# FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

# IN ACCORDANCE WITH THE

# INTERNATIONAL FINANCIAL REPORTING STANDARDS

**The attached Financial Statements are those that were approved by the Board of Directors of ATHENS INTERNATIONAL AIRPORT S.A. on 9 June 2017.**
**The Financial Statements and the Notes to the Financial Statements, as presented on pages 14 to 57 have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and have been signed, on behalf of the Board of Directors by:**

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| **Chairman of the Board of Directors** | **Dr. Dimitrios Dimitriou** | |
| **Vice Chairman of the Board of Directors** | **Holger Linkweiler** | |
| **Chief Executive Officer** | **Dr Ioannis N. Paraschis** | |
| **Chief Financial Officer** | **Panagiotis Michalarogiannis** | |
| **Accounting & Tax Manager** | **Alexandros Gatsonis** | |

## REPORTING BY THE BoD TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

Dear Sirs,

It is a pleasure to welcome you today to the 21st Annual Ordinary General Meeting of the Shareholders of Athens International Airport S.A. (AIA), during which we shall review the year 2016.

According to article 43a, paragraph 3 of Codified Law (C.L.) 2190/1920, as applicable, we submit herewith to your General Assembly the Company's Financial Statements for its 21st financial period. The present report includes the analysis of these statements as well as any supplementary information necessary or useful for the statements' appreciation and approval by the General Assembly, according to the proposal of the Board of Directors.

During 2016 the global air transport industry continued to show a solid performance despite the economic and political instability in many parts of the world. Year 2016 can be best appreciated if seen in two halves, the first being marked by subdued economic activity and terrorist attacks, while the second witnessing traffic picking up, most probably as a result of the travelling public accommodating to the uncertain environment as well as of a moderate upturn in the global economic cycle. On a global level, assisted by low oil prices, airlines expanded their capacity and achieved healthy profitability with net profit margins in 2016 at the level of 5.1%, according to IATA. In addition, consumers benefited from lower travel costs and more routes offered and RPKs increased overall by 6.3%. ACI also reports robust traffic gains worldwide during 2016 at 5.5%, whereas passenger traffic across the European network posted an average growth of 5%. The total European growth was attributed to EU airports that showed a passenger rise of 6.7% contrary to non-EU airports that posted an average decline of -0.9%, largely affected by reduced traffic at Turkish airports and a weak performance of Russian airports.

For Athens International Airport, 2016 proved to be another milestone year, since not only passenger traffic recorded an all-time high performance and enjoyed a strong rise, but it also surpassed the 20 million mark. Both domestic and international passengers achieved record levels, while record levels were also reached in foreign residents' international arrivals that for the first time exceeded 4.5 million.

The aforementioned results are attributed to a dynamic expansion of the international route network of the airport's home base carriers and the successful performance of Greek and foreign visiting carriers, combined with strong passenger demand dynamics. More specifically, despite the generally volatile market environment and the initial unfavourable indications for incoming tourism, traffic dynamics of the second half of the year were strong for both international and domestic tourism, in line with the global industry trends. In the case of Athens and Greece, this positive outcome could partly be attributed to holiday makers lately shifting from previously popular destinations facing turmoil to safer ones. Overall, foreign residents demonstrated a rise of 8% during 2016 while Greek residents grew even more impressively (+15%), largely supported by competitive air ticket prices.

As a result of all the above, airport's traffic reached 20.02 million passengers in 2016 exceeding prior-year levels by 1.9 million, a significant increase of 10.7%. Furthermore, the strong growth of transfer passengers by 12% is a key highlight of AIA's operational performance. The number of flights amounted to 189.1 thousand surpassing the respective 2015 levels by 7.4%.

Year 2016 was a new record year both in terms of traffic and of financial performance. Growth in operating performance managed to offset changes in the cost structure deriving from the Airport Development Agreement (i.e. increase in Grant of Rights Fee and indirect taxes) and extraordinary losses (impairment loss of financial assets). Overall, in 2016 the Company recorded Profit before Tax (PBT) of € 189.1 million. Given the additional short term financial obligations for the Airport Company arising from the recent positive developments in connection with the concession extension a distribution of € 40.5 million as dividend to its shareholders is proposed.

### 1. Traffic Highlights

During 2016 the airport recorded an all-time high traffic performance of 20.02 million passengers, surpassing previous year's record traffic by 1.9 million (+10.7%). Both domestic and international passengers achieved record levels reaching 7.1 million and 12.9 million, demonstrating strong growth at similar levels of 11.2% and 10.4%, respectively. This growth was driven by both foreign residents' increase by 8%, as well as Greek residents' strong rise by 15%. Transfer passengers also grew strong by 12% and represented 24% of the airport's total traffic, demonstrating the significant enhancement of Athens's connectivity.

Looking into the international passenger traffic evolution per region, Western Europe, AIA's largest international regional market, grew by 6%, benefiting from the successful performance of the home-based carriers. The Eastern part of the continent enjoyed a dynamic rise of 33% while the Middle East market, as well as the continents of America and Africa also enjoyed a substantial rise exceeding 10%. The rest of Asia market suffered a downturn, mainly attributed to Singapore Airlines' withdrawal from the Athens market in view of next year's launch of direct operations to Athens by their subsidiary, Scoot.

During 2016, three new airlines and ten new routes were added to the airport's network, while 18 LCCs offered services to 59 cities worldwide. Overall in 2016 the airport's number of flights amounted to 189.1 thousand and demonstrated a rise of 7.4% compared to prior year levels. Both domestic and international flights demonstrated growth at 6.4% and 8.1%, respectively. Lastly, in 2016 Athens was directly connected with scheduled services with 125 destinations (92 of which international) in 48 countries, operated by a total of 60 carriers.

## 2. Business Highlights

AIA's business highlights for the year 2016 are presented hereunder:

### 2.1 Airport Operations

The Aviation Business Unit ensured smooth and efficient operations throughout 2016 and as part of Operational Compliance and Development, all the required preventive and corrective measures were taken, regarding the emergency planning and preparedness for developing and maintaining a safe and resilient operating environment. Indeed, the annual aviation safety Key Performance Indicator of serious incidents per 100,000 aircraft movements was further improved. Furthermore, the winter operations preparedness plan for 2016-17 was successfully accomplished and the upgrading plan of the airside operational capabilities was completed in July with the replacement of the airside sweeping vehicles fleet.

Following the 2016 summer period, the flights that operated through the Satellite Terminal Building (STB) moved their operations to the Main Terminal Building (MTB), in order to allow for the execution of technical, operational and commercial enhancement works in the STB, before accommodation of a bigger volume of traffic for the summer 2017.

A Memorandum of Understanding (MoU) was signed in October with major airport stakeholders regarding the concept of Airport Collaborative Decision Making (A-CDM), whereas HCAA/Air Traffic Control has committed to actively participate. A-CDM aims at improving the overall efficiency of airport operations by optimising the use of resources, improving the predictability of events while increasing both productivity and cost-efficiency.

In 2016, eight emergency exercises were organised including the Full Scale Emergency Exercise "Aircraft Accident on Airport". In addition, a new concept regarding Regional Airports Fire Fighters' training was developed with the aim to enhance Aerodrome Fire Fighters' skills, knowledge and understanding for competently carry out all their operational tasks.

AIA, aiming at enhancing the airport's preparedness for responding effectively to adverse operational incidents, donated three Ambulances to the National Centre for Emergency Care (EKAB).

The development of the New Intra Schengen centralized screening area was finalized and successfully put into operation in December 2016 ahead of the holiday traffic peak, in accordance with our schedule. The new concept enhances both the level of security services as well as the passenger experience. In the area of security, updated versions of both the Airport Security Program and the Terminal Evacuation Procedure due to Security Threat were issued by AIA. Several inspections by the HCAA of the operations of Passenger & Hand Baggage Screening, Hold Baggage Screening and Employee Screening were conducted as well as a further inspection by the EU auditing body of the

Cargo and Air Mail facilities. All inspections testified the airport's compliance with applicable International Security standards.

In 2016, two out of the three freight and mail handlers, namely Skyserv Handling Services and Swissport Greece Cargo merged, leaving the third cargo handling right and consequently the associated cargo terminal (building 15a) idle. As the launched tender for the award of this idle right did not lead to any expressions of interest, alternative cargo and logistics-relevant uses will be sought to render the cargo terminal operational anew.

Notwithstanding, AIA's cargo business grew for a third consecutive year, the annual throughput reaching 88,619 tonnes, posting an overall annual increase of 10% over the previous year.

In December, to further support its cargo business development potential, AIA organised a cargo workshop that was attended by 30 Greek export companies interested in exploring the advantages of air transportation and the airfreight possibilities through Athens International Airport.

For the fourth time in a row AIA and all members of the Athens Airport aviation fuel supply chain were awarded by the Joint Inspection Group (JIG), while OFC Athens Airport remains the only Airport Fuel Facility worldwide which has been awarded with nine (9) consecutive JIG Certificates of Excellence (2008-2016).

Finally, the total number of PRM passengers provided with assistance services amounted to 145,564 in 2016, resulting in a 14.4%-compared to 2015.

## 2.2 Airport Marketing & Pricing

During 2016 AIA continued its dynamic marketing strategy and incentives policy. AIA's aeronautical marketing strategy encompasses comprehensive developmental and targeted programmes for airlines including incentives and marketing support packages and constitutes a cornerstone of AIA's aeronautical strategy for healthy financial growth.

In 2016, AIA maintained all charges unchanged without any increase for the eighth consecutive year. This freezing of charges was complemented by the continuous development and fine-tuning of our incentives' scheme and comprised growth incentives and a number of targeted incentives for airlines.

In particular, taking into consideration the market developments and the double-digit growth, AIA extended three significant targeted incentives during the winter '15-'16 season and two during the summer '16 season, fine-tuning, at the same time, the Incentives' terms of applicability and their levels, which were lowered to respond to the market developments. The Sustainability Incentive aiming at sustaining and stimulating the airline offer by encouraging airlines to at least maintain the same level of operated flights vs. the previous corresponding period was available during the winter '15-'16 season only. The Transfer Incentive focusing on the development of transfer traffic and the Load Factor Incentive, targeted to encourage airlines to increase the number of passengers per flight, were available throughout the year. The developmental schemes were enriched - as from the last year already - with the Niche Routes Incentive, aiming at attracting new services from niche markets that are currently not operated from Athens. Lastly, the special Low Fares Incentive was available during winter offering a return amount per each low fare ticket issued, albeit reduced by 25% approximately versus the previous corresponding season.

In total, thirteen different incentives, both for development and for sustainability, were in effect during 2016. These incentives are applied in a fully transparent and non-discriminatory manner. The vast majority of the operating carriers made use of one or more targeted incentives. Furthermore, more than 30 of AIA's airline partners enjoyed benefit deriving from traditional developmental incentives & marketing support to a significant degree. In this year's "Routes Europe" at Krakow, Poland & "Routes World" at Chengdu, China, the largest airline and airport networking route development forums in Europe and globally respectively, AIA was voted by the airlines and was awarded as the winner in the 4-20 million passengers' category in the 2016 Routes Marketing Awards, in both events. At the highly significant Routes forums, airlines evaluate the airports' marketing plans and programmes rewarding the ones that most efficiently address airlines' efforts to develop new routes or sustain existing ones. It is noteworthy that in the context of the prestigious Routes events, Athens International Airport is the most awarded airport with 16 distinctions in 12 years.

Following a relevant request of the Board of Directors, a study was commissioned to an expert international firm on the assessment of the incentives policy. More particularly the study assessed among other, the impact of incentives on traffic at AIA and their financial impact and their overall strategic importance. The study found evidence that the implementation of the incentives has stimulated growth in passengers and has resulted in positive EBITDA impact for AIA. Also, based on the assessment of the charges implementation, and considering industry best practices and legislation in EU, the incentives are transparent and non-discriminatory and they are considered by airlines as an important tool for cost reduction.

AIA's customised approach towards airlines was also the main element in the 2016 campaign under the slogan "Aviation Marketing delivered in a novel way", reflecting AIA's willingness and efforts to proactively and in an innovative way look into the actual needs of each of its airline partners and consequently design and implement its novel marketing strategy accordingly.

Airlines' contribution to the airport's performance in 2016 was acknowledged by AIA for the 17th consecutive year by rewarding them for the most successful passenger traffic development during 2016. The awards ceremony, the major airline networking event for Greece which is hosted by AIA, took place in March 2017 during AIA's 17th Airline Marketing Workshop.

During the last five years, not only has AIA devoted innovative marketing efforts to its Airline & Business partners and Consumers but has also extended its endeavours to actively support Athens as a Destination. Actions to reinforce Athens' attractiveness as a tourism destination have significantly contributed to the recovery of the city's image and the increase in foreign tourists' arrivals to our city. In particular, AIA has implemented a series of destination marketing targeted actions and initiatives by forging strong relations and strategic co-operations and synergies with tourism organisations and associations (Association of Tourism Enterprises, Greek National Tourism Organisation, Ministry of Tourism, Marketing Greece, etc.).

Within this context and as a part of the Destination Marketing initiatives undertaken for the promotion of Athens, AIA, in a strategic cooperation with Aegean Airlines, Marketing Greece & the Municipality of Athens introduced a unique project, namely ATP (Athens Tourism Partnership Project). The outcome of this institutional cooperation generated a unique online/digital campaign for Athens, which was launched to the public during a press conference at the Athens Municipality during December 2016.

The fact that foreign visitors with Athens as their final destination significantly increased during last year denotes the effectiveness of such strategic synergies and highlights the necessity for all stakeholders' industry organisations to continue their cooperation with the long-term strategic aim to establish Athens as one of the most appealing tourist destinations worldwide.

Athens International Airport hosted once more the 4th Airport Chief Executive's' Symposium (ACES-Athens) in December 2016. This AIA initiative which takes place in Athens on an annual basis aims, on the one hand, to highlight the interdependence between the air transport industry and airports and the development of the destinations they serve and on the other, to introduce initiatives for the strengthening of Athens as a tourism destination. This year's event focused on evaluating the current cruise market out of Athens and setting out necessary synergies amongst stakeholders involved in order to accelerate the development of this particular segment in the foreseeable future. The symposium was attended by more than 100 top executives from the air transport, the cruise business and tourism industry, as well as from the financial sector.

## 2.3 Consumers

Consumers' activities include a wide spectrum of high quality services ranging from landside and terminal services to shopping, dining and parking, aiming at delivering a unique airport experience to both passengers and visitors while at the same time generating revenues for AIA.

In the frame of renovating and redesigning key areas of the Airport Shopping Centre towards enhancing passenger satisfaction and better accommodating traffic increase, a new large-scale project was put in development within the last four months of 2016 affecting the entirety of the Intra-Schengen area and a large part of the Departures All Users area in terms of both aesthetics and functionality (the ISP project). The project is estimated to be completed by May 2017. Despite the considerable impact of this project, the Airport Shopping Centre revenues performed better than last year.

Following the successful upgrade of the Extra-Schengen commercial area in mid-2015 which made a beneficial impact on passenger experience on retail sales and the overall image of the airport, similar design disciplines and approach were engaged in the upgrade project at the Intra-Schengen area. Besides the one of the key goals of the project, i.e. the passenger and hand baggage security centralisation, the project aims at the creation of a Duty-Free walk-through concept and the complete redevelopment of the Intra-Schengen Commercial area so it is fully integrated with the passenger gate lounges. This large-scale refurbishment will lead to a remarkable net commercial space increase of 1,500 m² compensating for the loss of approximately 400 m² of commercial space in the All Users area reserved for the construction of the centralised screening facility.

The completion of the ISP project will mark the thorough remodelling of the greatest part of the Departures Level commercial area introducing new quality brands and presenting an enriched product portfolio fully aligned with the latest market trends, thus providing an upgraded shopping experience to all airport users.

Within the frame of redesigning the Intra-Schengen area, AIA prepared, launched and successfully completed a major Commercial Space tender for the award of 21 tenders involving the development and operation of 29 commercial units of a total of approximately 2,500 $m^2$ of commercial space, which given the difficult environment of the retail sector in Greece, attracted satisfactory offers both financially and in terms of their commercial concepts. The tendered units referred to new commercial space created within the context of ISP, as well as expiring standing contracts.

Further to the above, aiming to compensate passengers for the inconvenience caused by the extensive construction works and at the same time minimise any potential revenue loss, AIA launched targeted marketing and sales activities including amongst others a special discount programme for Perfumes & Cosmetics, and the Fashion Bazaar, achieving striking sales performance.

