IPTO

INDEPENDENT POWER TRANSMISSION OPERATOR (IPTO) S.A

ANNUAL REPORT OF THE BOARD OF DIRECTORS & Consolidated Financial Statements for the year-ended 31st December 2018

INTERNATIONAL FINANCIAL REPORTING STANDARDS

This page has been left blank intentionally

INDEPENDENT POWER TRANSMISSION OPERATOR (IPTO) S.A.
ANNUAL FINANCIAL REPORT TABLE OF CONTENTS

TABLE OF CONTENTS

This page has been left blank intentionally

ANNUAL REPORT OF BOARD OF DIRECTORS

INDEPENDENT POWER TRANSMISSION OPERATOR (IPTO) S.A.
Report of the Board of Directors for the 1/1 – 31/12/2018 period

Dear Shareholders,

Following the end of the fiscal year from 1.1.2018 to 31.12.2018, of the Independent Power Transmission Operator SA (or "IPTO SA" or "the Company") as a Societé Anonyme, we have the honour to submit for approval, according to the Company's statutes and Article 43a of Codified Law 2190/1920, the financial statements for the year and our comments on the respective statements.

Based on article 1 of Law 4308/2014, as currently in force, IPTO SA prepared the Financial Statements in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

1. Analysis of the development & performance of the Company's activities

1.1. Business model description, goals and core values

The Independent Power Transmission Operator SA ("IPTO SA" or "ADMIE SA" or "the Company") is a continuation of PPC TELECOMMUNICATIONS SOCIETE ANONYME, established in 2000 in Greece following a change in its trade name, according to the decision published in GG 10787/11.10.2011, and its operation is governed by the Greek Law.

The purpose of the Company is to engage in the activities and perform the duties of Owner and Operator of the Hellenic Electricity Transmission System (HTS - ESMIE in Greek), as stipulated in Law 4001/2011. More specifically, the purpose of the Company is the operation, exploitation, maintenance and development of the Hellenic Electricity Transmission System so as to ensure that the supply of electricity in Greece is conducted in an adequate, safe, efficient and reliable manner. In the framework of the above purpose, the Company performs its duties and operates pursuant to the provisions of the articles of chapters A to C, of the Fourth Part of Law 4001/2011, and the delegated acts issued, and mainly of the Operation Code of ESMIE and the operation license of ESMIE.

The headquarters of IPTO SA are located at 89, Dyrrachiou and Kifissou Streets, Athens 104-43, Greece, and its duration has been set up to December 31, 2100. On December 31st, 2018, the Company had 1,316 employees, 7 of whom were seconded to Public Sector services and 6 were paid by the Company. Their total payroll cost was 158 thousand euros approximately and is included in the Income Statement.

1.1.1. Amendment in the institutional framework of the electricity market

Law 4512/2018 was introduced to amend Law 4425/2016 regarding the reorganization of the Greek energy market in implementation of the legislation for the integration of the single European electricity market. This law defines the terms of establishment and operation, the purpose, responsibilities and organizational arrangements of the Energy Exchange as well as the organizational and operational arrangements of the Clearing Agent. It is also stipulated that clearing of transactions in the Balancing Market shall be performed by the Operator of the HTS.

The operator of the Hellenic Transmission System may delegate its functions relating to the clearing of transactions in the Balancing Market to a Clearing Agent or a central counterparty under Regulation (EU) 648/2012 authorized in Greece in accordance with article 100 of Law 4209/2013 (GG A253) under an outsourcing agreement. The Regulatory Authority for Energy (RAE) may oppose the use of outsourcing services if this is deemed necessary for the purpose of safeguarding the smooth operation of the energy market.

According to Law 4585/2018 of 1.4.2019, DAPEEP SA is automatically subrogated to all rights, obligations and legal relationships of IPTO SA which derive from the responsibilities of managing the income of the RES and CHP Special

Account of the Interconnected System and Network of Article 143 of Law 4001/2011, generated by the Special Fee for the Reduction of Gas Emissions, the Average Variable Cost of Thermal Conventional Power Plants and the Special Lignite Fee, regardless of the time of their generation. The pending trials of IPTO SA, which concern rights and obligations to which, in accordance with paragraph 5, DAPEEP S.A. is subrogated, are automatically being continued by DAPEEP SA. Also, the Special Fee for Lignite Production imposed on the lignite electricity producers and provided as income from the Subsidy Account of the Special RES and CHP Account of the Interconnected System and Network is abolished as of 1.1.2019.

Law 4559/2018 and RAE's Decision 780/2018 established and implemented a Transitory Flexibility Remuneration Mechanism. The duration of the Transitory Flexibility Remuneration Mechanism has been set at maximum up to December 31, 2019, or, if earlier, until the application of the Long-Term Capacity Remuneration Mechanism of the Electricity System.

The new mechanism, which came into force in October 2018, includes auctions conducted by IPTO S.A. for the selection of flexibility providers. The remuneration of the selected providers is based on the pay-as-bid principle. The auctioned capacity is set at 4,500 MW. The Operator of the HTS may reduce the above tendered capacity of each Tender Process in order to ensure their competitiveness. Ministerial Decision RIS53028/7626/09.08.2018 defined the methodology for the calculation of the Flexibility Capacity of Dispatched Hydro Units, which is entered in the Register of Flexible Suppliers. With this capacity, Hydroelectric Units participate in the Auction of the Transitory Flexibility Remuneration Mechanism.

In June 2018, with **RAE Decision 511/2018**, the System Operation Code was amended regarding the integration of new RES into the market and the transformation of LAGIE into an Energy Exchange and an Operator of RES and Guarantees of Origin. The amendments mainly concern: the registration of the RES units that have the obligation to participate in the Market or the relevant Aggregators in the registers kept by the IPTO S.A., the management of the RES units or Aggregators, the clearing of the RES units or Aggregators, the establishment of Non-Compliance Charges for Significant Deviations in the submission of energy bids by RES units or Aggregators, the exchange of information between Competent Bodies, the establishment and calculation of Market Access Readiness Premium.

RAE's Regulation 1090/2018 approved the Balancing Market Regulation, the purpose of which is to define the terms and conditions of operation of the Balancing Market and in particular to:

1) define Participants in the Balancing Market, and describe the corresponding registration process,
2) set out in detail the rules and conditions under which Participants may participate in the Balancing Market, including their rights and obligations, as well as determine the procedures for resolving disputes between the Participants and the Operator of the Hellenic Transmission System,
3) set the rights and obligations of the Operator of the HTS towards the Participants regarding their participation in the Balancing Market.
4) describe the interface between the Balancing Market, the Day-Ahead Market and the Intra-Day Market, including the exchange of information between the Energy Exchange and the Operator of the HTS,
5) define in detail the rules for the validation of Balancing Energy Offers and Balancing Capacity Offers by the Operator of the HTS,
6) describe input data, operation and results of the Integrated Scheduling Process,
7) describe the interface between the Integrated Scheduling Process and the Balancing Energy Market,
8) describe input data, operation and results of the Balancing Energy Market,
9) define the Accounts maintained by the Operator of the HTS for the purposes of Clearing the Balancing Market,
10) define the procedures for Clearing the Balancing Market,

11) determine the sanctions for Participants in the event of non-compliance with the provisions of these Rules,

12) define the Procedure for Settling the Balancing Market, Imbalances and Non-Compliance Charges,

13) define the procedure for the exchange of information with other stakeholders,

14) specify the data and information obligations and monitoring of the Balancing Market for the Operator of the HTS and

15) define procedures for the protection of commercially sensitive information.

1.1.2. RAE Resolution 1128/2017 of 22.12.2017, Government Gazette B336 / 07.02.2018. Approval of Unit Cost of Losses for the Year 2018 in the Framework of the Inter-Transmission System Operator Compensation Mechanism .

Pursuant to Article 94 of Law 4001/2011, the Transmission System Operator "shall collect the access charges to the System and settle its debts/credits under the Inter-Transmission System Operator Compensation Mechanism in accordance with Article 13 of Regulation (EC) 714 / 2009 ".

Regulation No 714/2009 of the European Parliament established the Inter-Transmission System Operator Compensation Mechanism ("ITC Mechanism") to compensate Transmission System Operators for costs incurred from cross-border flows of electricity through their Systems.

RAE, by Decision 1128/2017, approved the System Marginal Price (SMP) as the basis for calculating the cost of losses and the determination of the Unit Cost of Losses at € 53.3 / MWh, as recommended by the Transmission System Operator, in the framework of the implementation of the ITC mechanism for the year 2018.

In particular, the Transmission System Operator proposes for 2018, similarly as for 2017, to use the average annual SMP estimate as reflected in LAGIE's Monthly Bulletin for the RES & CHP Special Account.

Moreover, as the losses increase during peak load hours, when an increased SMP is expected, the System Operator proposes a further increase in the cost of losses and suggests using the price of € 53.3 / MWh as Unit Cost of Loss for 2018. For this increase, it uses the available historical data for the months January - October 2017, where the average SMP was 53.0 € / MWh, while the weighted average of the SMP for the same period was 56.4 € / MWh, i.e. increased by 3.4 € / MWh compared to the average SMP.

1.1.3. RAE Decision 1129/2017 of 22.12.2017, Government Gazette B336 / 07.02.2018. Determination of the numerical values of the tolerance limits and the rate of change of the charge in the determination of the Imbalances for the calendar year 2018.

Decision 1129/2017 defines the numerical values of the tolerance limits and the rate of change of the charge during the determination of the imbalances for calendar year 2018, according to the following table and following the recommendation of IPTO S.A, within the framework of its competencies under the HTS Management Code, which proposes to continue applying the effective prices, since the data on which they were defined have not changed:

Article	Variable/rate	Numerical value
Article 147	Production unit limit in productive operation (TOL)	2% NCAP
Article 147	Production unit tolerance limit in test operation (TOL)	40% NCAP
Article 149	Tolerance limit of load representatives (TOLP)	0 Mwh
Article 150	Tolerance limit for RES and CHP units	0 Mwh
Article 154	Rate of change of charge (A.IM)	1

1.1.4. RAE decision 256/2018 of 16.03.2018, Government Gazette B 1570 / 08.05.2018. Approval of the 10-Year Development Plan of the Hellenic Transmission System (HTS) for the 2018 -2027 period.

Following the RAE Public Consultation of 08.05.2017, RAE approved the 10- Year Development Plan T of the Hellenic Transmission System for Electricity (HTS) for the 2018 – 2027 period, as submitted to RAE by IPTO S.A.

1.2. Administration principles and internal management systems

Development of the Hellenic Transmission System for Electricity and decision-making power

IPTO SA submits, by 31 March each year, to RAE, following prior consultation with all stakeholders, a 10-year Network Development Plan of the HTS for the period commencing on 1 January of the following year, based on existing and anticipated supply and demand. The Plan contains effective measures to ensure the adequacy of the System and security of supply.

In particular, the 10-year Network Development Plan of the HTS (a) identifies the main transmission infrastructures to be constructed or upgraded over the next ten (10) years, including the necessary infrastructure for the penetration of RES, (b) includes all the investments that have already been included in previous development plans and identifies new investments which are expected to be implemented within the next three years, (c) provides techno-economic feasibility analysis for the major transmission projects of (b) above, especially those concerning international interconnections and island interconnections to the Transmission System, including implementation timeline, estimated cash flows for financing the needs of the investment plans of the projects concerned.

In the event that RAE, within the scope of its competence, finds that IPTO SA does not ensure the realization of the investments that are scheduled to be executed according to the 10-year Network Development Plan within three years, unless this delay is due to reasons beyond its control, RAE shall take at least one of the following measures: (a) require IPTO SA to carry out such investments, (b) organize an open tender for such investments and (c) require IPTO SA to raise capital to finance the necessary investments, allowing independent investors to participate in the company's capital. In the event that RAE makes use of its powers under b above, it may require IPTO SA to accept one or more of (a) financing of the investment by any third party, (b) financing and constructing the investment by any third party, (c) undertaking the construction of the investment's fixed assets, or (d) undertaking the operation and management of the investment's fixed assets.

Following the Decision of the Board of Directors No. 22 / 05.04.2017 and in accordance with the provisions of Law 4001/2011 and Article 229 of the Hellenic Electricity Transmission System Management Code, IPTO SA approved the Draft of the 10-Year Development Plan of the HTS covering the 2018 - 2027 period and submitted it to RAE for approval in accordance with the provisions of article 108 of Law 4001/2011.

There is an organizational chart approved by the Company's Board of Directors and an internal operating and procurement regulation.

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

1.3. Description of past performance and tangible and intangible assets.

1.3.1. Economic Review of year 2018

The Company's total revenue remained at approximately the same level as last year's revenue with a small decrease of approximately 2.7%, close to what RAE 235/2018 provided for the required revenue (2018: 197 million, 2017: 202 million).

Operating Expenses further decreased by 10.2% to Euro 133.6 million in 2018 compared to Euro 148.8 million in the previous year. This decrease is mainly due to the reversal of formed risk provisions by Euro 26.9 million.

The above changes led to 6.4% increase in EBITDA, which amounted to Euro 183 million compared to Euro 172 million the previous year, with the EBITDA margin reaching 73.41% in 2018 compared to 67.05% in 2017. Earnings before Interest and Depreciation continue to still satisfactorily cover the Company's borrowing as follows from the Net Loan / EBITDA ratio of 1.55 in 2018 versus 1.36 in 2017. The net profit margin increased significantly to 34.34% 2018, versus 24.10% in 2017. Return on Equity rose overall to 10.60% in 2018, compared to 8.58% in 2017, while there was a small drop in ROCE of 6.74 % in 2018, compared with 7.19% in 2017.

1.3.2. Evolution of debt

Net Debt (Loans minus Cash) remained at satisfactory levels due to high cash reserves and amounted to Euro 284 million in 2018 against Euro 234 million last year while the Company continues to serve its loan obligations smoothly. The Leverage Index stood at 28% compared to 24% in 2017.

1.3.3. Cash flows

Net cash flows were sufficient to repay loans of Euro 110 million, expenses and interest of Euro 21.9 million and to pay dividends of Euro 23.5 million. In December 2018, the Company increased to Euro 237.9 million the amount it keeps deposited in the Bank of Greece, pursuant to the provisions of Article 15 (1) of Law 2469/97 as it applies to Common Fund.

1.3.4. Dividend policy

According to Article 31 of the Codified Articles of Association, the amount distributed to the shareholders as dividend will amount to fifty per cent (50%) of the Company's net annual profits.

The Board of Directors approved the Financial Statements for the year 2018 on March 15, 2019 and proposed to the Annual General Meeting of Shareholders the distribution of a dividend of Euro 42.79 million of the net profits for the year.

1.3.5. Tangible and intangible assets

The total investments of IPTO S.A. in the HTS’ network amounted to Euro 178 million, including third party projects, while the Company proceeded to the establishment of a special purpose subsidiary by paying for its share capital the amount of Euro 200 million.

1.3.6. Major projects completed in 2018

Completed island interconnection projects

- Interconnection Phase A’ of the Cyclades

Completed Transmission Line projects

- Upgrade T.L. 150 kV Megalopoli I -Kalamata
- New T.L 150 kV Ptolemaida V –System
- New T.L. 150 kV OSE Anthili – System
- New T.L. 150 KV for the connection of the 3 new RES Substations with the system

Completed Substations - High Voltage Centers projects

- Expansion of Substations in Nafpaktos, Naoussa, Patras Industrial Area, Xanthi, Eordea, Kalamata and Megalopolis Steam Electric Plant
- Completion of Amarynthos Terminal
- Preparatory work at the Chania Substation (Crete I)
- Electrification of 4 new RES Substations

1.3.7. The main projects underway are the following:

- Interconnection Phase B’ of the Cyclades
- Interconnection Phase C’ of the Cyclades
- Interconnection Phase I of Crete
- T.L. 400 kV Megalopolis -Western Greece System (overhead, underground and underwater sections)
- Upgrading the 150 kV connection between Kavala and Philippi HVC
- 150 kV cable connection replacement Doxa - M. Botsaris - N. Elvetia
- Underground routing of T.L. section 150 kV Aktio - Kastraki
- Koumoundourou CTC: AMM replacement due to failure
- Acheloos HVC: Self-transformer replacement due to failure
- Sindos I (Thessaloniki I Industrial Area): Upgrades of existing gates to full

2. Major risks

The Company continuously monitors developments with the aim of minimizing as far as possible the possible adverse effects that may arise from various events.

2.1. Risks related to inventories

2.1.1. Risk of obsolescence of inventories

At each financial statement date, the Company assesses whether there is evidence of impairment of inventories in spare parts of fixed assets. Determining whether there is an indication of impairment requires management to make estimates.

2.1.2. Stock insurance

Fixed asset spare part stocks of the Company are scattered throughout the country, and therefore the risk of serious loss is reduced. IPTO SA (like all the PPC Group companies) has no insurance cover on its stocks.

2.2. Future prospects and how these are affected by the existing regulatory framework

2.2.1. Risk of Demand decline

There is no risk of demand declining due to the nature of the Company's activity.

2.2.2. Risk of change to the Regulatory Framework

The Company's activity is subject to a strict and complex legislative and regulatory framework, related to the management of the HTS and increased supervisory obligations. Possible amendments to the HTS Management Code and the relevant legislative and regulatory framework may create additional management responsibilities for the Company. The addition of any further responsibilities or possible changes to the relevant institutional framework are likely to adversely affect the Company's profitability.

Also, possible changes in the methodology and / or parameters for calculating system usage charges are likely to have a significant effect on the Company's revenues and profitability.

2.2.3. Operational / Regulatory risk

Any amendments and / or additions to the regulatory framework governing the Electricity Market, both in implementation of the provisions of the European Legislation and the provisions of the Memorandum signed between the Greek State, the IMF, the ECB and the EU, may have a significant impact on the operation and the financial results of the Company.

2.3. Other risks that are related to the activity or the sector in which the Company operates

2.3.1. Risks related to the sector in which the Company operates

The company is subject to certain laws and regulations generally applicable to Societes Anonymes of Cap. B of Law 3429/2005 (as in force). Since the Greek State holds (directly or indirectly) 51% of the share capital of IPTO HOLDING SA, IPTO SA, continues to be considered in some areas a company of the Greek Public Sector. Therefore, its functions will continue to be subject to laws and regulations applicable to Greek Public Sector companies and affect specific processes, such as those relating but not limited to wages, maximum fee limits, recruitment and redundancies or procurement procedures. These laws and regulations, particularly in the context of the current economic environment and the relevant decisions of the Central Administration, may limit its operational flexibility and have a significant negative impact on its financial results. In particular, the application of the provisions of Law 3833/2010 and Law 4024/2011 may have significant negative consequences for the operation of the Company. It is noted that the Company does not have the ability to recruit or retain experienced personnel, while the loss of skilled personnel may have adverse effects on the ability to develop and implement its strategy.

2.3.2. Liquidity risk

Liquidity risk is linked to the need for sufficient financing for the operation and growth of the Company. The Company manages liquidity risk by monitoring and planning its cash flows, and acts appropriately by securing, to the extent possible, adequate credit lines and cash, while at the same time seeking to lengthen the average life span of its debt and diversifying its sources of finance. At the same time, the company the low-risk and efficient placement of cash reserves, offsetting the cost of loan interest and maintaining cash on hand to implement the investments set out in the Ten-year Development Plan of theHTS.

2.3.3. Credit Risk

For the trade receivables arising from the Electricity Market, the Company acts as an intermediary, as confirmed by recent case law and therefore it is not exposed to credit risk. However, it is exposed to credit risk if it fails to perform properly the tasks entrusted to it as an intermediary, i.e. if it does not seek to collect the obligations of the participants in the Electricity Market. In this context, the Company applies the System Management Code and acts as follows:

A) Takes all necessary steps to be satisfied through the guarantees provided by the defaulting Participant and informs the defaulting Participant, the other Participants and the Clearing Agent about thedefault.

B) If the outstanding debt is not fully paid, it shall cover the deficit through the Reserve Account and take all necessary steps to collect interest on arrears and any incidental loss it sustained as a result of the default.

C) The defaulting Participant must immediately take any action necessary to fulfil the obligation to provide a guarantee in accordance with Article 179 of this Code.

The Transmission System Operator is entitled to terminate the Transmission System Operator Transaction Contract for Load Representatives who are in default with regard to fulfilling their financial obligations at Imbalance Settlement.

2.3.4. Interest rate risk

The main risk arising from the probable fluctuation in lending rates in the management of debt obligations focuses on results and cash flows. There is systematic information and monitoring by the Board of Directors and in the event of a possible fluctuation, appropriate financial hedging instruments will be used.

2.3.5. Currency risk

The risk of exchange rate fluctuations is minimal for the Company and is mainly related to any contracts for the supply of materials or equipment whose payment is in foreign currency.

2.3.6. Price risk

There is no risk of drop in demand due to the nature of the Company’s activities.

2.3.7. Miscellaneous specific risks

2.3.7.1. Risk of non-insurance of fixed assets

The Company does not insure its fixed assets in operation, with the result that a potential material loss in its assets may have a corresponding impact on its profitability. Materials-spare parts stocks as well as liability risks are not insured. The Company is considering carrying out a tender process for the selection of an insurance company for the insurance coverage of its assets and its third party liability.

2.3.7.2. Pending litigation risk

The Company is a defendant in a significant number of pending litigation, the negative outcome of which can significantly affect its financial results. More detailed commentary on pending court cases is made in note 26 of the Financial Statements.

2.3.7.3. Risk of changes in tax and other regulations

Any change in tax and other regulation may have an impact on the Company's financial results.

