210

Trade receivable maturity dates were as follows:

TURNAROUND TIME FOR RECEIVABLES BALANCE ON 31/12/2017

	THE GROUP		THE COMPANY	
	WITHIN 12 MONTHS	OVER 12 MONTHS	WITHIN 12 MONTHS	OVER 12 MONTHS
Customers and other receivables	28,450	11,308	28,421	11,308
Short-term receivables from related parties			24	
Doubtful – disputed customers and debtors		25,700		25,700
Less: Provisions		(25,700)		(25,700)
Total	28,450	11,308	28,445	11,308

TURNAROUND TIME FOR RECEIVABLES BALANCE ON 31/12/2016

	THE GROUP		THE COMPANY	
	WITHIN 12 MONTHS	OVER 12 MONTHS	WITHIN 12 MONTHS	OVER 12 MONTHS
Customers and other receivables	26,028	15,333	26,005	15,333
Short-term receivables from related parties			120	
Doubtful – disputed customers and debtors		23,210		23,210
Less: Provisions		(23,210)		(23,210)
Total	26,028	15,333	26,125	15,333

BREAKDOWN OF BAD DEBT OVER 12 MONTHS

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Receivables from state and wider public sector	7,106	7,561	7,106	7,561
Other bad debt from individuals	4,202	7,772	4,202	7,772
Total	11,308	15,333	11,308	15,333

The parent company sends bills to customers - consumers of water three times a year. Each bill is for the consumption of water of a calendar quarter. In 2007, the Company's management decided to charge default interest to those customers who were late at least one month in paying their bill.

Group trade receivables from customers payable within 12 months amounted to € 28,450 on 31/12/2017 (2016: € 26,028). Customer receivables to be collected after 12 months from the date on which the period closed were € 37,008 (2016: € 38,543) of which: i) receivables of € 25,700 (2016: € 23,210) have been characterised as bad debt and ii) receivables of € 11,308 (2016: € 15,333) have not been characterised as bad debt. Bad debt collectible in more than 12 months from now includes receivables from the state and wider public sector of € 7,106 (2016: € 7,561) and receivables from individuals of € 4,202 (2016: € 7,772) which Company management has good grounds to believe will be collected.

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13. CASH AND CASH EQUIVALENTS

Cash assets can be broken down as follows:

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Cash	57	153	57	153
Sight and time deposits	65,152	56,544	64,857	56,149
Total	65,210	56,697	64,914	56,302

Cash assets include cash in the Group and company treasury and bank deposits available upon demand.

The rating of cash assets based on the credit ratings of FITCH is:

Credit rating in cash assets (Fitch)

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
RD	36,123	28,471	35,828	28,076
Sight and time deposits in banks not rated by Fitch	29,029	28,072	29,029	28,073
Total	65,152	56,543	64,857	56,149

The total sight and time deposits are deposited in Greek banks which are subject to capital controls.

In implementation of the Act of Legislative Content of 20/4/2015 (Government Gazette 41/A), on 22/4/2016 EYATH S.A. requested that a cash management account be opened at the Bank of Greece in which € 25,000 was deposited.

14. SHARE CAPITAL

The Company/Group's share capital can be broken down as follows (figures are in € and are not rounded off):

	31-Dec-17	31-Dec-16
Number of registered shares	36,300,000	36,300,000
Nominal value per share (in Euro)	1.12	1.12
Nominal value	40,656,000	40,656,000
Premium on capital stock	2,829,985	2,829,985

Company shares are listed for trading on the Large Capitalisation category of the Athens Exchange.

According to the Company's Shareholder Registry, on 31/12/2017, shareholders with a significant participation percentage in the Company were:

SHAREHOLDER	Number of shares held	Holding on 31/12/2017
Hellenic Republic Asset Development Fund S.A.	26,868,000	74.02%
Other shareholders	9,432,000	25.98%
Total	36,300,000	100.00%

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to:

1. Revoke Interministerial Committee for Restructuring and Privatisation decision No. 195/27.10.2011 (Government Gazette 754/B) to the extent that it transferred 14,520,000 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

2. Revoke Interministerial Committee for Restructuring and Privatisation Decision oik. 206/25.4/2012, Government Gazette 1363/B/26.4.2012), to the extent that it transferred 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

The decision was published in Government Gazette 614/B/22.02.2018. In light of that 18,150,001 shares EYATH S.A. Belong to the State (50% + 1 share) and 8,717,999 shares (24.017%) belong to HRADF.

Following that, according to the notice submitted by the Ministry of Finance, which the company received by email on 21.3.2018, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital.

The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF.

The Greek State's total direct and indirect holding in those companies has not changed.