The Airport's car parking facilities revenues during 2016 recorded a 5% increase versus previous year, lagging however behind traffic.

The economic landscape of the country still negatively affects the parking business, whereas the expansion of the ultra-low cost carriers, whose clientele is more inclined towards low-cost transport means, has dramatically altered the mix of the Greek O&D passengers who are the parking's primary users, in favour of public transport, car drop-off means and other rival parking options.

The E-parking platform has been strategically placed in the centre of parking communication in order to address ongoing business challenges, supporting sales and further enhancing the offered service against competing means of airport access. It is well worth mentioning that in 2016 e-tickets increased by an astounding 53%.

With the main aim to address current parking competition in the vicinity of the airport, the "always on" marketing campaign provided strong communication of the airport parking offers through radio live reads and produced spots as well as monthly newsletters and helped to sell out parking products four times during 2016.

In 2016 a sizeable number of over 2.3 million airport users interacted with Terminal Services staff for airport information and personal assistance. Almost 500,000 calls were handled by the Airport Call Centre with a nearly 93% of passengers being served within 20 seconds, whereby the "Airport-Info" e-mail service addressed over 4,300 electronic inquiries.

In recognition of the excellent customer service provided to the public, AIA's Call Centre was honoured for a third consecutive year during the "CRM Grand Prix Customer Service Annual Awards" and received the Silver Award in the category of "Large Call Centres in Greece" for 2015.

Following 15 years of successful operation, the analogue Public Address System used for public announcements within the terminals was successfully migrated to a new state-of-the-art digital system put in operation in mid-May. The new system will eventually provide additional features to both AIA's personnel and Airport Community members and flexibility to adapt to special operations as well as emergencies, whereas public announcement sound quality and audibility have already been significantly improved to the benefit of passengers, visitors and airline operators.

## 2.4 Property

Amidst the continuing difficulties of the Greek real estate sector, AIA's property business activities related to real estate development as well as offices & auxiliary space leases, succeeded in performing at 2014 and 2015 levels while in addition improved some of its business areas. The Airport Retail Park increased sales by approximately 2% compared to 2015.

Sofitel Athens Airport Hotel accomplished a new record year in terms of room occupancy and recorded a further increase by 5% vs. the already exceptional 2015, at a higher average room rate. It is obvious that Sofitel made the most out of the passenger increase in 2016 as well as actively taking advantage of major exhibitions at the Airport's Expo Centre.

The building and space leases, mainly serving the Airport community (i.e. airlines, ground handlers), sustained their high occupancy rates, close to the 2015 levels.

In the context of improving passenger travel experience, Extra Schengen CIP lounges were enhanced with the addition of a brand-new lounge operated by Goldair Handling.

The Metropolitan Exhibition & Conference Centre events recorded an increase in number of exhibitors, occupied space and visitors, with the most outstanding events being "HORECA" and the biennial "Poseidonia International Shipping Exhibition" that enjoyed international participation.

The Photovoltaic Park sustained high production levels of more than 13,280 MWh, though marginally less than previous year's 13,427 MWh mainly due to unfavourable weather conditions, yet evidencing a robust performance efficiency after five years of uninterrupted operation.

## 2.5 Information Technology & Telecommunications

During the year the Information Technology & Telecommunications Business Unit's focus was on efficiency, service improvement, operations and customer experience, while the revenues were slightly increased.

### Operations Support

IT&T and the Aviation Business Unit collaborated to launch a new platform providing Emergency Call Out notifications. Specifically, upon the emergence of any circumstance requiring common briefing, the solution automatically dispatches critical messages simultaneously to a large number of diverse stakeholders (state authorities, airlines and ground handlers) and via a variety of means (e-mail, land line, mobile phone, sms, fax).

In the context of the on-going Next Generation Network project, an upgrade of the wireless network was successfully completed and now provides better and extended Wi-Fi coverage at the Airport's indoor and outdoor areas as well as increased bandwidth for the passengers/consumers and apron Wi-Fi users. Additionally, the Flight Information System (FIDS) network was successfully upgraded to 40G backbone capacity. These enhancements constitute the basis for consolidation of the FIDS, Building Automation System (BAS), Common Use Terminal Equipment (CUTE) and Closed-Circuit Television (CCTV) networks into one centralised networking infrastructure.

### Airport Terminal

IT& T was critically involved to the significant Intra-Schengen area refurbishment. One of the projects delivered concerned the installation of automated boarding pass control gates. The first gates are now operating at the Intra-Schengen departures area, while additional gates are planned to be installed at the Extra-Schengen area by March 2017 and at the STB by May 2017.

New common use self-service kiosks (S4 CUSS kiosks) enabled with self-bag tag printing functions were installed in the MTB, having replaced legacy systems, now providing a unified operational environment to all airlines at the airport.

### Innovation & Digital Initiative

Within this context, IT&T implemented its strategy to evolve the experience that the airport delivers, through more digitalised, automated and personalised services for passengers, visitors, airlines, handlers & third party users.

AIA claims an international first for the successful launching of the "ATH Messenger" service implementing the Facebook Messenger bot. This "smart programme" quickly reads user's requests and offers through a developed interface and provides services and airport related information in real-time.
Utilising social media to their fullest potential, Athens International Airport became the first airport in Greece to offer a virtual tour of its premises on Google Street View and the Indoor Google Maps, providing users with comprehensive information when travelling or visiting the airport.
Encouraging digital innovation and young entrepreneurship, AIA concluded its contest "Digital Gate: Airport Innovation Challenge – Transforming the Airport Environment" which resulted in five companies implementing their ideas in the real airport environment with great success. In cooperation with Athens University of Economics & Business, the scientific support of the Laboratory of Electronic Commerce and Business and Athens Centre for Entrepreneurship and Innovation, AIA organised this first competition titled "Digital Gate". The aim of the competition was to give young people the opportunity to promote their innovation and design skills and support them in developing applications and new digital business.

**Office Automation & Business Intelligence**

The deployment of 'Office 365' encourages collaboration and mobility for AIA users via Cloud, as e-mail and Microsoft office applications are accessible from any device, anywhere, anytime.
Finally, AIA's Management Information System (MIS) has been further enriched by including data from various departments of the airport, enabling easier access to necessary statistical analysis.

## 2.6 Major Corporate Projects and developments

**Terminal Facilities Capacity**

At the end of July 2016 passenger terminal facilities reached their capacity "trigger point" (i.e. 18.9 million passengers on a rolling twelve-month period which corresponds to 90% of the relevant capacity of 21 million Annual Passengers). Therefore, in accordance with the provisions of the ADA, within 14 days from reaching the trigger point AIA requested IATA to perform a passenger demand forecast of the next two years and to determine whether, after allowing for any increase in the design capacity of any buildings or equipment, due to technological, organisational or other improvements the relevant 90% threshold would still have been reached.
IATA's independent review confirmed that following a timely implementation of specific capacity improvement projects, the airport's passenger terminal facilities will be able to handle at least a volume of 26 million Annual Passengers, while providing at a minimum the IATA Level of Service "Optimum" at all terminal sub-systems within the MTB and STB. Therefore, the 90% threshold of the new capacity has not been reached.
As ADA dictates, the results of the IATA study were subsequently communicated to the Greek State and the revised annual capacity of the passenger terminal facilities was established accordingly.

**Concession Extension**

In December 2015, the Hellenic Republic Asset Development Fund (HRADF) invited AIA to enter into discussions for the concession extension as prescribed in Article 4.2 of the ADA. At its meeting of March 2016, AIA's BoD finally approved the initiation of discussions and the exchange of data between technical teams.
Indeed, following BoD's authorisation, AIA and its technical, legal and financial advisors exchanged necessary information with the related teams of HRADF and entered into corresponding discussions for the extension of the Airport Company's concession period. In May 2017, the BoD of HRADF approved the draft ADA Extension Agreement and invited AIA to submit its financial offer on the Concession Extension. AIA's financial offer was finally approved by the BoD of HRADF on 30 May 2017 and the offer was affirmed by the Extraordinary General Meeting of AIA's shareholders on 1 June 2017. Nevertheless, the Concession Extension process is still underway and completion and effectiveness are subject to the execution of the agreements and the satisfaction of all conditions contained therein.

## 3. Corporate Responsibility

AIA follows a balanced stakeholder-focused approach for its sustainability objectives. Corporate Responsibility is perceived as a structured governance system embracing international best practices with respect to planning, implementing, measuring and transparently reporting its non-financial performance. Related Corporate Responsibility policies are continuously updated in line with emerging requirements and global standards.

In 2016 AIA further progressed its Materiality Analysis for identifying and prioritising material issues (i.e. those of significant impact for the Company and its stakeholders) taking into account the new GRI Sustainability Reporting Standards and the provisions of the Sustainable Development Goals of the United Nations. This is an essential corporate practice that sets sustainability priorities, structures the related action plan, determines the content of the 2016 CR Report and constitutes the focus of the independent CR assurance process.

### 3.1 Operational Responsibility

Operational responsibility is the cornerstone of AIA's commitments. The Company ensures safe, secure, efficient and value-adding services for the benefit of a well-coordinated airport community and for delivering an exceptional experience to the travelling public.

In 2016, the Company progressed preparations for complying with the new EASA Aerodrome Rules and for advancing aviation safety practices. Ensuring the health & safety of the travelling public, all public and technical areas are regularly inspected in order to ensure that airport facilities personnel comply with legal provisions and AIA's corporate rules and procedures. In 2016 253 audits were carried out to various airport community stakeholders.

Operational readiness and availability performance of critical systems was maintained at exceptional levels. At the same time, satisfaction rating of our passengers was slightly improved and maintained at high levels (4.26 on a 5-point scale), a very positive performance considering the significant traffic increase and the extensive works in the terminal. Passengers satisfaction is at the focus of every AIA employee, as more than 800 "virtual passenger" walkthroughs were executed in 2016 as part of the innovative i-mind programme, corresponding to over 50,000 inspections.

### 3.2 Environmental Responsibility

In 2016 AIA's commitment for protecting the natural environmental and contributing to the global effort against climate change was verified anew. By implementing best practices to operate its facilities and equipment more efficiently and also investing heavily in energy-saving technology, AIA managed to reduce its carbon footprint by 41% between 2005 and 2016. AIA has offset its remaining emissions to become the first carbon neutral airport in Greece, the 25$^{th}$ in Europe and the 28$^{th}$ airport in the world, leading to an Airport Carbon Accreditation at Level 3+ (Neutrality).

AIA's environmental profile is further bolstered by the 8.05 MWp Photovoltaic (PV) Park compensating for emissions of nearly 12,000 tonnes of $CO2$ per year with an expected lifecycle of more than 20 years.

AIA's "Polluter Pays" concept to waste management continued in 2016 to produce remarkable results: a Recycling Rate of 58% for Solid Non-Hazardous Waste (8.086,845 tons out of total 13.738,853 tons) was recycled. In addition, 334 tonnes of Hazardous Waste and 197 kg of medical/clinical waste were collected and transferred to licensed facilities. Also, airport employees recycled 8.9 tonnes of non-hazardous and hazardous waste at our dedicated Recycling Centre.

AIA's environmental performance was recognised at the 2016 Greek Environmental Awards with two Gold awards in the categories of "Water Efficiency" and "Water Consumption Reduction". Furthermore, AIA received an important distinction in the context of the 2016 "ECOPOLIS Environmental Awareness Awards" for its work in monitoring ecosystems in the area of the airport, the protection of biodiversity and wildlife management.

### 3.3 Employer's Responsibility

The people of AIA is the Company's most valuable asset. At the end of 2016, our headcount was 604 people under open-ended contracts and 80 people were on a fixed-term contract. The average age of

our employees is 43 years old with a high level educational background. 29.3% of our personnel reside at the local communities, reflecting our close relationship with the Mesogeia community.
Our business strategy is closely linked with the development of our people skills and capabilities. Thus, the continuing professional and personal training of our employees are of vital importance, and therefore we allocate significant resources towards these activities.
The 2016 Training Plan resulted in a total of 18,383 training hours, with 100% of the employees attending at least one training session and receiving the equivalent of 26.5 hours per FTE.
In June 2016, AIA, wishing to substantially contribute to youth employability in Greece, implemented the second round of "Praxis" program and offered to 100 young people, between ages 19 to 29, the opportunity for on-the-job training through a paid working experience at the airport for a period up to 6 months. At the completion of the program, outplacement services are scheduled for the trainees through an external advisor.

### 3.4 Corporate Citizenship

Regarding corporate citizenship, AIA consistently promotes the country's cultural heritage and contemporary art while connecting social contribution with business objectives. In regard to its cultural impact, in 2016 AIA launched numerous art collaborations in its two temporary art exhibitions areas, in addition to the ongoing permanent exhibitions. Examples of such events include the "Drops of Breath" exhibition on the 1st worldwide underwater dance performance that took place under the ancient Temple of Poseidon at Cape Sounio, the photo exhibition "Olympic Games 1896" in collaboration with the Benaki Museum and Costa Navarino, the digital installation "EverythingHappensAsItShould.com" in cooperation with the Polyeco Contemporary Art Initiative, the "Sheltering Sky" exhibition of contemporary Greek jewellery designers and the Pulitzer Prize-winning photographer, Yannis Behrakis', exhibition titled "People on the Move" with the aim to raise public awareness on the refugee crisis. Through the "Fly me to the Moon" programme, AIA offered passengers for the 3rd consecutive year a unique entertainment experience at the airport featuring renowned performers.
At the same time, AIA's concern with the challenges faced by Greek society is converted into programmes of great value, such as the contribution to the Prolepsis Institute for ensuring proper nutrition for the children of neighbouring schools.
The company's ties with local society remained intact through this year's Community Engagement Plan implementation. Some of the most important initiatives for 2016 include the provision of financial rewards to local schools for their participation in AIA's Recycling Programme and to top students from local high schools admitted to Greek Universities, a programme for raising awareness on water conservation issues that was implemented to 13 local elementary schools and attended by 1,728 students, the launch of a new Environmental Management Programme which aims to raise awareness on the airport's environmental protection measures in the Mesogaia area and included presentations to 253 high school students and financial assistance to local cultural and athletic associations and families in need. Moreover, for the 9th consecutive year AIA continued to financially support the Vravrona Archaeological Museum and the conservation and promotion of the Vravrona Wetland.

## 4. 2016 Financial Statements' Highlights

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Accounting Policies approved by the Board of Directors of AIA.
Operating revenues AIA reached the amount of €404.6 million, higher by 8.95% (or €33.2 million) compared to the previous financial year, mainly attributed to the passenger traffic increase.
In total, AIA's participation in the Airport Development Fund (ADF) reached the amount of €83.3 million, higher by €7.2 million or 9.47% in comparison to the prior financial year, as a result of increased passenger traffic. Part of the ADF receipts covered interest expenses, i.e. €27.7 million versus €32.1 million in the previous year and therefore were recorded as subsidies related to financial expenses, while the remaining €55.6 million covered part of the instalments of the loan received for the construction of the airport and it was transferred to other revenues, with the corresponding amount of the previous year standing at €44.0 million.

In 2016 operating expenses increased by €24.2 million or 21.9% mainly due to (i) the increase in impairment losses in relation to the fair value measurement of Company's available for sale financial assets amounting to €8.0million, (ii) the variable fee element of the Grant of Rights Fee recorded in other operating expenses (refer to Note 2.4.2) amounting to €7.6 million and (iii) the increase in indirect taxes paid by the Company also recorded in other operating expenses amounting to €6.2 million.

Overall earnings before interest, tax, depreciation & amortisation (EBITDA) in 2016 were increased by €9.1 million or 3.5% compared to the previous year, reaching the level of €269.8 million.

Depreciation charge was €74.2 million in 2016, similar to the corresponding charge in 2015 of €74.4 million.

Net financial expenses stood at €34.2 million presenting a decrease of €4.4 million or 11.4% versus 2015 mainly due to the gradual reduction of the outstanding balance of the AIA's debt.

Profit before Tax reached the amount of €189.1 million. After accounting for the aggregate charge for income tax of €56.7 million, the statutory and other reserves of €6.6 million and the prior year's retained earnings of €0.1 million, there remains a distributable profit of €125.8 million. Given the additional short term financial obligations for the Airport Company arising from the recent positive developments in connection with the concession extension the Board proposes to the shareholders a dividend distribution of €40.5 million or €1.35 per ordinary share.

