

[translation from the Greek original]

HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS

**THIRD QUARTERLY
REPORT ON ACTIONS
AND COMPANY
FINANCIAL
STATEMENTS**

(01.07.2018 – 30.09.2018)

DECEMBER 2018

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A. Hellenic Corporation of Assets and Participations S.A.

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

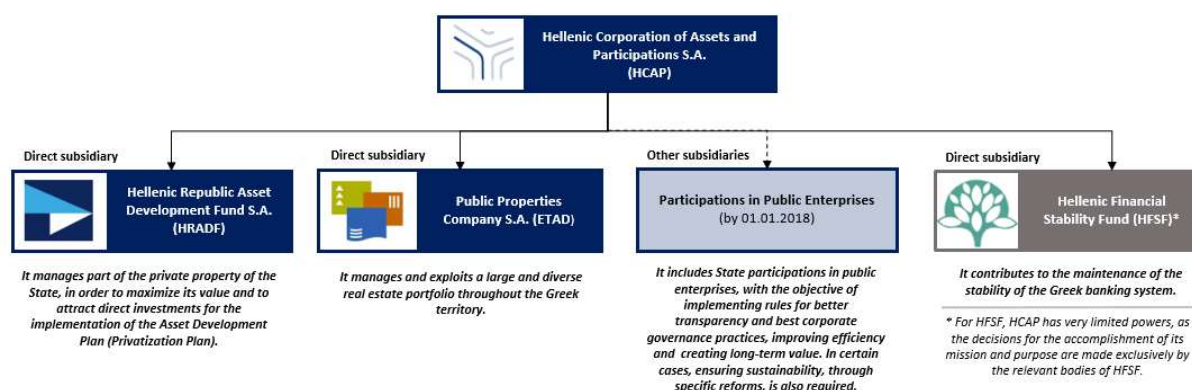
- (a) for the implementation of Greece's investment policy and to make investments that contribute to strengthening the development of the Greek economy and
- (b) for the reduction of the financial obligations of the Hellenic Republic.

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 1, 2020, as well as the consequent amendment of article 3 of HRADF's AoA. 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 and Law 4549/2018, 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 in accordance with best practices regarding social and environmental issues, responsible entrepreneurship and consultation with 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 sector and the market overall, along with the capacities, perspectives and risks. 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. Moreover, 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. State participation in enterprises that were transferred to the Corporation include majority and 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 (30.09.2018)

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	 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 %)	 Road Transport S.A.  Urban Rail Transport S.A.	 Thessaloniki Central Market S.A. (100 %)
 Thessaloniki Water Supply and Sewerage Company S.A. (50 %+1 share)		 Corinth Canal Co. S.A. (100 %)	 Thessaloniki International Fair – HELEXPO S.A. (100 %)
 Ffolli – Ffolli S.A. (0.9 %)		 Hellenic Post S.A. (90 %)	 Hellenic Saltworks S.A. (55.19 %)
		 GAIOSE S.A. (100 %)	 Olympic Athletic Centre of Athens (OAKA) <small>OAKA will be transferred to the HCAP portfolio following its transformation into a capital company</small>

*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..

** As regards, the transfer of the shares of the water and sewerage companies, Athens Water Supply and Sewerage Company S.A. and Thessaloniki Water Supply and Sewerage Company S.A., four petitions for annulment by the Council of State with the number 692/2018, 822/2018, 693/2018 and 823/2018 have been submitted. The hearing of the above petitions was held on 27.11.2018 before the Council of State.

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

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, pursuant to the provisions of article 198 par. 2 of Law 4389/2016, as amended and in force, were automatically transferred by HRADF to the Corporation, and without consideration in return are 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 for Restructuring and Privatizations, regarding 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 Organisation 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 AoA. 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 EΞ 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 AoA. 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.

