



**ADMIE HOLDING S.A.**

**Annual Financial Report for the period from  
1<sup>st</sup> January to 31<sup>st</sup> December 2018  
(According to article 4 of Law 3556/2007)**



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**A. REPRESENTATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS**

(According to article 4(2) of Law 3556/2007)

The members of the Board of Directors of the Societe Anonyme under the name of ADMIE Holding and the distinctive title of ADMIE Holding SA (henceforth the Company), based in Athens, Dirachiou street, No. 89:

1. Zarikou Eleni, daughter of Nikolaos,, Chairman of the Board of Directors
2. Kampouris Ioannis, son of Theocharis, Vice Chairman of the Board of Directors
3. Karakatsanis Kostantinos, son of Spyridon, Member of the Board of Directors
4. Darousos Evaggelos, son of Konstantinos, Member of the Board of Directors
5. Nikolouzos Alexandros, son of Leonidas, Member of the Board of Directors

in our above capacity, hereby declare that to the best of our knowledge:

- a. the annual financial statements of the Company for the period 01.01-31.12.2018, prepared in accordance with the applicable international accounting standards, accurately represents the assets and liabilities, equity and the results of the period and total revenues of the Company as well as of the companies included in the consolidation taken as a whole, in accordance with the provisions of Article 4 of Law 3556/2007 and
- b. the annual financial report of the Company's Board of Directors accurately reflects the Company's development, performance and position, including a description of the main risks and uncertainties it faces and the information required under paragraph 2 of article 4 of Law 3556/2007.

Athens, 18 March 2019

**CHAIRMAN OF THE BOD**

**VICE CHAIRMAN OF  
THE BOD**

**MEMBER OF THE BOD**

**E. ZARIKOU**

**I. KAMPOURIS**

**A. NIKOLOUZOS**

**ID No Φ135240**

**ID No AI036584**

**ID No AN615557**

**B. ANNUAL FINANCIAL REPORT OF THE BOARD OF DIRECTORS OF ADMIE HOLDING SA**

to the annual financial statements of ADMIE Holding S.A.  
for the period from 01<sup>st</sup> January to 31<sup>st</sup> December 2018

The present report of the Board of Directors concerns the period of the second fiscal year (01.01-31.12.2018) and provides condensed financial information on the financial position and results of "ADMIE Holding SA". The Report describes the most important events that took place during the second fiscal year 2018 and their impact on the financial statements, the main risks and uncertainties that the company faces, as well as qualitative data and estimates for the development of its activities. Finally, significant transactions between the Company and related parties are included.

This Report was prepared in accordance with Article 4 of Law 3556/2007, is in line with article 43a of Law 2190/1920 and article 148 of Law 4548/2018 and accompanies the annual financial information for the same period.

**1. Analysis of the development & financial performance of the Company**

**a. Business model description, goals and core values**

The Company has the name "ADMIE HOLDING SOCIETE ANONYME" ("the Company") and the distinctive title "ADMIE HOLDING SA".

In the framework of the implementation of the full ownership unbundling of IPTO S.A from PPC pursuant to Law 4389/2016 (Government Gazette A 94 / 27.05.2016), as amended and in force, by decision of the Extraordinary General Meeting of 17.01.2017 of PPC, the following were decided: a) the establishment of the Company, b) the contribution to the Company of the shares of IPTO S.A held by PPC representing 51% of the share capital of the Company, and c) the reduction of the share capital of PPC by return in kind to PPC shareholders of the total (100%) of the Company's shares. The aforementioned transfer from PPC to the Company of shares of IPTO S.A, which represent 51% of the share capital, took place on 31.03.2017, while the relevant certification of the payment of the initial share capital of the Company was effected with the minutes no. 4 / 31.03.2017 of the Board of Directors of the Company, which were registered at GEMI on 18.05.2017. (note 13).

Therefore, the Company becomes a shareholder of 51% of IPTO S.A and the participation is recognized with the equity method as a Joint Venture as stipulated in IFRS 11 - "Joint Arrangements" (Note 2.5)

The Company's purpose includes the following:

- a.** The exercise of the rights resulting from the above participation and the participation in the operation of legal persons.
- b.** The development and pursuit of any other investment activity in Greece or abroad.
- c.** Any other act or action that is relevant or promotes the above purpose.

The Company's shares are traded on the Athens Stock Exchange. The date of the Company's listing on the Athens Stock Exchange is 19/06/2017.

The financial statements of our non-listed jointly controlled IPTO SA are published on the company's website [www.admie.gr](http://www.admie.gr).

The present financial statements are available at the Company's website: [www.admieholding.gr](http://www.admieholding.gr).

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**b. Administration principles and internal management systems**

The management of the Company provides direction, leadership and an appropriate environment for its operation to ensure that all its available resources are fully engaged in the achievement of its objectives.

The Company has an independent Internal Audit Department and in order to ensure its independence and full transparency, its operation is supervised by the Board of Director and the Audit Committee.

**c. Description of past performance and tangible and intangible assets.**

**Overview of the financial results of the year 2018**

During the year 2018 the net profits of the company amounted to € 46,522 thousand (2017: € 26,819 thousand) . The amount includes profits of 42,353 thousand euros (2017: € 24,024 thousand) from the 51% holdings in the jointly controlled IPTO SA. and other comprehensive income amounting to € 4,256 thousand (2017: € 3,778 thousand), 51% share of the other comprehensive income of the jointly controlled company.

The operating expenses of the Company amounted to €244 thousand (2017: €983 thousand).The amount of operating expenses decreased by approximately 75% in relation to 2017.

The earnings after tax per Company share amounted to €0.20 in 2018 (2017: € 0.12).

At a balance sheet level, the company's cash equivalents as of 31.12.2018 amounted to €4,843 thousand (2017: € 2,181 thousand). Equity amounted to €565,180 thousand euro (2017: € 518,659 thousand). The increase in cash and cash equivalents is due to receipt of dividend during the year 2018 from the jointly controlled company IPTO S.A.

The fees of the members of the Company's Management during the 01.01-31.12.2018 period amounted to €15 thousand (2017: €40 thousand euro) gross amount, which are the fees for attendance at the Company's Board.

No loans have been granted to members of the Board of Directors or other senior management of the company (or their families).

All transactions described above have been carried out under normal market conditions.

**Tangible and intangible assets**

The company's tangible and intangible assets have net book value of EUR 12 thousand, consisting mainly of furniture, computers and software programs to facilitate the company's everyday operations.

**2. Major risks**

The Company's activities are affected by the following types of risk:

***Business risk***

Potential restrictions on the payment or collection of dividend or possible failure to pay a dividend or the payment of a reduced dividend by the jointly controlled entity may result in the Company not being able to cover its operating and other expenses.

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***Risks Associated with the Business Activity of IPTO S.A.***

The activity of IPTO S.A. is subject to a strict and complex legislative and regulatory framework, which concerns the management of Hellenic Electricity Transmission System (ESMIE), and increased supervisory obligations. Possible changes to the relevant institutional framework may adversely affect the results, cash flows and financial position of IPTO S.A. and consequently the distributed dividend. They may also cause capital needs in the jointly controlled company, which the shareholders of the jointly controlled entity will be called upon to meet through a share capital increase.

***Liquidity Risk***

Liquidity risk is linked to the need for adequate funding for the operation and growth of the Company. The Company manages the liquidity risk through the monitoring and planning of its cash flows and acts appropriately by securing, to the extent possible, adequate credit and cash reserves.

The company received a dividend in 2018 from IPTO SA which is sufficient to meet its financial needs and it has been invested in the Bank of Greece.

Also during the year 2019 it is expected to receive from the jointly controlled entity a dividend amounted approximately 23 million euros.

**3. Environmental issues**

Because of the nature of its activity, the company does not raise environmental issues.

**4. Labor issues**

Promoting equal opportunities and protecting diversity are key principles of the Company. Management does not discriminate in terms of recruitment / selection, pay, education, job assignment or any other work activities. The factors that are exclusively taken into account in the assignment of management responsibilities are the person's experience, personality, theoretical training, qualifications, efficiency and ability.

The Company encourages and instructs all employees to respect the diversity of each employee or supplier or customer of the Company and not to accept any conduct that may be discriminatory in any form. The Company's policy in this area is based on the Guiding Principles of the OECD or the International Labor Organization (ILO).

**a) Diversity and equal opportunities policy (regardless of gender, religion, disadvantage or other aspects)**

As at 31.12.2018, the Company employed 3 employees of different gender and age as a regular staff, and the company's consistent policy is to provide equal opportunities to employees regardless of gender, religion, disadvantage or other aspects.

The Company's relations with its staff are excellent and there are no labor issues.

**b) Respect for workers' rights and trade union freedom**

The Company respects the rights of employees and observes the Labor Legislation.

**c) Health and safety at the workplace**

Safety at work for employees is a top priority and a prerequisite for the Company's operation.

The Company employs a "safety officer" in accordance with applicable law. The Company keeps "first aid" kit materials (medicines, dressings, etc.) in the work areas.

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**5. Financial and non-financial key performance indicators**

Below are the key financial indicators used by the company:

<b>Ratios</b>	<b>2018</b>	<b>2017</b>
<b>Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)</b>	42.114	23.051
<b>Current Ratio</b> $\frac{\text{Current Assets}}{\text{Current liabilities}}$	726,3	0,6
<b>Quick (Acid) Ratio</b> $\frac{\text{Current Assets- Inventories}}{\text{Current liabilities}}$	726,3	0,6
<b>Cash Flow Liquidity</b> $\frac{\text{Cash and cash equivalents}}{\text{Total current liabilities}}$	238,5	0,58
<b>Return on Equity (ROE)</b> $\frac{\text{Profit after tax}}{\text{Total equity}}$	8%	5%
<b>Return on Assets(ROA)</b> $\frac{\text{Profit after tax}}{\text{Total assets}}$	7%	5%
<b>Return on Capital Employed (ROCE)</b> $\frac{\text{Profit before interest and tax}}{\text{Total assets- Current liabilities}}$	7%	4%

**6. Anticipated development of the company**

**Outlook for 2019**

Given the nature of the activities and the Company's sound financial position for 2018, the management will try to maintain its profitable course. Helpful to this end will also be its intention to rationalize expenditure and boost revenue-generating activities.

**7. Company's activity in the field of research and development**

The Company did not incur research and development costs for the year 2018.

**8. Information regarding the acquisition of treasury shares as provided in paragraph 9 of article 16 of Codified Law 2190/1920**

No treasury shares were acquired during the year 2018.

**9. Company Branches**

The Company does not have any branches.

**10. Use of financial instruments**

The Company participates with 51% in IPTO SA and holds 232 million shares; a reference to the risks for this participation is made above in paragraph 2 on business risk.

**11. Transactions with related parties**

There were no transactions with related parties.