2.3.7.4. Risk from regulated returns on business

Regulated returns on the System's investments may adversely affect the Company's profitability if they do not cover the fair return of the relevant invested capital.

3. Environmental issues

Under its statutes and the law, the company is required to undertake the following actions and investments to protect the environment.

1) Revision of the Strategic Environmental Impact Assessment for the inclusion of new Transmission Projects in the HTS as described in the Ten-Year Development Plans.
2) Environmental Studies for new and existing Transmission Projects for the purpose of their licensing, through the issuance of new Decisions for the Approval of Environmental Terms or the renewal/modification of existing ones. . The above Environmental Impact Assessments are submitted for approval to the relevant environmental authority (Ministry of Environment and Energy or Decentralized Administrations).
3) Access Area Studies, Afforestation or Reforestation Studies and Agricultural Rehabilitation Studies and then launching their implementation in the framework of the implementation of the Transmission Projects.
4) The siting of the Transmission Projects is done after a very detailed study and control of all the parameters concerning environmental and spatial criteria, which concern the anthropogenic environment, the protected areas, the visual noise, the sites of archaeological interest Residential control zones etc. All the above will burden the final cost of the construction of the Transmission Projects.
5) Development of special environmental studies (Special Ecological Assessment, Ornithological Study) in cases where the Transmission Projects pass through or are in the vicinity of environmentally protected areas (Natura 2000 network Protection of mountainous volumes etc).
6) During the operation of the Transmission System (Transmission Lines, Substations and HVC) there is no emission of electromagnetic radiation, but two independent electric and magnetic fields. In the areas within the reach of the public and the Company's employees, the values of these fields are well below the threshold values established by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), in cooperation with the World Health Organization (WHO). These thresholds are included in a European Union Directive that has been incorporated into Greek legislation (CFCA (tax) 3060/GG b512/2002). It should be made clear that the thresholds of the electric and magnetic fields in the regulations do not constitute danger thresholds but contain high safety factors to cover any uncertainty about the limited knowledge of the effect of the fields and to meet the requirement to prevent possible adverse effects.

7) Compliance with environmental obligations that result either from the approved Environmental Terms of each Transmission Project related to its construction and operation phases or are listed in the Environmental Management and Monitoring Plan. Indicatively,

- annual update of the Electronic Waste Register (HMA)
- Harmonization with environmental legislation in case of deviations of the final technical design from the Decision for the Approval of Environmental Terms (submission of Technical Environmental Study, Compliance File)
- compliance with archaeological heritage legislation when antiquities are detected
- environmental licensing of auxiliary and accompanying works (warehouses, borrowers) where required

As a result, Management considers that the conditions for recognizing provisions for environmental liabilities of the Company are not met.

4. Employment Issues

Promoting equal opportunities and protecting diversity are key principles of the Company. The Company's management does not discriminate in terms of recruitment/selection, remuneration, training, job assignment or any other work activity, as recruitment is through ASEP and there is specific legislation on staff remuneration. 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 discriminate in any form whatsoever.

The Company's policy in this area is based on the Guiding Principles of the OECD or the International Labor Organization (ILO).

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

The Company on 31.12.2018 employed as regular staff 1,316 employees of different genders and ages, 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 labour issues.

4.2. Respect for workers' rights and trade union freedom.

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

There are unions of company employees.

4.3. Health and safety at work

Safety at work for employees is a top priority and a prerequisite for the Company’s operation. The Company keeps first aid kits (medicines, dressings, etc.) in all work areas.

The Company has in its staff a "safety officer", an "occupational doctor" and a nurse in accordance with the current legislation and applies the "Health and Safety at Work Policy" (BoD Decision / 3 / 2.2.2018) by a Decision of the Board of Directors.

Implementation of the institutional framework and regulations regarding Health and Safety at Work issues in the various units of the IPTO SA.

Analytically:
1. Inspections of workplaces.

2. Workplace hazard assessments.
3. Health certificates (Medical check-ups of employees)
4. Seminars for Health&Safety at Work employees.
5. Fire safety, fire protection exercises.
6. Participation in exercises to protect critical infrastructure spaces of national scope.

4.4. Systems of recruitment, training, promotions

Selection and recruitment procedures are carried out on the basis of the qualifications required for the post and in a non-discriminatory manner through the Supreme Council for Civil Personnel Selection (ASEP).

The company systematically trains all employees' categories either by organizing in-house seminars (with internal or external trainers) or by organizing seminars in external organizations. Employees go up pay scales every three years based on the evaluation by three successive superiors of each employee. For the assignment of management responsibilities, the procedure for the announcement of the position, evaluation and award is followed. There are written procedures that outline the above.

5. Financial and non-financial key performance indicators

5.1. The key financial indicators, indicating the financial position of the Company are:

	2018	2017
In million Euro:	Balance	
Turnover (Sales)	249	€ 256
Earnings Before Interest Tax Depreciation Amortization (EBITDA)	€ 183	€ 172
Total Assets	€ 3.112	€ 3.739
Fixed Assets	€ 1.876	€ 1.607
Regulatory Asset Base RAV/PAB	€ 1.450	€ 1.729
Total Debt	€ 686	€ 530
Current Ratio*= $\frac{(Total\ Current\ Assets)}{Total\ Current\ Liabilities}$	1,29	0,92
Quick Ratio *= $\frac{(Total\ Current\ Assets - Materials, spare\ parts\ and\ supplies, net)}{Total\ Current\ Liabilities}$	1,24	0,90
Cash ratio *= $\frac{(Cash\ and\ cash\ equivalents)}{Total\ Current\ Liabilities}$	0,42	0,16
Financing cost coverage ratio= $\frac{Profits\ before\ taxes\ and\ financial\ results}{Financial\ expenses}$	6,50	3,92
Net debt/ equity*	0,28	0,24
Net debt/ Earnings before Interest, Taxes, Depreciation and Amortization*	1,55	1,36
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	73,41%	67,05%
Earnings before Interest, Taxes Margin	46,39%	41,97%
Net Income Margin= $\frac{\text{Net Operating Income}}{Sales}$	33,49%	24,10%
Return on Equity (ROE) (ROE) = $\frac{Profits\ Before\ Taxes}{Total\ equity}$	10,60%	8,58%
Return on Assets (ROA) = $\frac{Profits\ before\ taxes\ and\ financial\ results}{Total\ Assets}$	3,72%	2,88%
Return on Capital Employed (ROCE) = $\frac{Profits\ before\ taxes\ and\ financial\ results}{Total\ Equity + Total\ Debt}$	6,73%	7,19%

The group's ratios coincide with those of the company.

5.2. References and additional explanations for the amounts included in the annual financial statements.

There are no significant or significant amounts of funds that require particular analysis or commentary (additional explanations) beyond the information provided in the Financial Statements.

6. Future development of the Company

Outlook for 2019

Given the nature of the business and the company's sound financial position for 2019, Management will try to maintain its profitable course. This will be helped by the management's desire to rationalize spending and strengthen revenue-generating activities. The company's investment program will also be pursued on the basis of the Ten-Year Development Plan.

7. Company activity in the field of research and development

The Company incurred research and development expenditure in FY 2019. Specifically, it participated in programs subsidized by the European Community, the Crossbow and the Flexitranstore of Horizon 2020, while in 2018 it received subsidies for the above programs amounting to Euro 376 thousand.

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

No treasury shares were acquired during FY 2018.

9. Company Branches

The Company maintains branches in Northern Greece, West Macedonia, Larissa, Agrinio and Athens in order to serve the cash requirements of the respective Regional Sectors.

10. Use of financial instruments

The Company does not use financial instruments.

11. Significant transactions with related parties

The Company is now controlled by the Greek State indirectly through the ADMIE HOLDINGS SA which owns 51% of its paid-up share capital and the public company Holdings Admie S.A. (PHC Admie S.A.), which holds 25% of the paid-up Share capital. Moreover, PHC Admie S.A.holds 51.12% of Admie Holdings S.A. and is the parent company. In September 2018, the company 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 completely consolidated in the group's results. With the above companies, the company did not have during the fiscal yaer transactions in the context of its usual business activities.

There are no material transactions that have not been carried out under normal market conditions.

There are also other transactions with companies in which the Greek State participates, such as PPC S.A., DAPEEP (previous LAGIE), HELPE and ELPEDISON.

12. Management Remuneration

The gross remuneration of the Board of Directors for the period ended December 31, 2018 amounted to Euro 331 thousand compared to Euro 275 thousand in FY 2017, i.e. an increase of approximately 20%. This increase is due to the fact that following the ownership unbundling from the PPC Group and the participation of the foreign investor, the members who participate in the Board of Directors have increased.

13. Applied Key Accounting Principles

For the Statement of the Financial Position of the year ended and the Income and Other Comprehensive Income, Changes in Equity and Cash Flow Statements, the accounting principles, analytically presented in the financial statements, were applied, as well as the financial figures and the activity of the company in the previous period.

14. Other significant events in 2018

- Management in the context of the implementation of its strategic planning and in compliance with RAE's decisions 816/2018 and 838/2018 decided to establish a subsidiary under the name CRETE-ATTICA ELECTRICAL INTERCONNECTION ARIADNI SPECIAL PURPOSE LIMITED COMPANY "ARIADNI INTERCONNECTION SA"). Its share capital amounts to Euro 200,000,000 (two hundred million Euros), it was fully paid in the fiscal year, and as a 100% subsidiary is fully consolidated in the Group's income statement. The exclusive purpose and objective of the subsidiary is:
  - The financing and construction of the project of common interest No 3.10.3 "Transmission Line between Korakia in Crete and Attica (EL)", the ownership and management of which, after its completion, will be transferred by the Company to IPTO SA, according to the provisions of Law 4001 / 2011, the provisions of the System Management Code, the operation license of HTS and the relevant decisions of RAE.
  - Carrying out any other activity and related operation and activity for the execution of the Project and any other activity directly or indirectly related to the purpose of the Company or serving in any way its success, including the conclusion of loans and other financial contracts with credit institutions or related companies.
  - Recovering the construction cost of the project plus the approved performance, as the project is classified as a "Project of Major Importance" (PMI), as will be set out by the relevant decisions of RAE and the relevant regulatory framework
- According to Law 4585, article 4 of Government Gazette 216 / 24-12-2018, DAPEEP SA as of 01.04.2019 is automatically subrogated to all rights, obligations and legal relations of IPTO SA which derive from the responsibilities of managing the income of the RES and .HP Special Account of the Interconnected System and Network based on Article 143 of Law 4001/2011 generated by the Special Fee for the Reduction of Gas Emissions, the Average Variable Cost of Thermal Conventional Power Plans and the Special Lignite Fee, irrespective of the time of their generation.

15. Other issues

The Company has no foreign exchange currency.

There are no encumbrances on the Company's property. Regarding the ownership of the Company's property, refer to Note 29 of the Financial Statements.

The latest estimate of the current value of the properties was made for the year ended December 31, 2014. There is no objective evidence of impairment in the current year.

After that we hereby kindly request that you:

1. Approve the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, summary of key accounting policies and methods and other explanatory information for FY 2018 (fiscal period 01/01/2018 - 31/12/2018),
2. Discharge the members of the Board of Directors and auditors from all liability for the operations if FY 2018 (fiscal period 01/01/2018 - 31/12/2018),
3. Appoint one (1) regular and one (1) alternate certified auditor-accountant for FY 2019.

Athens, 15 March 2019

On behalf of the Board of Directors

Chairman of the BOD & CEO

Manousakis Manousos

This page has been left blank intentionally

Independent Auditor's Report

To the Shareholders of Independent Power Transmission Operator (IPTO) S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Independent Power Transmission Operator (IPTO) S.A. (the Company), which comprise the separate and consolidated statement of financial position as at 31 December 2018, and the separate and consolidated 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 separate and consolidated financial statements present fairly, in all material respects, the financial position of Independent Power Transmission Operator (IPTO) S.A. as at 31 December 2018 and its subsidiaries (the Group), and their financial performance and their consolidated 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 separate and consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries 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 separate and consolidated 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.

Responsibilities of Management for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated 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 separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group'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 and the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated 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 separate and consolidated 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 and the Group'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 and the Group'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 separate and consolidated 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 and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the company and of its subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the article 43a and 107A of cod. L. 2190/1920 and its content corresponds with the accompanying separate and consolidated financial statements for the year ended 31/12/2018.
b) Based on the knowledge we obtained during our audit of Independent Power Transmission Operator (IPTO) S.A. and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 15 March 2019

SOTIRIOS D. KOURTIS

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 50601

KONSTANTINOS L. TAKIS

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 14881

ΣΟΛ Crowe

Associated Certified Public Accountants s.a.
member of Crowe Horwath International
3, Fok. Negri Street - 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

This page has been left blank intentionally

INDEPENDENT POWER TRANSMISSION OPERATOR (IPTO) S.A.

Annual Consolidated Financial Statements
In accordance with the
International Financial Reporting Standards
for the year ended on 31 December 2018

As adopted by the European Union

The attached financial statements have been approved by the Board of Directors of the Independent Power Transmission Operator (IPTO) S.A. on March 15th, 2019 and they have been posted on the web site www.admie.gr

Chairman of the BoD & CEO	Executive Vice-Chairman BoD	Deputy Chief Executive Officer	HEAD OF ACCOUNTING DPT
M. MANOUSAKIS	I MARGARIS	X. SHI	G. KAMPOUROGLOU
ID Card 579857	ID Card 286541	No PE0379735	1st class No 0008253
		Passport Republic of China	PricewaterhouseCoopers Accounting S.A.
			Office Lic. No.: 1494

This page has been left blank intentionally

(In thousand euro unless otherwise stated)

INCOME STATEMENT

		Group		Company	
NET SALES :	Note.	**01/01/2018 31/12/2018**	**01/01/2017 31/12/2017**	**01/01/2018 31/12/2018**	**01/01/2017 31/12/2017**
Revenue from Transmission System Rent	4	222.676	-	222.676	236.858
Operator's Sales	4	933.470	-	933.470	1.617.049
Operator's Purchases	4	(933.470)	-	(933.470)	(1.617.049)
Other Sales	4	26.559	-	26.559	19.631
		249.236	**-**	**249.236**	**256.489**
EXPENSES/(INCOME):					
Personnel compensations	5	69.981	-	69.981	* 64.967
Depreciation and Amortization	6	67.342	-	67.342	64.317
Contract cost	31	10.949	-	10.949	4.299
Materials and consumables		1.256	-	1.256	3.002
Third party benefits		3.646	-	3.646	4.021
Third party fees		4.536	-	4.534	4.217
Taxes – duties		2.456	-	2.456	2.192
Provision (release of provision) for risks and expenses	8,26	(26.983)	-	(26.983)	* 768
Other income	9.2	(7.942)	-	(7.942)	(4.593)
Other expenses	9.1	8.574	-	8.374	* 5.641
Total expenses		**133.817**	-	**133.614**	**148.831**
PROFITS/(LOSSES) BEFORE TAXES AND FINANCIAL RESULTS		**115.418**	-	**115.622**	**107.657**
Financial expenses	7.1	(17.788)	-	(17.787)	(27.438)
Financial income	7.2	11.735	**-**	11.151	2.733
PROFITS/(LOSSES) BEFORE TAXES		**109.365**	-	**108.985**	**82.952**
Income Tax	10	(23.497)	**-**	(23.387)	(21.215)
NET PROFITS/(LOSSES) OF FISCAL YEAR		**85.868**	-	**85.598**	**61.737**

* Certain reclassifications were made to the comparative amounts of the prior years, see Note 37

The notes on pages 30 to 86 form an integral part of these financial statements. See note 37

(In thousand euro unless otherwise stated)

STATEMENT OF OTHER COMPREHENSIVE INCOME

		Group		Company	
		01/01/2018 31/12/2018	01/01/2017 31/12/2017	01/01/2018 31/12/2018	01/01/2017 31/12/2017
NET PROFITS / (LOSSES) OF YEAR	Note	**85.868**	**-**	**85.598**	**61.737**
Other comprehensive income (non-reclassified in the income statement)					
Tax rate change effect	23.2	11.227		11.227	-
Actuarial profits/ (losses) based on IAS 19	23.2	(2.881)	-	(2.881)	7.407
Other comprehensive profits/ (losses) after taxes		8.346	-	8.346	7.407
Cumulative comprehensive profits (losses) after taxes		**94.214**	**-**	**93.944**	**69.144**

STATEMENT OF FINANCIAL POSITION

		Group		Company	
		01/01/2018 31/12/2018	01/01/2017 31/12/2017	01/01/2018 31/12/2018	01/01/2017 31/12/2017
Non-current assets:	Note				
Tangible assets	11	1.671.314	-	1.671.314	1.580.899
Intangible assets	12	215	-	215	247
Investments in subsidiaries	14	-	-	200.000	-
Investments in associates	15	1.000	-	1.000	-
Financial assets at amortized cost	16	3.756	-	3.756	-
Other non-current assets	19				26.266
Total non-current assets		**1.676.285**	**-**	**1.876.285**	**1.607.412**
Current assets:					
Inventories	17	54.207	-	54.207	46.998
Trade receivables	18	715.923	-	715.923	1.250.320
Other receivables	19	63.248	-	63.160	62.105
Cash and cash equivalents	20	602.933	-	402.639	771.849
Total current assets		**1.436.311**	**-**	**1.235.929**	**2.131.272**
Total assets		**3.112.596**	**-**	**3.112.214**	**3.738.684**
EQUITY AND LIABILITIES					
Equity:					
Share capital	21	38.444	-	38.444	38.444
Legal reserve	22	12.828	-	12.815	12.815
Other reserves	23.1	(13.252)	-	(13.252)	(10.372)
Revaluation reserve	23.2	650.939	-	650.939	639.712
Retained earnings		339.049	-	338.792	286.615
Total equity		**1.028.007**	**-**	**1.027.737**	**967.214**
Non-current liabilities:					
Long-term borrowings	24	623.186	-	623.186	520.361
Provisions for employee benefits	25	40.061	-	40.061	26.466
Other provisions	26	37.744	-	37.744	63.932
Deferred tax liabilities	10	125.928	-	125.928	139.329
Consumers’ contributions and subsidies	27	294.951	-	294.951	218.006
Other non-current liabilities		8.187	-	8.187	8.494
Total non-current liabilities		**1.130.058**	**-**	**1.130.058**	**976.588**
Current liabilities:					
Trade and other payables	28	729.261	-	729.259	1.646.172
Short-term portion of long-term borrowings	24	63.271	-	63.271	9.905
Income tax payable	10	5.238	-	5.128	9.060
Accrued and other liabilities	29	44.693	-	44.693	18.149
Deferred income and other reserves	30	112.068	-	112.068	111.596
Total non-current liabilities		**954.531**	**-**	**954.419**	**1.794.882**
Total equity and liabilities		**3.112.596**	**-**	**3.112.214**	**3.738.684**

STATEMENT OF CASH FLOWS		Group		Company	
		01/01/2018 31/12/2018	01/01/2017 31/12/2017	01/01/2018 31/12/2018	01/01/2017 31/12/2017
Cash flows from operating activities	Note				
Profit before tax		109.365	-	108.985	82.952
Adjustments for:					
Depreciation of tangible assets	6	75.391	-	75.391	70.225
Amortization of customers ‘contributions and subsidies	6	(8.049)	-	(8.049)	(5.908)
Interest income	7.2	(11.735)	-	(11.151)	(2.733)
Other provisions	26	(26.983)	-	(26.983)	768
Contracting cost and write offs	31	12.385	-	12.385	2.678
Impairment of loan issuance costs	**24**	1.473	-	1.473	
Guarantee commission of PPC’s loans		-	-	-	5.763
Interest expense	7.1	17.561	-	17.561	21.674
Operational profit before changes in the working capital		**169.410**	**-**	**169.613**	**175.419**
(Increase)/decrease:					
Trade and other receivables		541.060	-	541.060	(421.011)
Other receivables		18.220	-	18.308	24.676
Inventories		(7.685)	-	(7.685)	(1.806)
Increase/(decrease) :					
Trade payables		(916.910)	-	(916.912)	950.038
Other payables and accrued expenses		29.227	-	29.277	(43.842)
Tax paid		(29.046)	-	(29.046)	(57.140)
Net cash flow from operating activities		**(195.675)**	**-**	**(195.386)**	**626.335**
Cash flows from investing activities					
Interest received		11.322	-	10.738	2.585
Subsidies received	7.2	84.994	-	84.994	14.534
Investments	27	(5.000)	-	(205.000)	-
Purchases of current and non-current assets	15,16	(178.160)	-	(178.160)	(70.133)
Net cash flows from investing activities	11	**(86.843)**	-	**(287.427)**	**(53.013)**
Cash flows from financing activities					
Loan repayments	24	(110.000)	-	(110.000)	(29.658)
Dividends paid		(23.553)	-	(23.553)	(92.944)
Interim dividends paid		-	-	-	(7.316)
Loan issuance fees	24	(4.283)	-	(4.283)	(3.203)
Receipt of loans	24	269.000	-	269.000	65.000
Interest paid	7.1	(17.561)	-	(17.561)	(27.437)
Net cash flows from financing activities		**113.602**	**-**	**113.603**	**(95.557)**
Net increase/ (decrease) of cash and cash equivalents		**(168.916)**	**-**	**(369.210)**	**477.765**
Cash and cash equivalents, opening balance		**771.849**	**-**	**771.849**	**294.085**
Cash and cash equivalents, closing balance		**602.933**	**-**	**402.639**	**771.849**

(In thousand euro unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	**Share capital**	**Legal reserve**	**Revaluation reserve**	**Other reserves**	**Retained earnings**	**Total equity**
Balance as at 31/12/2016	**38.444**	**12.815**	**639.712**	**(17.779)**	**224.878**	**898.070**
- Net profit for the period	-	-	-	-	61.737	61.737
- Other comprehensive profit / (losses) for the period				7.407		7.407
Balance as at 31/12/2017	**38.444**	**12.815**	**639.712**	**(10.372)**	**286.615**	**967.214**
- Effect from IFRS 9 adoption	-	-	-	-	(2.552)	(2.552)
Balance as at 01/01/2018	**38.444**	**12.815**	**639.712**	**(10.372)**	**284.063**	**964.662**
- Net profit for the period	-	-	-	-	85.868	85.868
- Other comprehensive profit / (losses) for the period	-	-	11.227	(2.881)	-	8.346
- Legal reserve	-	13	-	-	(13)	-
- Dividends paid	-	-	-	-	(30.869)	(30.869)
Balance as at 31/12/2018	**38.444**	**12.828**	**650.939**	**(13.252)**	**339.049**	**1.028.007**

STATEMENT OF CHANGES IN EQUITY COMPANY	**Share capital**	**Legal reserve**	**Revaluation reserve**	**Other reserves**	**Retained earnings**	**Total equity**
Balance as at 31/12/2016	**38.444**	**12.815**	**639.712**	**(17.779)**	**224.878**	**898.070**
- Net profit for the period	-	-	-	-	61.737	61.737
- Other comprehensive profit / (losses) for the period, after tax				7.407		7.407
Balance as at 31/12/2017	**38.444**	**12.815**	**639.712**	**(10.372)**	**286.615**	**967.214**
- Effect from IFRS 9 adoption	-	-	-	-	(2.552)	(2.552)
Balance as at 01/01/2018	**38.444**	**12.815**	**639.712**	**(10.372)**	**284.063**	**964.662**
- Net profit for the period	-	-	-	-	85.598	85.598
- Other comprehensives profit / (losses) for the period	-	-	11.227	(2.881)	-	8.346
- Dividends paid	-	-	-	-	(30.869)	(30.869)
Balance as at 31/12/2018	**38.444**	**12.815**	**650.939**	**(13.252)**	**338.792**	**1.027.737**

The notes on pages 30 to 86 form an integral part of these financial statements. See note 37

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

1.