In light of those transfers and notices on the date this Board of Directors' Report was prepared, the Company's shareholder line-up since 1.1.2018 has been as follows:

SHAREHOLDER	Number of shares held	Holding on 01/01/2018
HCAP	18,150,001	50.00% + 1
HRADF	8,717,999	24.02%
Other shareholders	9,432,000	25.98%
Total	36,300,000	100.00%

15. RESERVES

The company's inventories can be broken down as follows:

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Statutory Reserve	12,031	11,186	12,007	11,163
Special law untaxed reserves	399	399	399	399
Reserves for own share acquisition	1	1	1	1
Other reserves	16,635	16,635	16,635	16,635
Balance	29,065	28,221	29,042	28,198

Under Greek company law, the establishment of a statutory reserve (by transferring 5% of the annual earnings net of tax to it to each year) is mandatory until that reserve accounts for 1/3 of the share capital. The "statutory reserve" is distributed only upon the winding up of the Company; it may though be set off against accumulated losses.

The tax law reserves were established under the provisions of tax laws which either entitle the taxation of certain income to be rolled forward to the time at which that income is distributed to shareholders or grant certain tax breaks as incentives for making investments.

The own shares reserve consists of fractional rights in shares from share capital increases in which gratis shares were distributed on 17/1/2003.

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16. PROVISIONS FOR EMPLOYEE BENEFITS / PROVISIONS FOR THE SUPPLY OF WATER

The Company's and Group's obligation to staff employed in Greece for future payment of benefits depending on their length of previous service is measured and presented based on the accrued right expected to be paid to each employee, on the balance sheet date, discounted at present value, compared to the expected time of payment. The accrued benefits of each period are charged in profit or loss with corresponding increase of the pension liability. The payment of benefits to employees leaving due to retirement correspondingly decrease the pension liability.

The present value is an estimate made at a specific point in time (the present). That estimate calculates an amount which is considered to express the economic equivalent (at the present time) of one or more amounts which will be paid at future points in time. The need to calculate the present value rises from the established principle that amounts which refer to different points in time are not comparable. To be able to compare the two or more amounts, they must be 'extrapolated' to the current date.

The obligation arising from currently completed service is equal to the present value of benefits accrued up to the valuation date (i.e. those which correspond to completed service by members on the valuation date) and is based on estimated final pensionable pay for active members.

Contributions are the present value of the increase for benefits due to one year's service, which will be added during the year after the valuation date, relate to service during that year and are based on estimated final pensionable pay for active members. That is done by calculating present value, which is the only method acceptable under IAS 19.

The number of staff employed in the Company and the corresponding payroll cost are as follows:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Payroll expenses	7,185	6,646	7,185	6,646
Employer contributions	2,118	1,668	1,820	1,668
Other benefits and staff expenses	84	107		107
			84	
Personnel dismissal and retirement compensation provision	124	145	124	145
Total cost	9,511	8,566	9,213	8,566
Number of permanent employees	380	221	380	221

The rise in staff numbers is due to the fact that during 2017 two staff recruitment competitions were run by ASEP to hire 150 full-time staff (80 employees with university or technical education and 70 with secondary education). By 31.12.2017 a total of 126 employees had taken up their posts, and so far recruitment procedures for a total of 143 staff have been completed. Moreover, 41 staff were recruited via staff recruitment competitions on private law fixed term contracts (of 8 months duration).

The Group and Company obligation to pay compensation to its staff leaving due to retirement was reduced based on an actuarial study which was prepared by an independent company of certified actuaries. The key figures and assumptions of the actuarial study are as follows:

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Provisions for retirement benefits	1,892	1,998	1,892	1,998
Provisions for water supply	-	-	-	-
	1,892	1,998	1,892	1,998

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The key financials and assumptions of the actuarial study for compensation benefits are as follows:

Changes in net liability recognised in the balance sheet

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Current value of non-financed liabilities	1,892	1,998	1,892	1,998
Net liability recognised in balance sheet	1,892	1,998	1,892	1,998

Amounts recognised in income statement

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Cost of current employment	76	46	76	46
Interest on liability	40	52	40	52
Normal expenses in income statement	116	97	116	97

Changes in net liability recognised in the balance sheet

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Net liability at start of period	1,998	2,223	1,998	2,223
Benefits paid by employer	(95)	(175)	(95)	(175)
Total expense recognised in income statement	124	97	124	97
Amount recognised directly in comprehensive income statement	(135)	(148)	(135)	(148)
Net liability at end of period	1,892	1,998	1,892	1,998

Re-measurements

(Profit)/Loss from change in assumptions		(42)		(42)
(Profit)/Loss from the current period	135	189	135	189
Total changes to other comprehensive income	135	148	135	148