**12. Significant Events for the year 2018**

In 12.07.2018 the Annual General Meeting of the company approved the financial statements of the first fiscal year 01.02.2017- 31.12.2017.

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During September 2018, the jointly controlled company IPTO S.A. in compliance with the decisions 816/2018 and 838/2018 of the RAE decided to set up a subsidiary under the name electrical interconnection of CRETE-ATTICA ELECTRICAL INTERCONNECTION ARIADNE SPECIAL PURPOSE LIMITED COMPANY (or «ARIADNE INTERCONNECTION S.P.L.C»). Its share capital amounts to euro 200 million (two hundred million euro), was fully paid in the fiscal year, and which as a 100% subsidiary, is fully consolidated in the group's IPTO S.A. results.

The company distributed interim dividend on 31.08.2018 to the shareholders of the company amounting to 7.331 thousand euro.

***Dividends policy***

The Board of Directors, during a meeting held on March 26, 2018, decided with regard to the dividend policy of the company to adopt the combined use of dividend and interim dividend distribution with the ultimate goal of transferring to the Company's shareholders the maximum possible proceeds from the dividends of IPTO SA.

Thus, during the year 2018 and after the final approval of the profit distribution of 2017 by the Annual General Meeting of IPTO SA, Management distributed an interim dividend of 50% of the net profits of the first half of 2018 amounting 7,331 thousand euro.

**13. Other information about the company**

**a) Structure of the share capital of the Company**

The share capital of the Company amounts to 491,840 thousand euros divided into 232,000,000 common registered shares of a nominal value of 2,12 euro each and is fully paid up. All shares of the Company are common, registered, with voting rights, have been admitted to trading on the Athens Stock Exchange and have all the rights and obligations deriving from the Company's Articles of Association and stipulated by the Law.

No treasury shares were acquired during the year 2018.

**b) Restrictions on the transfer of shares of the Company**

The transfer of the Company's shares is carried out in accordance with the Law and there are no restrictions on transfer by its Articles of Association.

**c) Significant direct or indirect holdings**

At the date of approval of the financial statements for the year ended 31 December 2018, the significant direct or indirect holdings within the meaning of articles 9 to 11 of Law 3556/2007 are:

- Public Holding Company IPTO SA with 51.1% (118.605.114 shares)
- SILCHESTER INTERNATIONAL INVESTOR LLP with 12.98% (30,104,153 shares), which has the capacity of investment manager for the following clients: Silchester International Investors International Equity Trust, Silchester International Investors International Equity Group Trust, Silchester International Investors International Value Equity Taxable Trust, The Calleva Trust, Silchester International Investors Tobacco Free International Value Equity Trust.

**d) Shares conferring special rights**

There are no Company shares that provide special rights of control to their holders.

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**e) Restrictions on voting rights**

The Company's Articles of Association does not provide for any restrictions on voting rights.

**f) Agreements between shareholders of the Company**

There are no shareholders' agreements placing restrictions on the transfer of the Company's shares or the exercise of the voting rights deriving from its shares.

**g) Rules for the appointment and replacement of members of the Board of Directors, as well as for the amendment of the Articles of Association, which differ from the provisions of Codified Law. 2190/1920**

The rules laid down in the Company's Articles of Association for the appointment and replacement of the members of the Board of Directors and the amendment of its provisions do not differ from the provisions of the Codified Law. 2190/1920.

**h) Power of the Board of Directors or of certain members to issue new shares or purchase treasury shares according to article 16 of Codified Law 2190/1920.**

At the end of the year, the Company did not own treasury shares.

**i) Significant agreements entered into by the Company which enter into force, are amended or expire in the event of a change in the control of the Company following a public offering**

There are no agreements that have entered into force, are amended or expire in the event of a change in the Company's control following a public offering.

**j) Significant agreements entered into by the Company with members of the Board of Directors or its employees**

There are no special agreements of the Company with members of its Board of Directors or its employees, which provide for payment of compensation especially in case of resignation or dismissal without a valid reason or termination of their term or employment due to a public offering.

The Annual Financial Report of the Board of Directors for the period from 1 January to 31 December 2018 has been published on the site of the company [www.admieholding.gr](http://www.admieholding.gr)

Athens, 18 March 2019

For the Board of Directors

Chairman of the BOD

Eleni Zarikou

## **C. CORPORATE GOVERNANCE STATEMENT**

This Company's Corporate Governance Report contains information on the issues of Article 43bb of Codified Law 2190/1920 at the reporting date of 31.12.2018.

### **A. CORPORATE GOVERNANCE CODE**

The Company, with a view to promoting corporate governance, has adopted the Greek Code of Corporate Governance (hereinafter referred to as "the Code") as formulated by the Hellenic Council for Corporate Governance, an initiative of Athens Stock Exchange and the Hellenic Federation of Enterprises (SEV), used as a benchmark for assessing corporate governance practices. The Company has adopted the mandatory rules laid down by the relevant legislation requiring the participation of non-executive and independent non-executive members in the Board of Directors, the adoption of an operating regulation and the establishment of an audit committee for the supervision of the internal control unit and the internal control system in general (Law 4449/2017 as applicable).

The Code is available at <http://admieholding.gr>

The Company complies with the general principles of this Code.

### **B. INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM**

#### **1. Main features of the internal audit system**

The Company's internal audit system includes the policies, procedures and practices that the Company applies to ensure that its corporate objectives are met, that its assets are protected and monitored and that business risks are managed. The internal audit system is defined under the responsibility of the Board of Directors and supervised by the Audit Committee.

In this framework, the Board of Directors. has instituted procedures and policies for the proper audit and recording of income and expenses and the monitoring of the status and value of the Company's assets and liabilities and its subsidiaries in accordance with the IAS, corporate and tax laws in order to ensure the proper presentation of its financial position and performance through the financial statements, reports of the Board of Directors and the investment situation. The Company's Internal Audit Department's main activity is to examine the adequacy of the internal audit system to determine whether the existing system provides satisfactory assurance that the Company's objectives and pursuits will be met efficiently and economically. To fulfill this purpose, it provides the administration with analyses, assessments, proposals, advice and information on the activities audited.

#### **2. Risk management of the Company in relation to the process of preparation of the financial statements**

Risk Management Procedures and Policies are designed by the Regulatory Compliance and Risk Management Officer in accordance with specific rules set by the Board, which aim, among other things, in the control and proper recording of income and expenditure, as well as the monitoring of the status and value of the Company's and its subsidiaries' assets and liabilities in accordance with the IAS and the corporate and tax laws, to ensure that the annual financial report and the interim financial statements are properly presenting its position and its performance through. These procedures and policies, which are applied by the competent departments, include: The application of certain accounting principles and assumptions and the process of monitoring compliance by independent auditors and valuers. The preparation of budgets and the monitoring of the implementation of both revenues and expenses through reports to the Board. Keeping the Company's books in a reliable computer system with the parallel application of security rules and restriction of access to them. Approving revenue and expenditure, monitoring compliance with the terms of the relevant contracts and approving documents and payments. Monitoring and reporting of transactions, receivables and payables with affiliated parties.

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In order to control the efficiency of these procedures, the Board of Directors is supported by the Internal Audit Department through regular audits and analyses of the financial figures of the Company as part of the effort to improve existing policies and procedures.

### **C. OPERATION AND POWERS OF THE GENERAL MEETING OF SHAREHOLDERS**

#### **General Meeting function**

The General Meeting is the supreme body of the Company, is convened by the BoD and is entitled to decide on all corporate affairs and shareholders are entitled, whether in person or by a duly authorized representative, to participate in it, in accordance with the applicable procedure. The BoD ensures that the preparation and conduct of the General Meeting of Shareholders facilitates the effective exercise of shareholders' rights, who are informed of all matters relating to their participation in the General Meeting, including agenda items, and their rights in the General Meeting.

More specifically, regarding the preparation of the General Meeting in conjunction with the provisions of Law 3884/2010, the Company will post on its website at least twenty (20) days before the General Meeting, information on:

- the date, time and place of the General Meeting of Shareholders,
- the basic rules and practices of participation, including the right to enter items on the agenda and submit questions, as well as the time limits within which such rights may be exercised,
- voting procedures, proxy terms and the forms used for proxy voting,
- the proposed agenda for the Meeting, including draft decisions for discussion and voting, as well as any accompanying documents,
- (if there is a question of election of members) the proposed list of candidate members of the BoD and their resumes; and
- the total number of voting shares at the date of the convocation.

The Chairman of the Board of Directors, the Chief Executive Officer and the Chairmen of the BoD committees are present at the General Meeting of Shareholders in order to provide information and updates on issues raised for discussion and on questions or clarifications requested by shareholders.

In addition, the Company's Internal Audit Officer must also attend the General Meeting. The General Meetings, are provisionally chaired by the Chairman of the BoD, or, if he is prevented, by his legal substitute. A person appointed by the Chairman shall temporarily serve as Secretary. Following the ratification of the list of shareholders entitled to vote, the General Meeting immediately elects the final presidium, which consists of the Chairman and a secretary who also carries out scrutineer duties. The Chairman of the General Meeting must ensure that there is sufficient time for shareholders to ask questions. Any shareholder that appears as such in the records of the entity in which the Company's securities are held is entitled to participate and vote in the General Meeting of the Company. The exercise of these rights does not entail the freezing of the shares of the beneficial owner or the observance of any other similar procedure.

A shareholder may appoint a representative if he so desires. The decisions of the General Meeting are taken in accordance with the provisions of the applicable legislation and the provisions of the Company's Articles of Association. Within five (5) days of the date of the General Meeting, at the latest, the results of voting shall be made available on the Company's website, specifying for each decision the number of shares for which valid votes were given, the proportion of the share capital represented by these votes, the total number of valid votes, and the number of votes for and against each decision and

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the number of abstentions. Furthermore, a summary of the minutes of the General Meeting of Shareholders becomes available on the Company's Web site within fifteen (15) days of the General Shareholders' Meeting.

**D. COMPOSITION AND OPERATION OF THE BOARD OF DIRECTORS AND OTHER MANAGEMENT OR SUPERVISORY INSTITUTIONS OR COMMITTEES**

***Board of directors***

***Role and responsibilities of the Board of Directors***

The primary obligation and duty of BoD members is to constantly seek to strengthen the long-term financial value of the Company and to defend the general corporate interest. The Board of Directors has the power to decide on any act concerning the management of the Company, the management of its assets and the general pursuit of its purpose, in accordance with the provisions of the Company's Articles of Association, and to represent the Company in court and out of court.

The Board of Directors may assign, in whole or in part, to one or more of its members or one or more employees of the Company or, in general, to third parties / non-members thereof, unless otherwise provided by the provisions of law. Independent members of the Board of Directors may submit, separately or jointly, reports and separate reports from those of the BoD to the Ordinary or Extraordinary General Meeting, if they deem it necessary. The BoD appoints the Company's Internal Auditor, who is supervised by the Audit Committee. The members of the Company's BoD have to cooperate with the Internal Auditor and provide him with information and, in general, facilitate his work in any way. The Company's management must provide the Internal Auditor with all necessary means to facilitate his work.