This page has been left blank intentionally.

1. ESTABLISHMENT, ORGANISATION AND OPERATION OF THE COMPANY AND GROUP.

The Independent Power Transmission Operator SA (IPTO SA or ADMIE SA or the Company) is a continuation of PPC TELECOMMUNICATIONS SOCIETE ANONYME, established in 2000 in Greece following a change in its trade name, according to the decision published in GG 10787/11.10.2011, and its operation is governed by the Greek Law.

In September 2018, the company initiated, in compliance with decisions 816/2018 and 838/2018, the subsidiary with the name of the 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 within the fiscal year, and which as a 100% subsidiary, is completely consolidated in the group's results.

The purpose of the Company is to engage in the activities and perform the duties of the Owner and Operator of the Hellenic Electricity Transmission System (HTS or ESMIE in Greek), as stipulated in Law 4001/2011. More specifically, the purpose of the Company is the operation, exploitation, maintenance and development of the Hellenic Electricity Transmission System so as to ensure that the supply of electricity in Greece is conducted in an adequate, safe, efficient and reliable manner. In the framework of the above purpose, the Company performs its duties and operates under the provisions of articles of chapters A to C, of the Fourth Part of Law 4001/2011, and the delegated acts issued, and mainly of the Operation Code of HTS and the operation license of HTS.

The headquarters of the Company are located at 89, Dyrrachiou and Kifissou Streets, Athens 104-43, Greece, and its duration has been set up to December 31, 2100. On December 31st , 2018, the Company had 1,316 employees, 7 of whom were seconded to Public Sector services and 6 were paid by the Company. Their total payroll cost was 158 thousand euros approximately and is included in the Income Statement.

On June 20, 2017, the actions provided for in articles 142 et seq. of Law 4389/2016 for the realization of the ownership unbundling of the Company from PPC were completed, including the completion of the transfer of 24% of the Company’s shares to STATE GRID EUROPE LIMITED. Upon completion of the above-mentioned process of the full ownership unbundling, the Company's model of operation automatically transitioned from the Independent Transmission Operator model to the Ownership Unbundling model. Therefore, the special arrangements of Law 4001/2011 on the operation of the company under the Independent Transmission Operator model are no longer applicable.

On December 31, 2018, 51% of the Company's shares belonged to IPTO HOLDINGS SA. ("The Parent Company"), 25% of the shares belonged to DES ADMIE (IPTO) S.A. and 24% of shares to STATE GRID EUROPE LIMITED.

2. CHANGES TO THE INSTITUTIONAL FRAMEWORK

2.1. Amendment in the institutional framework of the electricity market

Law No 4512/2018 was introduced amending Law 4425/2016 regarding the reorganization of the Greek energy market in implementation of the legislation for the integration of the single European electricity market. This law defines the terms of establishment and operation, the purpose, responsibilities and organizational arrangements of the Energy Exchange as well as the organizational and operational arrangements of the Clearing Agent. It is also stipulated that clearing of transactions in the Balancing Market shall be performed by the Operator of the HTS.

The administrator of the Hellenic Transmission System may delegate its functions relating to the clearing of transactions in the Balancing Market to a Clearing Agent or a central counterparty under Regulation (EU) 648/2012 authorized in Greece in accordance with article 100 of Law 4209/2013 (GG A253) under an outsourcing agreement. RAE may oppose the use of outsourcing services if this is deemed necessary for the purpose of safeguarding the smooth operation of the energy market.

According to Law 4585/2018 from 1.4.2019, DAPEEP SA is automatically subrogated to all rights, obligations and legal relationships of IPTO SA which derive from the responsibilities of managing the income of the CHP and RES Special Account of the Interconnected System and Network of Article 143 of Law 4001/2011, generated by the Special Fee for the Reduction of Gas Emissions, the Average Variable Cost of Thermal Conventional Power Plants and the Special Lignite Fee, regardless of the time of their generation. The pending trials of IPTO SA, which concern rights and obligations to which, in accordance with paragraph 5, DAPEEP S.A. is subrogated, are automatically being continued by DAPEEP SA. Also, the Special Fee for Lignite Production imposed on the lignite electricity producers and provided as income from the Special the Subsidy Account of the Special RES and CHP Account of the Interconnected System and Network is abolished as of 1.1.2019.

Law 4559/2018 and RAE's Decision 780/2018 established and implemented Transitory Flexibility Remuneration Mechanism. The duration of the Transitory Flexibility Remuneration Mechanism has been set at maximum up to December 31, 2019, or, if earlier, until the application of the Long-Term Capacity Remuneration Mechanism.

The new mechanism, which came into force in October 2018, includes auctions conducted by IPTO S.A. for the selection of flexibility providers. The remuneration of the selected providers is based on the pay-as-bid principle. The auctioned capacity is set at 4,500 MW. The Operator of the HTS may reduce the above tendered capacity of each Tender Process in order to ensure their competitiveness. Ministerial Decision RIS 53028/7626/09.08.2018 defined the methodology for the calculation of the Flexibility Capacity of Dispatched Hydro Units, which is entered in the Register of Flexible Suppliers. With this capacity, Hydroelectric Units participate in the Auction of the Transitory Flexibility Remuneration Mechanism.

In June 2018, with the RAE Decision 511/2018, the System Operation Code was amended regarding the integration of new RES into the market and the transformation of LAGIE into an Energy Exchange and an Operator of RES and Guarantees of Origin. The amendments mainly concern: the registration of the RES units that have the obligation to participate in the Market or the relevant Last Resort RES Aggregators in the registers kept by the IPTO S.A, the management of the RES units or Last Resort RES Aggregators (FOSE), the settlement of the RES units or Aggregators, the establishment of Non-Compliance Charges for Significant Deviations in the submission of energy bids by RES units or Aggregators, the exchange of information between Competent Bodies, the establishment and calculation of Market Access Readiness Premium.

RAE's Regulation 1090/2018 approved the Balancing Market Regulation, the purpose of which is to define the terms and conditions of operation of the Balancing Market and in particular to:

1) Define Participants in the Balancing Market, and describe the corresponding registration process,

2) set out in detail the rules and conditions under which Participants may participate in the Balancing Market, including their rights and obligations, as well as to determine the procedures for resolving disputes between the Participants and the Operator of the Hellenic Transmission System),

3) set the rights and obligations of the Operator of the HTS to the Participants regarding their participation in the Balancing Market.

4) describe the interface between the Balancing Market, the Day-Ahead Market and the Intra-day Market, including the exchange of information between the Energy Exchange and the Operator of the HTS,

5) define in detail the rules for the validation of Balancing Energy Offers and Balancing Capacity Offers by the Operator of the HTS,

6) describe input data, operation and results of the Integrated Scheduling Process,

7) describe the interface between the Integrated Scheduling Process and the Balancing Energy Market,

8) describe input data, operation and results of the Balancing Energy Market,

9) Define the Accounts maintained by the Operator of the HTS for the purposes of Clearing the Balancing Market,

10) define the procedures for Clearing the Balancing Market,

11) determine the sanctions for Participants in the event of non-compliance with the provisions of these Rules,

12) define the Procedure for Clearing the Balancing Market, Imbalances and Non-Compliance Charges,

13) define the procedure for the exchange of information with other stakeholders,

14) Specify the data and information obligations and monitoring of the Balancing Market for the Operator of the HTS; and

15) define procedures for the protection of commercially sensitive information.

2.2. RAE Resolution 1128/2017 of 22.12.2017, Government Gazette B336 / 07.02.2018. Approval of Unit Cost of Losses for the Year 2018 in the Framework of the Inter-Transmission System Operator Compensation Mechanism.

Pursuant to Article 94 of Law 4001/2011, the Transmission System Operator "shall collect the access charges to the System and settle its debts under the Inter-Transmission System Operator Compensation Mechanism in accordance with Article 13 of Regulation (EC) 714 / 2009 ".

Regulation No 714/2009 of the European Parliament established the Inter-Transmission System Operator Compensation Facility ("ITC Mechanism") to compensate Transmission System Operators for costs incurred from cross-border flows of electricity through their Systems.

RAE, by Decision 1128/2017, approved the System Marginal Price (SMP) as the basis for calculating the cost of losses and the determination of the Unit Cost of Losses at € 53.3 / MWh, as recommended by the Transmission System Operator, in the framework of the implementation of the ITC mechanism for the year 2018.

In particular, the Transmission System Operator proposes for 2018, similarly as for 2017, to use the average annual SMP estimate as reflected in LAGIE’s Monthly Bulletin for the RES & CHP Special Account.

Moreover, as the losses increase during peak load hours, when an increased SMP is expected, the System Operator proposes a further increase in the cost of losses and suggests using the price of € 53.3 / MWh as Unit Cost of Loss for 2018 For this increase, it uses the available historical data for the months January - October 2017, where the average SMP was 53.0 € / MWh, while the weighted average of the SMP for the same period was 56.4 € / MWh, i.e. increased by 3.4 € / MWh compared to the average SMP.

2.3. RAE Resolution 1129/2017 of 22.12.2017, Government Gazette B336 / 07.02.2018. Determination of the numerical values of the tolerance limits and the rate of change of the charge in the determination of the Imbalances for the calendar year 2018.

Decision 1129/2017 defines the numerical values of the tolerance limits and the rate of change of the charge in the determination of the imbalances for the calendar year 2018, according to the following table and following the recommendation of IPTO S.A, within the framework of its competencies under the HTS Management Code, which proposes to continue applying the applicable prices, since the data on which they were defined have not changed:

Article	Variable/rate	Numerical value
Article 147	Production unit limit in productive operation (TOL)	2% NCAP
Article 147	Production unit limit in test operation (TOL)	40% NCAP
Article 149	Tolerance limits of load representatives (TOLP)	0 Mwh
Article 150	Tolerance limit for RES and CHP units	0 Mwh
Article 154	Rate of change of charge (A.IM)	1

2.4. RAE'S decision 256/2018 of 16.03.2018, Official Gazette B 1570 / 08.05.2018. Approval of the 10-Year Development Plan of the Hellenic Transmission System (HTS) for the 2018 -2027 period.

Following the RAE Public Consultation of 08.05.2017, RAE approved the Ten Year Development Plan of the Hellenic Transmission System for Electricity (HTS) for the 2018 – 2027 period, as submitted to RAE by IPTO S.A.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND MAIN ACCOUNTING PRINCIPLES

3.1. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and their relevant Interpretations, as issued by the IFRS Interpretations Committee of the IASB and adopted by the European Union (EU) and are mandatory for years starting as of January 1st, 2018.

3.1.1. APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors of the Group approved the financial statements of year 2018 on March 15th, 2019. The financial statements are subject to approval by the Group's Annual General Meeting of the Shareholders.

3.1.2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared under the historical cost principle (except for fixed assets measured regularly at fair value) and the going concern principle. The financial statements are presented in thousands of Euros and all values are rounded to the nearest thousand unless otherwise stated. Any differences that may be noticed in the tables are due to roundings.

3.1.3. GOING CONCERN BASIS

3.1.3.1. RISK OF THE MACROECONOMIC AND CORPORATE 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, the Group 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%, ITC Equipment 16.54%, Mechanical Equipment and Weapons Systems 18.42%).

In terms of short-term indicators, the Economic Sentiment Index (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-index, while all other sub-indices 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 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 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 neighboring 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.

3.1.3.2. RISKS FOR THE ADEQUACY OF THE WORKING CAPITAL

As referred below in Note 24, the Company completed the process of negotiating with the banks, aiming at the refinancing of its existing loan liabilities amounting to Euro 228 million through the issuance of an equal syndicated bond loan maturing in 2023. In view of the above, as well as from the organic profitability, the high amount of cash and positive operating flows of the Company, the working capital for 2018 and thereafter is expected to be positive, therefore the accompanying Financial Statements have been prepared based on the ability of the Company to proceed smoothly.

3.2. SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of payables and receivables at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Management's estimates and judgments are reviewed annually. Actual results may ultimately differ from those estimates.

The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming period are as follows:

Voluntary Retirement Plan

Following the Decision of the Board of Directors No. 66 / 20.12.2017, the Company, with the BoD Decision No. 6/01.03.2019, proceeded with the approval of a second Voluntary Retirement Plan of Employees by the Company with the provision of a financial incentive and a total budget of an additional Euro 1.56 million (2017:EUR 4.76 million). Only employees with an employment contract of an indefinite duration who have established full pension right based on years of insurance and/or age as provided by the insurance legislation, from 30.04.2019 until 30.09.2019, have the right to participate. The plan is voluntary and should any employee who has established the right decide not to participate, this does not result in any case in redundancy or any other penalty for this reason.

Employee benefits

The PPC Group supplies employees of all companies of the PPC Group and their pensioners with electricity at a reduced tariff. This benefit continues to exist even after the ownership unbundling from the PPC Group has been completed . The reduced tariff for employees and pensioners is recognized as an obligation of IPTO SA to PPC SA (former Parent Company) and it is calculated as the present value of future benefits deemed accrued by the end of the year on the basis of employee benefit rights accumulated during their service, and is calculated on the basis of financial and actuarial assumptions. The net expenditure of the year is included in the personnel fees in the Income Statement and relates to the present value of the benefits recognized in the year less the amount of benefits offered. This liability is not financed. The estimate is made by an independent licensed actuary. Actuarial gains or losses from a change in underlying assumptions are recognized through the Statement of Other Comprehensive Income in equity.

Details of the underlying assumptions and estimates are included in Note 25, which significantly affect the amount of the liability and include estimates by PPC's management regarding the amount and changes in future tariffs and the related profit margin. The figures for the number of pensioners are given by the PPC services.

Fair values and useful lives of tangible fixed assets

The Group measures tangible fixed assets at readjusted values (estimated fair values) as identified by a company of independent certified valuers. Independent valuations are performed periodically (every 3-5 years). The determination of the fair values of property, plant and equipment requires estimates, assumptions and judgments in respect of ownership, value in use and the existence of any economic, operational and physical depreciation of tangible fixed assets. Additionally, Management makes estimates of the total and remaining useful life of the depreciable fixed assets based on past experience and the technical specifications of assets that are subject to periodic review. The total useful lives as estimated are included in note 3.3.

Provisions for risks

The Group forms provisions for risks related to third party claims against it and the outcome of which may lead to an outflow of funds for their settlement. The provision is formed on the basis of the lawsuit amount and probability of the outcome of the litigation. Estimates are made in conjunction with the Company's legal advisors. A description of the risks and a reference to the amount of the related provisions is made in note 23. No provision is formed for contingent claims.

Impairment of inventories and receivable accounts

At each financial statement date, the Group assesses whether there is evidence of impairment of inventories in spare parts. Determining whether there is an indication of impairment requires management to make estimates.

Impairment of fixed assets

The Group assesses at each reporting date whether there is an indication that a long-term asset may have been impaired. The determination of whether such indications exist, require Management to make assumptions and judgments with respect to external and internal factors that may affect the recoverability of its assets, as well as assumption on the determination of its cash generating units.

Impairment of holding in subsidiary ARIADNI INTERCONNECTION S.P.L.C.

The Group's management assesses at each reporting date whether there is any evidence of impairment of the holding in ARIADNI INTERCONNECTION S.P.L.C. and if such evidence is found, the holding is tested for impairment as described in Note 14. Management does not consider that there is evidence of impairment for the reporting date of 31/12/2018.

Income tax and deferred tax liabilities

Income tax liabilities for the current and prior years are measured at the amounts expected to be paid to the tax authorities, using the tax rates that have been enacted by the Financial Position Statement date. The income tax includes the current income tax for each fiscal year arising from the income tax return and the deferred income tax. Deferred tax liabilities are recognized on tax losses to the extent that it is probable that future taxable profits will occur to offset the losses. Deferred tax receivables that are recognized require Management to make assessments as to the time and level of realization of future taxable profits.

3.2. CONSOLIDATION

(a) Subsidiaries

Subsidiaries are those entities in which the Group exerts control over their operations. The Group controls a company when it is exposed to or has rights to variable returns due to its participation in that company and has the ability to influence those returns through its authority in that company. The existence and effect of voting rights that can be exercised or converted are taken into account to establish that the Group controls the entity. Control can also exist in cases where participation in the voting capital is less than 50%, but the Group is in a position to exerting control over financial and business policies, de facto. De facto control exists when the number of voting rights of the Group in relation to the number and distribution of the rights of the other shareholders allow the Group to control financial and business policies.

Subsidiaries are consolidated with full consolidation from the date on which the control is acquired and cease to be consolidated at the date when such control does not exist.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is calculated as the fair value of the assets granted, the liabilities assumed or existing and the equity instruments issued at the date of the transaction. Cost of acquisition includes the fair value of the assets or liabilities arising from contingent consideration agreements. Personalized assets, liabilities and contingent liabilities acquired in a business combination are measured initially at their fair value at the date of acquisition. If any, the Group recognizes a controlling interest in the subsidiary either at fair value or in the value of the non-controlling interest in the acquiree's equity. The Group recognizes non-controlling interests, in proportion to the net equity of the subsidiary. Acquisition costs are recognized in the income statement when incurred.

In a combination that is progressively achieved, the acquirer will remeasure its previously held equity interest in the acquiree at fair value at the acquisition date and will recognize any gain or loss in the results.

Any contingent consideration given by the Group is initially recognized at its fair value at the acquisition date. Changes in the fair value of the contingent consideration that qualify as an asset or liability are recognized in accordance with IAS 39 either in profit or loss or as an effect on other comprehensive income. A contingent consideration recognized as equity is not revalued and the subsequent settlement is accounted for in equity.

When the sum of (a) the acquisition cost, (b) the amount recognized as non-controlling interests and (c) the fair value at the date of acquisition of the Group's share if the combination is progressively achieved is greater than net assets acquired, the excess is recognized as goodwill. If the above sum is less than the fair value of the net assets acquired, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are written off. Unrealized losses are also written off unless the transaction provides evidence of impairment of the transferred asset. The accounting policies of the subsidiaries are consistent with those adopted by the Group. In the Parent's Statement of Financial Position, subsidiaries are valued at cost less impairment.

(b) Changes in ownership interests in subsidiaries without loss of control

Transactions with minority shareholders that do not affect the control exercised by the Group in the subsidiary are measured and recorded as equity transactions - that is, the treatment is the same as that used in the transactions with the major shareholders of the Group. The difference between the consideration paid and the relevant share of the book value of the subsidiary's equity is deducted from equity. Gains or losses arising from the sale to minority shareholders are also recognized in equity.

(c) Sale / cease of subsidiary control

Once the Group ceases to have control over the subsidiary, the remaining participation percentage is remeasured at its fair value, and any differences are recognized in the income statement. Subsequently, this asset is classified as an associate, or a financial asset with acquisition cost that fair value. In addition, amounts previously recorded in Other comprehensive income will be accounted for as in the case of the sale of a subsidiary and may therefore be accounted for in the income statement.

(d) Associates

Associates are entities in which the Group has a material influence but not control, which generally applies when participation percentages range from 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method. According to the equity method, an investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the associate's profits or losses after the acquisition date. The investment account for associated companies also includes goodwill arising on acquisition (less any impairment losses).

If a stake is sold to an associate but where the Group continues to exercise significant influence, only the proportion of the amounts previously recorded directly in Other comprehensive income will be recognized in profit or loss.

