

HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS

SECOND QUARTERLY REPORT
ON ACTIONS AND COMPANY
FINANCIAL STATEMENTS

(01.04.2018 - 30.06.2018)

September 2018

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A. Hellenic Corporation of Assets & Participations

A.1. Purpose and Legal Framework of the Corporation

The "Hellenic Corporation of Assets and Participations S.A." ("HCAP" or the "Corporation") is a holding company governed by the provisions of Law 4389/2016 as amended and in force (hereunder the "Law" or the "founding law") and the provisions of codified Law 2190/1920.

The Corporation is not part of the public or the wider public sector, as currently defined. Provisions concerning public undertakings, within the meaning of Law 3429/2005 shall not apply to the Corporation, unless this is expressly provided in Law 4389/2016.

The Corporation operates in the public interest, in accordance with the rules of the private economy. It is set up to serve a specific public purpose. Its long-term vision is to enhance the value and improve the performance of its portfolio of assets under management, by assessing and promoting the best available strategies and by targeting operational efficiencies. The Corporation shall also promote reforms of public undertakings through restructuring, good corporate governance and transparency and by fostering accountable administration, social responsibility, innovation and best practices.

In order to fulfil its purpose, the Corporation shall act in an independent and professional manner with a long-term vision in achieving its results, in accordance with its Rules of Procedure. It shall also act to guarantee full transparency, with a view to enhance the value of its portfolio and to generate and contribute resources:

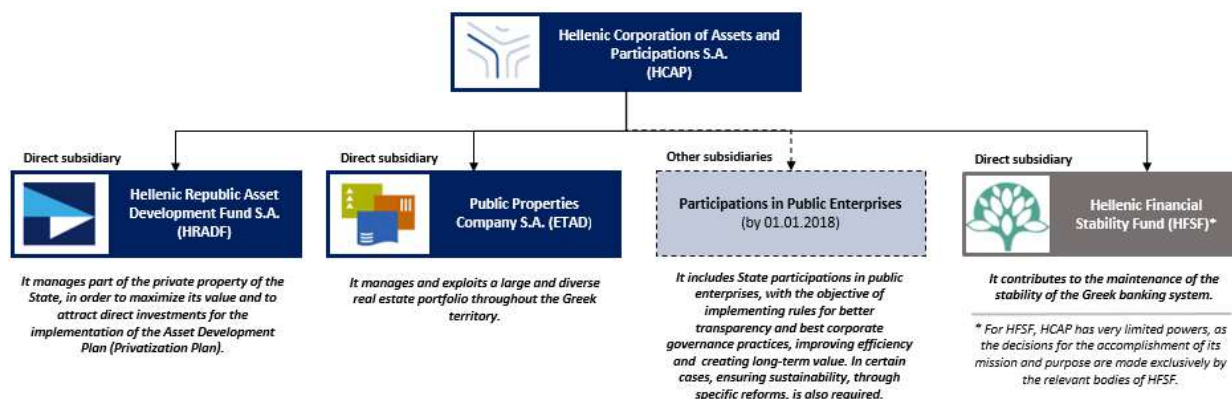
- (a) for the implementation of Greece's investment policy and to make investments that contribute to strengthening the development of the Greek economy and
- (b) for the reduction of the financial obligations of the Hellenic Republic.

The Corporation may take any action necessary to achieve its purpose within the framework laid down by the Law.

The duration of HCAP is ninety-nine years beginning from its registration in the General Commercial Registry (GEMI) of the Secretariat-General of Commerce.

According to decision of the Board of Directors of the Corporation dated 03.03.2017, the registered seat of the Corporation is at 7 Voulis Street in Athens.

The following chart reflects HCAP's portfolio, which consists of three companies as "Direct Subsidiaries" (Hellenic Financial Stability Fund "HFSF", Hellenic Republic Asset Development Fund S.A. "HRADF" and Public Properties Company S.A. "ETAD"), as well as "Other Subsidiaries, which are the enterprises, in which the Greek State has shareholding participations and were transferred to the Corporation, pursuant to Law 4389/2016, as amended by Law 4512/2018.



Each of the Corporation’s subsidiaries shall manage its own assets, independently from the others. By a decision of the General Assembly of the sole shareholder, following a proposal by the Board of Directors which was countersigned by the Supervisory Board, the Corporation may also set up other subsidiaries in order to fulfil its corporate purpose.

A more detailed description of the direct and the other subsidiaries of the Corporation is set out below.

A.2. Subsidiaries of the Corporation pursuant to article 188 of Law 4389/2016

Direct Subsidiaries of HCAP

Upon the establishment of the Corporation as legal person, on 25.10.2016, the following legal entities, the share capital or securities of which are transferred to the Corporation or which are set up in accordance with the Law, shall be considered as direct subsidiaries for the purposes of the Law (the “Direct subsidiaries”):

- The **Hellenic Republic Asset Development Fund (“HRADF”)**, which exploits the assets of the State that have been assigned to it and manages the implementation of the privatization program in the country, and in specific, the implementation of the Asset Development Plan (“ADP”). The HRADF aims to maximize the development and exploitation of the assets of the ADP in infrastructure, corporations, real estate and other fields of the economy and to attract direct investments, while also promoting long term benefits for the Greek economy. The most recent Asset Development Plan which has been approved by the HRADF BoD and also by the Governmental Economic Policy Council (dated 05.06.2018) is available online on HRADF’s website.

Pursuant to Law 4389/2016, the full ownership, possession and holding of all shares in the HRADF are transferred by the Greek State to the Corporation with no consideration.

After taking into consideration that the purpose of HRADF has not yet been fulfilled, the Board of Directors of HCAP, in its capacity as the sole shareholder of HRADF, decided on 11.05.2017 to adopt a General Meeting resolution (under the procedure of the self-convened extraordinary General Meeting of the sole shareholder of HRADF) extending the duration until July 1st 2020, as well as the consequent amendment of article 3 of HRADF’s Statute. The General Meeting decided upon the items above on 16.05.2017.

- The **Public Properties Company (“ETAD”)**, is responsible for the management and exploitation, for the public interest, of a large real estate portfolio which the Greek State has transferred to ETAD. The transfer of ETAD to the Corporation, with the simultaneous transfer to ETAD of an important number of properties of the State, which were managed by ETAD in the past, redefines and enhances the role of ETAD. The portfolio of ETAD currently includes more than 71,500 property titles throughout the Greek territory and includes properties that have come under the ownership of ETAD mainly from the Ministry

of Finance, from the Greek National Tourism Organization, the Olympic Assets and a list of properties from the HRADF.

Pursuant to Law 4389/2016, the full ownership, possession and holding ETAD's shares are being transferred by the Greek State to the Corporation with no consideration.

In order to achieve its strategy, ETAD has to act towards maintaining a clean portfolio that can be exploited for the benefit of the Greek state and economy. In parallel, ETAD must develop appropriate exploitation strategies, including individual focused strategies per asset class. For this purpose, ETAD shall evaluate all available structures, methods and tools as deemed appropriate, in order to professionally manage, maintain and increase the value of its portfolio, as well as to make decisions towards the most profitable exploitation methods. Also, ETAD shall have to take into consideration successful business practices in similar exploitations at international level, the special characteristics of each asset and/or asset class to be exploited, the investment appetite and the special characteristics of potential investors, along with other material factors which all together will lead to the optimal exploitation of its assets.

- The **Hellenic Financial Stability Fund ("HFSF")**, for which HCAP has very limited powers, as the decisions for the accomplishment of its mission and purpose are made exclusively by the relevant bodies of HFSF. Pursuant to Law 4389/2016, the full possession and holding of the entire capital of the HFSF (as represented by securities in accordance with Article 3 of Law 3864/2010) are transferred by the Greek State to the Corporation for no consideration. Notwithstanding this transfer, unless expressly stated otherwise in Law 4389/2016, the provisions of Law 3864/2010 (indicating but not limited to the provisions of the corporate governance of the HFSF) shall continue to apply.

Other Subsidiaries of HCAP

Pursuant to article 188 par. 1(d) of Law 4389/2016, as it was amended by Law 4512/2018, public undertakings and legal entities regulated under Law 3429/2005, whose share capital or control is transferred to HCAP, according to article 197, shall be considered for the purpose of the abovementioned Law as other subsidiaries (the "Other Subsidiaries").

Furthermore, within its scope, HCAP shall professionally manage the abovementioned public undertakings, increase their value and make good use of them according to international best practices and the OECD guidelines on corporate governance, corporate compliance and supervision and transparency of procedures as well as, and in accordance with best practices regarding social and environmental issues, to socially and environmentally responsible entrepreneurship and consultation with the parties concerned by the public undertakings' various stakeholders.