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

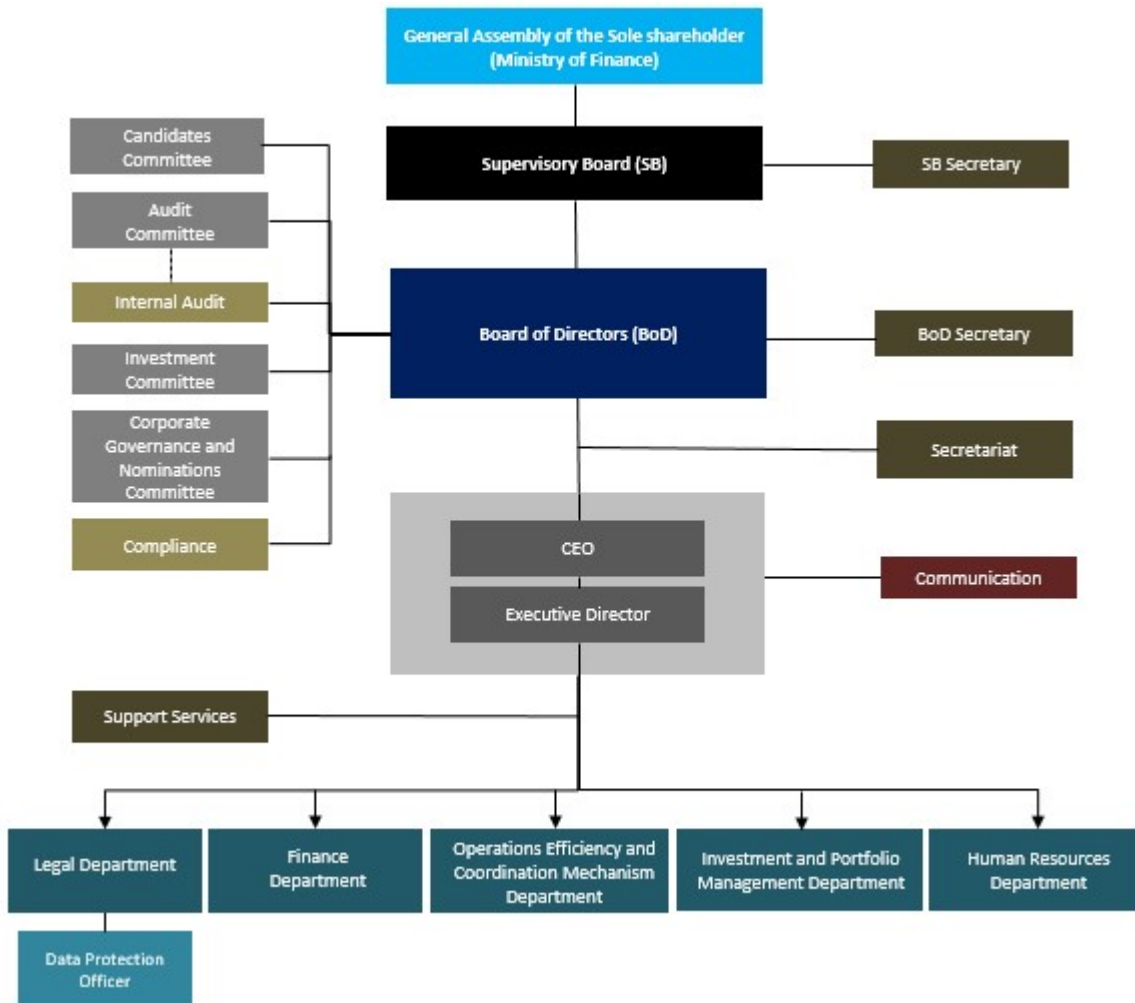
Six (6) of the above Members were elected with the initial unanimous decision of the Supervisory Board on 09.02.2017 and one (1) was elected with the unanimous decision of the Supervisory Board on 31.03.2018.

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 organization 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

organisational units, as well as by reviewing the implementation of effective systems and procedures of internal control, risk management, information systems and corporate governance.

The IAD is independent and reports to the Board of Directors, through the Audit Committee, by 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 unplanned 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 a Compliance Officer and an Internal Audit Manager.

Based on the above, the Corporation published an invitation for expression of interest for the position of Internal Audit Manager and the Internal Audit Manager was selected, pursuant to the Board of Directors' decision dated 20.07.2018.