The Group's share in the profits or losses of associates after the acquisition is recognized in the Income Statement while the share of changes in other comprehensive income after acquisition is recognized in Other comprehensive income. Accumulated changes after acquisition affect the book value of investments in associates with a corresponding adjustment to the current value of the investment. In the event that the Group's share of an associates losses exceeds the value of the investment in the associate, no further losses are recognized unless payments have been made or other commitments have been made on behalf of the associate.

The Group examines each balance sheet date whether there is evidence of impairment of investments in associates. If an investment has to be impaired, the Group calculates the amount of the impairment as the difference between the recoverable amount of the investment and its book value.

Unrealized gains on transactions between the Group and associates are written off by the Group's participation percentage in associates. Unrealized losses are also written off by the Group's participation percentage in them unless the transaction provides evidence of impairment of the transferred asset. The accounting policies of associates have been amended to be consistent with those adopted by the Group. In the parent's statement of financial position, associates are measured at cost less impairment.

3.3. MAIN ACCOUNTING POLICIES

Foreign Currency Conversion

The functional and reporting currency is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates which were in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities that are denominated in other currencies are adjusted to reflect the current exchange rates. Gains or losses resulting from foreign currency adjustments are reflected in other expenses in the Income Statement.

Intangible Assets

Intangible assets include software programs. Software programs are depicted at their acquisition cost minus accumulated depreciation and impairments. For all assets retired or sold, their acquisition cost and related depreciation are written off. Any gain or loss is included in the income statement. Software costs are amortized on a straight-line basis over a period of five years.

Tangible fixed assets

Tangible assets are initially recognized at their acquisition cost which includes all direct attributable expenses for their acquisition or construction until they are ready to use as intended by Management. Subsequent of their initial recognition, tangible assets are valued at their fair values minus accumulated depreciation and impairments. Estimations of fair values are performed periodically by independent appraisers (every three to five years) using Level 3 assumptions of the hierarchy stipulated in the IFRS 13 and mainly the residual replacement cost method in order to ensure that fair value does not differ significantly from the undepreciated balance.

The last estimation by independent appraisers was completed on December 31, 2014. Any increase in value is credited as reserve to the other comprehensive income/ losses, net of deferred income taxes. At the date of revaluation, accumulated depreciation is offset against pre depreciation book values and net amounts are restated according to restated amounts. Any decrease is first offset against goodwill from earlier revaluation in respect of the same fixed asset and thereafter charged to the income statement. Upon disposal of a revalued tangible asset, the relevant portion of the revaluation goodwill is released from reserves directly to retained earnings. Repairs and maintenance are charged to expenses as incurred. Subsequent future expenditures are capitalized when they meet the criteria to be recognized as assets and increase the value of the fixed assets. Expenditures that are capitalized mainly concern the construction of new projects and include the payroll costs of the Department for New Transmission Projects as well as other direct costs of third parties. For all assets retired or sold, their acquisition cost and related depreciation are written off from the accounts at the time of sale or retirement. Any gain or loss is included in the income statement.

Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that needs a substantial period of time to get ready for its intended use or sale, are capitalized as part of the acquisition cost of the relevant assets. All the remaining borrowing costs are recognized as expenses in the period in which they are incurred.

Depreciation

Depreciation of fixed assets is calculated on a straight-line basis over the average estimated remaining useful economic life of the assets. The total average useful lives (in years) applied for the calculation of depreciation, are as follows:

General use buildings	50
Transmission lines	35
Transmission substations	35
Other equipment	35
Transportation means	15
Furniture and other equipment	5-25

The useful life of the assets is equal to the one used by the independent appraiser during the appraisal of 2014, regarding the calculation of the remaining useful life of IPTO's assets which are based on the evidence and the information he received from constructors – representatives of similar assets, is in line with international practices, as well as the details which he keeps in his data base either from past projects of PPC SA or similar appraisals carried out abroad.

Impairment of Non-Financial Assets

The Group assesses at each reporting date the existence or absence of evidence of impairment of its assets. These indications relate mainly to a greater loss in the asset's value than expected, changes in the market, technology, legal status, physical condition of the asset and change in use. In case there are indications, the Group 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 cash-generating unit's sale value (net of disposal costs) and value in use.

The recoverable amount is determined at the level of a qualifying asset unless that asset does not generate 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 adjusted to its recoverable amount. The value in use is calculated as the present value of 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 (after deducting selling expenses) is determined on the basis, where appropriate, of applying a valuation model. Impairment losses from continuing operations are recognized in the income statement. At each Financial Position date, the extent to which impairment losses recognized in the past still exist or have been impaired. 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 may not 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 unless the asset is measured at fair value, where the reversal is treated as an increase of the already recognized goodwill and after reversal, the depreciation of the asset is adjusted so that the revised balance (less the residual value) is allotted equally in the future based on the remaining useful life of the asset.

Contracts for projects under construction

A construction contract is a contract concluded especially for the construction of an asset or a combination of assets which are closely interconnected or interdependent regarding their design, technology and operation or their final purpose or use.

The expenses related to construction contracts are recognized when realized.

When the result of construction contract cannot be reliably assessed, only the expenses realized and expected to be collected are recognized as revenue from the contract.

When the result of a construction contract can be reliably assessed, the contract revenue and expenses are recognized during the term of the contract as revenue and expenses respectively.

The group uses the inflow method of IFRS 15 to determine the appropriate amount of revenue it will recognize in a given period. The income is recognized on the basis of the costs incurred up to the date of the financial position in relation to the total estimated costs (costs) for each contract. When it is likely that the total cost of the contract exceeds the total revenue, then the expected loss is directly recognized in the profit and loss statement.

In order to determine the cost incurred up to the end of the fiscal year, possible expenses related to future works of the contract are exempted and presented as project in progress. The total cost realized and the total profit/ loss realized for each contract is compared to the progressive invoicing up to the end of the period.

With the adoption of IFRS 15, there was no change in the recognition of revenues from construction contracts since the new standard do not differ significantly from those of IAS 11.

Financial Assets

The financial assets that fall under and are regulated by the provisions of IFRS 9, according to which, at initial recognition, a financial asset is classified as measured:

- at amortized cost
- at Fair value through other comprehensive income (for investments in net worth)
- at fair value through other comprehensive income (for debt investments)
- at fair value through Income statement,

based on

a. Business model of the group for the management of financial assets, and

b. The characteristics of contractual cash flows of the financial asset

the impact of the adoption of IFRS 9 by the group, in Relation to IAS 39, is shown in note 3.5.

Loans and receivables

Loans and receivables refer to financial assets with determinable flows that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the relevant figures are written-off or impaired, as well as through the amortization process.

Impairment of Financial Assets

IFRS 9 introduces the "expected credit loss" model for the impairment of financial assets. The method of determining the impairment loss of IFRS 9 applies to financial assets classified at amortized cost, contractual assets and debt investments at fair value through the Other comprehensive income, but not applied to investment in equity instruments

Financial assets measured at carrying amount

Financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. 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)

- expected lifetime credit losses (these expected losses may arise from events that occur over the life of the financial asset)

- Life time credit losses (if there are objective evidence of impairment of the financial asset)

Financial assets measured at amortized cost

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 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

Impairment Presentation

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

Write-off of Financial Assets

Financial assets (or, where applicable, the part of a financial asset or part of a group of financial assets) are deleted when (1) contractual rights are expired over Cash flows of the financial Asset or (2) transfer the financial asset and this transfer fulfils the conditions of the standard for cessation of recognition.

Inventory

Inventories include consumables, materials and spare parts of fixed assets which are stated at the lower of their acquisition cost or net realizable value, the acquisition cost being determined using the weighted average method. These materials are recorded in inventory when purchased and then are expensed or capitalized, as appropriate, when used. A provision is formed for their value impairment based on the recoverable amount from the use of said materials. The provision for impairment is calculated systemically in relation to years of inactivity of the materials.

Cash and Cash Equivalents

Time deposits and other highly liquid investments with original maturity of three months or less are considered to be cash equivalents.

Offsetting of Financial Receivables and Liabilities

Financial assets and liabilities are offset and the net amount is presented in the Financial Position statement only when the company has a legally enforceable right to set off the recognized amounts and intends to either settle such asset and liability on a net basis or realize the asset and settle the liability simultaneously.

Interesting bearing Loans and Borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, they are subsequently measured at unamortized cost using the effective interest rate method. Unamortized cost is calculated by taking into account any issue costs of credits and loans.

Financial Liabilities

Financial liabilities are presented in the unamortized cost and are derecognized when the obligation under the liability is discharged or cancelled or expires. In case an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Income Statement.

The adoption of IFRS 9 abolished the previous classifications of financial assets in IAS 39, but did not alter the requirements for classifying and measuring financial liabilities

Provisions for Risks and Expenses, Contingent Liabilities and Contingent Claims

Provisions are recognized when the company has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Subsidies for Fixed Assets Investments

The company receives subsidies from the Hellenic Republic and from the European Union (through the investment budget of the Hellenic Republic) in order to fund specific projects executed through a specific time period. Subsidies are recorded upon collection and are reflected as deferred income in the accompanying balance sheet. Amortization is accounted for in accordance with the remaining useful life of the related assets and is included in depreciation and amortization in the accompanying statements of income.

Participations in the construction of Fixed Assets and Contributions of Fixed Assets

Customers and producers, who are connected with the transmission network, are required to participate in the initial connection cost with the network or other type of infrastructure, through the deposit of institutionally defined amounts or through fixed assets contribution.

Until December 31, 2008, due to the lack of detailed accounting guidance under current IFRS, PPC has elected to record upon collection the amounts of contributions from customers and producers, for the construction of assets needed for their connection with the network, and they were reflected in the Balance Sheet as deferred income. Their amortization was accounted for in accordance with the remaining useful life of the related financed assets and was included in the depreciation and amortization of the income statement (implemented, that is, the accounting policy used for subsidies). As of January 1, 2009, PPC and then IPTO implementing earlier the Interpretation 18 —Transfers of Assets from Customers recognize the cash and the assets received from customers and producers needed for their connection with the network, at fair values in the Income Statement. For cash received until December 31, 2008, the accounting policy valid until then was applied due to the non-retrospective application of Interpretation 18. The adoption of IFRS 15 did not have any impact on the contributions received by consumers/customers until 01.01.2009, since according to the same standard they are considered to be completed contracts. The adoption of IFRS 15 did not have an impact on the recognition of revenues for 01.01.2018 contracts with consumers/customers.

Voluntary Retirement Plan

Following the Decision of the Board of Directors No. 66 / 20.12.2017, the Company, with the BoD Decision No. 6/01.03.2019, proceeded with the approval of a second Voluntary Retirement Plan of Employees by the Company with the provision of a financial incentive and a total budget of an additional Euro 1.56 million (2017:EUR 4.76 million). Only employees with an employment contract of an indefinite duration who have established full pension right based on years of insurance and/or age as provided by the insurance legislation, from 30.04.2019 until 30.09.2019, have the right to participate. The plan is voluntary and should any employee who has established the right decide not to participate, this does not result in any case in redundancy or any other penalty for this reason.

Employee benefits

The PPC Group supplies employees of all companies of the PPC Group and their pensioners with electricity at a reduced tariff. This benefit continues to exist even after the ownership unbundling from the PPC Group has been completed. The reduced tariff for employees and pensioners is recognized as an obligation of IPTO SA to PPC SA (former Parent Company) and it is calculated as the present value of future benefits deemed accrued by the end of the year on the basis of employee benefit rights accumulated during their service, and is calculated on the basis of financial and actuarial assumptions. The net expenditure of the year is included in the personnel fees in the Income Statement and relates to the present value of the benefits recognized in the year less the amount of benefits offered. This liability is not financed. The estimate is made by an independent licensed actuary. Actuarial gains or losses from a change in underlying assumptions are recognized through the Statement of Other Comprehensive Income in equity.

Details of the underlying assumptions and estimates are included in Note 25, which significantly affect the amount of the liability and include estimates by PPC's management regarding the amount and changes in future tariffs and the related profit margin. The figures for the number of pensioners are given by the PPC services.

Income Tax (Current and Deferred)

Current income tax

Current tax expense includes income tax resulting from the Group's earnings as reformed in the 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 on the date of preparation of the Financial Position.

Deferred income tax

Deferred income tax is calculated using the liability method, on all temporary differences at the reporting date between the tax base and the book value of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred income tax liability arises from initial recognition of capital gain or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, carried forward tax assets and tax losses, to the extent that it is possible that taxable profit will be available to use against the deductible temporary differences and the carried forward unused tax assets and unused tax losses. A deferred tax asset is not recognized if it arises 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 it does not affect either the book 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 in which the asset is recovered or the liability 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 statements. Income tax relating to items that are recognized directly in other comprehensive income is recognized directly in other comprehensive income and not in the Income Statement.

With the provisions of article 23 of N. 4579/2018 (Government Gazette A ' 201/03.12.2018), article 58 of the KFE (N. 4172/2014) was replaced.

With the new provisions, the tax rate of profits from business acquired by legal persons and legal entities by one percentage point per year, starting with the reduction for the Income of the tax year 2019. Furthermore, according to IAS 12 "income taxes" it is stipulated that: "deferred tax assets and liabilities will be measured with the tax rates expected to be applied to the period during which the Asset or liability, taking into account the tax rates (and tax laws) established or substantially enacted, up to the balance sheet date. "

Furthermore, the deferred tax liabilities recognised in the statement of financial position have been adjusted at the 31.12.2018, at the tax rates applicable in the years expected to be settled.

Defined Contribution Plan

The Company recognizes as an expense contributions for employees’ services payable to EFKA (former IKA/TAP-PPC) (defined contribution plans) and as a liability the amount that has not been paid yet.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from the rent of the Transmission System is accounted in the fiscal year it concerns according to RAE’s relevant decisions. However, there may be slight discrepancies between budget and real figures which are cleared at a later stage following RAE’s control and approval. Revenue from rendering of services is recognized based on the stage of completion of the service rendered and the extent to which the related receivable will be collected. Revenue from interest is recognized according to the accrued principle. The company also operates as an assignee for the settlement charge and payment of charges related to energy management. Charges and payments to the beneficiaries do not increase the company’s revenues and expenses and are shown in the In-come Statement for informative purposes of the parties involved. The company also operates as an intermediary for the settlement of those charges.

The adoption of IFRS 15 did not have a material impact on the group's income recognition.

Leases

The determination of whether an arrangement contains a lease is based on the substance of the arrangement at the date of conclusion of the relevant contract, i.e. whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys 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 the lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

The Company as the lessor

Cases of lease 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 the lease payments are recognized as income in the income statement on a straight-line basis over the lease term.

3.4. NEW ACCOUNTING POLICIES

The accounting policies followed by the Company for the preparation of its annual Financial Statements have been consistently applied to fiscal years 2017 and 2018, taking into consideration the new standards, subsequent amendments to standards and interpretations that have been issued and are mandatory for periods beginning on or after 1.1.2018. The effect of the application of these new standards, amendments and interpretations is set out below.

Standards and Interpretations mandatory for current fiscal year of 2018

IFRS 9 "Financial Instruments"
On 24 July 2014, the Board adopted the final version of IFRS 9, which includes guidance for classification and measurement, impairment and hedge accounting of financial instruments. The standard replace IAS 39 and all previous versions of IFRS 9. Financial assets are measured at carrying amount, at fair value through profit or loss, or at fair value through other comprehensive income, based on the business model of the enterprise for the management of financial assets and the contractual cash flows of financial assets. In addition to the entity's credit risk, the classification and measurement of financial liabilities has not changed in relation to the existing requirements. 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 following table shows the impact, after tax, of the transition in the adoption of IFRS 9 on the opening balance of retained earnings:

Item	Footnote	Impact of IFRS 9 on the opening balance
Retained earnings		
Recognizing Expected Credit Losses	a'	3.594
Tax		(1.042)
Impact on 01.01.2018		2.552

The adoption of IFRS 9 abolished the previous classifications of financial assets in IAS 39, but did not alter the requirements for classifying and measuring financial liabilities.

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

i. At amortized cost

ii. At fair value through the statement of other comprehensive income

iii. At fair value through profit or loss

The above classification is based on the overall model by which the enterprise manages these financial assets as well as on their contractual characteristics that generate cash flows.

The following table presents the financial assets of the company, their previous classification under IAS 39, the new IFRS classification and the effect on their book value, from the application of the method of expected credit loss in IFRS 9 on 01.01.2018.

Financial Asset	Note	Classification IAS 39	Classification IFRS 9	Book Value IAS 39	Book Value IFRS 9
Trade and other receivables	1	Loans and receivables	Amortized cost	1.312.425	1.308.831
Cash and cash equivalents	2	Loans and receivables	Amortized cost	771.849	771.849
Total financial assets				**2.084.274**	**2.080.680**

1. Trade and other receivables previously classified as "Loans and receivables" in accordance with IAS 39 are now classified as measured at amortized cost. The increase by € 3,594 in their impairment loss was recognized in the retained earnings on 01.01.2018 during the transition to IFRS 9
2. There is no change in the valuation of cash.

a) Impairment of financial assets

For the impairment of financial assets, IFRS 9 introduces the "expected credit loss" model and replaces the "incurred loss" model in IAS 39. The method for determining the impairment loss in IFRS 9 applies to financial assets classified as measured at 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. According to 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 defaults within 12 months of the reporting date).

- lifetime expected credit losses (these expected losses may arise from events that occur over the life of the financial instrument).

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

In determining the credit losses on trade and other receivables as of 31.12.2017, the receivables from the Public Services Obligations Account were excluded, as they, under the application of Law 4508 / 2017, were transferred to HEDNO S.A. as the sole administrator of the account for the entire Greek Territory.

Presentation of the impairment

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

In applying the new IFRS 9 impairment model, the company identified additional impairment as follows:

Losses as at 31.12.2017 according to IAS 39	16.408
Additional impairment recognized on 01.01.2018:	
Trade and other receivables as at 31.12.2017	3.483
Other receivables as at 31.12.2017	111
Losses as at 01.01.2018 according to IFRS 9	20.002

Trade receivables

The assessment of trade and other receivables was based on common credit risk characteristics, such as credit risk rating, business object, creditworthiness.

The experience of realized credit losses was adjusted on the basis of rates reflecting differences in economic conditions during the period in which the historical data were collected, the current circumstances and the Company's estimate of the economic conditions over the life of the receivables.

b) First application - transition

The Company has opted to apply the exemption provided by IFRS 9 and not to restate previous periods in relation to the classification and measurement requirements (including impairment). The differences in book values as a result of the adoption of IFRS 9 were recognized in the results carried forward as at 01.01.2018. The Company does not apply hedge accounting and therefore does not make it obligatory to reclassify earlier periods. Consequently, financial reporting for 2017 does not include the requirements of IFRS 9 but the requirements of IAS 39.

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 standard and including the amendments to the standard issued on 11 September 2015, it is mandatory for annual periods that 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.

The new standard establishes a five-step model to be applied to revenue arising from a customer agreement (with limited exceptions) to improve comparability between companies in the same industry, different industries and different capital markets. The requirements of the Standard will also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not produced by the entity's ordinary activities (e.g.: sales of property, plant and equipment or intangible assets). Extensive disclosures, including the analysis of total revenue, information on performance obligations, changes in contractual asset and liability balances between periods and key judgments and estimates will be required. IFRS 15 was adopted by the European Union on 22 September 2016.

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

Clarifications to IFRS 15 "Revenue from Contracts with Customers"

In April 2016, the IASB issued clarifications to IFRS 15. The amendments to IFRS 15 do not alter the core principles of the Standard but provide clarification as to the application of those principles. The amendments clarify how a performance obligation is recognized in a contract, how it is determined whether an entity is the principal or the agent, and how it is determined whether the income from granting a license should be recognized at a point in time or over time. The amendment is effective for annual accounting periods beginning on or after 01/01/2018 and was adopted by the European Union on 31 October 2017.

IFRS 4 “Insurance Contracts” (Amendment) "Application of the new IFRS 9 to IFRS 4".

On 12 September 2016, the International Accounting Standards Board issued amendments to IFRS 4 to address the concerns arising from the application of the new financial instrument standard (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:

• Allows companies that issue insurance policies to recognize in other comprehensive income, rather than profit or loss, the volatility (or any deviations) that may arise when IFRS 9 is applied prior to the issuance of the new standard for insurance policies.

• Provides to undertakings whose activities are primarily related 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 39 for financial instruments.

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

The above amendment 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 is effective for annual periods beginning on or after 1 January 2018 adopted by the European Union on February 26, 2018. The amendment of the ifrs standard had no effect on the group and the company.

Annual Improvements to IFRS, Cycle 2014-2016

The following amendments to the 2014-2016 cycle, issued by the Board on 8 December 2016, are effective for periods beginning on or after 1 January 2018 and adopted by the European Union on 7 February 2018. The following amendments do not have a material impact on the Group and Company's financial statements.

IFRS 1 First-time application of international financial reporting standards

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

IFRS 12 Disclosures of participations in other entities: Clarification of the purpose of the standard.

The amendment clarifies the scope of the standard by specifying that some of the disclosures apply to an entity's holdings classified as held for sale, other than 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 trading 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 an associate or joint venture held by an entity that is a venture capital fund or other entity that qualifies to be measured at fair value through profit or loss is available for each investment in relative or joint venture separately at initial recognition.

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 an indication of a change in use.

The amendment is effective for annual periods beginning on or after 1 January 2018 and adopted by the European Union on 14 May 2018. The modification of the reporting standard has no impact on the Group and the Company.

