



**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF THE
NATURAL GAS TRANSMISSION SYSTEM OPERATOR (DESFA) S.A.**

FOR THE PERIOD

JANUARY 1st to DECEMBER 31st 2017

February, 7th 2018

IMPORTANT NOTE: The English translation is not binding. In the event of discrepancies between the Greek and English version, the Greek text prevails.

To

The Regular GA of Shareholders

Dear Shareholders,

We would like to present here below the Management Report and Financial Statements for the period 01 January-31 December 2017.

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I. INTRODUCTION

Dear Shareholders,

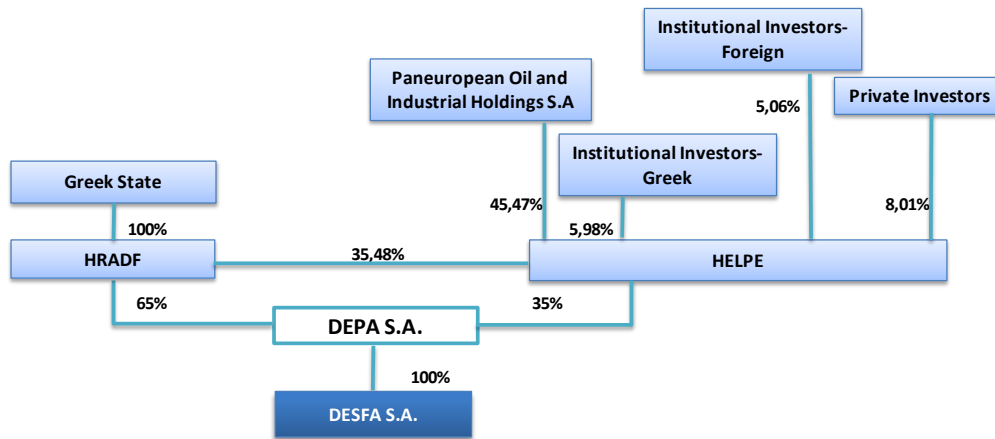
This management report issued by the Board of Directors relates to the period of twelve months of the fiscal year (1.1.2017-31.12.2017). The report was prepared in line with the relevant provisions of Law 2190/1920 as in force. The Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

This report contains summarized financial information on the financial position and results of DESFA SA, a description of the major events that occurred during the current financial year, a description of the principal risks and uncertainties for the next fiscal year, a listing of the significant transactions made between the Company and its affiliated parties and also an outline of data and qualitative assessments on the development of the Company's activities during the next fiscal year.

I.1 The Company

The National Natural Gas Transmission System Operator (DESFA) S.A. was established by the issuance of the Presidential Decree 33/2007 on March 30th, 2007, with the aim to operate, maintain, manage and develop the National Natural Gas System (NNGS), as stated under the provisions of the Energy Law 4001/2011 (G.G. A 179/22.08.2011), and its interconnections, so that NNGS remains cost-effective, technically sound and complete and serves the needs of the users of natural gas in a secure, adequate, reliable and financially efficient way.

DESFA S.A is a wholly owned (100%) subsidiary of DEPA S.A. and its shareholders structure on 31.12.2017 is shown below:



According to article 103 of Law 4472/2017 (G.G. 74/19.05.2017) as well article 82 of Law 4478/2017 (G.G. A91/23.06.2017) it was decided to repeat the sale of DESFA’s 66% of shares (31% held by Hellenic Republic and 35% held by HELPE) with new criteria for potential buyers with the aim to certify the company with the Ownership Unbundling (OU) model after the transaction is complete. The process is carried out under the coordination of HRADF. The remaining 34% of the shares will remain in the Greek State, to which it will be transferred by DEPA (which is the interim 100% shareholder of DESFA). Thus, the final structure after the transaction will be shaped as follows:



During the preselection phase, two (2) investment schemes (i) Snam S.p.A., Enagás Internacional S.L.U., Fluxys S.A. and N.V. Nederlandse Gasunie and (ii) the Regasificadora del Noroeste S.A., were selected. The binding offers are scheduled to be submitted at 16th of February 2018.

