# Annual Financial Report for the 2016 Fiscal Year

## (January 1st, 2016 – December 31st, 2016)

Prepared in accordance with Article 4 of Law 3556/2007

Company Registration No.: 13165/06/B/86/14
Registered in: 4 Erythrou Stavrou Street & Kifisias Avenue, 15123 Marousi, Attica, Greece

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## A. Statements by Board of Directors Representatives
***(IN ACCORDANCE WITH ARTICLE 4(2), LAW 3556/2007)***

The Company's BoD representatives proceeded with the following statements, in accordance with Article 4(2) of Law 3556/2007, as currently in effect:

1. Athanasios Papanikolaou, BoD Chairman
2. Georgios Politis, BoD Vice-Chairman
3. Andreas Kartapanis, CEO

We, the undersigned, in our said capacity, and having been appointed for this purpose by the BoD of HYGEIA SA, do hereby declare and certify that, as far as we are aware:

(a) The annual separate and consolidated financial statements of HYGEIA SA for the fiscal year 1/1/2016-31/12/2016, prepared in accordance with the accounting standards in force, accurately reflect the assets and liabilities, equity and fiscal year earnings or losses of the Company, as well as the companies included in the consolidation and considered as one.

(b) The BoD report accurately reflects the development, performance and position of HYGEIA SA, as well as the companies included in the consolidation and considered as one, including the description of the main risks and uncertainties they may be facing.

Marousi, April 3rd, 2017

Certified by

| | | |
|---|---|---|
| Athanasios Papanikolaou | Andreas Kartapanis | Georgios Politis |
| BoD Chairman | CEO | BoD Vice-Chairman |

## B. Independent Auditor Report

To the shareholders of the Company **DIAGNOSTIC AND THERAPEUTIC CENTER OF ATHENS HYGEIA SA**

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

We have audited the accompanying separate and consolidated financial statements of the Company **DIAGNOSTIC AND THERAPEUTIC CENTER OF ATHENS HYGEIA SA**, which comprise the separate and consolidated Financial Position Statement as of December 31st, 2016, and the separate and consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the fiscal year ended on the aforementioned date, as well as a summary of the significant accounting principles and methods and other explanatory notes.

### Management Responsibility for the Separate and Consolidated Financial Statements

The Management is responsible for preparing and presenting these separate and consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted by the European Union, as well as the internal controls that the Management deems necessary so that the separate and consolidated financial statements are free from material inaccuracies, whether due to fraud or error.

### Auditor Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards, included in the Greek Legislation (GG/B/2848/23.10.2012). These Standards require that we comply with the code of ethics, as well as plan and perform the audit so as to obtain reasonable assurance as to whether the separate and consolidated financial statements are free from material inaccuracies.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the risk assessment of material inaccuracies in the separate and consolidated financial statements, whether due to fraud or error.

In making these risk assessments, the auditor reviews the internal controls relating to the Company's preparation and fair presentation of the separate and consolidated financial statements in order to design auditing procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of the accounting principles and methods used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the separate and consolidated 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 accompanying separate and consolidated financial statements provide a true and fair view, from all material aspects, of the financial position of the company DIAGNOSTIC AND THERAPEUTIC CENTER OF ATHENS HYGEIA SA and its subsidiaries as at December 31st, 2016, as well as their financial performance and cash flows for the fiscal year ended on the aforementioned date, in accordance with the International Financial Reporting Standards, as adopted by the European Union.

## Issue Emphasized

We would like to draw your attention to explanatory Note 12.3 of the accompanying separate and consolidated financial statements, making reference to the fact that the total current liabilities of the Group and the Company exceed the total current assets by €155.1m and €65.5m respectively. As mentioned in Note 11.17 of the annual financial statements, the Group and the Company are in discussions with the financial institutions regarding the restructuring of the existing debt obligations to the amount of €132.7m and €90.9m respectively. The restructuring of the debt obligations is key to securing adequate working capital for the Group and the Company.

These conditions indicate the existence of uncertainty regarding the Group's and Company's ability to continue as a going concern. Furthermore, as mentioned in Note 12.3, the Management of the Group has proceeded with planning suitable actions to improve the financial position of the Group and the Company, and ensure the smooth continuation of its activities, a condition that was taken into account when preparing the accompanying financial statements, based on the principle of going concern.

Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

Taking into consideration that the Management is responsible for preparing the BoD Management Report and the Corporate Governance Statement included herein, in accordance with the provisions of Article 2(5) of Law 4336/2015, we note the following:

a) The BoD Management Report includes a statement on corporate governance, which contains the information stipulated in Article 43bb of Codified Law 2190/1920.

b) In our opinion, the BoD Management Report has been prepared in line with the legal requirements in force, stipulated in Articles 43a and 107A, as well as Article 43bb(1, cases c and d) of Codified Law 2190/1920, and its content corresponds to the accompanying consolidated financial statements for the fiscal year ended on December 31st, 2016.

c) Based on the knowledge obtained from our audit, regarding the Company DIAGNOSTIC AND THERAPEUTIC CENTER OF ATHENS HYGEIA SA and its environment, we have not identified any material inaccuracies in the BoD Management Report.

Athens, April 3rd, 2017

The Chartered Accountants

| | |
|---|---|
| Dimitra Pagoni | Dimitris Douvris |
| ICPA (GR) Reg. No. 30821 | ICPA (GR) Reg. No. 33921 |

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## C. Annual Board of Directors Report

**Annual Board of Directors Report**
***FOR DTCA HYGEIA SA***
***ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS***
***FOR THE FISCAL YEAR 01/01/2016 TO 31/12/2016***

Dear shareholders,

In accordance with the provisions of Codified Law 2190/1920, Article 43a (3), Article 107 (3) and Article 136 (2), the provisions of Law 3556/2007, Article 4 (2c, 6, 7 and 8), as well as Hellenic Capital Market Commission Decision No. 7/448/11.10.2007, Article 2, and the Company's Articles of Incorporation, we hereby submit the BoD Annual Report for the closed fiscal year 01/01/2016 to 31/12/2016.

This report outlines the financial information for the Group and the Company for the 2016 fiscal year, as well as the significant events that took place during this period and the impact thereof on the annual financial statements. It also describes the main risks and uncertainties that the Company may face in the 2017 fiscal year and provides the major transactions conducted between the Company and its related entities.

***(A) FINANCIAL DEVELOPMENTS AND PERFORMANCE DURING THE REPORTING PERIOD***

***1. Review of Operations for the Fiscal Year 01/01/2016-31/12/2016***

In this current economic climate – with the continuing recession and intense uncertainty domestically being the biggest threats to kick-starting the anticipated economic recovery and growth – HYGEIA Group has been responding to the challenges and continues to record remarkable operating profitability, validating the successful coordination of the Management's strategic choices.

According to a sector survey conducted by ICAP for private healthcare services (July 2016, p. 135), for the second year running, parent company DIAGNOSTIC & THERAPEUTIC CENTER OF ATHENS HYGEIA SA was ranked 1st among 24 sector companies based on EBITDA and 1st based on equity, which validated the targeted actions of the Management and the unwavering commitment to continuously improving its financials.

In 2016 yet again HYGEIA Group gave priority to maintaining adequate liquidity and continuously developing its financial structure, coupled with striving to constantly improve the quality of the services offered, focusing on implementing new technologies.

The liquidity problems of the National Organization for Healthcare (EOPYY) and the continuing delay on the part of the social security funds in paying off their amounts in arrears continue to act as inhibiting factors towards the further operating growth of the Group. Moreover, the unilateral, on the part of the Greek state, decision to extend the implementation of the rebate and claw-back mechanisms until December 31st, 2018, in accordance with Article 100 of Law 4172/2013 (GG/A/167/2013), has marred the expectations of the Group in terms of its affiliation with EOPYY. The increase of the VAT on secondary healthcare services to 24% as well as the rise in the existing corporate tax rate from 26% to 29% have had an additional negative impact on the private healthcare market.

These sector-specific problems, coupled with the wider corporate and social environment – where significant delays have been observed in formulating a long-term strategic plan to ensure long-term sustainable development, with social prosperity and benefits for all – have led to extreme uncertainty regarding the possible improvement of the domestic economic climate and, which would boost entrepreneurship.
In the near future, the core of the HYGEIA Group strategy consists of: 1) reinforcing the leading role of the Group in Greece, by providing top-level healthcare services, 2) maintaining adequate liquidity, by expanding business partnerships and capitalizing on the competitive edge the Group has within its sector, 3) continuously increasing the operating efficiency of the business activities of the Group companies, combined

with the cost benefits stemming mainly from maximizing synergies within HYGEIA Group, and 4) seizing any investment opportunities that may arise.

The consolidated and separate financial figures include the impact from the implementation of the rebate and claw-back mechanisms on the corresponding items, in line with Article 100 of Law 4172/2013, and are as follows.

**Revenue:** On a consolidated level, revenue from continuing operations for 2016 amounted to €227.7m, increasing by 3.4%, as opposed to €220.3m in 2015. Revenue for the Company amounted to €126m, compared to €124.4m for the same period last year.

**Gross Profit:** The consolidated gross profit from continuing operations increased by 39.8%, reaching €36.1m, as opposed to €25.9m in 2015. Respectively, gross profit for the Company amounted to €22.8m, as opposed to €17.2m last year.

**Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA):** Consolidated EBITDA from continuing operations improved significantly by 45.5% and amounted to €32m, as opposed to earnings of €22m in 2015. The consolidated EBITDA margin was 14%, as opposed to 10% in 2015.

Company EBITDA was €25.3m in 2016, as opposed to €20.8m in 2015, posting a significant increase in the order of 21.7%, while the EBITDA margin as a percentage of sales was 20.1%, compared to 16.7% in 2015.

**Earnings/(Losses) Before Interest and Taxes (EBIT):** Consolidated EBIT from continuing operations improved significantly and amounted to earnings of €13.5m, as opposed to earnings of €2.5m in 2015. The corresponding EBIT for HYGEIA reached €16m, compared to earnings of €11.5m in 2015.

**Earnings/(Losses) Before Taxes (EBT):** The adjusted consolidated losses before taxes for the Group from continuing operations amounted to -1.4m, as opposed to -€29.9m in losses for 2015. Respectively for the Company, due to impairment of its holdings in subsidiaries, the losses amounted to -€5.3m as opposed to -€46m in losses for 2015.

**Net Earnings (Losses) After Taxes & Minority Interests:** Net results for the Group amounted to €0.8m in earnings, as opposed to -€26.6m in losses for 2015. Losses after taxes for the Company were -€3.8m, compared to losses of -€44.4m for the same period last year.

**Tangible Fixed Assets:** On 31/12/2016, Group tangible fixed assets amounted to €173.9m and corresponded to 40.5% of Total Group Assets, while in the previous fiscal year, they amounted to €183.9m and corresponded to 41.5% of Total Group Assets. On 31/12/2016, the Company's tangible fixed assets amounted to €72.1m and corresponded to 25.9% of Total Company Assets, while in the previous fiscal year, they amounted to €79m and corresponded to 26.4% of Total Company Assets.

**Goodwill:** On 31/12/2016, Group goodwill amounted to €82.7m and corresponded to 19.3% of Total Group Assets, while in the previous fiscal year, it amounted to €82.7m and corresponded to 18.6% of Total Group Assets.

**Trade and Other Receivables:** On 31/12/2016, Group Trade and Other Receivables amounted to €62.9m, as opposed to €63.6m for the previous fiscal year, down by €0.72m, and corresponded to 14.6% of the Total Consolidated Assets, compared to 14.3% for the previous fiscal year. Company Trade and Other Receivables amounted to €47m, as opposed to €41.7m for the previous fiscal year, up by €5.3m, mainly due to the delayed repayment of amounts in arrears by social security funds, and corresponded to 16.9% of Total Company Assets, compared to 13.9% for 2015.

**Equity:** On 31/12/2016, consolidated Equity (before non-controlling interests) amounted to €119.4m, compared to €118.3m for 2015. Company Equity amounted to €138.9m from €142.5m in 2015.

**Net Debt:** Consolidated net debt (loans minus cash and cash equivalents) amounted to €143.1m in 2016, from €145.6m in 2015. Company net debt was €90.4m in 2016, from €85.8m in 2015, while the net debt to EBITDA ratio was 3.57 in 2016.

**Trade and Other Payables:** On 31/12/2016, Group Trade and Other Payables amounted to €66.5m, compared to €79.3m in 2015. On 31/12/2016, Trade and Other Payables amounted to €16.3m for the Company, as opposed to €35m in 2015.

**Net Cash Flows from Operating and Investing Activities:** Group net cash flows from operating activities amounted to €7.7m in 2016, from €17m in 2015. Cash flows from investing activities amounted to -€5m, from -€5.1m in 2015. Cash at Group level amounted to €14.85m in 2016, from €14.24m in 2015. Company net cash flows from operating activities amounted to -€1.6m from €11.5, while cash flows from investing activities amounted to -€2,8m in 2016, compared to -€5.8m in 2015. Cash at Company level amounted to €2.5m in 2016, from €8.7m in 2015.

## 2. Value Creation and Performance Indicators

***(In the context of implementing the ESMA [European Securities and Markets Authority] Guidelines on Alternative Performance Measures [ESMA/2015/1415en] effective as of July 3rd, 2016)***

The Group evaluates its results and performance on a monthly basis, identifying promptly and effectively any deviations from the objectives, and taking corrective measures. The Group's performance is measured using internationally recognized financial performance indicators:

**EBITDA** (Earnings Before Interest, Taxes, Depreciation & Amortization): This indicator adds to the operating earnings before interest, taxes and total depreciation of tangible and intangible assets, the earnings/losses from the sale of tangible assets and the grant amortizations. The higher the indicator the more efficient the operation of a business.

The indicator was:

- €32m for the closed fiscal year and €22m for the previous, for the Group.
- €25.3m for the closed fiscal year and €20.8m for the previous, for the Company.

**ROCE** (Return on Capital Employed): This indicator divides the earnings before interest and taxes by the total capital employed, which is the sum of the Equity Average for the last two years and the total loans Average for the last two years. The higher the indicator the more efficient the use of working capital.

The indicator was:

- 4.84% for the closed fiscal year and 0.83% for the previous, for the Group.
- 6.84% for the closed fiscal year and 4.42% for the previous, for the Company.

**ROE** (Return on Equity): This ratio divides the earnings after taxes from continuing operations by the Equity Average for the last two years. The higher the indicator the more efficient the use of equity.

The indicator was:

- 0.63% for the closed fiscal year and -20.1% for the previous, for the Group.
- -2.69% for the closed fiscal year and -27% for the previous, for the Company.

## *(B) Significant Business Decisions and Events*

### 1. Significant Events During the Reporting Period

In March 2016, subsidiary HYGEIA Hospital Tirana ShA signed for its loan restructuring, ensuring short-term liquidity for the operation of the Hospital through reestablishing its capital installments.

On June 24th, 2016, the share capital increase of the subsidiary trading as BEATIFIC SA by €615 thousand was certified, by decision of the Extraordinary General Meeting of company shareholders on 27/05/2016. The direct holding of HYGEIA SA in the subsidiary has not been affected following this share capital increase, as it already amounted to 100%.

On June 27th, 2016, HYGEIA announced it had successfully renewed its Joint Commission International (JCI) accreditation for yet another three years and remains the only hospital in Greece to have received this distinction by the most distinguished and internationally recognized Accreditation Standard for Healthcare Organizations.

On July 4th, 2016, HYGEIA announced that Ms Areti Souvatzoglou resigned from her post as Chairwoman of the Company's BoD, remaining on the Board as a Non-Executive Member.

On July 6th, 2016, it was announced that the MITERA Breast Center became a full member of the Breast Centres Network, the first international network of clinical centers exclusively dedicated to the diagnosis and treatment of breast cancer.

On July 8th and 9th, 2016, the 6th action of the "Traveling for Health" initiative took place on the island of Leros, forming part of HYGEIA Group's Corporate Social Responsibility program. A team of 110 volunteers made up of medical, nursing, technical and administrative staff from HYGEIA Group traveled to the island to examine 1450 residents, while they also performed around 6,000 free-of-charge physical and diagnostic exams.

On July 14th, 2016, HYGEIA announced the reconstitution of the BoD, with Mr Andreas Vgenopoulos assuming the duties of Chairman/Non-Executive Member and Ms Areti Souvatzoglou remaining on the BoD as a Non-Executive Member. Meanwhile, Mr Georgios Efstratiadis assumed the duties of Vice-Chairman/Non-Executive Member and Ioannis Andreou the duties of Executive Member.

On October 27th, 2016, HYGEIA announced that, pursuant to Regulation (EU) No 596/2014 of the European Parliament and Council of 16 April 2014 and Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016, shareholder Marfin Investment Group Holdings SA, an entity that can be construed as having close ties with individuals who exercise managerial duties at HYGEIA, informed the Hellenic Capital Market Commission and HYGEIA of the following:

- On 24/10/2016,the collateral in favor of EUROBANK ERGASIAS BANK SA on 54,838,932 HYGEIA shares, owned by the aforementioned shareholder, was lifted. On 24/10/2016, the closing price of the share was €0.153.
- On 25/10/2016, 54,838,932 and 45,326,574 (i.e. 100,165,506 in total) HYGEIA shares, owned by the aforementioned shareholder, were used as collateral in favor of EUROBANK ERGASIAS BANK SA. On 25/10/2016, the closing price of the share was €0.152.

On December 8th, 2016, due to the sudden passing of Andreas Vgenopoulos, HYGEIA announced the reconstitution of the BoD, with Mr Athanasios Papanikolaou assuming the duties of Chairman/Non-Executive Member, Mr Dimitrios-Eleftherios Mantzavinos and Ms Konstantina Psoni the duties of Executive Members, Mr Fotis Karatzenis the duties of Non-Executive Member and Mr Nikolaos Damaskopoulos the duties of Independent Non-Executive Member, replacing Members who had resigned. Furthermore, the BoD appointed a new member to the Control Committee, which now consists of: Georgios Efstratiadis, Alexandros Edipidis and Nikolaos Damaskopoulos.

In December 2016, the tax audit for the 2009 and 2010 fiscal years for the Company was concluded. Additional taxes and surcharges arose to the amount of €1.07m. Out of this, €492 thousand pertains to correction to the Capital Accumulation Tax. Once the temporary audit documents were received, the Company submitted tax amending statements, in line with Law 4446/2016, while the final audit documents are expected to be received within 2017. The Company's Management has challenged the aforementioned audit finding for the amount of €492 thousand. Once the relevant final audit documents have been served to it, it is intending not to accept them and to lodge a quasi-judicial application before the Dispute Resolution Directorate, in accordance with Article 63 of Law 4174/2013, with the aim of canceling the relevant decision. Note that with the exception of the disputed amount, the Company had burdened the financial statements of previous years with adequate provisions. As a result, the results of the current fiscal year have not been additionally burdened.

## 2. Significant Events after the End of the Fiscal Year

On March 21st, 2017, HYGEIA announced the reconstitution of the BoD, with Mr Athanasios Christopoulos assuming the duties of Independent Non-Executive Member, replacing Mr Alexandros Edipidis, who resigned. Furthermore, the BoD appointed Mr Athanasios Christopoulos as the new member of the Control Committee, which now consists of Messrs. Georgios Efstratiadis, Athanasios Christopoulos and Nikolaos Damaskopoulos.

## *(C) MAIN RISKS AND UNCERTAINTIES*

HYGEIA Group is active in the area of primary and secondary healthcare, offering comprehensive services. Historically, the private healthcare sector in Greece has been demonstrating significant peculiarities. Over time, the problems relating to the inefficient operation, the inability to satisfy the increasing demand and the low quality of services offered by most National Healthcare Service (ESY) hospitals, coupled by staff shortages, have constituted a major factor for patients to shift towards the private sector, creating conditions for significant growth. Over the last 15 years, private healthcare services have demonstrated remarkable growth, adapting to and capitalizing on the quick adjustment of the sector companies to the rapid advances in medicine. However, the impact of the financial situation over the last few years has led to reductions in disposable income for households, deterioration in consumer trust, increase in unemployment and decrease in consumer spending. Meanwhile, liquidity shortages, imposition of high VAT rates and difficulties in securing bank financing have further exacerbated the existing problems faced by consumers and businesses.

A significant development in the last few years has been the partnership established between HYGEIA Group and EOPYY, which commenced in 2012 and has created high volume of patient admissions; however, at the same time, it has increased the outstanding balances to the Group hospitals and clinics. In addition, the deficits of the social insurance fund have led to the adoption of measures for unilateral cutbacks (rebate and claw-back) in hospitalization expenses via legislative regulations (Article 100 of Law 4172/2013) and the relevant subsequent ministerial decisions, which will continue to be in force until 2018.

All these evidence that the prospects in the domestic healthcare services sector for the near future are closely related to the progress of the Greek economy and the ability of EOPYY to fulfill its financial contractual obligations. A key point is to also determine the institutional framework for the possible future establishment of a new contract between EOPYY and private hospitals, while at the same time setting a binding time frame for repayment of the accumulated outstanding amounts due to private healthcare providers, drawing up a budget for each affiliated provider and auditing the accounts in real time.

The Group has been monitoring the current developments in the Greek economy and the evident impact of the extended recession on all sectors, and evaluating the recovery of the value of tangible and intangible assets based on the expected short- and long-term market conditions and the implementation of the business plans approved by the Management.

The Group has been assessing the situation and continues to operate driven by the long-term interests of the company's stakeholders, focusing on introducing added-value services, investing in cutting-edge technology, quickly adjusting to the developments in medical science and technology, and offering innovative services in niche markets, all the while endeavoring to provide top-quality healthcare services, with a deep sense of respect for people, the society and the environment.

The Management is monitoring the developments and is adapting the core of its strategy to effectively confront the negative impact of the prolonged crisis and to take advantage of any opportunities which may arise.

### 1. Risk from Competition

Competition among companies is quite fierce in the private healthcare services sector. The large Groups within the sector have solidified their position and offer a wide range of medical services.

Competition among private healthcare units has been mainly centering on providing state-of-the-art medical equipment, offering quality services with suitable scientific staff, responding to patients quickly, and expanding the existing facilities to house new departments. A case in point is the fact that several private hospitals include anything from maternity clinics to diagnostic centers, so as to cover a broader range of services.

Another competition aspect observed in the private healthcare sector is that partnerships between private units and insurance companies have expanded, covering the medical expenses of a larger number of patients. As the key player in its sector, HYGEIA Group capitalizes on its comparative advantages, having secured exclusive partnerships with highly-acclaimed private physicians and offering top-level services, in accordance with the unique international standards HYGEIA Group has been certified with in Greece.

However, in the event that the Group discontinues its growth and investment policy, its competitive edge may be significantly affected, thus affecting its financial status.

## 2. Dependence on Contracts with Insurance Companies

HYGEIA SA holds long-term contracts with major insurance companies that have a high credit rating both in the domestic and the international market. These companies include ETHNIKI, ING, ALLIANZ, BUPA, METLIFE, INTERAMERICAN, GENERALI, GROUPAMA, AXA etc.

Furthermore, the Company holds a contract with MedNet Hellas SA, an insurance agent that manages hospitalization insurance plans for insurance companies in Greece.
The main selection criteria for entering into such contracts include the credibility and financial strength of the insurance companies, as well as the range of benefits available to their policyholders.

These strategic agreements ensure a comparative advantage for the Group, offering continuous growth, larger patient volume and adequate liquidity, while significantly reducing the Group's exposure to competition risk and cash flow shortages.

## 3. Exchange Rate Risk

Exchange rate risk is the risk of a fluctuation in the value of financial instruments, assets and liabilities due to changes in exchange rates. The vast majority of the Group transactions and balances is in euros, as is also the case with the Group borrowings, so as to take advantage of the lower interest rates. Therefore, exposure to exchange rate risk is considered to be low. With regard to the investment in Albania, the Group may possibly be affected by the changes in the exchange rates between the euro and the local currency (lek), but only regarding the Equity figures from converting the company’s balance sheet into euros. In any case, however, the Group Management is continuously monitoring any exchange rate risks that may arise and assesses the need to adopt relevant measures.

The Group’s exposure to foreign currencies on 31/12/2016 is outlined in the following table:

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| *Amounts in € '000* | **LEK** | **LEK** |
| **Notional amounts** | | |
| Financial assets | 1,682 | 1,614 |
| Financial liabilities | (7,677) | (7,331) |
| **Short-term exposure** | **(5,995)** | **(5,717)** |

The following table depicts the sensitivity of the fiscal year results and equity to +/-10% exchange rate changes.

| Amounts in € '000 | 31/12/2016 LEK | | 31/12/2015 LEK | |
|---|---|---|---|---|
| Profit for the financial year (before tax | - | - | - | - |
| Equity | (1,661) | 1,661 | (1,388) | 1,388 |

In the event of weakening of the euro against the aforementioned currencies, an equal-amount opposite effect will be observed in the equity and results.

## 4. Interest Rate Risk

Interest rate risk is the possibility of the fair value of the future cash flows of a financial asset exhibiting fluctuations due to changes in the market interest rates.

The Group is seeking to strike the optimal balance/relationship between borrowing costs and any possible impact on earnings and cash flows that may be prompted by changes in interest rates. The Group is monitoring and managing its borrowings, and its financial strategy in general, proceeding with a combination of short- and long-term borrowings. The Group policy is to constantly monitor interest rate trends and its financing needs. Furthermore, the Group's policy is to minimize exposure to cash flow interest rate risk with regard to long-term financing. Long-term financing is based on floating interest rates. On 31/12/2016, the Group was exposed to changes on the interest rate market with regard to bank borrowing, which is subject to a floating interest rate per loan, based on the official Euribor rates.

The following table depicts the sensitivity of the fiscal year results and equity to a reasonable interest rate change of +1% or -1% (2015: +/-1%).

| | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| | Sensitivity factor | | Sensitivity factor | | Sensitivity factor | | Sensitivity factor | |
| | 1% | -1% | 1% | -1% | 1% | -1% | 1% | -1% |
| **Amounts in € '000** | **31/12/2016** | | **31/12/2015** | | **31/12/2016** | | **31/12/2015** | |
| Profit for the financial year (after tax) | (1,587) | 1,587 | (1,447) | 1,447 | (937) | 937 | (957) | 957 |
| Equity | (1,587) | 1,587 | (1,447) | 1,447 | (937) | 937 | (957) | 957 |

## 5. Liquidity Risk

The monitoring of liquidity risk focuses on rationally managing the temporal correlation of cash flows, and ensuring sufficient cash for covering current transactions.

Liquidity requirements are monitored in various time zones on a daily and weekly basis, and on a rolling 30-day basis. Long-term liquidity requirements for the 6 months ahead and the following year are calculated each month.

Presently, taking advantage of its size and reputation in the market, the Group has maintained its bargaining power, despite the controls and limitations in place on fund transfers, mainly to foreign countries, where HYGEIA Group's main suppliers of medical goods are active.

In addition, capitalizing on its comparative advantages, the Group has secured agreements with major Greek and foreign insurance companies, which offer significant liquidity, while at the same time greatly minimizing the Group's exposure to competition risk and cash flow shortages.
To monitor and manage liquidity risk, the Group prepares cash flow provisions on a regular basis.

On 31/12/2016, the maturities of financial liabilities for the Group were as follows:

| Amounts in € '000 | GROUP 31/12/2016 Short-term | | Long-term | |
|---|---|---|---|---|
| | Within 6 months | 6 to 12 months | 1 to 5 years | More than 5 |
| Long-term borrowing | 0 | 0 | 750 | 0 |
| Liabilities relating to operating lease agreements | 132 | 132 | 723 | 0 |
| Trade payables | 62,108 | 4,380 | 0 | 0 |
| Other short-term liabilities | 18,116 | 4,095 | 664 | 0 |
| Sort-term borrowing | 41,037 | 115,151 | 0 | 0 |
| **Total** | **121,393** | **123,758** | **2,137** | **0** |

The respective maturities of financial liabilities on 31/12/2015 were as follows:

| Amounts in € '000 | GROUP 31/12/2015 Short-term | | Long-term | |
|---|---|---|---|---|
| | Within 6 months | 6 to 12 months | 1 to 5 years | More than 5 |
| Long-term borrowing | 0 | 0 | 100 | 0 |
| Liabilities relating to operating lease | 82 | 83 | 327 | 0 |
| Trade payables | 68,523 | 10,750 | 0 | 0 |
| Other short-term liabilities | 13,314 | 6,525 | 1,049 | 0 |
| Sort-term borrowing | 23,702 | 135,524 | 0 | 0 |
| **Total** | **105,621** | **152,882** | **1,476** | **0** |

On 31/12/2016, the maturities of financial liabilities for the Company were as follows:

| Amounts in € '000 | COMPANY 31/12/2016 Short-term | | Long-term | |
|---|---|---|---|---|
| | Within 6 months | 6 to 12 months | 1 to 5 years | More than 5 |
| Long-term borrowing | 0 | 0 | 750 | 0 |
| Liabilities relating to opearing lease | 27 | 27 | 117 | 0 |
| Trade payables | 11,904 | 4,380 | 0 | 0 |
| Other short-term liabilities | 9,105 | 2,260 | 259 | 0 |
| Sort-term borrowing | 33,750 | 58,210 | 0 | 0 |
| **Total** | **54,786** | **64,877** | **1,126** | **0** |

The respective maturities of financial liabilities on 31/12/2015 were as follows:

| Amounts in € '000 | COMPANY 31/12/2015 Short-term | | Long-term | |
|---|---|---|---|---|
| | Within 6 months | 6 to 12 months | 1 to 5 years | More than 5 |
| Long-term borrowing | 0 | 0 | 0 | 0 |
| Trade payables | 31,183 | 3,854 | 0 | 0 |
| Other short-term liabilities | 5,547 | 2,259 | 305 | 0 |
| Sort-term borrowing | 18,250 | 76,269 | 0 | 0 |
| **Total** | **54,980** | **82,382** | **305** | **0** |

The aforementioned contractual maturity dates reflect the gross cash flows, which may differ from the book value of liabilities on the Financial Position Statement date.

As evidenced by these tables, on 31/12/2016, total borrowing for the Group amounted to €157,925 thousand. Out of this, €156,452 thousand referred to short-term liabilities. Respectively, total borrowing for the Company amounted to €92,882 thousand. Out of this, €92,014 thousand referred to short-term liabilities. Specifically with regard to the liabilities on 31/12/2016 (as explained in detail in Note 11.17 of the Financial Statements), these include:

- liabilities to the amount of €132.7m for the Group and €90.9m for the Company, which refer to the common bond loans for HYGEIA and MITERA. For these loans, on 31/12/2016 the Group received relevant letters of consent from the lending banks as to shifting the outstanding installments amounting to €26.3m within 2017 and waiving the obligation of meeting financial covenants for the 2016 fiscal year. The HYGEIA bond loan to the amount of €90.8m must be contractually repaid within 2017. The MITERA bond loan to the amount of €41.8m has been classified under current liabilities, in line with IAS 1. This is because although it has received a relevant letter of consent as to not meeting the existing financial covenants , this letter is considered temporary and does not provide the unconditional right to defer its settlement for at least 12 months after the reference date of the Financial Statements. With regard to these bond loans, the Group has been holding negotiations with associated banks regarding their total restructuring and has already received a draft of the restructuring agreement terms (term sheet) for the HYGEIA loan, while a corresponding draft is expected for the MITERA loan. According to the Group Management, the relevant restructuring agreement with the lending banks is expected to be signed within 2017, following the successful completion of the negotiations with the banks regarding the re-financing terms. The successful completion of the negotiations with the lending institutions on the restructuring terms for these existing liabilities constitutes a key condition for ensuring adequate working capital and the required liquidity for the Group and the Company.

- liabilities to the amount of €18.3 for subsidiary HYGEIA Hospital Tirana ShA, which have been classified under current liabilities, in line with IAS 1, due to non-compliance with the existing financial covenants of the parent company as a guarantor. Within 2017, and before the date the Financial Statements were approved, the Group Management had received the consent of the associated banks as to its non-compliance to the specific financial covenants.

On 31/12/2016, the Group and the Company presented negative working capital, since total current liabilities exceeded total current assets by the amount of €155,147 for the Group and €65,505 for the Company (a significant part of the current liabilities pertains to the short-term borrowing).

In this context, apart from the negotiations with lending institutions on the restructuring terms for its borrowings, the Group has proceeded with a series of actions to further improve its liquidity. Specifically, the Group companies that are affiliated with EOPYY have already transferred a significant part of the claw-back and rebate cost recorded in the financial statements to third parties. Furthermore, capitalizing on its leading position in the sector, the Group has been solidifying its trade partnerships, striving to ensure additional working capital.

In addition, HYGEIA Group is considered a very credible institution both by the Banks and by its suppliers, due to its dynamic and dominant course in the Greek market.

Meanwhile, the controls and limitations on fund transfers are still in effect, affecting the smooth transfer and supply of medical supplies and pharmaceuticals to serve patients in the Group hospitals and clinics. Taking advantage of its size and reputation in the market, the Group has maintained its bargaining power, despite the controls and limitations in place on fund transfers, mainly to foreign countries, where HYGEIA Group's main suppliers of medical goods are active.

In addition, capitalizing on its comparative advantages, the Group has secured agreements with major Greek and foreign insurance companies, which offer significant liquidity, while at the same time greatly minimizing the Group's exposure to competition risk and cash flow shortages.

Based on the aforementioned events, and given that the Management has not had any indications that the actions it has planned (and which are analyzed herein) will not be concluded successfully, it is estimated that the Group and the Company will not face any financing and liquidity problems within the next 12 months.

**6. Credit Risk**

The Group and the Company apply a specific credit policy, which is based on monitoring the credit rating of its clients and successfully managing its receivables before they become overdue, as well as once they become doubtful. To monitor credit risk, clients are grouped based on the category they belong to, their credit nature, the maturing of their receivables and any other prior collection issues they may have exhibited. Clients considered as doubtful are reassessed on each date the financial statements are prepared and a relevant impairment provision is formed for any loss that may possibly arise from these receivables.

The Group is constantly monitoring its receivables, either separately or jointly, and includes this information in credit controls. The Group receivables derive from social security funds, insurance bodies, insurance companies and private clients. The Group and the Company focus their policy on partnerships with credible insurance companies that have a high credit rating both in the domestic and the international market.

The most likely credit risk is mainly associated with the high outstanding balances owed by social security funds for previous years; with uninsured private clients; or with insured patients for the additional amount not covered by their insurer. Suitable provisions have been recognized for losses arising from impairment of receivables due to specific credit risks and extraordinary events.
The impairment provision mainly pertains to private clients and includes:
a) forming a specific and adequate provision for any clients labeled as doubtful,
b) proceeding with impairment for any clients with outstanding balances based on the maturing of said balances,
c) forming a provision based on the increased bad debt risk rate due to the conditions of the wider environment, taking into account the reduced liquidity and limited access of clients to bank financing.

For cash and cash equivalents, the Group only transacts with recognized high credit-rating financial institutions.

The Group's exposure with regard to credit risk is limited to the financial assets, which were as follows on the Financial Position Statement date:

| *Amounts in € '000* | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| ***Financial assets*** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Cash and cash equivalents | 14,854 | 14,241 | 2,503 | 8,690 |
| Trade and other receivables | 62,858 | 63,577 | 46,987 | 41,709 |
| **Total** | **77,712** | **77,818** | **49,490** | **50,399** |

The maturities of financial receivables for the Group and the Company on 31/12/2016 and 31/12/2015 were as follows:

| *Amounts in € '000* | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Financial assets past due but not impaired** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Not more than 3 months | 5,774 | 3,912 | 5,642 | 2,779 |
| More than 3 months but not more than 6 months | 6,703 | 5,252 | 5,045 | 3,832 |
| More than 6 months but not more than 1 year | 6,712 | 5,695 | 6,088 | 4,511 |
| More than 1 year | 10,705 | 11,982 | 6,050 | 8,021 |
| **Total** | **29,894** | **26,841** | **22,825** | **19,143** |

## 7. Capital Management

A primary concern for the Group and the Company when it comes to capital management is to secure and maintain a strong credit rating and healthy capital ratios, with the aim of supporting their operations and continuing as a going-concern, while also ensuring satisfactory returns for shareholders.

The Group monitors the capital based on the amount of Equity plus subordinated loans, minus cash and cash equivalents, as presented in the Financial Position Statement.

Capital for the 2016 and 2015 fiscal years was as follows:

| Amounts in € '000 | GROUP 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2016 | COMPANY 31/12/2015 |
|---|---|---|---|---|
| Total equity | 120,703 | 119,740 | 138,939 | 142,531 |
| Less: Cash and cash equivalents | (14,854) | (14,241) | (2,503) | (8,690) |
| **Capital** | **105,849** | **105,499** | **136,436** | **133,841** |
| Total equity | 120,703 | 119,740 | 138,939 | 142,531 |
| Plus: Loans | 157,925 | 159,818 | 92,882 | 94,519 |
| **Total capital** | **278,628** | **279,558** | **231,821** | **237,050** |
| Capital to Total capital | 0.38 | 0.38 | 0.59 | 0.56 |

The Group determines the capital amount in relation to the total capital structure, e.g. equity and financial liabilities. The Group manages the capital structure and makes adjustments when the financial situation and the risk profile of existing assets change. With the aim of maintaining or adjusting the capital structure, the Group may adjust the payable dividends, return capital to its shareholders, issue share capital or sell assets to reduce borrowing.