IFRIC 22 Interpretation "Foreign currency transactions and advance consideration"

IFRIC 22 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, the date of the transaction for the purpose of determining the exchange rate is the date of the 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 date of the transaction is determined for each payment or collection.

The interpretation is effective for annual periods beginning on or after 1 January 2018 adopted by the European Union on 28 March 2018. The modification of the interpretation had not impact on the Group and the Company.

Standards and Interpretations effective for subsequent periods that were not adopted by the Company or the Group

IFRS 16 "Leases"

On 13 January 2016 the IASB issued IFRS 16 which replaces IAS 17 Leases. 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 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.

Transition to IFRS 16

The Group plans to adopt IFRS 16 retrospectively, with the cumulative effect of the original application of the Standard recognized at the date of initial application (01.01.2019). The Group will opt to apply the standard to contracts recognized before the effective date of IFRS 16 as leases by applying IAS 17 and IFRIC 4. Therefore, the Group will not apply the standard to contracts that were not previously designated as lease agreements in accordance with IAS 17 and IFRIC Interpretation 4.

The Group will opt to use the exemptions provided in the standard for lease agreements that expire within 12 months of the date of initial application and the lease agreements where the underlying asset is of low value. The Group leases office equipment (personal computers, printers and photocopiers) that are considered to be of low value.

During the financial year 2018, the Group conducted a detailed assessment of the impact of the adoption of IFRS 16. In summary, the effects of the adoption of IFRS 16 are:

Estimated impact on the Statement of Financial Position (increase / (decrease)) on 01.01.2019

Assets	
Tangible Assets (Right of use assets)	681.743
Deferred tax assets	5.257
Liabilities	
Lease liabilities	702.772
Effect on equity	**(15.772)**

IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 applies 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 it should be considered:

• whether the tax treatments 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 the Tax Authorities and

• 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 significant impact on the financial statements of the group and the company.

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 the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

The amendment is effective for annual accounting periods beginning on or after 1 January 2019 and adopted by the European Union on 22 March 2018. The Group and the Company is examining the impact of the adoption of the above amendment would have on Financial Statements.

<u>Standards and Amendments to Standards Not Adopted by the EU:</u>

IFRS 17 "Insurance Contracts"

On May 18, 2017, the IASB issued IFRS 17, replacing 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 the measurement of insurance liabilities not to be carried at historical cost but at fair value in a consistent manner and by the use of:

• impartial expected weighted estimates of future cash flows based on updated assumptions,

• discount rates reflecting the cash flow characteristics of the contracts; and

• estimates of the financial and non-financial risks arising from the issue of policies.

The new standard is applied in annual accounting periods beginning on or after 1 January 2021 and not adopted by the European Union.

IFRS 10 (Amendment) "Consolidated Financial Statements" and IAS 28 (Amendment) "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its association or joint venture

The main consequence of the amendment issued by the Board on 11 September 2014 is that the full profit or loss is recognized when a transaction includes an enterprise (whether it concerns a subsidiary or not). A partial gain or loss is recognized when a transaction includes assets that do not constitute an enterprise, even if those assets relate to a subsidiary. The amendment is effective for annual periods beginning on or after 1 January 2016 and has not been adopted by the European Union.

Annual Improvements to IFRS, Cycle 2015-2017

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

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.

Amendments to IFRS 11 clarify that an entity that is a member but not jointly controlled by a joint venture may acquire joint control over the joint venture whose business is an enterprise as defined in IFRS 3. In such cases, to the previously joint venture are not revalued.

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 recorded the original transaction from which it derived the distributed profits and then the dividend.

IAS 23 Borrowing costs

The amendments clarify that if the borrowing specifically received for the acquisition of 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 at the calculation of the capitalization rate.

IAS 19 (amendments) "Employee Benefits" - amendment, curtailment or settlement of a benefit plan

On 7 February 2018 the International Accounting Standards Board (IASB) issued amendments to IAS 19 that specify how companies determine pension expenses when changes to a defined benefit pension plan occur. When a change to a plan -an amendment, curtailment or settlement- takes place, IAS 19 requires a company to remeasure its net defined liability or asset. The amendment to IAS 19 requires a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

Also, by the amendment to IAS 19 is clarified the impact of an amendment, curtailment or settlement on plan assets with regard to the limitation in recognizing the net defined benefit asset (maximum asset ceiling). The amendment is applicable for annual periods beginning on or after 1 January 2019. The amendment is not expected to have a material impact on the financial statements of the Company and the Group.

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 those associates and joint ventures.

The amendment is effective for annual accounting periods beginning on or after 1 January 2019 and has not been adopted by the European Union. The Group and the Company is examining the impact of the adoption of the above amendment would have on Financial Statements.

Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)

On 29 March 2018 the International Accounting Standards Board (IASB) issued the revised conceptual framework which includes:

- the objective of financial reporting,
- the qualitative characteristics of useful financial information,
- the definitions of an entity's assets, liabilities, equity, income and expenses,
- the criteria for recognition and guidance on derecognition of assets and liabilities in the financial statements
- the measurement bases and guidance about the way they should be used and,
- concepts and guidance on presentation and disclosure.

The purpose of the conceptual framework's revision is to help preparers of financial statements to develop consistent accounting policies for transactions or other areas that are not covered by a standard or where there is choice of accounting policy. Also, the revision's purpose is to assist all parties to understand and interpret IFRS.

The International Accounting Standards Board (IASB) has also issued a complementary document, Amendments to References to the Conceptual Framework in IFRS Standards, which contains amendments to the standards that are affected in order to update the references to the revised conceptual framework.

The amendment is applicable by preparers developing accounting policies by reference to the conceptual framework, for annual periods beginning on or after 1 January 2020.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies: Definition of 'material'

The amendments clarify the definition of the important and how it should be applied, including in the definition guidance which has so far been referred to in other IFRSs. The definition of important, which is an important accounting concept in IFRSs, helps companies decide whether information should be included in their financial statements. The updated definition modifies IAS 1 "presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors". The amendment ensures that the definition of the important is consistent in all IFRS standards. The amendment shall apply from or after 1 January 2020.

IFRS 3 (Amendment) "Business combinations"

The amendment deals with the improvement of the company's definition in order to assist companies in determining whether an acquisition they carry out concerns an undertaking or a group of assets. The modified definition of the company focuses on the product produced by an enterprise, which is the provision of goods and services to customers, while the previous definition focused on returns in the form of dividends, lower costs or other Financial benefit directly to investors or other owners, members or participants.

Companies are obliged to apply the modified definition of the company to acquisitions that will take place on or after 1 January 2020.

4. TURNOVER (SALES)

	2018	2017
Transmission System Rent Income	**222.676**	**236.858**
Other sales:		
- Revenue from contracts (see Note 31)	12.762	4.554
- HEDNO Fixed Asset Income	9.775	9.438
- Received customer holdings	3.420	2.979
- Optical fiber rent (Operating leases)	-	1.921
- Revenue from recovery of Administrative Expenses	535	711
- Other sales	67	29
Total Other Sales	**26.559**	**19.631**
Grand total	**249.236**	**256.489**

The Company in January 2019 established its subsidiary GRID TELECOM SA, with the main purpose of developing the fiber optic network. A contract for the development of the Optical Fiber network is still pending.

The Energy Operator's Settlement Results as a whole are as follows:

Operator's Sales	2018	2017
- Periodical Network Settlement	20.722	7.766
- Transitory Flexibility Compensation Mechanism	36.271	47.343
- Special Lignite Duty	29.815	32.774
- Renewable Energy Sources	593.723	804.681
- Charge based on average-weighted cost (RES)	54.915	21.964
- Public Utilities Obligations	-	520.745
- Deviations	32.351	46.674
- Ancillary Services	66.950	51.399
- Settlement Balance	50.671	45.045
- Variable Cost Coverage	48.052	38.656
Total Operator's Sales	**933.470**	**1.617.049**

Operator's purchases	2018	2017
- Periodical Network Settlement	(20.722)	(7.766)
- Transitory Flexibility Compensation Mechanism	(36.271)	(47.343)
- Special Lignite Duty	(29.815)	(32.774)
- Special duty of article 40, L.2773/1999	(593.723)	(804.681)
- Public Utilities Obligations	-	(520.745)
- Charge based on average-weighted cost (RES)	(54.915)	(21.964)
- Deviations	(83.022)	(91.720)
- Ancillary Services	(66.950)	(51.399)
-Variable Cost Coverage	(48.052)	(38.656)
Total operator's purchases	**(933.470)**	**(1.617.049)**

Approval of Allowed Revenue for the 2018-2021 Regulatory Period and the Required Revenue for 2018 and 2019

By virtue of Decision No. 235/2018 (March 2018) RAE approved the **Allowed Revenue (AR)** for the four-year Regulatory Period 2018-2021 and the **Required Revenue (RR)** for the year 2018. According to the decision the **Allowed Revenue** for 2018 amounts to Euro 233.9 million, Euro 252.4 million for 2019, Euro 281.0 million for 2020 and Euro 285.9 million for 2021. The **Required Revenue** for 2018 amounts to Euro 197.5 million.

Subsequently, an Application for Revision was made by IPTO SA against RAE Decision 235/2018. In response to the Revision Application, RAE issued Decision 370/2018 (April 2018) rejecting the request.

On 19.07.2018, IPTO S.A sent to RAE a recommendation for the Unit Charge for System Use for 2018. In addition, with a letter dated 9.10.2018, IPTO sent data on the Use of Congestion Income from the granting of access rights to the international interconnections of the country. According to the respective letter, the available amount of proceeds suggested by PPC to be received to alleviate the Required Revenue for 2019 amounts to Euro 37.9 million.

By Decision 100/2019, RAE approved the Required Revenue for 2019 at Euro 198.9 million.

Use of congestion income by granting access rights to the country's international interconnections for 2019

Following the proposal of IPTO S.A., RAE, through Decision 1041 / 24.10.2018, approved the use of an amount of Euro 37.9 million from the Special Reserve Account (Breakdown of Transmission Capacity under Article 178 of the Grid Control Code for Electricity) maintained by the Company for the reduction of the Required Revenue for the year 2019 and are included in the "Transmission System Rent Revenue".

5. PAYROLL FEES

	Group		Company	
	2018	**2017**	**2018**	**2017**
Payroll fees (see note 37)	53.688	-	53.688	55.065
Employer's contributions	15.325	-	15.325	17.148
Other employee benefits	448	-	448	683
Cost for reduced tariff to employees and pensioners (see note 25)	1.581	-	1.581	1.641
Provision for redundancy	11.456	-	11.456	4.760
Capitalisation of payroll fees (see note 11 and 37)	(12.518)	-	(12.518)	(14.330)
Total	**69.981**	**-**	**69.981**	**64.967**

Payment of retroactive differences of the Key Executive Special Allowance.

The Board of Directors, under Decision 7 / 01.03.2019, decided to pay the retrospective differences resulting from the correction in the calculation of the Key Executive Special Allowance, from 01.01.2014 until 31.07.2018, offsetting any debts that will arise from exceeding the salary ceiling. Any outstanding installments of loans granted by the Company may be offset if the employee desires. The amount was budgeted at Euro 561 thousand, and is included in the Payroll Cost.

Abolishing the redundancy compensation with the one-off allowance

1. Pursuant to the provision of article 25 of Law 4491/66 "Insurance of PPC Staff", the insured employees leaving the PPC service entitled to pension according to the provisions of this Law, are paid a one-off aid in proportion to the years of actual service to PPC, which, according to the express provision of paragraph 3 of the same article, is offset against any compensation paid due to the termination of the contract of employment or the insured employee reaching the age limit or another reason for leaving, according to the law.

2. Moreover, pursuant to the provision of the Staff Regulations of PPC ratified by Article 2 of Law 210/1974 and having the force of law, and in particular Articles 34, 35, 36 and 37 thereof, it is stipulated that regular personnel of the Company, whose contract is terminated for whatever reason (automatically or by notice of termination of the employment contract), are not due compensation if they are entitled to a lump sum benefit from the insurance

institution concerned. If the lump sum benefit is less than the allowance, only the difference between the allowance and the lump sum is paid.

3. In any case, and when an employer is, in accordance with Article 2 § 1 of Law 173/1967, "the State or a legal person governed by public law or a Public Utility Enterprise (PPC SA, HTO SA etc) "the compensation to be paid due to redundancy according to Law 2112/1920, if none of the above apply, is subject to the limitations imposed by the abovementioned provisions in respect of its maximum limit, which according to article 33 of Law 1876/1990, as amended by the provisions of article 21 § 13 of Law 3144/2003, is currently set at the amount of fifteen thousand (15,000) euro.

According to Law 4533 Gazette A '75 / 27.04.2018, entitled "Structural measures for access to lignite and the further opening of the wholesale electricity market and other provisions", and in particular Article 8 paragraph 2, the provision of (3) of article 25 of Law 4491/1966 (Government Gazette A '1) is repealed, as well as any other general or special provision of the law or of the Labor Code which provides for the offsetting of the severance compensation of an employee with the lump sum benefit to which he is entitled.

Based on the above, the Company will now pay severance compensation, which may not exceed Euro 15,000 (fifteen thousand Euros) to the insured employees who leave due to termination of the employment contract or reaching the age limit or any other reason that law defines.

The above is a defined benefit plan under the provisions of IAS 19. The present value of the liability assumed by the Company, upon the entry into force of the above law (through which the liability to pay compensation is activated), was calculated by independent Actuaries using actuarial methods and constitutes past service cost for services rendered in prior periods amounted to Euro 9.89 million, and is fully charged in the year 2018 (Note 25). Additionally, with Decision no. 6 / 01.03.2019 of the Board of Directors the Company approved a second Voluntary Retirement Plan for Employees by providing financial incentives and by adding to the total budget Euro 1,56 m (2017: Euro 4,76 m) (Note 25). Only those employees with an employment contract of indefinite duration having full pension rights, on the basis of years of insurance and / or age as provided by the insurance legislation, from 30.04.2019 until 30.09.2019, are eligible to participate in this plan. This is a voluntary plan and should an employee opt not to participate this does not result in redundancy or any other sanction for that reason.

6. DEPRECIATION AND AMORTIZATION

	Group		Company	
	2018	**2017**	**2018**	**2017**
- Fixed Assets (see note 11)	75.323	-	75.323	70.173
- Software (see note 12)	68	-	68	52
- Subsidies and customer's contributions (see note 27)	(8.049)	-	(8.049)	(5.908)
Total	**67.342**	**-**	**67.342**	**64.317**

7. FINANCIAL EXPENSES-INCOME

	Group		Company	
7.1 Financial expenses	**2018**	**2017**	**2018**	**2017**
Loan interest	16.204	-	16.204	21.521
Discount interest cost in non-current liabilities	1.473	-	1.473	-
Commissions of bank letters of guarantee	-	-	-	3
PPC guarantee commissions	-	-	-	5.763
Other bank charges	111	-	110	152
Total	**17.788**	**-**	**17.787**	**27.438**

The capitalization of interest for the construction period of 2018 amounted to Euro 4.758 (2017: Euro 4.912).

7.2 Financial Income

	Group		Company	
	2018	2017	2018	2017
Credit interest on deposits	3.549	-	2.965	2.358
Other interests (see note 20)	7.774	-	7.774	227
Discount interest income in non-current assets	412	-	412	147
Total	**11.735**	**-**	**11.151**	**2.733**

The other interest are mainly the revenue of the Company's Cash Management account at the Bank of Greece.

8. PROVISIONS

	Group		Company	
	2018	2017	2018	2017
Provisions (release) for litigations (see note 26)	(21.041)	-	(21.041)	4.355
Provision (release) for obsolescence of materials (see note 17)	477	-	477	(3.557)
Provisions for impairment for assets	244	-	244	
Provisions (release) for impairment of receivables (see note 18)	(6.662)	-	(6.662)	(30)
Total	**(26.983)**	**-**	**(26.983)**	**768**

The provision for impairment of assets, carried out by the Company amounting to Euro 244 was calculated in accordance with IFRS 9.

The majority of the release of the provision for the impairment of receivables (Euro 6.082) is due to the application of Decision No. 72/2018 of the Board of Directors of the Company to cover the relevant bad debts using the reserve account according to articles 163 and 164 of the Management Code of the HTS (Note 18).

9. OTHER EXPENSES/INCOME

	Group		Company	
9.1. OTHER EXPENSES	**2018**	**2017**	**2018**	**2017**
Travel expenses	4.103	-	4.103	3.772
Consumables	1.151	-	1.151	1.198
Other	3.320	-	3.120	672
Total	**8.574**	**-**	**8.374**	**5.642**

	Group		Company	
9.2. OTHER INCOME	**2018**	**2017**	**2018**	**2017**
Other income from rent and maintenance services	1.595	-	1.595	2.938
Other	6.347	-	6.347	1.655
Total	**7.942**	**-**	**7.942**	**4.593**

Other revenues (Euro 5.3 mil) are mainly income from forfeiture of guarantees and penalties for running projects.

10. INCOME TAX (CURRENT AND DEFERRED)

	Group		Company	
	2018	**2017**	**2018**	**2017**
Current tax	25.672	-	25.561	21.146
Deferred tax	(2.174)	-	(2.174)	68
Total income tax	**23.497**	**-**	**23.387**	**21.215**

The nominal tax rate for the current year is 29%. The income tax statement is submitted on a yearly basis but the profits or losses declared are temporary until the tax authorities audit the taxpayer's statements and records and the final audit report is issued. Tax losses, to the extent accepted by the tax authorities, may offset future profits for a period of five years from the year in which they were incurred. The Company has received a tax compliance report without reservation from its statutory auditor regarding its tax obligations for the years 2011 to 2016 and the Company has been audited by the tax authorities for the periods up to 2011. Management does not expect significant tax liabilities to emerge, other than those recorded and presented in the Financial Statements.

With the provisions of article 23 of N. 4579/2018 (Government Gazette A ' 201/03.12.2018), article 58 of the Income Tax Code (Law 4172/2014) was replaced.

With the new provisions, the tax rate of profits from business acquired by individuals and entities by one percentage point per year, starting with the reduction for the Income of the tax year 2019. Furthermore, according to IAS 12 "income taxes" it is stipulated that: "deferred tax assets and liabilities will be measured with the tax rates expected to be applied to the period during which the Asset or liability, taking into account the tax rates (and tax laws) established or substantially enacted, up to the balance sheet date. "

Furthermore, the deferred tax liabilities recognized in the statement of financial position have been adjusted at the 31.12.2018, at the tax rates applicable in the years expected to be settled.

The following is an analysis for the Company and a reconciliation between the tax and the product of the accounting profit multiplied by the nominal rate:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Profits before tax	**109.365**	**-**	**108.985**	**82.952**
Nominal tax rate	29%	-	29%	29%
Tax calculated at nominal tax rate	**31.716**	**-**	**31.606**	**24.056**
Effect of Deferred Tax asset on Staff Benefit provisions	-	-	-	(3.439)
Non-deductible expenses	2.218	-	2.218	598
Borrowing costs	(427)	-	(427)	-
Effect of change in tax rate	(9.181)	-	(9.181)	-
Other	(829)	-	(829)	-
Income tax	**23.497**	**-**	**23.387**	**21.215**
Real tax rate	**21%**		**21%**	**26%**

Deferred tax assets and liabilities are further analyzed as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Deferred tax assets				
- Impairment of trade and other receivables	5.130	-	5.130	3.430
- Impairment of inventories	4.489	-	4.489	5.069
- Other provisions for risks	9.494	-	9.494	22.435
- Subsidies and customer's contributions	17.053	-	17.053	16.435
- Employee benefits	10.015	-	10.015	7.675
- Other	-	-	-	(1)
Deferred tax assets	**46.181**	**-**	**46.181**	**55.043**
Deferred tax liabilities				
-Revaluation of tangible and intangible assets	(170.548)	-	(170.548)	(189.549)
- Contract revenue	(58)	-	(58)	(3.894)
- Borrowing costs	(1.503)	-	(1.503)	(929)
Deferred tax liabilities	**(172.109)**	**-**	**(172.109)**	**(194.372)**
Net deferred tax liabilities	**(125.928)**	**-**	**(125.928)**	**(139.329)**

The net deferred tax movement is listed below::

	Group		Company	
	2018	**2017**	**2018**	**2017**
Opening balance	**139.329**	**-**	**139.329**	**143.496**
Charged to Income statement	(2.174)	-	(2.174)	68
Effect on Other Comprehensive Income	(8.346)	-	(8.346)	(4.236)
	128.809	**-**	**128.809**	**139.329**

Deferred income tax charged / (credited) in the statement of income is analysed as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Revaluation & depreciation of tangible and intangible assets	(7.774)	-	(7.774)	6.953
Impairment of trade and other receivables	(1.700)	-	(1.700)	757
Impairment of inventories	580	-	580	1.031
Subsidies and customer's contributions	(618)	-	(618)	(3.555)
Borrowing costs	574	-	574	929
Other provisions for risks	12.941	-	12.941	(3.204)
Employee benefits	(2.340)	-	(2.340)	(3.439)
Contract revenue	(3.837)	-	(3.837)	595
Other	-	-	-	-
Total	**(2.174)**	**-**	**(2.174)**	**68**

(In thousand euro unless otherwise stated)

11. TANGIBLE ASSETS COMPANY AND GROUP	**Land**	**Buildings - Technical Works**	**Machinery & equipment**	**Transportation**	**Fixtures and Furniture**	**Construction in Progress**	**Total**
31 December 2016	**190.461**	**82.309**	**906.446**	**4.017**	**7.309**	**393.338**	**1.583.880**
- Additions	-	-	-	-	-	70.133	**70.133**
- Depreciation	-	(4.982)	(63.035)	(701)	(1.453)	-	**(70.172)**
- Disposals/ write-offs	-	-	-	-	(16)	-	**(16)**
- Transfers from construction in progress	-	1.136	61.706	2.636	1.074	(66.815)	[illegible]
- Transfers to contracting cost (see Note 31)	-	-	-	-	-	(4.299)	**(4.299)**
- Other movements	-	217	492	-	13	914	**1.636**
31 December 2017	**190.461**	**78.680**	**905.609**	**5.951**	**6.927**	**393.270**	**1.580.899**
31 December 2017	**190.461**	**78.680**	**905.609**	**5.951**	**6.927**	**393.270**	**1.580.899**
- Additions	-	-	-	-	-	178.160	**178.160**
- Depreciation	-	(5.052)	(68.230)	(739)	(1.301)	-	**(75.322)**
- Disposals/ write-offs	-	-	-	(5)	(7)	(1.472)	**(12)**
- Transfers from construction in progress	-	1.884	214.837	343	656	(217.757)	[illegible]
- Transfers to contracting cost (see Note 31)	-	-	-	-	-	(10.949)	**(10.949)**
- Other movements	-	-	98	-	17	(68)	**47**
31 December 2018	**190.461**	**75.511**	**1.052.315**	**5.551**	**6.291**	**341.184**	**1.671.314**

Additions for constructions in progress include capitalisation of the payroll cost mainly of the New Transmission Project Department amounting to Euro 12,518 (2017: Euro 14,327) and other expenses and consumables amounting to Euro 10,667 (2017: Euro 14,221) incurred for the construction of new projects.