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 *Société 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 10.09.2018, 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 01.01.2018-31.12.2018.

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, the approval of the Procurement Regulation was decided, as well as the

determination of the remuneration of the members of the Supervisory Board for the period from 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 approved, 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 of Assets and Participations S.A."

Subsequent to year 2018, 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.

Lastly, in accordance with the Decision of the Annual General Assembly of the sole Shareholder dated 10.09.2018, it was resolved the amendment of the Procurement Regulation, according to the procedure provided in the provisions of art. 189 par. 3, art. 190 par. 2g and 191 par. 4e 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 01.07.2018-30.09.2018 and subsequent activities

Below the most important actions and activities of the Corporation for the period **01.07.2018-30.09.2018** are analyzed. More particularly:

- **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 begun with preparatory activities in 2018.
- **June - September 2018 - Dividends Receivable from Other Subsidiaries.** During the period June-September 2018 HCAP started the dividend collection from its subsidiaries. Until 30.09.2018 this amount amounts to a total of €16.3 million.

- **1 July 2018 – Transfer of the Greek State's shareholding participations in GAIOSE S.A.** to the Corporation pursuant to article 113 of Law 4549/2018 (Government Gazette A / 105/ 14.06.2018).
- **29 August 2018 – Adoption of the Code of Conduct of the Corporation, as part of the Employment Regulation, as well as the Compliance Framework.** The Board of Directors of HCAP approved the Code of Conduct of the Corporation, as part of the Employment Regulation, as well as the Compliance Framework.
- **29 August 2018 – Operating Budget 2019.** The BoD of HCAP approved the Operating Budget of the Corporation for the financial year 2019.
- **29 August 2018 - Approval of the management report of the Board of Directors for the fiscal period 01.01.2017-31.12.2017, as well as the annual consolidated and separate financial statements for the fiscal year 2017.** The Board of Directors of HCAP approved the management report of the Board of Directors for the fiscal period 01.01.2017-31.12.2017, as well as the annual consolidated and separate financial statements for the same period, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, in order to be published on the website of the Corporation, pursuant to article 195 par. 1 of Law 4389/2016 and the Rules of Procedure of the Corporation and in particular according to the charter “Performance Monitoring and Reporting Framework”. The Annual Report was submitted to the Supervisory Board and was published on the website of the Corporation on 28.09.2018.
- **10 September 2018 – Amendment of the Rules of Procedures.** On September 10th, 2018, the Annual General Assembly of the sole shareholder of the Corporation, approved the amendment of the Procurement Regulation, according to the procedure provided in the provisions of art. 189 par. 3, art. 190 par. 2g and 191 par. 4e of Law 4389/2016.
- **10 September 2018 – Annual Ordinary General Meeting of the sole shareholder of the Corporation.** On 10.09.2018, the sole shareholder of the Corporation decided the approval of the HCAP Annual Consolidated and Separate Financial Statements for the fiscal year 01.01.2017-31.12.2017 as well as the relevant reports of the Board of Directors and the Auditors. Also, the annual report of the Supervisory Board which is drafted in accordance with par. 2 (h) of article 190 and par. 4 (i) of article 191 of Law 4389/2016 was approved by the sole shareholder of the Corporation. Moreover, the sole Shareholder decided the discharge of the members of the Supervisory Board and of the Board of Directors, as well as of the Auditors of HCAP from any liability for compensation regarding the management for the fiscal year 2017 (01.01.2017-31.12.2017). On September 28, 2018, the above HCAP Annual Report was published on the website of the Corporation.
- **10 September 2018 – Approval of the Corporate Governance Report for the Second Quarter of 2018.** The Board of Directors of HCAP approved the second 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.
- **10 September 2018 – Approval of the Second 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.

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

- **July – October 2018 – Annual General Assemblies of the subsidiaries.** During the period July-October the Annual Assemblies of the subsidiaries Hellenic Saltworks S.A., Corinth Canal S.A., Thessaloniki International Fair S.A. – HELEXPO, Thessaloniki Central Market S.A., Central Markets and Fisheries Organisation S.A., OASA S.A., Hellenic Posts S.A., ETVA Industrial Areas S.A. and HRADF S.A. were convened, pursuant to the

provisions of the c.l. 2190/1920. The Corporation was represented at the General Assembly of each subsidiary and exercised its voting rights.