Following the provisions of Greek Law 4001/2011 (G.G. A’ 179/22.08.2011) as in force, which incorporates Directive 2009/73/EC, DESFA has been certified as an Independent Transmission

Operator (ITO). Specifically, the Greek Regulatory Authority, RAE, in accordance with Article 65A of Greek Law 4001/2011 (G.G. A 179), as amended by Law 4286/2014 (Gov. Gaz. A 194), and taking into account the relevant Opinion issued by the European Commission (C5483 final) «*Commission Opinion of 28.7.2014 pursuant to Article 3(1) of Regulation (EC) No 715/2009 and Article 10(6) and 11(6) of Directive 2009/73/ EC – Greece – Certification of DESFA*», with its Decision no.523/2014/ (G.G. B 2572/ 26.9.2014), decided on the certification of DESFA S.A. as an Independent Transmission Operator. RAE's decision essentially certifies the adequacy of DESFA's resources (infrastructure, manpower and financial resources) in executing its duties, as well as the company's independence from the Vertically Integrated Company during the performance of said duties.

I.2 Main areas of activity and revenues of the company

A. Use of the National Natural Gas System (NNGS: Transportation System and LNG Facility)

The two main regulated activities of the Company consist of transportation services of natural gas in the National Natural Gas Transmission System (NNGTS), as well as the unloading, temporary storage and regasification services of Liquefied Natural Gas (LNG) in the LNG facility on the island of Revithoussa. To this end, the Company receives transportation and LNG regasification charges, respectively, under the Tariff Regulation and the Decision approving the tariffs for use of the National Natural Gas System.

These two services are the main source of regulated revenue of the company.

B. Sale of Electricity: DESFA invoices revenue for the sale to LAGIE of electricity produced in the CHP unit in the LNG facility on the island of Revythoussa. Despite the fact that, for accounting purposes, this item is recorded as revenue, from a regulatory perspective, said revenue reduces the total costs of the LNG facility.

C. Balancing and Operational Gas Services of NNGTS (profit neutral activities)

The services for Gas Balancing and Operational Gas for the NNGTS arise from the DESFA's role as the responsible entity for the balancing between deliveries and receptions of NG in the NNGTS, and the smooth operation of the transmission system according to Law 4001/2011. Revenues and expenses resulting from this activity are set off without resulting in any gain or loss for the Operator. The balance between gas Deliveries – Receptions in the NNGS is achieved with the gas balancing services, while own gas consumption and losses in the NNGS are covered by operational gas, the cost of which is allocated to the shippers without resulting

in any gain or loss, as provisioned in the current legal framework. The procurement of gas for those activities is made following an international tender procedure.

D. Security of Supply in the Natural Gas market (profit neutral activities)

With its Decision no. 344/2014, “*establishing the maximum approved cap of the Security of Supply Account and the Security of Supply Levy per type of natural gas User, and per type of power unit, in accordance with the provisions of art. 73 of Greek Law 4001/2011, as amended*”, RAE introduced the Security of Supply Levy, which is paid by the natural gas consumers, in order to safeguard their compensation and the supply of natural gas, as a minimum to the Protected Users in case of emergency situations.

Based on the aforementioned decision, DESFA is responsible for managing said security of supply account. From this account, DESFA will compensate the power producers for the alternative fuel installations they maintain and their readiness to use this fuel in case of Crisis, as well as the Gas Suppliers for the disruption of supply of their interruptible clients in case of Crisis. On the basis of RAE’s decision, the revenues and costs of said activity are recorded separately and do not affect the company’s financial results.

E. Additional Services included in regulated revenues and expenses

With RAE's letter O-62313 / 13.10.2015 entitled "Guidelines for accounting separation of natural gas companies", revenues (and expenses) of the following activities are considered as income (and costs) of regulated activities for Transportation and use of LNG Facility, respectively:

For the Transmission System: gas odourization services, services at border metering stations, metrological services, polyethylene (PE) welders certification services

For LNG Facility: nitrogen infusion and cooling-down services for LNG ships.

F. Non regulated activities

In parallel, DESFA can derive additional income from non-regulated activities. These activities mainly include supply of technical services to third companies, such as Technical Support Services to gas distribution companies, technical review of studies for internal installations of gas, O&M services to medium and low pressure systems, CNG facility services, IT services, other consulting services. Services relating to the technical and operational support of any other

Transmission or LNG Facility system, such as TAP pipeline for instance, will be included under the same category.

G. Connection fees

DESFA collects connection fees in accordance with Articles 5 and 5A of the Tariff Regulation for projects upon request of Users to connect their facilities with the Transmission System.