The public undertakings that are controlled by the Corporation shall (a) be subject to appropriate monitoring in accordance with the rules of Greek and European legislation; (b) implement and support the Government's applicable sectorial policies; (c) when assigned, undertake the provision of Services of General Economic Interest, for example by fulfilling public service obligations, in accordance with EU law and the Union's common values contained therein. The relevant procedures are provided in the Coordination Mechanism which is included in the Rules of Procedure of HCAP.

A significant factor to the fulfilment of HCAP's purpose, was the preparation of the Strategic Plan approved by the General Assembly of HCAP on 19.01.2018, pursuant to art. 190 of Law 4389/2016, as it is furtherly specified below, which takes into consideration the external environment, the special conditions of each field and the market overall, along with the capacities, perspectives and dangers. Simultaneously, it aims to assess and exploit the comparative advantages of each company, for the promotion of changes and transformations towards modern practices and available tools in order to upgrade the operation and reinforce the efficiency of public undertakings in each sector. In addition, ultimate targets are also the improvement of operation and services provided to the citizens, the improvement of their financial performance, and the creation of a long-term value.

The development of the human capital and the investments in innovations at the level of the subsidiaries, are estimated as crucial factors for the achievement of the Corporation’s purpose as well.

The following chart reflects HCAP’s “Other Subsidiaries”, which are the enterprises, in which the Greek State has shareholding participations and were transferred to the Corporation on 01.01.2018. State participation in enterprises that were transferred to the Corporation include either majority shareholdings, and in other cases minority shareholdings and in some cases concern 100% of the share capital (sole shareholder).

Moreover, among the “Other Subsidiaries” are three (3) companies listed at the Athens Stock Exchange. HCAP, according to the decision made by the Board of Directors on 28.02.2018 created an Investor Share and Securities account of the Corporation to the Dematerialised Securities System of HELEX for the transfer of such listed companies’ shares, with effect from 01.01.2018. HCAP also has 0.9 % of the share capital of Folli-Follie S.A..

Other Subsidiaries (30.06.2018)

Listed Companies	Non Listed Companies		
	Minority Shareholder	Sole Shareholder or Majority Shareholder	
 Public Power Corporation S.A. (34.123 %)	 ETVA - Industrial Areas S.A. (35 %)	 Athens Urban Transportation Organisation S.A. (100 %) and its 100 % subsidiaries:  Road Transport S.A.  Urban Rail Transport S.A.	 Central Markets and Fisheries Organisation S.A. (100 %)
 Athens Water Supply and Sewerage Company S.A. (50 %+1 share)	 Athens International Airport S.A. (25 %)	 Thessaloniki Central Market S.A. (100 %)	 Thessaloniki International Fair - HELEXPO S.A. (100 %)
 Thessaloniki Water Supply and Sewerage Company S.A. (50 %+1 share)		 Corinth Canal Co. S.A. (100 %)	 Hellenic Saltworks S.A. (55.19 %)
 Folli - Follie S.A. (0.9 %)		 Hellenic Post S.A. (90 %)	

*Pursuant to the Asset Development Plan (ADP) of HRADF, HRADF holds 30% of the share capital of Athens International Airport S.A., 17% of the share capital of PPC, 24.02% of the share capital of Thessaloniki Water Supply and Sewerage Company S.A. and 11.33 % of the share capital of Athens Water Supply and Sewerage Company S.A.

It shall be noted, concerning the shares of Athens Water Supply and Sewerage Company S.A. “EYDAP” and the shares of Thessaloniki Water Supply and Sewerage Company S.A. “EYATH”, that the Interministerial Committee for Restructuring and Privatizations, pursuant to the decision no 262/21.02.2018, decided to recall the transfer of 17,004,761 shares of EYDAP to HRADF, as well as, pursuant the decision no 263/21.2.2018 decided to recall the transfer of 14,520,000 shares of EYATH to HRADF. The above referred decisions to such number of shares, in order for that the Greek State to recover the 50% plus 1 share of the share capital of the above companies, with effective date from 01.01.2018. Therefore, pursuant to article 197 of Law. 4389/2016, as amended by Law 4512/2018, HCAP became the direct shareholder of 50% plus 1 share of the share capital of EYDAP and respectively of EYATH, owning 53,250,001 shares out of the total 106,500,000 shares of the share capital of EYDAP and 18,150,001 shares out of the total 36,300,000 shares of the share capital of EYATH.

Moreover, the Olympic Athletic Centre of Athens (OAKA) will be transferred to the HCAP portfolio following its transformation into a capital company.

In addition, pursuant to article 113 of Law 4549/2018, the Greek State’s shareholding participation in GAIAOSE S.A. was transferred to the Corporation on 01.07.2018.

Other Participations and Rights

Pursuant to article 198 of Law 4389/2016, the concession contracts of the other subsidiaries shall be automatically (ipso jure) transferred to the Corporation. The possibility of concluding or renewing concession contracts relating to public undertakings whose shares are transferred to the Corporation may be transferred to the Corporation by decision of the Minister of Finance. The Greek State, by virtue of act of the Ministerial Council, following a reasonable request of the Corporation, may sign, concession contracts of property rights, intangible rights, rights of operation, maintenance and exploitation of infrastructure, only in relation to the rights and obligations undertaken by the Greek State. By virtue of the aforementioned act the competent bodies for the countersigning of the abovementioned contracts regarding the particular terms, after the completion of the pre-contractual audit by the Court of Auditors described in article 201 of Law 4389/2016, shall be appointed and authorised.

Also, are automatically transferred by HRADF to the Corporation, and without consideration in return any property rights, management and exploitation rights, established financial interests, intangible rights, rights of operation, maintenance and exploitation of infrastructures, which had been transferred previously to HRADF, by virtue of the Decision N. 195/2011 of the Interministerial Committee of Restructurings and Privatisations, in respect of the right to grant to third parties, by virtue of concession agreements, the rights of administration, management, operation, upgrade, enlargement, maintenance and exploitation of all the state-owned airports, of which the organisation, operation and management has been assigned to the Civil Aviation Authority (CAA), including any rights of administration, management and exploitation over movable and immovable assets, that are connected to the abovementioned airports, as well as of any spaces of commercial or any other use located within or close to the premises of the abovementioned state-owned airports and under the conditions to be defined in the relevant concession agreement, with the exception of the state-owned regional airports of Crete, mainland Greece and airports of Ionian and Aegean Sea, which have already been granted by virtue of concession agreements ratified by articles 215 and 216 of Law 4389/2016.

Pursuant to article 350 of Law 4512/2018, the Greek State has assigned to HCAP the right to receive the dividend corresponding to the State's shareholding in the share capital of Hellenic Telecommunications Organization S.A. ("OTE") which is currently 1% of the share capital. The Greek State reserves the right to vote in the General Assembly of OTE for its shares.

A.3. Main Corporate Bodies of the Corporation

The corporate bodies of the Corporation are the General Assembly of the sole shareholder, the Supervisory Board, the Board of Directors and the Auditors.

The supreme body of the Corporation is the **General Assembly** of the sole shareholder, which is the Greek State, as legally represented by the Minister of Finance. The General Assembly of the sole shareholder shall be the only body responsible for deciding on matters which, in accordance with the applicable legislation, fall within the exclusive competence of the General Assembly of the shareholder, with the exception of the election and revocation of the appointment of members of the Board of Directors of the Corporation, the rules regarding the remuneration of the members of the Board of Directors and the amendment of the Statutes. These are issues which shall be decided in accordance with the provisions of the founding law 4389/2016. The **Supervisory Board** is responsible for supervising the Board of Directors of the Corporation in order to ensure that it is operating in accordance with the provisions of the Law 4389/2016, the Statutes and the Rules of Procedure, in the interest of the Corporation and in the public interest. It consists of five (5) members with a five-year term of office which are appointed by the General Assembly of the sole shareholder, in accordance with the following:

- three (3) members selected by the sole shareholder, with the agreement of the European Commission and the European Stability Mechanism which act jointly;

- two (2) members, one of which is the Chairman of the Supervisory Board, selected by the European Commission and the European Stability Mechanism, acting jointly, with the agreement of the Minister of Finance.