- **10 September 2018 – Approval of the Organisational Restructuring of ETAD.** The Board of Directors of the Corporation approved the Organisational Restructuring of ETAD, pursuant the provisions of art. 192 par. 2 g of Law 4389/2016.
- **10 September 2018 – Business meeting between HCAP and its subsidiaries.** During the 83rd Thessaloniki International Fair, the Hellenic Corporation of Assets and Participations organized a workshop with the participation of its subsidiaries and their top management representatives. The objective of the meeting was to enhance communication and cooperation within the group.

The management of each subsidiary presented their strategic priorities and their short-to-medium term goals. They elaborated on the characteristics of their sectors, and the common challenges they face. Special emphasis was also given to the possibility of synergies among the companies. HCAP referred to the need to establish solid relationships of cooperation and trust towards the realization of a common strategy for the benefit of the public interest. The importance of topics such as corporate governance, compliance, performance monitoring and improvement across subsidiaries was also discussed. On behalf of HCAP's sole shareholder, both the importance of the role of the State Owned Enterprises and the potential for synergies amongst them for the benefit of the Greek economy and society were underlined.

- **26 September 2018 – Approval of the extension agreement of the Airport Development Agreement.** The Board of Directors of the Corporation decided to support the positive recommendation of HRADF dated 20.09.2018 and to vote in favor of the Approval of the Extension Agreement of the Airport Development Agreement - Approval of the Financial Offer of an amount of €1,115 mio (one billion one hundred and fifteen million Euros), exclusive of VAT 24%. The Corporation was represented at the Extraordinary General Assembly of the company "Athens International Airport S.A.", that was held on 27.09.2018 and exercised its voting rights. The Agreement was approved by the Court of Auditors under No 700/2017 Act of the V Unit of the Court of Auditors.
- **Adoption of an Unified Monitoring and Reporting Framework for subsidiaries.** In compliance with the best practices and the provisions of its Rules of Provisions, HCAP presented and set up to its subsidiaries a framework of monitoring and reporting rules to improve their profitability and financial performance. Within this framework,
 - HCAP requested from the non-listed subsidiaries, where HCAP is a majority shareholder, to prepare a budget for the year 2019 and following that, progress reports on budget implementation,
 - HCAP requested from its subsidiaries the required financial reporting framework, namely the **Annual Financial Statements** that will accompany the annual report, to be prepared on the basis of IFRS and to be completed within a reasonable timeframe to ensure the timely preparation and submission of the consolidated financial statements by HCAP. Accordingly, the semi-annual Financial Statements that will accompany the semi-annual report to be prepared under the provisions of IFRS for interim financial reporting and, in particular, to be prepared in accordance with the International Accounting Standard ("IAS") 34. The annual and the semi-annual Financial Statements & Reports shall be accompanied by the relevant Independents' Auditors' reports.
 - In addition, the abovementioned reports shall include, among others, reports on activities, progress report on implementation of Strategic and Investment Plan, corporate social responsibility issues, etc.
- **Coordination Mechanism** Through the Coordination Mechanism, the provided by the legislation KPIs of the SOEs, which are also related to the objective coordination and provision of services between the State, HCAP and SOEs, will be set. HCAP has mapped the objectives and actions for performance monitoring foreseen in the mechanism, along with an overview of the services and specific obligations that may be

included in Performance Contracts, along with the related compensation mechanisms for the services of general economic interest provided. Therefore, a first "Coordinating Mechanism" model and its deliverables were drafted to initiate the necessary discussions with all the parties involved.

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 Cypsis 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 Athanasiou, 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.

Upgrading the role of the Audit Committees of the BoDs of subsidiaries.