Change in net value of liability

Present value of liability at start of period	1,998	2,223	1,998	2,223
Cost of current employment	76	46	76	46
Interest cost	40	52	40	52
Benefits paid by employer	(95)	(175)	(95)	(175)
Cost of cutbacks / settlements / termination of service	8		8	
Amounts recognised in other comprehensive income	(135)	(148)	(135)	(148)
Present value of liability at end of period	1,892	1,998	1,892	1,998

Actuarial assumptions

Discount Rate	2.00%	2.00%	2.00%	2.00%
Inflation	2.00%	2.00%	2.00%	2.00%
Future increases of salaries	0% up to 2020 and 2.3% thereafter	0% up to 2019 and 2.3% thereafter	0% up to 2020 and 2.3% thereafter	0% up to 2019 and 2.3% thereafter
Retirement Increase Rate	0,00%	0,00%	0,00%	0,00%

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The key figures and assumptions of the actuarial study for the water supply benefit are as follows:

Changes in net liability recognised in the balance sheet

Current value of non-financed liabilities
Net liability recognised in balance sheet

THE GROUP		THE COMPANY	
31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16

Amounts recognised in income statement

Cost of current employment
Interest on liability
Additional payments or expenses / (income)
Normal expenses in income statement
Recognition of past service cost
Total expense in income statement

THE GROUP		THE COMPANY	
31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	13		13
	35		35
	(1,608)		(1,608)
	(1,560)		(1,560)
	(1,560)		(1,560)

Changes in net liability recognised in the balance sheet

Net liability at start of period
Total expense recognised in income statement

THE GROUP		THE COMPANY	
31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	1,560		1,560
	(1,560)		(1,560)

Net liability at end of period

Change in net value of liability

Present value of liability at start of period
Cost of current employment
Interest cost
Cost of cutbacks / settlements / termination of service
Present value of liability at end of period
Actuarial assumptions

	0		0
	1,560		1,560
	13		13
	35		35
	(1,608)		(1,608)
	(0)		(0)

Discount Rate
Inflation
Future increases of salaries
Retirement Increase Rate

2.00%	2.00%	2.00%	2.00%
2.00%	2.00%	2.00%	2.00%
0% up to 2020 and 2.3% thereafter	0% up to 2019 and 2.3% thereafter	0% up to 2020 and 2.3% thereafter	0% up to 2019 and 2.3% thereafter
0.00%	0.00%	0.00%	0.00%

According to BoD Decision 154/2016 dated 19/4/2016, the free supply of water to EYATH S.A. pensioners was stopped, and therefore part of the relevant liability was reversed on 31/12/2016.

On the valuation date (31/12/2017) if a discount rate 0.5% had been used, then the total obligation would have been around 0.5% lower. Moreover, if a discount rate of 0.5% lower had been used, then the total obligation would have been around 6% higher.

Based on the actuarial study, the gross value of the amount recognised in other comprehensive income is € 135 million, of which the net amount is € 96 and the corresponding deferred tax is € 39.

17. PROVISIONS FOR CONTINGENCIES AND EXPENSES

A provision of € 6,036 covers contingent liabilities that may arise during the settlement of litigation with third parties and Group staff. A provision of € 2,210 relates to the provision for the cost of removing an accumulated mass of sludge at the Thessaloniki water treatment facility and a provision for removing by-products from the same facility.

The tax audit for 2009 and 2010 was completed in 2017 whose results are fully covered by the existing provision for € 500 (see note 28). For the period ended on 31.12.2017 the changes in the provisions account for the Group and Company was as follows:

Long-term provisions

1.1.2017
Additional provisions for year
Provisions used/reversal of provisions for the period
31.12.2017

COMPANY			
Pending litigation	Provision for tax	Provisions for contingencies & expenses	Total
6,188	500	2,200	8,888
431	-	510	941
1,114	500	500	2,114
5,505	-	2,210	7,715

Long-term provisions

1.1.2017
Additional provisions for year
Provisions used/reversal of provisions for the period
31.12.2017

GROUP			
Pending litigation	Provision for tax	Provisions for contingencies & expenses	Total
6,188	500	2,200	8,888
962	-	510	1,472
1,114	500	500	2,114
6,036	-	2,210	8,246

For the period ended on 31.12.2016 the changes in the provisions account for the Group and Company was as follows:

Long-term provisions	GROUP AND COMPANY			
	Pending litigation	Provision for tax	Provisions for contingencies &	Total
1.1.2016	3,252	1,037	2,200	6,489
Additional provisions for year	3,286	-	-	3,286
Provisions used/reversal of provisions for the period	350	537	-	887
31.12.2016	6,188	500	2,200	8,888

18. GRANTS

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Opening balance	2,345	2,742	2,345	2,742
Depreciation of grants carried forward to results	(351)	(397)	(351)	(397)
End of period balance	1,994	2,345	1,994	2,345

Grants primarily relate to the construction of the company's water supply and sewerage network. The company has complied with all obligations required in order to receive the grants and so there is no issue of the grants being returned.