**Size and composition of the BoD**

The Company is governed by the Board of Directors, which consists of five (5) to seven (7) members, elected by the General Meeting of the Company's shareholders. The term of office of the members of the BoD is three years and it is automatically extended until the first Ordinary General Meeting after the expiration of their term of office, which cannot exceed one year. BoD members, shareholders or not, are always redeemable and freely revocable. The BoD immediately after its election meets and assembles in a body, electing its Chairman and Vice-Chairman. The BoD may elect one or two Managing Directors from among its members, while defining their responsibilities, determining and authorizing the persons who sign in the name and on behalf of the Company by committing it. The Chairman of the Board directs its meetings. The Chairman, when absent or impeded, is substituted by the Vice-Chairman, and when the Vice-Chairman is impeded, following a decision of the Board of Directors, by the Managing Director.

Should any BoD positions become vacant for any reason and their filling by the substitute members elected by the General Meeting is not possible, then the remaining members, if at least three (3), elect their replacement or replacements for the remainder of the term of office of the member being replaced.

The Board of Directors of the Company consists of executive and non-executive members. In particular: (a) Executive members are those who deal with the day-to-day management issues of the Company and have the power to manage and represent it. The work of executive BoD members is to deal with the day-to-day management issues of the Company. The Board of Directors, with its decisions, may delegate specific areas of action to them. These members can provide services and generally assist the Managing Director in his work. (b) Non-executive members have no management and representative authority. They are generally tasked with promoting all corporate issues, but they do not deal with day-to-day management issues. They participate in boards, committees, groups, and other collective bodies

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of the Company. Non-executive members should meet periodically without the presence of executive members in order to assess the performance of executive members and determine their remuneration.

The number of non-executive members of the Board of Directors may not be less than 1/3 of the total number of members. At least two (2) non-executive members must be independent according to the rules of Article 4(1) of Law 3016/2002. In order to control independence, the Company must, within twenty (20) days from the formation of the Board of Directors, submit to the Hellenic Capital Market Commission the minutes of the General Meeting that elected the independent members of the BoD.

The company implements a policy of diversity regarding the composition of both its board of directors and its top executives and there is a percentage of representation of each gender respectively in the Holding company ADMIE in 2018, the representation rate of women was 20%.

The status of BoD members as executive or non-executive is determined by the BoD, while the independent members are appointed by the General Meeting. If a temporary member is elected by the Board of Directors, until the first General Meeting, to replace an independent member who has resigned, expired or for any reason been disqualified, the elected member must also be independent. The minutes of the BoD, which designate the status of each member of the Board as executive, non-executive or elected temporary independent member in place of another who resigned, expired or for any reason been disqualified, shall be submitted within twenty (20) days to the Hellenic Capital Market Commission.

Today's composition of the Board of Directors of the Company, as it was formed by the decision of the Board of Directors of 10.12.2018, is:

1. Zarikou Eleni, Chairman of the BOD
2. Ioannis Kampouris, Vice Chairman, Executive member
3. Alexandros Nikolouzos, Non- executive member
4. Konstantinos Karakatsanis, Independent Non- executive member
5. Evaggelos Darousos, Independent Non- executive member

The duration of service for the members of the Board of Directors is 3 years.

***Brief Curriculum Vitae (CV) of BOD members***

**CHAIRMAN – Eleni Zarikou**

Ms. Zarikou is an economist, financial advisor to the Chairman and CEO of IPTO SA since July 2017.

Eleni has 12 years of working experience in auditing, accounting and financial analysis, with auditing and Finance Manager positions at multinational companies in Greece. For the past three years prior to IPTO, she was a financial advisor to the Secretary General at the Ministry of Economy and Development.

She is a graduate of the Department of Organization and Business Administration from the University of Piraeus. Eleni also holds a postgraduate degree in Applied Economics and Finance from the National & Kapodistrian University of Athens. She holds a professional qualification with the Certified Auditors and Accountants Training of the Body of Chartered Auditors and Accountants.

Eleni is a Greek native and also speaks English fluently, while she has a good knowledge of German and Spanish.

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**VICE CHAIRMAN – Dr. Ioannis Kampouris**

Dr. Ioannis Kampouris is Electrical Engineer with a Bachelor and a Ph.D. degree in Electrical Engineering from the National Technical University of Athens (NTUA).

He has over 30 years of professional experience in the field of energy. From June 2017 until today he is a member of the Board of Directors of IPTO SA and Chief Officer of Operation, Infrastructure and Market, while from February 2017 to June 2017 he was the Chief Executive Officer (CEO) of IPTO SA. Since 2005, he was Director of the Transmission System Planning (IPTO SA and HTSO SA), Director at the Chief Executive Director office (IPTO SA) and Head of System Planning Department (HTSO SA).

From 1988 to 1996 he was Research and Teaching assistant at the NTUA, School of Electrical, Electronic & Computer Engineers. From 2002 to 2011 he was associate Professor at the Technological University of Piraeus.

He is an active member of many organizations such as Technical Chamber of Greece, IEEE, CIGRE, ENTSO-E etc. He is Author or co-author of more than 150 publications in international journals, national and international conferences.

He is a Greek native and speaks fluently English.

**MEMBER OF THE BOD-Alexandros Nikolouzos**

Mr. Nikolouzos is an attorney at the Supreme Civil and Criminal Court. He graduated from the University of Athens Faculty of Law. He completed his postgraduate studies at the Universities of Hamburg and Bremen and specialised on Constitutional, Administrative, European and International Law.

He was Legal advisor to the Minister of Environment and Energy from September 2015 to November 2016 and, among others, was actively engaged in the Full Ownership Unbundling procedure of IPTO from PPC.

He is a Greek native, fluent in English and German and has good working knowledge in French and Spanish.

**MEMBER OF THE BOD- Konstantinos Karakatsanis**

Konstantinos Karakatsanis is an economist, graduate of the Department of Financial and Banking Administration of the University of Piraeus. Since November 2011 he has been working as an accountant – tax consultant. He has wide experience across a range of accounting requirements and obligations for corporates.

He has worked for 5 years in an accounting company, predominantly maintaining accounts, dealing with tax administration affairs, social security organizations and other public services, as well as the supervision of payroll and in general the application of labor legislation, preparation of financial statements and tax filings. Since December 2016 he is Chief Accountant for Mondial Protectas S.A.

Konstantinos is a Greek native, while fluent in English and with a decent command in German language. He has full knowledge of International Financial Reporting Standards. He is a member of the Economic Chamber of Greece.

**Evangelos Darousos**

Mr. Darousos graduated from the Department of Maritime Studies of the University of Piraeus. Since 2011 he has mainly worked in the finance, accounting & auditing services sector, as well as in the shipping industry. Today he is partner of a consulting firm, where he works as an economist and investment consultant.

**ADMIE HOLDING S.A.**  
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**(In thousand euro unless otherwise stated)**

He holds a Master of Science (MSc) degree in Maritime Operations and Management from City University, London with a specialization in the role of financial derivatives in risk management. As a PhD candidate of the World Maritime University under the auspices of the International Maritime Organization (UN), he focuses on the links between Economics, Corporate Governance, Business Performance, and Sustainable Development.

Evangelos is a native Greek speaker and is fluent in English, French and Spanish. He is a registered member of the Economic Chamber of Greece.

***Attendance Fees for the Board of Directors***

<b>SURNAME</b>	<b>NAME</b>	<b>TYPE</b>	<b>NUMBER OF MEETINGS</b>	<b>GROSS AMOUNT</b>
NIKOLOUZOS	ALEXANDROS	MEMBER OF THE BOD	4	1.600
KAMPOURIS	IOANNIS	VICE CHAIRMAN	2	800
PAPAGIANNAKOPOULOS	NEKTARIOS	PREVIOUS CEO	1	400
ZARIKOU	ELENI KONSTANTINOS	CHAIRMAN	8	3.200
KARAKATSANIS	S	MEMBER	11	4.400
DAROUSOS	EVAGGELOS	MEMBER	11	4.400
			<b>Total</b>	<b>14.800</b>

***Audit Committee***

The Audit Committee is set up to support the Board in its duties on financial reporting, internal audit and the monitoring of the statutory audit. The Audit Committee is an independent committee of the Company's Board of Directors. It is composed of three (3) non-executive members of the Board of Directors, of which two (2) are independent within the meaning of the provisions of Law 3016/2002. The Chairman of the Audit Committee is appointed by its members and is independent of the Company.

At least one (1) member of the Audit Committee is a certified auditor accountant, suspended or retired, or has sufficient knowledge of audit and accounting. The members of the Audit Committee as a whole have sufficient knowledge in the field in which the Company operates.

The non-executive members of the Board of Directors form the three-member Audit Committee, the composition of which was formed by the Board of Directors on 10.12.2018 and consists of:

Evaggelos Darousos , Chairman

Alexandros Nikolouzos, Member

Konstantinos Karakatsanis ,Member

The Audit Committee aims to coordinate the supervisory functions of the Board of Directors with regard to its responsibility towards shareholders, investors and other partners to ensure the integrity and reliability of the financial statements, the effectiveness of the risk management system, the effectiveness and overall performance of the company's internal audit system, and the observance of laws and other regulatory provisions and the Code of Ethics of the Company. The Audit Committee meets at least every three months and then informs the Board of Directors on matters of its competence. During the year 2018 the Audit Committee was convened eight times.