The first Supervisory Board was appointed by order No M.A.D.K.A. 0015977 ΕΞ 2016/ 7.10.2016 of the Minister of Finance, published in the Government Gazette (FEK YODD 536/10.10.2016) as provided in article 210 par. 1 of Law 4389/2016. The first Supervisory Board consists of the following five members with a five (5) year term of office:

1. Mr. Georgios Stampoulis
2. Mr. Georgios-Spyros Tavlak
3. Mrs. Olga Charitou
4. Mr. Jacques, Henri, Pierre, Catherine Le Pape - *was appointed Chairman of the Supervisory Board*
5. Mr. David Vegara Figueras

The **Board of Directors** of HCAP is the third main body of the Corporation and has the powers and competencies that are provided in article 192 of Law 4389/2016. In particular, the Board of Directors is responsible for the management of the Corporation and the achievement of the objects laid down in its Statutes. The Board of Directors shall decide on all issues relating to the management of the Corporation, apart from those issues which under the provisions of the Law fall within the competence of the Supervisory Board or of the General Assembly. With regards to the operation of the Board of Directors, Law 4389/2016 provides that the Board of Directors is entitled to act when a quorum of at least three (3) members is present. Every member of the Board of Directors shall have one vote. The Board of Directors shall take decisions by a majority of the members present. In the event of a tie the Chair's vote shall prevail.

The members of the Board of Directors are elected by the Supervisory Board in accordance with the provisions of the Law. In addition, one representative designated by agreement between the European Commission and the European Stability Mechanism shall attend the meetings of the Board of Directors of the Corporation as an observer without the right to vote.

Furthermore, Law 4389/2016, as amended by Law 4512/2018, provides, inter alia, the increase of the maximum number of members of the Board of Directors of HCAP from seven (7) to nine (9) members.

The Supervisory Board was supported in the selection process by an internationally renowned consulting firm and examined the candidates' profiles based of the required criteria (professional experience in the fields of competence of the Company, ability to understand the dynamics and prospects of public enterprises, etc.), as defined by the relevant Invitation for Expression of Interest, published on the Corporation's website.

The Board of Directors today consists of the following members:

Name	Position
George Diamantopoulos	Chairman of the Board of Directors, Non- executive Member
Ourania Aikaterinari	CEO, Executive Member
Stefanos Giourelis	Executive Director, Executive Member
Hiro Athanassiou	Non-executive Member
Alice Gregoriadi	Non-executive Member
Themostoklis Kouvarakis	Non-executive Member
Marina Niforos	Non-executive Member

Six (6) of the above Members were elected with the initial unanimous decision of the Supervisory Board on 09.02.2017 and two (2) were elected with the unanimous decision of the Supervisory Board on 31.03.2018.

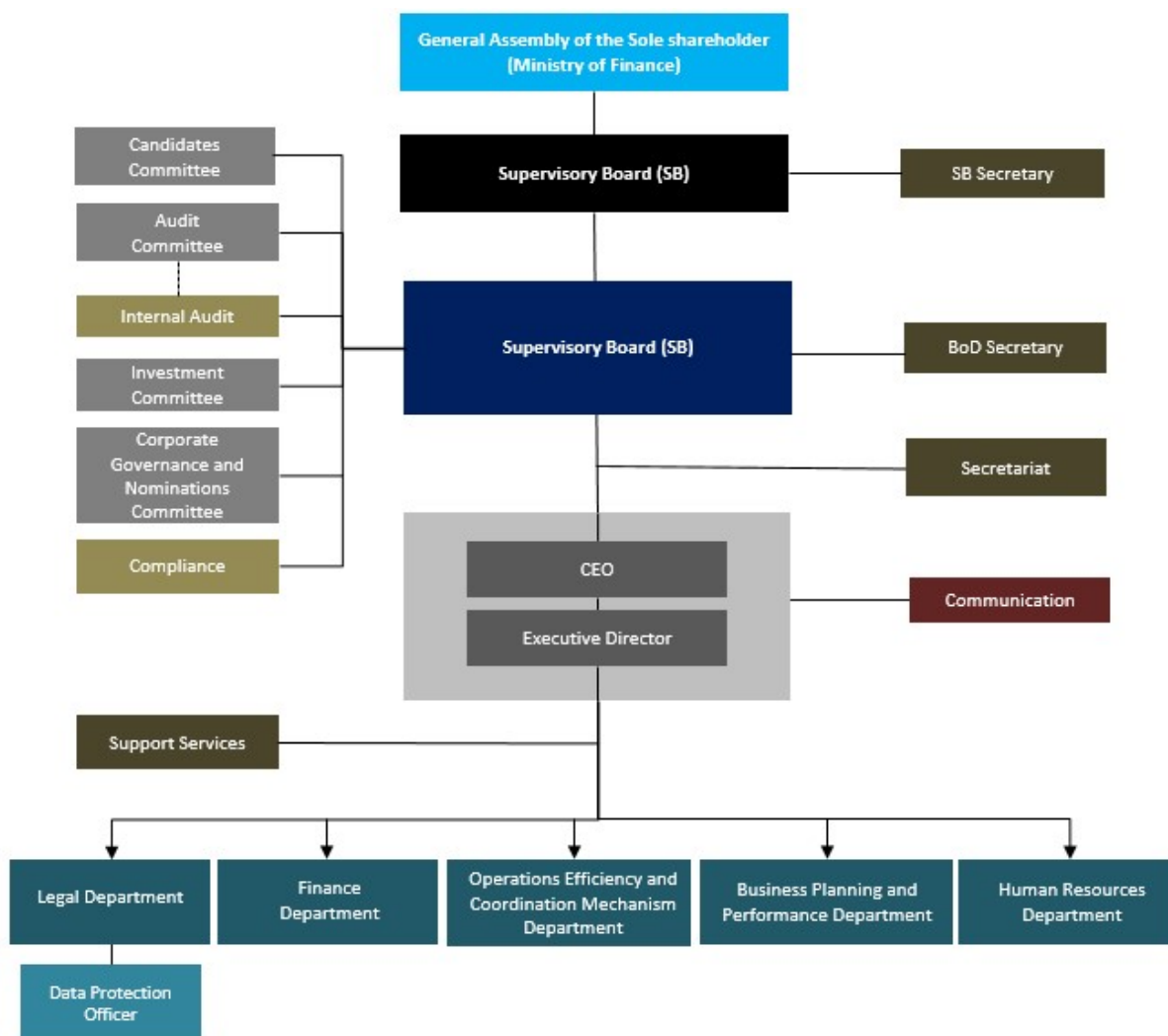
On 11.06.2018, the non-executive member of the Board of Directors, Mr. Fragkiskos Gratsonis, who was elected with the decision of the Supervisory Board on 31.03.2018, submitted his resignation, with effect from the submission of it.

For the support of the Board of Directors operations and pursuant to the provision of art. 192 par. 2 (s) 4389/2016 and to the BoD decision dated 03.03.2017, three Committees were established, namely the Internal Audit Committee, the Investment Committee and the Corporate Governance Committee, which on 24.07.2017 was renamed to Corporate Governance and Nominations Committee.

Furthermore, pursuant to the provision of article 197 par. 4 of Law 4389/2016, as amended by Law 4512/2018, the Board of Directors of the Corporation established the Candidates Committee (in relation to the Boards of the Other Subsidiaries).

A.4. Organisation structure

The organisation chart of HCAP is as follows:



A.5. Corporation's Share Capital

The Corporation's share capital amounts to EUR 40,000,000 and is divided into 40,000 common registered shares with a nominal value of EUR 1,000 each.

The Corporation's shares are non-transferable.

The Corporation's share capital is covered entirely by the Greek Government and shall be paid in cash. The share capital shall be lodged by a Decision of the Minister of Finance, in a special account held at the Bank of Greece in the name of the Corporation.

The Board of Directors of HCAP, with its decision dated 03.03.2017 certified the partial payment of the share capital, and more specifically payment of the amount of EUR 10,000,000, which corresponds to coverage of ¼ of the nominal value of the Corporation's shares, according to the provisions of article 12 of the C.L. 2190/1920.

A.6. Internal Audit & Regulatory Compliance

The Internal Audit Division (IAD) supports HCAP's governing bodies in the performance of their duties and the achievement of the objectives set, by ensuring proper implementation of the procedures and operations of all organizational units, as well as by reviewing the implementation of effective systems and procedures of internal control, risk management, information systems and corporate governance.

The Internal Audit Division is independent and reports to the Board of Directors, through the Audit Committee, of which it is supervised. IAD provides assurance for the proper and efficient implementation of the directives and guidelines provided by the Management through planned and extraordinary audits on procedures, financial data and information systems and by submitting relevant reports to the Management and the Board of Directors. IAD executives have unrestricted access to all corporate files, services, accounting books, assets and personnel of the Corporation.