19. OTHER LONG-TERM LIABILITIES

The amount of € 14,417 on 31/12/2017 and € 14,024 on 31/12/2016 related to guarantees from customers for use of meters and for bills, which was collected when the initial supply connection was made. Those guarantees are returned (without interest) when the customer terminates the connection. The guarantees have been recorded at nominal value, and not at fair value when initially recorded and then subsequently carried at cost because customers may request those amounts back at any time.

20. TRADE AND OTHER LIABILITIES

The total liabilities of the Group and the Company to suppliers and other third parties are broken down as follows:

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Suppliers	5,319	5,663	5,293	5,630
Cheques payable	8	17	8	14
Other Taxes - Duties	764	1,057	764	1,057
Insurance and pension fund dues	468	312	468	312
Liabilities to related parties	-	-	477	275
Accrued expenses	2,301	1,467	2,287	1,461
Dividends payable	124	118	124	118
Sundry creditors	1,990	1,079	1,859	996
Total	10,973	9,712	11,279	9,863

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The maturity of the Group and Company suppliers and other liabilities accounts can be broken down as follows:

	THE GROUP		THE COMPANY	
	SHORT-TERM 2017		SHORT-TERM 2017	
	WITHIN 6 MONTHS	FROM 6 TO 12 MONTHS	WITHIN 6 MONTHS	FROM 6 TO 12 MONTHS
Suppliers	5,319	-	5,293	-
Cheques payable	8	-	8	-
Insurance and pension fund dues	468	-	468	-
Dividends payable	124	-	124	-
Liabilities to related enterprises/joint ventures			477	-
Sundry creditors	1,990	-	1,859	-
Accrued expenses	2,301	-	2,287	-
Other taxes and duties	764	-	764	-
Total	10,973	-	11,279	-

	THE GROUP		THE COMPANY	
	SHORT-TERM 2016		SHORT-TERM 2016	
	WITHIN 6 MONTHS	FROM 6 TO 12 MONTHS	WITHIN 6 MONTHS	FROM 6 TO 12 MONTHS
Suppliers	5,663		5,630	
Cheques payable	17		14	
Insurance and pension fund dues	312		312	
Dividends payable	118		118	
Liabilities to related enterprises/joint ventures			275	
Sundry creditors	332	747	249	747
Accrued expenses	1,467		1,461	
Other taxes and duties	1,057		1,057	
Total	8,965	747	9,116	747

21. SHORT-TERM TAX LIABILITIES

Group and Company other short-term liabilities can be broken down as follows:

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Income tax	405	576	398	501
	405	576	398	501

22. EXPENSES PER CATEGORY

Expenses per category for the Group and Company in 2017 can be broken down as follows:

THE GROUP					
	Cost of production	Selling & distribution expenses	Administrative expenses	Research & Development expenses	Total
for the period ended on 31/12/2017					
Cost of goods used	2,513				2,513
Self-supplied fixed assets	(328)				(328)
Staff salaries and expenses	7,004	1,013	1,404	91	9,511
Third party fees and expenses	1,994	233	1,068	44	3,339
Electricity	11,403				11,403
Rent	123	78	150		351
Maintenance - Repair expenses	11,944	64	11		12,019
Other charges for outside services	879	188	348	0	1,416
Expenses from tax and duties	478	81	100		659
Miscellaneous Expenses	1,100	267	411	10	1,787
Depreciation of tangible & intangible assets	6,149	102	321	4	6,576
Provisions for bad debt		2,539			2,539
Total	43,258	4,566	3,814	148	51,785

THE COMPANY

	Cost of production	Selling & distribution expenses	Administrative expenses	Research & Development expenses	Total
for the period ended on 31/12/2017					
Cost of goods used	2,513				2,513
Self-supplied fixed assets	(328)				(328)
Staff salaries and expenses	6,718	1,013	1,391	91	9,213
Third party fees and expenses	854	1,739	1,231	44	3,867
Electricity	11,403				11,403
Rent	123	78	150		351
Maintenance - Repair expenses	11,944	64	11		12,019
Other charges for outside services	879	188	341	0	1,409
Expenses from tax and duties	478	81	98		658
Miscellaneous Expenses	1,065	267	407	10	1,749
Depreciation of tangible & intangible assets	6,149	102	321	4	6,576
Provisions for bad debt		2,539			2,539
Total	41,796	6,072	3,952	148	51,968

For the 2017 annual period, management expenses included fees of € 9 which relates to permissible non-audit services. Expenses per category for the Group and Company in 2016 can be broken down as follows:

THE GROUP

	Cost of production	Selling & distribution expenses	Administrative expenses	Research & Development expenses	Total
for the period ended on 31/12/2016					
Cost of goods used	1,753				1,753
Self-supplied fixed assets	(350)				(350)
Staff salaries and expenses	6,226	962	1,294	84	8,566
Third party fees and expenses	2,216	230	894	50	3,390
Electricity	11,729	13	51		11,792
Rent	131	31	191		352
Maintenance - Repair expenses	13,880	38	79	3	14,000
Other charges for outside services	1,056	98	267		1,421
Expenses from tax and duties	447	80	103	1	630
Miscellaneous Expenses	1,017	24	890	232	2,163
Depreciation of tangible & intangible assets	5,678	160	445	122	6,404
Provisions for bad debt		2,782			2,782
Total	43,782	4,417	4,213	491	52,903

THE COMPANY

	Cost of production	Selling & distribution expenses	Administrative expenses	Research & Development expenses	Total
for the period ended on 31/12/2016					
Cost of goods used	1,753				1,753
Self-supplied fixed assets	(350)				(350)
Staff salaries and expenses	6,226	962	1,294	84	8,566
Third party fees and expenses	1,471	894	1,047	180	3,592
Electricity	11,729	13	51		11,792
Rent	131	31	191		352
Maintenance - Repair expenses	13,880	38	79	3	14,000
Other charges for outside services	1,056	98	259		1,413
Expenses from tax and duties	447	80	99	1	626
Miscellaneous Expenses	1,017	24	843	232	2,116
Depreciation of tangible & intangible assets	5,678	160	445	122	6,404
Provisions for bad debt		2,782			2,782
Total	43,037	5,082	4,306	621	53,046

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23. OTHER OPERATING EXPENSES - OTHER OPERATING INCOME

Other operating income can be broken down as follows:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Income from Subsidies	173	213	173	213
Income from services provided	67	1,048	67	1,048
Rent	89	94	3	3
Depreciation on subsidies	351	397	351	397
Other prior period income	33	368	33	368
Other income	188	288	188	288
Revenue from seized guarantees	677		677	
Income from prior period provisions	1,460	2,146	1,460	2,146
Total other operating income	3,039	4,553	2,953	4,462

Other operating expenses can be broken down as follows:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Tax and other fines and surcharges	77	667	77	667
Compensation to third parties for damage to the water supply & sewerage network	22	60	22	60
Compensation under court rulings	118	288	118	288
Other expenses, provisions and losses	1,114	3,170	581	3,170
Losses from replacement of water meters and Other losses	6		6	
Other prior period expenses	29	247	29	211
Total other expenses	1,367	4,432	834	4,396

Other expenses, provisions and losses on 31.12.2017 stood at € 1,114 (2016: € 3,170) and included provisions for pending litigation.

24. FINANCIAL INCOME/(EXPENSES)

Financial income (expenses) can be broken down as follows:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Interest charges on bank liabilities				
Other financial expenses	78	58	77	57
Total financial expenses	78	58	77	57
Interest and related income	1,720	1,329	1,718	1,327
Total financial income	1,720	1,329	1,718	1,327
Net financial income/(expenses)	1,642	1,271	1,642	1,270

Note that the balance in the Group account "Interest and related income" as at 31/12/2017 of € 1,720 includes default interest on customer bills of € 561 and other interest of € 1,156 which primarily relates to interest from deposits. The policy of charging default interest on customer bills was implemented on 16/5/2007 by decision of the Company's Board of Directors.

25. INCOME TAX

Under Law 4334/2015 which was published on 16/7/2015 and Law 4336/2015 which was published on 14/8/2015, the income tax rate for legal persons in Greece was increased from 26% to 29% and the advance on income tax was increased from 80% to 100%, effective from 1/1/2015.

The tax burden on the results was as follows:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Income tax	8,277	8,264	8,196	8,189
Deferred tax	204	1,048	204	1,048
Total	8,481	9,312	8,400	9,237

The tax amount in the "Income tax" line of the comprehensive income statement is different from the theoretical amount that would arise by applying the current tax rate to the Company's profits. This difference is as follows:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Earnings before tax	24,931	21,769	25,194	21,568
Tax calculated at the Company's tax rate (2016: 29%, 2015: 26%)	7,230	6,313	7,306	6,255
Expenditure not exempted from income tax	294	458	294	441
Other taxes		400		400
Untaxed income	(440)		(440)	
Impact of change in tax rates				
Permanent differences	1,397	2,141	1,240	2,141
Total taxes in Comprehensive Income Statement	8,481	9,312	8,400	9,237

The fact that in some cases income and expenses are booked at a time other than the time at which income is taxed or expenses deducted for the purpose of determining taxable income gives rise to the need to recognise deferred tax assets or deferred tax liabilities.