# Independent Auditor’s Report

To the Shareholders of Holding Company ADMHE (IPTO) S.A.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Holding Company ADMHE (IPTO) S.A. (the Company), which comprise the statement of financial position as at 31 December 2018, and the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position Holding Company ADMHE (IPTO) S.A. as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company throughout our appointment in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek Legislation and the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

Key Audit Matter	How the Audit Matter was addressed
<p>As at 31.12.2018 the book value of investments accounted using the equity method in the financial statements amounts to € 550.439 thousand approximately, constituting almost the total value of assets.</p> <p>The Company’s management recognizes the investment in the company under joint control using the equity method, according to IAS 28. The standard provides that an investment in a company under joint control is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee (IPTO SA) after the date of acquisition. The investor’s share of the profit or loss of the investee (IPTO SA) is recognized in the investor’s income statement.</p>	<p>Our audit was focused, among others, to the following matters:</p> <ul style="list-style-type: none"> <li>- We have evaluated the information and data that Management has examined relating to the recognition of the investment according to the equity method, while applying the guidelines of IAS 28.</li> <li>- We have recalculated the share of the Company in the company’s under common control profit, that was recognized in the statement of income and total comprehensive income for the period ended on 31/12/2018</li> </ul>

<p>This area has been considered important for our audit due to the amount of the investment in the financial statements as a whole and the revenue amount deriving from the Company's share in the joint control company's profit and loss.</p> <p>Information regarding the Company's accounting policies for investment in the company under joint control are provided in notes 2.6 and 3 of the annual financial report.</p>	<p>- We have evaluated the adequacy and the appropriateness of the disclosures in notes 2.6 and 3 of the financial statements.</p>
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**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report for which reference is made to the "Report on Other Legal and Regulatory Requirements", to the Statements of the Members of the Board of Directors and to any other information which either is required by specific legal provisions either the Company has optionally incorporated into the provided by the L. 3556/2007 Annual Financial Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

The Audit Committee (art. 44 L. 4449/2017) of the Company is responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## **Report on Other Legal and Regulatory Requirements**

### **1. Board of Directors' Report**

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement included in this report, according to the provisions of paragraph 5 of article 2 (part B') of L. 4336/2015, we note that:

- a) The Board of Directors' Report includes the Corporate Governance Statement that provides the data and information defined under article 43bb of cod. L. 2190/1920.
- b) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the article 43a and the paragraph 1 (cases c' and d') of the article 43bb of cod. L. 2190/1920 and its content corresponds with the accompanying financial statements for the year ended 31/12/2018.
- c) Based on the knowledge we obtained during our audit of Holding Company ADMHE (IPTO) S.A. and its environment, we have not identified any material misstatements in the Board of Directors' Report.



## **2. Additional Report to the Audit Committee**

Our audit opinion on the accompanying financial statements is consistent with the Additional Report to the Company's Audit Committee referred to in Article 11 of European Union (EU) Regulation 537/2014.

## **3. Provision of Non-Audit Services**

We have not provided to the Company the prohibited non-audit services referred to in Article 5 of EU Regulation 537/2014 or other permitted non-audit services.

## **4. Auditor's Appointment**

We have been appointed for the first time statutory auditors of the Company by the dated 38194/31-1-2017 notary deed by which the Company was incorporated.

Athens 18 March 2019

### **SOTIRIOS D. KOURTIS**

Certified Public Accountant Auditor  
Institute of CPA (SOEL) Reg. No.50601

### **PANAYIOTIS V. TRIMPONIAS**

Certified Public Accountant Auditor  
Institute of CPA (SOEL) Reg. No.14941

SOL S.A.

Member of Crowe Global  
3, Fok. Negri Str., 112 57 Athens, Greece  
Institute of CPA (SOEL) Reg. No. 125



**ADMIE HOLDING S.A.**  
**ANNUAL FINANCIAL REPORT FOR THE YEAR-ENDED 31ST DECEMBER 2018**  
**(In thousand euro unless otherwise stated)**

**E. FINANCIAL STATEMENTS FOR THE YEAR-END 31 DECEMBER 2018**



**ADMIE HOLDING COMPANY S.A.**  
**(ADMIE HOLDING S.A.)**

Financial Statements  
According to the International Financial Standards  
For the year from 1st January 2018 to 31st December 2018

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**ADMIE HOLDING S.A.**  
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**STATEMENT OF FINANCIAL POSITION**

<u>ASSETS</u>	Note	31/12/2018	31/12/2017
<b>Non-current assets:</b>			
Tangible assets	5.1	5	5
Intangible assets	5.2	7	9
Investments accounted using the equity method	3	550.439	519.572
Other receivables	11	-	561
		<b>550.451</b>	<b>520.147</b>
<b>Total non-current assets</b>			
<b>Current assets:</b>			
Other receivables	11	9.907	79
Cash and cash equivalents	12	4.843	2.181
		<b>14.750</b>	<b>2.260</b>
<b>Total current assets</b>			
		<b>565.201</b>	<b>522.408</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity:</b>			
Share capital	13	491.840	491.840
Legal reserve		734	-
Other reserves	14	8.034	3.778
Retained earnings		64.572	23.041
		<b>565.180</b>	<b>518.659</b>
<b>Current liabilities:</b>			
Trade and other liabilities	15	20	18
Deferred income	16	-	3.731
		<b>20</b>	<b>3.749</b>
<b>Total equity and liabilities</b>			
		<b>565.201</b>	<b>522.408</b>

**ADMIE HOLDING S.A.**  
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**STATEMENT OF COMPREHENSIVE INCOME**

	Note	01/01/2018- 31/12/2018	01/02/2017- 31/12/2017
Share of profits in investments accounted using the equity method	3	<b>42.353</b>	<b>24.024</b>
<b>OPERATING EXPENSES:</b>			
Personnel fees	4	(107)	(129)
Depreciation	5	(4)	(2)
Third party expenses	6	(14)	(8)
Third party fees	7	(34)	(255)
Tax-duties	8	(5)	(33)
Other expenses	10	(79)	(547)
<b>PROFIT BEFORE INTEREST AND TAX</b>		<b>42.110</b>	<b>23.049</b>
Financial expenses	9	-	(19)
Financial revenue	9	156	11
<b>NET PROFIT FOR THE PERIOD</b>		<b>42.265</b>	<b>23.041</b>
<b>Other comprehensive income</b>		-	-
Share of actuarial profits in associate companies accounted using the equity method		4.256	<b>3.778</b>
<b>Total comprehensive income for the period</b>		<b>46.522</b>	<b>26.819</b>
<b>Earnings after tax per share</b>		€ 0,20	€ 0,12

**ADMIE HOLDING S.A.**  
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(In thousand euro unless otherwise stated)

**STATEMENT OF CASH FLOWS**

	<b>01/01/2018- 31/12/2018</b>	<b>01/02/2017- 31/12/2017</b>
	<hr/>	<hr/>
<b>Cash flows from operating activities</b>		
Profit before tax	42.265	23.041
Adjustments for:		
Depreciation and amortization	4	2
Share of profit in jointly-controlled entities (IPTO 51%)	(42.353)	(24.024)
Interest received	(156)	-
<b>Operating profit before working capital changes</b>	<b>(239)</b>	<b>(962)</b>
(Increase)/ decrease of receivables	(1.056)	(640)
Increase /(decrease) of payables	3	18
<b>Net cash flows from operating activities</b>	<hr/> <b>(1.292)</b> <hr/>	<hr/> <b>(1.584)</b> <hr/>
<b>Cash flow from investing activities</b>		
Purchases of current and non-current assets	(2)	(16)
<b>Net cash flows from investing activities</b>	<hr/> <b>(2)</b> <hr/>	<hr/> <b>(16)</b> <hr/>
<b>Cash flows from financing activities</b>		
Receipt of share capital from PPC S.A	-	70
Interim dividend received from IPTO S.A.		3.731
Dividend received from IPTO S.A	10.210	-
Interim dividend paid	(6.300)	-
Loan receipt from PPC S.A.	-	831
Repayment of loan to PPC S.A.	-	(831)
Interest paid	-	(19)
Interest received from deposit in Bank of Greece	46	-
<b>Net cash flows from financing activities</b>	<hr/> <b>3.956</b> <hr/>	<hr/> <b>3.781</b> <hr/>
<b>Net increase in cash and cash equivalents</b>	<hr/> <b>2.662</b> <hr/>	<hr/> <b>2.181</b> <hr/>
<b>Cash and cash equivalents, opening balance</b>	<hr/> <b>2.181</b> <hr/>	<hr/> <b>-</b> <hr/>
<b>Cash and cash equivalents, closing balance</b>	<hr/> <b>4.843</b> <hr/>	<hr/> <b>2.181</b> <hr/>

**ADMIE HOLDING S.A.**  
**ANNUAL FINANCIAL REPORT FOR THE YEAR-ENDED 31ST DECEMBER 2018**  
(In thousand euro unless otherwise stated)

**STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Legal Reserve	Other reserves	Retained earnings	Total Equity
<b>Balance as at 01/02/2017</b>	-	-	-	-	-
Net profit for the period	-		-	23.041	<b>23.041</b>
<b>Other comprehensive income</b>					
Share of actuarial gains from investment using the equity method	-		3.778		<b>3.778</b>
<b>Total other comprehensive income</b>			<b>3.778</b>		<b>3.778</b>
<b>Total comprehensive income for the period</b>			<b>3.778</b>	<b>23.041</b>	<b>26.818</b>
Contribution in cash	70		-	-	<b>70</b>
Contribution in kind	491.770		-	-	<b>491.770</b>
<b>Balance as at 31/12/2017</b>	<b>491.840</b>	-	<b>3.778</b>	<b>23.041</b>	<b>518.659</b>
Net profit for the period	-		-	42.265	<b>42.265</b>
Statutory reserve		734		(734)	-
<b>Other comprehensive income</b>					
Share of actuarial gains from investment using the equity method	-		4.256		<b>4.256</b>
<b>Total other comprehensive income</b>			<b>4.256</b>		<b>4.256</b>
<b>Total comprehensive income for the period</b>		<b>734</b>	<b>4.256</b>	<b>41.531</b>	<b>46.522</b>
Contribution in cash	-		-	-	-
Contribution in kind	-		-	-	-
<b>Balance as at 31/12/2018</b>	<b>491.840</b>	<b>734</b>	<b>8.034</b>	<b>64.572</b>	<b>565.180</b>

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Company has the name "ADMIE HOLDING SOCIETE ANONYME" ("the Company") and the distinctive title "ADMIE HOLDING SA".

The Company's registered office is at 89 Dyrachiou Street, Athens.

The company is supervised in respect of its compliance with the law by the Hellenic Capital Market Commission and the corporate governance rules. It is furthermore supervised by the Ministry of Economy and Development regarding compliance with Law 4548/2018 and by the Athens Stock Exchange as a listed company.

In the framework of the implementation of the full ownership unbundling of IPTO S.A. from PPC pursuant to Law 4389/2016 (Government Gazette A 94 / 27.05.2016), as amended and in force, by decision of the Extraordinary General Meeting of 17.01.2017 of PPC, the following were decided: a) the establishment of the Company, b) the contribution to the Company of the shares of IPTO S.A. held by PPC representing 51% of the share capital of the Company, and c) the reduction of the share capital of PPC by return in kind to PPC shareholders of the total (100%) of the Company's shares. The aforementioned transfer from PPC to the Company of shares of IPTO S.A., which represent 51% of the share capital, took place on 31.03.2017, while the relevant certification of the payment of the initial share capital of the Company was effected with the minutes no. 4 / 31.03.2017 of the Board of Directors of the Company, which were registered at the General Commercial Registry (GEMI) on 18.05.2017. (note 13).

Therefore, the Company becomes a shareholder of 51% of IPTO S.A. and the participation is recognized with the equity method as a Joint Venture as stipulated in IFRS 11 - "Joint Arrangements" (Note 2.5).