Furthermore, pursuant to Article 192 of Law 4389/2016, as amended by Law 4512/2018, the Board of Directors shall also appoint an Internal Audit Manager and a Compliance Officer.

A.7. External Auditor

Pursuant to Article 193 of Law 4389/2016, the General Assembly of the sole shareholder shall appoint a firm of auditors of international reputation from a list of candidate firms submitted by the Supervisory Board. The auditors shall have the functions provided in the legislation applicable to *Soci t  Anonyme* companies. In addition, the Audit Committee, supported by the Internal Audit, is the main contributor in the selection process. Among other things, the Audit Committee, following the approval of the Board of Directors, supports the Supervisory Board in the preparation of a list of candidate external auditors, which is submitted to the General Assembly by the Supervisory Board for the final selection.

The financial year is a twelve-month period starting on January 1st and ending on December 31st of the same year.

According to the Decision of the sole shareholder, dated 09.09.2017, Grant Thornton was elected as external auditors for the statutory audit of the Corporation's financial statements and consolidated financial statements for the fiscal year 01.01.2017-31.12.2017.

A.8. Cash resources - Single Treasury Account

The cash resources of the Corporation are held in a cash management account at the Bank of Greece until the start of operation of the Single Treasury Account through which they will be managed.

A.9. Rules of Procedure

The General Assembly of the sole shareholder adopts the Internal Rules of Procedure ("Rules of Procedure") which regulate the operation of the Corporation and its direct subsidiaries, apart from the HFSF, based on best international practices and OECD guidelines.

Pursuant to article 189, paragraph 2 of Law 4389/2016, until the Rules of Procedure are adopted, the General Assembly of the sole shareholder, on a proposal of the Supervisory Board, may take specific decisions regulating one or more of the above matters. The Rules of Procedure of the Corporation shall be amended by decision of the General Assembly of the sole shareholder, on a proposal of the Board of Directors, which shall be approved by the Supervisory Board.

In 2016, pursuant to the resolutions of the Extraordinary General Assembly Meetings of the Sole Shareholder dated 18.11.2016 and 02.12.2016, it was decided the approval of the Procurement Regulation, as well as the determination of the remuneration of the members of the Supervisory Board for the period between their appointment until the drafting of the Rules of Procedure of the Corporation, pursuant to the provisions of art. 189 and 194 par. 7 of law 4389/2016, and the determination of the transportation and travel expenses, until the adoption of the HCAP Rules of Procedure, pursuant to the provisions of article 189 of Law 4389/2016.

In 2017, according to the resolution of the Extraordinary General Assembly of the Sole Shareholder dated 19.05.2017, the following chapters of the Rules of Procedure were adopted, pursuant to the provisions of article 190 par. 2(f) of Law 4389/2016, and in particular:

- A. Strategic Plan of HCAP, pursuant to the provisions of article 190 par. 2(a) of Law 4389/2016
- B. Performance Auditing Framework
- C. Conflict of Interest Policy and Confidentiality Obligations
- D. Internal Rules of the Supervisory Board pursuant to the provisions of article 191 of Law 4389/2016
- E. Remuneration & Compensation Policy for the BoD of HCAP pursuant to the provisions of article 194 par. 7 of Law 4389/2016
- F. Coordination Mechanism
- G. Corporate Governance Code
- H. Performance Monitoring and Reporting Framework

According to the resolution of the Extraordinary General Assembly of the Sole Shareholder dated 12.06.2017, the Rules of Procedure were amended, pursuant to the provisions of article 190 par. 2(g) of Law 4389/2016, regarding the abovementioned Chapters and the "Travel & Expenses Policy", which had been approved by the relevant resolutions of the self-convened General Assembly of the Corporation dated 02.12.2016 and 19.05.2017.

Also, according to the resolution of the Extraordinary General Assembly of the Sole Shareholder dated 09.09.2017 the Chapter of the HCAP Rules of Procedure "Remuneration Policy for the members of the BoD" was amended with the addendum of the subchapter "Remuneration Policy for the members of the BoD of the Direct Subsidiaries (apart from the HFSF)".

Moreover, according to the resolution of the Extraordinary General Assembly of the Sole Shareholder dated 15.12.2017, it was resolved:

- (a) The Addendum of a new chapter in the Rules of Procedure of the Corporation with subject "Financial Reporting Standards and Framework for Financial Reporting Preparation", pursuant to the provisions of Article 189 par. 1(c) of Law 4389/2016.

- (b) The Addendum of a new chapter in the Rules of Procedure of the Corporation with subject “Board Evaluation and Removal Criteria concerning the Board of Directors of Hellenic Corporation’s for Assets and Property S.A.”.

Subsequent to year 2017, pursuant to the resolution of the Extraordinary General Assembly of the Sole Shareholder dated 17.01.2018, it was resolved:

- (a) The Amendment of the Remuneration Policy of the Members of the Supervisory Board, as they have been determined by the resolution of the self-convened extraordinary General Assembly dated 28.08.2017.
- (b) The Addendum of a new chapter in the Rules of Procedure of the Corporation with subject «Dividend Policy of Hellenic Corporation of Assets and Participations S.A.».

Also, in accordance with the Decision of the Extraordinary General Assembly of the sole Shareholder dated 19.06.2018, a new chapter was included in the Corporation’s Rules of Procedure with subject “Investment Policy”, pursuant to the provisions of Article 189 par.1 (f) of Law 4389/2016.

Consequently, the Rules of Procedure include the following chapters:

- A. Procurement Regulation
- B. The Framework for the preparation of the Strategic Plan of HCAP, pursuant to the provisions of article 190 par. 2(a) of Law 4389/2016
- C. Performance Auditing Framework
- D. Conflict of Interest Policy and Confidentiality Obligations
- E. Internal Rules of the Supervisory Board pursuant to the provisions of article 191 of Law 4389/2016
- F. Remuneration & Compensation Policy for the BoD of HCAP, incorporated the addendum of the subchapter “Remuneration Policy for the members of the BoD of the Direct Subsidiaries (apart from the HFSF)” pursuant to the provisions of article 194 par. 7 of Law 4389/2016
- G. Coordination Mechanism
- H. Corporate Governance Code
- I. Performance Monitoring and Reporting Framework
- J. Travel & Expenses Policy
- K. Financial Reporting Standards and Framework for Financial Reporting, pursuant to the provisions of article 189 par. 1(c) L.4389/2016
- L. Board Evaluation and Removal Criteria concerning the Board of Directors of the Hellenic Corporation of Assets and Participations
- M. Dividend Policy
- N. Investment Policy

A.10. Activities 01.04.2018-30.06.2018 and subsequent activities

Below are referred the most important actions and activities of the Corporation for the period **01.04.2018-30.06.2018**. More particularly:

- **16 April 2018 - Reconstitution of the Board of Directors as a body.** The Board of Directors of the Corporation reconstituted as a body on 16.04.2018, following the resignation of Mr. Mathios and the election of Messrs. Athanassiou and Gratsonis as new members the Board of Directors by the Supervisory Board.
- **16 April 2018 - Election of the Committees of the Board of Directors.** On 16.04.2018, the Board of Directors of the Corporation, decided the reelection of the Board of Directors' Committees.
- **16 April 2018 - Approval of the Medium-Term Budget of HCAP for 2018-2022.** On 16.04.2018, the Board of Directors of the Corporation approved the medium-term budget of HCAP for 2018-2022 and decided the submission of relevant report to the Ministry of Finance and the State General Accounting Office.
- **15 June 2018 - Approval of the Corporate Governance Report for the 1st Quarter of 2018.** The Board of Directors of HCAP approved the relevant quarterly report regarding the implementation of the rules of Corporate Governance legislation and the Rules of Procedures of the Corporation, in order to be submitted to the Supervisory Board pursuant to article 192 par. 2 (j) Law 4389/2016. Following that, the report was submitted to the Supervisory Board.
- **21 June 2018 - Approval of the 1st Quarterly Report of 2018** over the activities and financial statements of the Corporation in order to be submitted to the Supervisory Board, and publication on the Corporation's website pursuant to art. 195 par. 2 of Law 4389/2016. The Report was submitted to the Supervisory Board and published on the website of the Corporation.
- **April - July 2018 - HCAP's Strategic Plan and Business Plans of the subsidiaries.** Following the transfer of the other subsidiaries to HCAP on 01.01.2018 and the approval of the Strategic Plan by the General Assembly of the Sole Shareholder, the Management of HCAP arranged meetings with the Managements of the subsidiaries, firstly in order to lay the foundations for a constructive and regular communication, and secondly in order to present the Strategic Plan and the main priorities and challenges that shall be addressed by the managements of the subsidiaries. Subsequently, HCAP requested the submission of the business plans from the subsidiaries in which HCAP is the majority or sole shareholder by the end of April 2018, a target which was met. The ultimate goal is to monitor, through regular reporting, improved results, based on qualitative and quantitative criteria and performance indicators. Alongside business planning, the gradual implementation of the Coordination Mechanism's provisions will also begin in 2018.
- **June - July 2018 - Dividends Receivable from Other Subsidiaries.** During the period June-July 2018 HCAP started the dividend collection from its subsidiaries. Until 31.07.2018 this amount amounts to a total of €16.3 million.
- **19 June 2018 - Adoption of the Investment Policy by the General Meeting of HCAP.** Pursuant to the decision dated 19.06.2018 of the Extraordinary General Meeting of the Sole Shareholder, it was decided the addendum of a new chapter at the Rules of Procedure of the Corporation with subject «Investment Policy», pursuant the provisions of article 189 par. 1 of Law 4389/2016.