11. TANGIBLE ASSETS COMPANY AND GROUP (continued)	**Land**	**Buildings - Technical Works**	**Machinery & equipment**	**Transportation**	**Fixtures and Furniture**	**Construction in Progress**	**Total**
31 December 2017							
Acquisition cost	190.461	93.589	1.091.916	7.892	11.957	393.270	**1.789.086**
Accumulated depreciation	-	(14.909)	(186.306)	(1.941)	(5.031)	-	**(208.187)**
Net book value	**190.461**	**78.680**	**905.610**	**5.951**	**6.927**	**393.270**	**1.580.899**
31 December 2018							
Acquisition cost	190.461	95.473	1.306.804	8.225	12.608	341.184	**1.954.755**
Accumulated depreciation	-	(19.962)	(254.489)	(2.674)	(6.316)	-	**(283.441)**
Net book value	**190.461**	**75.511**	**1.052.315**	**5.551**	**6.291**	**341.184**	**1.671.314**

(In thousand euro unless otherwise stated)

Ownership of Property: The Company as the ultimate successor of PPC's General Transmission Directorate owns all the relevant property of PPC's General Transmission Directorate. However, registration with the relevant land registries of Spin-off Contract No. 34815/10-11-2011 has not yet been completed. The company is in the process of recording its real estate in detail and creating a real estate registry for all its property in the competent land registries, in order to be able to obtain the relevant certificates and excerpts.

Insurance Coverage: Tangible fixed assets are dispersed all over Greece and, thus, the risk of serious loss is reduced. IPTO SA does not have an insurance coverage of the tangible fixed assets

Encumbrances on tangible assets: Tangible assets are held free from encumbrances**.**

Indication of Impairment: The Management of the Company estimates that there are no objective indications regarding the impairment of it tangible fixed assets.

12. INTANGIBLE ASSETS GROUP AND COMPANY

The total amount of intangible assets related to the Group originates entirely from the Company, and pertains to software.

Software value for the Group and the Company is analyzed as follows:

31 December 2017	
Acquisition cost	6.537
Accumulated Depreciation	(6.290)
Net Value	**247**
31 December 2018	
Acquisition cost	6.509
Accumulated depreciation	(6.294)
Net value	**215**

The depreciation amount for 2018 was 69 euro (2017 : euro 56) , additions Euro 37 (2017: Euro 263) and disposals null.

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Group is controlled by the Greek State indirectly through the IPTO HOLDINGS SA. which owns 51% of its paid-up share capital and the PUBLIC HOLDING COMPANY ADMIE SA. (DES ADMIE SA), which owns 25% of its paid-up share capital. Moreover, DES ADMIE SA, holds 51.12% of ADMIE HOLDINGS SA. and is the Parent company. In September 2018, the Company, in compliance with decisions 816/2018 and 838/2018 of RAE, decided to set up a subsidiary under the name ELECTRIC INTERCONNECTION OF CRETE-ATTICA ARIADNI SPECIAL PURPOSE SA ("ARIADNI INTERCONNECTION AEES"), whose share capital amounts to Euro 200,000,000 (two hundred million euros), was fully paid in the fiscal year, and as a 100% subsidiary, it is fully consolidated in the Group's income statement. The Company had no transactions with the aforementioned companies during the year in the ordinary course of business, while there are no material transactions that have not been carried out under normal market conditions.

Management fees

The gross remuneration of the Board of Directors for the period ended December 31, 2018 amounted to Euro 331 thousand compared to Euro 275 thousand in the year 2017, i.e. an increase of approximately 20%. This increase is due to the fact that following the ownership unbundling from the PPC Group and the participation of the foreign investor, the members of the Board of Directors increased.

14. INVESTMENTS IN SUBSIDIARIES

The investments included in the item Investments in subsidiaries refer to the amount of the paid-up share capital of subsidiary ARIADNI INTERCONNECTION AEES, which was established in compliance with RAE decision No. 816/2018.

RAE, with this Decision, has appointed the Company to set up a special purpose vehicle (SPV) as a 100% subsidiary to finance and construct a project of common interest under No. 3.10.3 " Transmission Line between Korakia in Crete and Attica (EL) ", in order to be designated by RAE as a vehicle for the construction and financing of the above project.

The Company, in compliance with the aforementioned decisions of RAE, established, with notarial act no. 4994/2018, the special purpose limited company, the wholly owned subsidiary "ELECTRIC INTERCONNECTION OF CRETE-ATTICA ARIADNI SPECIAL PURPOSE SOCIETE ANONYME" and the distinctive title "ARIADNI INTERCONNECTION AEES", with exclusive purpose and object:

i) the financing and construction of project of common interest No 3.10.3 "Transmission Line between Korakia in Crete and Attica (EL)", as provided for in RAE Decision 816/2018, the ownership and management of which the Company will transfer to IPTO SA after its completion, in accordance with the provisions of Law 4001/2011, the provisions of the Management Code of the System, the management license of the HTS and the relevant decisions of RAE.

(ii) the performance of any other activity and any related action for the execution of the Project and any other activity directly or indirectly related to the purpose of the Company or serves its success in any way whatsoever, including the conclusion of loans and other financial contracts with credit institutions or related companies.

(iii) Recovering the construction cost of the project plus the approved return, as the project has been classified as a "Project of Major Importance" (PMI), as determined by the relevant RAE decisions and the relevant regulatory framework.

The share capital of the subsidiary amounts to Euro 200,000,000 (two hundred million euros), paid in full during the fiscal year. The subsidiary ARIADNI INTERCONNECTION AEES is fully consolidated in the Group's income statement.

With notarial act no. 5,241 / 2019 of Notary of Athens Eleni Aristides Drayou, a second subsidiary company under the name GRID TELECOM SINGLE-PERSON SOCIETE ANONYM was established. The purpose and object of the Company is to carry out the following activities:

i. The provision of electronic communications services, products and integrated services and solutions as well as broadband access

ii. The installation, operation, exploitation, management and development of networks of all kinds of electronic communications and all kinds of electronic communications infrastructure and related services at local, national, transnational and international level

iii. The development, installation, operation, management and exploitation of all mobile and fixed communication services

iv. The undertaking of activities related to the provision of electronic communications services, telecommunications, including systems design, and the development, production, use, sale, lease, hire and maintenance of telecommunication equipment

v. The acquisition of ownership of equipment and means for the provision of services within the scope of the Company and the acquisition of rights of ownership, use or exploitation by purchase, lease or otherwise of movable or immovable property or rights.

vi. The development, installation, operation, management and exploitation of new services based on technological developments in the field of telecommunications, IT, multimedia and the Internet as well as any other service that can be provided through the Company's network or through other networks to which the Company has or can have access.

vii. The provision of data processing services, databases and Internet services.

viii. The provision of leased or hired lines and network and the leasing of capacity

ix. The provision of advisory services or services related to the servicing of their operations in companies affiliated with the Company, operating in Greece or abroad. Its share capital amounts to three hundred thousand Euro (300,000), fully paid up and divided into three thousand (3,000) common registered shares of nominal value one hundred (100) Euro each. The subsidiary GRID TELECOM SINGLE-PERSON SA will be fully consolidated in the Group's income statement.

15. INVESTMENTS IN ASSOCIATES

The Group's investments included in the Investments in associates account are accounted for using the equity method and concern the 20% holding of the Company in the share capital of the Hellenic Energy Exchange SA (Henex SA). Since the financial statements of the aforementioned company have not been finalized to date, consolidation was based on the acquisition cost of the participation.

Pursuant to Law 4512/2018, the Hellenic Energy Exchange SA was established with the competence to manage the Energy Markets and the Energy Financial Markets in accordance with the provisions of the law and its delegated acts.

Its shareholding structure is (in brackets share percentage):

DAPEEP SA (22%)
Athens Exchange (ATHEX) (21%)
IPTO SA (20%)
European Bank for Reconstruction and Development (EBRD) (20%)
CSE (10%)
DESFA SA (7%)
The Hellenic Energy Exchange is the successor of the LAGIE Market Operator and will undertake energy trading, i.e. it will be the market where energy producers and traders will trade. According to the new model, 4 different markets will be created where transactions will be made for different products: Day-Ahead Market, Intraday Market, Forward Market and Balancing Market. Henex SA will be responsible for trading on the forward, Day-Ahead and Intra-day markets, while the balancing market will be operated by IPTO S.A.

16. FINANCIAL ASSETS AT AMORTIZED COST

The Company, on June 15, under Decision No. 99/2018 of the Board of Directors, decided to purchase 200 Bonds with a nominal value of 10,000 Euros each, as a capital investment in Subordinated Bonds of the Cooperative Bank of Chania with a 7 year maturity and an annual return of 4.75%, paying the amount of Euro Two million (Euro

2,000,000) in total. When adopting IFRS 9, the Company identified the impairment loss of the aforementioned Bond at Euro 121 thousand, correspondingly charged to the Income Statement.

Also, on December 19, the Company under Decision No. 161/2018 of the Board of Directors, decided to participate via private placement in the simple subordinated bond of the Pancretan Cooperative Bank with a 7 year maturity and a return of 6.50%, paying the amount of Euro Two million (Euro 2,000,000) in total. When adopting IFRS 9, the Company identified the impairment loss of the aforementioned Bond at Euro 123 thousand, correspondingly charged to the Income Statement

17. INVENTORIES

	Group		Company	
	2018	**2017**	**2018**	**2017**
Materials, spare parts and consumables	69.557	-	69.557	62.807
Advance payment for stock purchases	2.604	-	2.604	1.669
Provision for impairment of materials and spare parts	(17.955)	-	(17.955)	(17.478)
Total	**54.207**	**-**	**54.207**	**46.998**

The movement of the provision for the impairment of materials and spare parts is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Opening balance	**17.478**	**-**	**17.478**	**21.035**
Additional provision	477	-	477	-
Release of provision (see note 8)	-	-	-	(3.557)
Closing balance	**17.955**	**-**	**17.955**	**17.478**

Inventories are held free of encumbrances.

18. TRADE RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
Receivables from Electricity Market transactions	563.493	-	563.493	1.101.329
Receivables from PPC contracting works	24.401	-	24.401	12.141
Market Revenue Receivable	112.634	-	112.634	109.820
Advance payments	286	-	286	172
Total receivables from customers without delay and impairment	**700.813**	-	**700.813**	**1.223.463**
Total receivables from customers with delay and impairment	25.521	-	25.521	41.297
Less: provision for impairment of receivables	(10.411)	-	(10.411)	(14.440)
Total	**715.923**	**-**	**715.923**	**1.250.320**

The Receivables from Electricity Market transactions account also include receivable arising from the Operator Clearing Charges. The Company, as Operator under relevant legislation, undertakes to charge energy providers and pay to the beneficiaries specific charges as detailed in note 4.

The corresponding amounts of liabilities are shown in Note 28.

The reduction of Receivables from "Electricity Market" transactions by approximately € 539 m. from "Electricity Market" transactions, and the receivables in arrears by 15.8 m. compared to the previous year's balances, is due to the transfer of these balances to HEDNO SA. HEDNO SA was appointed the sole Operator of the Public Utilities Organisations Account for the entire Greek territory, subrogating IPTO SA to all rights, obligations and claims arising from the Operator of the Public Utilities Organisations Account with effect from 1/1/2018 (note 28),

The movement of the impairment provision is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Opening balance	14.440	-	14.440	14.440
IFRS 9 first adoption provision	2.552	-	2.552	-
Release of provision	(6.581)	-	(6.581)	-
Closing balance	**10.411**	**-**	**10.411**	**14.440**

Trade receivables in arrears with impairment include mainly receivables not collect for more than one year.

The Company's Management, with Board of Directors no. 72 / 28.11.2018, during 2018 used an amount of Euro 6,088, from the Reserve Account of Article 164 paragraph 3 of the Operation Code, to cover pro rate due amounts of Participants' receivables in arrears created due to the unpredictable exit from the electricity market of companies ENERGA POWER TRADING SA, KENTOR SA and HELLAS POWER S.A.,. by analogy with similar decisions of the Board of Directors, made in previous years.

Consequently, the Company has fully (100%) covered the balance from bad debts. In case of recovering amounts from the above balances, there will be corresponding revenue in the year of collection.

Total receivables from customers with delay and value impairment mainly include uncollected receivables over one Year.

19. OTHER RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
Receivables from the Greek State	15.702	-	15.702	20.721
Optical fiber rents	1.719	-	1.719	4.839
Receivables from employees	641	-	641	694
Receivables from contracts	2.553	-	2.553	14.574
Receivables from special projects (Polypotamos) (Note 11)	21.494	-	21.494	6.375
Other	23.027	-	22.939	16.871
Total trade receivables without delay and impairment	**65.136**	-	**65.047**	**64.073**
Less provision for bad debts	(1.887)	-	(1.887)	(1.969)
Total	**63.248**	**-**	**63.160**	**62.105**

Receivables from special projects (Polypotamos) of the Company and Group, include the total uncollectible receivable following the transfer of the balance from Other assets (2017: 26,266) since it was fully covered by Users, up to 15 February 2019, following the amendment of Article 28 :Law 4447/2016 (GG A' 241) as in force (Law 4585/2018, Article 7).

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
Cash in hand	3	-	3	2
Cash at bank	596.923	-	396.629	745.941
Time deposits	6.007	-	6.007	25.906
Total	**602.933**	**-**	**402.639**	**771.849**

Interest income from sight and time deposits amounts to Euro 2,965 (2017: Euro 2,358) and is included in financial income in the income statement (Note 7). All cash is in Euros, in Greek banks and there are no commitments on them beyond capital controls.

The Company's deposits in 2017 included an amount of Euro 476 million, which was deposited by the State Treasury in December 2017, pursuant to a decision of the Ministry of Finance (Government Gazette 4487 / 19.12.2017) for the Special Administrative Account of Public Utilities Organisations. Pursuant to the provisions of Law 4508 Article 57 of Government Gazette 200 / 22-12-2017, the above amount was remitted to the new Operator of the Public Utilities Account (HEDNO SA) on 5 January 2018.

The Company, at 31 December 2018, retains the amount of Euro 238 million in the Bank of Greece pursuant to the provisions of Article 15 (1) of Law 2469/97 as it applies to the Common Capital, which is included in the above Cash . 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 through the above-mentioned short-term operations, attractive returns are ensured, which for 2018 reached approximately 3.13% (2017: 3.18%). Annuity of these funds was recognized in the income statement, in financial income, note 7.2.

21. SHARE CAPITAL

Pursuant to a decision of the Extraordinary General Meeting of the Company's shareholders dated January 13, 2012, the Share Capital was increased by € 2,078,594.00 from the capitalization of the book value of the contributed (to the company) branch of the Transmission System Operator of the Hellenic Transmission System Operator SA on August 31, 2011, by issuing 2,078,594 registered shares of a € 1.00 nominal value each. The Company, based on the recent Law 4389/2016 regulating the ownership unbundling of IPTO SA from PPC SA and in compliance with article 143 par. 1a) and 147 under the decision of the Extraordinary General Meeting No. 37/03.10.2016 proceeded to increase its share capital through the capitalization of untaxed reserves from the retained earnings of previous years and subsequently, pursuant to articles 143 par. 1a) bb), proceeded to a reduction of its share capital by an amount equal to the amount arising from the above increase. The total proceeds of the reduction, amounting to Euro 92,944 thousand, was returned to PPC S.A., . In order to achieve the reduction of the Share Capital, the consent of all the creditor banks of the Company was granted.

Following the above change, the share capital of the Company as at 31 December 2018 amounts to Euro 38,444,193.00 consisting of 38,444,193 registered shares of a nominal value of Euro 1.00 each.

Dividends

According to the provisions of Greek commercial law, companies are obliged to distribute dividends each year corresponding to at least 35% of the profits after taxes and after deduction for the formation of the statutory reserve and Other credit allocations in the statement of results, which are not initiated from realized profits. The non-dividend distribution is possible by a decision of the shareholders ' assembly, in which shareholders representing half (1/2) of the paid-up capital are present or represented, and obtained by a majority of eighty per cent (80,1%). Represented in the capital Assembly.

In addition, the Greek commercial legislation requires that certain conditions be met for the distribution of dividends. In particular, any distribution to shareholders is prohibited if, on the expiry date of the last use, the total equity of the company (net position), as specified in the law, is or, after such distribution, will be lower than the amount of the capital, plus: (a) the reserves, the distribution of which is prohibited by law or the statutes, (b) Other credit lines of equity which may not be distributed, and (c) the amounts of credit Income statement, which do not constitute realized profits. The amount of the capital shall be reduced by the amount of capital covered but not paid, when the latter does not appear on the assets of the balance sheet.

According to article 31 of the Codified Articles of Association, the amount distributed to the shareholders as dividend will amount to fifty per cent (50%) of the Company's net annual profits.

The Company's Board of Directors approved the Financial Statements for the year 2018 on 15 March 2019 and proposed to the Ordinary General Meeting of Shareholders the distribution of a dividend of Euro 42.79 million of the net profits for the year.

22. LEGAL RESERVE

According to the Greek trade legislation, each year one twentieth (1/20) of at least the net profits for the formation of a regular reserve are deducted. The deduction for reserve formation ceases to be obligatory, as soon as one third (1/3) of the capital is reached. The regular reserve shall be used exclusively before any dividend is distributed to the equation of any debit balance of the income statement.

Within 2018, the Company did not set up a statutory reserve, as from the 2013 the mandatory one third of the paid-up share capital had been reached. Thus, the amount of the statutory reserve as at 31 December 2018 remained for the Company at Euro 12,815 (2017: Euro 12,815), while at Group level, the amount of Euro 13 was formed as a statutory reserve from the subsidiary.

23. RESERVES

23.1. OTHER RESERVES

The analysis is presented below:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Opening Balance	(10.372)	-	(10.372)	(17.779)
Actuarial gains / (losses) for the period	(2.881)	-	(2.881)	7.407
	(13.253)	**-**	**(13.253)**	**(10.372)**

23.2. REVALUATION RESERVE

The analysis is presented below:

	Group		Company	
	2018	2017	2018	2017
Special Reserve L .2941/2001	589.615	-	589.615	589.615
Fixed Assets Revaluation IAS 16 (net of taxes)	50.097	-	50.097	50.097
Impact of decrease of nominal tax rate	11.227	-	11.227	-
	650.939	**-**	**650.939**	**639.712**

The latest revaluation of fixed assets occurred on 31.12.2014.

It is noted that the Company's tax records distinctly show a special reserve of Law 2941/2001 amounting to Euro 589,615 relating to the Transmission spin-off which was transferred with universal succession to the Company. This reserve is included in the "Revaluation reserve" account of the Company's statement of financial position. Pursuant to paragraph 3 (f) of article 98 of Law 4001 / 2011, any tax or accounting treatment was carried out by PPC SA which concerns the transmission sector and involves future benefits or burdens, is transferred to the benefit or burden of the Company. Consequently, if the Company's shares are transferred from PPC SA and goodwill arises according to the tax records of the parent company equal to or greater than the amount of the special reserve of Law 2941/2001, after the payment of the income tax by PPC SA, the Company as the ultimate successor is entitled to transfer the said reserve to the retained earnings account for further distribution without the payment of corporate income tax. The submission of the income statement and payment of the income tax by PPC S.A. will take place in accordance with the applicable provisions, within 2018, when Management will estimate whether there are reasons to transfer this reserve in the retained earnings account for further distribution without payment of additional income tax.

24. LOANS

	Group		Company	
	2018	2017	2018	2017
Bank Loans	469.000	-	469.000	200.000
Bonds payable	223.469	-	223.469	333.469
Unamortized portion of borrowing costs	(6.013)	-	(6.013)	(3.203)
Total borrowings	**686.456**	**-**	**686.456**	**530.266**
Less current portion:				
- Bank loans	44.222	-	44.222	-
- Bonds payable	20.000	-	20.000	10.000
-Unamortized portion of borrowing costs	(952)	-	(952)	(95)
Total short-term borrowings	**63.271**	**-**	**63.271**	**9.905**
Short-term portion of borrowings	**623.186**	**-**	**623.186**	**520.361**

The total amount of loan interest for the year ended 31 December 2018 is included in the finance expense account in the Income Statement (note 7.1). The total borrowing of the Company is in euro. The following is a further analysis of the Company's long-term borrowings by interest rate type:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Bank loans and bonds				
- Floating rate	422.469	-	422.469	333.469
European Investment Bank				
- Fixed rate	270.000	-	270.000	200.000
Total	**692.469**	**-**	**692.469**	**533.469**

The European Investment Bank (EIB) loans are guaranteed by the Greek State.