## 8. Partnership with EOPYY-Obligations under Article 100 of Law 4172/2013

The major change introduced in the healthcare sector was the operation of the National Organization for Healthcare (EOPYY) on 01/01/2012, which forms the umbrella social security fund for individuals who, until the end of 2011, were insured by IKA-ETAM, OGA, the Insurance Organization for the Self-Employed (OAEE), the Public Sector Fund (OPAD-TYDKY) and other social security funds.

The new legislation, based on which this new Organization operates, introduces a new component, which is the establishment of Closed Unified Hospital Fees. This introduces a new pricing and management procedure for hospital fees, which is based on the internationally established DRG (Diagnosis Related Groups) classification system.

As part of this procedure, the Hospital receives a budgeted and approved gross amount for covering the healthcare costs (excluding doctor's fees) and services it offers patients insured with social insurance funds or privately.

Based on Law 4238/2014 (Government Gazette Vol. A/38/17.2.2014) the National Primary Healthcare Network (PEDY) was formed within the National Health System (ESY), and operates at the Health Region Directorates of the country. Through PEDY, primary healthcare services are provided equally to all citizens, irrespective of financial, social professional and insurance status, and irrespective of place of residence. According to the same Law (Article 8), EOPYY acts as a health insurance organization, which "purchases" services from healthcare providers (doctors, hospitals, diagnostic centers) on behalf of the individuals insured by it.

The private healthcare sector viewed this partnership between private hospitals and EOPYY positively, as it expanded their client base and increased the number of cases. In the meantime, the deficits and problems with the budgets caused long delays in the repayment of due hospitalization fees, and introduced unilateral, on the part of the State, cutback measures (claw-back and rebate), which led to offsetting and canceling the collection of amounts owed to private healthcare providers.

In accordance with Article 100 of Law 4172/2013, the following have come into effect since June 2013:

a) An automatic claw-back mechanism for any expenses incurred relating to hospitalization, diagnostic tests and physiotherapy. Based on this mechanism, the monthly National Organization for Healthcare (EOPYY) expenses for diagnostic tests, hospitalization and physiotherapy offered by affiliated private healthcare providers must not exceed 1/12 of the approved credit funds of the EOPYY budget. The excess amount claimed on the part of EOPYY from the affiliated providers of the aforementioned private healthcare services is calculated on a semi-annual basis and must be deposited in a bank account indicated by EOPYY within one month from the date the written personal notification was issued. If said deadline expires without the payment having been made, the EOPYY BoD may terminate the contract between EOPYY and the affiliated provider automatically and without payment of compensation until such time as the total amount due has been paid with interest by the provider or has been collected in accordance with the provisions of the Public Revenue Collection Code (KEDE). The monthly invoice submitted to EOPYY by the affiliated provider for the healthcare services rendered to people insured with the national insurer for the corresponding period is used to calculate the claw-back amount corresponding to each affiliated provider per month. Expenses submitted to EOPYY 20 days after the end of each month are neither recognized nor paid by EOPYY.

The total claw-back amount is calculated semi-annually, by calculating the difference between the budgeted and the actual expense arising from the amount claimed by the provider, once any rebate and other expenses unacceptable at the time of calculation have been subtracted.

b) A percentage over the amounts owed by EOPYY to affiliated private healthcare providers for hospitalization, diagnostic tests and physiotherapies for people insured with EOPYY, payable to the Organization as a rebate for each month.
The rebate amount is calculated monthly and as of 01/01/2016, it is incorporated in the invoices issued to EOPYY for services rendered.

The provisions of cases (a) and (b) above have a retroactive effect from 01/01/2013 and are valid until 31/12/2018, in accordance with Ministerial Decision Ref. No.Γ5/63587/20.8.2015.

On 28/05/2014, 18/11/2014, 09/12/2015, 11/02/2016, 06/04/2016, 07/03/2017, 24/03/2017 and 27/03/2017, EOPYY notified via email the HYGEIA Group hospitals and clinics of the rebate and claw-back amounts corresponding to the 2013 fiscal year, the first half of 2014, the 2015 fiscal year, January 2016 (rebate) and the claw-back amount for the first half of 2016, which amounted to approximately €68.2m in total, VAT included.

The Group companies affiliated with EOPYY have filed a writ before the Athens Administrative Court of Appeals against the orders issued by EOPYY on 28/05/2015, 18/11/2014, 22/05/2015, 09/12/2015, 11/02/2016 and 06/04/2016 for the automatic claw-back and rebate amounts corresponding to the 2013, 2014 and 2015 fiscal years.

To date, with the exclusion of the 2013 fiscal year, it has been impossible to calculate the exact budget and claw-back amounts corresponding to each Group hospital due to the fact that EOPYY has not disclosed all the parameters (sector and hospitals separately) that would reliably lead to the exact calculation of the relevant amounts. It should also be further clarified that the final claw-back amounts for 2014 and 2015 will arise once the total amounts submitted for the aforementioned years have been audited and eventually validated by EOPYY. In all events, the Management believes that, based on the information at hand, the Company and Group results have already been burdened with adequate amounts for the entire period the claw-back and rebate measures have been in effect and any further negative change is not expected.

The Group and the Company have proceeded with calculating the claw-back and rebate amounts starting from the date the decisions took effect, thus burdening their financial results. Specifically, the Group has impaired the EOPYY receivables by the amount of €85.4m for the period 01/01/2013-31/12/2016, pursuant to Article 100(5) of Law 4172/2013 (GG/A/167/23.07.2013) and the relevant subsequent ministerial decisions. For the Company, the respective amount is €43.9m.

Based on the claw-back and rebate notifications issued by EOPYY, the Group companies affiliated with EOPYY proceeded with issuing the corresponding return invoices for the periods 01/01/2013-30/06/2014 and 01/01/2015-31/12/2015, strictly for tax compliance purposes, pursuant to Ministerial Circular 1191/12.08.2014 and Ministerial Circular 1113/2.6.2015. For the 2016 fiscal year, the rebates in line with Article 100 of Law 4172/2013 were integrated in the month invoices submitted by the Group companies to EOPYY. However, the relevant notifications with regard to the final claw-back amount are still pending, given that the monthly audits for the specific fiscal year – as specified in Article 90 of Law 4368/2016 "Measures to expedite the government tasks and other provisions" (GG/21/21.2.2016) – have not been concluded.

In addition, according to the contract in force, on March 18th, 2015, the affiliated auditing company notified Group hospitals HYGEIA, MITERA and LETO of the results from the administrative and medical audit of the invoices submitted to EOPYY for the period 01/01/2013-31/12/2013. Based on the notified findings, the unacceptable expenses amount to approximately €5.8m. The Group hospitals affiliated with EOPYY filed a complaint against these findings, in accordance with the legislation in force; said complaint was concluded without prejudice to the legality of decision no. 593 issued by the EOPYY Board of Directors as to the clarifications and instructions in the retrospective enforcement of the Closed Unified Hospital Fees, in accordance with the Single Regulation for Health Services. For this reason, i.e. the retrospective application, the hospitals affiliated with EOPYY have brought an action before the Hellenic Council of State

On 07/03/2017, EOPYY notified via email the HYGEIA Group hospitals and clinics of the claw-back amounts corresponding to the 2013 fiscal year, following the notification for the relevant audit by independent chartered accountants and the settlement of the relevant invoices submitted for the period, amounting to approximately €13.2m, VAT included. Once the cutback amounts were established, the Company and Group results were not burdened any further, given that the initial amounts related to these cutbacks were adequate. Note that the administrative and medical audit for the amounts submitted by all the sector hospitals to EOPYY for the 2012, 2014 and 2015 fiscal years has not commenced yet.

Pursuant to the Legislative Decree (GG/A/184/31.12.2015), it was decided that the effective date for existing contracts between physicians, diagnostic centers, clinics, hospitals and other providers on the one hand, and EOPYY on the other, whether they are the original ones or ones that have already been extended, be further extended until 30/06/2016. In addition, in accordance with Article 52 of Law 4410/2016 (GG/141/3.8.2016), the effective date for these contracts between EOPYY and other health providers is extended until the new contacts are concluded.

Furthermore, in accordance with Article 90 of Law 4368/2016 "Measures to expedite the government tasks and other provisions" (GG/21/21.2.2016), the healthcare expenses, excluding pharmacists, incurred as of 01/01/2016 and submitted to the competent EOPYY departments will be settled randomly, which in all events would not be less than 5% of the total number of supporting documents submitted by each provider for expenses incurred by insured parties, while the number of supporting documents for expenses should be at least 10. EOPYY may perform final audits and settle any unsettled amounts due by EOPYY to its providers, excluding pharmacists and National Health System hospitals, for the years 2013-2015, based on the aforementioned process. Affiliated providers who have been included in the procedure under Article 100(6) of Law 4172/2013 (GG/A/167) are excluded from this process.

Finally, in October 2016, the terms for EOPYY paying off its outstanding debts – which arose before it had started operating – to affiliated healthcare providers were defined, in accordance with Article 52 of Law 4430/2016. Specifically, based on the provisions of the specific Article, further rebates were established, so the Organization could pay off its total outstanding debts up the 2015 fiscal year (including amounts in arrears prior to 2012) within 2017. Note that the affiliated Group companies have already formed adequate provisions against the provisions of said Article and consequent, their results are not expected to be further burdened.

## *(D) INFORMATION ON THE PROSPECTS AND OUTLOOK OF THE GROUP & THE COMPANY*

Over the last few years, the economic situation of the country has greatly affected the corporate environment. The main conditions for the anticipated recovery of the Greek economy include restructuring it and restoring the smooth operation of the market.

In addition, the recent changes in the social insurance system, along with the possible revisions in income and property tax, will significantly affect the consumer behavior of households. Additional new tax measures will yet again limit disposable income and business capital, further exacerbating the need to pump liquidity.

A key point for the healthcare sector, where the Group is active, is for the government to restructure and financially support EOPYY, so that it may operate effectively in partnership with the private sector, to the benefit of patients. It is deemed necessary to determine the institutional framework for the possible future establishment of a new contract between EOPYY and private hospitals, while at the same time setting a binding time frame for repayment of the accumulated outstanding amounts due to private healthcare providers.

According to the Group policy, the Management has approved a procedure for assessing the risks associated with the Group activities and operations, for planning the assessment methodology, as well as for selecting and at the same time executing/implementing suitable actions to limit risks.

Through monitoring the developments and using the experience of its successful management of the prolonged crisis, the HYGEIA Group Management assesses the existing conditions using forecasts, evaluates all future investment and operating needs, and immediately adjusts its Business Plan, with the aim of maintaining and increasing the operating performance of the Group companies, by limiting operating costs, expanding its client base and maximizing synergies within the Group.

As opposed to the hindered operation of EOPYY, HYGEIA Group has expanded its strategic affiliations with the largest Greek and foreign private insurance companies in order to secure its continuous growth, offering latest technology medical procedures, while ensuring large patient volume and adequate cash liquidity.

The Management's priorities in dealing with the crisis will focus on ensuring the healthy financial structure of the Group, improving working capital management, balancing its cost structure with anticipated income and maximizing the potential of synergies among the Group, so that it may further strengthen its financial position.

Meanwhile, the Group continues to operate driven by the long-term interests of the company's stakeholders, focusing on introducing added-value services, investing in cutting-edge technology and offering innovative services in niche markets, all the while endeavoring to provide top-quality healthcare services, with a deep sense of respect for people, the society and the environment.

## *(E) TRANSACTIONS WITH RELATED PARTIES*

This part includes the most important transactions and balances between the Company and related parties, as specified in IAS 24 (See Note 11.33).

Intracompany transactions in accordance with Law 3016 (Article 2, Paragraph 4) were approved by the BoD on 03/04/2017.

### Significant Transactions Between the Company and Related Companies

The most important transactions between the Company and its related parties during the fiscal year were the following:

- HYGEIA SA purchases for provision of medical supplies and special materials from its subsidiary Y-Logimed amounting to €17.5m, compared to €17m for the 2015 fiscal year.
- HYGEIA SA sales for provision of services, mainly relating to the performance of lab tests for subsidiary MITERA SA, amounting to €2.1m, compared to €2.2m in the 2015 fiscal year.

Marfin Investment Group (MIG) constitutes a related party to the Company, due to the existing holding relationship as well as the common members on the BoDs of the companies.

### Transactions and Balances with Key Managers and Senior Executives

| **Amounts in € '000** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Salaries & other employees benefits | 3,241 | 3,503 | 1,477 | 1,693 |
| Social security costs | 599 | 658 | 297 | 335 |
| B.O.D. Remuneration | 0 | 80 | 0 | 80 |
| Termination benefits | 56 | 0 | 0 | 0 |
| **Total** | **3,896** | **4,241** | **1,774** | **2,108** |

No loans have been granted to any members of the BoD or any other executives of the Group (or their families).

### *(F) DIVIDEND POLICY*

There were no dividends distributed for the 2016 fiscal year due to losses.

### *(G) Information and Explanatory Report for Article 4(7 & 8), Law 3556/2007*

Pursuant to Law 3556/2007 (Government Gazette 91/A'/30.4.2007) "Transparency requirements in relation to information about issuers whose securities are admitted for trading on a regulated market and other provisions", Greek legislation was adjusted to the provisions of Directive 2004/109/EC of the European Parliament and the Council on December 15th, 2004, for harmonization of transparency requirements in relation to information about issuers whose securities are admitted for trading on a regulated market and for amendment of Directive 2001/34/EC (OJ L. 390/38/31.12.2004).

In accordance with Article 4 (7 & 8) of Law 3556/2007, the BoD must submit to the Annual General Meeting of shareholders detailed information on Paragraph 7 of Article 4, Law 3556/2007, and
the explanatory report on Article 4(8) of the same Law, which are incorporated in the BoD report.

1. **Company Share Capital Structure**

On December 31st, 2016, the Company share capital amounted to one hundred and twenty-five million three hundred and fifty thousand two hundred and ninety-eight euros and seventy-six cents (€125,350,298.76) fully paid, divided into three hundred and five million seven hundred and thirty-two thousand four hundred and thirty-six (305,732,436) ordinary registered shares at a nominal value of forty-one cents (€0.41) each.

The Company shares are listed for trading on the Athens Stock Exchange.

For an entity to be considered a Company shareholder, it must be registered in HELLENIC EXCHANGES SA (former CENTRAL SECURITIES DEPOSITORY SA) by way of derogation of provisions of Article 8b, Codified Law 2190/1920. The Company shareholder rights deriving from the company share are proportional to the capital to which the share paid-up value corresponds. Each share provides all rights stipulated by the Law and the Articles of Incorporation; specifically:

- The right to receive dividends from the annual Company earnings or the earnings upon liquidation. The Company distributes to shareholders the amount stipulated in Article 3 of Emergency Law 148/1967 for dividend distribution. This amount is distributed by the Company as first dividend, while any distribution of additional dividends is decided upon by the General Meeting. All shareholders registered in the records of HELLENIC EXCHANGES SA (former CENTRAL SECURITIES DEPOSITORY SA) on the determination date of dividend beneficiaries are entitled to a dividend. The dividend is paid to shareholders within 2 months from the Annual General Meeting date when the annual financial statements were approved. The manner and location of dividend payment is announced through the Press. The dividend collection entitlement expires and the amount is carried over to the public sector 5 years after the end of the year when the General Meeting approved the distribution.
- The right to withdraw contribution corresponding to the share upon liquidation or capital amortization, if decided upon by the General Meeting.
- The preemption right in every Company share capital increase in cash and new shares acquisition.
- The right to receive a copy of the financial statements, and the reports prepared by the certified auditors and the Company BoD.
- In line with its Articles of Incorporation, the Company reserves all its rights during liquidation.

Company shareholder liability is limited to the nominal value of their shares.

## 2. Restrictions on the Transfer of Company Shares

Company share transfer is performed in accordance with the Law and there are no restrictions regarding their transfer in the Articles of Incorporation, since they are intangible registered shares listed for trading.

## 3. Significant Direct or Indirect Holdings in Accordance with Law 3556/2007

The shareholders, natural or legal entities, holding either directly or indirectly a share capital rate higher than 5% are as follows:

| Shareholder | Percentage over the total Share Capital |
|---|---|
| MARFIN CAPITAL* | 37.62% |
| MARFIN INVESTMENT GROUP | 32.76% |
| Other shareholders holding <5% | 29.62% |
| Total | 100.00% |

** MARFIN CAPITAL is a 100% subsidiary of MARFIN INVESTMENT GROUP SA.*

## 4. Shares that Provide Special Control Rights

There are none.

## 5. Restrictions on Voting Rights

None are stipulated in the Articles of Incorporation.

## 6. Company Shareholder Agreements

The Company is not aware of any agreements among its shareholders that may impose restrictions on its share transfer or on exercising the voting rights deriving from its shares.

## 7. Rules on Appointment and Replacement of BoD Members and Amendment of Articles of Incorporation

The rules stipulated in the Company's Articles of Incorporation on the appointment and replacement of BoD members do not differ from those stipulated in Codified Law 2190/1920.

## 8. BoD Jurisdiction on Issuing New Shares or Acquiring Treasury Shares

A. Pursuant to the provisions of Article 13(1b & c), Codified Law 2190/1920, and abiding by the Company's Articles of Incorporation provisions, following a relevant decision by the General Meeting, the BoD reserves the right to proceed with Company share capital increases by issuing new shares, by way of decision taken by an at least a 2/3 majority of its members. In this case, Share Capital may be increased up to the capital amount paid up on the date such authorization was granted to the BoD by the General Meeting.
This authorization may be renewed by the General Meeting for a period not exceeding five years for every renewal.
B. Pursuant to the provisions of Article 13(13), Codified Law 2190/1920, by General Meeting decision, a stock option plan may be established for BoD members, personnel and related companies, as defined in Article 42e(5), in the form of a stock option right, based on the specific terms of this decision. The list of beneficiaries includes entities offering services to the Company on a steady basis. The General Meeting decision sets the maximum number of shares to be issued, their subscription price and the terms for beneficiaries or the categories thereof, as well as the determination method for the acquisition price, the duration of the plan and any other related terms. In accordance with the law, the total nominal value of these shares shall not exceed 1/10 of the paid-up capital on the General Meeting decision date.

## 9. Significant Agreements Taking Effect, Amended or Expiring in the Event of Control Change after a Public Offering

There are no such agreements.

### 10. Agreements with BoD Members or Company Personnel

There are no agreements between the Company and the BoD members or personnel that provide for compensation, especially in the event of resignation, groundless dismissal or discontinuation of term of office or employment due to public offering.

## *(H) CORPORATE GOVERNANCE STATEMENT*

### I. Introduction

HYGEIA has voluntarily adopted and implements a Corporate Governance Code; in preparing the Code, HYGEIA took into account the Corporate Governance Code (CGC) for listed companies,
drawn up by the Hellenic Federation of Enterprises (SEV), along with the widely accepted Corporate Governance Principles that apply in the EU Member States.

The CGC is posted on the Company's website: www.hygeia.gr.

### II. Corporate Governance Principles Implemented by the Company, in Addition to the Provisions of the Law

As a result of the Company adopting and implementing the CGC, certain corporate governance practices, in addition to the ones stipulated in the provisions of the relevant legislation, have been implemented, such as:

A. In its majority, the BoD consists of Non-Executive Members.
B. An Executive Committee has been formed as a body to assist the BoD.
C. A Central Procurement Committee has been formed with the aim of offering efficient and centralized management of supplies.
D. Evaluation of the BoD shall take place every two (2) years.

The regulations for the committees under B and C have been posted on the Company's website: www.hygeia.gr.

### III. Description of Internal Controls and Risk Management

The Company BoD regularly monitors and ensures that the internal control systems are adequate. This is achieved through the following actions and procedures:

**Risk Identification, Assessment and Management**

The Company has developed and implements a Risk Management System with the aim of identifying, assessing and managing the risks it may face during its operation, and which are directly or indirectly related to the financial statements. The system provides for systematically recording and assessing the risks per operating area, as well as rating the adequacy of the Company's coverage towards said risks. According to the Risk Management System, the assessment findings are discussed at Management level, while the Audit Committee and the BoD are informed on the most important of them.

**1. Budgets / Planning**

The Company implements a complete and adequate system for drafting and monitoring the annual ordinary detailed budget, subject to a monthly report. Comparison is performed to the respective actual and historical figures, with detailed explanation of all deviations. Simultaneous assessment of extraordinary forecasts (rolling forecasts) prepared on a quarterly basis contributes to decision making for further actions, in order to attain the set corporate targets.

**2. BoD Responsibilities**

In line with the powers stipulated in the Company's Articles of Incorporation and the framework of rules and procedures stipulated in the internal regulation, the BoD, assisted by its committees, decides on any issue regarding the management of the Company and its property, as well as the fulfillment of the corporate policy and strategic targets.

**3. Duties – Powers of Management Executives**

By decision of the BoD, authorized individuals have been nominated, while the limits and the way of representation and commitment of the Company have been determined, for performing all acts related to its asset management.

**4. Diversity Policy for Management Executives**

In the context of equal opportunity and adoption of gender equality principles with regard to the composition of senior management, HYGEIA pledges to implement a gender diversity policy, contributing to tackling group-think.

**5. Strategic Investments – Takeovers**

Strategic investments and contingent takeovers require a decision by the Company BoD (or bodies authorized by the BoD), following a proposal, including a feasibility study, a business plan and an adequate plan for implementing and monitoring the investment or takeover.

**6. Procedures and Policies Preventing Financial Fraud**

To avoid the risk of financial fraud, the Company has instituted and implements a rigorous framework of procedures and policies governing all its operations, and particularly the ones marked as high risk, such as policies and procedures for procurement, payments, treasury management, etc.

**7. IT Systems**

The Company has developed state-of-the-art IT systems, covering all activity sectors and assisting the Management in attaining its long-term corporate objectives. IT security is ensured by a rigorous framework of procedures, the most important ones being:

- Restoration procedures
- Back-up procedures
- Disaster recovery plan
- Procedures for protection against viruses, external interventions and malicious acts
- Email safety procedures

**8. Procedures Related to the Preparation of the Separate and Consolidated Financial Statements**

The Company has developed and implements specific procedures and systems, which safeguard the credibility and validity of the separate and consolidated financial statements and their harmonization with the International Financial Reporting Standards. The most important of these procedures are:

- The Company and the Group subsidiaries follow and implement common accounting principles and policies, in line with the International Financial Reporting Standards (IFRS).
- The accounting tasks followed are based on the IFRS principles, which have been adopted by the Group companies.
- Accounting entries are recorded and audited based on specific procedures, including the determination of the necessary documentation and approvals per case.
- Depreciations of tangible and intangible fixed assets are monitored and recorded in the fixed assets registry; they are calculated both based on the rates stipulated in the tax legislation and on the principles laid down in the IFRS.

- Consolidation of Group financial statements is performed by the Group Financial Division, based on the IFRS and the data collected both by the parent company and the subsidiaries.
- A monthly inventory is performed to ensure reliable presentation of inventories in the separate and consolidated financial statements. The inventories are performed based on clear and adequate written instructions, while any differences are audited, justified, approved and recorded in the Company and subsidiary books, so as to ensure complete accord between the accounting books and the physical inventory.
- Agreements of balances with customers and suppliers are performed at regular intervals to ensure correct depiction of Company and subsidiary assets and liabilities. Similarly, monthly account agreements are performed with regard to the treasury, banks and tax liabilities/receivables.
- The closure and finalization of financial statements are based on explicit procedures, including completion and submission deadlines, responsibilities and the required disclosures.
- Explicit procedures and approval levels apply for entries of impairment provisions or asset write-offs, in line with the Company policy.
- A specific software access strategy is in place, depending on the responsibilities and authorizations of each user.

### 9. Internal Control

The Internal Control Unit operates in accordance with the international standards and widely accepted auditing principles, and in line with the operating regulation. The Internal Control Unit reports and presents the audit findings to the Control Committee.

The Internal Control Unit arranges regular meetings with the Control Committee; during these meetings, the audits carried out are inspected, the effectiveness of the internal control system is examined, and the findings and relevant proposals are discussed and evaluated.

The Internal Control Unit submits the overall audit plan for every fiscal year, which is approved by the Control Committee. The plan is revised if necessary, after briefing of and approval by the Control Committee.

### 10. Transparency and Anti-Corruption Policy

The Company and HYGEIA Group especially focus on implementing preventive actions when it comes to issues of transparency and corruption, aiming to respond to the needs of their stakeholders.

In this context, the Group has developed and implements a Code of Ethics and Conduct, which has been prepared by taking into account the Code of Medical Ethics and the Greek legislation in force. This Code gives strict guidelines for complying with the rules of conduct both within and outside the organization, for example, in its relationships with patients, suppliers and other Group stakeholders. The Code of Ethics and Conduct essentially covers issues that are related to an autonomous policy for combating corruption.

The Group has also prepared a Code of Corporate Governance, promoting transparency through its organizational structure, while it has established specific limits of responsibility for each executive, as well as safeguards that are reviews regularly, in the context of internal controls.

## IV. Information about the BoD

### 1. Main Responsibilities

The BoD responsibilities are explicitly defined in the Company's Articles of Incorporation and the internal regulation or any other internal Company documents.
The BoD is responsible for deciding on any act regarding the Company's management, its assets and the pursuit of its aim, while it takes all measures and decisions required, acts without any limitations (excluding issues under the General Meeting's exclusive responsibility) and represents the Company before the courts and extrajudicially.

The BoD responsibilities include, but are not limited to:

- approving the Company's long-term strategy and operating objectives;
- approving the annual budget and business plan, as well as making decisions on the major capital expenses, acquisitions and sales;
- selecting and substituting, whenever necessary, the Company's executive leadership, and supervising the succession planning;
- monitoring the performance of senior Management and harmonizing the senior executives' remuneration with the long-term interests of the Company and its shareholders;
- ensuring the credibility of the financial statements, company information, financial reporting systems and published data, and the efficiency of the internal control and risk management systems;
- being vigilant with regard to existing and possible conflicts of interest between the Company and the Management, BoD members or major shareholders (including shareholders with direct or indirect power to formulate or affect the BoD composition and conduct), and adopting a suitable plan for resolving said conflicts; to this end, the BoD must adopt a procedure for supervising the transactions of all stakeholders;
- ensuring an effective procedure of Company compliance to the relevant laws and regulations;
- having the responsibility of making decisions and monitoring the Company's Management system effectiveness, including decision-making processes and assignment of powers and duties to other executives, as well as formulating, disseminating and implementing the Company's main principles and values governing its relations with all parties whose interests are related to the Company's interests.

The BoD has assigned all or part of its management and representation powers to one or more persons, BoD members or not, company employees or third parties, having also determined the extent of delegated powers.
The company is liable for the persons to whom the aforementioned powers have been delegated, as its bodies, for all the powers delegated to them.

The BoD has formed committees to support it in the preparation of its decisions and ensure effective management of possible conflicts of interest during the decision-making process.

### 2. BoD Composition and Operation

According to the Company's Articles of Incorporation, the BoD consists of nine (9) to thirteen (13) Members, who are appointed by the General Meeting, which also decides on the duration of their term of office.
In its current composition, the BoD consists of thirteen (13) Members. The majority of them are Non-Executive, while there are also two (2) Independent Non-Executive members.

The current BoD composition is as follows:

1. Athanasios Papanikolaou – Chairman/ Non-Executive Member
2. Georgios Efstratiadis – Vice-Chairman/Non-Executive Member
3. Georgios Politis – Vice-Chairman/Non-Executive Member
4. Andreas Kartapanis – CEO/Executive Member
5. Dimitris-Eleftherios Mantzavinos – Executive Member
6. Konstantina Psoni – Executive Member
7. Fotios Karatzenis – Non-Executive Member
8. Anastasios Kyprianidis – Non-Executive Member
9. Spyridon Kalakonas – Non-Executive Member
10. Ioannis Andreou – Non-Executive Member
11. Georgios Zacharopoulos – Non-Executive Member
12. Athanasios Christopoulos – Independent Non-Executive Member
13. Nikolaos Damaskopoulos – Independent Non-Executive Member

The BoD serves a two-year term, which expires on 26/05/2018, but is extended until the next Annual General Meeting.

The BoD members are appointed by the shareholders for the term of office stipulated in the Articles of Incorporation, without excluding the possibility of them being re-elected.

Independent Non-Executive Members cannot hold a percentage higher than 0.5% of the Company's share capital, and must not have a dependency relationship with the company or any parties associated with the company. The Independent Members are appointed by the General Meeting of shareholders. The BoD must determine whether a candidate fulfills the independence conditions before nominating said individual's candidacy to the General Meeting of shareholders.

The BoD convenes and issues decisions at suitably regular intervals that ensure the efficient performance of its duties. During the 2016 fiscal year, the BoD convened 12 times and issued additional decisions by drafting 37 written minutes, in accordance with Article 21(5), Codified Law 2190/1920, and Article 18(3) of the Company's Articles of Incorporation.

Alternatively, apart from the Company's registered headquarters, the BoD may validly convene at any other location, in Greece or abroad, in accordance with the relevant provisions in the Articles of Incorporation. It may also convene via teleconference. During the past fiscal year (2016) the BoD members received remuneration for their services in said capacity, which was approved by the Annual General Meeting on 21/05/2016.

**V. Other Administrative and Supervisory Bodies**

**1. Control Committee**

The Control Committee's task is to assist the BoD in fulfilling its mission with regard to ensuring effectiveness of audit mechanisms, proper accounting presentation of financial results, efficient operation of corporate risk management systems, compliance with the legislative and regulatory framework and effective implementation of the Principles of Corporate Governance.

The Control Committee members are appointed by the General Meeting of Company shareholders, following a relevant BoD proposal. The current composition is as follows:

1. Athanasios Christopoulos, Chairman
2. Georgios Efstratiadis, Member
3. Nikolaos Damaskopoulos, Member

The Control Committee may meet as often as necessary, but at least four times a year, upon invitation extended by the Chairman. It must meet the regular company auditor at least twice a year, without the Company Management being present.

**2. Executive Committee**

The Executive Committee is composed of 3 to 7 members. The Committee members' term of office is two years, with the option of being reappointed.
The current composition of the Committee is as follows:

1. Athanasios Papanikolaou, Chairman
2. Andreas Kartapanis, Member
3. Dimitrios-Eleftherios Mantzavinos, Member

The main objective of the Executive Committee is to assist the BoD in its task with delegation of its powers, in accordance with its regulation, which has been posted on the Company's website: www.hygeia.gr.

### 3. Procurement Committee

The Committee is composed of 3 members, who are appointed by the Company's Executive Committee, which must also appoint the Chairman of said Committee.

The Committee members' term of office is one year, with the option of being reappointed. The Committee's task falls within the duties stipulated in its regulation, which has been posted on the company's website: www.hygeia.gr.

The current composition of the Committee is as follows:

1. Ioannis Andreou
2. Georgios Politis
3. Dimitrios-Eleftherios Mantzavinos

## VI. General Meeting of Shareholders

### 1. Main Powers

The General Meeting is the supreme company body, convened by the BoD and entitled to decide on any matter pertaining to the Company. Shareholders are entitled to participate in the General Meeting, either in person or by legally authorized proxy, in line with the legal procedure in force.

### 2. General Meeting Operation/Shareholder Rights and their Exercise

The BoD must ensure that the General Meeting of shareholders is prepared and held in a manner that facilitates the shareholders in effectively exercising their rights. Shareholders must be fully informed on all issues pertaining to their participation in the General Meeting, including the items on the agenda and their rights during the General Meeting.

In combination with the provisions of Law 3884/2010, at least twenty (20) days prior to the General Meeting, the Company must post on its website, both in Greek and English, information regarding:

- the date, time and location of the General Meeting of shareholders;
- the main rules and participation practices, including the right to introduce items to the agenda and submit questions, as well as the deadlines for exercising such rights;
- the voting procedures, the terms of representation by proxy and the forms to be used for voting by proxy;
- the proposed agenda of the Meeting, including any drafts of the decisions to be discussed and voted on, as well as any accompanying documents;
- the proposed list of candidate BoD members;
- the total number of shares and voting rights on the convention date.

It is the BoD's responsibility to ensure that the Company posts the voting process results on its website within five (5) days at the latest from the General Meeting date, stipulating for each decision at least the number of shares for which valid votes were cast, the share capital ratio represented by said votes, the total number of valid votes, as well as the number of votes in favor or against each decision and the number of abstentions.

## *(I) NON-FINANCIAL REPORTING*

### 1. Corporate Social Responsibility at HYGEIA Group

At HYGEIA Group, business growth is inexorably interwoven with the principles of corporate social responsibility and sustainable development, while it is determined by our high moral standards and principles. The unwavering priority of the Management is to continue to offer hospital services in tune with the highest standards worldwide, making HYGEIA Group a center of excellence in Greece and Europe, and placing it among the leading international organizations.

The Groups forecasts the developments and potential challenges faced by the healthcare sector on time, while it reviews any investment opportunity that may arise and may contribute to achieving its vision. The Group forges relationships of mutual trust with its stakeholders, aiming at fostering two-way communication with them, as their opinion forms the foundation for the development of its programs.

The commitments and priorities of the Group are reflected in the policy it has adopted and implements.

**Corporate Social Responsibility Policy Excerpt**

- It focuses on patients and their families, by responding to their needs, desires and expectations promptly, offering top-level healthcare, and ensuring the necessary resources, as well as fully trained personnel and cutting-edge technology.
- It implements a comprehensive QUALITY IMPROVEMENT & PATIENT SAFETY PROGRAM, which covers clinical and administrative operations (including services offered by clinical, diagnostic and imaging labs), occupational health and safety, work accident and occupational illness prevention, and environmental protection and pollution control.
- It has created an environment of trust and a workplace safety culture, promoting active participation, diversity of opinions, protection of rights, open communication, accountability, safety, environmental responsibility, teamwork, training and staff development, goal attainment and recognition, when expectations are met.
- It complies with the legislation in force, as well as the regulations, management standards (Joint Commission International, ISO 9001, ISO 14001, OHSAS 18001 and ISO 15189) and the Professional Practices rules governing the operation of the Group companies.
- It strives for continuous improvement of all the services offered and all the operations through goal setting, suitable supervision mechanisms for programs and processes, and collective effort, aiming at achieving strategic priorities relating to corporate excellence and business development.
- It promotes its Policy to patients and their families, the Group company employees, its associates, its suppliers and all other social partners and it encourages them to support it.

HYGEIA Group is active in the most significant area for people, health. The concepts of respect, dignity, compassion and caring constitute the foundation for every service offered through its hospitals, diagnostic centers and companies.

The aim of the Corporate Social Responsibility framework implemented is for the Group's development to coexist with the initiatives it undertakes with regard to society, the environment and the market, all the while focusing on people, with a deep sense of responsibility and compassion.

HYGEIA Group's Corporate Social Responsibility framework is based on 4 axes:

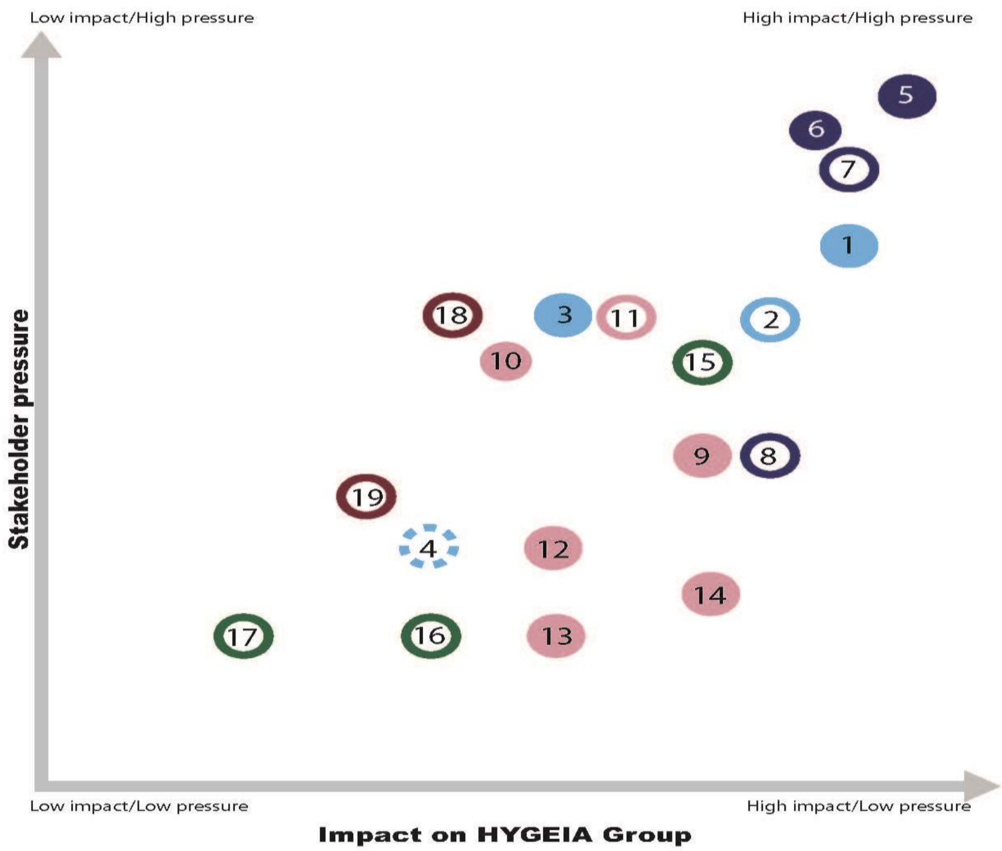
- Economy
- Employees
- Society
- Environment

In every axis, the Group Management has identified the most significant issues for it, based on the special traits that arise from its activities. In view of the 2016 CSR Report, the Group recorded in detail and prioritized the most significant issues per CSR axis. The materiality analysis was based on the G4 Guidelines of the Global Reporting Initiative (GRI) and the AA1000 Accountability Assurance Standard. The most significant themes – groups of issues – for HYGEIA Group were recorded in detail and evaluated in workshops. Significant issues were taken to be those that may cause extensive changes in the Group's performance.