The Company's purpose includes the following:

- a.** The exercise of the rights resulting from the above participation and the participation in the operation of legal persons.
- b.** The development and pursuit of any other investment activity in Greece or abroad.
- c.** Any other act or action that is relevant or promotes the above purpose.

The Company's shares are traded on the Athens Stock Exchange. The date of the Company's listing on the Athens Stock Exchange is 19/06/2017.

At the date of approval of the financial statements for the year ended 31 December 2018, the persons that hold a significant direct or indirect holding within the meaning of Articles 9 to 11 of Law 3556/2007 are:

- The Public Holding Company SA with 51.1% (118.605.114 shares)
- SILCHESTER INTERNATIONAL INVESTOR LLP with 12.98% (30.104.153 shares), which has the capacity of investment manager for the following clients: Silchester International Investors International Equity Trust, Silchester International Investors International Equity Group Trust, Silchester International Investors International Value Equity Taxable Trust, The Calleva Trust, Silchester International Investors Tobacco Free International Value Equity Trust.
- Other shareholders with 35.9% (83.290.733 shares)

The financial statements of our non-listed jointly controlled IPTO SA are published on the company's website [www.admie.gr](http://www.admie.gr).

**ADMIE HOLDING S.A.**  
**ANNUAL FINANCIAL REPORT FOR THE YEAR-ENDED 31ST DECEMBER 2018**  
**(In thousand euro unless otherwise stated)**

The present annual financial report on the financial statements was approved by the Board of Directors on 18 March 2019. It is also available at the Company's Internet address: [www.admieholding.gr](http://www.admieholding.gr).

## **2. FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS**

### **2.1 GENERAL**

The presented annual financial statements cover the period from 1 January to 31<sup>st</sup> December 2018. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that were either issued and in force at the time of preparation of this interim financial report (December 2018), or issued and early adopted.

The annual financial statements have been prepared in accordance with the historical cost principle.

The investment in the jointly controlled company IPTO SA apart from its initial recognition at historical cost, is accounted for using the equity method.

The financial information is presented in thousands of Euros and all items are rounded to the nearest thousand unless otherwise stated. Differences in tables are due to rounding.

### **2.2 GOING CONCERN BASIS**

The annual financial statements of the Company for the year ended 31 December 2018 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and fairly present the financial position, results and cash flows of the company based on the going concern principle.

### **2.3 RISK OF MACROECONOMIC AND BUSINESS ENVIRONMENT IN GREECE**

According to the Hellenic Statistical Authority's provisional data, the Greek economy showed a positive growth rate of 2.2% in the third quarter of 2018 compared to the corresponding quarter of 2017 (versus 1.6% in the Eurozone), maintaining the positive course of the previous quarters. The growth rate of the second quarter was revised downwards to 1.7%.

The increase in economic activity on an annual basis is mainly due to the positive performance of Exports (+ 7.6%) and the increase in Private Consumption (+ 0.7%). On the other hand, Investments recorded a decline both on a year-on-year basis (-23.2%) and compared to the previous quarter (-14.5%), while Public Consumption declined (-4.1%). A negative contribution to GDP was the large increase in Imports (+ 15.0%).

The decrease in investments is mainly due to the category of other constructions, which changed by -49.11% on a yearly basis and by -2.33% on a quarterly basis. On the other hand, the other investment categories showed a positive annual change in the third quarter of 2018 (Residences 20.80%, Transportation Equipment and Weapons Systems 154.44%, Information and Communication Equipment 16.54%, Mechanical Equipment and Weapons Systems 18.42%).

In terms of short-term indicators, the Economic Sentiment Indicator (ESI) stood at 99.6 in January 2019, slightly lower than in January 2018 (101.9) and compared to the previous month (100, 9). The decrease was due to the decline in the service sub-indicator, while all other sub-indicators of business and consumer confidence improved. In December 2018, the Industrial Production Index increased by 1.1% year-on-year, compared with 1.3% last year. The Turnover Index in Retail Trade in November 2018 increased by 4.0% year-on-year, while the Retail Trade Volume Index in the same month increased by 3.2% on an annual basis. Finally, the Purchasing Managers' Index (PMI) stood at 53.7 points in January 2019, slightly lower than in December 2018 (53.8). Although the main index declined by recording a three-month low, it remained at levels similar to those recorded in mid-2018, reflecting a steady improvement in the manufacturing sector.

Against this background, the recovery of the Greek economy is expected to continue, despite increased uncertainty from the external environment and the slowdown in the Eurozone. As noted in the European Commission's Winter Forecast, the growth rate for 2018 is estimated at 2.0%, while forecasts for the 2019-2020 period have been revised upwards, 2.2% and 2.3% respectively. The external risks to the Greek economy are linked to the uncertainty surrounding the global economy as a further slowdown in

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global growth may also have a negative impact on the domestic growth rate through exports. Correspondingly, a possible volatility in international capital markets could lead to risk aversion for international investors, slowing the expected decline in borrowing costs for the Greek State and consequently the private sector. Additional risks are related to economic fluctuations in neighbouring countries, i.e. in Turkey and especially in Italy, as the changes in yields on Greek ten-year securities have been significantly affected by changes in the corresponding Italian securities.

Taking into account the nature of the Company's and the Group's activities, as well as the Company's sound financial position, it is not expected that there will be significant fiscal deviations that will have a negative effect on its smooth operation. Nevertheless, Management is constantly assessing the situation and its possible impact in order to ensure that all necessary and effective measures and actions are taken in time to minimize any impact on the Company's activities.

## **2.4 NEW STANDARDS, AMENDMENTS OF STANDARDS AND INTERPRETATIONS**

The accounting policies adopted by the Company for the preparation of the annual financial statements are consistently applied, taking into account the new standards, the following amendments to standards and interpretations that have been issued and are mandatory for annual periods beginning on or after 1 January 2018 or later.

### **Adoption of New and Revised International Standards**

**New standards, amendments to standards and interpretations have been issued and are mandatory for annual periods beginning on or after 1 January 2018.**

In the year 2018, the Company adopted IFRS 15 and IFRS 9. Unless otherwise stated, the other amendments and interpretations that became effective in 2018 have no impact on the Company's financial statements. The Company has not adopted earlier any standards, interpretations or amendments issued by the IASB and adopted by the European Union but which are not mandatory for 2018:

### **Standards and Interpretations mandatory for the current financial year 2018**

#### **IFRS 9 "Financial Instruments"**

On 24 July 2014, the Board issued the final version of IFRS 9, which includes guidance on the classification and measurement, impairment and hedge accounting of financial instruments. The Standard replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 is mandatory for annual periods beginning on or after 1 January 2018 and was adopted by the European Union on 22 November 2016.

The application of the standard does not have a material impact on the Company's financial statements.

#### **IFRS 15 "Revenue from contracts with customers" and clarifications to IFRS 15 "Revenue from contracts with customers"**

On May 28, 2014, the IASB issued IFRS 15 "Revenue from contracts with customers", which is the new revenue recognition model and including the amendments to the standard issued on September 11, 2015, and is mandatory for annual accounting periods beginning on or after 1 January 2018. IFRS 15 replaces IAS 18, IAS 11 and Interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. In April 2016, the IASB issued clarifications to IFRS 15 for the purpose of clarifying the application of these principles.

The application of the standard does not have a material impact on the Company's financial statements.

#### **IFRS 4 "Insurance Contracts" (Amendment) "Application of the new IFRS 9 to IFRS 4".**

The Board issued amendments to IFRS 4 on 12 September 2016 to address the concerns arising from the application of the new standard on financial instruments (IFRS 9) before applying the new IFRS 4 that was amended by the Board. The amendments introduce two approaches: overlap and postponement. The amended standard:

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- Allows insurance companies to recognize other in other comprehensive income, and not in profit or loss, the volatility (or any deviations) that may arise when IFRS 9 is applied before the issuance of the new standard for insurance policies.
- Provides to undertakings whose activities are principally linked to insurance an optional temporary exemption from the application of IFRS 9 until 2021. Entities that postpone the application of IFRS 9 will continue to apply the existing IAS standard 39 for financial instruments.

The amendment applies to annual accounting periods beginning on or after 1 January 2018 and was adopted by the European Union on 3 November 2017.

The standard does not apply to the Company's activities.

**IFRIC 22 Interpretation "Foreign currency transactions and advance consideration"**

IFRIC 22 was issued by the Board on 8 December 2016 and clarifies the accounting treatment for transactions involving the collection or payment of foreign currency advances. In particular, it applies to foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary obligation arising from the payment or receipt of advances before the entity recognizes the asset, expense or income. According to the Interpretation, for the purpose of determining the exchange rate, the transaction date is the date of initial recognition of the non-monetary prepayments of the asset or the obligation to receive an advance. If there are multiple payments or receipts in advance, the transaction date is determined for each payment or collection.

This interpretation is applied in annual accounting periods beginning on or after 1 January 2018 and was adopted by the European Union on 28 March 2018.

The standard does not apply to the Company's activities

**IAS 40 "Investment Property" Transfers of Investment Property**

The amendments to IAS 40 adopted by the Board on 8 December 2016 specify that an entity may transfer a property to or from investment property when and only when there is evidence of a change in use. A change in use arises, if the property meets or ceases to meet, the definition of investment property. A change in management's intentions to use the property alone is not a sign of a change in use.

The amendment is effective for annual periods beginning on or after 1 January 2018 and was adopted by the European Union on 14 March 2018.

The standard does not apply to the Company's activities.

**IFRS 2 Share-based Payment (Amendment) "Classification and measurement of share-based payment transactions"**

The amendment provides clarifications on the measurement basis for share-based payment and cash-settled transactions and the accounting treatment for changes in terms that alter a cash-settled or a service-settled equity instrument.. In addition, they introduce an exception to the principles of IFRS 2 under which a benefit should be treated as if it were to be settled entirely in equity instruments where the employer is required to withhold an amount to cover employees' tax liabilities resulting from share-based benefits and attributing it to the tax authorities. The amendment applies to annual accounting periods beginning on or after 1 January 2018 and was adopted by the European Union on 26 February 2018.

The standard does not apply to the Company's activities.

**Annual Improvements to IFRS, Cycle 2014-2016**

The following amendments to the 2014-2016 cycle, issued by the Board on 8 December 2016, apply to periods beginning on or after 1 January 2018 were adopted by the European Union on 7 February 2018.

**IFRS 1 First-time Implementation of International Financial Reporting Standards**

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The amendment deletes the "Short-term exemptions from IFRSs" provided in Appendix E to IFRS 1 on the grounds that they have now served their purpose and are no longer necessary.