The Statement of Financial Position of 31 December 2016 reflects total Assets of €1,2 billion. The value of AIA's Non-Current Assets (€0,69 billion) represents 59,0% of Total Assets, indicating that AIA still remains a capital-intensive company.

All Fixed Assets are recorded in the Fixed Assets Register and are free of any encumbrances apart from the conditional assignment of the Usufruct extended since 1996 in favour of the Lenders. Fixed Assets were depreciated at rates reflecting their estimated useful lives and the legal limits on their use as provided by the ADA. The value of the Usufruct of the Land that was assigned by the Greek State for the development and operation of the airport, the present value of the fixed component Grant of Rights Fee and the value of the Intangible Assets are equally depreciated over the operation of the 25-year concession period. Investment in Associates consists of €3,25 million and represents the carrying amount of AIA's participation in the equity of Athens Airport Fuel Pipeline Company S.A.

The AIA's Closing Cash position is €285.8 million, not including investments in held-to-maturity which amounted to €87.5 million. The cash surplus is invested in short term time deposits and highly rated supranational and corporate euro-securities with maturity up to two years.

AIA is exposed to financial risks such as cash flow and fair value interest rate risk, price, credit and liquidity and to concentration risks. The company invests its cash and cash equivalents in short term deposits and held-to-maturity highly liquid financial assets minimising its exposure to interest rates volatility. As regards the borrowings, these are with fixed interest rates eliminating any potential adverse impact on Company's financial performance from the fluctuation of interest rates. In order to cover the credit risk, the company obtains adequate securities from customers, as per the applied Credit Policy. The liquidity risk is managed through efficient cash management involving cash forecasting and investments strategy that ensures the sufficient level of available cash to meet operational needs, to cover the debt service obligations and to finance investments complying with the debt covenants in terms of creditability and maturity of investments. The nature of the risks as well as the scope and the company policies for managing financial risks are presented in Section 3 of the Notes to the Financial Statements. Other risks and uncertainties related to tax disputes with the Greek State and municipal charges disputes with two of the surrounding municipalities are analytically referred to in note 5.29 of the Notes to the Financial Statements.

Regarding events after the balance sheet date reference is made in note 5.32 of the Financial Statements.

## 5. 2017 Outlook

Following a successful 2016, the prospects for the year 2017 are promising, nevertheless with the presence of a number of challenges:

- During the period 2014-16 passenger traffic grew at a cumulative 60% which is an outstanding growth for a metropolitan airport, given also the developments in the macroeconomic environment. For 2017 we expect a moderate growth rate. There are a number of factors corroborating this expectation:
    - The announced plans of home carriers which plan to increase their international network, reducing however their capacity in the domestic market. Nevertheless, their load factors are expected to be maintained at high levels. Furthermore, we also anticipate a healthy capacity increase from our visiting carriers.
    - The Greek economy is expected to show modest growth but the overall environment continues to be fragile, affecting the Greek residents' propensity to travel.
    - On the other hand, the geopolitical situation favours Greek tourism, therefore international demand for the leisure markets could prove to be strong.
- The Airport Company is expected to maintain its profitable path with revenues growing in line with traffic. Cost efficiency continues to be one of the best among European airports while AIA maintains its value for money attribute across all services and business functions and with excellent records on all aspects of corporate responsibility.
- Further to airport's traffic growth and the establishment of the increased terminal facilities' capacity, the Airport Company continues to undertake investments which will maintain and improve its value proposition to passengers and users, and at the same time make business sense. For 2017 the most important investments refer to operational and commercial upgrades at the terminal facilities as part of a multiyear terminal improvement investment plan. This year the upgrade of the Main Terminal's Intra-Schengen area will be completed and the upgrade of the Satellite Terminal areas will be initiated. At the same time the company's investment plan provides for spending on many areas of the airport's airside, terminal and landside facilities, with investments ranging from user experience improvements to necessary safety, compliance and other regulatory needs; and from actions designed to cater for the immediate needs of the airport users to actions necessary for the airport's long-term needs.

Year 2017 could evolve into a historical milestone both for the Airport Company and for the country's aviation industry: concession of 14 Greek regional airports marks a new era in the Greek aviation market; and more importantly for AIA, if the concession period extension is finally concluded, 2017 will prove to be of crucial importance. It will be a development with a beneficial impact on all airport stakeholders and will offer a necessary time horizon for the airport's business and investment planning. Under a fair transaction, all shareholders will sustain their value in the company; the Greek State will achieve not only the economic benefits from the transaction as concurrent grantor and shareholder, but will also benefit from the continuation of a successful operator in the country's main airport; airlines and business partners will benefit from the closer alignment of the infrastructure cost recovery to its useful life and will continue to operate in the healthy business environment of AIA; employees will have an extended prospect of professional development; finally all other stakeholders will continue to reap the benefits of an operator that tops in all aspects of corporate and social responsibility.

Spata, 9 June 2017

For the Board of Directors of Athens International Airport S.A.

Dr. Dimitrios Dimitriou

Chairman

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## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| Operating revenues | 5.1 | 347,499,533 | 326,701,628 |
| Other revenues | 5.1 | 57,054,445 | 44,604,817 |
| **Total operating revenues** | | **404,553,978** | **371,306,444** |
| | | | |
| **Operating expenses** | | | |
| Personnel expenses | | 41,759,712 | 40,621,616 |
| Outsourcing expenses | | 49,503,143 | 50,702,161 |
| Public relations & marketing expenses | | 4,658,623 | 4,160,166 |
| Utility expenses | | 8,554,580 | 8,011,871 |
| Insurance premiums | | 1,829,272 | 2,132,964 |
| Net provisions and impairment losses | | 7,922,678 | (1,632,571) |
| Grant of rights fee - variable fee component | | 7,599,458 | 0 |
| Other operating expenses | | 12,926,779 | 6,585,663 |
| **Total operating expenses** | **5.2** | **134,754,245** | **110,581,869** |
| | | | |
| **EBITDA** | | **269,799,733** | **260,724,575** |
| | | | |
| Depreciation & amortisation charges | 5.3 | 74,209,512 | 74,401,800 |
| | | | |
| **Operating profit** | | **195,590,221** | **186,322,775** |
| | | | |
| Financial income | 5.4 | (430,680) | (663,806) |
| Financial costs | 5.4 | 34,632,429 | 39,250,997 |
| Net financial expenses | 5.4 | 34,201,749 | 38,587,191 |
| Subsidies received for borrowing costs | 5.5 | (27,672,394) | (32,108,265) |
| | | | |
| **Profit before tax** | | **189,060,866** | **179,843,849** |
| Income tax expense | 5.6 | (56,669,454) | (59,184,104) |
| **Profit after tax** | | **132,391,412** | **120,659,745** |
| | | | |
| **Basic earnings per share** | **5.7** | **4.41** | **4.02** |

***The notes on pages 20 to 57 are an integral part of these financial statements.***

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| **Profit after tax** | | **132,391,412** | **120,659,745** |
| **Other comprehensive income:** | | | |
| **Items that will not be classified to profit or loss** | | | |
| Actuarial gains/(losses) | 5.21 | (511,762) | 204,230 |
| Deferred tax on actuarial gains/(losses) | | 148,411 | (59,226) |
| Deferred tax due to change in tax rates | | 0 | (13,228) |
| **Items that may be subsequently reclassified to profit or loss** | | | |
| Change in the fair value of available-for-sale financial assets | 5.10 | (8,250,000) | 231,000 |
| Deferred tax on the change in the fair value of available-for-sale financial assets | 5.10 | 2,392,500 | (66,990) |
| Recycling to profit or loss | 5.10 | 8,019,000 | 0 |
| Deferred tax on the recycling to profit or loss | 5.10 | (2,325,510) | 0 |
| **Total comprehensive income for the year after tax** | | **131,864,051** | **120,955,531** |

***The notes on pages 20 to 57 are an integral part of these financial statements.***

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2016

| ASSETS | Note | 2016 | 2015 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property plant & equipment-owned assets | 5.8 | 21,656,909 | 20,371,133 |
| Intangible assets | 5.9 | 667,697,001 | 734,543,993 |
| Non-current financial assets | 5.10 | 957,000 | 98,290,693 |
| Other non-current assets | 5.11 | 3,455,985 | 3,451,499 |
| **Total non-current assets** | | **693,766,896** | **856,657,318** |
| **Current assets** | | | |
| Inventories | 5.12 | 5,745,316 | 5,924,034 |
| Construction works in progress | 5.13 | 5,175,040 | 3,283,701 |
| Trade receivables | 5.14 | 50,568,749 | 39,516,670 |
| Current financial assets | 5.10 | 87,549,512 | 124,057,320 |
| Other receivables | 5.15 | 53,698,773 | 63,037,524 |
| Cash & cash equivalents | 5.16 | 285,827,483 | 123,270,339 |
| **Total current assets** | | **488,564,872** | **359,089,589** |
| **TOTAL ASSETS** | | **1,182,331,768** | **1,215,746,907** |
| **EQUITY & LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 5.17 | 300,000,000 | 300,000,000 |
| Statutory & other reserves | 5.18 | 62,058,994 | 55,966,785 |
| Retained earnings | 5.19 | 125,889,090 | 114,717,249 |
| **Total equity** | | **487,948,084** | **470,684,034** |
| **Non-current liabilities** | | | |
| Bank loans | 5.20 | 295,632,204 | 369,271,797 |
| Employee retirement benefits | 5.21 | 10,148,627 | 8,629,796 |
| Provisions | 5.22 | 17,906,069 | 16,271,180 |
| Deferred tax liabilities | 5.23 | 101,289,704 | 61,377,904 |
| Other non-current liabilities | 5.24 | 100,686,282 | 109,941,127 |
| **Total non-current liabilities** | | **525,662,886** | **565,491,804** |
| **Current liabilities** | | | |
| Bank loans | 5.20 | 74,578,239 | 72,104,707 |
| Trade & other payables | 5.25 | 64,871,232 | 48,263,741 |
| Income tax payable | 5.23 | 16,542,254 | 46,808,450 |
| Other current liabilities | 5.26 | 12,729,074 | 12,394,171 |
| **Total current liabilities** | | **168,720,798** | **179,571,069** |
| **Total liabilities** | | **694,383,684** | **745,062,873** |
| **TOTAL EQUITY & LIABILITIES** | | **1,182,331,768** | **1,215,746,907** |

***The notes on pages 20 to 57 are an integral part of these financial statements.***

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

| | Share Capital | Reserves | Retained Earnings | Total Equity |
|---|---|---|---|---|
| **Balance as at 31 December 2014** | **300,000,000** | **49,638,012** | **87,390,491** | **437,028,503** |
| **Comprehensive income** | | | | |
| Net profit for the year 2015 | 0 | 0 | 120,659,745 | 120,659,745 |
| Other comprehensive income | 0 | 295,786 | 0 | 295,786 |
| **Total comprehensive income** | **0** | **295,786** | **120,659,745** | **120,955,531** |
| **Transactions with owners** | | | | |
| Dividends distributed to the shareholders | 0 | 0 | (87,300,000) | (87,300,000) |
| **Total transactions with owners** | **0** | **0** | **(87,300,000)** | **(87,300,000)** |
| Transfer to statutory reserves | 0 | 6,032,987 | (6,032,987) | 0 |
| **Balance as at 31 December 2015** | **300,000,000** | **55,966,785** | **114,717,249** | **470,684,034** |
| **Comprehensive income** | | | | |
| Net profit for the year 2016 | 0 | 0 | 132,391,412 | 132,391,412 |
| Other comprehensive income | 0 | (527,361) | 0 | (527,361) |
| **Total comprehensive income** | **0** | **(527,361)** | **132,391,412** | **131,864,051** |
| **Transactions with owners** | | | | |
| Dividends distributed to shareholders | 0 | 0 | (114,600,000) | (114,600,000) |
| **Total transactions with owners** | **0** | **0** | **(114,600,000)** | **(114,600,000)** |
| Transfer to statutory and other reserves | 0 | 6,619,571 | (6,619,571) | 0 |
| **Balance as at 31 December 2016** | **300,000,000** | **62,058,994** | **125,889,090** | **487,948,084** |

***The notes on pages 20 to 57 are an integral part of these financial statements.***

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| **Operating activities** | | | |
| **Profit for the year before tax** | | **189,060,866** | **179,843,849** |
| **Adjustments for:** | | | |
| Depreciation & amortisation expenses | 5.3 | 74,209,512 | 74,401,800 |
| Provision for impairment of trade receivables | 5.14 | (179,579) | (2,551,052) |
| Impairment loss on available-for-sale financial assets | 5.10 | 8,019,000 | 924,000 |
| Net financial expenses | 5.4 | 34,190,442 | 38,587,191 |
| (Gain)/loss on PPE disposals | | (19,323) | 2,558 |
| Increase/(decrease) in retirement benefits | | 1,007,069 | 575,667 |
| Increase/(decrease) in provisions | | 728,752 | 1,181,943 |
| Increase/(decrease) in other assets/liabilities | | (15,254,655) | (8,901,399) |
| Increase/(decrease) in working capital | | 15,334,870 | 26,483,479 |
| **Cash generated from operations** | | **307,096,954** | **310,548,036** |
| Income tax paid | | (46,809,451) | (30,672,973) |
| Interest paid | 5.4 | (29,745,705) | (32,314,338) |
| **Net cash flow from operating activities** | | **230,541,798** | **247,560,725** |
| **Investment activities** | | | |
| Acquisition of PPE | | (10,520,313) | (25,053,562) |
| Interest received | 5.4 | 446,847 | 542,461 |
| Investments to financial assets | 5.10 | 125,591,501 | 27,709,248 |
| Dividends received from associate | | 451,719 | 286,321 |
| **Net cash flow from investment activities** | | **115,969,754** | **3,484,468** |
| **Financial activities** | | | |
| Dividends paid | 5.19 | (114,600,000) | (87,300,000) |
| Repayment of bank loans | 5.20 | (69,354,408) | (65,274,765) |
| **Net cash flow from financial activities** | | **(183,954,408)** | **(152,574,765)** |
| | | | |
| **Net increase/(decrease) in cash & cash equivalents** | | **162,557,144** | **98,470,428** |
| | | | |
| **Cash & cash equivalents at the beginning of the year** | | **123,270,339** | **24,799,911** |
| | | | |
| **Cash & cash equivalents at the end of the year** | | **285,827,483** | **123,270,339** |

***The notes on pages 20 to 57 are an integral part of these financial statements.***

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Incorporation & activities of the Company

Athens International Airport S.A. (the Company) is active in the financing, construction and operation of civil airports and related activities. As a civil airport operator the Company manages the Athens International Airport at Spata, Greece. The Company is a Societe Anonyme incorporated and domiciled in Greece. The address of its registered office is Spata, Attica 190 19.

The Company was established on 31 July 1995 by the Greek State & Private Investors for the purpose of the finance, construction, operation and development of the new international airport at Spata Attica. In exchange for the finance, construction, operation and development of the airport the Greek State granted the Athens International Airport S.A. a 30 year's concession commencing on 11 June 1996. At the end of the concession arrangement (11 June 2026), subject to the stipulations of Article 33 of the ADA and without prejudice to all rights and obligations then having accrued to the Greek State and/or the Company, the airport together with all usufruct additions will revert to the Greek State, which will enjoy all rights of ownership over these without payment of any kind and clear of any security, unless the concession arrangement is renewed as provided by the Article 4.2 of the ADA.

Pursuant to Article 4.2 of the ADA, the Hellenic Republic Asset Development Fund (HRADF) invited AIA in December 2015 to enter into discussions for the concession extension. Following AIA's Board of Directors relevant approval, AIA and its technical, legal and financial advisors exchanged the necessary information with the relevant teams of HRADF and entered into corresponding discussions for the extension of the Airport Company's concession period. In May 2017, the BoD of HRADF approved the draft ADA Extension Agreement and invited AIA to submit its financial offer on the Concession Extension. AIA's financial offer was finally approved by the BoD of HRADF on 30 May 2017 and the offer was affirmed by the Extraordinary General Meeting of AIA's shareholders on 1 June 2017. Nevertheless, the Concession Extension process is still underway and completion and effectiveness are subject to the execution of the agreements and the satisfaction of all conditions contained therein.