For the Group, collecting and recording these significant issues contributes in:

- Identifying and assessing the potential risks that pertain to the CSR axes.
- Identifying strengths, weaknesses and opportunities.
- Identifying the most significant issues that are related to the long-term strategic aims of the Group.

The charter with the most significant issues for HYGEIA Group reflects the gravity of each issue in the development of the Group, along with how important it is for its stakeholders. The assessment of the significant issues performed to prepare the Report led to the development of the following charter:




The descriptors "within", "outside" and "within/outside" refer to identifying the areas of influence for each essential issue at HYGEIA Group

: Within the Company limits  : Outside the Company limits  : Within & outside

**Corporate Governance & Financial Development**

1. Financial Performance & Group Development
2. Transparency and Anti-Corruption
3. Regulatory Compliance
4. Matters of Competition

**Quality & Patient Satisfaction**

5. Patient Health & Safety
6. Patient Service & Satisfaction
7. Healthcare Services Offered & Investments in Cutting-Edge Technology
8. Patient Personal Date Protection

**Human Resources**

9. Employee Insurance Benefits
10. Employee Health & Safety
11. HR Planning, Selection & Recruitment
12. Employee Training & Development
13. Employee-Management Relationships
14. HR Evaluations

**Environment**

15. Waste Management
16. Power Consumption
17. Water Consumption

**Society**

18. Promotion of Public Health
19. Social Actions

The Group not only operates within the guidelines of the moral and social principles that govern any company, but also implements CSR actions as part of its contemporary Corporate Governance, taking into account how it operates as an integral part of a constantly developing and evolving society. It is believed that the proper implementation of the Group principles also safeguards the operation of the Group companies.

The Group solidifies its CSR initiatives by:

- **Implementing systems and processes,** aiming at constant improvement and development in the most significant areas of its activities (health and safety, environment, quality of services).
- **Creating central channels for receiving and managing requests** filed by interested parties, at Group level, with the aim of receiving messages on time, but also processing them carefully and managing them effectively.
- **Releasing the Annual Financial and CSR Reports.**
- **Preparing the Corporate Governance Code**
- **Informing stakeholders of its actions** in a separate sections of the Group companies' websites.
- **Forming a CSR Team,** which consists of executives from all the Companies, who participate in, are notified of and represent all the facets of the Group services. The Team meet regularly, with the aim of coordinating and developing new actions and initiatives that relate to the social contribution of the Group, the regular recording of its actions and the preparation of the Group's CSR Report. The CSR Team includes representatives from all Group departments.

## 2. Dialogue with and Commitment to the Stakeholders

The Group has identified as stakeholders the categories that are directly or indirectly affected by its activities, and naturally, all the categories that may affect its operation in any way and at any time.

The procedure for identifying and subsequently prioritizing the stakeholders was based on the Global Reporting Initiative (GRI) methodology and takes into account both the extent of influence each category of stakeholders exercises on the Group per CSR axis, and the extent of influence exercised by the Group on each category of stakeholders. Given that certain factors, such as the extent and nature of the Group activities, determine the nature of these categories, different gravity is placed on each one.

**HYGEIA Group**

Stakeholder categories (alphabetically):

- associate physicians
- banks
- employees
- insurance companies
- media
- medical and scientific community
- patient families and visitors
- patients
- private clients
- public social insurance organizations
- shareholders
- society
- state and regulatory authorities
- subcontracting services
- suppliers
- vulnerable social groups and NGOs

The trust of the Group stakeholders is essential in ensuring its long-term success. For this reason, it pledges to cultivate open dialogue with patients, employees, customers, shareholders and all stakeholder categories, so as that there is constant communication and their needs are recorded.

### 3. Responsibility Towards Employees

For 2016, the strategy followed for the Human Resources axis in all Group companies was to:

- Maintain jobs
- Maintain salaries
- Maintain benefits
- Focus on education

The Group Management believes that its people are its most valuable asset. The human resources of HYGEIA Group share a common vision when fulfilling all business objectives, placing the Group at the top of all the latest developments. The Group has adopted a people-centered approach in the systems and practices it implements. The constant diligence shown by its staff and their families has created an awarded work environment within an admittedly tough business sector.

It invests on the people throughout the entire Group, offering job security, education, assessment and additional benefits.

#### Code of Ethics

Moral principles form the core of HYGEIA Group's operation. Each and every one of the employees in all the Companies demonstrates: integrity, responsibility, respect, compliance with the professional standards, the laws and the regulations, credibility, trust, excellent, transparency and sustainability.

With the Group, HR management and development is based on 4 key actions:

#### 1. Training and Development

The Group places great emphasis on employee training. Aiming to meet the educational needs expressed by the employees, it prepares a specific annual training schedule. Based on this, it implements various programs and training sessions, so employees are kept up-to-date with the latest developments in the areas of healthcare and can successfully respond to the challenges posed by the modern technology adopted by the Group.

#### 2. Assessment and Professional Development

At HYGEIA Group, staff performance evaluation is an extremely important process. A common Performance Management System applies for all Group companies, which forms the foundation of a uniform human resources development program and reflects the Group's position with regard to fair, objective and meritocratic treatment for all employees.

#### 3. Benefits

Based on the sector it is active in, the Group implements a schedule short- and long-term benefits for all full-time employees. These benefits vary between companies and hospitals.

Some of these include:

- Free hospitalization and medical tests for all employees.
- Life insurance, income protection and critical illness policies for employees.
- Pension plan with a lump sum payment upon retirement.
- Childcare services in partnership with a private daycare center.

- Option of receiving interest-free loans for emergencies.
- Transportation to and from their place of work for all Hospital shifts.
- Financial support to employees for meeting serious family needs.
- Events for special occasions.
- Free morning snack and full meal at special prices.
- Awards to children of employees who achieved top marks at school or entered higher education institutes among the top candidates.

**Equal Opportunities and Human Rights**

HYGEIA Group is committed to offering Equal Opportunities to all individuals, irrespective of gender, age, disability, color, race, nationality, socioeconomic status, religion or political beliefs. Promotion to managerial posts mainly depends on the needs of the companies and the individual's skills in human resources management. At HYGEIA Group, minimum wage for men and women is set based on the local legislation and the collective bargaining agreements. There is no differentiation between men and women for the same type of employment. Additionally, HYGEIA employs people with disabilities wherever possible. These individuals are placed in posts suitable for their skills.

***Women make up 70% of the HYGEIA Group workforce, while in some staff categories, such as nursing & paramedical staff, it may even reach 80%.***

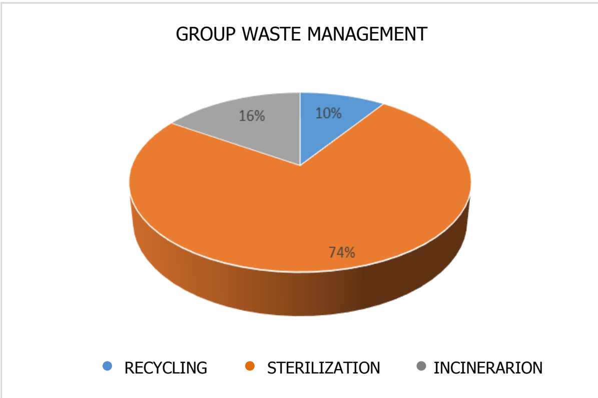
## 3. Caring for the Environment

The Group consistently develops environmental protection actions to constantly improve its environmental impact. Through an operational model that aims to constantly improve the organization of its companies, it aspires to promote the concept of health in efficient and environmentally friendly ways.

The main environmental actions for healthcare providers are proper hazardous material and waste management, reasonable use of natural resources, electricity and water, and reduced gas emissions into the atmosphere.

Recognizing the significance of proper management of waste from the Group hospitals, we have implemented a special Hazardous Substances & Waste Management Plan. This Plan has been prepared per Group hospital and includes the procedures that must be in place for handling, storing, transporting and disposing of the hazardous substances and waste produced during the operation of the hospital services and departments. The HYGEIA Group hospitals fully comply with the environmental legislation in force. During the 2016 fiscal year, dangerous waste management was as follows:

| Management Method | % |
|---|---|
| RECYCLING | 10% |
| STERILIZATION | 74% |
| INCINERATION | 16% |




The quantities arising from the sterilization and incineration processes are forwarded to sanitary landfills by licensed companies, in line with the legislation.

***HYGEIA implements an Environmental Management System certified to ISO 14001***

Each year, the Group evaluates its environmental policy and the impact of its activities and services on the environment. Based on this evaluation, it tries to improve its environmental impact, by setting targets and programs, specifying indicators and monitoring its performance against the Environmental Management System it has adopted. This certification constitutes a priority for the Group hospitals, which mainly aims at its responsible green operation, both as a means for saving resources and as a method of growth.
Additional proof of the Group's commitment as to the successful management of the environmental issues that concern it or may affect it is the fact that in the years 2015 and 2016 the Group spent about €1.5m for environmental protection actions (excluding urban waste management), which included contracts with waste management companies, expenses for waste collection carts, cost of consumables as well as costs for replacing equipment with newer models that encompass environmentally friendly features.

## 4. Care and Responsibility Towards Patients

The Group's commitment to provide top-quality services covers both our operations and the entire range of the services it offers. It implements a comprehensive Quality Improvement & Patient Safety Program that covers all the Group hospitals and administrative activities, including the services offered by the clinical lab and the diagnostic and therapeutic imaging departments.

**Gold Seal of Approval for HYGEIA**

HYGEIA Hospital has renewed its Joint Commission International (JCI) accreditation for yet another three years and remains the only hospital in Greece to have received this Gold Seal of Approval® by the most distinguished and internationally recognized Accreditation Standard for Healthcare Organizations, which has certified only 580 hospitals worldwide.

JCI is an international accreditation standard for healthcare services. Preparations for this accreditation usually last around 2 years. Once the preparation has been completed, JCI sends a team of healthcare experts (doctors, nurses and administrative employees) with international experience to the hospital. These experts perform an on-site evaluation of the hospital services based on the 1,000 plus requirements of the standard. The requirements cover the entire range of patient-centered operations within a hospital, such as accessibility, clinical assessment and care, anesthesiology and surgical care, education, and patient rights. They also encompass all supportive operations, such as lab and imaging services, infection prevention and control, medication protocols, management and safety of the facilities, management of patient files and clinical information, human resources management, and hospital management practices. The JCI accreditation is valid for 3 years. If a hospital wishes to maintain its accreditation, it must be reevaluated at the end of that period. The hospitals that earn and maintain the JCI accreditation receive the Gold Seal of Approval©.

### Quality Committees

Quality Committees have been formed for monitoring and improving clinical operations. Depending on its scope, each Committee mainly aims at studying, analyzing and providing opinions on matters concerning its area of interest. The objective of the Quality Committees is to resolve the clinical issues that may arise, while pushing services to new, even higher levels. Through the Quality Council, the Committees work closely with all the Hospital bodies.

### Patient and Carer Satisfaction

Responding to the needs, complaints and remarks of patients is part of the daily operation of the HYGEIA Group hospitals. This communication is achieved via email and through the Feedback Form. The Feedback Form is used in two ways: as an Inpatient Satisfaction Questionnaire or as a Remark Form, giving patients and visitors the opportunity to express their positive or negative comments about their experience.

All written remarks by patient (inpatients or outpatients), carers and visitors are received by the Corporate Quality Division and forwarded to the Management and all relevant executives for further investigation and proper corrective actions. The following table presents the number of complaints received by the HYGEIA Corporate Quality Division in the years 2014, 2015 and 2016.

| HYGEIA | 2014 | 2015 | 2016 |
|---|---|---|---|
| **PATIENT, CARER & VISITOR COMPLAINTS** | 218 | 153 | 97 |

** The forms received mainly pertained to the hospital infrastructure, as well as the hospitalization accounts and fees due to the economic crisis prevalent nationally and the way it has been affecting patients.*

Increasing patient and carer satisfaction is a priority and a strong incentive for the Company's Management, so that it may improve daily the experience of everyone entrusting their health and the health of their loved ones to them.

In the case of HYGEIA, the Corporate Quality Division constantly conducts patient satisfaction surveys. The high satisfaction of patients is reflected in the rates achieved in the most crucial survey questions:

| Questions | 2014 | 2015 | 2016 |
|---|---|---|---|
| **Overall, how would you rate the quality of care you received at HYGEIA? – "Excellent"** | **96.8%** | **98.0%** | **97.6%** |
| **Would you recommend HYGEIA to your family and friends? – "Yes"** | **95.9%** | **96.4%** | **96.7%** |
| Are you satisfied with the service you received at the Outpatient Clinic? – "Yes" | 93.9% | 93.5% | 93.5% |
| Was the doctor available whenever you needed him/her? – "Yes, always" | 95.9% | 96.3% | 96.9% |
| Were you adequately briefed by the doctors on the progress of your health? – "Yes, always" | 96.4% | 95.9% | 97.7% |
| If you underwent surgery, were you briefed by your doctors on the procedure you were undergoing? – "Yes, fully" | 96.6% | 96.4% | 97.7% |
| Did the nursing staff demonstrate politeness and eagerness to help you? – "Yes, always" | 97.0% | 97.0% | 97.4% |
| If you felt pain, did the hospital staff do everything it could to alleviate your pain? – "Yes" | 98.5% | 99.0% | 99.8% |

### Risk & Safety Management

HYGEIA Group has developed an integrated Risk & Emergency Management Plan to systematically and responsibly manage a wide range of internal and external adverse events that may potentially affect the smooth operation of the hospitals and/or threaten the safety of patients, visitors, the staff and the community where they are located.

At the beginning of each year, the Risk & Safety Management Committee prepares the Annual Hazard Vulnerability Analysis, which aims at identifying the risks that may affect the operation of the hospital and by extension, the safety of employees, patients and visitors. The results of this analysis lead to the preparation of an annual schedule for developing new emergency situation plans, training and drills.

## 5. Responsibility Towards Society

Making a contribution, showing respect and adopting a responsible stance towards society are an integral part of HYGEIA Group's culture and strategy. The Group continues to develop a series of actions for society, focusing on prevention, diagnosis and treatment, as well as promoting health in general.

The social actions of HYGEIA Group are based on four main axes, though which it sets goals and strategic priorities. These axes include:

- **Promoting Public Health**
  In 2013, the Group launched the "Traveling for Health" initiative, with the aim of serving the needs of residents in remote small islands or mountainous regions who do not enjoy easy access to medical services. A total of 6 volunteer campaigns have been completed so far, while more than 8,050 residents have been examined and some 31,000 medical and diagnostic tests have been performed.
  Apart from the "Traveling for Health" initiative, the Group implements an extensive social contribution program in the area of healthcare that includes: provision of medical services, medical equipment and know-how and medical care.

- **Employee Volunteerism**
The medical, nursing and administrative staff participate in the initiatives of the Group voluntarily, donating goods, giving up their time and offering a warm embrace and a smile to all our fellow citizens in need. These actions include collection of basic necessities for various organizations, blood drives, participation in sporting events for various charities and more.

- **Providing Information and Raising Awareness**
Prompted by global health days, weeks and months, awareness campaigns are organized each year, offering check-ups at special rate, but also supporting the vision and actions of social groups and organizations. During these awareness campaigns, informational videos from various organizations are screened on TV sets located in common areas within the Group hospitals.

- **Promoting Medical Science**
As part of the Group's commitment to keep investing in education, it organizes and implements educational programs, seminars and events, and school visits to its hospitals. Through these actions, it offers students the opportunity to do their internship in healthcare specialties, while it also offers gives students the chance to take a tour of the Hospital and witness daily medical practice in action.

The HYGEIA Group CSR actions are described in detail in the Annual CSR Report, which is prepared based on the G4 Guidelines of the GRI (see www.hygeia.gr)

Marousi, April 3rd, 2017
By order of the Board of Directors

Athanasios Papanikolaou

BoD Chairman/ Non-Executive Member

## D. Annual Financial Statements

**ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED ON DECEMBER 31ST, 2016**
**IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS), AS ADOPTED BY THE EUROPEAN UNION**

The attached financial statements were approved by the BoD of HYGEIA SA on 03/04/2017, and have been posted on the internet, on the website www.hygeia.gr, as well as on the Athens Stock Exchange website, where they will be available to investors for at least five (5) years from the date they were prepared and released.

Note that the condensed financial data and information published in the Press seek to provide the reader with a general overview of the Company’s financial situation and results, but do not provide a complete view of the financial position, performance and cash flows of the Company and the Group, in accordance with the International Financial Reporting Standards.

# 1. Financial Position Statement as at December 31st, 2016 (Consolidated and Separate)

| ***Amounts in € '000*** | | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|---|
| | **Note** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Tangible assets | 11.1 | 173,948 | 183,922 | 72,136 | 79,025 |
| Goodwill | 11.2 | 82,706 | 82,706 | 0 | 0 |
| Intangible assets | 11.3 | 68,689 | 72,270 | 1,349 | 1,562 |
| Investments in subsidiaries | 11.4 | 0 | 0 | 142,021 | 154,806 |
| Investment in properties | 11.5 | 148 | 151 | 148 | 151 |
| Other non current assets | 11.6 | 1,222 | 940 | 594 | 417 |
| Deferred tax asset | 11.7 | 12,561 | 12,643 | 7,904 | 7,741 |
| **Total** | | **339,274** | **352,632** | **224,152** | **243,702** |
| **Current Assets** | | | | | |
| Inventories | 11.8 | 5,674 | 5,752 | 1,308 | 1,446 |
| Trade and other receivables | 11.9 | 62,858 | 63,577 | 46,987 | 41,709 |
| Other current assets | 11.10 | 6,573 | 7,289 | 3,361 | 4,260 |
| Trading portfolio and financial assets measured at fair value through P&L | 11.11 | 45 | 45 | 0 | 0 |
| Cash and cash equivalents | 11.12 | 14,854 | 14,241 | 2,503 | 8,690 |
| **Total** | | **90,004** | **90,904** | **54,159** | **56,105** |
| **Total Assets** | | **429,278** | **443,536** | **278,311** | **299,807** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 11.13 | 125,350 | 125,350 | 125,350 | 125,350 |
| Share premium | | 303,112 | 303,112 | 303,112 | 303,112 |
| Fair value reserves | | 0 | 0 | 0 | 0 |
| Other reserves | 11.14 | 5,311 | 5,158 | 5,134 | 5,134 |
| Retained earnings | | (314,382) | (315,285) | (294,657) | (291,065) |
| **Equity attributable to parent's shareholders** | | **119,391** | **118,335** | **138,939** | **142,531** |
| Non-controlling interests | | 1,312 | 1,405 | | |
| **Total Equity** | | **120,703** | **119,740** | **138,939** | **142,531** |
| **Non-current liabilities** | | | | | |
| Deferred tax liability | 11.7 | 33,971 | 36,229 | 6,985 | 8,301 |
| Accrued pension and retirement obligations | 11.15 | 15,632 | 14,955 | 9,389 | 9,019 |
| Government grants | 11.16 | 140 | 175 | 0 | 0 |
| Long-term borrowings | 11.17 | 1,473 | 427 | 867 | 0 |
| Non-Current Provisions | 11.18 | 11,544 | 12,458 | 2,208 | 2,289 |
| Other long-term liabilities | 11.19 | 664 | 1,049 | 259 | 305 |
| **Total** | | **63,424** | **65,293** | **19,708** | **19,914** |
| **Current Liabilities** | | | | | |
| Trade and other payables | 11.20 | 66,488 | 79,273 | 16,284 | 35,037 |
| Tax payable | 11.21 | 588 | 21 | 554 | 0 |
| Short-term debt | 11.17 | 156,452 | 159,391 | 92,015 | 94,519 |
| Other current liabilities | 11.22 | 21,623 | 19,818 | 10,811 | 7,806 |
| **Total** | | **245,151** | **258,503** | **119,664** | **137,362** |
| **Total liabilities** | | **308,575** | **323,796** | **139,372** | **157,276** |
| **Total Equity and Liabilities** | | **429,278** | **443,536** | **278,311** | **299,807** |

*The attached notes form an integral part of the Financial Statements.*

## 2. Comprehensive Income Statement for the 2016 Fiscal Year (Consolidated and Separate)

| ***Amounts in € '000*** | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | **Note** | **1/1-31/12/2016** | **1/1-31/12/2015** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| **Continuing operations** | | | | | |
| Sales | 11.23 | 227,731 | 220,308 | 126,043 | 124,426 |
| Cost of sales | 11.25 | (191,595) | (194,451) | (103,280) | (107,221) |
| **Gross profit** | | **36,136** | **25,857** | **22,763** | **17,205** |
| Administrative expenses | 11.25 | (19,896) | (21,495) | (5,499) | (6,138) |
| Distribution expenses | 11.25 | (5,093) | (5,082) | (1,514) | (1,677) |
| Other income | 11.26 | 3,847 | 4,942 | 1,007 | 2,673 |
| Other expenses | 11.26 | (1,492) | (1,771) | (726) | (543) |
| **Operating profit** | | **13,502** | **2,451** | **16,031** | **11,520** |
| Other financial results | 11.28 | (3,493) | (21,530) | (14,840) | (51,021) |
| Finance costs | 11.27 | (11,420) | (10,890) | (6,566) | (6,582) |
| Financial income | 11.27 | 27 | 62 | 22 | 43 |
| Income from dividends | | 0 | 0 | 6 | 29 |
| **Profit before income tax** | | **(1,384)** | **(29,907)** | **(5,348)** | **(46,011)** |
| Income tax | 11.29 | 2,144 | 3,102 | 1,559 | 1,603 |
| **Net profit for the period** | | **760** | **(26,805)** | **(3,789)** | **(44,408)** |
| **Attributable to:** | | | | | |
| Owners of the parent | | 849 | (26,561) | | |
| Non-controlling interests | | (89) | (244) | | |
| EBITDA | | 31,966 | 22,046 | 25,275 | 20,795 |
| EBITDA (Circ. 34) | | 31,995 | 21,983 | 25,307 | 20,801 |

**Statement of Comprehensive Income**

| ***Amounts in € '000*** | | **1/1-31/12/2016** | **1/1-31/12/2015** | **1/1-31/12/2016** | **1/1-31/12/2015** |
|---|---|---|---|---|---|
| **Net profit for the period** | | **760** | **(26,805)** | **(3,789)** | **(44,408)** |
| **Other comprehensive income:** | | | | | |
| **Amounts not reclassified in the Income Statement** | | | | | |
| Reevaluation of accrued pension liability | | 73 | 36 | 276 | 151 |
| Deferred tax on reevaluation of accrued pension liability | | (21) | (11) | (80) | (44) |
| Deferred tax for actuarial profit/(loss) due to change in the tax rate | | 0 | 53 | 0 | 31 |
| | | **52** | **78** | **196** | **138** |
| **Amounts that may be reclassified in the Income Statement** | | | | | |
| Exchange differences on translating foreign operations | | 153 | 251 | 0 | 0 |
| **Other comprehensive income for the period after tax** | | **205** | **329** | **196** | **138** |
| **Total comprehensive income for the period after tax** | | **965** | **(26,476)** | **(3,593)** | **(44,270)** |
| **Attributable to:** | | | | | |
| Owners of the parent | | 1,056 | (26,237) | | |
| Non-controlling interests | | (91) | (239) | | |
| **Earnings per share** | | | | | |
| Basic earnings per share | 11.30 | **0.0028** | **(0.0869)** | **(0.0124)** | **(0.1452)** |

*The attached notes form an integral part of the Financial Statements.*

## 3. Changes in Equity Statement for the 2016 Fiscal Year (Consolidated and Separate)

**GROUP**

| Amounts in € '000 | Number of shares | Share capital | Share premium | Other reserves | Retained earnings | Total equity attributable to owners of the parent | Minority interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as of 1/1/2015** | **305,732,436** | **125,350** | **303,112** | **4,907** | **(289,698)** | **143,671** | **2,558** | **146,229** |
| Icrease/(decrease) of non-controlling interests in subsidiaries | | 0 | 0 | 0 | 901 | 901 | (901) | 0 |
| Dividends to non controlling interests | | 0 | 0 | 0 | 0 | 0 | (13) | (13) |
| **Transactions with owners** | **0** | **0** | **0** | **0** | **901** | **901** | **(914)** | **(13)** |
| **Profit for the period** | | **0** | **0** | **0** | **(26,561)** | **(26,561)** | **(244)** | **(26,805)** |
| **Other comprehensive income:** | | | | | | | | |
| Exchange differences on translation of foreign operations | | 0 | 0 | 251 | 0 | 251 | 0 | 251 |
| Reevaluation of accrued pension liability | | 0 | 0 | 0 | 29 | 29 | 7 | 36 |
| Deferred tax on reevaluation of accrued pension liability | | 0 | 0 | 0 | (12) | (12) | 1 | (11) |
| Deferred tax for actuarial profit/(loss) due to change in the tax rate | | 0 | 0 | 0 | 56 | 56 | (3) | 53 |
| **Other comprehensive income after tax** | | **0** | **0** | **251** | **73** | **324** | **5** | **329** |
| **Total comprehensive income for the period after tax** | **0** | **0** | **0** | **251** | **(26,488)** | **(26,237)** | **(239)** | **(26,476)** |
| **Balance as of 31/12/2015** | **305,732,436** | **125,350** | **303,112** | **5,158** | **(315,285)** | **118,335** | **1,405** | **119,740** |
| | | | | | | | | |
| **Balance as of 1/1/2016** | **305,732,436** | **125,350** | **303,112** | **5,158** | **(315,285)** | **118,335** | **1,405** | **119,740** |
| Dividends to non controlling interests | | 0 | 0 | 0 | 0 | 0 | (2) | (2) |
| **Transactions with owners** | **0** | **0** | **0** | **0** | **0** | **0** | **(2)** | **(2)** |
| **Profit for the period** | | **0** | **0** | **0** | **849** | **849** | **(89)** | **760** |
| **Other comprehensive income:** | | | | | | | | |
| Exchange differences on translation of foreign operations | | 0 | 0 | 153 | 0 | 153 | 0 | 153 |
| Reevaluation of accrued pension liability | | 0 | 0 | 0 | 75 | 75 | (2) | 73 |
| Deferred tax on revaluation of accrued pensions | | 0 | 0 | 0 | (21) | (21) | 0 | (21) |
| **Other comprehensive income after tax** | | **0** | **0** | **153** | **54** | **207** | **(2)** | **205** |
| **Total comprehensive income for the period after tax** | | **0** | **0** | **153** | **903** | **1,056** | **(91)** | **965** |
| **Balance as of 31/12/2016** | **305,732,436** | **125,350** | **303,112** | **5,311** | **(314,382)** | **119,391** | **1,312** | **120,703** |

*The attached notes form an integral part of the Financial Statements.*

COMPANY

| Amounts in € '000 | Number of shares | Share capital | Share premium | Other reserves | Retained earnings | Total equity attributable to owners of the parent | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance as of 1/1/2015** | **305,732,436** | **125,350** | **303,112** | **5,134** | **(246,796)** | **186,800** | **186,800** |
| **Profit for the period** | | **0** | **0** | **0** | **(44,407)** | **(44,407)** | **(44,407)** |
| **Other comprehensive income:** | | | | | | | |
| Reevaluation of accrued pension liability | | 0 | 0 | 0 | 151 | 151 | 151 |
| Deferred tax on reevaluation of accrued pension liability | | 0 | 0 | 0 | (44) | (44) | (44) |
| Deferred tax for actuarial profit/(loss) due to change in the tax rate | | 0 | 0 | 0 | 31 | 31 | 31 |
| **Other comprehensive income after tax** | | **0** | **0** | **0** | **138** | **138** | **138** |
| **Total comprehensive income for the period after tax** | | **0** | **0** | **0** | **(44,269)** | **(44,269)** | **(44,269)** |
| **Balance as of 31/12/2015** | **305,732,436** | **125,350** | **303,112** | **5,134** | **(291,065)** | **142,530** | **142,531** |
| **Balance as of 1/1/2016** | **305,732,436** | **125,350** | **303,112** | **5,134** | **(291,065)** | **142,531** | **142,531** |
| **Profit for the period** | | **0** | **0** | **0** | **(3,788)** | **(3,788)** | **(3,788)** |
| **Other comprehensive income:** | | | | | | | |
| Reevaluation of accrued pension liability | | 0 | 0 | 0 | 276 | 276 | 276 |
| Deferred tax on reevaluation of accrued pension liability | | 0 | 0 | 0 | (80) | (80) | (80) |
| **Other comprehensive income after tax** | | **0** | **0** | **0** | **196** | **196** | **196** |
| **Total comprehensive income for the period after tax** | | **0** | **0** | **0** | **(3,592)** | **(3,592)** | **(3,592)** |
| **Balance as of 31/12/2016** | **305,732,436** | **125,350** | **303,112** | **5,134** | **(294,657)** | **138,939** | **138,939** |

*The attached notes form an integral part of the Financial Statements.*

# 4. Cash Flow Statement for the 2016 Fiscal Year (Consolidated and Separate)

| Amounts in € '000 | Note | GROUP 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2016 | COMPANY 31/12/2015 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| **Profit (loss) before taxation from continuing operation** | | **(1,384)** | **(29,907)** | **(5,348)** | **(46,011)** |
| **Adjustments for:** | | | | | |
| Depreciation | | 18,464 | 19,595 | 9,244 | 9,275 |
| Changes in pension obligations | | 1,251 | 1,438 | 905 | 977 |
| Provisions | | 7,304 | 6,439 | 5,300 | 3,974 |
| Impairment losses for loans and other investments | | 500 | 21,208 | 13,400 | 50,500 |
| Unrealized Exchange gains | | (426) | (708) | (2) | 0 |
| Unrealized Exchange losses | | 138 | 152 | 2 | (6) |
| (Profit) loss on sale of property, plant and equipment | | 64 | 21 | 32 | 6 |
| Income from reversal of prior year's provisions | | (405) | (295) | 0 | (250) |
| Proft / Loss from fair value valuation of financial assets at fair value through profit and loss | | 3,281 | 878 | 1,440 | 527 |
| Grants amortization | | (35) | (84) | 0 | 0 |
| Non-cash compensation expense | | 276 | 0 | 190 | 0 |
| Interest and similar income | | (6) | (24) | (1) | (5) |
| Interest similar expenses | | 11,068 | 10,501 | 6,346 | 6,332 |
| Dividends | | 0 | 0 | (6) | (29) |
| **Total Adjustments** | | **41,474** | **59,121** | **36,850** | **71,301** |
| **Cash flows from operating activities before working capital changes** | | **40,090** | **29,214** | **31,502** | **25,290** |
| **Changes in Working Capital** | | | | | |
| (Increase) / Decrease in inventories | | (22) | 48 | 138 | 211 |
| (Increase)/Decrease in trade receivables | | (7,739) | (12,087) | (11,518) | (8,700) |
| (Increase)/Decrease in other receivables | | (102) | 3,037 | 723 | 1,972 |
| Increase / (Decrease) in liabilities (excluding banks) | | (14,733) | 6,603 | (17,047) | (1,879) |
| | | ***(22,596)*** | ***(2,399)*** | ***(27,704)*** | ***(8,396)*** |
| **Cash flows operating activities** | | **17,494** | **26,815** | **3,798** | **16,894** |
| Interest paid | | (9,638) | (9,673) | (5,379) | (5,434) |
| Income tax paid | | (177) | (84) | 0 | 0 |
| **Net Cash flows operating activities** | | **7,679** | **17,058** | **(1,581)** | **11,460** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | 11.1 | (3,746) | (3,804) | (1,595) | (1,752) |
| Purchase of intagible assets | 11.3 | (1,223) | (1,598) | (640) | (756) |
| Proceeds from disposal of property, plant and equipment | | 8 | 276 | 65 | 40 |
| Increase in capital and additional paid-in capital of subsidiaries | | 0 | 0 | 0 | (3,410) |
| Dividends received | | 0 | 0 | 6 | 29 |
| Interest received | | 2 | 5 | 1 | 4 |
| Investments in subsidiaries | | 0 | 0 | (615) | 0 |
| **Net Cash flow from investing activities** | | **(4,959)** | **(5,121)** | **(2,778)** | **(5,845)** |
| **Cash flow from financing activities** | | | | | |
| Proceeds from borrowings | | 3,259 | 487 | 2,672 | 0 |
| Payments for borrowings | | (5,199) | (6,582) | (4,500) | (2,513) |
| Dividends paid to non-controlling interests | | (2) | (13) | 0 | 0 |
| Payment of finance lease liabilities | | (229) | (233) | 0 | 0 |
| **Net Cash flow financing activities** | | **(2,171)** | **(6,341)** | **(1,828)** | **(2,513)** |
| **Net (decrease) / increase in cash and cash equivalents** | | **549** | **5,596** | **(6,187)** | **3,102** |
| Cash and cash equivalents at beginning of the period from continuing operations | | 14,241 | 8,612 | 8,690 | 5,588 |
| Exchange differences in cash and cash equivalents from continuing operations | | 64 | 33 | 0 | 0 |
| **Net cash and cash equivalents at the end of the period from continuing operations** | | **14,854** | **14,241** | **2,503** | **8,690** |

*The attached notes form an integral part of the Financial Statements.*

## 5. General Information about the Group

HYGEIA SA was founded in 1970 by physicians, the majority of whom were professors at the University of Athens, and has since been active in the provision of primary and secondary healthcare services.

The Company is housed in a private building situated on the corner of 4 Erythrou Stavrou Street and Kifisias Avenue in Marousi, Attica. HYGEIA Group's administrative services are located on the corner of 21 Ippokratous and Erythrou Stavrou Streets, Marousi, 151 23 Attica. The Company website is www.hygeia.gr and its shares are listed on the Athens Stock Exchange.

In January 2006, MARFIN INVESTMENT GROUP (MIG) gained control of the Company and within the next few months, it launched a series of investment initiatives (acquisitions, mergers and the establishment of new companies), with the strategic objective being to create the largest group of integrated healthcare services in Southeast Europe. On 31/12/2016 HYGEIA Group was present in 2 Southeast European countries, owning a total of 4 private hospitals in Greece and Albania, with a total capacity of 1,219 licensed beds, 52 operating rooms, 19 delivery rooms and 10 ICUs, and employing approximately 3,200 people and over 3,200 associate physicians. Note that the Group's activities are not subject to significant seasonality.

The Company's portfolio includes the following hospitals: DTCA HYGEIA; MITERA General, Maternity, Gynecological & Children's Hospital; LETO Maternity Hospital; and HYGEIA Hospital Tirana.

HYGEIA Group is active in the area of primary healthcare through the AlfaLab Molecular Biology & Cytogenetics Center, and diagnostic centers HYGEIANET Athens and HYGEIANET Peristeri.

Finally, HYGEIA Group owns a company trading in special materials, consumables, pharmaceuticals and general medical supplies (Y-LOGIMED SA).

As of May 2013, HYGEIA Group is active in the area of research, production and trading of cosmetics through the incorporation of the company BEATIFIC Research, Production and Trading of Cosmetics SA.

HYGEIA SA offers its services to private individuals as well as patients seeking top-quality healthcare services through their social security funds and insurance companies. Throughout its history, and adhering to the principles of sustainable development, the Group has been endeavoring to combine top-level healthcare services, with a deep sense of respect for people, society and the environment.

HYGEIA Group is a subsidiary of MARFIN INVESTMENT GROUP SA (MIG) and has been included in its consolidated financial statements with a consolidation percentage of 70.38% (31/12/2015: 70.38%).

On 31/12/2016, HYGEIA SA employed a total of 1,278 people, as opposed to 1,323 on 31/12/2015 while the Group employed a total of 3,213 people, as opposed to 3,173 on 31/12/2015.