**IFRS 12 Disclosure of interests in other entities: Clarification of the purpose of the standard.**

The amendment clarified the scope of the standard by specifying that some of the disclosures apply to an entity's holdings that are classified as held for sale, except for the obligation to provide condensed financial information. The amendment is effective for annual periods beginning on or after 1 January 2017. As held for sale, held for distribution or discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

**IAS 28 "Measurement of Associates or Joint Ventures at Fair Value"**

The amendment clarifies that the option given for investments in associates or joint ventures held by an entity that is a venture capital organization, or other entity which qualifies, to be measured at fair value through profit or loss, is available for each investment in an associate or joint venture separately at initial recognition.

**Standards and Interpretations are mandatory for subsequent periods that have not been applied earlier by the Company (or the Group)**

**IFRS 16 "Leases"**

On 13 January 2016, the IASB issued IFRS 16 which replaces IAS 17. The purpose of the standard is to ensure that lessees and lessors provide useful information that reasonably discloses the substance of transactions relating to leases. IFRS 16 introduces a single model for the accounting treatment on the part of the lessee requiring the lessee to recognize assets and liabilities for all lease agreements with a lease term over 12 months unless the underlying asset is of insignificant value. Regarding the accounting treatment by the lessor, IFRS 16 substantially integrates the requirements of IAS 17. Therefore, the lessor continues to classify leases as operating or finance and follows a different accounting treatment for each type of contract. The new standard applies to annual accounting periods beginning on or after 1 January 2019 and was adopted by the European Union on 31 October 2017.

The Company has not entered into lease agreements for which the effect of the standard should be assessed during the transition.

**IFRS 9 (Amendment) "Financial Instruments - Prepayment features with negative consideration"**

The Board issued on 12 October 2017 amendments to IFRS 9 to enable prepaid financial assets that allow or require a counterparty to a contract either to repay or to receive compensation for early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

The amendment applies to annual periods beginning on or after 1 January 2019 and was adopted by the European Union on 22 March 2018. The amendment is not expected to have a material impact on the Company's financial statements.

**IFRIC 23 "Uncertainty over Income Tax Treatments "**

IFRIC 23 is applicable to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax reductions and tax rates when there is uncertainty as to the correctness of tax treatment in accordance with IAS 12. In this case, consideration should be given to:

- whether the tax treatment should be considered collectively or independently and assuming that the examinations will be carried out by the tax authorities with full knowledge of the relevant information
- the possibility of accepting the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates from tax authorities, and

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- reassessing judgments and estimates if facts and circumstances change

The interpretation is effective for annual periods beginning on or after 1 January 2019.

The amendment is not expected to have a material impact on the Company's financial statements.

**Standards and Amendments to Standards not adopted by the EU:**

**IFRS 17 "Insurance Contracts"**

On May 18, 2017, the IASB issued IFRS 17, which replaces the current IFRS 4 standard.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts to provide a more uniform measurement and presentation approach for all insurance contracts.

IFRS 17 requires that the measurement of insurance liabilities should not be carried at historical cost but at fair value in a consistent manner and by using:

- Unbiased expected weighted estimates of future cash flows based on updated assumptions,
- discount rates reflecting the cash flow characteristics of contracts; and
- estimates of the financial and non-financial risks arising from the issue of policies.

The new standard applies to annual accounting periods beginning on or after 1 January 2021.

**Annual Improvements to IFRS, Cycle 2015-2017**

The following amendments to Cycle 2015-2017, adopted by the Board in December 2017, apply to periods beginning on or after 1 January 2019 and have not been adopted by the European Union. The following amendments are not expected to have a material impact on the Company's financial statements unless otherwise stated.

**IFRS 3 Business Combinations and IFRS 11 Joint Arrangements**

The amendments to IFRS 3 specify that when an entity acquires control of a company that is a joint venture, it should remeasure the interests previously held in that undertaking.

The amendments to IFRS 11 clarify that an entity that participates but does not jointly control a joint venture may jointly control the joint venture whose business is an enterprise as defined in IFRS 3. In such cases, interests in the joint venture previously held are not remeasured.

**IAS 12 Income Taxes**

The Board, by amending IAS 12, has clarified that an entity should recognize all tax consequences arising from the distribution of dividends in profit or loss, other comprehensive income or equity, depending on where the entity entered the original transaction from which it derived distributed profits and then the dividend.

**IAS 23 Borrowing costs**

The amendments clarify that if the loan received specifically to acquire an asset remains pending and the relevant asset has become ready for its intended use or sale, then the balance of such borrowing should be included in the general borrowing funds during calculation of the capitalization rate.

**IAS 28 (Amendment) "Long-term Interests in Associates and Joint Ventures"**

The Board, in October 2017, issued amendments to IAS 28 "Interests in Associates and Joint Ventures". With this amendment, the Board clarified that the exemption in IFRS 9 applies only to interests that are accounted for using the equity method. Entities should apply IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method does not apply and which are, in essence, part of the net investment in these associates and joint ventures.

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The amendment is effective for annual periods beginning on or after 1 January 2019.

The amendment is not expected to have a material impact on the Company's financial statements.

**IAS 19 (Amendment) "Employee Benefits" – Plan Amendment, Curtailment or Modification, Cut-Off or Settlement**

The International Accounting Standards Board on 7 February 2018 issued an amendment to IAS 19 specifying how the service cost should be determined when changes are made to the defined benefit plan. In accordance with IAS 19, in the event of an amendment, curtailment or settlement, the net obligation or requirement for defined benefit is recalculated. The amendment to IAS 19 requires that the revised assumptions used also include the recalculation of the net liability or receivable in order to determine the service cost and net interest for the remainder of the period after the change in the plan.

Also, the amendment to IAS 19 clarifies the effect of an amendment, curtailment or settlement on the requirements in respect of the limitation on the recognition of the net asset (asset ceiling).

The amendment is effective for annual periods beginning on or after 1 January 2019.

The amendment is not expected to have a material impact on the Company's financial statements.

**Amendments to references to the IFRS conceptual framework (issued on 29 March 2018)**

On 29 March 2018, the International Accounting Standards Board issued the revised conceptual framework, which redefines:

- the purpose of financial reporting,
- the qualitative characteristics of the financial statements,
- the definitions of the asset, liability, net position, income and expense,
- recognition criteria and instructions on the timing of the write-off of assets and liabilities in the financial statements,
- the bases for valuation and instructions on how to use it and,
- concepts and guidance on presentation and disclosures

The purpose of revising the conceptual framework is to assist those preparing financial statements to develop consistent accounting policies for transactions and other events not falling within the scope of existing standards, or when a standard provides a choice between accounting policies. In addition, the purpose of the revision is to help all involved parties understand and interpret standards.

The International Accounting Standards Board also issued an accompanying document, "Amendments to Conceptual Framework References", which sets out the changes to the standards that are affected in order to update the references to the revised conceptual framework.

The amendment is applied by the authors who develop accounting policies under the conceptual framework in the annual accounting periods beginning on or after January 1, 2020.

**IAS 1 and IAS 8 (Amendments) "Definition of Material"**

The amendments clarify the definition of what is material and how it should be implemented, including guidance in the definition that so far had not been included in other IFRSs. The definition of material, which is a significant accounting concept in IFRS, helps companies to decide whether the information should be included in their financial statements. The updated definition amends IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendment ensures that the definition of material is consistent across all IFRS standards.

The amendment shall apply from or after 1 January 2020.

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**IFRS 3 (Amendment) "Business Combinations"**

The amendment concerns the improvement of the definition of a business in order to help companies determine whether or not they are acquiring a business or group of assets. The modified business definition focuses on the output of a business, which is the supply of goods and services to customers, while the former definition focused on returns in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Companies are required to apply the amended definition of business to acquisitions made on or after 1 January 2020.

**2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS OF THE MANAGEMENT**

The preparation of financial information requires Management to make estimates, judgments and assumptions that affect the balances of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the income and expenses presented in the fiscal year. Management's estimates and judgments are reviewed annually. Actual results may differ from these estimates and judgments.

The most significant judgments and estimates regarding events, the development of which could substantially alter the financial information items, are as follows:

**- Control of IPTO SA**

IFRS 10 "Consolidated Financial Statements" states that an investor controls a company when he can direct the significant business activities of the company. This is the case when the investor has all of the following:

- Power over the company
- Exposure or rights to variable returns from its participation in the company
- the ability to exercise its power over the company to influence the amount of its returns

Based on IFRS 11 - "Joint Arrangements", joint control exists when, on a contractual basis, decisions to direct the significant activities of a company require the unanimous consent of the parties exercising joint control.

The relations, the rights of the shareholders of IPTO SA and the way of exercising these rights are determined by the IPTO Shareholders' Contract in accordance with Law 4389.

The main points determining the exercise of control over the important activities of IPTO SA are summarized below:

**Composition and decision-making of the Board of Directors («BoD»):** The Board of Directors of IPTO SA consists of nine (9) members, which are defined as follows:

- Three (3) members are indicated by the Company,
- Three (3) members are indicated by SGEL,
- Two (2) members are indicated by «DES ADMIE IPTO S.A.»,
- One (1) member is indicated by IPTO employees.

For the ordinary quorum of the Board of Directors of IPTO SA, there is mandatory presence of five (5) members with the mandatory participation of at least one (1) Director appointed by SGEL and an increased quorum of seven (7) members and a majority including at least one (1) member nominated by the Company and one (1) member nominated by SGEL to take decisions on matters of major importance for the operation and promotion of the purpose of IPTO SA, such as the approval of business plans and budgets, the sale of important assets, the receipt and granting of significant loans

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and guarantees, the remuneration of the members of the Board of Directors, the increase of share capital and the conclusion of convertible bond loans and others.

***Appointment of key management personnel:***

***Managing Director:*** The Company appoints and terminates the Managing Director of IPTO with the prior written consent of SGEL. In the event of disagreement on the side of SGEL, the Company shall nominate three (3) additional candidates to SGEL in order for it to select one within seven (7) days, otherwise IPTO S.A. will launch a lowest bidder tender of a maximum seven (7) day duration for the appointment of a Special Recruitment Advisor for that reason. The Special Recruitment Advisor submits to the Company and SGEL a list of five (5) additional candidates and each rejects two (2) candidates in successive rounds, until one is left, who shall be appointed the Managing Director of IPTO. The remuneration of the Managing Director is determined on the basis of the relevant market practice

***Deputy Managing Director, Chief Financial Officer (CFO) and Deputy Chief Financial Officer:*** In the event that the appointment of the Managing Director does not arise through the assistance of the above-mentioned Special Recruitment Advisor, the Deputy Managing Director and the Chief Financial Officer are nominated by SGEL. In this case, the Company appoints the Deputy Chief Financial Officer. Otherwise (i.e. appointing a Managing Director after assignment to a Special Recruitment Advisor, as mentioned above), the Deputy Managing Director and Chief Financial Officer are nominated by the Company while SGEL appoints the Deputy Chief Financial Officer. The Company appoints and terminates the Managing Director of IPTO SA, with the prior written consent of SGEL, while the deputy Managing Director and the CFO are nominated by SGEL. In case of disagreement regarding the person of the Managing Director, he shall be appointed with the assistance of an external recruitments advisor and the Company shall nominate the deputy Managing Director and the CFO.