Therefore, upon the effectiveness of the ADA Concession Extension Agreement, the Company will undertake significant short term financial obligations against HRADF. The current assumption is that these financial obligations will be covered by the Company's own cash funds. The additional financial obligations in connection with the concession extension in combination with the rest of the financial obligations towards third parties need to be addressed through the short term dividend policy. As a consequence of the above, the 2016 Financial Statements as approved by the Board of Directors on 30 March 2017, and for which an Independent Auditor's Report has been issued on 30 March 2017, were amended to reflect the updated proposal of the Board for the distribution of dividends for the year 2016, that was originally proposed at €4.19 per share and which is now revised at €1.35 per share. Reference is made below to the changes that have been made in the 2016 Financial Statements, to reflect the new developments incurred after the balance sheet date, as follows:

a) Statement of Financial Position for the year ended 31 December 2016
b) Note 5.6 "Income tax expense"
c) Note 5.19 "Retained earnings"
d) Note 5.23 "Income & deferred tax liabilities"
e) Note 5.29 "Contingent liabilities" and
f) Note 5.32 "Events after the balance sheet date"

The Company's return from air activities is capped at 15.0% on the capital allocated to air activities. In the event that the Company's actual compounded cumulative return exceeds 15.0%, in 3 out of any 4 consecutive financial periods, the Company is obliged to pay any excess return to the Greek State.

The terms and conditions of the concession for the Athens International Airport are stipulated in the Airport Development Agreement ("ADA"). The ADA and the Company's Articles of Association were ratified and enacted under Law 2338/14.9.1995.

The Company commenced its commercial operations in March 2001 following a construction period of approximately 5 years initiated in September 1996.

The number of open-ended staff employed at year-end was 604 employees, compared to 620 employees at the end of 2015.
The financial statements had been originally approved by the Board of Directors on 30 March 2017 and following the revision of the proposed dividend are re-approved on 9 June 2017.

## 2 Significant accounting policies

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

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC Interpretations and the Law 4308/2013 as applicable to companies reporting under IFRS. The Company's financial statements have been prepared under the historical cost convention, with the exception that the Available-for-sale financial assets are measured at fair value.

#### 2.1.1 Going concern

As a result of the funding activities undertaken and the increased focus on working capital, the Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current financing. Currently net interest expenses are covered by operating profits more than 5 times.
After making enquiries, management has reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### 2.1.2 Changes in accounting policies and disclosures

***New standards, amendments to standards and interpretations:*** Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

<u>Standards and Interpretations effective for the current financial year</u>

**IAS 19R (Amendment) "Employee Benefits"**

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

**IFRS 11 (Amendment) "Joint Arrangements"**

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

**IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation"**

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

**IAS 16 and IAS 41 (Amendments) "Agriculture: Bearer plants"**

These amendments change the financial reporting for bearer plants, such as grape vines and fruit trees. The bearer plants should be accounted for in the same way as self-constructed items of property, plant and equipment. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

**IAS 27 (Amendment) "Separate financial statements"**

This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements.

**IAS 1 (Amendments) "Disclosure initiative"**

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

**IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment entities: Applying the consolidation exception"**

These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Annual Improvements to IFRSs 2012

The amendments set out below describe the key changes to certain IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project.

**IFRS 2 "Share-based payment"**

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

**IFRS 3 "Business combinations"**

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

**IFRS 8 "Operating segments"**

The amendment requires disclosure of the judgements made by management in aggregating operating segments.

**IFRS 13 "Fair value measurement"**

The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

**IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"**

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

**IAS 24 "Related party disclosures"**

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Annual Improvements to IFRSs 2014

The amendments set out below describe the key changes to four IFRSs.

**IFRS 5 "Non-current assets held for sale and discontinued operations"**

The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

**IFRS 7 "Financial instruments: Disclosures"**

The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.

**IAS 19 "Employee benefits"**

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

**IAS 34 "Interim financial reporting"**

The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

Standards and Interpretations effective for subsequent periods

**IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2018)

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Company is currently investigating the impact of IFRS 9 on its financial statements.

**IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2018)

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Company is currently investigating the impact of IFRS 15 on its financial statements.

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

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

**IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses"** (effective for annual periods beginning on or after 1 January 2017)

These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

**IAS 7 (Amendments) "Disclosure initiative"** (effective for annual periods beginning on or after 1 January 2017)

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

**IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"** (effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

**IFRS 4 (Amendments) "Applying IFRS 9 *Financial instruments* with IFRS 4 *Insurance contracts*"** (effective for annual periods beginning on or after 1 January 2018)

The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39. The amendments have not yet been endorsed by the EU.

**IAS 40 (Amendments) "Transfers of Investment Property"** (effective for annual periods beginning on or after 1 January 2018)

The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendments have not yet been endorsed by the EU.

**IFRIC 22 "Foreign currency transactions and advance consideration"** (effective for annual periods beginning on or after 1 January 2018)

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle) (effective for annual periods beginning on or after 1 January 2017)

The amendments set out below describe the key changes to two IFRSs. The amendments have not yet been endorsed by the EU.

**IFRS 12 "Disclosures of Interests in Other Entities"**

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information.

**IAS 28 "Investments in associates and Joint ventures"**

The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

### 2.2 Foreign currency translation

#### 2.2.1 Functional and presentation currency

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

#### 2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### 2.3 Property, plant and equipment

Property, plant and equipment mainly comprise movable assets, such as vehicles and furniture & fixtures which do not form part of the service concession intangible asset.

The items included under the heading "Property, plant & equipment" in the accompanying statement of financial position are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the various categories of property, plant and equipment to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Mechanical Equipment | 10 years |
| Vehicles | 6-10 years |
| Fixtures & Equipment | 10 years |
| Hardware | 5 years |

Land, buildings, installations, fencing, aircraft ground power system, runways, taxiways, aircraft bridges and aprons held under the Service Concession Arrangement constitutes the total infrastructure that has been recognised as an intangible asset (refer to accounting policy 2.4).

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement.

### 2.4 Intangible assets

#### 2.4.1 Service concession arrangement

The Service Concession Arrangement refers to the Airport Development Agreement ("ADA") which governs the right that has been granted by the Greek State to the Company for the purpose of the finance, construction, operation and development of the Athens International Airport. The above right has a finite useful life of approximately 25 years which is equal to the duration of the concession arrangement following the completion of the construction phase.

The Service Concession Arrangement has been accounted under the intangible asset model since the Company, as operator, is paid by the users and the concession grantor has not provided any contractual guarantees with respect to the recoverability of the investment. The intangible asset corresponds to the right granted by the concession grantor to the Company to charge users of the airport services.

The Service Concession Arrangement consists of the fair value of acquiring the service concession which principally includes the cost of the usufruct and the costs incurred to construct the infrastructure (net of government grants received) as well as the present value of the fixed determined future obligations for the grant of rights fee payable to the Greek State as set out in the ADA.

Amortisation is calculated using the straight-line method to allocate the cost of the right over the duration of the Service Concession Arrangement which is approximately 25 years.

Any subsequent costs incurred in maintaining the serviceability of the infrastructure is expensed as incurred unless such cost relate to major upgrades which increase the income generating ability of the infrastructure. These costs are capitalised as part of the service concession intangible asset and are amortised on a straight-line basis over the remaining period of the Service Concession Arrangement.

### 2.4.2 Grant of Rights Fee, variable fee component

As set out in the ADA and in respect to the period after the twentieth anniversary of the Agreement Commencement Date and until the end of the Concession Period, the Company shall pay to the Greek State per quarter the higher of: (a) a fixed amount of €3,750,000 and (b) 25.0% of 15.0% of the Consolidated Operating Profits for the Financial Year of the Company ending immediately prior to such Quarter.

Consolidated Operating Profit is specifically defined in the ADA as:

(a) the operating profit of the Company and its Subsidiaries (before interest, extraordinary and exceptional items, taxation calculated on profits or distributions and similar charges), all as determined on a consolidated basis and excluding amounts attributable to minority interests in Subsidiaries, in respect of a Financial Year as shown by the Audited Accounts in respect of that Financial Year,

(b) less interest paid during that Financial Year (other than any interest paid on or as a result of a prepayment or acceleration of all or part of the relevant indebtedness) in respect of indebtedness for borrowed money incurred in respect of the provision, acquisition, construction, maintenance, repair, renewal and operation of the assets allocated to Air Activities.

The accounting for the Service Concession Arrangement continues as determined in 2.4.1, with the exception that the variable element of the Grant of Rights Fee is expensed to the income statement in the period in which it relates.

### 2.4.3 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are depreciated over their estimated useful lives (5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software development costs that recognised as assets are depreciated over their estimated useful lives (5 years).

## 2.5 Impairment of non-financial assets

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

## 2.6 Financial assets

### 2.6.1 Classification

The Company classifies its financial assets depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Company has three classes of financial assets comprising held-to-maturity investments, loans and receivables and Available-for-sale financial assets. It does not hold any financial assets at fair value through profit and loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date, which are classified as non-current assets. The Company's loans and receivables recognised in the statement of financial position comprise "Trade and other receivables" and "Cash and cash equivalents". Refer to notes 2.8 and 2.9 respectively.

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that company's management has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates at fair value through profit or loss
- those that the Company designates as Available-for-sale
- those that meet the definition of loans and receivables

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

### 2.6.2 Recognition and measurement

Regular-way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity financial assets are initially recognised at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

Available-for-sale financial assets are upon initial measurement recognized at fair value including any transaction cost that has been incurred upon acquisition. Subsequent to initial recognition Available-for-sale financial assets are measured at fair value. All gains and losses arising from changes in fair value are recognized directly in other comprehensive income, except with respect to impairment losses that are recognized in profit or loss.

### 2.6.3 Impairment

The Company assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a probable 'loss event') and that probable loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, including:
  - ✓ adverse changes in the payment status of issuers or debtors; or
  - ✓ national or local economic conditions that correlate with defaults on the assets.

If there is objective evidence that an impairment loss has been incurred on trade receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement under provision for impairment. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

As regards Available-for-sale financial assets, if there is objective evidence that impairment has been incurred, the amount that has to be recognized as an impairment loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the income statement. The impairment loss is transferred from other comprehensive income, where it has been previously recognised, to the income statement. Objective evidence of impairment is, either a significant in terms of fair value, or prolonged in terms of period, decline in the fair value of the financial asset. A decline is considered significant when the difference of the fair value and the cost of the financial asset reach 20,0% and irrespective of percentage difference is considered prolonged if the fair value is below its costs for a period of 6 months. Any subsequent reversals of impairment losses with respect to equity instruments cannot be recognized in profit or loss but have to be reflected as an increase directly in other comprehensive income.

## 2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.8 Trade receivables

Trade receivables are amounts due from customers for aeronautical and other services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

## 2.9 Cash and cash equivalents

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

## 2.10 Share capital

Ordinary shares are classified as equity. Incremental costs associated directly with the issue of new ordinary shares are shown in equity as a reduction, net of tax, from the proceeds.

## 2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.
Borrowing costs are capitalised if they are directly attributable to the acquisition or construction of a qualifying asset.
Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## 2.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
Government grants relating to borrowing and other related costs are recognised in the income statement to match them with the costs that they are intended to compensate.
Government grants relating to non-current assets are off-set against the cost of the relevant non-current asset*.* The grant is recognised as income over the life of the respective depreciable non-current asset by way of a reduction in the depreciation/amortisation charge.

## 2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.
The current income tax charge is calculated on the basis of Greek tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the Company's financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.15 Employee benefits

### 2.15.1 Pension obligations

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

A defined benefit plan is a pension plan that typically defines an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
The Company's obligations to pay employee retirement benefits under Law 2112/1920 are considered and accounted for as defined benefit plans.
The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.
Past-service costs are recognised immediately in income statement.
For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### 2.15.2 Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

### 2.15.3 Bonus plans

The Company recognises a liability and an expense for bonuses based on achievement of predefined financial and operational targets. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2.16 Provisions

Provisions are recognised when: The Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions include the obligations under the Service Concession Arrangement to maintain the serviceability of major infrastructure components, such as runways, taxiways, aprons, etc. which require major overhauls at regular intervals during the concession period. Provisions are not recognised for future operating losses.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.
The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### 2.17.1 Sales of services

Revenue from the sale of services is derived from "air activities" and "non-air activities".
"Air Activities" mean the provision of facilities, services and equipment for the purpose of landing, parking and servicing of aircrafts; the handling of passengers, baggage, cargo or mail on airport premises; and the transfer of passengers, baggage, cargo or mail to and from aircrafts and trains.
"Non-Air Activities" mean the provision, operation, maintenance, repair, renewal staffing and supervision of the following services, facilities and equipment: car parking, general retail shops, restaurants, bars and other refreshment facilities, vehicle rental, porter service, hotels etc.

***Airport charges***

Revenues related to airport charges are recognised in the income statement when the services are rendered. The criteria for the recognition of income related to airport charges is the aircraft's take off. Each arrival of an aircraft and its subsequent departure is considered as a cycle of movement/flight where all necessary services have been rendered.
Article 14 of Law 2338/1995, the "Airport Development Agreement", sets the rules for defining the charges levied to the users of the airport with respect of the facilities and services provided at the airport. According to the aforementioned article, the Company is entitled to determine at its discretion the level of airport charges in order to achieve a maximum return of 15.0% per annum on the capital allocated to air activities.

***Concession agreements***

The Company's business area has at the balance sheet date, a total of 53 concession contracts, concerning the performance of various commercial activities at the airport.
A concession involves granting of rights to a concession holder to operate and manage a commercial activity in a specific location designated by the Company. The concession rights are calculated according to an agreed scale as a percentage of the sales generated by the concession holder subject to an annual minimum guaranteed fee. A separate part of the concession contract is entered into for the space required for warehouses, for which a fixed rent is payable.
Concession revenues are recognised in the income statement on a monthly basis, while the settlement of the annual concession fees is finally recognised by the Company in the income statement, at year-end.

#### 2.17.2 Building space rentals and services

The Company rents properties held under the concession and located within the airport premises under operating leases. Revenue from such leases is recognised in the income statement on a straight line basis over the lease term.

#### 2.17.3 Parking fees

Revenues related to parking services to vehicles used by passengers and visitors to reach airport are recognized in the income statement when the service is concluded. The criterion for the recognition of revenue related to parking charges is the vehicle's departure. Each arrival of a vehicle and its subsequent departure is considered as a cycle of movement where all services have been rendered.

### 2.17.4 Interest income

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

### 2.17.5 Dividend income

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

## 2.18 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## 2.19 Leases

Leases under which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Company under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.
The Company does not lease any material property, plant or equipment under finance leases under which it substantially retains all the risks and rewards of ownership.

## 2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.21 Fair value estimation and hierarchy

Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying value of receivables and payables are assumed to approximate their fair values at the balance sheet date. The fair value of financial assets held to maturity and Available-for-sale financial asset is assessed using quoted prices in active market (Level 1). The fair value of loans is estimated by the method of discounting the future contractual cash flows at the current market interest rate swaps for the average duration of the loan which corresponds to the average duration of the relevant debt obligation (Level 2). During the year there were no transfers between Level 1 and Level 2 and no transfers into and out of Level 3 for the measurement of fair value.

## 2.22 Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20.0% and 50.0% of the voting rights. Investments in associates are initially recognised at cost and subsequently at cost less any impairment losses. Dividend income is recognised when the right to such income is established.

The Company's investment in its associate amounts to €3.25m as of 31 December 2016 represents less than 1.0% of total assets at that date. This investment has not been accounted for under the equity method of accounting on the basis that it is not considered to be material to the Company's operations and the departure from IAS 28 is unlikely to influence the economic decision of the users of these financial statements.

# 3 Financial risk management

## 3.1 Financial risk factors

The Company is exposed to financial risk, such as market risk (fluctuations in exchange rates, interest rates and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the unpredictability of the financial markets, and attempts to minimize their potential negative influence on the financial performance of the Company.

The financial risk management of the Company is performed internally by a qualified unit, which operates under specific rules that have been approved by the Board of Directors.

The ongoing developments relating to the macroeconomic and financial environment in Greece have not significantly affected the operations and financial performance of the Company.

Historically, the Company has demonstrated increased resilience in the years of macroeconomic instability, combining financial performance with operational excellence and quality of services and therefore Management does not expect that the operations and financial position of the Company will be significantly affected in the foreseeable future. Despite all adversities, past and future, Management has and will continue to assess the situation and its possible impact, adjusting its operating strategy whenever necessary, in order to deliver financial and non-financial value to shareholders and other stakeholder parties.

### 3.1.1 Exchange rate risk

Exchange rate risk occurs if future business transactions, recognized assets and liabilities and net investments in activities outside the euro zone are expressed in a currency other than the functional currency of the Company (euro).

The Company's exposure to foreign exchange risk is very limited since its business is substantially transacted in its functional currency.