The Investment Policy aims at facilitating the steps and actions of the procedures for investment decisions and at creating a comprehensive framework in order to ensure that the selected investments meet the set objectives, vision and mission of HCAP.

The Investment Policy does not determine or envisage HCAP's actual investment decisions but rather sets the rules and principles that these decisions should comply with. In particular, the investments must be conducted in accordance with the rules and procedures in the investment framework comprising Law 4389/2016 and HCAP's Rules of Procedure, with the objectives of HCAP's Strategic Plan incorporating the Guidelines of its sole shareholder. At the same time, these investments should promote the development of the Greek economy and support sectors of the economy in line with government policies and set priority areas.

Furthermore, it governs the allocation of investable amounts in different investment categories, and in particular between three main categories a) for the financing of investments in the national economy financed by the National Investment Program, b) for the repayment of the country's financial obligations, and c) for the realization of investments by HCAP. For the latter category, HCAP 's investments are classified in the following principal portfolios: c1) Investments in the share capital of public enterprises whose shares are already in the portfolio of HCAP (these may also include investments in assets that are in financial difficulty), c2) equity investments in ETAD's and / or real estate companies, c3) growth investments in other non-HCAP portfolio assets that may offer high returns and generate positive financial results and c4) maintaining an adequate reserve to provide liquidity for future investments or to cover future losses (including dealing with extraordinary capital needs of HCAP's subsidiaries).

- **10 September 2018 - Convocation of the Annual General Assembly** of the Sole Shareholder of HCAP for fiscal year 2017 and the election of external auditors for fiscal year 2018.

Also, regarding the actions and activities of the direct subsidiaries, **ETAD and HRADF, and the other subsidiaries** and more particularly referring to corporate governance issues, presented as follows:

- **April 2018 - Setting Objectives for the year 2018 concerning the Boards of Directors and the Executive Members of the direct subsidiaries, HRADF and ETAD.** Then on 09.05.2018, the Board of Directors of HCAP approved the objectives for the year 2018 concerning the Boards of Directors of the direct subsidiaries, HRADF and ETAD, associated with the HCAP objectives and notified relevant letters with the objectives to their Managements.
- **May - 08.06.2018 - Approval of the statutes of the other subsidiaries, in compliance with c.l. 2190/1920.** Following the legal review of the statutes of the subsidiaries Hellenic Saltworks S.A., Corinth Canal S.A., Central Markets and Fisheries Organisation S.A., Thessaloniki Central Market S.A., Thessaloniki International Fair S.A. - HELEXPO, OASA S.A., Hellenic Posts S.A., EYDAP S.A. and EYATH S.A., by the Legal Department of the Corporation and following cooperation with the subsidiaries, the Board of Directors approved the statutes of each of the aforementioned subsidiaries, in compliance with c.l. 2190/1920 and according to the provisions of article 197 par.3 Law 4389/2016, in order to convene the General Meetings of these subsidiaries for the approval of the amended and codified statutes. The Corporation was represented at the General Meeting of each subsidiary and exercised its voting rights.

The amendment of the statutes is in line with the Law 4389/2016 on the operation of HCAP, and in particular with regards to its subsidiaries which by their nature, have the purpose to serve the public interest and must therefore comply with and maintain high corporate governance standards, as well as high quality accounting, auditing and compliance standards.

- **May 24, 2018 - Election of the new CEO of PPC SA.** At the Annual Ordinary General Assembly of PPC SA, the Board of Directors of HCAP following a proposal of the Candidates Committee according to art.197 par.4 L.4389/2016 decided to vote for the reelection of Mr. Emmanouil Panagiotakis at the position of CEO of the Public Power Corporation S.A. (PPC).

Assessment of the Boards of Directors of HCAP's other subsidiaries

Hellenic Post S.A. (ELTA):

HCAP started the assessment process of the Board of Directors of ELTA, pursuant to the article 197 par. 4 of Law 4389/2016. In particular, on 16 April 2018, the Board of Directors decided to launch the assessment process of ELTA Board of Directors, which was implemented following the selection, through a tender procedure, of an external consultant with international experience to assist the Corporation in the assessment process, applying international best practices.

Subsequently, the Board of Directors of HCAP, majority shareholder of ELTA, within the framework of its competencies, in accordance with the required procedure described in article 197 par. 4 of Law 4389/2016, assessed and selected executives with experience and knowledge in relation with the business environment of the provision of services, in order to implement the strategic goals and priorities for the confrontation of challenges in both domestic and international market.

After taking into consideration the abovementioned, the Board of Directors unanimously decided the appointment of the following members in the Board of Directors of ELTA, with effect from August 30, 2018:

1. Polychronis Griveas, Chairman of the Board of Directors
2. Elias Athanassiou, CEO, Executive Member
3. Yannis Filos, Non-executive Member (Chairman of the Audit Committee)
4. Konstantinos Lafkas, Non-executive Member
5. Kyriakos Xydis, Non-executive Member

The current eight-member Board of Directors is completed by the representatives of the employees, Mr. Ilias Mpakellas (Non-executive Member) and Mr. Konstantinos Pallas (Non-executive Member), as well as Mr. Gerasimos Olympitis (Non-executive Member), who was proposed by the Minister of Finance pursuant to article 197 par. 4 of Law 4389/2016.

The CVs of ELTA's Board of Directors Members elected by HCAP are presented below:

1. Polychronis Griveas, Chairman of the Board of Directors

Born in 1974. He has been graduated and holds an MBA from Johnson & Wales University in the USA and also a Hotel Management Diploma from IHTTI in Switzerland. He has attended Global Strategic Management and Negotiation & Decision Making program in Harvard Business School and General Managers Program in Cornell University. From 2006 to 2017 he held the position of the Vice Chairman and CEO of Astir Palace Vouliagmenis SA and also Chairman and CEO of Astir Marina SA, where he managed the privatization of the company, securing at the same time significant operational profitability. He has also undertaken managerial positions in Fairmont Hotels & Resorts, XV Beacon Hotel and in the largest casino in the world, Foxwoods Resorts & Casinos in the USA. Between 2003 and 2006 he held the position of the General Manager in Sofitel Rhodes and then the position of the Chief Operating Officer in Sofitel Capsis Hotel chain. From April 2011 to May 2018 he was Senior Advisor in Hotel Properties & Tourism sector in the National Bank of Greece. From February 2018 he is a non-executive member of the BoD of ETAD SA.

2. Elias Athanassiou, Chief Executive Officer, Executive Member of the Board of Directors

Born in 1971. He holds a B.Sc. in Marketing from ULV California (Sum Cum Laude), a M.Sc. in Finance from the University of Strathclyde (UK) and the international professional investment accreditation, CFA. Until August 2018 he was the Chief Executive Officer of Enterprise Greece. He has more than 20 years of experience working

in the private sector in various industries, including insurance, finance and gaming & leisure. During his professional career he has worked for major corporations, being part of the global senior management team overlooking overseas businesses and international expansion. He has experience in complex international transactions, such as mergers & acquisitions, fund raising through local and international capital markets (equity, straight & convertible bonds), working closely with major international corporate and investment banks. Moreover, he has worked on green field business development projects and exports to more than 40 international markets, spanning throughout all continents.