The deferred tax asset/liability recognised by the Group and the Company can be broken down as follows:

	THE GROUP		THE COMPANY	
	31-Δεκ-17	31-Δεκ-16	31-Δεκ-17	31-Δεκ-16
Balance at start of period	3,377	4,467	3,377	4,467
Income/equity tax	(244)	(1,090)	(244)	(1,090)
Balance at end of period	3,133	3,377	3,133	3,377

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THE GROUP - THE COMPANY					
As at 31/12/2016		Credits (Debits) in results		Credits (Debits)in equity	As at 31/12/2017
Deferred tax liabilities					
Adjustment of fixed asset subsidies	(2,153)		74		(2,078)
	(2,153)		74		(2,078)
Deferred tax assets					
Depreciation on tangible assets	3,488		198		3,686
De-recognition of depreciation on capital expenditure and adjustment in depreciation for intangible assets	199		(29)		170
Adjustment of value of receivable accounts	703		(0)		703
Provisions for contingencies - other provisions	529		(425)		104
Personnel dismissal and retirement compensation provision					
	611		(23)	(33)	555
	5,529		(279)	(33)	5,217
Net deferred tax assets in the statement of financial position	3,377		(205)	(33)	3,139
Presentation in statement of financial position					
Deferred tax liabilities (net)					
Deferred tax assets (net)	3,377				3,133
	3,377				3,133

THE GROUP - THE COMPANY					
As at 31/12/2015		Credits (Debits)in results		Credits (Debits)in equity	As at 31/12/2016
Deferred tax liabilities					
Adjustment of fixed asset subsidies	(2,214)		61		(2,153)
	(2,214)		61		(2,153)
Deferred tax assets					
Depreciation on tangible assets	3,253		235		3,488
De-recognition of depreciation on capital expenditure and adjustment in depreciation for intangible assets	225		(26)		199
Adjustment of value of receivable accounts	1,483		(780)		703
Provisions for contingencies - other provisions	638		(109)		529
Personnel dismissal and retirement compensation provision					
	1,082		(505)	(33)	611
	6,681		(1,185)	(33)	5,529
Net deferred tax assets in the statement of financial position	4,467		(1,123)	(33)	3,377
Presentation in statement of financial position					
Deferred tax liabilities (net)					
Deferred tax assets (net)	4,467				3,377
	4,467				3,377

The deferred tax assets and liabilities of 30.6.2017 as well as any income tax charged to the comprehensive income statement of 1.1 – 30.6.2017, have been recognised based on the tax rates applying on 30.6.2017 (29%).

26. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the net profits for the period by the average weighted number of shares in circulation during the period. Earnings are defined as profits or losses from the Group's continuing operations. It should be clearly understood that during the current and previous fiscal year there were no discontinued operations. There are no debentures convertible to shares or other potential instruments convertible to shares which would reduce profits during the periods to which the financial statements relate and consequently reduced earnings per share have not been calculated.

Basic earnings (losses) per share were calculated as follows:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Net profits payable to the Company's ordinary shareholders	16,449	12,457	16,794	12,331
Average weighted number of shares in circulation	36,300,000	36,300,000	36,300,000	36,300,000
Less: Average weighted number of own shares Total average weighted number of shares in circulation	36,300,000	36,300,000	36,300,000	36,300,000
Basic earnings (losses) per share (in euro)	0.4532	0.3432	0.4626	0.3397

At its meeting on 29/3/2018 the Company's Board of Directors approved submission of a proposal to the Ordinary General Meeting of Shareholders to distribute a dividend under Article 45 of Codified Law 2190/1920 of € 0.221 per share (or a total gross sum of € 8,022) for 2017. The dividend is subject to approval by the Ordinary General Meeting of Shareholders and is included in the balance of the account "Retained earnings".

27. TRANSACTIONS WITH RELATED PARTIES

According to the Group, related parties are members of the Board of Directors, members of Management, as well as the shareholders holding a significant percentage of its share capital (including their related persons). The Group's trading transactions with these related parties during the 01/01/2017-31/12/2017 period were carried out under market terms and in the framework of its usual business activity. The transactions and the balances of the Group's and Company's related parties, during the 01/01/2017 - 31/12/2017 period and on 31/12/2017 respectively, are broken down in the following tables:

	THE GROUP		THE COMPANY	
	01/01/2017 - 31/12/2017	01/01/2016 - 31/12/2016	01/01/2017 - 31/12/2017	01/01/2016 - 31/12/2016
Income	-	-	-	-
Expenses	-	-	2,225	1,969
Transactions with and fees for executives and board members	632	783	632	783

	THE GROUP		THE COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Receivables	-	-	24	120
Liabilities	-	-	477	275
Receivables from management executives and board members	4	4	4	4
Liabilities to management executives and board members	3	20	3	20

The company's expenses of € 2,225 are related to meter reading services and distribution of receipts, as well as other services provided by subsidiary "EYATH SERVICES S.A.". The Company's receivable of € 24 mainly relates to receivables from the approved dividend. The Company's liability of € 477 related to meter reading services and distribution of bills to the subsidiary EYATH SERVICES S.A.