### 3.1.2 Cash flow and fair value interest rate risk

The cash flow interest rate risk is the risk of fluctuations in the future cash flows of a financial instrument as a result of fluctuations in the market interest rate.

The Company has interest-bearing assets in the form of cash and cash equivalent (short term time deposits and other highly liquid investments), thus profits and cash flows from investment activities are dependent on market interest rates. During 2016 the Company's cash and cash equivalent (short term time deposits and other liquid investments) earned an effective interest rate (referring to yield from time deposits and current accounts) amounting to 0.00% (2015: 0.03%). The impact from possible future interest rates on the Company's financial performance, regarding cash and cash equivalents, is presented below:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| Interest rates fluctuation | **+1.00%** | **0.00%** | **+1.00%** | **-0.03%** |
| **Impact on interest receipts** | **2,877,672** | **0** | **1,229,511** | **(34,917)** |

The Company is also exposed to interest rate risk arising from its long-term borrowings. Borrowings issued at variable interest rates expose the Company to cash flow interest rate risk while borrowings issued at fixed interest rates expose the Company to fair value interest rate risk.

The Company's borrowings are borrowings with fixed interest rates. Hence the financial performance cannot be affected by fluctuations in interest rates with respect to such loans. The fair value interest rate risk of such loans is presented in note 5.20 "Bank loans".

The fair value interest rate risk is the risk of fluctuations in the value of a financial instrument as a result of fluctuations in the market interest rate. The Company is exposed to fair value interest rate risk as a result of discounting liabilities and receivables of long term settlement. Such liabilities and receivables are discounted using the prevailing pre-tax risk free rate which is affected by interest rates fluctuations. The impact from possible future interest rates on the Company's financial performance from liabilities of long term settlement is presented below:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| **Interest rates fluctuation** | **+1%** | **-1%** | **+1%** | **-1%** |
| Grant of rights fee payable | 440,745 | (440,202) | 370,005 | (381,921) |
| Provision for major restoration expenses | 152,288 | (153,323) | 137,710 | (138,156) |
| **Total impact on interest expenses** | **593,034** | **(593,525)** | **507,715** | **(520,077)** |

### 3.1.3 Price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices. The Company's exposure to equity securities price risk is limited to the investment in an unlisted entity which represents less than 1.0% of total asset. The Company is not exposed to commodity price risk.

### 3.1.4 Credit risk

Credit risk arises from cash and cash equivalents held with banks, short term and long term held-to-maturity financial assets and credit exposures from customers.

**Cash and cash equivalents – Financial assets**

For banks and financial institutions, only independently rated parties with minimum ratings described below, as set out under the Master Facility Agreement between the Company and the European Investment Bank (EIB), are acceptable. The Company could cooperate with banks or financial institutions or proceed with the purchase of financial assets that satisfy the following criteria:

- Long term unsecured and unguaranteed debt should be rated at:
    a. A3 or higher by Moody's; or
    b. A- or higher by S&P; or
    c. A- or higher by Fitch
- The maturity date of an investment should not exceed the period of 2 years from the investment date
- Operates a branch in Greece or such other places as may be agreed between the Company and EIB; and
- Is acceptable by EIB

All cooperation banks are acceptable by EIB.

The analysis of financial assets and bank deposits' balances based on credit ratings is presented in the following table:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **AAA to A-** | **CCC to RD** | **AAA to A-** | **CCC to RD** |
| Held-to-maturity financial assets | 87,549,512 | 0 | 213,141,013 | 0 |
| Available-for-sale financial assets | 0 | 957,000 | 0 | 9,207,000 |
| Bank deposits' balances | 283,393,903 | 431,277 | 121,178,096 | 88,776 |
| **Total** | **370,943,415** | **1,388,277** | **334,319,109** | **9,295,776** |

The above criteria are satisfied with respect to the Held-to-maturity financial assets and the Bank deposits' balances. As regards the investment in the Available-for-sale financial asset, for which the above criteria are not satisfied, the Company obtained the consent and waiver of EIB on 1/12/2016. Further information is presented in Note 5.10 and Note 5.20.

**Trade receivables**

Regarding credit exposure from customers, the Company has an established credit policy and procedures in place aiming to minimise collection losses. Credit control assesses the credit quality of the customers, taking into account independent credit ratings where available, their financial position, past experience in payments and other relevant factors. Cash and other collateral are obtained from customers when considered necessary under the circumstances.
Trade and other receivables are analysed as follows in terms of credit risk:

| Trade and other receivables subject to impairment testing | 2016 | 2015 |
|---|---|---|
| Fully performed | 23,570,484 | 14,935,057 |
| Past due but not impaired | 32,974,390 | 30,313,574 |
| Impaired | 3,265,105 | 4,100,817 |
| **Total trade and other receivables subject to impairment testing** | **59,809,979** | **49,349,448** |

Any past due account that is fully covered by guarantees or collaterals given is not tested for impairment.
The aging analysis of the past due, but not impaired amount is presented in the following table:

| Aging analysis of past due but not impaired receivables | 2016 | 2015 |
|---|---|---|
| 1-30 days | 14,094,663 | 17,361,035 |
| 31-60 days | 4,843,507 | 1,991,297 |
| Over 60 days | 14,036,220 | 10,961,242 |
| **Total of past due but not impaired receivables** | **32,974,390** | **30,313,574** |

**Credit quality of financial assets**

The credit quality of the financial assets is quite satisfactory, taking into account the allowance for doubtful debt. The Company has established a credit policy which requires the customers to extend securities for the use of airport's services and facilities. The securities held by the Company are in the form of cash deposits and bank letter of guarantee. The fair value of the collaterals held by the Company as at 31 December 2016 is analysed as follows:

| Fair value of collaterals held | 2016 | 2015 |
|---|---|---|
| Letter of guarantees | 61,286,818 | 57,032,578 |
| Cash deposits | 30,731,694 | 27,515,361 |
| **Total fair value of collaterals held** | **92,018,511** | **84,547,939** |

*The collaterals above have been received against the outstanding balance of all trade receivable accounts.*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to information about counterparty secured amounts:

| | 2016 | 2015 |
|---|---|---|
| Group 1 – Fully secured | 17,772,428 | 9,708,012 |
| Group 2 – Partially secured | 5,274,470 | 5,051,941 |
| Group 3 – Not secured | 523,586 | 175,105 |
| **Total** | **23,570,484** | **14,935,057** |

**Provision for impairment**

As of 31 December 2016, trade receivables of €36,239,495 (2015: €34,414,391) were partially or fully tested for impairment and adequately provided for their unsecured amount. The amount of provision stood at €2,513,479 as of 31 December 2016. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. In addition, the provision relating to receivables collected during the year has been reversed.
Movements on the provision for impairment of trade receivables are as follows:

| | 2016 | 2015 |
|---|---|---|
| At 1 January | 2,693,058 | 5,244,111 |
| Addition (release) of provision for receivables impairment | (179,579) | (2,551,053) |
| **At 31 December** | **2,513,479** | **2,693,058** |

The creation and release of provision for impaired receivables have been included in "Net provisions and impairment loses" in the income statement. The other classes within trade receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the value of total provision for impairment of trade receivables.

### 3.1.5 Concentration of credit risk

The Company is exposed to concentration risk attributed to the concentration of the trade receivables and cash balances and financial assets.
The Company has a high concentration of credit risk with respect to 2 carriers (2015: 1 carrier) which represents higher than 10.0% of its aeronautical revenues.
For bank balances and deposits, there is a significant concentration of credit risk with respect to 2 banks (2015: 1 bank), which hold more than 10.0% of the Company's cash balances and deposits. However, no financial loss is expected based on what has been referred above in note 3.1.4 for cash balances and financial assets.

### 3.1.6 Liquidity risk

Liquidity risk is the risk that the entity will have difficulty in raising the financial resources required to fulfil its commitments. Liquidity risk is held at low levels through effective cash flow management and availability of adequate cash. Cash flow forecasting is performed internally by rolling forecasts of the Company's liquidity requirements to ensure that is has sufficient cash to meet operational needs, to fund scheduled investments and debt and to comply with loan covenants. As at 31 December 2016 cash and cash equivalents of €41.0m were subject to capital controls.
The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the balance sheet, as the impact of discounting is not significant.

| At 31 December 2016 | Less than 1 year | Between 1 & 2 years | Between 2 & 5 years | Over 5 years |
|---|---|---|---|---|
| Borrowings | 95,142,340 | 95,128,776 | 237,812,602 | 0 |
| Grant of rights fee payable | 15,000,000 | 15,000,000 | 45,000,000 | 66,833,333 |
| Trade and other payables | 60,222,183 | 0 | 0 | 0 |
| **Total** | **170,364,523** | **110,128,776** | **282,812,602** | **66,833,333** |

| At 31 December 2015 | Less than 1 year | Between 1 & 2 years | Between 2 & 5 years | Over 5 years |
|---|---|---|---|---|
| Borrowings | 95,163,997 | 95,142,340 | 285,396,775 | 47,544,603 |
| Grant of rights fee payable | 8,622,222 | 15,000,000 | 45,000,000 | 81,833,333 |
| Trade and other payables | 45,822,215 | 0 | 0 | 0 |
| **Total** | **149,608,434** | **110,142,340** | **330,396,775** | **129,377,936** |

## 3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, use excess cash to repay its borrowings (subject to the termination provisions of the respective loan agreements) or sell assets not pledged as security, to reduce debt.
Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "Current and non-current borrowings" as shown in the statement of financial position) less cash and cash equivalents and current held-to-maturity financial assets. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.
The gearing ratios at 31 December 2016 and 2015 were as follows:

| Gearing ratio | 2016 | 2015 |
|---|---|---|
| Total borrowings | 369,271,797 | 438,626,204 |
| Less: Cash & cash equivalent and current financial assets | (373,376,995) | (247,327,659) |
| **Net debt** | **(4,105,198)** | **191,298,545** |
| Total capital – (equity plus net debt) | 483,842,886 | 661,982,578 |
| **Gearing ratio** | **-1%** | **29%** |

*Current held-to-maturity financial assets are also included in the above calculation, as they are an integral part of the Company's overall cash management strategy.*

# 4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are disclosed below.

### 4.1.1 Taxes

The internal control procedures for the related tax risks are part of Company's control system. The general tax risk for the Company concerns the timely submission of complete tax returns, the payment of the tax amounts concerned as well as compliance with all tax laws and regulations and reporting rules specifically relating to corporate income tax.
The Company is subject to income tax, VAT and other taxes in Greece. Significant judgment is sometimes required in determining the Company's tax position for such taxes in certain instances due to the particular tax regime, under the Airport Development Agreement, applicable to the Company's operations, which is subject to challenge by the tax authorities on the grounds of ambiguity or different interpretation with tax laws. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will arise or tax losses reduced. Where that final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax, deferred tax and other tax assets and liabilities in the period during which such determination is made.

### 4.1.2 Provision for restoration cost

Provision for restoration cost includes future expenses for the major overhauls of roads, runways, taxiways and replacement of airfield lighting and baggage handling equipment. Significant estimates are required to determine the level of provision such as the timing of the expenditure, the extension of the works and the amount that it will be expensed in the future. The nominal value of the provision for restoration cost is annually determined by a qualified department within the Company based on international experience and the specific conditions relating to the operations of the airport. The amount of the provision is discounted at balance sheet date by using the risk free rate for similar time duration.

### 4.2 Critical judgments in applying the entity's accounting policies

There were no critical judgments necessary in applying the Company's accounting policies.

## 5 Notes to the financial statements

### 5.1 Revenues

| **Analysis of revenues** | **2016** | **2015** |
|---|---|---|
| **Air activities** | | |
| Airport charges | 192,201,771 | 169,098,036 |
| Centralized infrastructure & handling related revenues | 46,427,198 | 42,040,375 |
| Building and ground rentals & concessions | 26,470,998 | 26,028,893 |
| Other | 60,487,019 | 48,824,459 |
| **Total air activity revenues** | **325,586,986** | **285,991,763** |
| **Non-air activities** | | |
| Concession activities | 48,516,722 | 48,036,191 |
| Parking services | 13,418,384 | 12,816,808 |
| Building and ground rentals & concessions | 13,571,562 | 12,843,885 |
| Other | 3,460,323 | 11,617,797 |
| **Total non-air activity revenues** | **78,966,992** | **85,314,681** |
| | | |
| **Total revenues** | **404,553,978** | **371,306,444** |

Operating revenues were measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts or tax-volume rebates.
The fair value of the consideration received or receivable is equal to the invoiced amount, since the Company doesn't formally provide any deferred credit terms to its customers, in the form of interest-free instalments or at below market interest rates.
The Company, in cases where it is likely, based on estimations, that the economic benefits related to a transaction are not expected to flow to the entity, does not recognise the revenue of the specific transaction.
As at the balance sheet date, the Company has contracted with tenants for the following minimum non-cancellable operating lease payments:

| **Analysis of minimum lease payments** | **2016** | **2015** |
|---|---|---|
| Within one year | 16,189,968 | 14,971,559 |
| Between one and five years | 59,055,379 | 54,397,280 |
| More than five years | 39,952,656 | 51,327,147 |
| **Total minimum lease payments** | **115,198,003** | **120,695,986** |

Concession fees earned for the year ended 31 December 2016 include turnover linked fees in excess of base concession fees amounting to €8,720,116 (2015: €5,446,126).

### 5.2 Operating expenses

Operating expenses in Income Statement are classified by nature. Operating expenses increased in year 2016 by €24,172,376 (2015: decrease €935,395) mainly due to the following reasons:
**a)** the impairment loss in relation to the fair value measurement of Company's available for sale financial assets (refer to Note 5.10) amounting to €8,019,000 (2015: €924,000),
**b)** the variable fee component of the Grant of rights fee (on top of the fixed amount of €15,000,000) recorded in other operating expenses (refer to Note 2.4.2) amounting to €7,599,458 (2015: €0) and
**c)** the increase in indirect taxes paid by the Company from 1 January 2016 onwards such as property taxes, VAT, stamp duty and other duties and taxes which are recorded in other operating expenses, amounting to €6,211,165.

### 5.3 Depreciation & amortisation charges

| Analysis of depreciation & amortisation charges | 2016 | 2015 |
|---|---|---|
| Depreciation of owned assets | 3,444,023 | 2,988,204 |
| Amortisation of intangible assets | 85,842,266 | 86,490,373 |
| Amortisation of cohesion fund related to intangible assets | (15,076,777) | (15,076,777) |
| **Total depreciation & amortisation expenses** | **74,209,512** | **74,401,800** |

### 5.4 Net financial expenses

| Analysis of net financial expenses | 2016 | 2015 |
|---|---|---|
| **Financial expenses** | | |
| Interest expenses and related costs on bank loans | 27,672,394 | 32,108,265 |
| Unwinding of discount for long term liabilities | 6,702,622 | 6,386,269 |
| Other financial expenses | 257,413 | 756,463 |
| **Financial expenses** | **34,632,429** | **39,250,997** |
| **Financial revenues** | | |
| Interest income | (430,680) | (663,806) |
| **Financial revenues** | **(430,680)** | **(663,806)** |
| | | |
| **Net financial expenses** | **34,201,749** | **38,587,191** |

Interest and related expenses amounting to €29,745,705 (2015: €32,314,338) were paid during the year ended 31 December 2016.
The weighted average interest rate earned by the Company on its cash surplus (investments in time deposits and financial assets) for 2016 was approximately zero (2015: 0.05%). The average maturity of the Company's investments (time deposits and held-to-maturity financial assets) for 2016 was 398 days (2015: 461 days).
Interest income amounting to €446,847 (2015: €542,461) was received during the year ended 31 December 2016.

### 5.5 Subsidies received

**Airport Development Fund (ADF)**

In accordance with Law 2065/1992, as amended with Law 2892/2001, the Greek State imposed a levy on all passengers older than 5 years old, departing from Greek Airports, for the purpose of ensuring that passengers share the responsibility for funding the commercial aviation infrastructure within the Hellenic Republic.
A passenger fee is collected by the airlines and consequently refunded to the Hellenic Civil Aviation Authority on a monthly basis, through bank accounts opened at the Bank of Greece for each airport, in favour of the Hellenic Civil Aviation Authority.

According to article 26.1 of Law 2338/1995, the "Airport Development Agreement", the Greek State undertook the responsibility to collect the passenger fee over the period from 1 November 1994 to at least 1 November 2014. The Greek State also committed that article 40 of Law 2065/1992 "*will not be amended or modified in any respect which materially prejudices the financial return of the Airport Company*". The Greek State continuous to charge the ADF to passengers departing from the Athens Airport and it transfers the amount that corresponds to the Company for periods following 1 November 2014.