H. Financial revenues

DESFA has additional revenues from the management of its cash reserves. This management is carried out according to a procedure established by decision of the Board of Directors of the company (Regulation on Cash Reserves Administration - decision of the Board of Directors 348/03 / 24.10.2017)

II. SIGNIFICANT EVENTS IN THE 2017 FINANCIAL YEAR

The key financial-business data of the previous year, at country and company level were the following:

II.1 Business Environment

A. Global and National Economy

The global outlook¹ for 2018 is positive and implies a generally dynamic baseline for growth that started in the second half of 2016 gained further momentum in the first half of 2017 supported by improved external factors—a benign global financial environment and a recovery in advanced economies. These developments have put further forward pressure on global growth (GDP, expressed in real terms), which was projected to increase to 3,6 % in 2017 before further stabilizing to 3,8% in 2018.²

According to the October 2017 IMF Report, the momentum is such, unlike other years, according to which global growth is expected both in emerging economies, as well as in developed economies. As a result, the 2018 growth forecast for advanced economies has been

¹Source: IMF World Economic Outlook Update, October 2017, available at: <<https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017>>, p. XV of the Executive Summary.

²As above, IMF World Economic Outlook Update, p. XV of the Executive Summary.

marked to 2,0%, almost stable compared to 2017 level (2,2%), but significantly increased from 2016 levels (1,7%), due to recovery in the USA, as well as in the Eurozone.³

Similarly, growth in emerging markets and developing economies is expected to strengthen slightly in 2018 to 4,9 %, higher by 0,3 points than 2017 levels⁴. Financial market sentiment toward emerging market economies has improved, mainly due to the positive outlook for China, as well as for the other developing countries, such as Russia, Turkey and Brazil. Although prospects differ sharply across countries and regions, such positive outlook refers both the emerging Asia in general and India in particular, as well as sub-Saharan Africa.⁵

The corresponding growth rates⁶ for the USA are equal to 2,3% in 2018 (from 2,2% in 2017) and for Japan equal to 0,7% (from 1,5% in 2017). China maintains a lower growth rate of about 6,5% (versus 6,8% in 2017), as does the Russian economy which is expected to demonstrate a slight negative growth rate of 1,6% (from 1,8% in 2017). The course of the economy in the Eurozone continues to record a positive, but declining, sign for 2018, as well, with a GDP growth of 1,9% (versus 2,1% in 2017).

With regard to Greece, according to the Introductory Note on the 2018 State Budget, the evolution of a series of short-term indicators in 2017 marks the exhaustion of stagnation in 2016, and the emergence of positive growth rates since this year⁷. According to the Note, from the second half of 2017, the recovery of confidence in the economy is expected to be faster due to positive signals from the successful pull of 3 billion from international markets in July 2017, from the upgrading of the outlook for the economy by the rating agencies, such as Moody's, Standard and Poor's and Fitch, and the expected positive outlook in the evaluation of third program⁸. However, such fragile recovery process is highly dependent on the realization of the following milestones:

- the smooth progress of the ESM support program until its completion in August 2018,
- a smooth and safe return to the international financial markets, by creating a safe cash buffer against future shocks on international markets,

³ As above, IMF World Economic Outlook Update, Table 1.1.,p. 15.

⁴ As above, IMF World Economic Outlook Update, Table 1.1.,p. 15.

⁵ As above, IMF World Economic Outlook Update, p. XV of the Executive Summary and pp. 16-17.

⁶ As above, IMF World Economic Outlook Update, Table 1.1.,p.15.

⁷Source: Introductory Note on the State Budget of 2018, available at:

<<http://www.minfin.gr/documents/20182/4681901/%CE%95%CE%99%CE%A3%CE%97%CE%93%CE%97%CE%A4%CE%99%CE%9A%CE%97+%CE%95%CE%9A%CE%98%CE%95%CE%A3%CE%97+2018.pdf/1036b940-0c1b-4ee0-8d8e-eda0e6062f73>>, pp. 20-21.

⁸ As above, Introductory Note on the State Budget of 2016, pg. 21.

- the implementation of medium-term measures to ensure the sustainability of public debt, and
- the prevalence of normal conditions in the international geopolitical and economic environment, in the face of the international turbulences that have taken place since 2015 (refugee crisis, introversion at the level of EU Member States).