HCAP has initiated actions to upgrade the role of the Audit Committees by selecting Heads of the Audit Committees with appropriate knowledge and experience to ensure independency and better auditing procedures through cooperation with the Internal Auditor and to ensure better external audits by statutory auditors selected with similar criteria. For this reason, HCAP launched a tender procedure for the search, assessment and selection of the Heads of the Audit Committees of the Boards of Directors of the SOEs, where HCAP is majority shareholder, which is to be completed.

Training of subsidiaries on compliance issues

HCAP launched a series of training and supporting programmes for the subsidiaries on compliance issues, including the Code of Conduct and Ethics, as well as the creation of policies for non-conflict of interest and conduct of workshops with modern educational tools.

Organisational Restructuring of ETAD

On 10.09.2018, the Board of Directors of HCAP approved the organisational restructuring plan of ETAD, pursuant to art. 192 par.2 of Law 4389/2016. The restructuring of ETAD is divided in 4 main stages:

Stage 1: Diagnosis of Current Status - Gap analysis

Stage 2: Designing a new Organisation structure

Stage 3: New Processes and Systems

Stage 4: Staffing the new Organization

Stages 1 and 2 are completed. The priority of Stage 3, regarding the new processes and systems required by the new organizational structure, through their modernisation and upgrade, is to increase the operational efficiency of ETAD. Stage 4 is in progress and is expected to be completed by ETAD by the end of the year. In this Stage, the objective is to ensure that the right people are in the right position, supporting employees in their effort to effectively deliver and meet the Business Plan challenges. This phase is critical as it will set the conditions for the successful implementation of the Reorganisation within the whole company.

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).

HCAP ‘s revenues, as a holding company, in the separate financial statements, 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 revenues from 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).

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, in the cash flow statement the cash inflows from dividends received are presented as operating activities.
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 and 01.07.2018, 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, except for GAIAOSE which was transferred as of July 1st,2018) and are analyzed as follows:

A) «Direct Subsidiaries»:	% Participation
(a) Hellenic Financial Stability Fund (HFSF) *	100%
(b) Hellenic Republic Asset Development Fund S.A. (HRADF)	100%
(c) Public Properties Company (ETAD)	100%
B) «Other Subsidiaries» (according to Law 4389/2016):	% 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%
(n) GAIAOSE S.A.	100%

* *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 Cash Flow statement) of HCAP as at September 30, 2018 and for the three months’ period then ended (01.07.2018- 30.09.2018) are presented in the following paragraphs B.1.1, B.1.2, B.1.3 and B.1.4. The cumulative Nine-Month Financial Statements of HCAP for the period 01.01.2018-30.09.2018 (Statement of Comprehensive Income and Cash Flow statement) are presented in the paragraphs B.2.1 and B.2.2.

B.1.1 Statement of total comprehensive income for the period 01.07.2018 – 30.09.2018

Statement of total comprehensive income (amounts in Euro)

	01.07.2018 - 30.09.2018	01.07.2017 - 30.09.2017
Dividend income (note 1)	741,941	-
Payroll and management cost (note 2)	(735,791)	(566,361)
Third party fees	(283,482)	(204,543)
Other operating expenses	(110,225)	(138,851)
Non-recurring expenses	-	(6,598)
Earnings before interest, tax, depreciation and amortization (EBITDA)	(387,557)	(916,353)
Depreciation	(3,390)	(2,792)
Earnings before interest and tax	(390,947)	(919,145)
Finance income (note 3)	167,804	69,486
Finance cost	(1,883)	(640)
Loss before tax	(225,026)	(850,299)
Income Tax	-	-
Net loss	(225,026)	(850,299)

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

It is noted that, the improvement of the net result of the 3rd quarter of 2018 (loss €225,026) in comparison to that of the 3rd quarter of 2017 (loss € 850,299), is mainly due to the following facts:

1. Pursuant to Law 4512/2018, as of 01.01.2018 there was a change in the structure of the Group and the assets under management of the Company, as the shareholding of certain public companies and other rights were transferred to HCAP. As a result, from this year, the Company recognizes dividends from its participation in other subsidiaries. During the third quarter of 2018 the dividend income amounted to € 741,941 and were declared by the following subsidiaries:

Company	Amount	Related Year	Date of General Assembly
OKAA S.A.	394,228	2017	3/9/2018
CMT S.A.	158,783	2017	10/9/2018
Corinth Canal S.A	161,093	2016	10/9/2018
Hellenic Saltworks	27,837	2017	16/7/2018
Total	741,941		

2. The Company began its recruitment in 2017 and continued in 2018, resulting in higher payroll costs in the third quarter of 2018 compared to the third quarter of 2017.
3. The collection of a significant amount of dividends in the second quarter of 2018, led to increased interest income in the third quarter of 2018.