## 6. Financial Statement Preparation Framework

### 6.1 Compliance Statement

The consolidated Company Financial Statements for December 31st, 2016, which cover the period from January 1st to December 31st, 2016, have been prepared based on the principle of going concern, after taking into account explanatory note 12.3. The consolidated and separate financial statements are in line with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and adopted by the European Union up to and including 31/12/2016.

The accompanying Financial Statements for December 31st, 2016 were approved by the Board of Directors on 03/04/2017 and are subject to final approval by the Annual General Meeting of shareholders. They are available to the investing community at the Company's headquarters as well as the Company's website for at least 2 years, in accordance with Article 2(1) of Presidential Decree 360/1985, as in effect following its amendment by Law 3301/2004.

### 6.2 Calculation Basis

The Group Financial Statements have been prepared based on the principle of historical cost, as amended for readjustment at fair value of the following items:

- financial assets and liabilities at fair value via the Comprehensive Income Statement (including derivatives),
- financial instruments available for sale.

### 6.3 Presentation Currency

These financial statements are presented in thousands of euros, the operating currency of the Group, i.e. the currency of the primary economic environment where the Group and most of its subsidiaries are active.

Note that due to rounding off, the actual sums presented in the condensed separate and consolidated financial statements may not be exactly equal to the sums presented in the financial statements; the same applies for percentages.

### 6.4 Use of Estimations

The preparation of the financial statements in accordance with the IFRS requires making estimations and judgments when implementing the Company's accounting principles. Judgments, assumptions and estimations by the Management affect the amount certain assets and liabilities are measured at, the amount recognized during the fiscal year for certain income and expenses, as well as the presented estimates on contingent liabilities.

Assumptions and estimations are evaluated on a continuous basis, in accordance with historical experience and other factors, including expectations on the outcome of future events considered reasonable under the circumstances. Said estimations and assumptions pertain to the future and, therefore, the results may actually differ from accounting calculations.

The sectors requiring the highest degree of judgment and the sectors where estimations and assumptions have the most significant impact on the consolidated financial statements are presented in Note 8.

### 6.5 Comparative Data and Rounding-off

Discrepancies between the amounts in the Financial Statements and the corresponding amounts in the Notes are a result of rounding off.

## 6.6 Changes in Accounting Policies

The accounting policies used to prepare the Financial Statements are consistent with those that were used to prepare the Financial Statements for the fiscal year that ended on 31/12/2015, apart from the changes in Standards and Interpretations effective from 01/01/2016. The standards that apply for the Company and which have been adopted as of January 1st, 2016, as well as the standards which are mandatory as of January 1st, 2016, but do not apply to the activities of the Company, are presented in Paragraph 6.6.1. The standards, the amendments to standards and the interpretations to already existing standards which are not effective yet, or have not yet been adopted by the EU, are presented in paragraph 6.6.2.

### 6.6.1: New Standards, Interpretations, Revisions and Amendments to the Existing Standards in Effect and Adopted by the EU

The following amendments of the IFRS were published by the International Accounting Standards Board (IASB), have been adopted by the EU and their application is mandatory as of 01/01/2016 or thereafter.

The following amendments of the IFRS were published by the International Accounting Standards Board (IASB), have been adopted by the EU and their application is mandatory as of 01/01/2016 or thereafter.

- **Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" (applicable to annual accounting periods commencing on or after 01/02/2015)**

In November 2013, the IASB issued a narrow-scope amendments to IAS 19 "Defined Benefit Plans: Employee Contributions". These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of these amendments is to 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. These amendments do not have an impact on the consolidated Financial Statements.

- **Annual Improvements to IFRS 2010-2012 Cycle (applicable to annual accounting periods commencing on or after 2/1/2015)**

In December 2013, the IASB issued the "Annual Improvements to IFRS 2010-2012 Cycle", which incorporate a series of adjustments to 7 issues and form part of the annual improvements of the IFRS. The amendments are applicable to annual accounting periods commencing on or after July 1st, 2014, although entities may implement them earlier. The issues in this Cycle include: IFRS 2: Definition of vesting condition, IFRS 3: Accounting for contingent consideration in a business combination, IFRS 8: Aggregation of operating segments, IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets, IFRS 13: Short-term receivables and payables, IAS 16/IAS 38: Revaluation method - proportionate restatement of accumulated amortization, and IAS 24: Key management personnel. These amendments do not have an impact on the consolidated Financial Statements.

- **Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" (applicable to annual accounting periods commencing on or after 01/01/2016)**

In May 2014, the IASB issued amendments to IFRS 11. These amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. These amendments do not have an impact on the consolidated Financial Statements.

- **Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization" (applicable to annual accounting periods commencing on or after 01/01/2016)**

In May 2014, the IASB issued amendments to IAS 16 and IAS 38. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. These amendments do not have an impact on the consolidated Financial Statements.

- **Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants" (applicable to annual accounting periods commencing on or after 01/01/2016)**

In June 2014, the IASB issued amendments that change the financial reporting for bearer plants. With this amendment, it was decided that bearer plants will be accounted for in the same way as tangible assets (IAS 16). Therefore, said amendments bring bearer plants from the scope of IAS 41 into the scope of IAS 16. Produce growing on bearer plants continues to be accounted for under IAS 41. These amendments do not have an impact on the consolidated Financial Statements.

- **Amendments to IAS 27 "Equity Method in Separate Financial Statements" (applicable to annual accounting periods commencing on or after 01/01/2016)**

In August 2014, the IASB issued narrow-scope amendments to IAS 27. These amendments allows an entity to recognize investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor based on the equity method, which did not apply up until the specific amendments were issued. These amendments do not have an impact on the consolidated Financial Statements.

- **Annual Improvements to IFRS 2012-2014 Cycle (applicable to annual accounting periods commencing on or after 1/1/2016)**

In September 2014, the IASB issued the "Annual Improvements to IFRS 2012-2014 Cycle", which incorporate a series of adjustments to 4 IFRS and form part of the annual improvements of the IFRS. The amendments are applicable to annual accounting periods commencing on or after January 1st, 2016, although entities may implement them earlier. The issues in this Cycle include: IFRS 5: Changes in methods of disposal, IFRS 7: Servicing contracts & applicability of the amendments to IFRS 7 to condensed interim financial statements, IAS 19: Discount rate: regional market issue, and IAS 34: Disclosure of information elsewhere in the interim financial report. These amendments do not have an impact on the consolidated Financial Statements.

- **Amendments to IAS 1 "Disclosure Initiative" (applicable to annual accounting periods commencing on or after 01/01/2016)**

In December 2014, the IASB issued amendments to IAS 1. These amendments address some of the concerns expressed about existing presentation and disclosure requirements and ensure that entities are able to use judgment when preparing Financial Statements. These amendments do not have an impact on the consolidated Financial Statements.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception" (applicable to annual accounting periods commencing on or after 01/01/2016)**

In December 2014, the IASB issued narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28. These amendments introduce clarifications to the requirements when accounting for investment entities, while they also provide relief in particular circumstances, which will reduce the costs of applying the Standards. These amendments do not have an impact on the consolidated Financial Statements. New Standards, Interpretations, Revisions and Amendments to the Existing Standards not yet in Effect or not Approved by the EU.

The following new Standards and amendments to Standards have been published by the IASB, but either they are not in effect yet or they have not been approved yet by the EU.

- **IFRS 14 "Regulatory Deferral Accounts" (applicable to annual accounting periods commencing on or after 01/01/2016)**

In January 2014, the IASB issued a new Standard, IFRS 14. The aim of this interim Standard is to enhance comparability with the financial statements of rate-regulated entities. In many countries, certain sectors are subject to a special regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. The Group will examine the impact of all these on its Financial Statements, although an impact is not expected. These have not been approved yet by the EU, awaiting the final version of the Standard.

- **IFRS 15 "Revenue from Contracts with Customers" (applicable to annual accounting periods commencing on or after 1/1/2018)**

In May 2014, the IASB issued a new Standard, IFRS 15. This Standard is fully converged to the requirements for the recognition of revenue in both IFRS and the US Generally Accepted Accounting Principles (US GAAP). Said Standard is based on key principles that are generally consistent with current practice. The new Standard is expected to improve financial reporting, by establishing a more robust framework for addressing revenue recognition issues, improving comparability across industries and capital markets, providing additional information and reducing the complexity of accounting for contract costs. The new Standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts", as well as certain Interpretations on revenue. he Group will examine the impact of all these on its Financial Statements. These have been adopted by the EU, effective from 01/01/2018.

- **IFRS 9 "Financial Instruments" (applicable to annual accounting periods commencing on or after 01/01/2018)**

In July 2014, the IASB issued the final version of IFRS 9. The improvements introduced by the new Standard include a logical model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. The Group will examine the impact of all these on its Financial Statements. These have been adopted by the EU, effective from 01/01/2018.

- **Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets Between an Investor and its Associate/Joint Venture" (the IASB decided to defer indefinitely the effective date of these amendments)**

In September 2014, the IASB issued narrow-scope amendments to IAS 10 and IAS 28. The aim of these amendments is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In December 2015, the IASB deferred the effective date of these amendments indefinitely, awaiting the results of the research project on equity accounting. The Group will examine the impact of all these on its Financial Statements. These have not yet been adopted by the EU.

- **IFRS 16 "Leases" (applicable to annual accounting periods commencing on or after 01/01/2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The aim of the IASB is to develop a new Standard that sets out the principles to be implemented by both parties to a contract – i.e. the customer ("lessee") and the supplier ("lessor") – for disclosure of leases in a manner that faithfully reflects such transactions. To achieve this, the lessee must recognize the assets and liabilities stemming from the lease. The Group will examine the impact of all these on its Financial Statements. These have not yet been adopted by the EU.

- **Amendments to IAS 12 "Deferred Tax: Recognition of Deferred Tax Assets for Unrealized Losses" (applicable to annual accounting periods commencing on or after 01/01/2017)**

In January 2016, the IASB issued narrow-scope amendments to IAS 12. These amendments on the recognition of deferred tax assets for unrealized losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Group will examine the impact of all these on its Financial Statements, although an impact is not expected. These have not yet been adopted by the EU.

- **Amendments to IAS 7 "Disclosure Initiative" (applicable to annual accounting periods commencing on or after 1/1/2017)**

In January 2016, the IASB issued narrow-scope amendments to IAS 7. The aim of these amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments require entities to provide disclosures, enabling investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The Group will examine the impact of all these on its Financial Statements. These have not yet been adopted by the EU.

- **Clarifications to IFRS 15 "Revenue from Contracts with Customers" (applicable to annual accounting periods commencing on or after 01/01/2018)**

In April 2016, the IASB issued clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but rather clarify how the principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The Group will examine the impact of all these on its Financial Statements. These have not yet been adopted by the EU.

- **Amendment to IFRS 2 "Classification and Measurement of Share-Based Payment Transactions" (applicable to annual accounting periods commencing on or after 01/01/2018)**

In June 2016, the IASB issued a narrow-scope amendment to IFRS 2. The aim of this amendment is to clarify how to account for certain types of share-based payment transactions. Specifically, the amendment provides requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group will examine the impact of all these on its Financial Statements, although an impact is not expected. These have not yet been adopted by the EU.

- **Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (applicable to annual accounting periods commencing on or after 01/01/2018)**

In September 2016, the IASB issued amendments to IFRS 4. The objective of these amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 "Financial Instruments" and the forthcoming insurance contracts Standard. The amendments to the existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption"); and permit all issuers of insurance contracts to recognize 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 (the "overlay approach"). The Group will examine the impact of all these on its Financial Statements, although an impact is not expected. These have not yet been adopted by the EU.

- **Annual Improvements to IFRS 2014-2016 Cycle (applicable to annual accounting periods commencing on or after 01/01/2017 and 01/01/2018)**

In December 2016, the IASB issued the "Annual Improvements to IFRS 2014-2016 Cycle", which incorporate a series of adjustments to some IFRS and form part of the annual improvements of the IFRS. The following amendments are included in this Cycle: IFRS 12: Clarification of the scope of the the Standard, IFRS 1: Deletion of short-term exemptions for first-time adopters of the IFRS, IAS 28: Measuring an associate or joint venture at fair value. The amendments are applicable to annual accounting periods commencing on or after January 1st, 2017 with regard to IFRS 12, and on or after January 1st, 2018 with regard to IFRS 1 and IAS 28. The Group will examine the impact of all these on its Financial Statements, although an impact is not expected. These have not yet been adopted by the EU.

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (applicable to annual accounting periods commencing on or after 01/01/2018)**

In December 2016, the IASB issued a new Interpretation, IFRIC 22. This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Group will examine the impact of all these on its Financial Statements, although an impact is not expected. These have not yet been adopted by the EU.

- **Amendments to IAS 40 "Transfers of Investment Property" (applicable to annual accounting periods commencing on or after 01/01/2018)**

In December 2016, the IASB issued narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (i) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (ii) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The Group will examine the impact of all these on its Financial Statements, although an impact is not expected. These have not yet been adopted by the EU.

## 7. Main Accounting Principles

The accounting principles used to prepare the attached financial statements, and which the Group systematically implements, are consistent with those implemented in the previous fiscal year, apart from the ones mentioned in paragraph 6.6.1.

### 7.1 Consolidation

#### (a) Subsidiaries

Subsidiaries are entities controlled by the parent company. The existence of potential voting rights exercised by the parent company when preparing the financial statements is taken into consideration in order to establish whether the parent company exercises control over the subsidiaries. Subsidiaries are consolidated using the full consolidation method, starting from the acquisition control date, and cease being consolidated from the date such control does not exist.

The accounting method used for consolidation is the acquisition method. A subsidiary's acquisition cost is the fair value of the assets given, the equity instruments issued and the liabilities assumed on the exchange date, plus any costs directly related to the transaction. Separate assets, liabilities and contingent liabilities acquired in a business combination are measured upon acquisition at their fair values, regardless of the holding percentage. The cost beyond the fair value of the separate assets acquired is recognized as goodwill. If the total acquisition cost is lower than the fair value of the assets acquired, the difference is directly recognized in the Comprehensive Income Statement.

Intercompany transactions – Intercompany balances and unrealized earnings from transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides impairment indications of the transferred asset. The subsidiary accounting methods have been amended to be in line with the methods adopted by the Group.

In the parent company financial statements, investments in subsidiaries appear at acquisition cost, reduced by a probable impairment loss. On each Financial Position Statement date, the Company estimates whether objective indications are in place that may lead to the conclusion that investments have been impaired. In the event that impairment is established, the loss, being the difference between the acquisition cost and fair value, is carried over to the Comprehensive Income Statement.

- **Transactions with Non-Controlling Interests:**

For the accounting of transactions with non-controlling interests, the Group implements the accounting principle whereby these transactions are treated as transactions with third parties outside the Group. Sales to non-controlling interests generate earnings and losses for the Group, which are recognized in equity.

### 7.2 Foreign Currency Conversion

The consolidated financial statements are presented in euros, which is the operating and presentation currency of the Group.

#### (a) Activities Abroad

Foreign subsidiary assets and liabilities, including goodwill and fair value adjustments due to business combinations, are converted to euros based on the exchange rates that apply on the Financial Position Statement date. Income and expenses have been converted to the Group's presentation currency at average exchange rates during the reporting period. Any differences arising from this process have been debited/(credited) to the subsidiaries' Financial Position Statement conversion equity reserve in foreign currency. During the sale, write-off, or de-recognition of a foreign subsidiary, the aforementioned reserve is transferred to the Comprehensive Income Statement.

#### (b) Transactions in Foreign Currency

All transactions in foreign currency are converted into the operating currency, according to the exchange rates in effect on the date of the transactions. Asset and liability monetary items expressed in a foreign currency are converted into the Group's operating currency on the Financial Position Statement date using the prevailing exchange rate on that date. Foreign exchange earnings and losses arising from the settlement of such transactions during the fiscal year and from the conversion of monetary assets expressed in foreign currencies using the exchange rates in effect on the Financial Position Statement date are recorded in the Comprehensive Income Statement.

Non-monetary items and liabilities expressed in foreign currency and measured at their fair value are converted into the Group's operating currency using the exchange rate in effect on their fair value determination date. Foreign currency differences from non-monetary items measured at their fair value are considered part of the fair value and are, therefore, recognized where fair value differences are also recognized.

Earnings and losses deriving from transactions in foreign currencies and valuation of monetary items at the end of the fiscal year in foreign currencies that fulfill the specifications for cash flow hedges are recognized in equity.

### 7.3 Tangible assets

Tangible fixed assets and property investments are recorded in the financial statements at acquisition cost, less accumulated depreciation and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets. Subsequent expenses arising in relation to tangible fixed assets are capitalized only if they increase the future financial benefits expected to flow into the Group from the development of these assets, and their cost can be accurately valued.

Repairs and maintenance are recognized directly in the Comprehensive Income Statement as an expense, at the time they are carried out.

Land is not depreciated. Depreciations of other tangible assets burden the Comprehensive Income Statement, are calculated using the straight-line method of depreciation, throughout their estimated useful life, and are the following per asset category:

| | |
|---|---|
| Buildings | 30-50 years |
| Building facilities and equipment | 12-15 years |
| Machinery and mechanical equipment | 6-10 years |
| Vehicles | 4-9 years |
| Furniture and other equipment | 3-10 years |

The residual values and useful lives of tangible fixed assets are subject to review annually, on the Financial Position Statement preparation date.

When the book value of a tangible asset exceeds its recoverable value, the difference (impairment) is immediately recorded in the Comprehensive Income Statement as an expense.

Upon the sale of tangible assets, any differences between the consideration received and their book value are recorded in the Comprehensive Income Statement as earnings or losses.

### 7.4 Intangible assets

**Software:** Software pertains to the purchase cost and any expense incurred during software development so that it may be rendered operable. Expenses reinforcing or extending the performance of software beyond their default specifications are recognized as a capital expense and are added to the initial cost of the software. Software is valued at acquisition cost, minus depreciation. Depreciations are performed using the straight-line method during the useful life of the assets, ranging from 3 to 5 years, and are recorded in the Comprehensive Income Statement as an expense. Expenses required for software maintenance are recognized as expenses, at the time they take place.

**Trademarks / Brand Names:** They are recognized at acquisition cost, minus accumulated amortization and any cumulative impairment loss. Moreover, they are also recognized at fair value according to the allocation procedures of the acquisition price to the acquired assets and liabilities. The brand names recognized during the allocation of the acquisition cost have an indeterminate useful life and are reviewed for possible impairment at each Financial Position Statement date. (See Note 7.5)

**Contracts with Customers (Customer Relations):** They are also recognized at fair value according to the allocation procedures of the acquisition price to the acquired assets and liabilities. They are intangible assets recognized during allocation of the acquisition cost. They have a useful life of 12 years and are depreciated accordingly. Depreciation is recorded in the Comprehensive Income Statement as an expense.

**Licenses:** They are also recognized at fair value according to the allocation procedures of the acquisition price to the acquired assets and liabilities. Licenses recognized during the allocation of the acquisition cost have an indeterminate useful life and are reviewed for possible impairment at each Financial Position Statement date.

**Goodwill:** Goodwill arises from the acquisition of subsidiaries and associates. Goodwill is recognized as the difference between the acquisition cost and the fair value of assets, liabilities and contingent liabilities of the acquired company on the acquisition date. In the event of acquisition of a subsidiary, goodwill is presented as a separate item in assets, while in the event of acquisition of an associate, goodwill is included in the value of the Group's investment in the associate.

On the acquisition date (or on the completion date of the relevant purchase price allocation), the goodwill acquired is allocated to the cash generating units, or to groups of cash generating units that are expected to benefit from this union. Following initial recognition, goodwill is valued at cost minus accumulated losses due to the decrease in its value. Goodwill is not amortized, but is reviewed annually, or more frequently when events or changes in circumstances indicate possible value impairment.

If a part of a cash generating unit to which goodwill has been allocated is sold, then the goodwill that corresponds to the sold portion is included in the book value of this part, in order to determine the profit or loss. The value of goodwill that corresponds to the sold portion is determined according to the relevant values of the part sold and the part of the cash generating unit that remains.

**7.5 Value Impairment of Non-Financial Assets**

Assets with an indefinite useful life that are not depreciated are subject to an impairment review annually or when certain facts imply that the book value may not be recoverable. Depreciated assets are subject to impairment review when there are indications that the book value is not recoverable.

Impairment loss is recognized when the book value of an asset or Cash Generating Unit exceeds its recoverable amount. The Cash Generating Unit is the smallest group of assets that can generate cash flows independently from other assets and groups of assets. The recoverable amount is defined as the largest amount between the net fair value (after sales expenses) and the value in use. Value in use is the current value of estimated future cash flows expected to occur for the company from the use of the asset and from the income expected to arise from its sale at the end of its estimated useful life. The book value of the asset is reduced to the recoverable amount. In the event of a cash generating unit, the impairment loss is first deducted from the goodwill that has been recognized for this unit and then from the remaining assets, proportionately.

Impairment losses are recognized in the Comprehensive Income Statement for the fiscal year. An impairment loss that has been recognized for goodwill cannot be reversed in a subsequent period. With regard to the other assets, it is reviewed whether there are impairment indications on each Financial Position Statement date. An impairment loss is reversed if there is a change in the estimate of the recoverable amount. Following the reversal of the impairment loss, the book value of the asset cannot exceed the book value (after depreciation) that would appear if the impairment loss had not been recognized.

**7.6 Financial Instruments**

The Group's investments are classified under the following categories, based on the purpose for which they were acquired. The Management decides on the most suitable classification of an investment at the time of acquisition and reviews said classification on the reporting date.

**(a) Loans and Receivables**

It includes non-derivative financial assets with fixed or determinable payments, which are not traded in active markets and there is no intention to sell them. They are included in the current assets, apart from those with a maturity of over 12 months from the date of the Financial Position Statement, which are included in the non-current assets.

**(b) Financial Assets at Fair Value through the Comprehensive Income Statement**

This category is divided into three sub-categories: financial assets held for trading, those initially specified in this category, and derivatives. Assets in this category are classified under current assets if they are held for trading or are expected to be sold within 12 months from the date of the Financial Position Statement.

**(c) Investments Held to Maturity**

It includes non-derivative financial assets with fixed or determinable payments and fixed maturity, which the Group intends and is able to hold to maturity.

## (d) Financial Assets Available for Sale

It includes non-derivative financial assets that have either been classified under this category or cannot be classified under any of the aforementioned categories. They are included in the non-current assets, provided that the Management does not intend to liquidate them within 12 months from the date of the Financial Position Statement.

Investment purchases and sales are recognized on the date the transaction takes place, which is the date on which the Group commits to buying or selling the asset. The investments are derecognized when the cash flow collection rights from the investments expire or are transferred, and the Group has essentially transferred all the risks and returns the ownership entails.

Investments are initially recognized at fair value, plus transaction cost. Assets available for sale and financial assets at fair value through the Comprehensive Income Statement are later presented at fair value.

Realized and unrealized earnings and losses arising from changes in the fair value of financial assets at fair value through the Comprehensive Income Statement are recognized in the Comprehensive Income Statement for the period during which they arise.

Unrealized earnings and losses arising from changes in the fair value of financial assets classified as available for sale are recognized in the investment reevaluation reserves. In the event of sale or impairment of the financial assets available for sale, the accrued fair value readjustments are transferred to the Comprehensive Income Statement.

The fair values of financial assets which can be traded in active markets are set by the current bid prices. If a market for a specific financial asset is not active for the non-tradable assets, the Company sets the fair values using valuation methods. The valuation methods include the use of recent transactions, reference to comparable assets and cash flow discount methods, adjusted so as to reflect the specific conditions of the issuer.

On each Financial Position Statement date, the Company assesses the extent to which there is objective indication that a financial asset has suffered impairment of its book value. For company shares that have been classified as financial assets available for sale, a significant or extended drop in the share's fair value below the acquisition cost constitutes an indication of value impairment. If there is evidence of value impairment, the accrued loss calculated as the difference between the acquisition cost and the current fair value, minus any impairment loss that has already been recognized in the Comprehensive Income Statement, is transferred from the investment re-evaluation reserve to the Comprehensive Income Statement. Impairment losses for equity instruments recorded in the Comprehensive Income Statement cannot be reversed through the Comprehensive Income Statement.

A financial asset is derecognized when the Group loses control over the contractual rights included in this asset. This happens when the rights expire or are transferred, and the Group has essentially transferred all the risks and returns the ownership entails.
Financial liabilities are derecognized when the Group's contractual commitment for payment in cash or other financial instruments expires, is canceled or is eliminated.

When an existing financial liability is replaced by another by the same third party (creditor) on substantially different terms or when the existing terms of a liability differ substantially, then said liability is derecognized, the differentiated one is recognized and the difference between the two is recognized in the Comprehensive Income Statement for the fiscal year.

Financial assets and liabilities are offset and the net amount appears in the Financial Position Statement, only when the Group has a legal right and intends to proceed with simultaneous asset and liability settlement to the net amount.

Income and expenses are offset only when it is permitted by the standards or when they regard earnings or losses deriving from a group of similar transactions, such as trade portfolio transactions.

### 7.7 Inventories

Inventories are measured at the lowest value between cost and net liquidation value. Merchandise cost includes all the expenses incurred so that products reach the current place of storage. Merchandise cost is determined based on the weighted average cost. The net liquidation value of merchandise is the estimated sale price or the estimated replacement cost during the Group's regular operation, minus the necessary estimated costs associated with their sale. A provision for slow-moving or obsolete inventories is formed, when deemed necessary.

### 7.8 Trade Receivables

Trade receivables are initially recorded at fair value and are then measured at amortized cost with the use of the effective interest rate, minus impairment losses. Impairment losses (losses from doubtful receivables) are recognized after taking into account the maturity of the balances, the customer's financial competence to make payments and the effectiveness of the efforts to recover said payments. The provision amount is the difference between the book value of receivables and the current value of expected future cash flows, discounted using the effective interest rate method. The adequacy of the provision is frequently reviewed in conjunction with the historical payment recovery rates and other financial factors that affect the recoverability of receivables. The amount of the impairment loss is recorded as an expense in the Comprehensive Income Statement. It is Group policy not to write off any receivables until all possible legal actions for their recovery have been exhausted.

### 7.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in the treasury, sight deposits, term deposits, overdraft bank accounts and other high-liquidity investments. The Group considers term deposits and high-liquidity, low-risk investments with an initial maturation of less than three months to be cash. For the purpose of preparing the consolidated Cash Flow Statement, available cash is made up of cash and bank deposits, as well as the cash as stipulated above.

### 7.10 Non-Current Assets Classified as Held for Sale

The assets held for sale also include other assets (including goodwill) and tangible fixed assets that the Group intends to sell within one year from the date said assets are classified as "held for sale".

The assets classified as held for sale are valued at the lowest value between their book value immediately prior to their classification as held for sale, and their fair value, minus the sale cost. Assets classified as held for sale are not subject to depreciation. The earnings or losses that result from the sale and re-evaluation of assets held for sale are included in other income and other expenses respectively, in the Comprehensive Income Statement.

### 7.11 Share Capital

Share capital is determined based on the nominal value of the shares issued. The share capital increase with payment in cash includes any difference at share premium upon the initial share capital issue.

#### (a) Share capital increase expenses

Direct expenses related to the issue of new shares are subtracted from Equity, net of taxes.

#### (b) Share dividends

Share dividends are recognized as a liability in the fiscal year they are approved by the General Meeting of Company shareholders.

### 7.12 Loans

Loans are initially recorded at their fair value, minus any direct expenses for carrying out the transaction. Subsequently, they are valued at the unamortized cost, based on the effective interest rate method. Any difference between the amount collected (net of relevant expenses) and the repayment value is recognized in the Comprehensive Income Statement during the borrowing, based on the effective interest rate method.

Loans are recorded in current liabilities, unless the Group reserves the right to carry over a liability settlement at least 12 months after the closing date of the Financial Statements.

### 7.13 Factoring Settlements

Factoring settlements with a right of recourse are initially recorded at their fair value as a liability towards the factoring agency. Subsequently, they are valued at the unamortized cost, based on the effective interest rate method. Any difference between the amount collected (net of relevant expenses) and the repayment value is recognized in the Comprehensive Income Statement during the borrowing, based on the effective interest rate method.
The amounts pre-collected by factoring agencies, without a right of recourse, are subtracted from accounts receivable.

### 7.14 Income Tax & Deferred Tax

The fiscal year income-tax charge consists of current taxes, deferred taxes and tax-audit differences for preceding fiscal years.

- **Current Income Tax**

Current tax is calculated based on the tax Financial Position Statements of each company included in the consolidated Financial Statements, in accordance with the Greek tax law in effect or other tax frameworks governing the operation of foreign subsidiaries. The current income tax expenses include the income tax resulting from each company's earnings, as appearing in their income tax declaration statement, and provisions for additional taxes and surcharges for unaudited fiscal years; said expenses are calculated in accordance with the statutory or materially statutory tax rates.

- **Deferred Income Tax**

Deferred taxes are the taxes or tax reliefs pertaining to financial encumbrances or benefits arising in the fiscal year which have already been accounted for or will be accounted for by tax authorities in different fiscal years. Deferred income tax is determined with the liability method from the temporary differences between the book value and the tax base of assets and liabilities. Deferred income tax is not accounted for if it results from the initial recognition of an asset or liability in a transaction, excluding a business combination, which did not affect either the accounting or the tax profit or loss when the transaction took place.

Deferred tax assets and liabilities are valued based on the tax rates expected to apply in the fiscal year when the asset or liability will be settled, taking into account the tax rates (and tax laws) in effect or materially in effect until the Financial Position Statement. In the event of inability to clearly determine the inversion time of temporary differences, the tax rate in effect in the fiscal year following the Financial Position Statement date will apply.

Deferred tax assets are recognized to the extent there shall arise a future taxable profit for the use of the temporary difference that generates the deferred tax asset, while they are reviewed on every Financial Position Statement date and are reduced to the extent that it is not at all probable that a sufficient taxable profit will be available to allow benefit utilization of part or whole of the deferred tax asset.

Deferred income tax is recognized for the temporary differences arising from investments in subsidiaries and associates, except for the case when the inversion of temporary differences is controlled by the Group and it is possible that temporary differences will not be inverted in the foreseeable future.

Most changes in the deferred tax assets or liabilities are recognized as part of tax expenses in the Comprehensive Income Statement for the fiscal year. Only the changes in assets or liabilities affecting the temporary differences are directly recognized in Group equity and result in recording the relevant deferred tax assets or liabilities change in the relevant equity account

### 7.15 Employee Benefits

#### (a) Short-Term Benefits

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

#### (b) Post-Employment Benefits

Post-employment benefits include both defined contribution schemes and defined benefit schemes. The accrued cost of defined contribution schemes is recognized as an expense in the period it refers to.

The liability recorded in the Financial Position Statement for defined benefit plans is the current commitment value for the defined benefit. The defined benefit commitment is calculated annually by an independent actuary using the projected unit credit method.

Changes in the liabilities of defined benefit plans relating to the cost of current employment and the financial cost from interest are recognized in the Comprehensive Income Statement, while actuarial earnings or losses arising from re-evaluations due to changes in concessions are recorded in the Other Comprehensive Income Statement.

The discount rate for defined liabilities upon leaving the company is determined against market returns of high-performance corporate bonds at the end of the reporting period.

#### (c) Employment Termination Benefits

Employment termination benefits are paid when employees leave before the retirement date. The Group pays these benefits when it undertakes to do so, when it terminates to employ existing employees based on a detailed plan that cannot be withdrawn, or when it offers these benefits as an incentive for voluntary retirement. Employment termination benefits due 12 months after the Financial Position Statement are discounted at their current value.

In the event of employment termination without being able to determine the employees who will make use of such benefits, there is no accounting measurement, but disclosure as contingent liability.

### 7.16 Provisions

Provisions are formed when:

- A current legal or estimated liability arises as a result of past events.
- It is likely that an outflow of funds will be required to settle a liability.
- The amount required can be reliably measured.

Provisions are reviewed at the end of each fiscal year and are adjusted so as to reflect the best possible estimates. If an outflow of resources will possibly not be required for settling a liability for which a provision has already been formed, then said liability is inverted.

Provisions are calculated at the current value of expenses which, based on the best estimates of the Management, are required to cover the current liability on the Financial Position Statement date. The discount rate used to determine current value reflects the current market estimates for the time value of money and the increases relating to the liability in question.

In the event that outflow of financial resources resulting from current commitments is not considered probable, or the provision amount cannot be reliably measured, no liability is recognized in the financial statements, unless it is examined in the context of a business combination. Such contingent liabilities are recognized in the context of acquisition cost allocation in assets and liabilities upon business combination. Contingent liabilities are not recognized in the financial statements, but are disclosed, unless the possibility of outflow of resources integrating financial benefits is minimal. Possible financial benefit inflows for the Group that do not yet fulfill the criteria of an asset are considered contingent assets and are disclosed if the inflow of financial benefits is probable.

### 7.17 Government Grants

Government grants are recorded at their fair value, only if it is certain that the grant will be collected and the Group will comply with all the relevant terms. Government grants pertaining to expenses are recorded in the Comprehensive Income Statement when the granted expense is also recorded, so as to match the income to the expense. Government grants destined for purchase of fixed equipment are recorded in liabilities, and are credited in depreciations relevant to sales cost and in the Comprehensive Income Statement using the straight-line depreciation method, according to the expected useful life of the corresponding subsidized fixed assets.

### 7.18 Recognition of Income and Expenses

**Income:** Income includes the fair value of sale of goods and provision of services, net of recovered taxes, discounts and returns. Intracompany income within the Group is fully eliminated. Income recognition is carried out as follows:

*(a) Provision of services*

The Company offers its services both to private individuals/patients and to patients/customers covered through affiliated social security funds and insurance companies. In particular, the main social security fund that the Group and Company are associated with is the National Organization of Healthcare (EOPYY). Note that the Group companies have entered into agreements, whereby patients are fully or partly covered (pre-agreed remuneration) for any expenses incurred with regard to open-heart surgeries, CT scans, MRIs, arthroplasties, lithotripsies etc. The insurance companies the Company is affiliated with are both domestic and foreign companies. Income is calculated based on the service completion stage to the net amount expected to be collected per category.

*(b) Sales of goods*

Sales of goods are recognized when the Group delivers the goods to its customers, the goods become accepted and collection of receivables is secured.

*(c) Interest income*

Interest income is recognized based on a time scale using the effective interest rate method. In the event of asset impairment, its book value is reduced to its recoverable amount, that being the current value of expected future cash flows discounted by the initial effective interest rate. Then, interest is calculated using the same interest rate on the impaired (new book) value.

*(d) Dividend income*

Dividends are recognized as income when their collection right is established, i.e. on the date their distribution is approved by each company's General Meeting.

**Expenses:** Expenses are recognized in the Comprehensive Income Statement on an accrued basis. Payments made for operating leases are carried over to the Comprehensive Income Statement as expenses during the leasehold usage. Interest expenses are recognized on an accrued basis.

## 7.19 Financial Instruments

The Group's main instruments are cash, bank deposits and short-term receivables and liabilities. Given the mainly short-term nature of these instruments, the Group's Management considers that their fair value essentially coincides with the value recorded in the Group's books. Moreover, the Management believes that the interest rates paid in relation to the granted loans are equivalent to the current fair market rates and, therefore, there are no conditions for adjusting the value said liabilities are depicted at. The Group does not use financial derivatives.

## 7.20 Leases

The Company as a lessee:

*(a) Operating leases*

Leases are essentially classified as operating leases when the risks and benefits of ownership are held by the lessor (owner). Payments made for operating leases (net of any incentives offered by the lessor) are recognized as expenses, based on the straight-line method (proportionally) during the lease term.

*(b) Financial leases*

Leases of fixed assets are classified as financial leases when the Group essentially holds all the risks and benefits of ownership. Financial leases are capitalized at the inception of the lease, at the lowest value between the fair value of the leased fixed asset or the current value of minimum lease payments. Every lease payment is allocated between the liability and the financial expenses, in order to achieve a fixed rate in the remaining financial liability. The respective lease liabilities, net of financial expenses, are recorded in Loans. Interest is recognized in the Comprehensive Income Statement during the lease term. Fixed assets for which financial leases have been entered into are depreciated in the shortest period, as defined by the useful life and the lease term, in the case when possession of the fixed asset is not transferred.

The Company as a lessor:

*Operating leases*

Assets leased to third parties through operating leases are included in non-current assets, under the category of tangible assets and property investments. These fixed assets are depreciated during their useful life, as is the case with the fixed assets used by the Company itself. Rental income is recognized in the income for the period it pertains to, based on the relevant rental agreement.

## 7.21 Earnings per Share

The basic earnings per share are calculated by dividing the net earnings corresponding to the parent company shareholders by the weighted average number of common outstanding shares during each year, excluding the average number of common shares acquired as own shares.