3. Yannis Filos, Non-Executive Member of the Board of Directors (Chairman of the Audit Committee)

Born in 1962. Graduated from Athens University of Economics & Business (ASOEE), obtained his MBA in USA (University of Connecticut) and his PhD from Panteion University, Athens, Greece. He has acquired the professional titles of certified auditor CIA/2000 and CFE/2004. He worked at Arthur Andersen for 7 years and then as a consultant in private and public enterprises as well as Board and Audit Committee Member. From 2000 to 2007 he taught in ASOEE and since 2008 he is a member of the Faculty of Public Administration (currently Associate Professor) at the Panteion University, where he was in 2016 Deputy Rector of Economics and Development. He also served as Member of the Quality Control Council of ELTE (2014- today) and as Member of the BoD of the Greek Institute of Business Ethics (EBEN Gr). He is author of several books and articles in Greek and foreign journals and speaker at many professional and scientific conferences in Greece and abroad. From February 2018 he is a non-executive member of the BoD and Chairman of the Audit Committee of ETAD SA.

4. Konstantinos Lafkas, Non-Executive Member of the Board of Directors

Born in 1967. He holds a Master degree in Mechanical Engineering from the National Technical University of Athens, an MBA from IMD-Lausanne and an MSc in Decision Sciences from the Athens University of Economics. In addition, he has attended training programs in Entrepreneurship and Innovation at Stanford and Babson College, the Executive Development Program of IMD and the Young Managers Program at INSEAD. He is a seasoned professional, serving for more than 25 years in C level managerial positions, such as Selonda (CCO), Sunlight (CEO), Alfa Laval Greece (CEO), Maillis (Development Director), Epa Attikis (Retail Sales and Customer Service Manager), Bitros SA (Sales Manager), Shell (Sales Engineer). It is important to mention that he led the aggressive expansion of Greek multinationals all over the globe through organic growth and acquisition projects. In addition, he has been heavily involved in negotiations both in Greece and abroad succeeded to implement new business models and also create growth opportunities.

5. Kyriakos Xydis, Non-Executive Member of the Board of Directors

Born in 1966. He holds an Executive MBA in General Management from Sheffield University (UK), and a BSc in Economics from Athens University. Moreover, he holds the Executive Diploma in Strategic Management and Leadership from Chartered Management Institute in London and a Diploma in Leadership Development from ALBA. With over of 30 years of working experience he has a proven track record of success in increasing market share, reengineering operations, growing top line revenues and bottom line as well. His knowledge and extensive background lies mainly in the areas of banking, commercial and human capital management. He joined Eurobank in March 2017, as Assistant General Manager. Prior to that he was General Manager in Eurobank Business Services SA, Executive Vice President in Bancpost SA in Romania, Head of Retail in Eurobank Group in Serbia and before that he held several managerial positions in Eurobank and National Bank of Greece.

OASA S.A.

HCAP launched the assessment process of the Board of Directors of OASA, pursuant to article 197 par. 4 of Law 4389/2016. In particular, on 16 April 2018, the Board of Directors decided to launch the assessment process of OASA Board of Directors, which was implemented following the selection, through a tender procedure, an external consultant with international experience to assist the Corporation in the assessment process, applying international best practices.

Organisational Restructuring of ETAD

Regarding the organisational restructuring of ETAD, that is under process, pursuant to art. 192 par.2 of Law 4389/2016, the Board of Directors of HCAP shall approve the organisational restructuring plan of ETAD. Within this framework, HCAP has launched in 2018 and monitors in cooperation with the Management of ETAD, the procedures of restructuring ETAD, including 4 main stages:

Stage 1: Diagnosis of Current Status - Gap analysis

Stage 2: Designing a new Organization structure

Stage 3: New Processes and Systems

Stage 4: Staffing the new Organization

Stages 1 and 2 are completed while stages 3 and 4 are in progress.

Adoption of a Unified Monitoring and Reporting Framework for Subsidiaries

Furthermore, HCAP, in compliance with the best practices and the provisions of its Rules of Procedure, presented and set up to its subsidiaries a framework of monitoring and reporting rules to improve their profitability and financial performance.

Regarding Financial Reporting, the subsidiaries should follow the following:

- A. Preparation of Financial Reports and Preparation of Financial Statements in accordance with **International Financial Reporting Standards ("IFRS")**, as adopted by the European Union and applicable on the date of financial reporting.
- B. **Annual Financial Statements to accompany the annual report which are prepared on the basis of IFRS and are provided for approval by the General Meeting of Shareholders.** The annual financial statements and reports should be completed within a reasonable time after the end of the financial years 2017 and 2018 so as to enable HCAP to publish the consolidated financial statements on time within the deadlines set by the *Societe Anonyme's* legislation and the Rules of Procedure. As from the financial year 2019 onwards, and since the publication of the consolidated financial statements of HCAP will have to be in line with the published dates for listed companies, the financial statements of the subsidiaries, approved by the management and audited by the statutory auditors, will have to be presented at a date which ensures the timely preparation and submission of the consolidated financial statements.
- C. **Semi-annual financial statements that will accompany the semi-annual report and which are prepared under the provisions of IFRS for interim financial information and, in particular, prepared in accordance with the International Accounting Standard ("IAS") 34.** Approved by the BoD of each subsidiary and audited by their Auditors, the semi-annual financial statements will be submitted to HCAP on the date that will be communicated to the subsidiaries in order to ensure timely preparation and presentation by HCAP of the consolidated financial statements.

D. Other periodic financial and non-financial reports, for example:

- Annual and semi-annual reporting packages for consolidation purposes, which will be prepared on the basis of accounting policies shared with the HCAP and in the form / structure to be communicated to them. In addition, they will contain other information such as activity reports, strategic and investment plan implementation updates, corporate social responsibility issues, etc.
- Monthly and quarterly progress reports on budget execution.

The Annual and Semi-Annual Financial Statements & Reports will be accompanied by reports of the respective Auditors.

In the context of the monitoring framework, the Coordination Mechanism should also be taken into account, which sets out procedures and deliverables that the SOEs shall prepare in relation to the objective formulation of relations and services between the State, HCAP and the SOEs.

List of real estate properties in order to be transferred to ETAD under the preconditions of Law 4389/2016

Pursuant to article 196 par.6 of Law 4389/2016, the assets that are owned by the Greek State may be transferred to ETAD by a decision of the Minister of Finance.

On December 15th 2017, the Corporation published on its corporate website an RfP for the selection of advisors, for the provision of specialized advisory services for the preselection of real estate properties currently owned by the Hellenic Republic in order to be transferred to ETAD. The Advisor, a reputable firm, to whom the tender was awarded, was assigned to screen and make a review of the assets' data provided by the General Secretariat of the Public Property (GSPP), for a list of preselection of the real estate assets that could be transferred to ETAD. Within the framework of the project, there were examined a) the National Cadastre database, b) the database of all Ministries and the database of the General Secretariat for Public Property on the real estate assets and c) the database created as the deliverable of a project of HRADF assigned to external consultants back in 2011 and 2012. Following that, HCAP submitted a recommendation to the Minister of Finance pursuant to Article 209 of Law 4389/2016.

Pursuant to the order No. 0004586 ΕΞ 2018 (Government Gazette B' 2320 / 19-06-2018) of the Minister of Finance and according to articles 196 (6) and 209 of Law 4389/2016, the real estates included in Decision No. 86 / 18.06.2018 of the Government Council on Economic Affairs are transferred to ETAD SA. Any of the above real estates which may fall under the exceptions of paragraph 4 of article 196 of Law 4389/2016 or, in general, their transfer is contrary to the provisions in force shall be exempt from the transfer. Prior to the completion of the transfer of each real estate falling within the scope of this Decision, by registering it in the competent National Cadastre or land registry, as the case may be, shall be investigated whether there is protected, by virtue of the legislation in force, occupation. In the affirmative case, prior to the transfer to ETAD SA, the examination and final judgment on the pending transfer request to the person occupying the real estate, shall take place, in accordance with the applicable legislation. The above refer to a list of 10,119 properties owned by the Hellenic State, which are identified by the National Land Registry Codes.

B. Financial information

The Hellenic Corporation of Assets and Participations S.A. (“HCAP” or the “Corporation”) acquired legal personality upon its registration to General Commercial Registry (GEMI) on 25.10.2016. The Board of Directors of the Corporation constituted into a body on 16.02.2017 and therefore 2017 was the starting year of operations, organization of its structure and its gradual staffing. Pursuant to Law 4512/2018, there was a change in the structure of the Group and the assets under management of the Company, as the shareholding or control of certain public companies and other rights were transferred to HCAP (analyzed below).

As a holding company, in the separate financial statements, its revenues are expected to derive mainly from dividends, interest and other capital gains/ income that will flow from the assets under management, while its expenses mainly relate to administrative expenses for its operation and fulfillment of its mission. As far as dividends are concerned, it should be noted that there is a time lag between the period that the subsidiaries create the profitability and the period that the parent company collects the dividends (e.g. profits of each financial year are distributed in the next financial year), as well as other restrictions on the distribution (e.g. the existence of cumulative losses from previous years may not allow the distribution of dividends, despite the existence of profits in the current period).