Based on the provisions of article 26.2 of Law 2338/1995, in conjunction with article 16 of Law 2892/2001, the Company, at all times prior to airport opening and at all times after the airport opening, is entitled to make withdrawals from the Spata Airport Development Fund, in order to fund borrowing costs and capital repayments incurred in respect to loans received for funding infrastructure development.

For the year ended 31 December 2016 the Company was entitled to subsidies under the ADF amounting to €83,341,393 (2015: €76,127,106) as analysed below:

| | 2016 | 2015 |
|---|---|---|
| Receivables meeting interest and related expenses | 27,672,394 | 32,108,265 |
| Excess over borrowing cost | 55,668,999 | 44,018,841 |
| **Total subsidies receivable** | **83,341,393** | **76,127,106** |

Any subsidies receivable in excess of qualifying interest and related expenses for the year are shown as other revenues in line with the accounting policy 2.13.

### 5.6 Income tax expense

Domestic income tax is calculated at 29.0% (2015: 29.0%) on taxable income or, in circumstance where the Company has tax losses carried forward, on gross dividends declared for distribution. (For further information refer to note 5.23).

The total income taxes charged to the income statement are analysed as follows:

| | 2016 | 2015 |
|---|---|---|
| Income tax on dividends | (16,542,253) | (46,808,451) |
| Deferred income tax | (40,127,201) | (12,375,653) |
| **Total income tax expense for the year** | **(56,669,454)** | **(59,184,104)** |

The following is the reconciliation between income taxes as presented in the income statement, with those resulting from the application of the enacted tax rates:

| Reconciliation of effective income tax rate | Rate | 2016 | Rate | 2015 |
|---|---|---|---|---|
| **Profit before tax for the year** | | **189,060,866** | | **179,843,849** |
| Income tax | 29.00% | (54,827,651) | 29.00% | (52,154,716) |
| Expenses not deductible for tax purposes | 1.04% | (1,972,801) | 0.82% | (1,474,406) |
| Revenues relieved from income tax | (0.07)% | 130,998 | (0.05)% | 83,032 |
| Effect of change in tax rates | 0.00% | 0 | 3.13% | (5,638,014) |
| **Total income tax expense for the year** | **29.97%** | **(56,669,454)** | **32.91%** | **(59,184,104)** |

Refer to notes 5.23 and 5.29 for further analysis of income and deferred taxes.

### 5.7 Basic earnings per share

Basic earnings per share are calculated by dividing the Company's net profits after taxes by the weighted average number of shares during the year as follows:

| Analysis of earnings per share | 2016 | 2015 |
|---|---|---|
| Profit of the year attributable to shareholders | 132,391,412 | 120,659,745 |
| Average no of shares during the year | 30,000,000 | 30,000,000 |
| **Earnings per share for the year** | **4.41** | **4.02** |

There were no new shares issued or existing shares repurchased during the year. The average number of shares remained unchanged. The Company does not have any potential dilutive instruments.

## 5.8 Property plant & equipment-owned assets

| Acquisition cost | Land & buildings | Plant & equipment | Vehicles | Furniture & fittings | Cohesion fund | Total |
|---|---|---|---|---|---|---|
| | Property plant & equipment-owned assets | | | | | |
| **Balance as at 1 January 2015** | **40,000** | **20,649,223** | **35,814,621** | **77,951,474** | **(17,437,643)** | **117,017,674** |
| Acquisitions | 0 | 63,221 | 359,000 | 804,070 | 0 | 1,226,290 |
| Disposals | 0 | 0 | (118,926) | (7,001) | 0 | (125,927) |
| Transfers | 0 | 6,882 | 215,000 | 2,053,881 | 0 | 2,275,763 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance as at 31 December 2015** | **40,000** | **20,719,326** | **36,269,694** | **80,802,424** | **(17,437,643)** | **120,393,801** |
| **Balance as at 1 January 2016** | **40,000** | **20,719,326** | **36,269,694** | **80,802,424** | **(17,437,643)** | **120,393,801** |
| Acquisitions | 0 | 55,315 | 40,858 | 449,858 | 0 | 546,031 |
| Disposals | 0 | 0 | (867,376) | (2,000,094) | 0 | (2,867,470) |
| Transfers | 0 | 0 | 994,717 | 3,189,082 | 0 | 4,183,799 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance as at 31 December 2016** | **40,000** | **20,774,641** | **36,437,893** | **82,441,270** | **(17,437,643)** | **122,256,161** |

| Depreciation | Land & buildings | Plant & equipment | Vehicles | Furniture & fittings | Cohesion fund | Total |
|---|---|---|---|---|---|---|
| | Depreciation of owned property plant & equipment | | | | | |
| **Balance as at 1 January 2015** | **0** | **6,092,380** | **34,666,822** | **73,838,471** | **(17,437,644)** | **97,160,030** |
| Depreciation charge for the year | 0 | 1,279,961 | 343,600 | 1,364,643 | 0 | 2,988,204 |
| Disposals | 0 | 0 | (118,923) | (6,643) | 0 | (125,566) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance as at 31 December 2015** | **0** | **7,372,342** | **34,891,499** | **75,196,471** | **(17,437,644)** | **100,022,668** |
| **Balance as at 1 January 2016** | **0** | **7,372,342** | **34,891,499** | **75,196,471** | **(17,437,644)** | **100,022,668** |
| Depreciation charge for the year | 0 | 1,299,839 | 406,515 | 1,737,670 | 0 | 3,444,024 |
| Disposals | 0 | 0 | (867,376) | (2,000,064) | 0 | (2,867,440) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance as at 31 December 2016** | **0** | **8,672,181** | **34,430,638** | **74,934,077** | **(17,437,644)** | **100,599,252** |

| Carrying Amount | Land & buildings | Plant & equipment | Vehicles | Furniture & fittings | Cohesion fund | Total |
|---|---|---|---|---|---|---|
| | Carrying amount of owned property plant & equipment | | | | | |
| **As at 1 January 2015** | **40,000** | **14,556,842** | **1,147,798** | **4,113,002** | **1** | **19,857,644** |
| **As at 31 December 2015** | **40,000** | **13,346,984** | **1,378,195** | **5,605,953** | **1** | **20,371,133** |
| **As at 1 January 2016** | **40,000** | **13,346,984** | **1,378,195** | **5,605,953** | **1** | **20,371,133** |
| **As at 31 December 2016** | **40,000** | **12,102,460** | **2,007,255** | **7,507,193** | **1** | **21,656,909** |

## 5.9 Intangible assets

| Acquisition cost | Concession assets | Cohesion fund | Software & other | Total |
|---|---|---|---|---|
| | Intangible assets | | | |
| **Balance as at 1 January 2015** | **2,072,742,545** | **(380,686,471)** | **16,428,863** | **1,708,484,936** |
| Acquisitions | 14,768,487 | 0 | 106,988 | 14,875,475 |
| Disposals | 0 | 0 | 0 | 0 |
| Transfers | 4,146,436 | 0 | 1,168,447 | 5,314,883 |
| Reclassifications | 0 | 0 | 0 | 0 |
| **Balance as at 31 December 2015** | **2,091,657,468** | **(380,686,471)** | **17,704,298** | **1,728,675,294** |
| **Balance as at 1 January 2016** | **2,091,657,468** | **(380,686,471)** | **17,704,298** | **1,728,675,294** |
| Acquisitions | 170,017 | 0 | 86,776 | 256,793 |
| Disposals | 0 | 0 | 0 | 0 |
| Transfers | 2,921,326 | 0 | 740,378 | 3,661,704 |
| Reclassifications | 0 | 0 | 0 | 0 |
| **Balance as at 31 December 2016** | **2,094,748,811** | **(380,686,471)** | **18,531,452** | **1,732,593,791** |

| Depreciation | Concession assets | Cohesion fund | Software & other | Total |
|---|---|---|---|---|
| | Depreciation of intangible assets | | | |
| **Balance as at 1 January 2015** | **1,115,102,813** | **(207,303,482)** | **14,918,376** | **922,717,707** |
| Depreciation charge for the year | 85,820,281 | (15,076,777) | 670,091 | 71,413,595 |
| Impairment losses | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 |
| **Balance as at 31 December 2015** | **1,200,923,094** | **(222,380,259)** | **15,588,467** | **994,131,302** |
| **Balance as at 1 January 2016** | **1,200,923,094** | **(222,380,259)** | **15,588,467** | **994,131,302** |
| Depreciation charge for the year | 85,082,235 | (15,076,777) | 760,030 | 70,765,488 |
| Impairment losses | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 |
| **Balance as at 31 December 2016** | **1,286,005,329** | **(237,457,036)** | **16,348,497** | **1,064,896,790** |

| Carrying amount | Concession assets | Cohesion fund | Software & other | Total |
|---|---|---|---|---|
| | Carrying amounts of intangible assets | | | |
| **As at 1 January 2015** | **957,639,732** | **(173,382,989)** | **1,510,487** | **785,767,230** |
| **As at 31 December 2015** | **890,734,374** | **(158,306,212)** | **2,115,831** | **734,543,993** |
| **As at 1 January 2016** | **890,734,374** | **(158,306,212)** | **2,115,831** | **734,543,993** |
| **As at 31 December 2016** | **808,743,482** | **(143,229,435)** | **2,182,955** | **667,697,001** |

*The concession assets represent the right granted to the Company by the Greek State for the use and operation of the Athens International Airport under the ADA.*

### 5.10 Financial assets

Held-to-maturity financial assets are analysed as follows:

| Held-to-Maturity Financial Assets | 2016 | 2015 |
|---|---|---|
| Bonds EIB | 15,507,687 | 31,054,922 |
| Bonds EFSF | 56,174,962 | 112,726,013 |
| Corporate bonds | 15,866,863 | 69,360,078 |
| **Total Held-to-Maturity Financial assets** | **87,549,512** | **213,141,013** |

Held-to-maturity financial assets are measured at amortized cost. The fair value measurement of the held-to-maturity financial assets is categorised as Level 1. As of balance sheet date the fair value of the held-to-maturity financial assets amounted to €87,623,064.

Available-for-sale financial assets are analysed as follows:

| Available-for-Sale Financial Assets | 2016 | 2015 |
|---|---|---|
| Attica Bank shares | 957,000 | 9,207,000 |
| **Total Available-for-Sale Financial Assets** | **957,000** | **9,207,000** |

Available-for-sale financial assets are measured at fair value. The acquisition cost of the Available-for-sale financial asset amounted to €9,900,000, whereas the fair value as of 31December 2015 was € 9,207,000. As of Balance Sheet date the fair value of the Available- for-sale financial asset amounted to €957,000. An impairment loss of €8,019,000 was recognized in the income statement and the remaining amount of €231,000 was released from the Available-for-sale reserve. As of post balance sheet date 16 February 2017 the fair value of the Available-for-sale financial asset amounted to €1,320,000.

As explained in Note 3.1.4, the Available-for-sale financial assets acquired are not "Authorised Investments" as defined in the loan agreements entered into between the Company and EIB with respect to the Company's borrowings. In accordance with the provisions of the aforementioned agreements, the Company obtained the consent and waiver of EIB for this investment on 01 December 2016.

Based on their maturity date, these assets are classified as follows:

| Financial Assets | 2016 | 2015 |
|---|---|---|
| Current financial assets | 87,549,512 | 124,057,320 |
| Non-current financial assets | 957,000 | 98,290,693 |
| **Total Financial Assets** | **88,506,512** | **222,348,013** |

### 5.11 Other non-current assets

Other non-current assets are analysed as follows:

| Analysis of other non-current assets | 2016 | 2015 |
|---|---|---|
| Investment in associates | 3,245,439 | 3,245,439 |
| Long term guarantees | 210,546 | 206,060 |
| **Total other non current assets** | **3,455,985** | **3,451,499** |

Long term guarantees relate to guarantees given to lessors for operating lease contracts, and were measured at their present value, by discounting future cash flow transactions with the weighted average borrowing rate of the Company.

### 5.12 Inventories

Inventory items are analysed as follows:

| Analysis of inventories per category | 2016 | 2015 |
|---|---|---|
| Merchandise | 672,509 | 744,042 |
| Consumables | 930,750 | 946,389 |
| Spare parts | 4,607,402 | 4,906,513 |
| Inventory impairment | (465,345) | (672,911) |
| **Total inventories** | **5,745,316** | **5,924,034** |

During 2016, an impairment release of €207,566 was recognized in the income statement in order to decrease the accumulated provision for certain obsolete and slow moving items to €465,345.

### 5.13 Construction works in progress

| Analysis of construction works in progress | 2016 | 2015 |
|---|---|---|
| Construction works in progress | 5,175,040 | 3,283,701 |
| **Total construction works in progress** | **5,175,040** | **3,283,701** |

Construction works in progress mainly refer to additions and improvements on the existing infrastructure assets such as technical works, building and facilities, roads etc. These assets will be returned to the Grantor at the end of the Concession Period, together with all other infrastructure assets as described in Note 1. Upon the completion of the construction, such assets related to the infrastructure, will increase either the cost of the concession intangible asset or the owned assets.

### 5.14 Trade receivables

Trade receivable accounts are analysed as follows:

| Analysis of trade receivable accounts | 2016 | 2015 |
|---|---|---|
| Domestic customers | 39,916,791 | 35,373,944 |
| Foreign customers | 2,745,244 | 1,083,990 |
| Greek state & public sector | 7,529,254 | 4,775,646 |
| Accrued revenues | 2,890,938 | 976,149 |
| Provision for impairment of trade receivables | (2,513,479) | (2,693,058) |
| **Total trade receivable accounts** | **50,568,749** | **39,516,670** |

All receivables are initially measured at their fair value, which is equivalent to their nominal value, since the Company extends to its customers short-term credit. Should any of the trade receivable accounts exceed the approved credit terms, the Company charges such customers default interest, (that is, interest on overdue accounts) at 6 months Euribor interest rate plus a pre-determined margin, as stipulated in the respective customer agreements. Such interest is only recognised when it is probable that the income will be collected.
During 2016 a provision release of €179,579 was recognized in the income statement, resulting in an impairment provision as at 31 December 2016 of €2,513,479 (2015: €2,693,058).

### 5.15 Other receivables

Other receivable accounts are analysed as follows:

| Analysis of other receivable accounts | 2016 | 2015 |
|---|---|---|
| Accrued ADF | 9,804,466 | 15,963,073 |
| Other | 43,894,307 | 47,074,451 |
| **Total other receivable accounts** | **53,698,773** | **63,037,524** |

Accrued ADF represents the amount of the passengers' airport fee attributable to the Company, which had not been collected by the Company at year-end. This amount is estimated to be collected progressively in year 2017.
Other Accounts Receivable mainly consists of payments for taxes and duties carried out by the Company, that relate to various tax disputes, as required by relevant laws in order for the tax disputes to be referred to the competent Courts for resolution. The Company has assessed that these amounts are fully refundable upon the successful resolution of the legal cases. The major tax disputes as referred also in note 5.29 Contingent Liabilities and involve taxes imposed for VAT, Property Taxes, Special Once Off Taxes and Municipal Charges.

### 5.16 Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

| Analysis of cash & cash equivalents | 2016 | 2015 |
|---|---|---|
| Cash on hand | 2,002,302 | 2,003,467 |
| Current & time deposits | 283,825,180 | 121,266,872 |
| **Total cash & cash equivalents** | **285,827,482** | **123,270,339** |

### 5.17 Share capital

The issued Share Capital of the Company has been fully paid by the shareholders and comprises 30,000,000 ordinary shares of €10 each amounting to €300,000,000.
The Company is jointly controlled by the Greek State (25.0% of the shares), the Hellenic Republic Asset Development Fund (30.0% of the shares), the AviAlliance and other private shareholders (45.0% of the shares).