Diluted earnings per share are calculated by dividing the net earnings attributed to the parent company shareholders (after subtracting interest on convertible shares after tax) by the weighted average number of outstanding shares during the year (adjusted due to the impact of impaired convertible shares).

The weighted average number of common outstanding shares during the accounting period, and for all the accounting periods presented, is adjusted to events that have modified the number of common outstanding shares without a respective modification in the funds.

# 8. Significant Accounting Estimates and Assumptions by the Management

## (a) Assumptions by the Management

The key judgments made by the Group's Management that have the most significant impact on the amounts recognized in the Financial Statements mainly relate to:

**Classification of Financial Instruments**

The accounting principles implemented by the Group require classification of financial assets and liabilities in different categories, upon their acquisition:

- Investments held to maturity. For an asset to be classified under this category, the Management examines whether the IAS 39 criteria are fulfilled and in particular whether the Group has the intention and the capacity to hold it to maturity.
- Financial instruments held for trading purposes. This category includes investments and derivatives created mainly to achieve short-term profit.
- Financial assets and liabilities at fair value through the Comprehensive Income Statement. The classification of an investment in this category depends on the way the Management measures the performance and risk of said investment. Therefore, this category includes investments not belonging to the trading portfolio but to the business portfolio and which are internally monitored at their fair value, in line with the Group's strategy.

**(b) Estimates and Assumptions**

For certain amounts included in or affecting the Financial Statements and the relevant disclosures, their evaluation requires the formation of assumptions in relation to values or conditions unknown during the time the Financial Statements are prepared. An accounting estimate is considered significant for the Group's financial situation and Comprehensive Income Statement when it requires the most difficult, subjective or complex judgments to be made by the Management. The Group continuously evaluates such estimates based on past results and experience, meetings with experts, trends and other methods considered reasonable under the specific circumstances, and forecasts as to future developments.

**Business Combinations**

Upon initial recognition, assets and liabilities of the acquired entity are included in the consolidated Financial Statements at their fair values. Upon fair value measurement, the Management uses estimates regarding future cash flows; however, the actual results may differ. Any change in the measurement after initial recognition will affect goodwill measurement.

**Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Life**

The Group carries out the relevant impairment testing of goodwill and intangible assets with indefinite life duration deriving from subsidiaries and associates at least on an annual basis or whenever an indication for impairment arises, in accordance with the IAS 36 provisions. In order to establish whether there are reasons for impairment, the value in use and the fair value impaired by the business unit sale cost are calculated. Usually, the methods used are the current value of cash flows, the evaluation based on ratios of similar transactions or enterprises traded in active markets, and the stock exchange price. To implement such methods, the Management is required to use information such as the estimated future profitability of a subsidiary, business plans and market information, such as interest rates etc.

- **Impairment of Tangible Fixed Assets**

Tangible fixed assets are audited for impairment purposes when events or changes in the conditions illustrate that their book value may not be recoverable. To calculate value in use, the Management estimates the future cash flows from the asset or the cash flow unit, and selects the appropriate discount rate to calculate the current value of future cash flows.

- **Useful Life of Depreciable Assets**

The Management examines the useful lives of depreciable assets at every fiscal year. On 31/12/2016, the Management estimated that the useful lives represented the anticipated usefulness of assets (See Note 7.3 & 7.4).

- **Financial Instrument Fair Value Estimation**

The fair value calculation of financial assets and liabilities for which no market prices have been published requires the use of specific estimation techniques. Fair value calculation requires various kinds of estimations. The most significant ones pertain to the assessment of the various risks a financial instrument is subject to, such as business risk, liquidity risk etc., and the estimation of the future profitability prospects of enterprises, in the event of equity instrument valuation.

- **Financial Instrument Impairment**

The Group follows the IAS 39 directives for its investment value impairment testing. Upon determining when an investment value has been impaired, the Group estimates, along with other factors, the duration or extent that the fair value of an investment is lower than its cost; this could constitute an objective impairment indication. Other factors are the financial sustainability and the short-term prospects of business policies, the future of an investment, including factors such as industrial and business sector performance, and changes in technology and in the operating and financing cash flows.

- **Income Tax Provision**

Provision for income tax based on IAS 12 is calculated by estimating the taxes to be paid to tax authorities, and includes the current income tax for every fiscal year and a provision for additional taxes that may arise in tax audits.

The Group companies are subject to different income tax legislation. Significant estimates are required to determine the total provision for income tax, as presented in the Financial Position Statement. Final tax determination is uncertain for specific transactions and calculations. The Group recognizes liabilities for forecasted tax issues based on calculations as to whether additional tax will arise. When the final tax result differs from the initially recognized amount, the differences also affect the income tax provision for deferred taxation in the period this was determined.

- **Uncertain Outcome of Pending Sub Judice Cases**

The Group examines the pending legal cases on every Financial Position Statement date and proceeds with forming provisions for sub judice cases against the Group, based on information and estimates from the Group’s Legal Department, which arise from the latest developments in the cases it manages (See Note 11.32 A).

- **Deferred Tax Assets on Tax Losses**

A deferred tax asset is recognized for all unused tax losses, to the extent that sufficient tax profits may arise and may be offset with these tax losses. Significant judgments and estimates are required by the Group Management, based on future tax profits combined with the future tax strategies to follow, to determine the deferred tax asset amount that can be recognized (See Note 11.7).

- **Provisions for Doubtful Receivables**

The Group forms provisions for doubtful receivables in relation to specific customers when there is data or indications highlighting that recovery of part of or the whole amount receivable in question is not likely. The Group Management regularly reassesses the adequacy of the provision concerning doubtful receivables in correlation to its credit policy, while taking into account the Group's Legal Department information, which arises from the processing of historical data and recent developments in the cases it manages.

- **Obligations under Article 100 of Law 4172/2013 - Claw-back & Rebate**

In accordance with Article 100 of Law 4172/2013, the following have come into effect since June 2013:
a) An automatic claw-back mechanism for any expenses incurred relating to hospitalization, diagnostic tests and physiotherapy. Based on this mechanism, the monthly National Organization for Healthcare (EOPYY) expenses for diagnostic tests, hospitalization and physiotherapy offered by affiliated private healthcare providers must not exceed 1/12 of the approved credit funds of the EOPYY budget. The excess amount claimed on the part of EOPYY from the affiliated providers of the aforementioned private healthcare services is calculated on a semi-annual basis and must be deposited in a bank account indicated by EOPYY within one month from the date the written personal notification was issued. If said deadline expires without the payment having been made, the EOPYY BoD may terminate the contract between EOPYY and the affiliated provider automatically and without payment of compensation until such time as the total amount due has been paid with interest by the provider or has been collected in accordance with the provisions of the Public Revenue Collection Code (KEDE). The monthly invoice submitted to EOPYY by the affiliated provider for the healthcare services rendered to people insured with the national insurer for the corresponding period is used to calculate the claw-back amount corresponding to each affiliated provider per month. Expenses submitted to EOPYY 20 days after the end of each month are neither recognized nor paid by EOPYY.

The total claw-back amount is calculated semi-annually, by calculating the difference between the budgeted and the actual expense arising from the amount claimed by the provider, once any rebate and other expenses unacceptable at the time of calculation have been subtracted.

b) A percentage over the amounts owed by EOPYY to affiliated private healthcare providers for hospitalization, diagnostic tests and physiotherapies for people insured with EOPYY, payable to the Organization as a rebate for each month.
The rebate amount is calculated monthly and as of 01/01/2016, it is incorporated in the invoices issued to EOPYY for services rendered.
The provisions of cases (a) and (b) above have a retroactive effect from 01/01/2013 and are valid until 31/12/2018, in accordance with Ministerial Decision Ref. No.Γ5/63587/20.8.2015.

On 28/05/2014, 18/11/2014, 09/12/2015, 11/02/2016, 06/04/2016, 07/03/2017, 24/03/2017 and 27/03/2017, EOPYY notified via email the HYGEIA Group hospitals and clinics of the rebate and claw-back amounts corresponding to the 2013 fiscal year, the first half of 2014, the 2015 fiscal year, January 2016 (rebate) and the claw-back amount for the first half of 2016, which amounted to approximately €68.2m in total, VAT included.

The Group companies affiliated with EOPYY have filed a writ before the Athens Administrative Court of Appeals against the orders issued by EOPYY on 28/05/2015, 18/11/2014, 22/05/2015, 09/12/2015, 11/02/2016 and 06/04/2016 for the automatic claw-back and rebate amounts corresponding to the 2013, 2014 and 2015 fiscal years.

To date, with the exclusion of the 2013 fiscal year, it has been impossible to calculate the exact budget and claw-back amounts corresponding to each Group hospital due to the fact that EOPYY has not disclosed all the parameters (sector and hospitals separately) that would reliably lead to the exact calculation of the relevant amounts. It should also be further clarified that the final claw-back amounts for 2014 and 2015 will arise once the total amounts submitted for the aforementioned years have been audited and eventually validated by EOPYY. In all events, the Management believes that, based on the information at hand, the Company and Group results have already been burdened with adequate amounts for the entire period the claw-back and rebate measures have been in effect and any further negative change is not expected.

The Group and the Company have proceeded with calculating the claw-back and rebate amounts starting from the date the decisions took effect, thus burdening their financial results. Specifically, the Group has impaired the EOPYY receivables by the amount of €85.4m for the period 01/01/2013-31/12/2016, pursuant to Article 100(5) of Law 4172/2013 (GG/A/167/23.07.2013) and the relevant subsequent ministerial decisions. For the Company, the respective amount is €43.9m.

Based on the claw-back and rebate notifications issued by EOPYY, the Group companies affiliated with EOPYY proceeded with issuing the corresponding return invoices for the periods 01/01/2013-30/06/2014 and 01/01/2015-31/12/2015, strictly for tax compliance purposes, pursuant to Ministerial Circular 1191/12.08.2014 and Ministerial Circular 1113/2.6.2015. For the 2016 fiscal year, the rebates in line with Article 100 of Law 4172/2013 were integrated in the month invoices submitted by the Group companies to EOPYY. However, the relevant notifications with regard to the final claw-back amount for the second half are still pending, given that the monthly audits for the specific fiscal year – as specified in Article 90 of Law 4368/2016 "Measures to expedite the government tasks and other provisions" (GG/21/21.2.2016) – have not been concluded.

In addition, according to the contract in force, on March 18th, 2015, the affiliated auditing company notified Group hospitals HYGEIA, MITERA and LETO of the results from the administrative and medical audit of the invoices submitted to EOPYY for the period 01/01/2013-31/12/2013. Based on the notified findings, the unacceptable expenses amount to approximately €5.8m. The Group hospitals affiliated with EOPYY filed a complaint against these findings, in accordance with the legislation in force; said complaint was concluded without prejudice to the legality of decision no. 593 issued by the EOPYY Board of Directors as to the clarifications and instructions in the retrospective enforcement of the Closed Unified Hospital Fees, in accordance with the Single Regulation for Health Services. For this reason, i.e. the retrospective application, the hospitals affiliated with EOPYY have brought an action before the Hellenic Council of State.

On 07/03/2017, EOPYY notified via email the HYGEIA Group hospitals and clinics of the claw-back amounts corresponding to the 2013 fiscal year, following the notification for the relevant audit by independent chartered accountants and the settlement of the relevant invoices submitted for the period, amounting to approximately €13.2m, VAT included. Once the cutback amounts were established, the Company and Group results were not burdened any further, given that the initial amounts related to these cutbacks were adequate. Note that the administrative and medical audit for the amounts submitted by all the sector hospitals to EOPYY for the 2012, 2014 and 2015 fiscal years has not commenced yet.

Pursuant to the Legislative Decree (GG/A/184/31.12.2015), it was decided that the effective date for existing contracts between physicians, diagnostic centers, clinics, hospitals and other providers on the one hand, and EOPYY on the other, whether they are the original ones or ones that have already been extended, be further extended until 30/06/2016. In addition, in accordance with Article 52 of Law 4410/2016 (GG/141/3.8.2016), the effective date for these contracts between EOPYY and other health providers is extended until the new contacts are concluded.

Furthermore, in accordance with Article 90 of Law 4368/2016 "Measures to expedite the government tasks and other provisions" (GG/21/21.2.2016), the healthcare expenses, excluding pharmacists, incurred as of 01/01/2016 and submitted to the competent EOPYY departments will be settled randomly, which in all events would not be less than 5% of the total number of supporting documents submitted by each provider for expenses incurred by insured parties, while the number of supporting documents for expenses should be at least 10. EOPYY may perform final audits and settle any unsettled amounts due by EOPYY to its providers, excluding pharmacists and National Health System hospitals, for the years 2013-2015, based on the aforementioned process. Affiliated providers who have been included in the procedure under Article 100(6) of Law 4172/2013 (GG/A/167) are excluded from this process.

Finally, in October 2016, the terms for EOPYY paying off its outstanding debts – which arose before it had started operating – to affiliated healthcare providers were defined, in accordance with Article 52 of Law 4430/2016. Specifically, based on the provisions of the specific Article, further rebates were established, so the Organization could pay off its total outstanding debts up the 2015 fiscal year (including amounts in arrears prior to 2012) within 2017. Note that the affiliated Group companies have already formed adequate provisions against the provisions of said Article and consequent, their results are not expected to be further burdened.

- **Provision for Personnel Indemnities**

The provision amount for personnel indemnities is based on an actuarial study. The actuarial study includes the establishment of assumptions relating to the discount rate, employee remuneration increase rate, consumer price index increase and anticipated remaining work life. The assumptions used carry a significant amount of uncertainty and the Group Management proceeds with reassessing them continuously (See Note 11.15).

- **Contingent Assets and Liabilities**

During its regular course of operations, the Group is involved in legal claims and compensations. The Management considers that any settlements will not significantly affect the Group's financial position on 31/12/2016. However, the determination of contingent liabilities relevant to legal disputes and claims is a complex procedure involving judgments with regard to the possible consequences and interpretations of laws and regulations. Changes in the judgments or interpretations might lead to an increase or decrease in the Group contingent liabilities in the future (See Note 11.32A).

## 9. Group Structure and Company Consolidation Method

The Group companies included in the consolidated financial statements on 31/12/2016 are outlined below:

| No. | Company Name | Registered in | Activity | Holding % | Consolidation Method | Holding R/ship | Unaudited Fiscal Years |
|---|---|---|---|---|---|---|---|
| 1 | **DTCA HYGEIA SA** | **Greece** | **Healthcare services** | | **PARENT COMPANY** | | **2011 -2016** |
| | **HYGEIA Subsidiaries** | | | | | | |
| 2 | MITERA SA | Greece | Healthcare services | 99.49% | Full consolidation | Direct & Indirect | 2011 -2016 |
| 3 | MITERA HOLDINGS SA | Greece | Holdings in MITERA SA | 100.00% | Full consolidation | Direct | 2010 -2016 |
| 4 | LETO SA | Greece | Healthcare services | 93.65% | Full consolidation | Indirect | 2011 -2016 |
| 5 | LETO HOLDINGS SA | Greece | Holdings in LETO SA | 88.17% | Full consolidation | Indirect | 2010 -2016 |
| 6 | ALFALAB SA | Greece | Healthcare services | 93.65% | Full consolidation | Indirect | 2010 -2016 |
| 7 | LETO LAB SA | Greece | Healthcare services | 89.19% | Full consolidation | Indirect | 2010 -2016 |
| 8 | HYGEIA HOSPITAL TIRANA ShA | Albania | Healthcare services | 100.00% | Full consolidation | Direct | - |
| 9 | Y-LOGIMED SA | Greece | Import, trading and supply of medical technology products | 100.00% | Full consolidation | Direct | 2010 -2016 |
| 10 | Y-PHARMA SA | Greece | Trading of pharmaceuticals and general medical supplies | 85.00% | Full consolidation | Direct | 2010 -2016 |
| 11 | ANIZ SA | Greece | Operation of canteens and restaurants | 70.00% | Full consolidation | Direct | 2010 -2016 |
| 12 | BIO-CHECK INTERNATIONAL PRIVATE CLINIC SA | Greece | Healthcare services | 100.00% | Full consolidation | Indirect | 2010 -2016 |
| 13 | WEST ATHENS PRIMARY MEDICINE PRIVATE CLINIC | Greece | Healthcare services | 100.00% | Full consolidation | Indirect | 2010 -2016 |
| 14 | BEATIFIC SA | Greece | Research, production and trading of cosmetics | 100.00% | Full consolidation | Direct | 2014 -2016 |

With regard to the unaudited tax years mentioned in the table above, see Notes 11.29 & 11.32B.

### Changes in the Structure of the Group

Within the current fiscal year, there were no changes in the structure of the Group.

On June 24[st], 2016, the share capital increase of the subsidiary trading as BEATIFIC SA by €615,000 was certified, by decision of the Annual General Meeting of the company shareholders on 27/05/2016. The share capital increase arose from capitalization of the parent Company receivables. The direct holding of HYGEIA SA in the subsidiary has not been affected following this share capital increase, as it already amounted to 100.00%.

The Group does not have any subsidiaries with significant non-controlling interests. In addition, the Group has no interests in unconsolidated structured entities.

**10. Segment Reporting**

The Group implements IFRS 8 "Operating Segments", which stipulates that the operating segments are defined based on the "management approach" and requires that external reporting is based on the same principles as internal reporting. The Company BoD is considered the main business decision-maker and has identified two operating segments for the Group activities. In particular, the Group is active in the healthcare services sector – and specifically the provision of diagnostic and medical services – and the medical supplies, pharmaceuticals and special materials trading sector, mainly in Greece, but also abroad.

Cross-segment sales mainly pertain to the trading of medical supplies and special materials by company Y-Logimed SA to the Group hospitals.

The Group reports income from EOPYY amounting to 10% of its annual revenue.

The required reporting per operating segment is outlined below.

The income, earnings, assets and liabilities per operating segment are as follows:

**Operating Segments**

**Segment Results as of 31/12/2016**

| ***Sales*** | **Healthcare Sector** | **Commercial Sector** | **Total from continuing operations** | **Total** |
|---|---|---|---|---|
| - to external customers | 222.285 | 5.446 | 227.731 | 227.731 |
| - to other sectors | 3.532 | 25.809 | 29.341 | 29.341 |
| ***Net Sales*** | **225.817** | **31.255** | **257.072** | **257.072** |
| ***Depreciation*** | (18.371) | (93) | **(18.464)** | **(18.464)** |
| ***Financial Income*** | 24 | 3 | **27** | **27** |
| ***Financial Expense*** | (11.345) | (75) | **(11.420)** | **(11.420)** |
| ***Impairment loss of assets*** | (500) | 0 | **(500)** | **(500)** |
| ***Gains / (Losses) before taxes for the period*** | 1.016 | (2.400) | **(1.384)** | **(1.384)** |
| ***Total Assets as at 31/12/2016*** | 462.949 | 39.704 | **502.653** | **502.653** |

**Segment Results as of 31/12/2015**

| ***Sales*** | **Healthcare Sector** | **Commercial Sector** | **Total from continuing operations** | **Total** |
|---|---|---|---|---|
| - to external customers | 214.437 | 5.871 | 220.308 | 220.308 |
| - to other sectors | 3.471 | 24.189 | 27.660 | 27.660 |
| ***Net Sales*** | **217.908** | **30.060** | **247.968** | **247.968** |
| ***Depreciation*** | (19.506) | (89) | **(19.595)** | **(19.595)** |
| ***Financial Income*** | 60 | 2 | **62** | **62** |
| ***Financial Expense*** | (10.809) | (81) | **(10.890)** | **(10.890)** |
| ***Impairment loss of assets*** | (21.208) | 0 | **(21.208)** | **(21.208)** |
| ***Gains / (Losses) before taxes for the period*** | (27.202) | (2.705) | **(29.907)** | **(29.907)** |
| ***Total Assets as at 31/12/2015*** | 488.582 | 40.406 | **528.988** | **528.988** |

Group sales and assets based on geographical distribution are as follows:

| | **31/12/2016** | | **31/12/2015** | |
|---|---|---|---|---|
| | **Sales** | **Total Assets** | **Sales** | **Total Assets** |
| Greece | 237,203 | 464,208 | 230,368 | 488,888 |
| Other countries | 19,869 | 38,445 | 17,600 | 40,100 |
| **Total from continuing operations** | **257,072** | **502,653** | **247,968** | **528,988** |

The total amounts corresponding to the Group's operating segments reconcile with the main items in the financial statements as follows:

**Recociliation Table**

**Amounts in € '000**

| **Segment Sales** | **31/12/2016** | **31/12/2015** |
|---|---|---|
| Total Segment Sales | 257,072 | 247,968 |
| Eliminations of intercompany sales | (29,341) | (27,660) |
| **Total** | **227,731** | **220,308** |

| **Gains / (Losses)** | **31/12/2016** | **31/12/2015** |
|---|---|---|
| Total Gains / (Losses) of Segments | (1,384) | (29,907) |
| **Gains / (Losses) before taxes** | **(1,384)** | **(29,907)** |

| **Total Assets** | **31/12/2016** | **31/12/2015** |
|---|---|---|
| Total Segment Assets | 502,653 | 528,988 |
| Eliminations of intercompany assets | (73,375) | (85,452) |
| | **429,278** | **443,536** |

## 11. Explanatory Notes on the Financial Statements

### 11.1 Tangible assets

Tangible fixed assets (land, buildings, machinery, other equipment) are depicted based on the historical acquisition cost, minus accumulated depreciations and any reductions in their value.

On 31/12/2016, there were encumbrances on the Group and the Company tangible fixed assets against borrowing to the amount of €187.4m and €116.8m respectively.

During the current fiscal year, the Group and the Company spent the amount of €3.7m and €1.6m respectively for the purchase of tangible fixed assets, mainly pertaining to medical equipment and renovations or constructions.

GROUP

| Amounts in € '000 | Land | Buildings | Machinery | Vehicles | Furniture & Fittings | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| Cost of valuation as of 1/1/2015 | 50,375 | 150,619 | 86,206 | 1,023 | 35,993 | 1,002 | 325,218 |
| Accumulated depreciation | 0 | (40,320) | (56,908) | (738) | (32,456) | 0 | (130,422) |
| **Net Book Value as of 1/1/2015** | **50,375** | **110,299** | **29,298** | **285** | **3,537** | **1,002** | **194,796** |
| Additions | 0 | 216 | 1,678 | 27 | 835 | 1,048 | 3,804 |
| Disposals | 0 | (42) | (1,429) | (15) | (254) | 0 | (1,740) |
| Reclassifications | 0 | 48 | 856 | 0 | 6 | (910) | 0 |
| Exchange differences on cost | 109 | 591 | 455 | 13 | 64 | 0 | 1,232 |
| Other transfers | 0 | 0 | 0 | 0 | 0 | (70) | (70) |
| Depreciation charge | 0 | (4,922) | (8,286) | (65) | (1,808) | 0 | (15,081) |
| Depreciation of disposals | 0 | 19 | 1,166 | 1 | 248 | 0 | 1,434 |
| Exchange differences on cost | 0 | (65) | (318) | (10) | (60) | 0 | (453) |
| Cost of valuation as of 31/12/2015 | 50,484 | 151,432 | 87,766 | 1,048 | 36,644 | 1,070 | 328,444 |
| Accumulated depreciation | 0 | (45,288) | (64,346) | (812) | (34,076) | 0 | (144,522) |
| **Net book value as of 31/12/2015** | **50,484** | **106,144** | **23,420** | **236** | **2,568** | **1,070** | **183,922** |

| | Land | Buildings | Machinery | Vehicles | Furniture & Fittings | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| Cost of valuation as of 1/1/2016 | 50,484 | 151,432 | 87,766 | 1,048 | 36,644 | 1,070 | 328,444 |
| Accumulated depreciation | 0 | (45,288) | (64,346) | (812) | (34,076) | 0 | (144,522) |
| **Net book value as of 1/1/2016** | **50,484** | **106,144** | **23,420** | **236** | **2,568** | **1,070** | **183,922** |
| Additions | 0 | 171 | 2,595 | 9 | 944 | 27 | 3,746 |
| Disposals | 0 | 0 | (1,816) | (17) | (105) | 0 | (1,938) |
| Reclassifications | 0 | 147 | 87 | 0 | 0 | (234) | 0 |
| Exchange differences on cost | (2) | (12) | (16) | 10 | (5) | 0 | (25) |
| Other transfers | 0 | 0 | 197 | 0 | 0 | (70) | 127 |
| Depreciation charge | 0 | (4,868) | (8,168) | (61) | (991) | 0 | (14,088) |
| Depreciation of disposals | 0 | 0 | 1,644 | 8 | 101 | 0 | 1,753 |
| Exchange differences on cost | 0 | 83 | 393 | 83 | (9) | 7 | 557 |
| Other transfers | 0 | 0 | (106) | 0 | 0 | 0 | (106) |
| Cost of valuation as of 31/12/2016 | 50,482 | 151,738 | 88,813 | 1,050 | 37,478 | 793 | 330,354 |
| Accumulated depreciation | 0 | (50,073) | (70,583) | (782) | (34,975) | 7 | (156,406) |
| **Net book value as of 31/12/2016** | **50,482** | **101,665** | **18,230** | **268** | **2,503** | **800** | **173,948** |

COMPANY

| Amounts in € '000 | Land | Buildings | Machinery | Vehicles | Furniture & Fittings | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| Cost of Valuation as of 1/1/2015 | 23,951 | 72,533 | 59,875 | 696 | 18,380 | 442 | 175,877 |
| Accumulated depreciation | 0 | (29,613) | (43,009) | (580) | (17,104) | 0 | (90,307) |
| **Net Book Vlaue as of 1/1/2015** | **23,951** | **42,920** | **16,866** | **116** | **1,276** | **442** | **85,570** |
| Additions | 0 | 82 | 585 | 7 | 360 | 717 | 1,752 |
| Disposals | 0 | 0 | (349) | 0 | (193) | 0 | (542) |
| Reclassifications | 0 | 45 | 540 | 0 | 0 | (585) | 0 |
| Other transfers | 0 | 0 | 0 | 0 | 0 | (70) | (70) |
| Depreciation charge | 0 | (2,921) | (4,632) | (25) | (602) | 0 | (8,181) |
| Depreciation of disposals | 0 | 0 | 303 | 0 | 193 | 0 | 496 |
| Cost of valuation as of 31/12/2015 | 23,951 | 72,661 | 60,651 | 702 | 18,547 | 504 | 177,017 |
| Accumulated depreciation | 0 | (32,535) | (47,338) | (605) | (17,513) | 0 | (97,991) |
| **Net Book Value as of 31/12/2015** | **23,951** | **40,126** | **13,313** | **97** | **1,034** | **504** | **79,025** |

| | Land | Buildings | Machinery | Vehicles | Furniture & Fittings | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| Cost of Valuation as of 1/1/2016 | 23,951 | 72,661 | 60,651 | 702 | 18,547 | 504 | 177,017 |
| Accumulated depreciation | 0 | (32,535) | (47,338) | (605) | (17,513) | 0 | (97,991) |
| **Net Book Value as of 1/1/2016** | **23,951** | **40,126** | **13,313** | **97** | **1,034** | **504** | **79,025** |
| Additions | 0 | 47 | 1,216 | 0 | 307 | 25 | 1,595 |
| Disposals | 0 | 0 | (1,244) | 0 | (14) | 0 | (1,259) |
| Reclassifications | 0 | 95 | 82 | 0 | 0 | (178) | 0 |
| Other transfers | 0 | 0 | 0 | 0 | 0 | (70) | (70) |
| Depreciation charge | 0 | (2,971) | (4,775) | (25) | (547) | 0 | (8,318) |
| Depreciation of disposals | 0 | 0 | 1,148 | 0 | 14 | 0 | 1,162 |
| Cost of Valuation as of 31/12/2016 | 23,951 | 72,803 | 60,705 | 702 | 18,841 | 281 | 177,283 |
| Accumulated depreciation | 0 | (35,505) | (50,965) | (630) | (18,047) | 0 | (105,147) |
| **Net Book Value as of 31/12/2016** | **23,951** | **37,298** | **9,741** | **72** | **794** | **281** | **72,136** |

Tangible fixed assets include the following amounts, which the Group holds as a lessee, according to financial leases:

| **Amounts in € '000** | **Machinery** | **Vehicles** | **Total** |
|---|---|---|---|
| Cost of valuation as of 1/1/2016 | 17,354 | 29 | 17,383 |
| Accumulated depreciation | (14,901) | (11) | (14,912) |
| **Net book value as of 1/1/2016** | **2,453** | **18** | **2,471** |
| Additions | 738 | 9 | 747 |
| Disposals | 0 | (19) | (19) |
| Discontinuance of leasing contracts | (428) | 0 | (428) |
| Exchange differences on cost | 13 | 3 | 16 |
| Other changes | 68 | 0 | 68 |
| Depreciation charge | (147) | (10) | (157) |
| Depreciation of disposals | 0 | 10 | 10 |
| Discontinuance of leasing contracts | 372 | 0 | 372 |
| Exchange differences on depreciation | (3) | 0 | (3) |
| Cost of valuation as of 31/12/2016 | 17,746 | 22 | 17,768 |
| Accumulated depreciation | (14,678) | (11) | (14,689) |
| **Net book value as of 31/12/2016** | **3,068** | **11** | **3,079** |

### 11.2 Goodwill

Goodwill has been entirely allocated to the healthcare sector and amounts to €82.7m (2015: €82.7m). Within the current fiscal year, there were no changes in the value of recognized goodwill.

The change in the item of goodwill is depicted as follows:

| **Amounts in € '000** | |
|---|---|
| Cost of valuation at 1/1/2015 | 188,914 |
| Accumulated impairment losses | (88,000) |
| **Net Book Value at 1/1/2015** | **100,914** |
| Derecognition of goodwill through the period | (18,208) |
| Cost of valuation at 31/12/2015 | 188,914 |
| Accumulated impairment losses | (106,208) |
| **Net book value at 31/12/2015** | **82,706** |
| Cost of valuation as of 1/1/2016 | 188,914 |
| Accumulated impairment losses | (106,208) |
| **Net book value at 1/1/2016** | **82,706** |
| Cost of valuation at 31/12/2016 | 188,914 |
| Accumulated impairment losses | (106,208) |
| **Net book value at 31/12/2016** | **82,706** |

#### 11.2.1 Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Life in the Consolidated Financial Statements

Impairment testing of goodwill and recognized intangible assets with indeterminate useful life was carried out on 31/12/2016. On 31/12/2016, intangible assets with indeterminate useful life for the Group amounted to €45,808 thousand and included trademarks to the amount of €30,618 and licenses to the amount of €15,190.

The goodwill impairment testing for acquisitions of the consolidated Group companies was performed after having allocated these items to the individual Cash Generating Units (CGUs).

The recoverable amount of goodwill associated with the individual CGUs has been determined based on the value in use, which was calculated using the method of discounted cash flows. Respectively, the recoverable amount of trademarks with indefinite life (value in use) was determined based on the income that would arise from the user rights and represents the cost saving for the owner of the intangible asset compared to the licensing of the asset to third parties (relief from royalty).

For calculating the discounted cash flows, the Management uses assumptions it considers reasonable and which are based on the best possible information at its disposal, as this applies on the reference date of the Financial Statements.

During the impairment testing of goodwill on 31/12/2016, there was no need to form an impairment provision for the Group, while during the testing of intangible assets with indefinite useful life on 31/12/2016, the need to form an impairment provision to the amount €500 thousand arose. These amounts burdened the consolidated Comprehensive Income Statement. The need to form an impairment provision is mainly due to the adoption of tougher discount rates compared to the previous fiscal year.

### 11.2.2 Impairment Testing in the Company Financial Statements

Impairment testing was also performed on the company financial statements for the acquisition value of subsidiaries. The need to form an impairment provision to the amount of €13.4m arose, since their book value was less than their recoverable value, as this is determined based on the aforementioned generally accepted valuation methods. This impairment provision burdened the Comprehensive Income Statement. The need to form an impairment provision arose from the review of the subsidiary's business plan, taking into account the prevailing conditions in the market it is active in.

### 11.2.3 Assumptions Used to Determine Value in Use

The recoverable value of each CGU is determined based on the calculation of value in use. The determination arises through the current value of estimated future cash flows, as these are expected to be generated from each CGU (method of discounted cash flows). This procedure for calculating value in use is affected by (is sensitive to) the following main assumptions, as adopted by the Management for determining future cash flows:

- **Formulation of 5-Year Business Plans per CGU:**

- Maximum period of 5 years. Cash flows beyond 5 years are extracted based on conclusions, using estimates of the growth rates mentioned below.
- Based on recently prepared budgets and estimates.
- Budgetary operating profit & EBITDA margins and future estimates using reasonable assumptions.

The calculations for determining the recoverable value of CGUs were based on 5-year business plans approved by the Management. Said plans included the necessary revisions for depicting the current economic environment and reflect previous experience, provisions from sector studies and other available information from external sources.

- **Growth Rate in Perpetuity:**

Cash flows beyond 5 years have been extracted based on conclusions, using the estimates of growth rates in perpetuity, which were taken from external sources.

| **Growth Rate in Perpetuity** | **2016** | **2015** |
|---|---|---|
| MITERA Group | 2.0% | 2.0% |
| Diagnostic centers | 2.0% | 2.0% |
| HYGEIA HOSPITAL TIRANA | 2.0% | 2.0% |

- **Weighted Average Capital Cost (WACC):**

The WACC method reflects the discounted interest rate of future cash flows for each the CGU, according to which the cost of equity, as well as the cost of long-term borrowing and any grants, are weighted so as to calculate the cost of the company's total capital. For the fiscal years 2020 and beyond, the WACC has been recalculated (WACC in perpetuity) due to the anticipated improvement of financials.
The main parameters for determining the WACC include:

- Risk-free return

Given that all business plan cash flows were determined based on the euro, the return of the 10-year Euro Swap Rate (EUS) was used as a risk-free return. On the measurement date, the 10-year Euro Swap Rate stood at 0.6605%. The 10-year Greek Sovereign Bond was not used as a risk-free return, since the markets recognized a significant spread in this title.

- Country risk premium

Estimates from independent sources were taken into account for calculating the country risk premium. The risk associated with operations in each market (Greece and Albania), as arising from the aforementioned country risk premium, was included in the Cost of Equity for each company.

- Equity risk premium:

Estimates from independent sources were taken into account for calculating the equity risk premium. The beta sensitivity indexes are evaluated annually based on published market data.
Apart from the aforementioned estimates regarding the determination of the value in use of CGUs, the Management is not aware of any changes in the conditions which may possibly affect its other assumptions.

The discounted interest rates used in perpetuity were measured as follows:

| | 5-year | | Perpetuity | |
|---|---|---|---|---|
| **Discounted interest rates** | **2016** | **2015** | **2016** | **2015** |
| MITERA Group | 10.5% | 9.8% | 6.8% | 6.7% |
| Diagnostic centers | 10.5% | 9.8% | 6.8% | 6.7% |
| HYGEIA HOSPITAL TIRANA | 8.2% | 7.8% | 8.2% | 7.8% |

**Sensitivity Analysis of Recoverable Amounts:**

Currently, the Management is not aware of any other event or condition that would reasonably cause any changes to any of the main assumptions used to determine the recoverable amount of CGUs. Nevertheless, on 31/12/2016, the Group analyzed the sensitivity of the recoverable amounts per CGU in relation to a change in some of the main assumptions presented above. One such change is mentioned as an indication:

(i) one percentage unit in the EBITDA margin until 2021 and half a percentage unit in the EBITDA in perpetuity
(ii) one percentage unit in the discounted interest rate until 2021 and half a percentage unit in the discounted interest rate in perpetuity, or
(iii) half a percentage unit in the growth rate in perpetuity.

From the relevant analysis, it is concluded that an impairment amount between €2.6m and up to €13.3m max may arise with regard to MITERA Group.