As a result of the above and the fact that the dividend income is recognized at the date of the approval by the General Assembly of the shareholders, which usually takes place during 2nd or 3rd quarter of the year, the Company started receiving dividends from the subsidiaries during the 2nd quarter of 2018. The Company’s results of the 2nd quarter were burdened by the operating and development expenses, while the income from dividends is expected to increase interest income from the cash deposited in Bank of Greece in the next months, as they were mainly collected at the end of the reporting period.

B.1 Basis of the quarterly financial report

The interim condensed financial information and financial data of this section are presented according to the Company’s books and records under the accrual basis of accounting. The amounts presented under the accrual basis are in compliance with International Accounting Standard 34 «Interim Financial Reporting». However, this quarterly report does not present all the information and disclosures required by IAS 34 for the interim financial information.

Pursuant to article 195 Law 4389/2016, the Board of Directors prepares quarterly reports on the activities and the financial statement of the Company.

Regarding the other elements of this financial report, the significant policies are presented below:

1. The depreciation rates of fixed assets are in accordance with the useful life of each respective asset.
2. Dividend income is recognized in the period during which the right to receive payment is established, i.e. the period when the General Assembly of each subsidiary took place. The dividend income is presented in the income statement as operating income, as it relates to the Company’s main source of income. With the same rationale, the cash inflow from dividends received are presented as operating activities in the cash flow statement.
3. Expenses are recognized within the period that the respective liability occurred.
4. Interest income is collected every six months and, as such, the Company's interest income for the respective quarter is the estimate of the amount of accrued interest relating to this period.
5. The Company’s share capital is by Law €40 mln of which €10 mln is already paid. The remaining €30 mln is presented as “Unpaid Share Capital” within Equity at the Statement of Financial Position and according to art. 12 par. 2a of C. L.2190/1920, the period of being unpaid should not exceed five years.
6. Regarding the Direct subsidiaries that have been transferred from the Greek State directly to the Company with no consideration (as per Law 4389/2016) and in which the Company exercises control, they have been

recognized in the financial statements at their cost which is nil and are presented at the symbolic value of one (1) euro per subsidiary.

7. Participations in “Other Subsidiaries”, as well as other assets or liabilities transferred to HCAP from the Greek State with no consideration as of 01.01.2018, are presented with zero value, as HCAP is in the process of examining which of the permissible IFRS options will be adopted in its financial statements (cost or fair value) for their initial recognition.

The participations transferred from the Greek State directly to the Company with no consideration (per Law 4389/2016), relate to the “Direct Subsidiaries” (which have been transferred in 2016) and the “Other Subsidiaries” (which were transferred as of January 1st,2018) and are analyzed as follows:

<u>A) «Direct Subsidiaries»:</u>	% Participation
(a) Hellenic Financial Stability Fund (HFSF) *	100%
(b) Hellenic Republic Asset Development Fund S.A. (HRADF)	100%
(c) Public Properties Company (ETAD)	100%
<u>B) «Other Subsidiaries» (according to Law 4389/2016):</u>	% Participation
(a) Public Power Corporation S.A. (PPC)	34.12%
(b) Athens Water Supply and Sewerage Company S.A. (EYDAP)	50%+1 share
(c) Thessaloniki Water Supply and Sewerage Company S.A. (EYATH)	50%+1 share
(d) Athens Urban Transportation Organisation S.A. (OASA)	100%
(e) Central Markets and Fisheries Organisation S.A. (OKAA)	100%
(f) Thessaloniki Central Market S.A. (CMT)	100%
(g) Corinth Canal Co S.A. (AEDIK)	100%
(h) Hellenic Post S.A. (ELTA)	90%
(i) Thessaloniki International Fair – HELEXPO S.A. (TIF – HELEXPO)	100%
(j) Hellenic Saltworks S.A.	55.19%
(k) ETVA –Industrial Areas S.A.	35%
(l) Athens International Airport S.A.	25%
(m) Folli Follie S.A.	0.96%

* NOTE: HCAP has very limited powers on HFSF, as the decisions for the accomplishment of its mission and purpose are made exclusively by the relevant bodies of HFSF.

In addition:

a) according to article 350 of Law 4512/2018 the Greek State's right to receive dividend due to its participation in the share capital of the Societe Anonyme under the name "Hellenic Telecommunications Organization SA "(OTE SA) is transferred to HCAP. The Greek State reserves the right to vote in the General Assembly of OTE for its shares,

b) pursuant to article 113 of Law 4549/2018, from 01.07.2018 the participation of the Greek State in GAIAOSE S.A. was transferred to the Company and

c) pursuant to the provisions of Law 4549/2018, until full repayment of the loan granted under the Financial Facility Agreement and its subsequent amendments, the Company became a guarantor with commitments as defined in the said agreement.

The Quarterly Financial Statements (Statement of Total Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash-Flows) of HCAP as at June 30, 2018 are presented in the following paragraphs B.1.1, B.1.2, B.1.3 and B.1.4.

B.1.1 Statement of total comprehensive income for the period 01.04.2018 – 30.06.2018

Statement of total comprehensive income (amounts in Euro)

	01.04.2018 - 30.06.2018	01.04.2017 - 30.06.2017
Dividend income	16,255,995	-
Payroll and management cost	(618,879)	(423,939)
Third party fees	(325,844)	(70,107)
Other operating expenses	(101,896)	(23,117)
Non-recurring expenses	-	(33,200)
Total operating cost	(1,046,619)	(550,363)
Earnings before interest, tax, depreciation and amortization (EBITDA)	15,209,376	(550,363)
Depreciation	(3,253)	(2,850)
Earnings before interest and tax	15,206,123	(553,213)
Finance income	47,993	73,318
Finance cost	(1,414)	(558)
Profit /(loss) before tax	15,252,702	(480,453)
Income Tax	-	-
Net profit/ (loss)	15,252,702	(480,453)

During the current and the comparative period, there was no amount recognized in other comprehensive income as described in IAS 1.

During the current quarter, the Company recognized for the first time dividend income, as the decision to distribute dividends from each subsidiary's General Assembly is usually granted during the second or the third quarter of the year. As such, in the 2nd quarter of 2018, the Company recorded a net profit of €15,252,702. The Company has not recognized income of €134,800, which the Greek State withheld to proceed to its netting with a respective liability to the subsidiary, as it did not meet the criteria for revenue recognition based on IFRS.

It is noted that the net result of the 2nd quarter of 2018 (profit of €15,252,702) is not comparable to that of the 2nd quarter of 2017 (loss of € 480,453), as:

- The Company obtained its legal personality upon its registration to General Commercial Registry (GEMI) on 25.10.2016, and until the beginning of 2017, the development of its corporate structure and operations was in progress. The Board of Directors was constituted into a body on 16.02.2017 and the Company had no staff nor operations in the beginning of 2017, while the Company was operational and staffed to a significant extent during the first six months of 2018.
- As a result, payroll and management costs in the 2nd quarter 2017, as well as other operating expenses (rentals, third party fees etc) were lower (or zero) than the current period and are not comparable. Dividend income is also not comparable as dividends were received for the first time (since establishment) during 2nd quarter of 2018.