The actuarial liability for the company's related parties (management executives) was € 122 on 31.12.2017 (compared to € 105 in 2015).

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28. COMMITMENTS FROM CONTINGENT LIABILITIES

28.1 Contingent liabilities from disputes in litigation or arbitration (amounts in €)

On 31/12/2017 there were lawsuits, extrajudicial invitations and in general future claims of a total amount of € 29.7 million approximately against the Company and Group, for which a provision of € 6,036 in total had been formed, which is included in the long-term liabilities account "Provisions for contingencies and expenses" (see Note 17).

Of those lawsuits, the sum of € 10.7 million relates to compensation for damage done by flooding or actions from various counterparties/suppliers and contractors for breach of contractual terms and € 19 million relates to labour disputes, retirement compensation and fines imposed by insurance funds.

The Group's Legal Department estimates that other than the provision formed there will be no other cases whose outcome in court will significantly affect the Group's assets and operations.

28.2 Commitments from operating leases

As at 31/12/2017, the Group had entered into contracts for the operating lease of properties, which will gradually come to an end by 2026. The operating lease rent expenses which were recorded in the income statement of the current period were € 351 (31/12/2016: € 352).

The future minimum payments of operating lease rents based on a non-voidable operating lease contract for the group and the company are as follows:

	31/12/2017	31/12/2016
0 -1 years	136	270
1 -5 years	196	68
Over 5 years	54	-
Total	386	338

28.3. Other contingent liabilities

The Group on 31/12/2017 had granted performance bonds for project contracts of a total amount of €453 (31/12/2016: € 522).

28.4 Open tax periods

Tax Compliance Report

For the years 2011 to 2017, the Company and its subsidiary EYATH Services S.A. have undergone the tax audit of certified public accountants, as provided for in Article 82(5) of Law 2238/1994 (for the years 2011 to 2013) and Article 65a of Law 4172/2013 (Income Tax Code) (for the years from 2014 onwards). Upon completion of the tax audit by the certified public accountants for the periods 2011-2016, audit reports were issued with an unqualified opinion for the Company and its subsidiary, while there were no tax liabilities other than those recorded and presented in the separate and consolidated financial statements.

For fiscal year 2017, the Tax Compliance Reports are expected to be issued after the publication of the annual financial statements.

After the completion of the tax audit, the Management of the Company and the Group does not anticipate any additional tax liabilities that will have a material effect, other than those recorded in the separate and consolidated financial statements.

Open tax periods

In September 2016, the Large Enterprises Audit Centre of the Ministry of Finance carried out a statutory tax audit of the Company for years 2009 and 2010. The audit was completed and the final audit reports were received on 12.6.2017. It found taxes and surcharges payable, amounting to € 483, which were fully covered by the existing provision formed in previous years. (see note 17)

Moreover, the subsidiary has not been audited by the competent tax authorities for years 2010 and up to this year.

For those years which remain unaudited, Company Management is of the view that no major differences will arise and so no provision has been formed.

29. NUMBER OF STAFF EMPLOYED

The number of staff employed by the Group on 31/12/2017 was 380 (31/12/2016: 221).

30. MAJOR EVENTS

- During the current period, Panagiotis Gogos was elected as an independent non-executive member of the Company's Board of Directors by decision No. 139/6.4.2017 of the Board, and also as Chairman of the Audit Committee, replacing I. Antoniadis.

The Ordinary General Meeting of Shareholders decided on 8.6.2017 that the Board's Vice Chairman, Styliani Valani would be a non-executive member and set up an Audit Committee comprises of the Board members, Panagiotis Gogos, as Chairman, and Stefania Taminanidou and Ioannis Tsionas.

Marina Kouri was elected by Board of Directors decision No. 293/27.7.2017 as non-executive member to replace Eleftheria Karahaliou, representative of HRADE, who had resigned. Moreover, Board of Directors decision No. 388/12-10-2017 elected Petros Samaras as non-executive member of the Board and as member of the Audit Committee to replace Ioannis Tsionas who had resigned.