### 11.3 Intangible assets

Group and Company other intangible assets for the 2016 and 2015 fiscal years are outlined below:

**GROUP**

| **Amounts in € '000** | **Licences** | **Customer Relations** | **Brand Names** | **Computer Software** | **Know How** | **Total** |
|---|---|---|---|---|---|---|
| Cost of valuation at 1/1/2015 | 15,741 | 37,848 | 34,100 | 18,184 | 240 | 106,113 |
| Accumulated depreciation | (320) | (12,555) | 0 | (14,892) | (240) | (28,007) |
| **Net Book Value at 1/1/2015** | **15,421** | **25,293** | **34,100** | **3,292** | **0** | **78,106** |
| Additions | 30 | 0 | 0 | 1,568 | 0 | 1,598 |
| Impairment losses recognised in P&L | 0 | 0 | (3,000) | 0 | 0 | (3,000) |
| Exchange differences on cost | 25 | 0 | 0 | (6) | 0 | 19 |
| Other transfers | 0 | 0 | 0 | 70 | 0 | 70 |
| Depreciation charge | (10) | (2,529) | 0 | (1,972) | 0 | (4,511) |
| Exchange differences on cost | (67) | 0 | 0 | 55 | 0 | (12) |
| Cost of valuation at 31/12/2015 | 15,796 | 37,848 | 31,100 | 19,816 | 240 | 104,800 |
| Accumulated depreciation | (397) | (15,084) | 0 | (16,809) | (240) | (32,530) |
| **Net book value at 31/12/2015** | **15,399** | **22,764** | **31,100** | **3,007** | **0** | **72,270** |

| | **Licences** | **Customer Relations** | **Brand Names** | **Computer Software** | **Know How** | **Total** |
|---|---|---|---|---|---|---|
| Cost of valuation at 1/1/2016 | 15,796 | 37,848 | 31,100 | 19,816 | 240 | 104,800 |
| Accumulated depreciation | (397) | (15,084) | 0 | (16,809) | (240) | (32,530) |
| **Net book value at 1/1/2016** | **15,399** | **22,764** | **31,100** | **3,007** | **0** | **72,270** |
| Additions | 26 | 0 | 0 | 1,197 | 0 | 1,223 |
| Disposals | 0 | 0 | 0 | (7) | 0 | (7) |
| Impairment losses recognised in P&L | 0 | 0 | (500) | 0 | 0 | (500) |
| Exchange differences on cost | (16) | 0 | 0 | 20 | 0 | 4 |
| Other transfers | 0 | 0 | 0 | 70 | 0 | 70 |
| Depreciation charge | (67) | (2,530) | 0 | (1,776) | 0 | (4,373) |
| Exchange differences on cost | 17 | 0 | 0 | (15) | 0 | 2 |
| Cost of valuation at 31/12/2016 | 15,806 | 37,848 | 30,600 | 21,096 | 240 | 105,590 |
| Accumulated depreciation | (447) | (17,614) | 0 | (18,600) | (240) | (36,901) |
| **Net book value at 31/12/2016** | **15,359** | **20,234** | **30,600** | **2,496** | **0** | **68,689** |

The need to recognize impairment losses to the amount of €500 thousand for intangible assets with indefinite useful life arose within the current fiscal year, mainly due to the adoption of tougher discount rates compared to the previous fiscal year.

**COMPANY**

| **Amounts in € '000** | **Computer Software** | **Total** |
|---|---|---|
| Cost of valuation as of 1/1/2015 | 11,802 | 11,802 |
| Accumulated depreciation | (9,975) | (9,975) |
| **Net Book Value as of 1/1/2015** | **1,827** | **1,827** |
| Additions | 756 | 756 |
| Other transfers | 70 | 70 |
| Αποσβέσεις περιόδου | (1,091) | (1,091) |
| Cost of valuation as of 31/12/2015 | 12,628 | 12,628 |
| Accumulated depreciation | (11,066) | (11,066) |
| **Net Book Value as of 31/12/2015** | **1,562** | **1,562** |

| | **Computer Software** | **Total** |
|---|---|---|
| Cost of valuation as of 1/1/2016 | 12,628 | 12,628 |
| Accumulated depreciation | (11,066) | (11,066) |
| **Net Book Value as of 1/1/2016** | **1,562** | **1,562** |
| Additions | 640 | 640 |
| Other transfers | 70 | 70 |
| Depreciation charge | (923) | (923) |
| Cost of valuation as of 31/12/2016 | 13,338 | 13,338 |
| Accumulated depreciation | (11,989) | (11,989) |
| **Net Book Value as of 31/12/2016** | **1,349** | **1,349** |

## 11.4 Investments in subsidiaries

**(Amounts in € '000)**

| Subsidiary name | Book value at 31/12/2015 | Book value at 31/12/2016 |
|---|---|---|
| MITERA SA | 113,192 | 113,192 |
| MITERA Holdings SA | 4,949 | 4,949 |
| HYGEIA Hospital Tirana ShA | 35,436 | 22,036 |
| Y-LOGIMED SA | 886 | 886 |
| Y-PHARMA SA | 255 | 255 |
| ANIZ SA | 64 | 64 |
| BEATIFIC SA | 24 | 639 |
| **Total** | **154,806** | **142,021** |

The changes in the "Investments in Subsidiaries" item during the current and the previous fiscal year were as follows:

| | COMPANY | |
|---|---|---|
| *Amounts in € '000* | **31/12/2016** | **31/12/2015** |
| **Opening balance** | **154,806** | **189,580** |
| Subsidiary share capital changes | 615 | 15,726 |
| Sale of subsidiaries | - | - |
| Impairment of investments recognized in results | (13,400) | (50,500) |
| **Closing balance** | **142,021** | **154,806** |

The amount of €614 thousand pertains to the share capital increase of the subsidiary trading as BEATIFIC SA, by decision of the Annual General Meeting of the company shareholders on 27/05/2016. The share capital increase arose from capitalization of the parent Company receivables. The direct holding of HYGEIA SA in this subsidiary has not been affected following this share capital increase, as it already amounted to 100.00%.

According to the requirements of IAS 36, the Group must perform impairment testing on its assets at the end of each annual reporting period. This testing can be performed earlier if there are indications of a possible impairment loss. Within the 2016 fiscal year, the need to form an impairment provision to the amount of €13.4m arose for holdings in subsidiary HYGEIA Hospital Tirana (see Note 11.2.2).

The aforementioned impairment is included in the item "Asset Impairment", included in the "Other financial results" of the company Comprehensive Income Statement.

There are no subsidiaries with significant non-controlling interest holding.

The Group has no holdings in unconsolidated structured entities.

### 11.5 Property Investments

On 31/12/2016, property investments included a store in the Municipality of Chalandri covering an area of 79.2sq.m and were valued using the cost method.

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | Measured at cost | Total | Measured at cost | Total |
| Cost of valuation at 1/1/2015 | 182 | 182 | 182 | 182 |
| Accumulated depreciation | (28) | (28) | (28) | (28) |
| **Net Book Value at 1/1/2015** | **154** | **154** | **154** | **154** |
| Depreciation charge | (3) | (3) | (3) | (3) |
| Cost of valuation at 31/12/2015 | 182 | 182 | 182 | 182 |
| Accumulated depreciation | (31) | (31) | (31) | (31) |
| **Net book value at 31/12/2015** | **151** | **151** | **151** | **151** |
| | Measured at cost | Total | Measured at cost | Total |
| Cost of valuation at 1/1/2016 | **182** | **182** | **182** | **182** |
| Accumulated depreciation | (31) | (31) | (31) | (31) |
| **Net book value at 1/1/2016** | **151** | **151** | **151** | **151** |
| Depreciation charge | (3) | (3) | (3) | (3) |
| Cost of valuation at 31/12/2016 | 182 | 182 | 182 | 182 |
| Accumulated depreciation | (34) | (34) | (34) | (34) |
| **Net book value at 31/12/2016** | **148** | **148** | **148** | **148** |

### 11.6 Other Non-Current Assets

Group and Company other non-current assets are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Guarrantees | 574 | 540 | 223 | 238 |
| Other long term receivables | 648 | 400 | 371 | 179 |
| **Net book value** | **1,222** | **940** | **594** | **417** |

### 11.7 Deferred Tax Assets / Liabilities

Deferred income tax is calculated on the temporary differences, using the tax rates expected to apply in the countries where Group companies operate on the recovery or settlement date. The amounts appearing in the Financial Position Statement are expected to be recovered or settled after December 31st, 2016. For the calculation of the deferred tax for countries operating in Greece, the tax rate for the 2016 fiscal year stands at 29%.

Deferred tax assets / liabilities, as resulting from the relevant temporary tax differences, are outlined below:

**Amounts in € '000** — **GROUP**

| Defferred Assets/(Liabilities) | Balance as of 1/1/2016 | (Debit)/Credit to P&L of continuing operations | (Debit)/Credit to equity | Balance as of 31/12/2016 | Balance as of 1/1/2015 | (Debit)/Credit to P&L of continuing operations | (Debit)/Credit to equity | Υπόλοιπο την 31/12/2015 |
|---|---|---|---|---|---|---|---|---|
| Tangible assets | (15,893) | 1,207 | - | (14,687) | (15,237) | (656) | - | (15,893) |
| Intangible assets | (20,133) | 859 | - | (19,274) | (19,096) | (1,037) | - | (20,133) |
| Investment portfolio | 18 | - | - | 18 | 16 | 2 | - | 18 |
| Inventories | 28 | (4) | - | 24 | 78 | (50) | - | 28 |
| Trade and other receivables | 170 | (112) | - | 58 | 10 | 160 | - | 170 |
| Other current assets | 1 | - | - | 1 | (210) | 211 | - | 1 |
| Share premium | 42 | - | - | 42 | 42 | - | - | 42 |
| Retained earnings | 4,383 | - | - | 4,383 | 3,933 | 450 | - | 4,383 |
| Accrued pension and retirement obligations | 4,675 | 125 | (21) | 4,779 | 3,593 | 1,040 | 42 | 4,675 |
| Government grants | (21) | 11 | - | (10) | (5) | (16) | - | (21) |
| Non-Current Provisions | 3,021 | 153 | - | 3,174 | - | 3,021 | - | 3,021 |
| Current portion of non-current provisions | 23 | - | - | 23 | 23 | - | - | 23 |
| Other current liabilities | 100 | (41) | - | 59 | 60 | 40 | - | 100 |
| **Off set deferred tax assets & liabilities** | **(23,586)** | **2,198** | **(21)** | **(21,410)** | **(26,793)** | **3,165** | **42** | **(23,586)** |

**Amounts in € '000** — **COMPANY**

| Defferred Assets/(Liabilities) | Balance as of 1/1/2016 | (Debit)/Credit to P&L of continuing operations | (Debit)/Credit to equity | Balance as of 31/12/2016 | Balance as of 1/1/2015 | (Debit)/Credit to P&L of continuing operations | (Debit)/Credit to equity | Balance as of 31/12/2015 |
|---|---|---|---|---|---|---|---|---|
| Tangible assets | (8,053) | 1310 | 0 | (6,743) | (8,250) | 198 | - | (8,053) |
| Goodwill | - | 0 | 0 | - | - | - | - | - |
| Intangible assets | (248) | 6 | 0 | (242) | 147 | (395) | - | (248) |
| Other current assets | 0 | 0 | 0 | 0 | (143) | 143 | - | 0 |
| Retained earnings | 4,350 | 0 | 0 | 4,350 | 3,900 | 450 | - | 4,350 |
| Accrued pension and retirement obligations | 2,916 | 98 | (80) | 2,934 | 2,197 | 732 | (13) | 2,916 |
| Long-term provisions | 475 | 145 | 0 | 620 | - | 475 | - | 475 |
| **Off set deferred tax assets & liabilities** | **(560)** | **1,559** | **(80)** | **919** | **(2,149)** | **1,603** | **(13)** | **(560)** |

The deferred tax assets arising from unused tax losses to be offset in future fiscal years are recognized only if it is possible to offset them with future tax earnings. The deferred tax assets for the Group for unused tax losses amounted to €4,383 thousand (31/12/2015: €4,383 thousand) and have been recognized as part of the losses that the Management reasonably estimates will certainly be offset against future tax earnings.

## 11.8 Inventories

Group and Company inventories are outlined below:

| **Amounts in € '000** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Merchandise | 1,889 | 2,011 | 0 | 0 |
| Finished goods | 30 | 102 | 0 | 0 |
| Raw materials and other consumables | 4,300 | 4,224 | 1,458 | 1,596 |
| Spare Parts of Tangible Assets | 22 | 9 | 0 | 0 |
| **Total** | **6,241** | **6,346** | **1,458** | **1,596** |
| Less: Provisions for scrap,slow moving and/or destroyed inventories for the period | (81) | (178) | 0 | (150) |
| Less: Provisions for scrap,slow moving and/or destroyed inventories recognized from previous year | (486) | (416) | (150) | 0 |
| **Net book value** | **5,674** | **5,752** | **1,308** | **1,446** |

The Group does not hold any pledged properties.

| **Provisions for scrap,slow moving and/or destroyed inventories** | **Amounts in € '000** | | **Amounts in € '000** | |
|---|---|---|---|---|
| | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| **Opening balance** | **(594)** | **(542)** | **(150)** | **0** |
| Additions | (86) | (101) | 0 | 0 |
| Dicreases | 0 | 214 | 0 | 0 |
| Exchange rate difference | (12) | (15) | 0 | 0 |
| Reclassifications | 125 | (150) | 0 | (150) |
| **Closing balance** | **(567)** | **(594)** | **(150)** | **(150)** |

### 11.9 Trade and Other Receivables

Group and Company trade and other receivables are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Trade receivables | 76,106 | 71,900 | 49,497 | 43,286 |
| Intercompany accounts receivable | 0 | 0 | 7,800 | 5,128 |
| Notes receivable | 20,668 | 19,723 | 14,233 | 13,530 |
| Checks receivable | 2,277 | 2,179 | 356 | 209 |
| Less:Impairment Provisions | (36,216) | (30,265) | (24,899) | (20,444) |
| **Net trade Receivables** | **62,835** | **63,537** | **46,987** | **41,709** |
| Advances from suppliers | 23 | 40 | 0 | 0 |
| **Total** | **62,858** | **63,577** | **46,987** | **41,709** |

These receivables are considered to be amounts of short-term maturity. The fair value of these short-term financial assets is not determined independently, since the book value is considered to be approaching their fair value.

The Group and the Company have proceeded with calculating the claw-back and rebate amounts starting from the date the decisions took effect, thus burdening their financial results. Specifically, the Group has impaired the EOPYY receivables by the cumulative amount of approximately €85.4m for the period 01/01/2013-31/12/2016 through credit invoices and provisions, pursuant to Article 100 (5) of Law 4172/2013 (GG Vol. A 167/23.07.2013) and the relevant subsequent ministerial decisions, while the Company has impaired the EOPYY receivables by the amount of €43.9m for the period 01/01/2013-31/12/2016

Based on the claw-back and rebate notifications issued by EOPYY, the Group companies affiliated with EOPYY proceeded with issuing the corresponding return invoices for the periods 01/01/2013-30/06/2014 and 01/01/2015-31/12/2015, strictly for tax compliance purposes, pursuant to Ministerial Circular 1191/12.08.2014 and Ministerial Circular 1113/2.6.2015.

Maturities of customers not subject to impairment are presented in the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Amounts in € '000** | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Are not in delay and are not impaired | 32,941 | 36,696 | 24,162 | 22,566 |
| Are delayed but not impaired: | | | | |
| < 90 days | 5,774 | 3,912 | 5,642 | 2,779 |
| < 91 - 180 days | 6,703 | 5,252 | 5,045 | 3,832 |
| < 181 - 360 days | 6,712 | 5,695 | 6,088 | 4,511 |
| > 360 days | 10,705 | 11,982 | 6,050 | 8,021 |
| **Total** | **62,835** | **63,537** | **46,987** | **41,709** |

For 2016, the amounts in arrears that have not been impaired and are over 360 days overdue also include the amounts due up until 31/12/2011 by social security funds, amounting to approximately €4.5m, as well as EOPPY debts for the period 2012, before the implementation of the claw-back and rebate, amounting to €6.2m.

All trade receivables have been examined for possible impairment indications. Certain receivables were found to have indications for which impairment provisions were formed. Impairments were mainly performed for receivables from natural persons and bills of exchange.

The changes in Group and Company provisions for doubtful receivables are outlined below:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Amounts in € '000** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| **Opening balance** | **(30,265)** | **(26,373)** | **(20,444)** | **(17,825)** |
| Additional provisions | (6,382) | (4,464) | (4,800) | (3,107) |
| Recovered bud debts | 435 | 419 | 345 | 338 |
| Exchange rate differences | (4) | 3 | 0 | 0 |
| Reclassifications | 0 | 150 | 0 | 150 |
| **Closing balance** | **(36,216)** | **(30,265)** | **(24,899)** | **(20,444)** |

## 11.10 Other Current Assets

Other current assets are outlined below:

| **Amounts in € '000** | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Other Debtors | 3,446 | 3,464 | 2,318 | 2,206 |
| Receivables from the State | 3,951 | 4,140 | 1,397 | 1,651 |
| Other Receivables from related parties | 0 | 0 | 1,007 | 1,294 |
| Advances and loans to personnel | 14 | 10 | 0 | 0 |
| Prepaid expenses | 866 | 1,177 | 292 | 712 |
| Other Receivables | 437 | 597 | 63 | 97 |
| Guarantees | 102 | 144 | 51 | 67 |
| **Total** | **8,816** | **9,532** | **5,128** | **6,027** |
| Less:Impairment Provisions | (2,243) | (2,243) | (1,767) | (1,767) |
| **Net Receivables** | **6,573** | **7,289** | **3,361** | **4,260** |

Receivables from the State mainly pertain to income tax advances and VAT credit, which are expected to either be collected or offset against future taxes within 2016.

The changes in Group and Company impairment provisions for other receivables are outlined below:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Amounts in € '000** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| **Opening balance** | **(2,243)** | **(1,597)** | **(1,767)** | **(1,150)** |
| Additional provisions | 0 | (617) | 0 | (617) |
| Reclassification | 0 | (29) | 0 | 0 |
| **Closing balance** | **(2,243)** | **(2,243)** | **(1,767)** | **(1,767)** |

## 11.11 Trading Portfolio

The Group trading portfolio includes Greek Government Bonds valued at €45 thousand. There were no changes to these within the current fiscal year.

## 11.12 Cash and Cash Equivalents

Cash and cash equivalents for the Group and the Company on 31/12/2016 and 31/12/2015 are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Cash in hand | 82 | 77 | 6 | 8 |
| Cash equivalent balance in bank | 14,765 | 13,975 | 2,490 | 8,532 |
| Restricted cash | 0 | 38 | 0 | 0 |
| Short-term restricted time deposits | 7 | 151 | 7 | 150 |
| **Total cash and cash equivalents** | **14,854** | **14,241** | **2,503** | **8,690** |
| | | | | |
| Cash and cash equivalents in € | 14,802 | 14,164 | 2,485 | 8,633 |
| Cash and cash equivalents in foreign currency | 52 | 77 | 18 | 57 |
| **Total cash and cash equivalents** | **14,854** | **14,241** | **2,503** | **8,690** |

Cash, which is currently pledged, amounted to €7 thousand on 31/12/2016 (31/12/2015: €189 thousand) and mainly pertains to the associated banks issuing letters of guarantee for the Company.

## 11.13 Share Capital

On December 31st, 2016, the Company's share capital amounted to one hundred and twenty-five million three hundred and fifty thousand two hundred and ninety-nine euros (€125,350,299) fully paid, divided into three hundred and five million seven hundred and thirty-two thousand four hundred and thirty-six (305,732,436) ordinary registered shares at a nominal value of forty-one cents (€0.41) each, all listed in the Athens Stock Exchange.

## 11.14 Other Reserves

Group and Company other reserves are outlined below:

| Amounts in € '000 | GROUP | | | | |
|---|---|---|---|---|---|
| | Statutory Reserve | Tax-free reserves | Other reserves | Translation reserves | Total |
| **Opening Balance as of 1/1/2015** | **5,600** | **594** | **1,634** | **(2,921)** | **4,907** |
| Exchange differences on translating foreign operations | 0 | 0 | 0 | 251 | 251 |
| **Closing balance as of 31/12/2015** | **5,600** | **594** | **1,634** | **(2,670)** | **5,158** |
| | **Statutory Reserve** | **Tax-free reserves** | **Other reserves** | **Translation reserves** | **Total** |
| **Opening Balance as of 1/1/2016** | **5,600** | **594** | **1,634** | **(2,670)** | **5,158** |
| Exchange differences on translating foreign operations | 0 | 0 | 0 | 153 | 153 |
| **Closing balance as of 31/12/2016** | **5,600** | **594** | **1,634** | **(2,517)** | **5,311** |

| Amounts in € '000 | COMPANY | | | |
|---|---|---|---|---|
| | Statutory Reserve | Tax-free reserves | Other reserves | Total |
| **Opening balance as of 1/1/2015** | **4,101** | **594** | **440** | **5,134** |
| **Closing balance as of 31/12/2015** | **4,101** | **594** | **440** | **5,134** |
| | **Statutory Reserve** | **Tax-free reserves** | **Other reserves** | **Total** |
| **Balance as of 1/1/2016** | **4,101** | **594** | **440** | **5,134** |
| **Balance as of 31/12/2016** | **4,101** | **594** | **440** | **5,134** |

## 11.15 Liabilities for Employee Benefits due to Retirement

The Group is legally liable to pay a lump-sum indemnity to personnel on the retirement date of each employee. Apart from said legal liability to pay a lump sum-indemnity to personnel on the retirement date of each employee, the Company has also introduced a special benefit plan for employees in the form of a Group Insurance Policy. Based on this plan, an additional indemnity is paid upon retirement, as well as past service, depending on the years in service at the company.

This Group liability is outlined below:

*Amounts in €*

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | **Defined benefit plans (Non financed)** | **Defined benefit plans (Financed)** | **Total** | **Defined benefit plans (Non financed)** | **Defined benefit plans (Financed)** | **Total** |
| Defined benefit obligation | 12,774 | 3,586 | 16,360 | 12,345 | 3,641 | 15,986 |
| Fair value of plan assets | - | 728 | 728 | - | 1,031 | 1,031 |
| | **12,774** | **2,858** | **15,632** | 12,345 | 2,610 | 14,955 |
| Classified as: | | | | | | |
| **Non-Current Liability** | 12,774 | 2,858 | **15,632** | 12,345 | 2,610 | **14,955** |
| **Current liability** | 0 | 0 | **0** | 0 | 0 | **0** |

**Changes in the present value of the defined benefit obligation are as follows:**

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | **Defined benefit plans (Non financed)** | **Defined benefit plans (Financed)** | **Total** | **Defined benefit plans (Non financed)** | **Defined benefit plans (Financed)** | **Total** |
| **Defined benefit obligation 1 January** | **12,345** | **3,641** | **15,986** | **12,574** | **3,004** | **15,578** |
| Current Service cost | 408 | 491 | 899 | 702 | 347 | 1,049 |
| Interest expense | 272 | 80 | 352 | 314 | 75 | 389 |
| Remeasurement - actuarial losses (gains) from changes in financial assumptions | 228 | (301) | (73) | (764) | 725 | (39) |
| Benefits paid | (682) | (325) | (1,007) | (635) | (510) | (1,145) |
| Past service cost | 203 | - | 203 | 154 | - | 154 |
| **Defined benefit obligation 31 December** | **12,774** | **3,586** | **16,360** | **12,345** | **3,641** | **15,986** |
| | - | - | - | - | - | - |

**Changes in the fair value of plan assets are as follows:**

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| | **Defined benefit plans (Financed)** | **Defined benefit plans (Financed)** |
| **Fair value of plan assets 1 January** | **1,031** | **1,508** |
| Interest income | 23 | 36 |
| Return on plan assets (excluding amounts included in net interest) | (2) | (3) |
| Benefits paid | (324) | (510) |
| **Fair value of plan assets 31 December** | **728** | **1,031** |

**Plan assets can be broken down into the following categories of investments**

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| | **Defined benefit plans (Financed)** | **Defined benefit plans (Financed)** |
| Cash and cash equivalents | 728 | 1,031 |
| **Total** | **728** | **1,031** |

The amounts recognized in profit or loss related are :

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total |
| Current service costs | 408 | 491 | 899 | 702 | 347 | 1,049 |
| Past service costs | 203 | - | 203 | 154 | - | 154 |
| Net Interest on the defined obligation | 272 | 59 | 331 | 314 | 36 | 350 |
| **Total expenses recognized in profit or loss** | **883** | **550** | **1,433** | **1,170** | **383** | **1,553** |

The amounts recognized in other comprehensive income in the Statement of Other Comprehensive Income are :

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total |
| Actuarial gains /(losses) from changes in financial assumptions | (228) | 301 | 73 | 764 | (728) | 36 |
| **Total income /(expenses) recognized in other comprehensive income** | **(228)** | **301** | **73** | **764** | **(728)** | **36** |

The effect of changes in the significant actuarial assumptions is as follows :

| | Discount rate | | Discount rate | |
|---|---|---|---|---|
| | 0,5% | -0,5% | 0,5% | -0,5% |
| Increase (decrease) in the defined liability | (976) | 1,081 | -1,072 | 1,299 |
| | **Expected rate of salary increases** | | **Expected rate of salary increases** | |
| | 0,5% | -0,5% | 0,5% | -0,5% |
| Increase (decrease) in the defined liability | 1,070 | (969) | 1,045 | (952) |

Sensitivity analysis was performed by changing one parameter each time, without changing any of the others. The actual change may differ from the one presented, since it is impossible for a change to arise in an actuarial assumption without simultaneously affecting another, as some of the actuarial assumptions are related to each other.

This Company liability is outlined below:

COMPANY

*Amounts in €*

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total |
| Defined benefit obligation | 6,531 | 3,586 | 10,117 | 6,409 | 3,641 | 10,050 |
| Fair value of plan assets | - | 728 | 728 | - | 1,031 | 1,031 |
| | **6,531** | **2,858** | **9,389** | 6,409 | 2,610 | 9,019 |
| Classified as: | | | | | | |
| **Non-Current Liability** | 6,531 | 2,858 | **9,389** | 6,409 | 2,610 | **9,019** |
| **Current liability** | 0 | 0 | **0** | 0 | 0 | **0** |

Changes in the present value of the defined benefit obligation are as follows:

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total |
| **Defined benefit obligation 1 January** | **6,409** | **3,641** | **10,050** | **6,952** | **3,004** | **9,956** |
| Current Service cost | 193 | 491 | 684 | 379 | 347 | 726 |
| Interest expense | 140 | 80 | 220 | 175 | 75 | 250 |
| Remeasurement - actuarial losses (gains) from changes in financial assumptions | 24 | (301) | (277) | (879) | 725 | (154) |
| Benefits paid | (320) | (325) | (645) | (320) | (510) | (830) |
| Past service cost | 108 | - | 108 | 65 | - | 65 |
| Losses / (gains) on curtailments and settlements | (23) | - | (23) | 38 | - | 38 |
| **Defined benefit obligation 31 December** | **6,531** | **3,586** | **10,117** | **6,409** | **3,641** | **10,050** |

**Changes in the fair value of plan assets are as follows:**

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| | Defined benefit plans (Financed) | Defined benefit plans (Financed) |
| **Fair value of plan assets 1 January** | **1,031** | **1,508** |
| Interest income | 23 | 36 |
| Return on plan assets (excluding amounts included in net interest) | (2) | (3) |
| Benefits paid | (324) | (510) |
| **Fair value of plan assets 31 December** | **728** | **1,031** |

**Plan assets can be broken down into the following categories of investments**

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| | Defined benefit plans (Financed) | Defined benefit plans (Financed) |
| Cash and cash equivalents | 728 | 1,031 |
| **Total** | **728** | **1,031** |

**The amounts recognized in profit or loss related are :**

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total |
| Current service costs | 193 | 491 | 684 | 379 | 347 | 726 |
| Past service costs | 108 | - | 108 | 65 | - | 65 |
| Net Interest on the defined obligation | 140 | 57 | 197 | 175 | 37 | 212 |
| **Total expenses recognized in profit or loss** | **441** | **548** | **989** | **619** | **384** | **1,003** |

**The amounts recognized in other comprehensive income in the Statement of Other Comprehensive Income are :**

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total | Defined benefit plans (Non financed) | Defined benefit plans (Financed) | Total |
| Actuarial gains /(losses) from changes in financial assumptions | (24) | 301 | 277 | 879 | (728) | 151 |
| **Total income /(expenses) recognized in other comprehensive income** | **(24)** | **301** | **277** | **879** | **(728)** | **151** |

**The effect of changes in the significant actuarial assumptions is as follows :**

| | Discount rate | | Discount rate | |
|---|---|---|---|---|
| | 0,5% | -0,5% | 0,5% | -0,5% |
| Increase (decrease) in the defined liability | (481) | 534 | (695) | 768 |
| | Expected rate of salary increases | | Expected rate of salary increases | |
| | 0,5% | -0,5% | 0,5% | -0,5% |
| Increase (decrease) in the defined liability | 526 | (480) | 528 | (484) |

The main actuarial assumptions used were as follows:

**The significant actuarial assumptions used for the valuation are as follows :**

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Discount rate at 31 December | 1.90% | 2.20% |
| Expected rate of salary increases | 1.80% | 1.80% |
| Inflation | 2.00% | 2.00% |

The discounted interest rate used has been determined based on the returns of high-performance corporate bonds which are expressed in the currency the benefits must be paid and which have maturity terms similar to the terms of the relevant liability. The relevant assumptions have changed compared to the previous period due to changes in the market conditions.

## 11.16 Grants

Group grants are outlined below:

| Amounts in € '000 | Investment grants | Total |
|---|---|---|
| **Opening Balance as of 1/1/2015** | **179** | **179** |
| Amortization | (84) | (84) |
| Other changes | 80 | 80 |
| **Closing balance as of 31/12/2015** | **175** | **175** |

| | Investment grants | Total |
|---|---|---|
| **Balance at the beginning as of 1/1/2016** | **175** | **175** |
| Amortization | (35) | (35) |
| **Closing balance as of 31/12/2016** | **140** | **140** |

## 11.17 Borrowings

Group and Company loans, including their maturity dates, are outlined below:

| **Amounts in € '000** | **GROUP** | |
|---|---|---|
| **Long-term borrowings** | **31/12/2016** | **31/12/2015** |
| Obligations under finance lease | 723 | 327 |
| Bank borrowing with collateral | 18,345 | 18,310 |
| Bank borrowing without collateral | 1,750 | 1,150 |
| Bond loans with collateral | 132,756 | 135,179 |
| Intercompany loan | 0 | 400 |
| Less: Long-term loans payable in next financial year | (152,101) | (154,939) |
| **Total of long-term loans** | **1,473** | **427** |
| | | |
| **Short-term debt** | **31/12/2016** | **31/12/2015** |
| Obligations under finance lease | 264 | 165 |
| Bank borrowing with collateral | 4,087 | 4,187 |
| Bank borrowing without collateral | 0 | 100 |
| More: Long-term loans payable in next financial year | 152,101 | 154,939 |
| **Total of short-term loans** | **156,452** | **159,391** |

| **Amounts in € '000** | **COMPANY** | |
|---|---|---|
| **Long-term borrowings** | **31/12/2016** | **31/12/2015** |
| Obligations under finance lease | 117 | 0 |
| Bank loan without collateral | 1,750 | 1,150 |
| Bond loans without collateral | 90,958 | 93,370 |
| Less: Long-term loans payable in next financial year | (91,960) | (94,520) |
| **Total of long-term loans** | **865** | **0** |
| | | |
| **Short-term debt** | **31/12/2016** | **31/12/2015** |
| Obligations under finance lease | 55 | 0 |
| More: Long-term loans payable in next financial year | 91,960 | 94,520 |
| **Total of short-term loans** | **92,015** | **94,520** |

Group loan maturity dates are outlined below:

| Amounts in € '000 | GROUP | | | | | |
|---|---|---|---|---|---|---|
| **Borrowings as of 31/12/2016** | **Obligations under finance lease** | **Bank borrowing with collateral** | **Bank borrowing without collateral** | **Bond loans with collateral** | **Intercompany loan** | **Borrowings** |
| Within 1year | 264 | 22,432 | 1,000 | 132,756 | 0 | **156,452** |
| After 1 year but not more than 2 years | 253 | 0 | 750 | 0 | 0 | **1,003** |
| After 2 years but not more than 3 years | 265 | 0 | 0 | 0 | 0 | **265** |
| After 3 years but not more than 4 years | 148 | 0 | 0 | 0 | 0 | **148** |
| After 4 years but not more than 5 years | 57 | 0 | 0 | 0 | 0 | **57** |
| More than five years | 0 | 0 | 0 | 0 | 0 | **0** |
| | **987** | **22,432** | **1,750** | **132,756** | **0** | **157,925** |
| **Amounts in € '000** | | | | | | |
| **Borrowings as of 31/12/2015** | **Obligations under finance lease** | **Bank borrowing with collateral** | **Bank borrowing without collateral** | **Bond loans with collateral** | **Intercompany loan** | **Borrowings** |
| Within 1year | 165 | 22,497 | 1,250 | 135,179 | 300 | **159,391** |
| After 1 year but not more than 2 years | 105 | 0 | 0 | 0 | 100 | **205** |
| After 2 years but not more than 3 years | 95 | 0 | 0 | 0 | 0 | **95** |
| After 3 years but not more than 4 years | 92 | 0 | 0 | 0 | 0 | **92** |
| After 4 years but not more than 5 years | 35 | 0 | 0 | 0 | 0 | **35** |
| More than five years | 0 | 0 | 0 | 0 | 0 | **0** |
| | **492** | **22,497** | **1,250** | **135,179** | **400** | **159,818** |

Company loan maturity dates are outlined below:

| Amounts in € '000 | COMPANY | | | |
|---|---|---|---|---|
| **Borrowings as of 31/12/2016** | **Obligations under finance lease** | **Bank borrowing wihout collateral** | **Bond loans with collateral** | **Borrowings** |
| Within 1year | 55 | 1,000 | 90,960 | **92,015** |
| After 1 year but not more than 2 years | 57 | 750 | 0 | **807** |
| After 2 years but not more than 3 years | 60 | 0 | 0 | **60** |
| After 3 years but not more than 4 years | 0 | 0 | 0 | **0** |
| | **172** | **1,750** | **90,960** | **92,882** |
| **Amounts in € '000** | | | | |
| **Borrowings as of 31/12/2015** | **Obligations under finance lease** | **Bank borrowing wihout collateral** | **Bond loans with collateral** | **Borrowings** |
| Within 1year | 0 | 1,150 | 93,369 | **94,519** |
| After 1 year but not more than 2 years | 0 | 0 | 0 | **0** |
| After 2 years but not more than 3 years | 0 | 0 | 0 | **0** |
| After 3 years but not more than 4 years | 0 | 0 | 0 | **0** |
| After 4 years but not more than 5 years | 0 | 0 | 0 | **0** |
| | **0** | **1,150** | **93,369** | **94,519** |

Group liabilities under financial lease are outlined below:

| | **31/12/2016** | | **31/12/2015** | |
|---|---|---|---|---|
| **Amounts in € '000** | **Future minimum lease paymements** | **Present value of future minimum lease paymements** | **Future minimum lease paymements** | **Present value of future minimum lease paymements** |
| Within 1year | 273 | 264 | 170 | 165 |
| After 1year but not more than 5 years | 734 | 723 | 327 | 327 |
| **Total of Future minimum lease paymements** | **1,007** | **987** | **497** | **492** |
| Less: Interest expenses | (20) | 0 | (5) | 0 |
| **Total of Present value of future minimum lease paymements** | **987** | **987** | **492** | **492** |

The Group does not have loans at fair value. It is estimated that the accounting value of borrowings is close to their fair value, since the loans have been re-financed or have undergone amendments almost to their entirety during the 2015-2016 fiscal years, and by extension, the discounted interest rate that would have been used to determine fair value is estimated to be similar to the interest rates that the Group is paying.

The Group’s actual weighted average borrowing rates for the 2016 fiscal year were 6.40% for long-term borrowings (as opposed to 6.15% in 2015) and for 4.80% for short-term borrowings (as opposed to 5.92% in 2015). Respectively for the Company, the borrowing rate for Long-term borrowings stood at 6.10% (as opposed to 6.28% in 2015).

For the HYGEIA bond loan to the amount of €90.9m, on 31/12/2016 the Group received a relevant letter of consent from the associated banks as to shifting payment of the outstanding installments amounting to €22m to May 2017 and waiving the Company's obligation of meeting financial covenants for the 2016 fiscal year. The total amount of this loan must be contractually repaid within 2017, according to the term of the initial agreement. Subsequently, it was included in current liabilities for the Group and the Company on 31/12/2016.

Note that for this bond, the Group Management is in negotiations with the associated banks for its total restructuring. In this context, it has already received a draft of the agreement terms (term sheet) within 2017. According to the Group Management, the relevant restructuring agreement with lending banks is expected to be concluded within 2017. In the context of the planned restructuring, the Company has already proceeded with signing an agreement with the associated banks within 2017 for the provision of a pledge and assignment agreement for the liabilities stemming from the Company's affiliation with EOPYY.

Respectively, for the MITERA bond loan to the amount of €41.8m, on 31/12/2016 the Group received a relevant letter of consent from the lending banks as to shifting payment of the outstanding installments amounting to €4.3m to May 2017 and waiving the obligation of meeting financial covenant up until 31/03/2017. As a result, the contractual long-term portion of this loan amounts to €32.4m. Despite the fact that were no grounds for default on 31/12/2016 that would render the entire amount of the bond loan payable immediately, the Management took into account the fact that the letter of consent was temporary and does not provide the unconditional right to defer its settlement for at least 12 months after the reference date. For this reason, the loan has been classified under current liabilities for the Group, in line with the requirements of IAS 1. The Group is in negotiations with the associated banks for total restructuring to the amount of €41.8m and the relevant agreement term sheet is expected. According to the Group Management, the relevant restructuring agreement with lending banks is expected to be concluded within 2017.