### 5.18 Statutory & other reserves

Under Greek Corporate Law it is mandatory to transfer 5.0% of the net after tax annual profits to form the legal reserve, which is used to offset any accumulated losses. The creation of the legal reserve ceases to be compulsory when the balance of the legal reserve reaches 1/3 of the registered share capital.
At 31 December 2016 the Company's legal reserve increased by an amount of €6,619,571 (2015: €6,032,987) and amounted to €61,604,149 (2015: €54,984,579).
In addition, there are a reserve for tax purposes amounting to €360,137 (2015: €360,137), a reserve for actuarial gains/losses recognized due to the adoption of the amended IAS 19, amounting to €94,708 (2015: €458,059).

| Analysis of other reserves | 2016 | Movement | 2015 |
|---|---|---|---|
| Statutory reserves | 61,604,149 | 6,619,571 | 54,984,579 |
| Reserves for tax purposes | 360,137 | 0 | 360,137 |
| Actuarial gains/(losses) reserve net of tax | 94,708 | (363,351) | 458,059 |
| Available-for-sale financial assets reserve net of tax | 0 | (164,010) | 164,010 |
| **Totals** | **62,058,994** | **6,092,210** | **55,966,785** |

### 5.19 Retained earnings

In accordance with Greek Corporate Law, companies are required each year, to declare dividends of at least 35.0% of after tax profits, after allowing for the legal reserve.
In addition, the prevailing bank loan agreements impose specific conditions for the permitted dividend distribution, which have been fulfilled since 2003 when the Company was in the financial position to distribute dividends. The dividends paid in 2016 were €114,600,000 (€3.82 per share). Having taken into account the retained earnings of the previous years a dividend in respect of the year ended 31 December 2016 of €1.35 per share, amounting to a total dividend of €40,500,000 is to be proposed at

the Annual General Meeting for distribution. These financial statements do not reflect this dividend payable.

### 5.20 Bank loans

Borrowings are analysed as follows:

| **Analysis of loans** | **2016** | **2015** |
|---|---|---|
| **Long term loans** | | |
| EIB loan | 295,632,204 | 369,271,797 |
| **Total long term loans** | **295,632,204** | **369,271,797** |
| **Short term loans** | | |
| EIB loan | 73,639,593 | 69,354,407 |
| Accrued interest & related expenses | 938,646 | 2,750,300 |
| **Total short term loans** | **74,578,239** | **72,104,707** |
| | | |
| **Total bank loans** | **370,210,443** | **441,376,504** |

The Company and EIB, under a supplemental agreement signed on 19 December 2008 between them, agreed to partial release the Greek State's Guarantee on the outstanding balance of EIB Loan and to modify certain terms of the EIB Master Facility Agreement related to the applicable interest rates. The modified terms are effective from 31 July 2009 and include the consolidation and division of the outstanding balance of the initial loan into two loans, Loan A and Loan B. As of 31 December 2016 Loan A was fully repaid while the outstanding balance of Loan B was €369,271,797.
The weighted average interest rate for all tranches under Loan B is 6.12%.
All the covenants set under the EIB Master Facility Agreement have been fulfilled as of 31 December 2016. As explained in Note 3.1.4 and Note 5.10, as of 1 December 2016, and following the negotiations with EIB and the Greek State in its capacity as EIB Loan Guarantor, the Company obtained the waiver of EIB for the investment of €9,900,000 in the Available-for-sale financial asset that did not meet the criteria of "Authorised Investments". The waiver imposed the undertaking to the Airport Company to open a new pledged Reserve Account (Attica Sub-Account) with the amount of the acquisition cost of the Available-for-sale financial asset (€9,900,000) and the decrease of the amount available for Dividend distribution to the Company's Shareholders by the balance of the Attica Sub-Account. The relevant Attica Sub-Account opened on 1 December 2016 and the amount of €9,900,000 was deposited on 2 January 2017.
The Company may only transfer amounts out of this bank account in situations where the Company has disposed of some or all of its shares in Attica Bank on market terms. Furthermore, in terms of this remediation agreement, any funds left over once the entire Attica Bank shareholding is disposed of, will be transferred into the Proceeds account.
The amortised cost of the long term financial liabilities at fixed interest rates (i.e. EIB Loan) is determined using the effective interest rate method, by discounting the future contractual cash flows with the effective interest rate applied to those liabilities. The fair value of the financial liabilities at fixed interest rates is determined by discounting the future contractual cash flows with the current mid-swap interest rate for the average loan life period of such liabilities. The fair value measurement of the financial liabilities is categorised as Level 2.

| **Fair value of the borrowings** | **2016** | **2015** |
|---|---|---|
| Carrying amount | 369,271,797 | 438,626,204 |
| Fair value | 424,890,870 | 521,762,789 |
| **Excess of fair value over carrying amount** | **(55,619,073)** | **(83,136,585)** |

All borrowings are denominated in Euro, the functional currency of the Company.

### 5.21 Employee retirement benefits

In accordance with Greek labour law, employees are entitled to compensation payments in the event of dismissal or retirement with the amount of payment varying depending on the employee's compensation, length of service and manner of termination (dismissal or retirement). Employees who resign or are dismissed with cause are not entitled to termination payments. The amount payable in the event of retirement is equal to 40.0% of the amount which would be payable upon dismissal without cause.

The provision for employees' retirement benefits is reflected in the attached statement of financial position in accordance with IAS 19R and is calculated, as at the balance sheet date (31 December 2016), based on an independent actuarial study performed by Hewitt.

The results of any valuation depend upon the assumptions employed. Thus, as at 31 December 2016:

- If the discount rate used were 1.0% higher, then the DBO would be lower by about €1.54m.
- If the discount rate used were 1.0% lower, then the DBO would be higher by about €1.91m.

The results of the actuarial study for the provision for employee retirement benefits as computed by the actuary are shown below:

| Actuarial study analysis | 2016 | 2015 |
|---|---|---|
| **Principal actuarial assumptions at 31 December 2015** | | |
| Discount rate | 1.79% | 2.41% |
| Range of compensation increase | 0%-3.0% | 0%-3.0% |
| Plan duration | 17.38 | 18.33 |
| Present value of obligations | 10,148,627 | 8,629,796 |
| **Net liability/(asset) in the balance sheet** | **10,148,627** | **8,629,796** |
| | | |
| **Components of income statement charge** | | |
| Service cost | 389,994 | 519,754 |
| Interest cost | 207,277 | 191,792 |
| Recognition of past service cost | 443,201 | 0 |
| Settlement/curtailment/termination loss | 113,043 | 204,075 |
| **Total income statement charge** | **1,153,515** | **915,621** |
| | | |
| **Movements in net liability/(asset) in the balance sheet** | | |
| Net liability/(asset) at the beginning of the period | 8,629,796 | 8,258,359 |
| Benefits paid directly | (146,445) | (339,955) |
| Total expense recognised in the income statement | 1,153,514 | 915,622 |
| Total amount recognized in the OCI | 511,762 | (204,230) |
| **Net liability/(asset) in the balance sheet** | **10,148,627** | **8,629,796** |
| | | |
| **Reconciliation of benefit obligations** | | |
| DBO at start of the period | 8,629,796 | 8,258,359 |
| Service cost | 389,993 | 519,754 |
| Interest cost | 207,277 | 191,792 |
| Benefits paid directly by the Company | (146,445) | (339,955) |
| Extra payments or expenses/(income) | 113,043 | 204,076 |
| Obligation of past service cost | 443,201 | 0 |
| Actuarial loss/(gain) | 511,762 | (204,230) |
| **DBO at the end of the period** | **10,148,627** | **8,629,796** |
| | | |
| **Remeasurements** | | |
| Liability gain/(loss) due to changes in assumptions | (742,118) | 334,323 |
| Liability experience gain/(loss) arising during the year | 230,356 | (130,093) |
| **Total actuarial gain/(loss) recognised in OCI** | **(511,762)** | **204,230** |

An actuarial loss (the difference between expected and actual DBO as at the end of 2016) of €511,762 arose during the year due to the following factors:

- Change in financial assumptions: the equivalent discount rate decreased from 2.41% to 1.79%, producing a loss of €939,691. The inflation and salary increase assumptions have both decreased producing a gain of €197,573. Thus, the change in financial assumptions gives rise to an overall actuarial loss of €742,118.
- Experience: gain of €230,356 mainly due to population mobility being higher than expected.

According to IAS19 Revised, the entire actuarial gains or losses that arise in each accounting period are recognized immediately in the Statement of Other Comprehensive Income (OCI). In this case, the loss arising over 2016 (i.e. €511,762) is recognized as a loss in the OCI statement.

### 5.22 Provisions

| Analysis of provisions | As at 1 Jan 2016 | Additions | Utilisations | Releases | As at 31 Dec 2016 |
|---|---|---|---|---|---|
| Restoration expenses | 14,735,429 | 556,815 | 291,881 | 0 | 15,000,363 |
| Net other provisions | 1,535,751 | 1,369,956 | 0 | 0 | 2,905,706 |
| **To be settled over 1 year** | **16,271,180** | **1,926,771** | **291,881** | **0** | **17,906,069** |
| | | | | | |
| **Total provisions** | **16,271,180** | **1,926,771** | **291,881** | **0** | **17,906,069** |

The provision for restoration expenses relates to the future expenses that result from the Company's contractual obligations to maintain or to restore the infrastructure to a specified condition before it is handed over to the Greek State at the end of the service concession arrangement. It is expected that an aggregate amount of €16.91m will be spent on major restoration activities commencing in year 2017 through to 2025 based on management's current best estimates.

### 5.23 Income & deferred tax liabilities

**Income tax liabilities**

The amount reflects the income tax payable on the dividends declared for distribution, although the Company is in a tax loss position, in accordance with paragraph 1 of article 47 of Law 4172/2013.
At the balance sheet date the recognition of the income tax liability amounting to €16,542,254 (2015: €46,808,450) was determined for current year by applying the following formula:
*Dividends declared for distribution * Income Tax Rate / (1- Income Tax Rate)*

**Deferred tax assets & liabilities**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

| Deferred tax assets & liabilities | 2016 | 2015 |
|---|---|---|
| Deferred tax assets: | | |
| Deferred tax assets to be recovered after more than 12 months | (41,908,087) | (98,837,961) |
| Deferred tax assets to be recovered within 12 months | (31,281,798) | (29,527,734) |
| **Total deferred tax assets** | **(73,189,885)** | **(128,365,695)** |
| Deferred tax liabilities: | | |
| Deferred tax liabilities to be settled after more than 12 months | 156,789,603 | 171,395,266 |
| Deferred tax liabilities to be settled within 12 months | 17,689,986 | 18,348,333 |
| **Total deferred tax liabilities** | **174,479,589** | **189,743,599** |
| | | |
| **Deferred tax liabilities (net)** | **101,289,704** | **61,377,904** |

The gross movement on the deferred income tax account is as follows:

| | 2016 | 2015 |
|---|---|---|
| As at 1 January | 61,377,903 | 48,862,805 |
| Income statement charge | 40,127,201 | 12,375,654 |
| Other comprehensive income | (215,401) | 139,444 |
| **As at 31 December** | **101,289,704** | **61,377,903** |

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

| Deferred tax liabilities | Accelerated tax depreciation | Grant of rights fee | Usufruct of the site | Total |
|---|---|---|---|---|
| As at 1 January 2015 | 176,868,206 | 7,280,962 | 171,549 | 184,320,718 |
| Charged/(credited) to the income statement and other comprehensive income | 5,255,241 | 133,931 | 33,710 | 5,422,881 |
| **As at 31 December 2015** | **182,123,446** | **7,414,893** | **205,259** | **189,743,599** |
| Charged/(credited) to the income statement and other comprehensive income | (14,571,745) | (706,180) | 13,916 | (15,264,010) |
| **As at 31 December 2016** | **167,551,701** | **6,708,712** | **219,175** | **174,479,590** |

| Deferred tax assets | Tax losses | Provisions | Retirement benefit obligations | Other | Total |
|---|---|---|---|---|---|
| As at 1 January 2015 | (95,156,157) | (3,699,508) | (1,867,990) | (34,734,256) | (135,457,911) |
| Charged/(credited) to the income statement and other comprehensive income | 12,050,155 | (1,727,661) | (323,254) | (2,907,023) | 7,092,216 |
| **As at 31 December 2015** | **(83,106,002)** | **(5,427,169)** | **(2,191,244)** | **(37,641,279)** | **(128,365,695)** |
| Charged/(credited) to the income statement and other comprehensive income | 57,444,149 | (282,361) | (440,462) | (1,545,516) | 55,175,810 |
| **As at 31 December 2016** | **(25,661,853)** | **(5,709,530)** | **(2,631,706)** | **(39,186,795)** | **(73,189,885)** |

At the balance sheet date the Company has unused tax losses of €88,489,149 available for offset against future taxable profits. A deferred tax asset amounting to €25,661,853 (2015: €83,106,002) has been recognised in respect to these tax losses. According to the provisions of article 25.1.2.(k) of the ADA, (Law 2338/1995) tax losses can be carried forward to relieve future taxable profits without time limit.

Tax losses have primarily arisen from the application of the accelerated depreciation method as provided by paragraph 8 of article 26 of Law 2093/1992. In addition, according to article 25.1.2.(j) of the ADA the accelerated depreciation method provided by Law 2093/1992 refers to tax depreciation and constitutes an allowable deduction for tax purposes even though the depreciation in the annual statutory accounts of the Company may differ from year to year. At the balance sheet date the Company recognised a deferred tax liability on the outstanding accelerated depreciation, net of the corresponding accelerated amortisation of the cohesion fund, amounting to €167,551,701 (2015: €182,123,446).

### 5.24 Other non-current liabilities

Other long-term liabilities are analysed as follows:

| Analysis of other non-current liabilities | 2016 | 2015 |
|---|---|---|
| Grant of rights fee payable | 98,648,464 | 107,829,884 |
| Long term securities provided by customers | 2,037,818 | 2,111,244 |
| **Total other non-current liabilities** | **100,686,282** | **109,941,127** |

The Company pays a quarterly fee to the Greek State during the concession period for the rights and privileges granted in ADA. The carrying amount of the liability represents the present value of the future payment that concerns the fixed part of the fee at the balance sheet date. In 2016 a finance charge amounting to €5,818,583 has been recorded as the unwind interest of the liability due to the passage of time (2015: €5,708,799). The amount payable within the next 12 months is included in the other current liabilities. The present value of total future payments at the time of airport opening has been included in the cost of the intangible concession asset which is amortised over the concession period. An amount of €2,435,104 is included in 2016 amortisation of the intangible concession asset with respect to the grant of rights fee (2015: €2,435,104).

Long term securities relate to performance guarantees provided for by the lessees for long- term lease agreements. Long-term securities are measured at their net present value, by discounting the future cash flow payments with the weighted average borrowing rate, at the balance sheet date. The weighted average borrowing rate for the Company for 2016 was at the rate of 6.12%.

### 5.25 Trade & other payables

Trade & other payable accounts are analysed as follows:

| Analysis of trade & other payable accounts | 2016 | 2015 |
|---|---|---|
| Suppliers | 15,155,794 | 10,330,934 |
| Advance payments from customers | 15,012,996 | 13,285,820 |
| Beneficiaries of money – guarantees | 15,024,519 | 13,077,100 |
| Value added tax | 866,251 | (200,523) |
| Other taxes payable and payroll withholdings | 3,782,798 | 2,642,051 |
| Grant of rights fee payable | 15,000,000 | 9,122,223 |
| Other payables | 28,874 | 6,136 |
| **Total trade & other payable accounts** | **64,871,232** | **48,263,741** |

The amount shown above for suppliers represents the short term liabilities of the Company towards its trade creditors as at the corresponding year end for the goods bought and the services they had rendered in the respective year.
Advance payments from customers represent the prepayments effected by the airlines which have selected the "Rolling prepayment" method in settling their financial obligations to the Company for the use of the airport facilities.
Beneficiaries of money – guarantees represent the cash guarantees provided by the concessionaires for the prompt fulfilment of their financial liabilities arising from the signed concessions agreements. The cash guarantees are adjusted each year in accordance with the latest estimate of the expected sales forecast of the concessionaires for the subsequent year.
The carrying amount of trade payables closely approximates their fair value at balance sheet date.

### 5.26 Other current liabilities

Other current liabilities are analysed as follows:

| Analysis of other current liabilities | 2016 | 2015 |
|---|---|---|
| Accrued expenses for services and fees | 12,729,074 | 12,394,171 |
| **Total other current liabilities** | **12,729,074** | **12,394,171** |

Current liabilities mainly concern to accrued cost for services rendered by third parties, private or public, which had not been invoiced at year end.

### 5.27 Operating lease arrangements

**The Company as a lessee**

Operating lease payments represent rentals payable by the Company for certain of its vehicles. Leases are negotiated for an average term of 5 years and rentals are fixed for the same period.
In the current year, minimum lease payments under operating lease, amounting to €242,828, were recognised in the income statement, while the corresponding amount for the year 2015 was at €221,908. At the balance sheet date the Company has outstanding commitments under non-cancellable operating leases, which are presented in note 5.28.