The aforementioned loan agreements contain terms, the non-observance of which may lead to termination of the contract, such as the change in the Company's shareholding.

In April 2018, a 5-year syndicated loan agreement was signed with coordinator and organizer the Bank of China (Luxembourg) S.A. amounting to Euro 199 million, which was disbursed fully in the same month.

In May, the Company disbursed the amount of Euro 70 million from the EIB under a loan contract of a similar amount, concluded in November 2015, to finance a group of projects under the generic name "Transmission I-B".

Also, in June, the Company proceeded to the issuance of a syndicated bond loan amounting to Euro 228,469,115 maturing in 2023 with all the systemic banks of Greece, refinancing the current balance of syndicated bond loan of 30.3.2017 amounting to Euro 337,126,865, maturing in 2021.

The aforementioned loan agreements contain terms, the non-observance of which may lead to termination of the contract, such as the change in the Company's shareholding. Certain agreements also include financial terms that must be met by the Company.

The total borrowing of the Company does not include conversion terms.

The annual repayment schedule for long-term borrowings after 31 December 2018 and 2017 is as follows:

Payable amounts on 31.12.2018

	Within one year	**1 to 5 years**	**>5 years**	**Total Debt**
Unamortized portion of borrowing costs	(952)	(5.061)	-	(6.013)
Loans and Bonds	64.222	393.080	235.167	692.469
Total	**63.270**	**388.019**	**235.167**	**686.456**

Payable amounts on 31.12.2017

	Within one year	**1 to 5 years**	**>5 years**	**Total Debt**
Unamortized portion of borrowing costs	(95)	(3.108)	-	(3.203)
Loans	10.000	342.636	180.833	533.469
Total	**9.905**	**339.528**	**180.833**	**530.266**

Total loan repayments for the period ended December 31, 2018 amounted to Euro 110,000 (2017: Euro 29,658).

The loan movement is listed below:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Opening balance	530.266	-	530.266	498.127
New loans	269.000	-	269.000	65.000
Repayment	(110.000)	-	(110.000)	(29.658)
Unamortized portion of loan costs	(4.283)	-	(4.283)	(3.203)
Loan issuance fees	1.473	-	1.473	-
Closing balance	**686.456**	**-**	**686.456**	**530.266**
Liability balance for beginning interests	**2.289**	**-**	**2.289**	**1.063**
Accrued interests and other bank charges	17.474	-	17.474	30.461
Payment of interests and other expenses	(17.787)	-	(17.787)	(27.438)
Payment of other expenses	(227)	-	(227)	(1.797)
Accrued expenses closing balance (note 29)	**1.749**	**-**	**1.749**	**2.289**

25. PERSONNEL BENEFITS –ACTUARIAL STUDY

The PPC Group supplies employees of all companies of the PPC Group and their pensioners with electricity at a reduced tariff. Within the framework of application of Law 4001/2011, the Company's personnel receive the benefit, as it retains all the rights it held as staff of the parent company before the spin-off from the parent company. Also with Law 4389/2016 and the forthcoming full ownership unbundling of the Company, the employment contracts and labor and insurance rights are not affected. The reduced tariff is recognized as a liability and is calculated as the present value of future benefits considered accrued by the end of the year based on the employee benefit rights accumulated during their service and are calculated on the basis of economic and actuarial assumptions. The net cost of the year is included in the personnel fees in the Income Statement and relates to the present value of benefits recognized during the year less the amount of benefits offered to employees and pensioners. These benefits are not funded.

According to Law 4533/2018 Gazette A '75 / 27.04.2018, entitled "Structural measures for access to lignite and the further opening of the wholesale electricity market and other provisions", and in particular Article 8 paragraph 2, the provision of (3) of article 25 of Law 4491/1966 (Government Gazette A '1) is repealed, as well as any other general or special provision of the law or of the Labor Code which provides for the offsetting of the severance compensation of an employee with the lump sum benefit to which he is entitled from the relevant insurance organization.

Based on the above, the Company will now pay a severance compensation, which may not exceed Euro 15,000 (fifteen thousand Euros) to the insured employees who leave due to termination of the employment contract or reaching the age limit or any other reason that law defines.

The above is a defined benefit plan under the provisions of IAS 19. The present value of the liability assumed by the Company, upon the entry into force of the above law (through which the liability to pay compensation is activated), was calculated by independent Actuaries using actuarial methods and constitutes past service cost for services rendered in prior periods amounted to Euro 9.89 million, and is fully charged in the year 2018 (Note 25). Additionally, with Decision no. 6 / 01.03.2019 of the Board of Directors the Company approved a second Voluntary Retirement Plan for Employees by providing financial incentives and by adding to the total budget Euro 1,56 m (2017: Euro 4,76 m) (Note 25). Only those employees with an employment contract of indefinite duration having full pension rights, on the basis of years of insurance and / or age as provided by the insurance legislation, from 30.04.2019 until 30.09.2019, are eligible to participate in this plan. This is a voluntary plan and should an employee opt not to participate this does not result in redundancy or any other sanction for that reason (Note 6).

The results of the actuarial study for the year ended December 31, 2018 and the changes in the net obligation are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Net liability on January 1st	**26.466**	**-**	**26.466**	**29.928**
Employer Contributions Paid	(1.492)	-	(1.492)	(1.143)
Expense to be charged in the Income Statement	750	-	750	853
Income) / Expense to be charged in the Other Comprehensive Income	2.881	-	2.881	(3.171)
Net liability on December 31st	**28.605**	**-**	**28.605**	**26.466**
Voluntary retirement compensation through Income Statement (note 5)	1.560	-	1.560	-
Voluntary retirement provision through Income Statement (note 5)	9.896	-	9.896	-
Net liability on December 31st	**40.061**	**-**	**40.061**	**26.466**

The basic assumptions are listed below:

Assumption values, Actuarial Study

Valuation date	**Discount Rate**	**Margin**
31/12/2018	1,6%	(7,5)% 1y (0,8)% 2y 9,6% 3y 11,3% 4y

Number of Beneficiaries : - Retired employees 2.174
- Active employees 1.316

31/12/2017	1,7%	(2,20)% 1y 6,0% 2y 6,0% 3y 6,0% 4y

Number of beneficiaries : - Retired employees 2.038
- Active employees 1.303

The average life of the benefit to personnel comes up to 15.04 years..

A sensitivity analysis of results based on the changes of significant percentage assumptions is presented below:

	Actuarial liability change	Actuarial liability change
Increase in discount rate by 0,5%	(2.145)	(7,5%)
Decrease in discount rate by 0,5%	(229)	(0,8)%
Increase in tariff increase rate by 1% for all years	+2.746	9,6%
Increase in tariff increase rate by 1% in 2018 – 2021	+3.232	11,3%

26. OTHER PROVISIONS

The other provisions are related to lawsuits from third parties against the Company and estimation of total charge for the property registration fee and provision for the voluntary retirement plan of employees.

	Group		Company	
	2018	**2017**	**2018**	**2017**
Lawsuits from third parties	31.449	-	31.449	52.490
Provision for registration fee	6.295	-	6.295	6.681
Provision for voluntary retirement plan	-	-	-	4.760
Closing balance	**37.744**	**-**	**37.744**	**63.932**

	Group		Company	
	2018	**2017**	**2018**	**2017**
Opening balance	**63.932**	**-**	**63.932**	**54.936**
Additional provision for third party lawsuits	6.306	-	6.306	5.393
Provision (release) of voluntary retirement provision	(4.760)	-	(4.760)	4.760
Use of provision	(387)	-	(387)	(447)
Release of balance for third party lawsuits	(27.347)	-	(27.347)	(710)
Closing balance	**37.744**	**-**	**37.744**	**63.932**

The Company is a defendant in a number of cases concerning its activities. On 31 December 2018, the total amount claimed by third parties amounts to Euro 107.016 (2017: Euro 113,283), as analyzed below:

1. ***Claims of Contractors / Suppliers and Other Claims:*** A number of third parties and suppliers / contractors have raised claims that are either pending in court or amid arbitration and / or conciliation procedures. The total amount is Euro 65,210 (2017: Euro 58,831). In most cases the Company raises counterclaims that are not reflected in its books until the time of collection.

2. ***Environmental Claims:*** A number of individuals has raised claims for losses that are allegedly caused by fires or environmental interventions at the Company's fault, as well as municipalities' claims for payment of municipal fees, the total amount of which is Euro 3,964 (2017 : Euro 17,833).

3. ***Employee Claims:*** Employees of the Company have raised claims totaling Euro 15,337 (2017: Euro 13,730) for benefits and allowances which, according to the employees, should have been paid to them.

4. ***Miscellaneous Claims:*** A number of companies have raised claims for compensation due to non-granting of connection terms. In addition, lawsuits for automobile accidents have been brought against the Company. The total amount of the above claims amounts to Euro 22,503 (2017: Euro 22,888).

Against all these amounts, a provision has been formed which at 31 December 2018 amounts to Euro 31,449 (2017: Euro 52,490).

This amount mainly concerns:

The release of the provision of € 26,623 is mainly due to a legal claim by the plaintiff contractor. SHS TECHNICAL & COMMERCIAL SOCIETE ANONYME, for which the Athens Court of Appeal Ruling No. 1335/2018 was handed down awarding the total amount of Euro 14 at the expense of IPTO SA, while the formed provision on 31.12.2017 was Euro 26,588 (interest plus claimed amount) .

Other Provisions include a provision of € 6,295 (2017: Euro 6,681) from an estimate of the cost for the registration in the Cadastre of rights of easements, plots and parcels, which was calculated in accordance with a relevant study carried out by the Technical Services of the Company in 2016, to reach in total the amount of Euro 6.8 million approximately. In the year 2018 this provision was impaired by approximately € 387, which was paid for cadastral fees.

In addition, from the Other Provisions, the amount of Euro 4,760 formed in 2017 and related to employee participation in the voluntary retirement plan was used in April, where the reimbursement of the participants in the plan (a total of 136 beneficiaries) was made.

27. CONSUMER CONTRIBUTIONS AND SUBSIDIES

Group	Consumer Contributions	Subsidies	Total
Balance as at 31 December 2017	**12.658**	**205.347**	**218.006**
Additions	-	84.994	84.994
Transfer to revenue (Note 6)	(602)	(7.448)	(8.050)
Balance as at 31 December 2018	**12.056**	**282.894**	**294.951**

Company	Consumer Contributions	Subsidies	Total
Balance as at 31 December 2016	**13.260**	**196.119**	**209.379**
Additions	-	14.534	14.534
Transfer to revenue (Note 6)	(602)	(5.306)	(5.908)
Balance as at 31 December 2017	**12.658**	**205.347**	**218.006**
Additions	-	84.994	84.994
Transfer to revenue (Note 6)	(602)	(7.448)	(8.050)
Balance as at 31 December 2018	**12.056**	**282.894**	**294.951**

Most of the additions (Euro 49,500) concern the subsidy of the Crete - Peloponnese interconnection project while a large part (Euro 29,422) concerns the interconnection of the Cyclades with the Continental Transmission System.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
Liabilities from «Electricity Market» transactions	671.062	-	671.062	1.133.487
Other suppliers and contractors	19.383	-	19.383	15.877
Customer advance payments	23.655	-	23.655	11.249
Other payable taxes	3.704	-	3.704	2.487
Social security contributions, payable	2.502	-	2.502	2.671
Special Administrative Account for Public Utilities Organisations	-	-	-	476.000
Other creditors	8.955	-	8.953	4.401
Total	**729.261**	**-**	**729.259**	**1.646.172**

The above obligations are interest free and short-term.

The use of the Public Utilities Organisations Account and the reduction of the Liabilities from "Electricity Market" transactions by approximately € 462 million compared to the previous year 's balances, is mostly due to the transfer of these balances to HEDNO SA, within the framework of the implementation of Law 4508/2017. Pursuant to article 57 of Government Gazette 200 / 22-12-2017, HEDNO SA was appointed the sole Operator of the PUO Account for the entire Greek territory, subrogating IPTO SA to all rights, obligations and claims arising from the Operation of the PUO Account with effect from 1/1/2018 (note 18).

29. ACCRUED AND OTHER LIABILITIES

	Group		Company	
	2018	**2017**	**2018**	**2017**
Accrued interest on loans	1.749	-	1.749	2.289
Accrued expenses energy clearance	35.003	-	35.003	9.395
Personnel day off, overtime and leaves	6.411	-	6.411	6.465
Other accrued expenses	1.531	-	1.531	-
Total	**44.693**	**-**	**44.693**	**18.149**

30. DEFERRED INCOME AND OTHER RESERVES

	Group		Company	
	2018	**2017**	**2018**	**2017**
Deferred income from interconnection rights	74.196	-	74.196	52.705
Deferred income from non-compliance charges	31.838	-	31.838	45.036
Deferred income from Extraordinary Surplus of Energy Imports L-B	1.220	-	1.220	870
Transitional Duty of Security of supplying / Interruptible Load (L.4203/19)	2.417	-	2.417	11.840
Other deferred income	2.397	-	2.397	1.145
Total	**112.068**	**-**	**112.068**	**111.596**

The movement of reserves is as follows:

	Balance as at 01.01.2018	Debits	Credits	Balance as at 31.12.2018
Deferred income from interconnection rights	52.705	(35.624)	57.116	74.196
Deferred income from non-compliance charges	45.036	(18.012)	4.814	31.838
Deferred income from Extraordinary Surplus of Energy Imports L-B	870	-	350	1.220
Transitional Duty of Security of supplying / Interruptible Load (L.4203/19)	11.840	(46.660)	37.236	2.417
Other deferred income (POC)	1.145	-	1.252	2.397
Total	**111.596**	**(100.296)**	**100.768**	**112.068**

The deferred income Interconnections Rights, concerning the reserve formed by the Company from invoicing monthly settlements, under Article 178 of the HTS Management Code, to reduce the annual cost of the Transmission System or the funding of interconnection projects with neighboring countries after decision of RAE.

During the fiscal year 2018, the company used an amount of Euro 35 mil (2017:46 mil) Based on 1023/2017 Rae's decision to reduce the annual cost of the electricity transmission system

Deferred Income from Non-Compliance Charges relates to the reserve formed by the Company from invoicing monthly settlements and is intended to cover overdue receivables according to Article 164 of the HTS Operation Code. These amounts do not relate to Company revenue but are mainly available to cover losses from insolvent providers following a decision by the Management. The Company, with corresponding decisions of the Board of Directors (no.72 / 18.11.2015, no.22 / 23.05.2013 & 60 / 14.12.2016), has used a total amount of Euro 18.1 million in order to be disbursed to cover overdue receivable of the participants due to their withdrawal from the market pending the court decisions, which is included in the balance of the "Deferred Income from non-compliance charges" as at 31.12.2018.

Deferred income from Extraordinary Surplus of Energy Imports refer to the Company's inventory of settlement invoicing under Article 178 (8) of the HTS Operation Code. The utilization of this reserve is determined by RAE's decision upon the recommendation of the Transmission System Operator.

Pursuant to Law 4203/13 with effect from January 1, 2016, a special reserve account is maintained for the charging of a Transitional Supply Security Fee and the return to interruptible customers. In accordance with the law, any difference is attributed to the recipients of interruptible load (industries) after the final settlement. Of the amount of Euro 47 million charged in 2018, the amount of Euro 37.2 million has already been reimbursed while the balance is expected to be repaid in 2019.

Other deferred Income refers to downstream utilization revenues from contractual projects mainly with the PPC previous parent company.

Approval of Allowed Revenue for the 2018-2021 Regulatory Period and the Required Revenue for 2018 and 2019

By virtue of Decision No. 235/2018 (March 2018) RAE approved the **Allowed Revenue (AR)** for the four-year Regulatory Period 2018-2021 and the **Required Revenue (RR)** for the year 2018. According to the decision the **Allowed Revenue** for 2018 amounts to Euro 233.9 million, Euro 252.4 million for 2019, Euro 281.0 million for 2020 and Euro 285.9 million for 2021. The **Required Revenue** for 2018 amounts to Euro 197.5 million.

Subsequently, an Application for Revision was made by IPTO SA against RAE Decision 235/2018. In response to the Revision Application, RAE issued Decision 370/2018 (April 2018) rejecting the request.

On 19.07.2018, IPTO S.A sent to RAE a recommendation for the Unit Charge for System Use for 2018. In addition, with a letter dated 9.10.2018, IPTO sent data on the Use of Congestion Income from the granting of access rights to the international interconnections of the country. According to the respective letter, the available amount of proceeds suggested by PPC to be received to alleviate the Required Revenue for 2019 amounts to Euro 37.9 million.

By Decision 100/2019, RAE approved the Required Revenue for 2019 at Euro 198.9 million.

Use of congestion income by granting access rights to the country's international interconnections for 2019

Following the proposal of IPTO S.A., RAE, through Decision 1041 / 24.10.2018, approved the use of an amount of Euro 37.9 million from the Special Reserve Account (Breakdown of Transmission Capacity under Article 178 of the Grid Control Code for Electricity) maintained by the Company for the reduction of the Required Revenue for the year 2019 and are included in the “Transmission System Rent Revenue”.

31. CONTRACT COST

During the year, the Company proceeded to recognition of total revenue under IFRS 11 for the construction of third party projects with a total value of Euro 12,762 (see Note 4). The contract cost of these projects for the year ended December 31, 2018 amounts to Euro 10,949 (see Note 11).

32. COMMITMENTS AND CONTIGENCIES

32.1. COMMITMENTS

32.1.1. Ownership of property

IPTO S.A., according to the provisions of article 98 of L. 4001/2011 has, among others, been subrogated as a kind of an ultimate successor, to all the real rights of the sector of the PPC General Electricity Transmission Division irrespective of their time of generation, from the date of registration of the decision approving the spin-off (Deed No. 34815/10-11-2011 of Notary Public Chr. Steiros-GG TAE-EPE 12292/22-11-2011) and contribution of the respective branch to IPTO SA. Although these rights have been legally acquired and the relevant deed has been registered free of charge with the competent Land Registries, their registration has not yet been completed at the local land registration offices and cadastral offices. It should be noted that according to article 98 of Law 4001/2011, the transfer of real rights in real estate, cars and other movables is automatically effected by the registration of the spin-off in the Registry of Sociétés Anonymes and their transcription or registration, according to the Provisions are purely for the sake of completeness.

The total cost for completing the registration of all rights in Greece's land registry offices cannot be reliably estimated by both the Management and the Legal Department of the company at this stage and until the completion of the procedure. However, according to a relevant study carried out by the Company's technical services, the cost from the registration of the rights to third-party property (work) is estimated to reach up to Euro 6.8 million, for which an equal provision is included in the item Other provisions.

32.1.2. Environmental obligations

The basic parameters that may affect the final amount of environmental investments required to be made in the next decade, include the following:

1. Strategic Environmental Assessment for the TYNDP, planning inclusion of new projects in the HTS,.
2. Environmental Studies for new and under construction Transmission Projects, for their licensing, the issue of Decisions of Approval of Environmental Terms for their inclusion of the new projects in the Hellenic Transmission

System. The above Environmental Impact Assessments are submitted to the Ministry of Environment and Energy for approval.

3. Preparation of Access Zone Studies and Plant Restoration Studies, and subsequently implementation in the framework of the Transmission Projects.
4. The Transmission Projects are cited after a very detailed study and control of all parameters related to environmental criteria, which concern the man-made environment, the protected areas, the visual noise, the sites of archaeological interest etc. All the above will burden the final construction cost of the Transmission Projects.
5. During the operation of the Transmission System (Transmission Lines, Substations and HVC) there is no electromagnetic radiation, but two separate fields, the electric one and the magnetic. In the areas within the reach of the public and the Company's employees, the values of these fields are well below the threshold values established by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), in cooperation with the World Health Organization (WHO). These thresholds are included in a European Union Directive that has been incorporated into Greek legislation. It should be made clear that the thresholds of the electric and magnetic fields in the regulations do not constitute danger thresholds but contain high safety factors to cover any uncertainty about the limited knowledge of the effect of the fields and to meet the requirement to prevent possible adverse effects.

As per the above, Management assumes that the conditions for the recognition of provisions for environmental liabilities of the company do not exist.

32.2. COMMITMENTS FROM THE COMPLETION OF PROJECT CONSTRUCTION

Interconnection of Cyclades with the Continental Interconnected System

This is a project co-funded by NSRF 2007-2013 and its co-financing continues from NSRF 2014-2020.

The contracts for the 1st Phase of the project had been signed on September 10, 2014 with the 4 contractors at a cost of Euro 231 million, while the new contract costs amount to approximately Euro 247,7 million.

Phase A of the project was completed and commissioned in February 2018, with the exception of the Mykonos Substation, which took on the island’s loads in early May 2018.

Also, during 2018 the lowest bidders were selected, the contracts were signed and implementation of Phase began. The first contract is for the cable connections of Paros – Naxos and Mykonos – Naxos and the second of the Naxos Substation.

Finally, during 2018 the lowest bidder was selected and the contract was signed for Phase C (second cable connection of Lavrio – Syros).