***Special Issues of the General Meeting («GM»):*** An increased quorum of at least 80% of the paid-up share capital is required and a majority of 80% of the present shareholders for a decision to be made by the General Meeting of Shareholders on a number of issues of major importance such as, for example, the increase or reduction of the share capital and the issue of a convertible bond loan, the amendment of the Articles of Association or the special issues of the Board of Directors and GM, for which increased quorum and majority are required to resolve, liquidate, appoint a trustee or liquidator, merge, split or other corporate transformation, modify shareholder rights and other.

***Consent and resolution of cases of inability to make decisions:*** Procedures and commitments are provided to ensure orderly decision making with the consent of both the Company and SGEL.

For the purposes of the presentation and measurement of the investment in IPTO S.A., based on the above, the Company's management has concluded that IPTO S.A. is jointly controlled by SGEL, as defined by IAS 11 - "Joint Arrangements".

***- Impairment of participation in IPTO SA***

The management of the Company estimates at each reporting date the existence or absence of impairment indications regarding the holding in IPTO SA and if such evidence is found, the holding is tested for impairment as described in Note 3. Management does not consider that there are any indications of impairment for the reporting date 31/12/2018.

## **2.6 MAIN ACCOUNTING POLICIES**

### ***Foreign Currency Conversion***

The functional and reporting currency is the Euro. Transactions in other currencies are translated into Euro using the exchange rates applicable at the date of the transactions. Receivables and liabilities in a foreign currency at the reporting date are adjusted to reflect the current exchange rates at that date. The gains or losses arising from these adjustments are included in other income or expenses in the Income Statement.

### ***Tangible Assets***

Tangible assets include furniture and other equipment and are initially recognized at their acquisition cost less accumulated depreciation and impairment. In case of withdrawal or sale, the costs of acquisition and depreciation are written off. Any gain or loss resulting from the write-off is included in the Income Statement. Their amortization is accounted for on a straight-line basis over a five-year period.

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Repairs and maintenance are recorded in the expenses of the year in which they are incurred.

***Intangible Assets***

Intangible assets include software. Software programs are valued at their acquisition cost less accumulated depreciation and impairment. In case of withdrawal or sale, the costs of acquisition and depreciation are written off. Any gain or loss resulting from the write-off is included in the Income Statement. Software depreciation is accounted for using the straight-line depreciation method over a five-year period.

***Impairment of Non-Financial Assets***

At each financial statement date, the Company assesses whether or not there is evidence of impairment of its assets. These indications are mainly related to loss of the asset's value in excess of expected, changes in the market, technology, legal status, physical condition of the asset and change in use. In the event that there is evidence, the Company calculates the recoverable amount of the asset. The recoverable amount of an asset is determined as the greater of the fair value of the asset's or the cash-generating unit's selling price (after deducting disposal costs) and the value in use.

The recoverable amount is determined at the level of a personalized asset unless that asset generates cash inflows that are independent of those of other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, it is assumed that its value is impaired and is adjusted to the amount of the recoverable amount. Use value is calculated as the present value of the estimated future cash flows using a pre-tax discount rate that reflects current estimates of the time value of the money and the risks associated with that asset. The fair value of the sale (net of disposal costs) is determined based on the price of the asset on an active market and, if it does not exist, by applying a valuation model. Impairment losses are recognized in the income statement. At each reporting date, the extent to which impairment losses recognized in the past have been or have been reduced. If there are such indications, the recoverable amount of the asset is redefined. Impairment losses that have been recognized in the past are reversed only if there are changes in the estimates used to determine the recoverable amount from the recognition of the last impairment loss.

The increased balance of the asset resulting from the reversal of the impairment loss cannot exceed the amount that would have been determined (less depreciation) if the impairment loss had not been recognized in the past. Reversal of impairment is recognized in the income statement.

***Financial assets and liabilities***

The adoption of IFRS 9 abolished the previous classifications of financial assets in IAS 39, but did not change the classification and measurement requirements for financial liabilities.

Under IFRS 9, at initial recognition, a financial asset is classified as a measured asset:

- At amortized cost
- At fair value through the statement of other comprehensive income
- At fair value through profit or loss

The above classification is based on the overall model that the enterprise manages these financial assets and their contractual cash-generating characteristics

***Impairment of Financial Assets***

For the impairment of financial assets, IFRS 9 introduces the "expected credit loss" model and replaces the "realized loss" model of IAS 39. The method for determining the impairment loss in IFRS 9 applies to financial assets which are classified as amortized cost, contractual assets and debt investments at fair value through other comprehensive income, but not investments in equity instruments.

Financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. Under IFRS 9, losses are measured on one of the following bases:

- 12 months of expected credit losses (these expected losses may arise due to contractual default events within 12 months of the reporting date) (Stage 1)
- expected lifetime credit losses (these expected losses may arise from events that occur over the life of the financial asset) (Stage 2)

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(if there are objective indications of impairment, the expected credit losses are measured over the life of the financial asset (Stage 3))

In determining whether the credit risk of a financial asset has been materially different from the initial recognition, the Company considers qualitative and quantitative information and analyses on the basis of the same historical knowledge, including future projection in the future.

***Financial assets measured at amortized cost***

They are measured at amortized cost using the effective interest method. Gains and losses, including write-offs and impairments, are recognized in the income statement.

Impairment for expected credit losses is a probability-weighted estimate of credit losses. Credit losses are measured at the present value (using the effective interest rate method) of monetary deficits, ie the present value of the difference in cash flows that the Company would receive on a contractual basis and the cash flows it expects to receive.

Losses of financial assets measured at amortized cost is deducted from the carrying amount of the assets.

***Derecognition of Financial assets***

Financial assets (or, as the case may be, part of a financial asset or part of a group of financial assets) are derecognised when (1) the contractual rights to the cash flow of the financial asset expire or (2) transfer the financial asset; and the transfer fulfills the terms of the standard for cessation of recognition.

***Cash and cash equivalents***

Cash and cash equivalents include cash, sight deposits and short-term high liquidation and low risk investments of up to 3 months.

***Offsetting of Financial Assets and Liabilities***

Financial assets and liabilities are offset and the net amount is reflected in the statement of financial position only when the Company has the legal right to do so and intends to offset them on a net basis against each other or to claim the asset and settle the liability at the same time.

***Interest-bearing Loans and Credits***

Loans and credits are initially recognized at cost, which reflects the fair value of the amount received less the cost of borrowing. Subsequently, they are measured at carrying amount using the effective interest rate method. For the calculation of the carrying amount, all types of borrowing and credit costs are taken into account.

***Provisions for Risks and Expenses, Contingent Liabilities and Contingent Assets***

Provisions are recognized when the Company has present legal, contractual or presumed obligations as a result of past events, and it is probable that they will be settled through outflows of resources and the estimate of the exact amount of the liability can be reliably made. Provisions are reviewed at the reporting date and adjusted to reflect the present value of the expense expected to be required to settle the liability. Contingent liabilities are not recognized in the Financial Statements but are disclosed unless the probability of an outflow of resources embodying economic benefits is minimal. Contingent receivables are not recognized in the Financial Statements but are disclosed when the inflow of economic benefits is probable.

***Income Tax (Current and Deferred)***

***Current Income Tax***

Current tax expense includes income tax resulting from the Company's profits as restated in tax returns and provisions for additional taxes and surcharges for unaudited tax years and is calculated in accordance with the statutory or substantively enacted tax rates at the date of preparation of the Financial Position.

***Deferred Income Tax***

Deferred income tax is calculated using the liability method in all temporary differences at the date of preparation of the Financial Statements between the tax base and the carrying amount of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences unless the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a combination of companies and at the time of transaction does not

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affect either the accounting profit or the taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences and transferred tax assets and tax losses to the extent that it is probable that a taxable profit will be available that will be used against the deductible temporary differences and the transferred unused tax assets and unused tax losses. No deferred tax asset is recognized if it results from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction does not affect either the accounting profit or the taxable profit or loss. Deferred tax assets are remeasured at each financial position date and are reduced to the extent that it is not deemed probable that there will be sufficient taxable profits against which part or all of the deferred income tax assets may be used. Deferred tax assets and liabilities are calculated based on the tax rates that are expected to be in force for the period when the asset is recovered or the liability is settled and are based on the tax rates (and tax laws) that are in force or have been enacted at the date of preparation of the Financial Position. Income tax relating to items that are recognized directly in other comprehensive income is recognized directly in other comprehensive income rather than in the Income Statement.

***Revenue Recognition***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the relevant amounts can be measured reliably. Revenues from the Company's participation in the Independent Power Transmission Operator (IPTO S.A.) are accounted for in the year they concern after being approved by the competent body of the General Meeting.

***Leases***

The determination of whether a transaction involves a lease or not is based on the substance of the transaction at the date of conclusion of the relevant contract, i.e. whether the fulfilment of the transaction depends on the use of one or more assets or whether the transaction assigns rights to use the asset.

***The Company as a lessee***

Cases of leases of assets from third parties where the Company does not assume all the risks and rewards of ownership of the asset are treated as operating and lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

***The Company as a lessor***

Cases of leases of assets to third parties where the Company does not transfer all the risks and rewards of ownership of an asset are treated as operating and lease payments are recognized as income in the income statement on a straight-line basis over the lease term.

***Participation in Affiliated Companies***

The participation in IPTO SA was initially recognized at its fair value at the acquisition date of the shares, i.e. 31/03/2017, amounting to € 491,770,000 on the basis of a valuation by the audit company Deloitte accepted by the Management and published in accordance with Article 9 par. 4 and 6, in conjunction with article 7b of the Codified Law 2190/1920. 2190/1920, as in force, which is a contribution in kind by PPC SA to the Company, with an equal share capital recognition. Subsequently, the holding is accounted for using the equity method as a Joint Venture within the meaning of IAS 11 - "Joint Arrangements", with the Company recognizing in profit or loss and other comprehensive income its 51% proportion on the net profits and other comprehensive income of the holding respectively. The difference between the fair value and the book value of the equity of the holding during initial recognition is not allocated to assets of the holding and therefore is not amortized but is tested for impairment.

Briefly, the initial recognition of participation was calculated as follows:

Fair value of participation in IPTO S.A.	491.770
Book value of IPTO's equity as of 31/03/2017	912.701
Company percentage (51%)	465.478
Excess value not allocated to assets	26.292

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**3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

The Company's investments relate to the 51% stake in IPTO SA as described in Note 1 and was initially recognized at the fair value of € 491,770,000 on the basis of a valuation by the Deloitte Audit Company accepted by the Management and published in accordance with Article 9 par. 4 and 6, in conjunction with article 7b of the Codified Law 2190/1920. 2190/1920, as applicable, which is subject to a contribution in kind by PPC SA to the Company. The fair value on initial recognition is deemed to be the deemed cost of the holding, which is subsequently accounted for using the equity method as described in the above note.