**The Company as a lessor**

Refer to note 5.1.

## 5.28 Commitments

As at 31 December 2016 the Company has the following significant commitments:

a) Capital expenditure commitments amounting to approximately €13.4m (2015: €6.5m)
b) Operating service commitments, which are estimated to be approximately to €101.0m (2015: €121.4m) mainly related to security, maintenance, fire protection, transportation, parking and cleaning services, to be settled as follows:

| Analysis of operating service commitments | 2016 | 2015 |
|---|---|---|
| Within 1 year | 33,011,377 | 30,063,927 |
| Between 1 and 5 years | 46,063,946 | 63,949,353 |
| More than 5 years | 21,943,455 | 27,430,458 |
| **Total operating service commitments** | **101,018,778** | **121,443,738** |

c) Operating lease commitments are analysed as follows:

| Analysis of operating lease commitments | 2016 | 2015 |
|---|---|---|
| Within 1 year | 217,397 | 210,183 |
| Between 1 and 5 years | 453,173 | 475,818 |
| **Total operating lease commitments** | **670,570** | **686,002** |

d) Variable fee Component of the Grant of Rights Fee, based on the calculation of 2016 Consolidated Operating Profit as set out in the Airport Development Agreement and as described in the notes 2.4.1 and 2.4.2, is estimated to €15.99m. This amount will be recognised in the income statement within 2017.

## 5.29 Contingent liabilities

The Company has contingent liabilities comprising the following:

***Tax Audits***

**a)** The Company has not been audited yet by the Tax Authority for the fiscal year 2010. Consequently, the tax liability with respect to the fiscal year 2010 has not been finalized yet.
**b)** In accordance with Law 2238/1994, Ministerial Decision 1159/2011, Law 4223/2013 and Ministerial Decision 1124/2015, years from 2011 until 2016 are audited by individual Certified Auditors and a "Tax Certificate" is issued upon completion of the tax audit.
However, Management does not expect any additional income taxes to be paid for both points above in view of the existence of significant assessable tax losses available for carried forward (refer to note 5.23).

***Income tax***

In accordance with Law 3808/2009 the Greek State imposed a "special once off tax surcharge" on the profits generated by legal entities in fiscal year 2008. The Company was advised by the Tax Authorities that it is liable to pay a special once off tax surcharge amounting to €23m, which was higher by €9m than the amount that should be paid in accordance with the provisions of the law and the tax privileges, which have been granted by the ADA. Tax Authorities refused to modify the assessment of the once off tax surcharge and Management proceeded with the legal actions to remedy the tax bill referring the issue to the Administrative Court of Appeals on 18 February 2010. The hearing, took place on 17 December 2013 and by virtue of decision no. 2896/2015 notified to the Company on 7 September 2015, the appeal of the Company was rejected. The Company filed on 5 November 2015 respective annulment petition before the Conseil d'Etat for the cassation of the decision of the Administrative Court of Appeals. The hearing initially set for 31 May 2017 has been postponed for 6 December 2017 (refer to note 5.32). No provision has been recognised based on Company's and experts' opinion by reference to the specific legislation governing its tax affairs.

***Value added tax***

With respect to VAT, the Tax Authority questioned the right of the Company to set off the total VAT of all fixed assets acquired and services rendered until 31 December 2015, as stipulated by article 26 paragraph 7 of Law 2093/1992, in conjunction with Articles 25.1.1 & 25.1.2 (g) of the ADA as ratified by Law 2338/1995. The Tax Authority disputed the above right of the Company to set off VAT, which corresponds to activities not subjected to VAT, i.e. property leases, and proceeded to impose VAT – including penalties- for the fiscal years 1998-2012 amounting totally to €167.8m, comprising of €46m capital and €145.8m surcharges.

The Company referred the issue, related to years 1998-2009, to the London Court of International Arbitration, in accordance with Article 44 of the ADA. Pursuant to the final award of the London Court of International Arbitration No 101735, which was issued on 27 February 2013, the relating acts of determination had been issued in breach of law.

Alongside, the Company appealed before the competent Administrative Courts of Appeals against all the acts of determination of the Tax Authority to impose VAT on such capital and operating expenses, requesting the annulment of the tax assessments for all years from 1998 to 2012.

The Administrative Court of Appeals by its decisions, regarding the acts of determination for the years 2004-2009 amounting to €12.2m, rejected the appeals of the Company. The Company filed respective annulment petitions before the Conseil d'Etat for the cassation of the decisions of the Administrative Court of Appeals and the Conseil d'Etat by its Decisions, which were notified to the Company on 11 March 2015, accepted the annulment petitions of the Company on the VAT disputes for the fiscal years 2004-2009 and referred-back the cases to the Administrative Court of Appeals. The hearing before the Administrative Court of Appeals took place on 7 October 2015, which by its decisions finally accepted the Company's petitions and the VAT assessments for the fiscal years 2004-2009 were annulled. However, the Greek State on 20 May 2016 filed annulment petitions against the latter aforementioned decisions in favour of the Company before the Conseil d'Etat. The hearing date has been set for 3 May 2017.

Furthermore, regarding the assessments for the years 1998-2003 and 2010-2012, the juridical process before the Administrative Courts of Appeal is as follows:

- For the fiscal years 1998-2003, which corresponds to VAT imposed on non-exempt expenses, such as, entertainment and hospitality expenses amounting to €1.3m, the hearing took place at 7 April 2017, apart for year 2002 where the hearing is set for 24 October 2017, and the decision is still pending.
- For the fiscal years 2001-2003, which corresponds to VAT imposed on the acquisition of fixed assets and operating expenses amounting to €150.3m, the hearing is set for 24 October 2017.
- For the fiscal years 2010-2011, which corresponds to VAT imposed on the acquisition of fixed assets and operating expenses amounting to €3.0m, the hearing took place at 10 October 2016 and by virtue of decisions nos. 1665/2017 & 1666/2017 the Company's appeals were fully upheld (refer to note 5.32).
- For the fiscal year 2012, which corresponds to VAT imposed on the acquisition of fixed assets and operating expenses amounting to €1.0m, the hearing is set for 09 October 2017.

Based on the Company's experts' opinion by reference to the aforementioned final award of the London Court of International Arbitration No 101735, no provision has been recognised for all above acts of determination.

***Property tax***

With respect to property tax, the Tax Authority questioned the right of the Company to be exempted from any property tax until 31 December 2015 as provided by paragraph 5 of article 26 of Law 2093/1992, in conjunction with Articles 25.1.1 & 25.1.2 of the ADA. Further to the completion of tax

audits on real property, the Tax Authority issued real property tax assessments for the fiscal years 2008-2013, amounting totally to €44.6m, comprising of €28.2m capital and €16.4m surcharges.
The Company referred the issue, to the London Court of International Arbitration, in accordance with Article 44 of the ADA. Based on the final award of the London Court of International Arbitration No 142821, which was issued on 21 January 2016, the Greek State was instructed to indemnify the Company as per Articles 5.2(i) and 32.3. of the ADA against the consequences of the real property tax levied on the Company by the Greek State for the period 2008-2013.
Alongside, the Company appealed before the competent Administrative Courts of Appeals against all the acts of determination of the Tax Authority to impose real property tax, requesting the annulment of the tax assessments for all years from 2008-2013.
Regarding the real property tax assessments, the juridical process before the Administrative Courts of Appeal is as follows:

- For the fiscal years 2008-2009, which corresponds to real property tax imposed amounting to €12.7m, the hearing took place at 19 September 2016 and by virtue of decisions nos. 1048/2017 and 1047/2017 the Company's appeals were fully upheld (refer to note 5.32).
- For the fiscal years 2010-2012, which corresponds to real property tax imposed amounting to €15.2m, the hearing took place at 16 January 2017 and the decision is still pending.
- For the fiscal year 2013, which corresponds to real property tax imposed amounting to €16.7m, the hearing took place at 10 October 2016 and by virtue of decisions nos. 804 & 807/2017 the Company's appeals were fully upheld (refer to note 5.32).

Based on the Company's experts' opinion by reference to the aforementioned final award of the London Court of International Arbitration, as well as the decisions of the Administrative Court of Appeals, which recognised that the arbitral award is binding for the Greek Administrative courts, no provision has been recognised for all above acts of determination.

***Municipal charges***

The Municipality of Paiania charged the Company with municipal charges for the provision for waste, landscaping, cleanliness and lighting maintenance for the years 2004-2016 amounting totally to €59.4m, comprising of €40.7m capital and €18.7m surcharges.
Management filed a number of petitions with the Administrative Court of Athens versus the Municipality of Paiania, accompanied by corresponding petitions for the deferment of payments, claiming that in accordance with the provisions of the ADA, the Company has been granted with the exclusive right to provide such services to airport users.
The juridical process is still in progress before the Administrative Courts of Appeals as follows:

- For the fiscal years 2004-2009, which corresponds to municipal charges of €37.4m, deferment of payment has been granted. Furthermore, the Administrative Court of Appeals accepted in substance the petitions of the Company related to the imposition of municipal charges and penalties rendering the respective decisions of the Mayor of Paiania as null and void to that effect. However, the Municipality of Paiania filed annulment petitions against the decisions in favour of the Company before the Conseil d'Etat. The hearing took place at 22 March 2017 and the decision is still pending.
- For the fiscal years 2010-2013, which corresponds to municipal charges of €12.3m, deferment of payment has been rejected. As per decisions of the Administrative Courts of Appeals, the petitions for the fiscal years 2010-2012 were fully upheld, thus rendering the imposition of municipal charges unlawful. However, the Municipality of Paiania filed annulment petitions against those decisions issued in favour of the Company before the Conseil d'Etat. The hearing took place at 22 March 2017 and the decision is still pending. The hearing of the petition for the fiscal year 2013 took place on 1 February 2017 and the decision is still pending. Moreover, the Company filed a lawsuit versus the Municipality of Paiania with the competent Administrative Court of Athens requesting the reimbursement of the municipal charges imposed for the fiscal years 2010-2012 and already paid to the latter, amounting to €8.8m.

- For the fiscal years 2014-2016, which corresponds to municipal charges of €9.7m, deferment of payment has been granted. Pursuant to decisions of the Administrative Courts of Appeals the petitions for the fiscal years 2014-2015 were fully upheld, thus rendering the imposition of municipal charges unlawful. The hearing of the petition for the fiscal year 2016 took place at 2 February 2017 and the decision is still pending.

The Municipality of Spata charged the Company with municipal charges for the provision for waste, landscaping, cleanliness and lighting maintenance for the years 2007-2010 amounting in total to €8.6m. The juridical process is still in progress before the Administrative Courts of Appeals as follows:

- For the fiscal year 2007, the respective imposition of charges has been annulled both by the Administrative Court of Appeals and the General Secretary of Decentralized Administration of Attica.
- For the fiscal years 2008-2010, which corresponds to municipal charges of €6.5m, deferment of payment has been provisionally granted by order of the competent judge of the Administrative Court of Athens until the issuance of a Court Decision on the Company's petition that took place at 6 April 2017 and the decision is still pending. However, pursuant to decision no. 8889/7425/2014 of the General Secretary of Decentralized Administration of Attica, the imposition of charges has already been annulled.

Based on the Company's experts' opinion by reference to the aforementioned decisions of the Administrative Court of Appeals, no provision has been recognised for all above acts of determination.

***Other***

There are a number of pending legal lawsuits against the Company amounting to approximately €4.9m (2015: €4.9m) for which Management, following consultation with its Legal Counsel, believes that there is sufficient ground to successfully defend these claims. No provision for these claims has been recognised in these financial statements on the basis that no material liability is expected to arise.

## 5.30 Related parties transactions

Athens International Airport S.A. is a privately managed Company, having as major shareholders the Greek State and AviAlliance Group, each one of them holding more than 20.0% of the shares as at 31 December 2016.

The Company during 2015 had undertaken related party transactions with a company controlled by its current Private Shareholder, by receiving specific services. Furthermore, the Company provides either aeronautical or non-aeronautical services to public sector controlled entities and at the same time, receives services from public entities i.e. fire protection, medical etc. Also, in 2016, the Company had provided specific services to a company controlled by its current Private Shareholder. The above goods/services/works are based on corresponding market's terms and conditions. The transactions with the Greek State and the current Private Shareholder have as follows:

### a) Sales of services and rental fees

| **Sales of services** | **2016** | **2015** |
|---|---|---|
| Greek State | 13,490,392 | 13,321,586 |
| AviAlliance Group | 5,254 | 0 |
| **Total** | **13,495,646** | **13,321,586** |

### b) Purchases of services

| **Purchases of services** | **2016** | **2015** |
|---|---|---|
| Greek State | 5,637,566 | 5,584,841 |
| AviAlliance Group | 0 | 16,772 |
| **Total** | **5,637,566** | **5,601,613** |

### c) Year end balances arising from sales/purchases of services and rental fees

| Year end balances arising form sales/purchases of services and rental fees | 2016 | 2015 |
|---|---|---|
| *Trade and other receivables:* | | |
| Greek State | 11,458,543 | 5,576,912 |
| *Trade and other payables:* | | |
| AviAlliance Group | 0 | 16,772 |
| **Total** | **11,458,543** | **5,593,684** |

### d) Key management compensation

Key management includes personnel authorised by the Board of Directors for planning, directing and controlling the activities of the Company. Compensation paid or payable to key management for employee services rendered is shown below:

| Analysis of BoD and key management compensation | 2016 | 2015 |
|---|---|---|
| Board of directors' fees | 481,700 | 484,080 |
| Short-term employment benefits of key management | 1,645,767 | 1,645,430 |
| **Total BoD and key management compensation** | **2,127,467** | **2,129,510** |

## 5.31 Reclassifications

In the comparative figures of the Income Statement, an amount of €924,000 has been reclassified from "Other operating expenses" to "Net provisions and impairment losses", to conform to current period presentation. Also in the comparative figures of the Statement of Financial Position, an amount of €379,506 has been reclassified from "Trade receivables" to "Other receivables", to conform to current period presentation.

## 5.32 Events after the balance sheet date

**a)** The Decisions of the Administrative Court of Appeals 804/2017 and 807/2017 regarding the real property tax assessments for the fiscal year 2013 have been notified to the Company on 8 February 2017, by which the Court accepted the appeals of the Company and ordered the annulment of the real property tax of this year. For more details refer to note 5.29, item "Property taxes".

**b)** The Decisions of the Administrative Court of Appeals 1048/2017 and 1047/2017 regarding the real property tax assessments for the fiscal years 2008 and 2009 respectively have been notified to the Company on 2 March 2017, by which the Court accepted the appeals of the Company and ordered the annulment of the real property tax of these years. For more details refer to note 5.29, item "Property taxes".

**c)** The decisions of the Administrative Court of Appeals 1665/2017 and 1666/2017 regarding the VAT assessments for the fiscal years 2010 and 2011 respectively have been notified to the Company on 30 March 2017, by which the Court accepted the appeals of the Company and ordered the annulment of the VAT of these years. For more details, refer to note 5.29, item "Value Added Tax".

**d)** The hearing for the Company's annulment petition before the Conseil d'Etat, for the cassation of the decision of the Administrative Court of Appeals for the "special once off tax surcharge" imposed on the profits generated by legal entities in fiscal year 2008, initially set for 31 May 2017 has been postponed for 6 December 2017. For more details refer to note 5.29, item "Income Tax".

**e)** As described in Note 1, on 30 May 2017 the BoD of HRADF approved AIA's financial offer for the extension of the concession. The Concession Extension process has still been underway.

**Independent Auditor's Report**

To the Shareholders of "Athens International Airport S.A."

## Report on the Audit of the Financial Statements

We have audited the accompanying amended financial statements ("financial statements") of "Athens International Airport S.A." which comprise the statement of financial position as of 31 December 2016, the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing which have been transposed into Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of "Athens International Airport S.A." as of 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

**Other Matter**

Note 1 to these financial statements describes the reason for the amendment of the previously issued financial statements for the year ended 31 December 2016, for which we had issued our initial Independent Auditor's Report dated 30 March 2017.

## Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the Board of Directors' report has been prepared in accordance with the legal requirements of articles 43a of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended 31/12/2016.

b) Based on the knowledge we obtained from our audit for the company "Athens International Airport S.A." and its environment, we have not identified any material misstatement to the Board of Directors report.

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268 Kifissias Avenue
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Athens, 9 June 2017
The Certified Auditor – Accountant

Dimitris Sourbis
SOEL Reg. No. 16891