B.1.2 Statement of Financial Position as of 30.09.2018

Statement of Financial Position (amounts in Euro)	<u>30.09.2018</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	106,953	78,597
Other non-current assets	3,080	72
Total non-current assets	<u>110,036</u>	<u>78,672</u>
Other receivables (note 3)	742,187	-
Cash and cash equivalents (note 4)	20,581,367	7,335,934
Other current assets (note 5)	200,165	305,326
Total current assets	<u>21,523,719</u>	<u>7,641,260</u>
TOTAL ASSETS	<u>21,633,755</u>	<u>7,719,932</u>
Liabilities		
Provision for staff leaving indemnities	20,683	12,256
Total non-current liabilities	<u>20,683</u>	<u>12,256</u>
Trade and other payables (note 6)	775,816	1,055,510
Total current liabilities	<u>775,816</u>	<u>1,055,510</u>
TOTAL LIABILITIES	<u>796,499</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	10,837,253	(3,347,837)
TOTAL EQUITY	<u>20,837,256</u>	<u>6,652,166</u>
TOTAL EQUITY AND LIABILITIES	<u>21,633,755</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 within the nine-months period of 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 subsidiaries OKAA €394,228, Corinth Canal €161,093, CMT €158,783 and Hellenic Saltworks €27,837. The dividends income for these entities was recognized in the income statement of the period 01.07-30.09.2018, since the General Shareholders' Meetings that approved the distribution, were held during the third quarter. The relevant dividend income was not collected as at 30.09.2018 and therefore at the reporting date the respective amount is presented as other receivables.
- 4 The increase in cash and cash equivalents within the nine-months period, is mainly due to the collection of a significant part of the dividend income amounted to € 16,255,995.
- 5 This amount relates to accrued interest income as at period end.

- 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 – 30.09.2018

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 half of 2017	-	-	(926,627)	(926,627)
Total comprehensive income 1st half of 2017	-	-	(926,627)	(926,627)
As of 30.06.2017	10,000,000	3	(1,131,069)	8,868,934
Net results of 3 rd quarter 2017	-	-	(850,299)	(850,299)
Total comprehensive income 3rd quarter 2017	-	-	(850,299)	(850,299)
As of 30.09.2017	10,000,000	3	(1,981,368)	8,018,635
As of 01.01.2018	10,000,000	3	(3,347,837)	6,652,166
Net results of 1 st half 2018	-	-	14,410,116	14,410,116
Total comprehensive income of 1st half 2018	-	-	14,410,116	14,410,116
As of 30.06.2018	10,000,000	3	11,062,279	21,062,282
Net results of 3 rd quarter 2018	-	-	(225,026)	(225,026)
Total comprehensive income of 3rd quarter 2018	-	-	(225,026)	(225,026)
As of 30.09.2018	10,000,000	3	10,837,253	20,837,256

B.1.4 Cash flow statement for the period 01.07.2018 - 30.09.2018

Cash flow statement (amounts in Euro)	01.07.2018 - 30.09.2018	01.07.2017 - 30.09.2017
Losses before tax	(225,026)	(850,299)
<u>Adjustments for:</u>		
Depreciation	3,390	2,792
Provisions	47,131	-
Finance income	(167,804)	(69,486)
Finance cost	1,883	640
<u>Changes in working capital:</u>		
(Increase)/ Decrease in Other receivables	4,819,486	(70,996)
(Increase)/ Decrease in Other current assets	46,573	-
Increase / (Decrease) in current liabilities	86,023	397,990
Net cash inflow/ (outflow) from operating activities	4,611,656	(589,359)
Purchase of property, plant and equipment	(33,187)	(43,085)
Interest received	102,023	150,024
Net cash inflow/ (outflow) from investing activities	68,836	106,939
Interest and bank charges paid	(1,883)	-
Net cash inflow/ (outflow) from financing activities	(1,883)	-
Net cash inflow/ (outflow) for the period	4,678,609	(482,420)
Cash at the beginning of the period	15,902,758	8,927,201
Cash at the period end	20,581,367	8,444,781