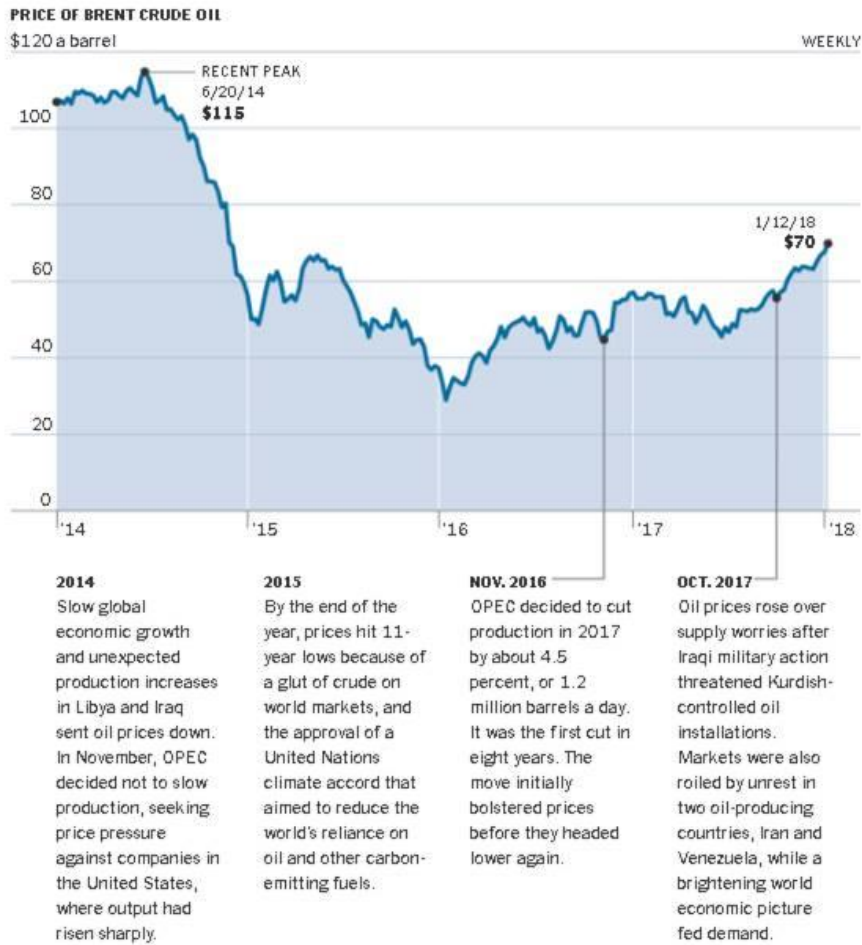
According to the State budget for 2018, the annual growth rate of real GDP in 2018 is expected to be equal to 2,5%, well above the 1,6% in 2017.⁹This development is based on the consistent implementation of the new support program for the Greek economy, the increase in employment supporting the growth of private consumption, the exit from the EU Excessive Deficit Procedure and the participation of Greece in the investment plan for Europe. Such factors are in turn assumed to increase trust in the Greek economy, hence allowing such level of GDP growth in 2018.¹⁰

The forecast for the annual real GDP growth rate for Greece in 2018 is also confirmed by the IMF's October 2017 report, according to which it is expected to be 2,6% as against 1,8% of the estimate for 2017.

With regard to the price of crude oil, which significantly affects the gas industry in which DESFA operates, it is noted that, according to the US Energy Information Administration (EIA), the spot price of crude Brent crude in 2017 averaged \$54 / b, an increase of \$10/ b from the 2016 levels. The Brent crude price eventually ended in 2017 close to \$67/b, marking the highest price since December 2014. The increased price in 2017 was in line with the policy of reducing production by OPEC countries that took place during the year. According to the EIA, the conservative increase in crude production in 2018 and 2019 will increase the price of crude to the level of \$60/b.

⁹ As above, Introductory Note on the State Budget of 2016, p.21.

¹⁰As above, Introductory Note on the State Budget of 2016, p.28.



By The New York Times | Source: Reuters

Figure 1- Evolution of Brent prices

B. Natural Gas Market

The gas market has recorded an increase of demand in 2017. The volumes transported to the NNGTS exits amounted to **4.642.869.559 Nm³**, compared to **3.835.318.225 Nm³** in 2016 (an increase of 21,06%). In energy terms, **53.570.256.134 kWh** of Gas was transported in 2017, compared to **44.419.901.361 kWh** over the previous year, an increase of 20,6%. The differentiation of percentage observed in energy terms is due to the lower average calorific value of natural gas in 2017 compared to 2016. An increase of the actual peak demand by 20,33% was noted within 2017 compared to 2016 (23.580.220 Nm³/d versus 19.596.897 Nm³/d in 2016).

The following graph shows the development of the natural gas consumption in the country between 2007 and 2017, per consumption category.