In March 2016, subsidiary HYGEIA Hospital Tirana ShA proceeded with restructuring its total borrowing with the associated banks to the amount of €18.3m. Once this restructuring was concluded, the greatest part of the loan capital repayment installments was shifted to the termination date of the contract in 2020, while it was also agreed that the financial covenants would be amended. However, on 30/06/2016, the subsidiary was not in compliance with the current financial covenants of the parent company as a guarantor and consequently reclassified said loan to current liabilities, pursuant to the requirements of IAS 1. Within 2017, the Group Management received the consent of the associated banks for these financial covenants for the 2016 fiscal year.

### 11.18 Provisions

Group and Company provisions are recognized provided current legal or imputed liabilities resulting from past events exist, there is a possibility of their liquidation through fund outflows and the liability for the amount can be calculated reliably. Contingent assets are not recognized in the financial statements, but are disclosed, provided a possibility of financial benefit inflow exists (See Note 11.32). Total provisions for the Group and the Company relate to long-term provisions, which do not appear as discounted amounts, given that their payment date cannot be accurately estimated.

| Amounts in € '000 | GROUP<br>Provision for Tax expense for unaudited fiscal years | Provision for sub judice cases | Total |
|---|---|---|---|
| **Opening Balance as of 1/1/2015** | **2,067** | **9,685** | **11,752** |
| Additional provisions | 0 | 1,287 | 1,287 |
| Utilised provisions | (116) | (406) | (522) |
| Reversal of provisions | 0 | (30) | (30) |
| Reclassifications | 0 | (29) | (29) |
| **Closing balance as of 31/12/2015** | **1,951** | **10,507** | **12,458** |

| | Provision for Tax expense for unaudited fiscal years | Provision for sub judice cases | Total |
|---|---|---|---|
| **Balance at the beginning as of 1/1/2016** | **1,951** | **10,507** | **12,458** |
| Additional provisions | 0 | 571 | 571 |
| Utilised provisions | (1,381) | (104) | (1,485) |
| **Closing balance as of 31/12/2016** | **570** | **10,974** | **11,544** |

| Amounts in € '000 | COMPANY<br>Provision for Tax expense for unaudited fiscal years | Provision for sub judice cases | Total |
|---|---|---|---|
| **Opening balance as of 1/1/2015** | **650** | **1,389** | **2,039** |
| Additional provisions | | 250 | 250 |
| **Closing balance as of 31/12/2015** | **650** | **1,639** | **2,289** |

| | Provision for Tax expense for unaudited fiscal years | Provision for sub judice cases | Total |
|---|---|---|---|
| **Opening balance as of 1/1/2016** | **650** | **1,639** | **2,289** |
| Additional provisions | 0 | 500 | 500 |
| Utilised provisions | (581) | 0 | (581) |
| **Closing balance as of 31/12/2016** | **69** | **2,139** | **2,208** |

## 11.19 Other Non-Current Liabilities

Other non-current liabilities are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Other liabilities | 272 | 287 | 55 | 55 |
| Settled insurance fund amounts due | 69 | 488 | 0 | 0 |
| Settlement of illegal constructions based on Law 4014/2011 | 323 | 274 | 204 | 250 |
| **Total** | **664** | **1,049** | **259** | **305** |

## 11.20 Trade and Other Payables

Group and Company trade and other payables balances are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Suppliers | 54,113 | 59,412 | 8,184 | 11,942 |
| Checks Payable | 3,175 | 4,254 | 2,430 | 3,039 |
| Customers' Advances | 3,060 | 3,207 | 665 | 552 |
| Intercompany accounts payable | 0 | 0 | 1,556 | 9,635 |
| Other liabilities | 6,140 | 12,400 | 3,449 | 9,869 |
| **Total** | **66,488** | **79,273** | **16,284** | **35,037** |

## 11.21 Payable Income Tax

Payable income tax is outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Tax expense | 34 | 21 | 0 | 0 |
| Tax audit differences | 554 | 0 | 554 | 0 |
| **Total** | **588** | **21** | **554** | **0** |

## 11.22 Other Current Liabilities

Other current liabilities are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Deferred income-Grants | 50 | 145 | 0 | 0 |
| Social security insurance | 4,606 | 5,109 | 1,981 | 2,125 |
| Other Tax liabilities | 8,406 | 6,819 | 4,685 | 3,726 |
| Salaries and wages payable | 1,993 | 2,011 | 940 | 1,010 |
| Accrued expenses | 1,515 | 2,439 | 315 | 228 |
| Others Liabilities | 4,025 | 2,276 | 2,261 | 106 |
| Accrued Interest expenses | 958 | 949 | 629 | 611 |
| Obligation arising from share acquisitions | 70 | 70 | 0 | 0 |
| **Total** | **21,623** | **19,818** | **10,811** | **7,806** |

## 11.23 Sales

Sales are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Sales of goods | 3,592 | 3,326 | 0 | 0 |
| Sales of Merchandises | 3,909 | 4,198 | 0 | 0 |
| Income from services provided | 220,230 | 212,784 | 126,043 | 124,426 |
| **Total** | **227,731** | **220,308** | **126,043** | **124,426** |

## 11.24 Employee Benefits

Employee benefits are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Wages and salaries | 61,061 | 64,225 | 28,535 | 31,978 |
| Social security costs | 14,831 | 15,500 | 7,292 | 8,064 |
| Post employment benefits: defined benefit plans | 899 | 1,049 | 684 | 726 |
| Other staff costs | 1,242 | 2,373 | 844 | 1,718 |
| Termination indemnities | 203 | 154 | 107 | 65 |
| **Total Staff Costs** | **78,236** | **83,301** | **37,462** | **42,551** |

## 11.25 Expenses per Operation

Group expenses are broken down into cost of goods sold, administrative expenses and sale expenses:

| | GROUP | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 31/12/2016 | | | | 31/12/2015 | | | |
| **Amounts in € '000** | **Cost of sales** | **Administrative expenses** | **Distribution expenses** | **Total** | **Cost of sales** | **Administrative expenses** | **Distribution expenses** | **Total** |
| Retirement benefits | 874 | 135 | 21 | **1,030** | 874 | 146 | 29 | **1,049** |
| Wages and Other employee benefits | 62,864 | 11,401 | 2,941 | **77,206** | 67,459 | 11,828 | 2,965 | **82,252** |
| Inventory cost | 49,686 | 0 | 0 | **49,686** | 47,670 | 0 | 0 | **47,670** |
| Tangible Assets depreciation | 12,900 | 669 | 522 | **14,091** | 13,331 | 1,251 | 502 | **15,084** |
| Intangible Assets depreciation | 3,394 | 922 | 57 | **4,373** | 3,535 | 910 | 66 | **4,511** |
| Third party expenses | 31,841 | 2,334 | 134 | **34,309** | 32,865 | 2,656 | 106 | **35,627** |
| Third party benefits | 11,663 | 860 | 10 | **12,533** | 11,200 | 773 | 11 | **11,984** |
| Telecommunication Expenses | 232 | 122 | 1 | **355** | 259 | 121 | 0 | **380** |
| Operating leases rentals | 1,483 | 699 | 252 | **2,434** | 1,399 | 739 | 218 | **2,356** |
| Taxes & Duties | 1,119 | 604 | 52 | **1,775** | 1,179 | 484 | 17 | **1,680** |
| Provisions | 7,285 | 19 | 0 | **7,304** | 6,094 | 355 | 0 | **6,449** |
| Insurance | 1,550 | 415 | 4 | **1,969** | 1,492 | 386 | 6 | **1,884** |
| Repairs and maintenance | 4,072 | 301 | 27 | **4,400** | 4,354 | 307 | 23 | **4,684** |
| Other advertising and promotion expenses | 78 | 527 | 930 | **1,535** | 48 | 552 | 987 | **1,587** |
| Sales commission | 1 | 0 | 0 | **1** | 173 | 0 | 0 | **173** |
| Other expenses | 2,178 | 639 | 120 | **2,937** | 2,202 | 613 | 134 | **2,949** |
| Donations | 195 | 12 | 0 | **207** | 195 | 17 | 0 | **212** |
| transportation expenses | 179 | 219 | 22 | **420** | 121 | 338 | 18 | **477** |
| Consumables | 1 | 18 | 0 | **19** | 1 | 19 | 0 | **20** |
| **Total** | **191,595** | **19,896** | **5,093** | **216,584** | **194,451** | **21,495** | **5,082** | **221,028** |

Company expenses are broken down into cost of goods sold, administrative expenses and sale expenses:

| | COMPANY | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 31/12/2016 | | | | 31/12/2015 | | | |
| **Amounts in € '000** | **Cost of sales** | **Administrative expenses** | **Distribution expenses** | **Total** | **Cost of sales** | **Administrative expenses** | **Distribution expenses** | **Total** |
| Retirement benefits | 593 | 86 | 5 | **684** | 630 | 91 | 5 | **726** |
| Wages and Other employee benefits | 31,884 | 4,627 | 267 | **36,778** | 36,259 | 5,262 | 304 | **41,825** |
| Inventory cost | 30,385 | 0 | 0 | **30,385** | 29,505 | 0 | 0 | **29,505** |
| Tangible Assets depreciation | 7,830 | 20 | 473 | **8,323** | 7,701 | 19 | 464 | **8,184** |
| Intangible Assets depreciation | 869 | 2 | 52 | **923** | 1,027 | 3 | 62 | **1,092** |
| Third party expenses | 14,493 | 0 | 0 | **14,493** | 15,681 | 0 | 0 | **15,681** |
| Third party benefits | 5,441 | 383 | 0 | **5,824** | 5,679 | 387 | 0 | **6,066** |
| Telecommunication Expenses | 115 | 9 | 0 | **124** | 110 | 9 | 0 | **119** |
| Operating leases rentals | 954 | 78 | 0 | **1,032** | 872 | 71 | 0 | **943** |
| Taxes & Duties | 935 | 0 | 0 | **935** | 938 | 0 | 0 | **938** |
| Provisions | 5,300 | 0 | 0 | **5,300** | 3,974 | 0 | 0 | **3,974** |
| Insurance | 1,115 | 91 | 0 | **1,206** | 1,098 | 90 | 0 | **1,188** |
| Repairs and maintenance | 2,206 | 181 | 0 | **2,387** | 2,331 | 191 | 0 | **2,522** |
| Other advertising and promotion expenses | 0 | 0 | 712 | **712** | 0 | 0 | 838 | **838** |
| Sales commission | 1 | 0 | 0 | **1** | 173 | 0 | 0 | **173** |
| Other expenses | 821 | 22 | 5 | **848** | 951 | 15 | 4 | **970** |
| Donations | 194 | 0 | 0 | **194** | 195 | 0 | 0 | **195** |
| transportation expenses | 144 | 0 | 0 | **144** | 97 | 0 | 0 | **97** |
| **Total** | **103,280** | **5,499** | **1,514** | **110,293** | **107,221** | **6,138** | **1,677** | **115,036** |

## 11.26 Other Operating Income / Expenses

Other operating income for the 2016 and 2015 fiscal years is outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Rent income | 1,390 | 1,144 | 318 | 242 |
| Income from Subsidies | 235 | 239 | 66 | 160 |
| Grants amortization | 35 | 84 | 0 | 0 |
| Income from reversal of unrealized provisions | 5 | 45 | 0 | 0 |
| Income from unrealized provisions for staff indemnity | 400 | 250 | 0 | 250 |
| Income from services provided | 819 | 921 | 482 | 368 |
| Other income | 939 | 2,231 | 130 | 1,653 |
| Profit on sale of property, plant and equipment | 24 | 18 | 11 | 0 |
| Reversal of provisions | 0 | 10 | 0 | 0 |
| **Total other opeating income** | **3,847** | **4,942** | **1,007** | **2,673** |

Other operating expenses for the 2016 and 2015 fiscal years are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Real estate tax and other taxes | 196 | 85 | 75 | 42 |
| Other fines & augmentation | 417 | 390 | 255 | 4 |
| Losses on sale of property, plant and equipment | 88 | 39 | 43 | 6 |
| Other expense | 791 | 1,257 | 353 | 491 |
| **Total other opeating expenses** | **1,492** | **1,771** | **726** | **543** |

## 11.27 Financial Costs / Income

Financial costs / income are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Interest expenses from long-term loans | 1,504 | 1,330 | 0 | 0 |
| Interest expenses from short-term loans | 306 | 413 | 109 | 136 |
| Interest expenses from bonds | 8,675 | 8,698 | 5,965 | 6,172 |
| Finance charges payable under finance leases and hire purchase contracts | 41 | 34 | 0 | 0 |
| Charge from retirement employee benefits | 352 | 389 | 221 | 250 |
| Commission for guaranties | 2 | 1 | 2 | 1 |
| Other interest related expenses | 77 | 25 | 73 | 23 |
| Bank commissions | 463 | 0 | 196 | 0 |
| **Total financial expenses** | **11,420** | **10,890** | **6,566** | **6,582** |

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Bank interest | 2 | 3 | 1 | 3 |
| Interest from Grants Loans | 0 | 17 | 0 | 0 |
| Antincipated returns of assets from defined benefit plans | 21 | 38 | 21 | 38 |
| Other interest related incomes | 4 | 4 | 0 | 2 |
| **Total financial income** | **27** | **62** | **22** | **43** |

### 11.28 Other Financial Results

Other financial results are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Impairment loss of assets | (500) | (21,208) | (13,400) | (50,500) |
| Foreign exchange gains | 426 | 708 | 2 | 0 |
| Foreign exchange losses | (138) | (152) | (2) | 6 |
| Other financial results | (3,281) | (878) | (1,440) | (527) |
| **Total other financial results** | **(3,493)** | **(21,530)** | **(14,840)** | **(51,021)** |

The impairment of assets for the current fiscal year are explained in detail in Notes 11.2 & 11.4.

### 11.29 Income Tax

Income tax is outlined below:

| | GROUP Continuing operations | | COMPANY Continuing operations | |
|---|---|---|---|---|
| **Amounts in € '000** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Current income tax | 84 | 63 | 0 | 0 |
| Deferred income tax | (2,198) | (3,165) | (1,559) | (1,603) |
| Tax audit differences | (30) | 0 | 0 | 0 |
| **Total income tax from continuing operations** | **(2,144)** | **(3,102)** | **(1,559)** | **(1,603)** |

| | GROUP Continuing operations | | COMPANY Continuing operations | |
|---|---|---|---|---|
| **Amounts in € '000** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Profit before income tax (from continuing and discontinued operations) | (1,384) | (29,907) | (5,348) | (46,011) |
| Nominal Tax rate | 29% | 29% | 29% | 29% |
| **Presumed Tax on Income** | **(401)** | **(8,673)** | **(1,551)** | **(13,343)** |
| **Adjustments for non taxable income** | | | | |
| - Offset due to accumulated losses from previous financial years | (7,428) | 0 | (6,840) | 0 |
| - Damage of the year for which was not recognized deferred tax asset | 3,884 | 279 | 2,294 | 0 |
| - Other | 0 | 8 | 0 | 0 |
| **Adjustments for non deductible expenses for tax purposes** | | | 0 | 0 |
| - Non tax deductible expenses | 1,346 | 663 | 4,464 | 0 |
| - Effect on opening deferred income tax of reduction in income tax rates | 0 | 2,813 | 0 | (132) |
| - Tax differences of preceding financial years | (30) | 0 | 0 | 0 |
| - Additional taxes and surcharges | 74 | 1 | 74 | 1 |
| - Additional property tax | 0 | (11) | 0 | 0 |
| - Effect from differences in tax coefficients of foreign subsidiaries | 411 | 582 | 0 | 0 |
| - Other | 0 | 1,236 | 0 | 11,871 |
| **Total tax from continuing and discontinued operations** | **(2,144)** | **(3,102)** | **(1,559)** | **(1,603)** |

According to the tax legislation, the tax rate applicable to Greek businesses was set at 29% for 2015 onwards.

For the 2011 to 2015 fiscal years, the Company and the Greek subsidiaries of the Group underwent a special tax audit performed by chartered accountants, in accordance with Article 82 of Law 2238/1994 and Article 65A of Law 4174/2013, and they received a Tax Compliance Report without prejudice. Note that according to Ministerial Circular 1006/2016, the companies that have undergone the aforementioned special tax audit are not exempted from undergoing a regular tax audit by the competent tax authorities. The Company's Management estimates that no additional tax difference will arise that would have a significant impact on the financial statements in any future repeat audits by the tax authorities, if these ever take place.

For the 2016 fiscal year, the special audit and the process of receiving of the Tax Compliance Report are still underway. It is not expected that upon completion, essential differences will arise from the tax liabilities recorded in the financial statements. According to the recent relevant legislation, the audit and issuing of tax certificates applies for the fiscal years 2016 and onwards optionally.

In December 2016, the tax audit for the 2009 and 2010 fiscal years for the Company was concluded. Additional taxes and surcharges arose to the amount of €1.07m. Out of this, €492 thousand pertains to correction to the Capital Accumulation Tax. Once the temporary audit documents were received, the Company submitted tax amending statements, in line with Law 4446/2016, while the final audit documents are expected to be received within 2017. The Company's Management has challenged the aforementioned audit finding for the amount of €492 thousand. Once the relevant final audit documents have been served to it, it is intending not to accept them and to lodge a quasi-judicial application before the Dispute Resolution Directorate, in accordance with Article 63 of Law 4174/2013, with the aim of canceling the relevant decision. Note that with the exception of the disputed amount, the Company had burdened the financial statements of previous years with adequate provisions. As a result, the results of the current fiscal year have not been additionally burdened.

Finally, the regular tax audits for the 2008, 2009 and 2010 fiscal years for HYGEIA subsidiary MITERA SA were concluded within the fiscal year. Additional taxes and surcharges to the amount of €807 thousand arose. The Company had already formed adequate provisions and, as a result, there was no need to recognize this amount, which would have burdened the results of the current fiscal year. This liability was fully paid off within the 2016 fiscal year.

## 11.30 Earnings per Share

The basic earnings per share for the period 01/01/2016-31/12/2016 and the corresponding comparative period result from dividing the earnings corresponding to parent company shareholders (after tax) by the Company's weighted average number of common shares during the period. Diluted losses per share equal to the basic ones per share.

| **Amounts in € '000** | | | | |
|---|---|---|---|---|
| **Continuing operations** | **GROUP** | | **COMPANY** | |
| **Basic earnings / (loss) per share** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Earnings attributable to equity holders of the parent company | 849,482 | (26,560,864) | (3,787,573) | (44,407,493) |
| Weighted average number of shares | 305,732,436 | 305,732,436 | 305,732,436 | 305,732,436 |
| **Basic earnings / (loss) per share (Euro per share)** | **0.0028** | **(0.0869)** | **(0.0124)** | **(0.1452)** |

## 11.31 Commitments

Operating lease commitments of the Company and the Group operating as a lessee.

The Group leases offices and warehouses through operating leases, which have different terms, adjustment clauses and rights of renewal. According to the operating and financial lease agreements, the future minimum total rent payable is outlined below:

| **Amounts in € '000** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| **Operating lease commitments** | | | | |
| Within one year | 1,726 | 1,813 | 945 | 550 |
| After one year but not more than five years | 3,759 | 4,839 | 2,078 | 1,974 |
| More than five years | 520 | 842 | 180 | 374 |
| **Total operating lease commitments** | **6,005** | **7,494** | **3,203** | **2,898** |

Group liabilities in financial leases per year are outlined below:

| **Amounts in € '000** | **GROUP** | |
|---|---|---|
| | **31/12/2016** | **31/12/2015** |
| **Finance lease commitments** | | |
| Within one year | 264 | 165 |
| After one year but not more than five years | 723 | 327 |
| **Total finance lease commitments** | **987** | **492** |

Group and Company guarantees on 31/12/2016 and 31/12/2015 were as follows:

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Amounts in € '000** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| **Guarantees** | | | | |
| Guarantees to third parties | 51 | 38 | 0 | 0 |
| Performance letters of guarantee | 198 | 198 | 30 | 30 |
| Guarantees for repayment of subsidiary borrowings | 36,583 | 37,529 | 36,080 | 37,013 |
| Performance letters of guarantee for subsidized investment programmes | 0 | 28 | 0 | 0 |
| Guarantees for the participation in various tenders | 2 | 12 | 2 | 2 |
| **Total guarantees** | **36,834** | **37,805** | **36,112** | **37,045** |

On 31/12/2016, there were encumbrances on the Group's tangible fixed assets against borrowing to the amount of €187.4m (2015: €198.3m) for the Group and €116.8m (2015: €127.7m) for the Company. In addition, the trademarks of the companies have been pledged as collateral to secure the bond loans issued to the Company and subsidiary MITERA.

Other commitments for the Group on 31/12/2016 and 31/12/2015 were as follows:

| | **GROUP** | |
|---|---|---|
| **Amounts in € '000** | **31/12/2016** | **31/12/2015** |
| **Other commitments** | | |
| Within one year | 432 | 432 |
| After one year but not more than five years | 733 | 921 |
| **Total other commitments** | **1,165** | **1,353** |

## 11.32 Contingent Receivables-Liabilities

### Information Regarding Contingent Liabilities

The Group has contingent liabilities on issues arising in the context of its usual business activities. More specifically:

### A. Major Pending Litigation

**HYGEIA**

The Company (both as a defendant and as a plaintiff) is involved in various pending court cases as part of its normal operation. These also include medical malpractice cases. For the majority of said cases, the Group is covered for professional malpractice through malpractice liability policies it holds. On 31/12/2016, the Company had formed provisions to the amount of €2.1m. The Company's Management and legal advisors estimate that the pending cases, apart from the already formed provision for sub judice cases, are expected to be settled without a significant negative impact on the Company's consolidated financial position or its operating results. (See Note 11.18)

**MITERA**

The company MITERA (both as a defendant and as a plaintiff) is involved in various pending court cases as part of its normal operation. On 31/12/2016, the Company had formed provisions to the amount of €8.3m. The Company's Management and legal advisors estimate that the pending cases, apart from the already formed provision for sub judice cases, are expected to be settled without a significant negative impact on the Group's consolidated financial position or its operating results. (See Note 11.18)

**OTHER SUBSIDIARIES**

The HYGEIA Group companies (both as a defendant and as a plaintiff) are involved in various pending court cases as part of their normal operation. On 31/12/2016, HYGEIA Group had formed provisions to the amount of €0.6 thousand. The Group companies' Management and legal advisors estimate that the pending cases, apart from the already formed provision for sub judice cases, are expected to be settled without a significant negative impact on the Group's consolidated financial position or their operating results. (See Note 11.18)

### B. Open fiscal years

The unaudited tax years for the Group companies are outlined in Note 9.

In relation to the unaudited tax years mentioned above, there is a possibility that additional tax and surcharges could be imposed when they are examined and finalized. Each year, the Group assesses contingent liabilities which are expected to arise from past fiscal year audits, by forming provisions where this is deemed necessary. The Management considers that other than the formed provisions, any tax amounts which may arise will not have a major impact on the Group net position, fiscal year results and cash flows. (See Notes 11.18 & 11.29)

## 11.33 Transactions with Related Parties

### Intercompany Transactions

The following transactions and balances are the transactions of the Group subsidiaries. These transactions among the Group companies included in the Group's consolidated Financial Statements are crossed out during the process of full consolidation.

**INTERCOMPANY PURCHASES - SALES 01/01/2016 - 31/12/2016**

SELLER

| BUYER | DTCA HYGEIA SA | MITERA SA | LETO SA | LETO HOLDINGS SA | ALFALAB SA | HYGEIA HOSPITAL TIRANA ShA | LETO LAB SA | Y-LOGIMED SA | ANIZ AE | BEATIFIC SA | BIOCHECK SA | PRIMARY CARE SA | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DTCA HYGEIA SA | 0 | 2,321,031 | 43,108 | 0 | 5,595 | 134,994 | 0 | 17,144 | 66,846 | 6,000 | 182,668 | 158,241 | **2,935,627** |
| MITERA SA | 294,402 | 0 | 9,273 | 0 | 500 | 0 | 0 | 0 | 0 | 10,275 | 3,475 | 2,123 | **320,048** |
| LETO SA | 0 | 0 | 0 | 1,932 | 52,800 | 0 | 1,260 | 0 | 0 | 0 | 0 | 0 | **55,992** |
| ALFALAB SA | 549,759 | 478,600 | 133,095 | 0 | 0 | 33,060 | 0 | 0 | 0 | 0 | 18,188 | 1,891 | **1,214,592** |
| Y-LOGIMED SA | 17,531,224 | 6,727,782 | 1,044,397 | 0 | 5,871 | 441,676 | 0 | 0 | 0 | 13,279 | 18,936 | 15,582 | **25,799,947** |
| ANIZ SA | 18,779 | 0 | 0 | 0 | 0 | 0 | 0 | 244 | 0 | 0 | 0 | 0 | **19,023** |
| BEATIFIC SA | 319 | 327 | 0 | 0 | 0 | -3,720 | 0 | 0 | 0 | 0 | 0 | 0 | **-3,074** |
| BIOCHECK SA | 147,245 | 180 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **147,425** |
| PRIMARY CARE SA | 129,008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **129,008** |
| **TOTAL** | **18,670,735** | **9,527,920** | **1,229,874** | **1,932** | **64,766** | **606,010** | **1,260** | **17,388** | **66,846** | **29,554** | **223,268** | **177,837** | **30,618,591** |

**INTERCOMPANY PURCHASES - SALES 1/1/2015 - 31/12/2015**

SELLER

| BUYER | DTCA HYGEIA SA | MITERA SA | LETO SA | LETO HOLDINGS SA | ALFALAB SA | HYGEIA HOSPITAL TIRANA ShA | LETO LAB SA | Y-LOGIMED SA | Y-PHARMA SA | ANIZ SA | BEATIFIC SA | BIOCHECK SA | PRIMARY CARE SA | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DTCA HYGEIA SA | 0 | 2,212,874 | 18,824 | 0 | 1,502 | 111,401 | 0 | 14,460 | 0 | 94,653 | 6,000 | 151,883 | 149,074 | **2,760,671** |
| MITERA SA | 303,078 | 0 | 5,628 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,382 | 1,239 | 2,026 | **322,353** |
| LETO SA | 0 | 0 | 0 | 1,897 | 52,800 | 0 | 1,238 | 0 | 0 | 0 | 0 | 0 | 0 | **55,935** |
| LETO HOLDINGS SA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| ALFALAB SA | 474,614 | 539,095 | 159,774 | 0 | 0 | 39,300 | 0 | 0 | 0 | 0 | 0 | 14,166 | 1,463 | **1,228,411** |
| HYGEIA HOSPITAL TIRANA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Y-LOGIMED SA | 17,023,761 | 5,675,753 | 964,557 | 0 | 6,326 | 580,798 | 0 | 0 | 1,200 | 0 | 6,264 | 16,836 | 110,516 | **24,386,011** |
| Y-PHARMA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| ANIZ SA | 18,144 | 0 | 0 | 0 | 0 | 0 | 0 | 243 | 0 | 0 | 0 | 0 | 0 | **18,387** |
| BEATIFIC SA | 49,711 | 49,621 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **99,332** |
| BIOCHECK SA | 139,167 | 360 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **139,527** |
| PRIMARY CARE SA | 126,786 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **126,886** |
| **TOTAL** | **18,135,261** | **8,477,802** | **1,148,782** | **1,897** | **60,627** | **731,499** | **1,238** | **14,703** | **1,200** | **94,654** | **22,646** | **184,123** | **263,080** | **29,137,513** |

**INTERCOMPANY RECEIVABLES - LIABILITIES AS OF 31/12/2016**

RECEIVABLES

| LIABILITY | DTCA HYGEIA SA | MITERA SA | LETO SA | LETO HOLDINGS SA | ALFALAB SA | HYGEIA HOSPITAL TIRANA ShA | LETO LAB SA | Y-LOGIMED SA | ANIZ AE | BEATIFIC SA | BIOCHECK SA | PRIMARY CARE SA | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DTCA HYGEIA SA | 0 | 4,958,360 | 151,564 | 8,610 | 210,187 | 2,113,801 | 0 | 21,259 | 99 | 20,035 | 699,363 | 623,220 | **8,806,497** |
| MITERA SA | 281,531 | 0 | 40,835 | 0 | 0 | 238,613 | 0 | 0 | 0 | 25,639 | 4,804 | 8,014 | **599,436** |
| LETO SA | 2,805 | 0 | 0 | 10,277 | 36,467 | 0 | 4,172 | 0 | 0 | 259 | 16,814 | 0 | **70,795** |
| LETO HOLDINGS SA | 0 | 0 | 232,561 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **232,561** |
| ALFALAB SA | 33,881 | 136,065 | 54,330 | 0 | 0 | 66,015 | 0 | 0 | 0 | 0 | 67,638 | 2,813 | **360,742** |
| HYGEIA HOSPITAL TIRANA | 32,837 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **32,837** |
| Y-LOGIMED SA | 1,005,406 | 18,860,639 | 3,844,370 | 0 | 2,676 | 1,160,648 | 0 | 0 | 0 | 645,081 | 142,629 | 159,384 | **25,820,833** |
| Y-PHARMA | 146,677 | 23,090 | 19,558 | 0 | 0 | 0 | 0 | 1,292 | 0 | 7,900 | 0 | 0 | **198,516** |
| ANIZ SA | 10,134 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **10,134** |
| BEATIFIC SA | 8,000 | 0 | 0 | 0 | 0 | 11,270 | 0 | 0 | 0 | 0 | 0 | 0 | **19,270** |
| BIOCHECK SA | 22,492 | 1,349 | 0 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **23,851** |
| PRIMARY CARE SA | 12,184 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **12,284** |
| **TOTAL** | **1,555,947** | **23,979,603** | **4,343,218** | **18,887** | **249,340** | **3,590,347** | **4,172** | **22,551** | **99** | **698,914** | **931,249** | **793,431** | **36,187,757** |

**INTERCOMPANY RECEIVABLES - LIABILITIES AS OF 31/12/2015**

RECEIVABLES

| LIABILITY | DTCA HYGEIA SA | MITERA SA | LETO SA | LETO HOLDINGS SA | ALFALAB SA | HYGEIA HOSPITAL TIRANA ShA | LETO LAB SA | Y-LOGIMED SA | BEATIFIC SA | BIOCHECK SA | PRIMARY CARE SA | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DTCA HYGEIA SA | 0 | 2,444,156 | 99,264 | 8,610 | 203,373 | 1,993,807 | 0 | 0 | 690,386 | 518,615 | 464,156 | **6,422,366** |
| MITERA SA | 365,901 | 0 | 31,561 | 0 | 0 | 238,613 | 0 | 0 | 15,167 | 1,329 | 5,890 | **658,461** |
| LETO SA | 0 | 0 | 0 | 8,275 | 33,502 | 0 | 2,867 | 0 | 259 | 16,814 | 0 | **61,718** |
| LETO HOLDINGS SA | 0 | 0 | 88 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **88** |
| ALFALAB SA | 41,370 | 155,838 | 79,594 | 0 | 0 | 47,850 | 0 | 0 | 0 | 52,204 | 1,463 | **378,319** |
| HYGEIA HOSPITAL TIRANA | 32,837 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **32,837** |
| Y-LOGIMED SA | 8,960,010 | 17,326,438 | 3,234,829 | 0 | 31,044 | 824,544 | 0 | 0 | 49,971 | 119,788 | 80,166 | **30,626,790** |
| Y-PHARMA | 156,677 | 23,090 | 19,558 | 0 | 0 | 0 | 0 | 2,536 | 7,900 | 0 | 0 | **209,760** |
| ANIZ SA | 11,273 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **11,273** |
| BEATIFIC SA | 36,171 | 9,721 | 0 | 0 | 0 | 17,990 | 0 | 0 | 0 | 0 | 0 | **63,882** |
| BIOCHECK SA | 19,610 | 1,169 | 0 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | **20,789** |
| PRIMARY CARE SA | 10,983 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **11,083** |
| **TOTAL** | **9,634,833** | **19,960,512** | **3,464,894** | **16,885** | **267,928** | **3,122,804** | **2,867** | **2,536** | **763,682** | **708,750** | **551,676** | **38,497,367** |

**Transactions and Balances with Related Parties**

The following table depicts transactions of the Company and Group with related parties, mainly pertaining to Piraeus Group and MIG companies.

| Amounts in € '000 | GROUP 31/12/2016 | COMPANY 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2015 |
|---|---|---|---|---|
| **Sales of goods/services** | | | | |
| Subsidiaries | 0 | 2,457 | 0 | 2,363 |
| Other related parties | 1,101 | 773 | 2,124 | 1,493 |
| **Total** | **1,101** | **3,230** | **2,124** | **3,856** |

| Amounts in € '000 | GROUP 31/12/2016 | COMPANY 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2015 |
|---|---|---|---|---|
| **Other income/expenses from holdings** | | | | |
| Subsidiaries | 0 | 479 | 0 | 398 |
| Other related parties | 249 | 98 | 248 | 99 |
| **Total** | **249** | **577** | **248** | **497** |

| Amounts in € '000 | GROUP 31/12/2016 | COMPANY 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2015 |
|---|---|---|---|---|
| **Purchase of goods** | | | | |
| Subsidiaries | 0 | 17,532 | 0 | 17,024 |
| Other related parties | 131 | 0 | 123 | 0 |
| **Total** | **131** | **17,532** | **123** | **17,024** |

| Amounts in € '000 | GROUP 31/12/2016 | COMPANY 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2015 |
|---|---|---|---|---|
| **Other expenses** | | | | |
| Subsidiaries | 0 | 1,139 | 0 | 1,112 |
| Other related parties | 11,148 | 7,407 | 11,719 | 7,980 |
| **Total** | **11,148** | **8,547** | **11,719** | **9,091** |

| Amounts in € '000 | GROUP 31/12/2016 | COMPANY 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2015 |
|---|---|---|---|---|
| **Purchase of tangible/ intangible assets** | | | | |
| Other related parties | 938 | 656 | 1,159 | 827 |
| **Total** | **938** | **656** | **1,159** | **827** |

| Amounts in € '000 | GROUP 31/12/2016 | COMPANY 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2015 |
|---|---|---|---|---|
| **Receivables** | | | | |
| Subsidiaries | 0 | 8,806 | 0 | 6,422 |
| Other related parties | 13,359 | 1,864 | 11,801 | 7,279 |
| **Total** | **13,359** | **10,671** | **11,801** | **13,701** |

| Amounts in € '000 | GROUP 31/12/2016 | COMPANY 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2015 |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Subsidiaries | 0 | 1,556 | 0 | 9,635 |
| Other related parties | 90,779 | 58,754 | 94,624 | 61,895 |
| **Total** | **90,779** | **60,310** | **94,624** | **71,530** |

Transactions with key administration and management executives of the Company and Group are outlined below.

### Benefits to Key Management Executives

The benefits paid to Management executives at Group and Company level are outlined below:

| Amounts in € '000 | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Salaries & other employees benefits | 3,241 | 3,503 | 1,477 | 1,693 |
| Social security costs | 599 | 658 | 297 | 335 |
| B.O.D. Remuneration | 0 | 80 | 0 | 80 |
| Termination benefits | 56 | 0 | 0 | 0 |
| **Total** | **3,896** | **4,241** | **1,774** | **2,108** |

No loans have been granted to any members of the BoD or any other executives of the Group (or their families).

### 11.34 Fair Value of Financial Instruments

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments per valuation technique:
Level 1: negotiable prices in active markets for similar assets or liabilities,
Level 2: valuation techniques for which all inflows having a significant impact on the recorded fair value are observable either directly or indirectly,
Level 3: techniques using inflows with a significant impact on the recorded fair value and not based on observable market data.

Financial assets and liabilities measured at fair value on 31/12/2016 are outlined below.

| Financial assets | 31/12/2016 Fair value measurement at end of the reporting period using: | | | | 31/12/2015 Fair value measurement at end of the reporting period using: | | | |
|---|---|---|---|---|---|---|---|---|
| Amounts in € '000 | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss** | | | | | | | | |
| - Bonds | - | 45 | - | 45 | - | 45 | - | 45 |
| **Total financial assets** | **-** | **45** | **-** | **45** | **-** | **45** | **-** | **45** |
| **Net fair value** | **-** | **45** | **-** | **45** | **-** | **45** | **-** | **45** |

There were no transfers between levels.

The fair value of the following financial assets and liabilities for the Group and the Company is close to their book value:

- Trade & other receivables
- Other current assets
- Trade & other payables
- Borrowing
- Cash, cash equivalents and pledged deposits

### 12. Risk Management Aims and Policies

The Group is exposed to multiple risks, such as market risk (interest rate fluctuations, market prices, etc.), credit risk, liquidity risk and currency risk. The Group's risk management program aims to limit the negative impact on financial results arising from the weakness to forecast financial markets and the fluctuations in cost and sales variables.

The risk management policy is implemented by the Group's Financial Division.

The following procedure is followed:

- Assessment of the risks associated with the Group activities and operations,
- Methodology planning and selection of the suitable financial products for risk reduction,
- Execution/implementation of the risk management procedure, in accordance with the procedure that has been approved by the Management.