The net increase in cash and cash equivalents for the 3rd quarter of 2018 amounted to €4,678,609 and is mainly due to the collection of dividends of €5,605,995 during the period. This increase was offset by the payments that occurred for the operations of the Company to cover its expenses and payables outstanding from prior period. In the comparative period of 2017, no dividend receipts were recorded, since the subsidiaries that distributed dividends to HCAP were transferred as of 01.01.2018.

B.2 Separate Financial statements for the period 01.01.2018 – 30.09.2018

The accumulated results for the nine-month period 01.01.2018- 30.09.2018 (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 – 30.09.2018

Statement of total comprehensive income (amounts in Euro)	01.01.2018 - 30.09.2018	01.01.2017 - 30.09.2017
Dividend income (note 1)	16,997,936	-
Payroll and management cost (note 2)	(1,943,924)	(1,249,340)
Third party fees (note 2)	(815,348)	(320,450)
Other operating expenses (note 2)	(309,101)	(178,978)
Non-recurring expenses (note 3)	-	(240,070)
Earnings before interest, tax, depreciation and amortization (EBITDA)	13,929,563	(1,988,838)
Depreciation	(9,747)	(6,155)
Earnings before interest and tax	13,919,816	(1,994,993)
Finance income	269,814	219,509
Finance cost	(4,540)	(1,444)
Profit /(loss) before tax	14,185,090	(1,776,928)
Income Tax	-	-
Net profit/ (loss)	14,185,090	(1,776,928)

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

- 1 Revenue:** the variation is mainly attributable to the fact that, based on Law 4512/2018 and since 01.01.2018, 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 totalling €16,997,936 for the nine months ended 30.09.2018 (in the first semester 2018 dividends from EYDAP €10,650,000, EYATH €4,011,150 and OTE €1,594,845 plus dividends income in the third quarter 2018 of €741,941 as analysed above in note 1 par. B1.1).

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.

- 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.

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 2018. As a result, the expenses for the nine-months of 2017 were low and mainly related to the phase of establishment and formation of the Company.

- 3 Non-recurring expenses** recognized in the nine-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 – 30.09.2018

Cash flow statement (amounts in Euro)	01.01.2018 - 30.09.2018	01.01.2017 - 30.09.2017
Profit/ (loss) before tax	14,185,090	(1,776,928)
<u>Adjustments for:</u>		
Depreciation	9,747	6,155
Provisions	192,753	-
Finance income	(269,814)	(219,509)
Finance cost	4,540	1,444
<u>Changes in working capital:</u>		
(Increase)/ Decrease in Other receivables	(926,513)	(170,203)
(Increase)/ Decrease in Other current assets	135,718	-
Increase / (Decrease) in current liabilities	(279,694)	525,658
Net cash inflow/ (outflow) from operating activities	13,051,827	(1,633,383)
Purchase of property, plant and equipment	(38,103)	(76,162)
Interest received	236,249	154,326
Net cash inflow/ (outflow) from investing activities	198,146	78,164
Interest and bank charges paid	(4,540)	-
Net cash inflow/ (outflow) from financing activities	(4,540)	-
Net cash inflow/ (outflow) for the period	13,245,433	(1,555,219)
Cash at the beginning of the period	7,335,934	10,000,000
Cash at the period end	20,581,367	8,444,781

Notes:

The net increase in cash and cash equivalents for the nine-month period of 2018 amounted to €13,245,433 and is mainly due to the collection of dividends of € 16,255,995 during the period. This increase was partially offset 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 nine-month period of 2017 is not comparable with the first nine-month period of 2018.