- During 2017 two staff recruitment competitions were run by ASEP to hire 150 full-time staff (80 employees with university or technical education and 70 with secondary education). By 31.12.2017 a total of 126 employees had taken up their posts, and so far recruitment procedures for a total of 143 staff have been completed. The upcoming increase of the company's workforce, with employees to be added under ASEP (Central Staff Recruitment Board) procedures, will allow EYATH S.A. to expand its activities and contribute towards the economic growth of the wider region.

- As a company which manages a social good, in its efforts to assist citizens in Thessaloniki affected by the unprecedented frosts in the period 7.1.2017 to 12.1.2017 (which resulted in the destruction of water meters and household water pipes) EYATH S.A. adopted Board of Directors decision No. 41/2017 relating to the following measures:

A. Replacement of damaged water meters:

1. Full exemption for the following categories:

- Customers on the social tariff
- Public hospitals
- State schools
- Care facilities for the elderly, disabled and refugees.

2. A discount of up to 50% for other consumers.

B. For extra water consumed due to damage or maintaining a constant flow to protect indoor facilities:

1. Full exemption for the following categories:

- Customers on the social tariff
- Public hospitals
- State schools
- Care facilities for the elderly, disabled and refugees.

2. Discount for other consumers as follows:

- no discount for extra consumption up to 10% historical average.
- across-the-board discount of 80% for quantities over the previous limit (historical average + 10%).

Implementing this decision resulted in credit notes for € 800 being issued.

The Board of Directors also recently approved a new company investment and business programme for the 2017 – 2023 period, aiming to:

- the overall development of its networks, namely a series of technical projects in order to supply water to areas of both the urban area, and beyond it, to regions which currently are lacking good quality water
- implement the extension of the Thessaloniki Water Treatment Plant (known as the 'refinery') to ensure the necessary extra quantity of water needed to cope with current and future water supply demand for the Thessaloniki urban area
- ensure uninterrupted, safe operation of the water supply systems, by supplying top quality water, in line with the rules and requirements laid down by the current regulatory framework
- increase environmental safety, both in terms of pollution and protection of water resources
- improve customer service by offering top class water supply and sewerage services at the least possible cost

THESSALONIKI WATER SUPPLY & SEWERAGE CO. S.A.

- combine business activity with social responsibility
- upgrade infrastructure to improve the productivity of existing systems, which will lead to lower operating costs for the company, especially energy costs
- raise awareness among citizens about how the company contributes to society as a whole, and provide information about key aspects of the company and the work it does.

The company is in the process of updating its investment and business plans, adding new investment activities.

31. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to:

1. Revoke Interministerial Committee for Restructuring and Privatisation decision No. 195/27.10.2011 (Government Gazette 754/B) to the extent that it transferred 14,520,000 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

2. To revoke Interministerial Committee for Restructuring and Privatisation Decision No. 206/25.4/2012, Government Gazette 1363/B/26.4.2012), to the extent that it transferred 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

The decision was published in Government Gazette 614/B/22.02.2018.

Following that, according to the notice submitted by the Ministry of Finance, which the company received by email on 21.3.2018, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital.

The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADE.

The Greek State's total (direct and indirect) holding in those companies has not changed.

In light of those transfers and notices on the date this Board of Directors' Report was prepared, the Company's shareholder line-up is as follows:

SHAREHOLDER	Number of shares held	Holding on 01/01/2018
HCAP	18,150,001	50.00% +
HRADF	8,717,999	24.02% 1
Other shareholders	9,432,000	25.98%
Total	36,300,000	100.00%

- On 31.12.2016 project agreements entered into by the subsidiary EYATH SERVICES S.A. Expired but were extended to 30.6.2017 under Article 46 of Law 4440/2016. All persons engaged under such contracts sought recourse to the courts and obtained an interim order until the final judgment on the petition for injunctive relief is handed down. Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected their claims against the Company and the subsidiary EYATH SERVICES S.A. and since that date they have ceased offering their services to the company.

There are no events between 31 December 2017 and the date on which the financial statements were approved by the Company's Board of Directors which could materially affect the financial position or the Company's results for the period that ended on this date, or other events which should be disclosed in the financial statements.

Thessaloniki, 29 March 2018

The Chairman of the Board & CEO

Ioannis Krestenitis

ID Card No. AB 680550

The Vice Chairman

Ioannis Papaioannou

ID Card No. AE 183479

The CFO

Dimitrios Alexandris

ID Card No.: AZ 683204, Econ.
Chamber of Greece Licence No. 1st
Class 0105601

AVAILABILITY OF FINANCIAL STATEMENTS

The annual and interim financial statements of the Group and Company, the Audit Report, and the Board of Directors' Management Report to the Annual Ordinary General Meeting have been posted to the company's website (www.eyath.gr).

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



Quality in Life!

THESSALONIKI WATER SUPPLY & SEWERAGE Co. S.A.

127, Egnatias St. 546 35 Thessaloniki

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