The Group's financial instruments are mainly made up of bank deposits, trade creditors and debtors, and liabilities from loans.

### 12.1 Interest Rate Risk Sensitivity Analysis

Interest rate risk is the possibility of the fair value of the future cash flows of a financial asset exhibiting fluctuations due to changes in the market interest rates.

The Group is seeking to strike the optimal balance/relationship between borrowing costs and any possible impact on earnings and cash flows that may be prompted by changes in interest rates. The Group is monitoring and managing its borrowings, and its financial strategy in general, proceeding with a combination of short- and long-term borrowings. The Group policy is to constantly monitor interest rate trends and its financing needs. Furthermore, the Group policy is to minimize exposure to cash flow interest rate risk with regard to long-term financing. Long-term financing is based on floating interest rates. On 31/12/2016, the Group was exposed to changes on the interest rate market with regard to bank borrowing, which is subject to a floating interest rate per loan, based on the official Euribor rates.

The following table depicts the sensitivity of the fiscal year results and equity to a reasonable interest rate change of +1% or -1% (2015: +/-1%).

| | **GROUP** | | | | **COMPANY** | | | |
|---|---|---|---|---|---|---|---|---|
| | Sensitivity factor | | Sensitivity factor | | Sensitivity factor | | Sensitivity factor | |
| | 1% | -1% | 1% | -1% | 1% | -1% | 1% | -1% |
| ***Amounts in € '000*** | **31/12/2016** | | **31/12/2015** | | **31/12/2016** | | **31/12/2015** | |
| Profit for the financial year (after tax) | (1,587) | 1,587 | (1,447) | 1,447 | (937) | 937 | (957) | 957 |
| Equity | (1,587) | 1,587 | (1,447) | 1,447 | (937) | 937 | (957) | 957 |

### 12.2 Credit Risk Analysis

The Group and the Company apply a specific credit policy, which is based on monitoring the credit rating of its clients and successfully managing its receivables before they become overdue, as well as once they become doubtful. To monitor credit risk, clients are grouped based on the category they belong to, their credit nature, the maturing of their receivables and any other prior collection issues they may have exhibited. Clients considered doubtful are reassessed on each date the financial statements are prepared and a relevant impairment provision is formed for any loss that may possibly arise from the statements.

The Group is constantly monitoring its receivables, either separately or jointly, and includes this information in credit controls. The Group receivables derive from social security funds, insurance bodies, insurance companies and private clients. The Group and the Company focus their policy on partnerships with credible insurance companies that have a high credit rating both in the domestic and the international market.

The most likely credit risk is mainly associated with the high outstanding balances owed by social security funds for previous years; with uninsured private clients; or with insured patients for the additional amount not covered by their insurer. Suitable provisions have been recognized for losses arising from impairment of receivables due to specific credit risks and extraordinary events.

The impairment provision mainly pertains to private clients and includes:
a) forming a specific and adequate provision for any clients labeled as doubtful,
b) proceeding with impairment for any clients with outstanding balances based on the maturing of said balances,
c) forming a provision based on the increased bad debt risk rate due to the conditions of the wider environment, taking into account the reduced liquidity and limited access of clients to bank financing.

For cash and cash equivalents, the Group only transacts with recognized high credit-rating financial institutions.

The Group's exposure with regard to credit risk is limited to the financial assets, which were as follows on the Financial Position Statement date:

| *Amounts in € '000* | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| ***Financial assets*** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Cash and cash equivalents | 14,854 | 14,241 | 2,503 | 8,690 |
| Trade and other receivables | 62,858 | 63,577 | 46,987 | 41,709 |
| **Total** | **77,712** | **77,818** | **49,490** | **50,399** |

The maturities of financial receivables for the Group and the Company on 31/12/2016 and 31/12/2015 were as follows:

| *Amounts in € '000* | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Financial assets past due but not impaired** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Not more than 3 months | 5,774 | 3,912 | 5,642 | 2,779 |
| More than 3 months but not more than 6 months | 6,703 | 5,252 | 5,045 | 3,832 |
| More than 6 months but not more than 1 year | 6,712 | 5,695 | 6,088 | 4,511 |
| More than 1 year | 10,705 | 11,982 | 6,050 | 8,021 |
| **Total** | **29,894** | **26,841** | **22,825** | **19,143** |

### 12.3 Liquidity Risk Analysis

The monitoring of liquidity risk focuses on rationally managing the temporal correlation of cash flows, and ensuring sufficient cash for covering current transactions.

Liquidity requirements are monitored in various time zones on a daily and weekly basis, and on a rolling 30-day basis. Long-term liquidity requirements for the 6 months ahead and the following year are calculated each month.

On 31/12/2016, the maturities of financial liabilities for the Group were as follows:

| | **GROUP 31/12/2016** | | | |
|---|---|---|---|---|
| *Amounts in € '000* | **Short-term** | | **Long-term** | |
| | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **More than 5** |
| Long-term borrowing | 0 | 0 | 750 | 0 |
| Liabilities relating to operating lease agreements | 132 | 132 | 723 | 0 |
| Trade payables | 62,108 | 4,380 | 0 | 0 |
| Other short-term liabilities | 18,116 | 4,095 | 664 | 0 |
| Sort-term borrowing | 41,037 | 115,151 | 0 | 0 |
| **Total** | **121,393** | **123,758** | **2,137** | **0** |

The respective maturities of financial liabilities on 31/12/2015 were as follows:

| | GROUP | | | |
|---|---|---|---|---|
| | 31/12/2015 | | | |
| *Amounts in € '000* | Short-term | | Long-term | |
| | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **More than 5** |
| Long-term borrowing | 0 | 0 | 100 | 0 |
| Liabilities relating to operating lease | 82 | 83 | 327 | 0 |
| Trade payables | 68,523 | 10,750 | 0 | 0 |
| Other short-term liabilities | 13,314 | 6,525 | 1,049 | 0 |
| Sort-term borrowing | 23,702 | 135,524 | 0 | 0 |
| **Total** | **105,621** | **152,882** | **1,476** | **0** |

On 31/12/2016, the maturities of financial liabilities for the Company were as follows:

| | COMPANY | | | |
|---|---|---|---|---|
| | 31/12/2016 | | | |
| *Amounts in € '000* | Short-term | | Long-term | |
| | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **More than 5 years** |
| Long-term borrowing | 0 | 0 | 750 | 0 |
| Liabilities relating to operating lease agreements | 27 | 27 | 117 | 0 |
| Trade payables | 11,904 | 4,380 | 0 | 0 |
| Other short-term liabilities | 9,105 | 2,260 | 259 | 0 |
| Sort-term borrowing | 33,750 | 58,210 | 0 | 0 |
| **Total** | **54,786** | **64,877** | **1,126** | **0** |

The respective maturities of financial liabilities on 31/12/2015 were as follows:

| | COMPANY | | | |
|---|---|---|---|---|
| | 31/12/2015 | | | |
| *Amounts in € '000* | Short-term | | Long-term | |
| | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **More than 5** |
| Long-term borrowing | 0 | 0 | 0 | 0 |
| Trade payables | 31,183 | 3,854 | 0 | 0 |
| Other short-term liabilities | 5,547 | 2,259 | 305 | 0 |
| Sort-term borrowing | 18,250 | 76,269 | 0 | 0 |
| **Total** | **54,980** | **82,382** | **305** | **0** |

The aforementioned contractual maturity dates reflect the gross cash flows, which may differ from the book value of liabilities on the Financial Position Statement date.

As evidenced by these tables, on 31/12/2016, total borrowing for the Group amounted to €157,925 thousand. Out of this, €156,452 thousand referred to short-term liabilities. Respectively, total borrowing for the Company amounted to €92,882 thousand. Out of this, €92,014 thousand referred to short-term liabilities. Specifically with regard to the liabilities on 31/12/2016 (as explained in detail in Note 11.17 of the Financial Statements), these include:

- liabilities to the amount of €132.7m for the Group and €90.9m for the Company, which refer to the common bond loans for HYGEIA and MITERA. For these loans, on 31/12/2016 the Group received relevant letters of consent from the lending banks as to shifting the outstanding installments amounting to €26.3m within 2017 and waiving the obligation of meeting financial covenants for the 2016 fiscal year. The HYGEIA bond loan to the amount of €90.8m must be contractually repaid within 2017. The MITERA bond loan to the amount of €41.8m has been classified under current liabilities, in line with IAS 1. This is because although it has received a relevant letter of consent as to not meeting the existing financial covenants, this letter is considered temporary and does not provide the unconditional right to defer its settlement for at least 12 months after the reference date of the Financial Statements. With regard to these bond loans, the Group has been holding negotiations with associated banks regarding their total restructuring and has already received a draft of the restructuring agreement terms (term sheet) for the HYGEIA loan, while a corresponding draft is expected for the MITERA loan. According to the Group Management, the relevant restructuring agreement with the lending banks is expected to be signed within 2017, following the successful completion of the negotiations with the banks regarding the re-financing terms. The successful completion of the negotiations with the lending institutions on the restructuring terms for these existing liabilities constitutes a key condition for ensuring adequate working capital and the required liquidity for the Group and the Company.

- liabilities to the amount of €18.3 for subsidiary HYGEIA Hospital Tirana ShA, which have been classified under current liabilities, in line with IAS 1, due to non-compliance with the existing financial covenants of the parent company as a guarantor. Within 2017, and before the date the Financial Statements were approved, the Group Management had received the consent of the associated banks as to its non-compliance to the specific financial covenants.

On 31/12/2016, the Group and the Company presented negative working capital, since total current liabilities exceeded total current assets by the amount of €155,147 for the Group and €65,505 for the Company (a significant part of the current liabilities pertains to the short-term borrowing).

In this context, apart from the negotiations with lending institutions on the restructuring terms for its borrowings, the Group has proceeded with a series of actions to further improve its liquidity. Specifically, the Group companies that are affiliated with EOPYY have already transferred a significant part of the claw-back and rebate cost recorded in the financial statements to third parties. Furthermore, capitalizing on its leading position in the sector, the Group has been solidifying its trade partnerships, striving to ensure additional working capital.

In addition, HYGEIA Group is considered a very credible institution both by the Banks and by its suppliers, due to its dynamic and dominant course in the Greek market.

Meanwhile, the controls and limitations on fund transfers are still in effect, affecting the smooth transfer and supply of medical supplies and pharmaceuticals to serve patients in the Group hospitals and clinics. Taking advantage of its size and reputation in the market, the Group has maintained its bargaining power, despite the controls and limitations in place on fund transfers, mainly to foreign countries, where HYGEIA Group’s main suppliers of medical goods are active.

In addition, capitalizing on its comparative advantages, the Group has secured agreements with major Greek and foreign insurance companies, which offer significant liquidity, while at the same time greatly minimizing the Group's exposure to competition risk and cash flow shortages.

Based on the aforementioned events, and given that the Management has not had any indications that the actions it has planned (and which are analyzed herein) will not be concluded successfully, it is estimated that the Group and the Company will not face any financing and liquidity problems within the next 12 months.

### 12.4 Foreign Exchange Risk Analysis

Exchange rate risk is the risk of a fluctuation in the value of financial instruments, assets and liabilities due to changes in exchange rates. The vast majority of the Group transactions and balances is in euros, as is also the case with the Group borrowings, so as to take advantage of the lower interest rates. Therefore, exposure to exchange rate risk is considered to be low. Moreover, with regard to the investment in Albania, the Group is affected by changes in the exchange rates between the euro and the local currency (lek), but only regarding the Equity figures from converting the company’s balance sheet into euros. In any case, however, the Group Management is continuously monitoring any exchange rate risks that may arise and assesses the need to adopt relevant measures.

The Group's exposure to foreign currencies on 31/12/2016 is outlined in the following table:

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| *Amounts in € '000* | **LEK** | **LEK** |
| **Notional amounts** | | |
| Financial assets | 1,682 | 1,614 |
| Financial liabilities | (7,677) | (7,331) |
| **Short-term exposure** | **(5,995)** | **(5,717)** |

The following table depicts the sensitivity of the fiscal year results and equity to +/-10% exchange rate changes.

| | 31/12/2016 | | 31/12/2015 | |
|---|---|---|---|---|
| *Amounts in € '000* | LEK | | LEK | |
| Profit for the financial year (before tax | - | - | - | - |
| Equity | (1,661) | 1,661 | (1,388) | 1,388 |

In the event of weakening of the euro against the aforementioned currencies, an equal-amount opposite effect will be observed in the equity and results.

## 12.5 Capital Management Policies and Procedures

HYGEIA Group's goals with regard to capital management are as follows:

- to ensure going concern for the Group companies,
- to ensure satisfactory returns to its shareholders, by pricing products and services proportionately to the level of risk.

The Group monitors the capital based on the amount of Equity plus subordinated loans, minus cash and cash equivalents, as presented in the Financial Position Statement, as well as in relation to the requirements of Law 2190/1920.

Capital for the 2016 and 2015 fiscal years is outlined below:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in € '000* | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Total equity | 120,703 | 119,740 | 138,939 | 142,531 |
| Less: Cash and cash equivalents | (14,854) | (14,241) | (2,503) | (8,690) |
| **Capital** | **105,849** | **105,499** | **136,436** | **133,841** |
| Total equity | 120,703 | 119,740 | 138,939 | 142,531 |
| Plus: Loans | 157,925 | 159,818 | 92,882 | 94,519 |
| **Total capital** | **278,628** | **279,558** | **231,821** | **237,050** |
| Capital to Total capital | 0.38 | 0.38 | 0.59 | 0.56 |

The Group determines the capital amount in relation to the total capital structure, e.g. equity and financial liabilities. The Group manages the capital structure and makes adjustments when the financial situation and the risk profile of existing assets change. With the aim of maintaining or adjusting the capital structure, the Group may adjust the payable dividends, return capital to its shareholders, issue share capital or sell assets to reduce borrowing.

The Group manages its capital structure and makes adjustments to it based on the economic conditions and risk profile of assets from time to time.

**Risks Related to the Company's Business Operations**

i. **Contracts with Insurance Companies**

HYGEIA SA holds long-term contracts with the following insurance companies: ETHNIKI, ING, ALLIANZ, BUPA, METLIFE, ALICO, INTERAMERICAN, GENERALI, AXA, GROUPAMA, etc. Furthermore, the Company has signed a contract with MedNet Hellas SA, an insurance agent that manages hospitalization insurance plans for some of the largest insurance companies in Greece.

These agreements ensure continuous growth and larger patient volume, while significantly decreasing the Group's exposure to competition and liquidity risks.

ii. **Insurance Coverage of Assets**

HYGEIA SA has taken out insurance policies for its fixed equipment and facilities with insurance company Ethniki Asfalistiki SA with the following expiry dates: Fire and Loss of Profits 15/03/2017, and General and Professional Liability 31/07/2016. It also holds a Group Pension Policy for its personnel with insurance company METLIFE ALICO AEAZ, and vehicle insurance, renewed every six months. Note that on 31/12/2016, the unamortized value of the Company's buildings, machinery and fixtures amounted to €47.9m. Therefore, the insurance coverage amount for the unamortized value based on data from 31/12/2016 stands at approximately 175%, a fact that may negatively affect the Company in the event of total destruction of buildings and machinery. However, the Company's management considers the possibility of total destruction of the HYGEIA SA facilities highly unlikely, while it is constantly proceeding with insuring all its new fixed assets.

**Risks Associated to the Company's Operating Sector**

- **Healthcare Sector Conditions**

HYGEIA Group is active in the area of primary and secondary healthcare in Greece, offering comprehensive services. The private healthcare services sector in Greece demonstrates certain peculiarities, which are due to the leading position that the public healthcare services sector traditionally occupied. The inability of the public sector to meet the constantly rising demand and offer quality healthcare services led to the significant increase of private hospitals. With the growth rate of private sector healthcare services, it is obvious that the private healthcare sector in Greece represents a particularly dynamic prospect, and participating companies cannot but respond. HYGEIA Group’s results and progress are directly affected by the activities of the Group companies against the continuous growth in the healthcare sector and the chance to develop its potential for further growth.

- **Risk from Competition**

In the area of private healthcare, competition among businesses has been quite fierce, mainly due to the inability of the public sector to respond to the constantly rising demand, but also offer quality healthcare services, leading to the significant progress of private hospitals.
In that vein, private hospitals have shifted towards enriching the services they offer and responding promptly to patients, while expanding existing facilities to house new departments. A case in point is the fact that several private hospitals include anything from maternity clinics to diagnostic centers, so as to cover a broader range of services.

Another competition aspect observed in the private healthcare sector is that partnerships between private units and insurance companies have expanded, covering the medical expenses of a larger number of patients. Capitalizing on its comparative advantages, and having as its priority to continuously offer top-level services, in accordance with the international standards it has been certified with, HYGEIA Group currently holds the leading position in the private healthcare sector in Greece. However, in the event that the Company discontinues its growth and investment policy, its competitive position may be significantly affected, thus affecting its financial situation.

- **Healthcare Sector Shrinking Tendency**

Over the last few years, liquidity shortages and difficulties in bank borrowing, combined with the prolonged recession and the reduction in consumer disposable income, have created a climate of uncertainty. EOPYY and the other insurance funds are being faced with difficulties in repaying their financial obligations. As a result, smaller clinics and diagnostic centers are on the verge of suspending operations due to their inability to cover their current liabilities. A defining factor for survival is for EOPYY to penetrate the total revenues of each healthcare provider, combined with better managing the cost reductions of services offered. Naturally, this trend may lead to the shrinking of the secondary healthcare sector mainly, heightening competition among existing providers and curbing even more the already reduced revenues due to the claw-back and rebate mechanisms.

- **Technological Advancement Risk**

The rapid advancement of technology and the need for ongoing restructuring exercise a decisive impact on healthcare services. Private hospitals embark on very costly investment schemes to renew their infrastructure and acquire state-of-the-art medical equipment so as to offer new and better services. HYGEIA Group renews its technical equipment regularly and currently operates: a) the first latest generation Hybrid Operating Room in Greece. Its pioneering design and versatile state-of-the-art equipment make it possible to simultaneously perform the latest endovascular and open surgical procedures on any part of the cardiovascular system, under maximum safety, speed and reliability conditions; b) the only Gamma Knife in Greece (a sophisticated brain tumor radiosurgery system); c) the only DA VINCI S robotic surgery system in Greece; d) the largest Radiotherapy and Oncology Department, with three linear accelerators; e) the first PET/CT in Greece; f) a new 128-slice CT scanner; g) a Digital Angiography system; h) a Navigator neuronavigation system; and i) Esophageal Doppler Monitoring. HYGEIA Group's objective is to continuously invest in the most advanced medical and technological developments, and train its personnel in order to keep abreast with the international developments in the healthcare sector.

## 13. Events after the Financial Position Statement Date

On March 21st, 2017, HYGEIA announced the reconstitution of the BoD, with Mr Athanasios Christopoulos assuming the duties of Independent Non-Executive Member, replacing Mr Alexandros Edipidis, who resigned. Furthermore, the BoD appointed Mr Athanasios Christopoulos as the new member of the Control Committee, which now consists of Messrs. Georgios Efstratiadis, Athanasios Christopoulos and Nikolaos Daskalopoulos.

Apart from these, there are no events subsequent to the Financial Statements that relate to either the Group or the Company and which must be reported pursuant to the IFRS.

Marousi, April 3rd, 2017

| BoD CHAIRMAN | CHIEF EXECUTIVE OFFICER | GROUP CHIEF FINANCIAL OFFICER |
|---|---|---|
| ATHANASIOS PAPANIKOLAOU<br>ID Card No. AI091976 | ANDREAS KARTAPANIS<br>ID Card No. AE140679 | DIMITRIOS MANTZAVINOS<br>ID Card No. N294701 |
| GROUP FINANCIAL CONTROLLER | CHIEF FINANCIAL OFFICER | GROUP DEPUTY CHIEF FINANCIAL OFFICER |
| NIKOLAOS LEKAKIS<br>ID Card No. AE106335 | ELEONORA KELEPOURI<br>ID Card No. Σ028050 | SPYRIDON KOSMAS<br>ID Card No. AZ555377 LICENSE No. 16310-CLASS A |

# E. Data and Information

**DIAGNOSTIC AND THERAPEUTIC CENTER OF ATHENS HYGEIA SA**
**Company Registration No.:13165/06/B/86/14**
**KIFISIAS AVENUE & 4 ERYTHROU STAVROU STREET, MAROUSI 15123, ATHENS**
**Data and information for the period Friday, January 01, 2016 to Saturday, December 31, 2016**
**(Published pursuant to Law 2190, Article 135, for businesses that compile annual financial statements, consolidated and separate in accordance with the IFRS)**
**(Amounts in thousands of €)**

These data and information arising from the financial statements aim to provide a general overview of the financial position and results of the Group and the parent Company DIAGNOSTIC AND THERAPEUTIC CENTER OF ATHENS HYGEIA SA. Consequently, we recommend that before making any investment decision or engaging in any transaction with the issuer, readers should consult the issuer's website, where the financial statements, along with the audit report of the statutory auditor have been posted.

**GENERAL INFORMATION ABOUT THE COMPANY**

| | |
|---|---|
| Competent Prefecture Service: | Greek Ministry of Regional Growth and Competitiveness, Directorate of Companies and Credit |
| Website: | www.hygeia.gr |
| Board of Directors Composition: | **Chairman**: Athanasios Papanikolaou<br>**Vice-Chairman**: Georgios Efstratiadis<br>**Vice-Chairman**: Georgios Politis<br>**BoD Members** : Andreas Kartapanis - CEO<br>Eleftherios-Dimitrios Mantzavinos, Konstantina Psoni<br>**Non-Executive Members**: Fotis Karatzenis, Anastasios Kyprianidis<br>Spyridon Kalakonas, Ioannis Andreou, Georgios Zacharopoulos<br>**Independent Non-Executive Members**: Athanasios Christopoulos, Nikolaos Damaskopoulos |
| Date of approval of Financial Statements by BoD: | 3/4/2017 |
| Statutory Auditor: | Dimitra Pagoni (ICPA (GR) Reg. No. 30821)-Dimitris Douvris (ICPA (GR) Reg. No. 33921) |
| Auditing Company: | Grant Thornton SA (ICPA (GR) Reg. No. 127) |
| Type of audit review report: | Opinion without prejudice-Issue emphasized |

**STATEMENT OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE DATA)**
(amounts in thousands of €)

| | Group 31/12/2016 | Group 31/12/2015 | Company 31/12/2016 | Company 31/12/2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Property, plant and equipment | 173,948 | 183,922 | 72,136 | 79,025 |
| Investment property | 148 | 151 | 148 | 151 |
| Intangible assets | 68,689 | 72,270 | 1,349 | 1,562 |
| Other non-current assets | 96,489 | 96,289 | 150,519 | 162,964 |
| Inventories | 5,674 | 5,752 | 1,308 | 1,446 |
| Accounts receivable | 62,858 | 63,577 | 46,987 | 41,709 |
| Other current assets | 21,472 | 21,575 | 5,864 | 12,950 |
| **TOTAL ASSETS** | **429,278** | **443,536** | **278,311** | **299,807** |
| **EQUITY & LIABILITIES** | | | | |
| Share capital | 125,350 | 125,350 | 125,350 | 125,350 |
| Other equity items | (5,959) | (7,015) | 13,589 | 17,181 |
| **Equity attributable to owners of parent company (a)** | **119,391** | **118,335** | **138,939** | **142,531** |
| Non-controlling interests (b) | 1,312 | 1,405 | | |
| **Total equity (c) = (a) + (b)** | **120,703** | **119,740** | **138,939** | **142,531** |
| Long-term borrowings | 1,473 | 427 | 867 | 0 |
| Provisions / Other long-term liabilities | 61,951 | 64,866 | 18,841 | 19,914 |
| Short-term borrowings | 156,452 | 159,391 | 92,015 | 94,519 |
| Other short-term liabilities | 88,699 | 99,112 | 27,649 | 42,843 |
| **Total liabilities (d)** | **308,575** | **323,796** | **139,372** | **157,276** |
| **TOTAL EQUITY AND LIABILITIES (c) + (d)** | **429,278** | **443,536** | **278,311** | **299,807** |

**STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE DATA)**
(amounts in thousands of €)

| | Group 1/1-31/12/2016 | Group 1/1-31/12/2015 |
|---|---|---|
| Revenue | 227,731 | 220,308 |
| Gross profit / (loss) | 36,136 | 25,857 |
| Earnings / (losses) before tax, financing & investing | 13,502 | 2,451 |
| Earnings/(losses) before tax | (1,384) | (29,907) |
| Earnings/(losses) after tax (A) | 760 | (26,805) |
| - Parent company shareholders | 849 | (26,561) |
| - Non-controlling interests | (89) | (244) |
| Other comprehensive income after tax (B) | 205 | 329 |
| Total comprehensive income after tax (A) +(B) | 965 | (26,476) |
| - Parent company shareholders | 1,056 | (26,237) |
| - Non-controlling interests | (91) | (239) |
| Earnings/(losses) after tax per share - basic (in €) | 0.0028 | (0.0869) |
| Earnings / (losses) before tax, financing & investing and total depreciation | 31,966 | 22,046 |

| | Company 1/1-31/12/2016 | Company 1/1-31/12/2015 |
|---|---|---|
| Revenue | 126,043 | 124,426 |
| Gross profit | 22,763 | 17,205 |
| Earnings before tax, financing & investing | 16,031 | 11,520 |
| Earnings/(losses) before tax | (5,348) | (46,011) |
| Earnings/(losses) after tax (A) | (3,789) | (44,408) |
| - Parent company shareholders | (3,789) | (44,408) |
| Other comprehensive income after tax (B) | 196 | 138 |
| Total comprehensive income after tax (A) +(B) | (3,593) | (44,270) |
| - Parent company shareholders | (3,593) | (44,270) |
| Earnings/(losses) after tax per share - basic (in €) | (0.0124) | (0.1452) |
| Earnings / (losses) before tax, financing & investing and total depreciation | 25,275 | 20,795 |

**STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED AND SEPARATE DATA)**
(amounts in thousands of €)

| | Group 31/12/2016 | Group 31/12/2015 | Company 31/12/2016 | Company 31/12/2015 |
|---|---|---|---|---|
| **Total equity at the beginning of the period (01/01/2016 and 01/01/2015 respectively)** | 119,740 | 146,229 | 142,531 | 186,800 |
| Decrease in non-controlling interests from sale of percentage in subsidiaries | 0 | 0 | 0 | 0 |
| Dividends to non-controlling interests | (2) | (13) | 0 | 0 |
| Total comprehensive income after tax (from continuing and discontinued operations) | 812 | (26,780) | (3,592) | (44,300) |
| Foreign exchange differences from converting business activities abroad | 153 | 251 | 0 | 0 |
| Deferred tax for actuarial profit/(loss) due to change in the tax rate | 0 | 53 | 0 | 31 |
| **Total equity at end of the period (31/12/2016 and 31/12/2015 respectively)** | **120,703** | **119,740** | **138,939** | **142,531** |

**STATEMENT OF CASH FLOW (CONSOLIDATED AND SEPARATE DATA)**
(amounts in thousands of €)

| | Group 1/1-31/12/2016 | Group 1/1-31/12/2015 | Company 1/1-31/12/2016 | Company 1/1-31/12/2015 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Earnings/(losses) before tax (from continuing operations) | (1,384) | (29,907) | (5,348) | (46,011) |
| **Plus/Minus adjustments for:** | | | | |
| Depreciation | 18,464 | 19,595 | 9,244 | 9,275 |
| Impairment provisions for loans and other investments | 500 | 21,208 | 13,400 | 50,500 |
| Provisions | 7,304 | 6,439 | 5,300 | 3,974 |
| Reversal of prior year's provisions | (405) | (295) | 0 | (250) |
| Foreign exchange differences | (288) | (556) | 0 | (6) |
| Results (income, expenses, earnings & losses) from investing activities | 4,590 | 2,313 | 2,370 | 1,476 |
| Amortization of grants - Concession of rights | (35) | (84) | 0 | 0 |
| Non-cash expenses | 276 | 0 | 190 | 0 |
| Interest charges and related expenses | 11,068 | 10,501 | 6,346 | 6,332 |
| Plus/Minus adjustments for changes in working capital accounts or changes relating to operating activities: | | | | |
| Decrease/(increase) in inventories | (22) | 48 | 138 | 211 |
| Decrease/(increase) in receivables | (7,739) | (12,087) | (11,518) | (8,700) |
| (Increase)/Decrease in other currents asset accounts | (102) | 3,037 | 723 | 1,972 |
| (Decrease)/increase in liabilities (excl. loans) | (14,733) | 6,603 | (17,047) | (1,879) |
| Less: | | | | |
| Interest charges and related expenses paid | (9,638) | (9,673) | (5,379) | (5,434) |
| Tax paid | (177) | (84) | 0 | 0 |
| **Total inflow/(outflow) from operating activities (a)** | **7,679** | **17,058** | **(1,581)** | **11,460** |
| **Investing activities:** | | | | |
| Purchase of intangible and tangible assets | (4,969) | (5,402) | (2,235) | (2,508) |
| Proceeds from sale of intangible and tangible assets | 8 | 276 | 65 | 40 |
| Subsidiary share capital increase | 0 | 0 | 0 | (3,410) |
| Dividends received | 0 | 0 | 6 | 29 |
| Sale of financial assets at fair value through results | 0 | 0 | 0 | 0 |
| Investments in Subsidiaries | 0 | 0 | (615) | 0 |
| Interest received | 2 | 5 | 1 | 4 |
| **Total inflow/(outflow) from investing activities (b)** | **(4,959)** | **(5,121)** | **(2,778)** | **(5,845)** |
| **Financing activities** | | | | |
| Inflow/(outflow) from participation percentage changes in existing subsidiaries | 0 | 0 | 0 | 0 |
| Proceeds from loans issued / taken out | 3,259 | 487 | 2,672 | 0 |
| Loan repayment | (5,199) | (6,582) | (4,500) | (2,513) |
| Loans taken out by related parties | 0 | 0 | 0 | 0 |
| Leasing arrangement liabilities paid (installments) | (229) | (233) | 0 | 0 |
| Dividends paid to non-controlling interests | (2) | (13) | 0 | 0 |
| **Total inflow/(outflow) from financing activities (c)** | **(2,171)** | **(6,341)** | **(1,828)** | **(2,513)** |
| **Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)** | **549** | **5,596** | **(6,187)** | **3,102** |
| Cash and cash equivalents at the beginning of fiscal year from continuing operations | 14,241 | 8,612 | 8,690 | 5,588 |
| Foreign exchange differences in cash and cash equivalents from continuing operations | 64 | 33 | 0 | 0 |
| **Cash and cash equivalents at end of the period** | **14,854** | **14,241** | **2,503** | **8,690** |

**ADDITIONAL DATA AND INFORMATION**

1. The companies in the Group, and their respective holdings, as well as the consolidation method used to include them in the consolidated financial statements for the period 01/01/2016-31/12/2016, are explained in detail in Note 9 of the Annual Financial Report.
2. The separate and consolidated Cash Flow Statements have been prepared using the indirect method.
3. All intercompany transactions and balances of the companies included in the consolidation have been crossed out from the aforementioned Group Financial Statements.
4. The Group and the Company have proceeded with calculating the claw-back and rebate amounts starting from the date the decisions took effect. Specifically, the Group has impaired the EOPYY receivables by the amount of €85.4m for the period 01/01/2013-31/12/2016, pursuant to Article 100 (5) of Law 4172/2013 (GG/A/167/23.07.2013) and the relevant subsequent ministerial decisions.
5. The Company's Consolidated Financial Statements are included in the Annual Financial Report prepared by MARFIN INVESTMENT GROUP HOLDINGS SA, which is registered in Greece, using the full consolidation method and a consolidation percentage of 70.38%.
6. The Company has formed an accumulated provision of €2.1m and the Group a similar provision amounting to approximately €11m for disputes which are sub judice or in arbitration, or for decisions / judgments of judicial or administrative bodies which have or may have a serious impact on the Company's and the Group's financial position or operation. These pertain to claims by patients or their heirs, part of which are covered by the insurance payout payable by the insurance companies physicians hold malpractice liability policies with. Substantial added burdens arising from other disputes sub judice or in arbitration for the Group, or from court judgments which will entail the provision already formed being exceeded (Note 11.32.A & 11.18 of the Annual Financial Report) are not expected.
7. The Company has been audited for taxation purposes up to and including the 2010 fiscal year. The unaudited fiscal years for the Group companies are outlined in detail in Note 9 of the Annual Financial Report. The Company has an established accumulated provision amounting to €68.5 thousand for unaudited fiscal years. The respective provision for the Group is approximately €570 thousand. (Note 11.18 of the Annual Financial Report)
8. The Group and the Company have not formed any other provisions, as defined in paragraphs 10, 11 and 14 of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".
9. On 31/12/2016, the Group employed a total of 3,213 people (31/12/2015: 3,173) and the Company a total of 1,278 people (31/12/2015: 1,323).
10. The income/expenses for the period 01/01/2016-31/12/2016, as well as the receivables/liabilities balances as at 31/12/2016 resulting from transactions with related parties, as defined in IAS 24, are outlined in the following table:

| Intercompany transactions /Balances and other related parties | Group | Company |
|---|---|---|
| Income | 1,350 | 3,807 |
| Expenses | 12,217 | 26,734 |
| Receivables | 13,359 | 10,671 |
| Liabilities | 90,779 | 60,310 |
| Transactions & remuneration for management and executives | 3,881 | 1,774 |

11. On 31/12/2016, the mortgages registered on HYGEIA properties as collateral against loans amounted to €114m. In addition, on 31/12/2016, the mortgages registered on HYGEIA Group properties as collateral for loans amounted to approximately €70.5m.
12. Other comprehensive income for the period 01/01/2016-31/12/2016 amounted to €205 thousand and mainly pertained to the exchange-rate differences arising from converting the Financial Statements of subsidiaries to the parent company's operating currency, as well as from reevaluation of accrued pension liability at €73 thousand and deferred tax for reevaluation of accrued pension liability at €(21) thousand. Respectively, for the period 01/01/2015-31/12/2015, it amounted to €329 thousand and mainly pertained to the exchange-rate differences arising from converting the Financial Statements of subsidiaries to the parent company's operating currency, as well as from reevaluation of accrued pension liability and deferred tax for actuarial profit/(loss) due to change in the tax rate. For the Company, other comprehensive income amounted to €196 thousand and pertained to reevaluation of employee benefit liabilities. Respectively, for the period 01/01/2016-31/12/2016, it amounted to €138 thousand and pertained to reevaluation of accrued pension liability and deferred tax for actuarial profit/(loss) due to change in the tax rate.
13. There were no dividends distributed for the 2016 fiscal year due to accumulated losses.
14. At the end of the current fiscal year, there were no parent company treasury shares that were owned either by the parent company itself or by its subsidiaries or affiliated companies.
15. Earnings/(losses) per share were calculated based on the allocation of earnings/(losses) after taxes and minority interests over the total weighted number of parent company shares.
16. The issue emphasized in the Independent Auditor Report refers to the fact that the Group and the Company are holding talks with the lending banks with the aim of restructuring their existing debt obligations, amounting to €132.7m and €90.9m respectively. In addition, it is also mentioned that total short-term liabilities for the Group and the Company exceed total current assets by €155.1m and €65.5m respectively. The Group Management is willing to proceed with actions to improve its financial position and ensure the smooth continuation of its activities (Note 12.3 "Liquidity Risk Analysis" of the Annual Financial Report).
17. There are no events subsequent to the Financial Statements that relate to either the Group or the Company which must be reported pursuant to the IFRS, apart from those mentioned in Note 13 of the Annual Financial Report.
18. The main accounting policies used for preparing the 2015 fiscal year Annual Financial Report have been followed.
19. The Group and Company Financial Statements for the period ended on 31/12/2016 were approved by the Company's Board of Directors on 03/04/2017.

Marousi, April 3rd, 2017

| BoD CHAIRMAN | CEO | GROUP CHIEF FINANCIAL OFFICER | GROUP FINANCIAL CONTROLLER | GROUP DEPUTY CHIEF FINANCIAL OFFICER | CHIEF FINANCIAL OFFICER |
|---|---|---|---|---|---|
| ATHANASIOS PAPANIKOLAOU<br>ID Card No. AK737076 | ANDREAS KARTAPANIS<br>ID Card No. AE140679 | DIMITRIS MANTZAVINOS<br>ID Card No. N294701 | NIKOLAOS LEKAKIS<br>ID Card No. AE106335 | SPYRIDON KOSMAS<br>ID Card No. AZ555377<br>LICENSE No. 16310-CLASS A | ELEONORA KELEPOURI<br>ID Card No. Σ028050 |

## F. Online Posting of the Annual Financial Report

The annual financial statements, the audit reports prepared by chartered accountants and the BoD reports for the fiscal year ended December 31st, 2016, for the companies incorporated in the consolidated financial statements, are posted on the Company's website (www.hygeia.gr) and on the website of the General Electronic Commercial Registry (GEMI).