Replacement of submarine oil cables at Andros - Livadi (S. Evia) and Andros – Tinos interconnections

This is a project that has been proposed for co-financing by NSRF 2014-2020. The lowest bidder was selected in 2018, the contract was signed and implementation of the project has begun.

Interconnection of Crete with the Continental Interconnected System

The preparatory actions for the implementation of the project with the aim of completing Phase I (EP) by 2020 and Phase II (SF) within 2022 are under way.

The route and the finalization of the required Phase I Interconnection (EP) projects have been completed. This interconnection will connect the Molaon Substation with the Chania Substation via overhead, underground and submarine Transmission Line, with a rated voltage of 150kV and rated capacity of 2x200 MVA. The Decisions of Approval of Environmental Terms were issued on 29/9/2017. After the project was proclaimed of major importance for the country's economy (20/12/2017), acceleration of the relevant expropriations will become possible. Also, the construction of separate overhead T.L. sections in Peloponnesus began in November 2017.

Within 2018 the lowest bidders were selected, the contracts were signed and implementation of the cable interconnections and the Substations began.

The process for inclusion of Phase I under NSRF 2014-2010 is at the final stage.

For Phase II, the final bottom study was completed in 2018 and the Environmental Impact Assessment was submitted to the Directorate of Environmental Licensing of the Ministry of Environment (DIPA/YPEN). At the same time, the locations where cables reach the coast have been finalized, the installation locations of the Conversion stations and the installation locations of the electrodes in Attica and Crete have been chosen. Within the first months of 2019, the publication of the tender notice for implementation of the Conversion Stations and the underground and submarine cables is expected.

HVC in Megalopolis and interconnection with the 400 and 150 kV System.

In just 2 years, IPTO SA constructed the new Megalopolis HVC, using open-air and air-insulation technology. The HVC was electrified in August 2013.

The construction of the interconnector 150kV TL. of the HVC has been completed, as well as the two 400 kV TLs connecting the HVC with the new PV Unit, Megalopolis V. The project was co-funded by NSRF 2007-2013

Also, on 29/3/2016, a modification of the Decision of Approval of the Environmental Terms of the Megalopolis HVC was issued, concerning the extension of the HVC for the installation of compensation coils of the 400 kV Megalopolis HVC - System (Acheloos HVC- Distomo HVC). Also on 15 March 2017 the court hearing took place for the decision to compensate the beneficiaries. The court ruling was issued on 10/11/2017, but because all the beneficiaries were not identified, a new hearing will be required for the owners that could not be found. Nevertheless, the Government Gazette for the expropriation was issued (GDR 305 / 29-12-2017) and the processes are under way.

Regarding the construction of the 400 kV TL from the Megalopolis HVC to the Patras area and from there through underground / submarine / underground cables and overhead TL to the 400 kV Continental System, the expropriation for both the underground cable within the University of Patras area and for the overhead section of the Achaia Prefecture was completed in the end of 2017 and in mid-2018 respectively. The related work for the construction of the overhead section of 400 kV TL of the Megalopolis HVC - Patras is continuing, for the shortening of the implementation of the project with the crews and for the section within the prefecture of Achaia through a Contractor. There is a Tender process under way for the wiring of a section of the TL whose towers have been erected with own crews.

Due to the continuing problems with the transition terminal within the university area and the failure to find a compromise, DNEM did not move the transit terminal to a place on the side of the Panachaiko Mountain (Kstritsi), but within the easement zone of the already licensed overhead 400 kV TL. At the same time it submitted to DIPA/YPEN regarding this relocation an amendment to the Decision of Approval of the Environmental Terms of the "400 kV TL of Patras HVC – Megalopolis HVC" and the 400kV TL System (Athens-Acheloos) – Antirrio – Patras HVC & Patras HVC" on 09/12/2016 and 13/12/2016, respectively. ,.

The approval of the study of the modification of the two (2) Decisions of Approval of Environment Terms took place on 7/7/2017, while on 19/1/2018 the Patras Forestry Office issued the Information Act for the Kastritsi Transit Terminal. The three pending approvals from the local Forest Directorates were granted in the summer of 2018, when it became possible is issue the installation protocol, in order to proceed with the issuance of the building permit.

Finally, within 2018 the lowest bidders were selected, the contracts were signed with the Contractors, and implementation of the underground and submarine cable section of the 400 kV TL in the Rio-Antirrio area was launched.

Nea Santa HVC

The Nea Santa HVC is a project of major importance for the area of Eastern Macedonia and Thrace. Through this project, the interconnection of HTS was implemented with Turkish Transmission System and in the future with that of Bulgaria (Maritsa), enabling the absorption of all the electricity produced in new RES production plants in Thrace and the upgrading of the reliability of the Northeast System was achieved.

The project is already operating. The connection of a new 150 kV circuit remains for the connection of the HVC with the section of the N. Santa – Patriarchis line that is being upgraded.

The project was co funded by NSRF 2007-2013.

Ten Year Network Development Plan (TYNDP) for period 2018-2027

From 17 February to 16 March 2017, following the Decision of the Board of Directors No. 9 / 16.02.2017, the IPTO SA has put into public consultation the Preliminary Draft of the TYNDP for the period 2018 - 2027. Afterwards, after taking into account the results of the aforementioned public consultation, IPTO SA drew up the TYNDP 2018-2027 and, following the decision of the Board of Directors dated 22 / 05.04.2017, submitted it to RAE for approval on April 13, 2017. The TYNDP Plan was reopened in a public consultation under the auspices of RAE from 8 May to June 9, 2017. On June 26, 2017, RAE published on its website the results of this public consultation, its letter No. O-68786 / 9.8.2017 letter urged the IPTO SA to submit a revised ***TYNDP*** 2018-2027. IPTO submitted the Final Draft of TYNDP 2018-2027 to RAE for approval on 8 January 2018. RAE approved TYNDP 2018-2028 <u>with decision 256/2018 (16.03.2018) and it was published in the Government Gazette B 1570/08.05.2018.</u>

At the same time, from December 28, 2017 to January 29, 2018 and following the decision of the Board of Directors No. 68 / 20.12.2017, IPTO SA has launched a public consultation on the Preliminary Draft of the ***TYNDP*** for the period 2019 - 2028. Then, and after taking into consideration the results of this public consultation, IPTO SA drew up the Draft TYNDP 2019-2018. Following the IPTO SA Board of Directors decision No. 13/26.03.2018, the Draft TYNDP 2019-2028 was submitted to RAE for approval on 30.03.2018. RAE, with a letter to IPTO SA (0-72301/15.06.2018) requested the revision of the submitted draft TYNDP 2019-2018 with regard to the two (2) Interconnection Projects of the Transmission System of Crete with the HTS. IPTO SA responded, and the Revised Draft TYNDP 2019-2018 was submitted to RAE for approval on 17.07.2018. RAE, with a letter to IPTO SA (0-74429/09.11.2018) responded and requested a new revision of the submitted Revised Draft TYNDP 2019-2018 with regard to the Project Operator of the DC Interconnection of the Crete Transmission System with HTS (ARIADNI INTERCONNECTION AEES) and with regard to the inclusion of specific projects of HEDNO SA (TINOS S/S, ZAKYNTHOS S/S, KASSANDREIA S/A/, HV/MV S/S ARACHTHOS HVC, IOANNINA I S/S). IPTO SA, responded and the New Revised Draft TYNDP 2019-2028 was submitted to RAE for approval on 16.11.2018, including apart from the aforementioned, also the Group of Projects for the reinforcement of the Crete TS taking into consideration its future interconnections with the HTS. This new Revised Draft TYNDP 2019- 2028 was put up for public consultation by RAE from 23.11.2018 to 24.12.2018.

At the same time, from 21 December 2018 to 21 January 2019, and following Decision 75/20.12.2018 of its Board of Directors, IPTO SA put up for public consultation the Preliminary Draft TYNDP for the 2020-2029 period.

32.3. CONTINGENT LIABILITIES

The Company, as the operator of the energy transmission system under the current legislation and RAE's decisions, acts as an intermediary for the clearance of the energy charges between the parties responsible for paying these amounts and rendering them to the beneficiaries, and therefore no burden of the Financial Position of the Company is expected. However, participants in the electricity market have also turned against the Company for delays in payment of their claims.

According to the Company's legal department, on the basis of the court rulings and RAE decisions issued to date, the only case in which the Company could be held liable is the generation of secondary liabilities for compensation due to an unjustifiable breach of its obligations under the Contract of the Operator's Transactions, which would although be limited to compensation for the damage that is reasonably connected with the breach of the Company's obligation. Management believes that in all cases the Company has performed its responsibilities as an energy transmission system operator in accordance with the applicable legislation and therefore no negative outcome is expected for the Company.

32.3.1. Corrective clearances related to the Special Account of Article 143 L. 4001/2011

According to Law 4152/2013, the RES Special Account is additionally credited with the amount resulting from the difference on an hourly basis between (a) the value derived from the product of the energy injected multiplied by the weighted average cost of the Conventional Thermal Stations and (b) RES Special Account revenues from DAS and Imbalances. The above amount is only taken into account only as long as it is positive.

In October 2013, IPTO sent to the relevant electricity market participants corrective clearances for the months of May, June, July and part of August 2013 amounting to a total of Euro 55 million, implementing RAE's decision No. 366/2013 and Law 4152/2013. These amounts constitute revenue from the Special Account of article 143 of Law 4001/2011 and after their collection shall be paid to LAGIE SA (now DAPEEP). Some of the Participants challenged the legality of the above charges and did not pay them, sometimes even initiating legal proceedings. In particular, PPC SA initiated legal action before the Athens Multi-Member Court of First Instance, with which PPC SA claimed that it did not owe the amount due of approximately Euro 54.4 million. On this claim, the Athens Multi-Member Court of First Instance ruled that the claim would be allowed. An appeal has been filed against the ruling with the Court of Appeals of Athens.

Additionally, in the context of its actions for the interest-bearing claims corresponding to the Accounts it manages, IPTO SA claims from the Participants and the amounts attributable to them which they refused to pay due to the contestation of the legality of this charge. Already, in one of these, a ruling has been issued that rejects the relevant figure, amounting to approximately Euro 481 thousand, as not legal. Against this decision, an appeal was filed by IPTO SA, which was dismissed. Finally, LAGIE SA (now DAPEEP) has filed a lawsuit against IPTO SA claiming the amounts not received by the above mentioned Participants and which were therefore not paid to LAGIE SA. The IPTO SA claimed that the contested amounts had not been collected from the liable parties based on the above court rulings. This lawsuit was heard and the ruling is expected.

As of 01.04.2019 DAPEEP S.A. is subrogated to the above legal cases and charged pursuant to the provisions of Article 4 of Law 4584/2018.

32.3.2. ETMEAR Fees receivables from energy autoproducers

With regard to the Special Duty for Reduction of Gas Emissions (ETMEAR) charges, autoproducers, who are all CHP autoproducers, claim that they are not liable for payment. They claim that the administrative acts enforcing these charges are in contradiction with the Hellenic Constitution and the European law, because they charge this fee to "clean energy" producers, which is equivalent to RES, and also, because in any case, as regards autoproducers, this encumbrance is a tax, the rates of which must be defined by a formal law and not an administrative act. Therefore, Decision No. 3366/2015 of the Plenary Session of the Council of State resolved the issue of constitutionality by finding that ETMEAR is not a tax, but part of the price for the consumption of electricity, its mix including electricity produced by RES. However, Decision no 3367/2015 of the Plenary Session of the Council of State held that, despite the lawfulness of ETMEAR for autoproducers, this Duty should not be imposed on autoproducers from RES and CHP. However, the lawsuits for the ETMEAR charges are heard in a different jurisdiction and – formal – civil justice cannot commit to the res judicata of its administrative branch.

The above charges are included in the operator's annual settlements , which do not give rise to any financial benefit for the Company. The amount of open claims at 31 December 2018 of the ETMEAR accounts amounts to Euro 11.6 million (2017: Euro 11.6 million). which have not been paid by autoproducers. Accordingly, either the Company accepts an equal amount of billing or is obliged to remit the relevant funds to the beneficiaries in the eventual recovery of the receivables.

As of 01.04.2019 DAPEEP S.A. is subrogated to the above legal cases and charged pursuant to the provisions of Article 4 of Law 4584/2018.

33. FINANCIAL RISK MANAGEMENT POLICIES

Risk management focuses on the uncertainty of financial and non-financial markets and looks to minimize adverse effects on the Company's financial position. The Company identifies, evaluates and, if necessary, hedges the risks associated with its operating activities, and reviews and revises on a periodic basis the relevant policies and procedures in relation to financial risk management. Also, there are no speculative transactions.

The main financial figures of the company are listed as follows:

Assets	**2018**	**2017**
At amortized cost		
Financial assets	3.756	-
Other non- current assets	-	22.266
Trade and other receivables	779.083	1.312.425
Cash and cash equivalents	402.639	771.849
Total	**1.185.478**	**2.110.540**
Liabilities		
At amortized cost		
Loans	686.456	530.266
Trade and other liabilities	729.259	1.646.172
Total	**1.415.716**	**2.176.438**

Credit risk

For Trade and Other Receivables, the Company is exposed to credit risk, which, however, is limited mainly due to the receivables for use of the system.). Therefore, the company applies payment policies for debts after collecting the respective receivables in order to reduce the credit risk. Finally, the company fully applies the provisions of the energy legislation for guarantees given by the participants

The Company has fully covered all receivables in a legal claim (Note 15) and therefore there are no deferred or non-accrued doubtful liabilities. Amounts arising from the intermediate activity may remain deferred but are covered by corresponding obligations and it is therefore not considered important to note the maturity of the receivables.

Fair Value

There are no financial instruments reflected in fair value. All current financial instruments are shown in the unamortized cost and concern mainly cash and cash equivalents, short-term receivables, and current liabilities, which all approach their respective fair values due to the relatively short-term maturity. The carrying amounts of the long-term borrowing approach their fair value as these loans are in local currency and interest-bearing with a floating rate.

Liquidity risk

Liquidity risk is connected with the need to ensure adequate cash flow for the financing of the operation and the growth of the company. The company manages its liquidity risk by continuously monitoring and programming its cash flows, and properly acting to ensure sufficient credit lines and cash deposits, while aiming at the same time at the extension of the average maturity of its debt and the diversification of its funding sources.

The contractual expiry dates of the principal financial obligations (loan obligations) not including interest payments are as follows:

Payable amounts as at 31.12.2018

	Within 1 year	1 to 5 years	>5 years	Total payables
Trade and other payables	779.083			779.083
Loans	64.222	358.247	270.000	692.469
Total	**843.305**	**358.247**	**270.000**	**1.471.552**

Payable amounts as at 31.12.2017

	Within 1 year	1 to 5 years	>5 years	Total payables
Trade and other payables	1.646.172			1.646.172
Loans	10.000	342.636	180.833	533.469
Total	**1.656.172**	**342.636**	**180.833**	**2.179.641**

Interest rate risk

The company's debt obligations consist of long-term bank loans. The company does not currently have a hedging policy of interest rate risks and consequently a change in interest rates as at 31 December 2017, would affect the Company's results and equity in the case of positive Euribor prices. The main risk arising from managing the loan liabilities focuses on the results and cash flows as a consequence of the fluctuations of interest rates .

However, given that in the floating rate loan agreements (Euribor plus margin) the Company applies a zero-interest rate clause in the event of negative Euribor prices, as long as they remain negative, any change will have no further effect on floating rate borrowing.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates since the beginning of the year, with all the other variables held constant, of the company's profit before tax, through the impact on the floating rate borrowings:

	Increase/Decrease in basis (%)	Effect on profit before taxes
2018		
Euro	+15	(634)
Euro	-15	634
2017		
Euro	+15	(500)
Euro	-15	500

Foreign currency risk

There is a minimum risk from foreign currency changes for the company and is mainly associated with possible materials or equipment supply contracts that are paid in foreign currency.

Evolution of net debt ratio

The company aims at maintaining the net debt ratio at the best possible level compared to the Group it belongs and similar companies at a European level. The net debt/ equity ratio is currently as follows:

	2018	**2017**
Long-term borrowing	623.186	520.361
Current portion of long-term loans	63.271	9.905
Minus: Cash and cash equivalents	(402.639)	(295.849)
Net debt	**283.818**	**234.417**
Equity	**1.027.737**	**967.214**
Net debt ratio	28%	24%

Compliance risk: The Company's activity is subject to a strict and complex legislative and regulatory framework, which concerns the management of the HTS and increased supervisory obligations. Possible amendments to the HTS Operation Code and the relevant legislative and regulatory framework may create additional management responsibilities on the Company’s side. The assumption of any additional liability or possible changes in the relevant institutional framework are likely to adversely affect the Company's profitability.

Also, possible changes in the methodology and / or parameters for calculating system usage charges are likely to

have a significant impact on the Company's revenue and profitability.

Regulatory risk: Potential amendments and / or additions to the regulatory framework governing the electricity market, both in application of the provisions of the European Legislation and in accordance with the provisions of the Memorandum signed between the Greek State, the IMF, the ECB and the EU, may have a significant impact on the operation and the financial results of the Company.

Risk of regulated returns of the company: The Company's activity is significantly determined by the implementation of the Ten Year Development Plan (TYDP) as it affects both the investments it is required to make and its future revenues from the use of the Transmission System. Consequently, any modifications to the TYDP that either increase the Company's liabilities or require faster execution of projects, may adversely affect the Company's profitability.

Regulated returns on the investments of the System may adversely affect the Company's profitability if they do not cover the fair return of the relevant invested capital.

In any case, the Company has the necessary resources and organization to limit regulatory and modulatory risks and in cooperation with the Regulatory Authority for Energy ensures that the necessary approvals for each transaction are in place.

34. HOLDINGS IN OTHER COMPANIES

Apart from its holding in ARIADNI INTERCONNECTION S.P.L.C. and the Hellenic Energy Exchange SA, the Company participates with a 5% stake in Joint Allocation Office S.A. and has paid € 65 until 31 December 2018 (2017: Euro 65). However, due to the unexpected return on this investment, the Company has fully impaired it.

The Company also participates with a 12.5% stake in COORDINATED AUCTION OFFICE (CAO) IN SOUTH EAST EUROPE D.O.O. and has paid € 40 until 31 December 2018 (2017: Euro 40). This participation due to the unexpected return on investment is shown in the balance sheet in Other receivables.

82 / 20.12.2018 of its Board of Directors, has decided to establish a second subsidiary, see Note 35 below, and has not issued guarantees or letters of guarantee for any of its above holdings.

35. SUBSEQUENT EVENTS

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. The purpose of the company is to provide electronic communications services, to install, operate, develop, manage and deploy networks of all types of electronic communications and all kinds of electronic communications infrastructure and related services at local, national, transnational and international level.

The seat of the company was defined as the municipality of Athens, and its share capital was set to amount to three hundred thousand Euros (300,000) divided into three thousand (3,000) common registered shares of a nominal value of one hundred euros (100) each.

Pursuant to Law 4585 article 4 of Government Gazette 216 / 24-12-2018, DAPEEP SA from 01.04.2019 is automatically subrogated to all rights, obligations and legal relations of IPTO SA which derive from the responsibilities of managing the income of the SA and CHP. Special Account of the Interconnected System and Network of Article 143 of Law 4001/2011 generated by the Special Fee for the Reduction of Gas Emissions, the Average Variable Cost of Thermal Conventional Power Plants and the Special Lignite Fee, irrespective of the time of their generation.

The pending trials of IPTO S.A, which concern rights and obligations to which, in accordance with paragraph 5, DAPEEP SA is subrogated. are automatically continued by DAPEEP. SA, without being interrupted forcibly and without the need for any continuation or repetition of any formality or statement on its behalf. IPTO SA is exempted as of 1.4.2019 from any liability it may incur towards a third party, including the State, arising from the management of the income of the RES and CHP Special Account, in which DAPEEP is subrogated.

There are no subsequent events beyond those already disclosed in the above notes that require disclosure or adjustment of the accompanying Financial Statements.

36. SEPARATE FINANCIAL STATEMENTS

According to RAE's decision and the relevant European Directive, Energy Companies should publish, together with the Annual Financial Statements, separate accounting financial statements for the activity of the system, the operation of the market and other activities. The Company intends to prepare the above statements and publish them separately from the Annual Financial Statements.

37. REFORMS AND RECLASSIFICATIONS

During the current year, there were reclassifications in the comparative figures of the previous year.

More specifically, the amount of the provision for voluntary retirement, amounting to Euro 4.7 million, was added to Personnel fees from the relevant items in Provisions, while respectively the capitalized compensations and personnel fees of Euro 2 million were transferred to the Other expenses item. The effect of the reclassifications on the comparable amounts of the previous year in the Income Statement was as follows:

Personnel fees	**2017**
Published data	**62.254**
Payroll fees	4.760
Out of town expenses and other employee benefits	(5.804)
Capitalized payroll fees	3.757
Personnel fees	**64.967**

Other expenses	**2017**
Published data	**3.594**
Out of town expenses and other employee benefits	5.804
Capitalized payroll fees	(3.757)
Other expenses	**5.641**

Provisions	**2017**
Published data	**5.528**
Provisions for employee retirement benefits	(4.760)
Provisions	**768**

38. AUDIT FEES FOR FINANCIAL STATEMENTS AND OTHER ASSURANCE SERVICES

The auditors' fees for the statutory and tax audit of the fiscal year 2018 amounted in total to Euro 58,200 (2017: 59,350.

39. CONTINGENT ASSETS

The Company does not recognize any contingent assets.