The movement of the investment for the period presented is as follows:

(amounts in thousands of Euros)

	<b>31/12/2018</b>	<b>31/12/2017</b>
Initial recognition at Fair Value	-	491.770
Investment Balance on 31/12/2017	519.572	-
Impact of IFRS 9 in IPTO's equity (on the transition date 01.01.2018)	(1.302)	
Share of profits	43.655	24.024
Share of other comprehensive income	4.256	3.778
Minus dividends paid	(15.743)	
Closing Balance	<b>550.439</b>	<b>519.572</b>

The share of profits is calculated based on 51% of IPTO's S.A. profits and other comprehensive income.

Below, the condensed financial information is presented for the period in respect of IPTO S.A, according to IFRS 12, part b par. b12:

Condensed Financial Information IPTO S.A	<b>31/12/2018</b>	<b>31/12/2017</b>
Non-current assets	1.876.285	1.607.412
Current assets	1.235.929	2.131.272
	<b>3.112.114</b>	<b>3.738.684</b>
Equity	1.027.737	967.214
Non-current liabilities	1.130.058	976.588
Current liabilities	954.419	1.794.882
	<b>3.112.114</b>	<b>3.738.684</b>

(amounts in euro)	<b>01/01 – 31/12/2018</b>	<b>01/04 – 31/12/2017</b>
Turnover	256.489.383	190.951.115
Net earnings after tax	85.597.918	47.106.006
Other comprehensive income	8.345.914	7.407.496
<b>Total comprehensive income for the year</b>	<b>93.943.832</b>	<b>54.513.502</b>

**4. PERSONNEL FEES**

Expenses recognized for employee benefits are analyzed in the table below:

<b>Personnel fees</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Payroll fees	70	61
BOD members' fees	15	40
Employer contributions	22	28

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<b>Total</b>	<b>107</b>	<b>129</b>
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The attendance fees of the members of the Board of Directors for the year 2018 amounted to €15 thousand (€40 thousand in 2017).

**Average number of employees**

**2018**

3

**5. TANGIBLE AND INTANGIBLE ASSETS**

**5.1 TANGIBLE ASSETS**

(Amounts in €)	<b>Furniture and fixtures</b>	<b>Total</b>
Acquisition Cost	6.143	6.143
Accumulated Depreciation	(891)	(891)
<b>Net book value as at 31.12.2017</b>	<b>5.253</b>	<b>5.253</b>
	<b>Furniture and fixtures</b>	<b>Total</b>
Acquisition Cost	7.303	7.303
Accumulated Depreciation	(2.601)	(2.601)
<b>Net book value as at 31.12.2018</b>	<b>4.702</b>	<b>4.702</b>

**5.2 INTANGIBLE ASSETS**

(Amounts in €)	<b>Software</b>	<b>Total</b>
Cost	10.135	10.135
Accumulated Depreciation	(1.325)	(1.325)
<b>Net book value as at 31.12.2017</b>	<b>8.810</b>	<b>8.810</b>
	<b>Software</b>	<b>Total</b>
Cost	10.730	10.730
Accumulated Depreciation	(3.876)	(3.876)
<b>Net book value as at 31.12.2018</b>	<b>6.854</b>	<b>6.854</b>

**6. THIRD PARTY FEES**

(Amounts in €)	<b>01/01- 31/12/2018</b>	<b>01/02- 31/12/2017</b>
Rents	7.435	5.985
Repairs and maintenance	6.099	2.372
<b>Total</b>	<b>13.534</b>	<b>8.357</b>

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**7. THIRD PARTY SERVICES**

The amount of €34 thousand for 2018 includes third party fees (accounting fees, auditor's and other third parties fees). During 2017 the amount amounted to € 255 thousand due to the listing expenses of the company on the Athens Stock Exchange.

**8. TAXES- DUTIES**

The amount of 5 thousand (€33 thousand in 2017) relates to stamp duties and other taxes.

**9. FINANCIAL EXPENSES/INCOME**

The profit or loss item for the year 2018 includes the amount of revenue of € 156 thousand relating to interest received from the amount deposited in the Bank of Greece pursuant to the provisions of article 15 paragraph 1 of Law 2469/97 as it applies to the Common Capital for the first half of 2018, as well as a provision for financial income for the second semester of 2018.

**10. OTHER EXPENSES**

The other expenses item in the income statement includes expenses for the listing of the company on the Athens Stock Exchange related to trading rights, travel expenses and other miscellaneous expenses.

**11. OTHER RECEIVABLES**

In other current receivables the amount of 9,907 thousand euros relates to the interim dividend granted to the company's shareholders on 31/08/2018, VAT receivable, withheld tax of 15% and provision for financial income for the second half of 2018.

**12. CASH AND CASH EQUIVALENTS**

	<b>31/12/2018</b>	<b>31/12/2017</b>
Cash in bank	<u>4.843</u>	<u>2.181</u>
<b>Total</b>	<b><u>4.843</u></b>	<b><u>2.181</u></b>

The cash and cash equivalents of the Company are deposited in a bank account of the National Bank of Greece and the Bank of Greece.

There is an increase in the cash of the company due to the receipt of dividend by IPTO SA. and an interim dividend payment distributed to the shareholders of the company.

Since November 2017, the Company has opened a cash account with the Bank of Greece pursuant to the provisions of Article 15 (1) of Law 2469/97 as it applies for Common Capital.

The cash balances of the General Government entities deposited with the Bank of Greece are used by the Public Debt Management Agency for short-term liquidity management operations and specific agreements for the purchase and resale of Greek Government Treasury bills.

In this way, the funds transferred are fully secured and are available to the operators directly or within a matter of days, while the aforementioned short-term operations ensure attractive returns for the operators, which for 2018 reached 3.18%.

**13. SHARE CAPITAL**

The Company's Share Capital was set at four hundred and ninety-one million eight hundred forty thousand (491.840.000) euro and was paid up as follows:

A. By cash amounting to seventy thousand euros (70,000.00) to the account No. 10400351143 of the Company kept at the National Bank of Greece on 30 March 2017 on behalf of the Public Power Corporation S.A.

B. According to the delivery receipt protocol dated 31 March 2017 drawn up and signed between the President of PPC SA and Chairman and Managing Director of the Company, the Company was handed over the no. 1 permanent share certificate issued by IPTO SA, which incorporated the shares with

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serial number from number 1 to number 19,606,539, i.e. the amount of four hundred ninety one million seven hundred seventy thousand euros (491.770.000), which corresponds to the valuation of 51% of the share capital of IPTO SA valued by the audit firm "Deloitte" and has been published in accordance with article 9 par. 4 and 6 in combination with article 7b of the codified law. 2190/1920 as in force and which is the subject of a contribution in kind by PPC SA to the Company.

According to minutes no. 4 / 31.03.2017 of the Company's Board of Directors certifying the full subscription and payment of the share capital to the Company was registered under registration No. 998571 at GEMI on 18 May 2017.

#### **14. OTHER RESERVES**

Other reserves include an amount of €8,034 thousand (2017: 3,778 thousand euro) which relates to a 51% share of other comprehensive income of IPTO S.A.

#### **15. TRADE AND OTHER PAYABLES**

The balance shown in the balance sheet as at 31.12.2018 in the Company's trade and other payables relates mainly to non-current liabilities to third parties (statutory auditors, accountants, etc.) fully-paid within the next month.

#### **16. DEFERRED INCOME**

For the year 2018 there was no amount for deferred income. In 2017 the amount of € 3,730,905 was an interim dividend for the year 2018 regarding the interest percentage (51%) in the capital of the associate (IPTO SA) that has been recognized in the profit and loss statement of 2018 after the final dividend payout.

#### **17. TRANSACTIONS WITH RELATED PARTIES**

There were no transactions with related parties.

#### **18. SUBSEQUENT EVENTS**

The company on 01.02.2019 was awarded by the magazine Money as the best public company for the year 2018.

On 14 January 2019, the establishment of a single-member limited company, a subsidiary, with registered name GRID TELECOM SINGLE COMPANY and distinctive title GRID TELECOM MONOPROSOPI SA, was registered in the General Commercial Register.

#### **19. INCOME TAX (CURRENT AND DEFERRED)**

For the year 2017, the Company has been subject to the tax audit of the Certified Accountants according to the provisions of article 65A of Law 4174/2013 as in force and a Tax Compliance Report.

For the year 2018, the company has been subject to the tax audit of the auditors provided by the provisions of article 65a of Law 4174/2013. This audit is under way and the relevant tax certificate is expected to be provided by the publication of the financial statements. Management however estimates that there will be no material changes to the Company's tax liabilities, as reflected in the financial statements of the year.

The company is not subject to income tax because its sole income is the dividend of the jointly controlled IPTO S.A., which will be finalized in the next financial year after the approval of the Annual General Meeting of the IPTO SA and will be included in article 48 of Law 4172/2013 as exempt income. Since no income current tax will be due for the collection of this dividend, the difference between the accounting and tax base becomes permanent and therefore deferred income tax is not recognized. For the remaining amount of the difference of the two bases, deferred income tax is not recognized in the

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event of the sale of the interest because the Company does not intend to sell its interest in the foreseeable future.

**20.EARNINGS PER SHARE**

Basic and diluted earnings/(losses) per share are calculated by dividing the profit / (loss) attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year.

	<b>1.1.2018 - 31.12.2018</b>	<b>1.1.2017 - 31.12.2017</b>
Profit after tax	46.522	26.819
Profit attributable to the shareholders	46.522	26.819
Weighted Average Number of shares	232.000.000	232.000.000
Basic and diluted earnings per share (€ per share)	<b>0,20</b>	<b>0,12</b>

**21.COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no commitments, contingent liabilities and contingent assets for disclosure.

**22.FEES FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND OTHER ASSURANCE SERVICES**

During the year ended December 31, 2018, audit fees amounted to Euro 10,580.00 (2017: Euro 101,960.00). The amount was increased in 2017 due to the company's listing on the Athens Stock Exchange.

The annual financial statements of the Company from page 26 to page 42 were approved at the meeting of the Board of Directors on 18.03.2019.

**CHAIRMAN  
OF THE BOD**

**VICE PRESIDENT  
OF THE BOD**

**CHIEF ACCOUNTANT**

**E. ZARIKOU**

**I. KAMPOURIS**

**M. VIZA**

**ID No. F135240**

**ID No AI036584**

**Licence No.: A0100864**



**PricewaterhouseCoopers  
Accounting S.A.**

**Accounting Office Licence No.: 1494**