B.1.2 Statement of Financial Position as of 30.06.2018

Statement of Financial Position (amounts in Euro)	<u>30.06.2018</u>	<u>31.12.2017</u>
Assets		
Investment in Direct Subsidiaries (note 1)	3	3
Investment in Other Subsidiaries (note 2)	-	-
Tangible and intangible assets	77,157	78,597
Other non-current assets	3,048	72
Total non-current assets	<u>80,208</u>	<u>78,672</u>
Other receivables (note 3)	5,605,994	-
Cash and cash equivalents (note 4)	15,902,758	7,335,934
Other current assets (note 5)	180,989	305,326
Total current assets	<u>21,689,741</u>	<u>7,641,260</u>
TOTAL ASSETS	<u>21,769,949</u>	<u>7,719,932</u>
Liabilities		
Provision for staff leaving indemnities	17,874	12,256
Total non-current liabilities	<u>17,874</u>	<u>12,256</u>
Trade and other payables (note 6)	689,793	1,055,510
Total current liabilities	<u>689,793</u>	<u>1,055,510</u>
TOTAL LIABILITIES	<u>707,667</u>	<u>1,067,766</u>
Equity		
Authorized share capital	40,000,000	40,000,000
Less: Unpaid share capital	(30,000,000)	(30,000,000)
Paid share capital	<u>10,000,000</u>	<u>10,000,000</u>
Other reserves	3	3
Retained earnings	11,062,279	(3,347,837)
TOTAL EQUITY	<u>21,062,282</u>	<u>6,652,166</u>
TOTAL EQUITY AND LIABILITIES	<u>21,769,949</u>	<u>7,719,932</u>

Notes:

- 1 Investments in the “Direct Subsidiaries” ETAD (100%), HRADF (100%) and HFSF (100%) were transferred to the Company with no consideration as per Law 4389/2016. The Company has selected to recognize in the financial statements the Investments in Direct Subsidiaries at cost (which is nil) and to present them at the symbolic value of one (1) euro per subsidiary.
- 2 Investments in “Other Subsidiaries”, as well as other assets that were transferred to HCAP by the Greek State with no consideration as of 01.01.2018, are presented with no value, as HCAP is in the process of examining which of the permissible IFRS options will be adopted in its financial statements (cost or fair value) in respect of their initial recognition.
- 3 Other receivables relate mainly to dividends receivable from the subsidiary EYATH, as well as from OTE (the right to receive the dividends from OTE was transferred from the Greek State to HCAP). These dividends were received in July 2018.
- 4 The increase in cash and cash equivalents is mainly due to the collection of a significant part of the dividend income until 30.6.2018.
- 5 This amount relates to interest income accrued at period end. The balance as of 30.6.2018 is lower than the comparative, despite the higher cash available as of 30.6.2018, because the collection of dividends took place at the end of the reporting period.
- 6 Mainly includes trade payables, accrued expenses, withheld personnel tax and liabilities for social security contributions.

B.1.3 Statement of Changes in Equity for the period 01.01.2018 – 30.06.2018

Statement of changes in equity (amounts in Euro)

	Share capital	Other Reserves	Retained earnings	Total
As of 01.01.2017	10,000,000	3	(204,442)	9,795,561
Net results of 1 st quarter 2017	-	-	(446,174)	(446,174)
Total comprehensive income	-	-	(446,174)	(446,174)
As of 31.03.2017	10,000,000	3	(650,616)	9,349,387
Net results of 2 nd quarter 2017	-	-	(480,453)	(480,453)
Total comprehensive income	-	-	(480,453)	(480,453)
As of 30.06.2017	10,000,000	3	(1,131,069)	8,868,934
As of 01.01.2018	10,000,000	3	(3,347,837)	6,652,166
Net results of 1 st quarter 2018	-	-	(842,586)	(842,586)
Total comprehensive income	-	-	(842,586)	(842,586)
As of 31.03.2018	10,000,000	3	(4,190,423)	5,809,580
Net results of 2 nd quarter 2018	-	-	15,252,702	15,252,702
Total comprehensive income	-	-	15,252,702	15,252,702
As of 30.06.2018	10,000,000	3	11,062,279	21,062,282

B.1.4 Cash flow statement for the period 01.04.2018 - 30.06.2018

Cash flow statement (amounts in Euro)	01.04.2018 - 30.06.2018	01.04.2017 - 30.06.2017
Profit/ (loss) before tax	15,252,702	(480,453)
<u>Adjustments for:</u>		
Depreciation	3,253	2,850
Provisions	63,639	-
Finance income	(47,993)	(73,318)
Finance cost	1,414	-
<u>Changes in working capital:</u>		
(Increase)/ Decrease in Other receivables	(5,664,016)	(24,590)
(Increase)/ Decrease in Other current assets	41,389	-
Increase / (Decrease) in current liabilities	51,160	116,951
Net cash inflow/ (outflow) from operating activities	9,701,548	(458,560)
Purchase of property, plant and equipment	(432)	(46,701)
Net cash inflow/ (outflow) from investing activities	(432)	(46,701)
Interest and bank charges paid	(1,413)	-
Net cash inflow/ (outflow) from financing activities	(1,413)	-
Net cash inflow/ (outflow) for the period	9,699,703	(505,261)
Cash at the beginning of the period	6,203,055	9,432,462
Cash at the period end	15,902,758	8,927,201

The net increase in cash and cash equivalents for the 2nd quarter of 2018 amounted to €9,699,703 and is mainly due to the collection of dividends of €10,650,000 during the period. This increase was diminished by the payments that occurred for the operations of the Company to cover its expenses and payables outstanding from prior period.

It should be noted that, due to the reasons analyzed previously, the 2nd quarter of 2017 is not comparable with the 2nd quarter of 2018.

B.2 Separate Financial statements for the period 01.01.2018 – 30.06.2018

The accumulated results for the six-month period 01.01.2018- 30.06.2018 (Statement of Total Comprehensive Income and Statement of Cash Flows) are presented in the following paragraphs (B.2.1 and B.2.2).

B.2.1 Statement of Total Comprehensive Income for the period 01.01.2018 – 30.06.2018

Statement of total comprehensive income (amounts in Euro)	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Dividend income (note 1)	16,255,995	-
Payroll and management cost (note 1, 2)	(1,208,133)	(682,979)
Third party fees	(531,866)	(115,907)
Other operating expenses	(198,876)	(40,126)
Non-recurring expenses (note 3)	-	(233,472)
Total operating cost	(1,938,875)	(1,072,484)
Earnings before interest, tax, depreciation and amortization (EBITDA)	14,317,120	(1,072,484)
Depreciation	(6,357)	(3,363)
Earnings before interest and tax	14,310,763	(1,075,847)
Finance income	102,010	150,023
Finance cost	(2,657)	(803)
Profit /(loss) before tax	14,410,116	(926,627)
Income Tax	-	-
Net profit/ (loss)	14,410,116	(926,627)

Notes: The most significant variances between the two periods are attributable to the following facts.

- 1 **Revenue:** the variance is mainly attributable to the fact that, based on Law 4512/2018 and since 1.1.2018, there was a significant change in the assets managed by the Company. More specifically, the Greek State transferred a portfolio of specific investments in public entities and other assets to HCAP, out of which specific subsidiaries distributed dividends of €16,255,995 as of 30.06.2018.

Expenses: The Company obtained its legal personality upon its registration to General Commercial Registry (GEMI) on 25.10.2016, and until the beginning of 2017, the development of its corporate structure and operations was in progress. The Board of Directors was constituted into a body on 16.02.2017 and the Company had no staff nor operations in the beginning of 2017, while the Company was operational and staffed to a significant extent during the first six months of 2018. As a result, the expenses for the first six months of 2017 were low and mainly related to the phase of establishment and formation of the Company.

- 2 **Payroll and management cost:** includes costs for the employees, the Supervisory Board, the Board of Directors and the other Committees, along with all other relevant expenses.
- 3 The non-recurring expenses recognized in the first six-month period of 2017 mainly concern expenditure for the establishment and formation of the initial structure and organization of the Company (including advisory fees for the search and selection of the Corporation's Board of Directors, as well as establishment expenses).
- 4 During the current and the comparative period, there was no amount recognized in other comprehensive income as described in IAS 1.

B.2.2 Cash Flow Statement for the period 01.01.2018 – 30.06.2018

Cash flow statement (amounts in Euro)	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Profit/ (loss) before tax	14,410,116	(926,627)
<u>Adjustments for:</u>		
Depreciation	6,357	3,363
Provisions	145,622	-
Finance income	(102,010)	(150,023)
Finance cost	2,657	-
<u>Changes in working capital:</u>		
(Increase)/ Decrease in Other receivables	(5,745,999)	(99,205)
(Increase)/ Decrease in Other current assets	89,145	-
Increase / (Decrease) in current liabilities	(365,717)	142,092
Net cash inflow/ (outflow) from operating activities	8,440,171	(1,030,400)
Purchase of property, plant and equipment	(4,916)	(46,701)
Interest received	134,226	4,302
Net cash inflow/ (outflow) from investing activities	129,310	(42,399)
Interest and bank charges paid	(2,657)	-
Net cash inflow/ (outflow) from financing activities	(2,657)	-
Net cash inflow/ (outflow) for the period	8,566,824	(1,072,799)
Cash at the beginning of the period	7,335,934	10,000,000
Cash at the period end	15,902,758	8,927,201

Notes:

The net increase in cash and cash equivalents for the first six-month period of 2018 amounted to € 8,566,824 and is mainly due to the collection of dividends of € 10,650,000 during the period. This increase was partially diminished by the payments that occurred for the operations of the Company to cover its expenses and payables outstanding from prior period.

It should be noted that, due to the reasons analyzed previously, the first six-month period of 2017 is not comparable with the first six-month period of 2018.