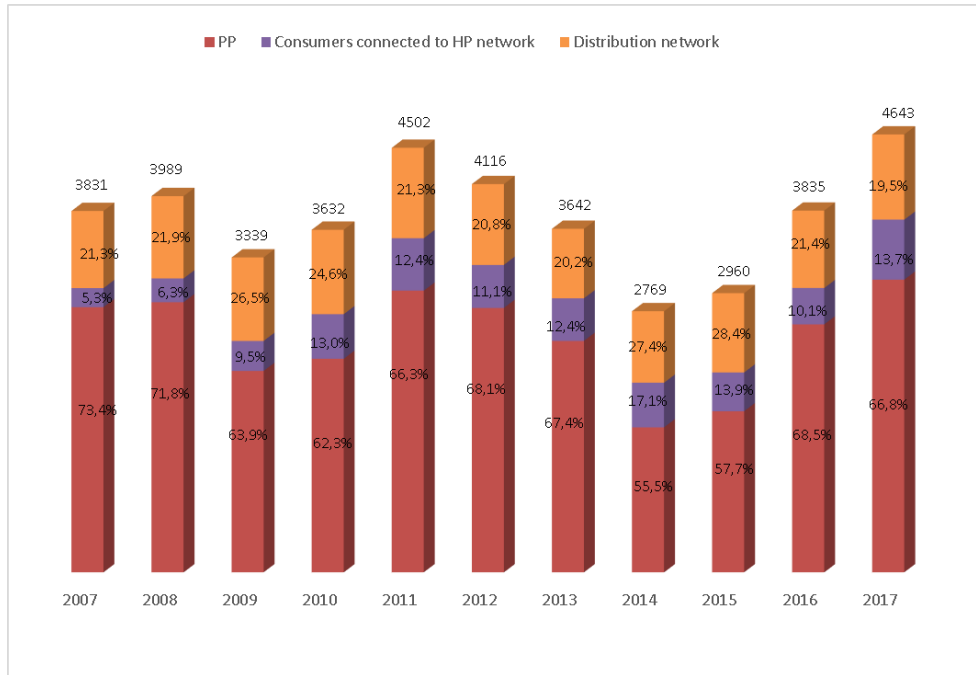


Figure 2. Consumption Rates of Natural Gas 2007 – 2017(mil.Nm3)

Analyzing the growth trend from 2016 to 2017 per category of consumption, it is noted an upward trend basically occurred due to the increase of consumption by the power producers sector, that consist the 66,8% of the total demand. The consumption of natural gas distribution networks (small industry and household and commercial consumers) increased by 10,05%, while in big industry sector (consumers connected directly to the transmission system other than power producers) an increase in consumption of 64,9 % was recorded.

Part of the aforementioned increase of consumption of natural gas that occurred by Power Producers and by distribution networks is due to the extreme weather conditions in the beginning of the year in Greece. However, beyond the weather conditions, a significant increase occurred within the end of year 2016 due to the increased demand for power production generated by the limited energy production of France’s nuclear plants causing a Europe-wide energy deficit. Electricity production has replaced imports and led to a significant increase in exports. This trend was evident at the beginning of 2017 and led to peak demand recorded on 12/1/2017.

In 2017, the share of the natural gas in electricity generation rose to 31,5% from 26,6% in 2016. In addition, total electricity generation increased to 52.04 TWh from 51.24 TWh in 2016 (1,56% increase)

The increase in the big industry sector, that was already evident by late 2016, is stable and evenly distributed throughout the year 2017.

Finally, it should be noted that the decline of consumption observed in the distribution networks sector in 2016 was reversed within 2017 with an increase of 10,05%, that is partially attributed to the unfavorable weather conditions but also due to the gradual development of active connections.

The increase in consumption in the large-scale industry and distribution networks can be seen as an indication of Greece's emerging economic growth.

The annual load factor was 0,54 (at 2016 levels) and the arithmetic mean of the monthly load factors was 0,76 (versus 0,74 in 2016).

In 2017, imports of natural gas were by 58,76% from the Greek-Bulgarian border (compared to 64,82% in 2016), 12,39% from the Greek-Turkish border (compared to 15,83% in 2016) and the remaining 28,85 % as LNG by Revythousa (compared to 19,35% in 2016). 30 LNG cargoes were unloaded in 2017 (compared to 18 in 2016). There is, therefore, a significant increase in the share of LNG in the Greek natural gas market.

II.2 Business Developments

The major Business Developments were:

Operation & Maintenance of NNGS

- Successful operation, management and maintenance of the NNGS was continued, according to the provisions of the NNGS Network Code, with an important milestone that of the successful management of the natural gas crisis between 09.01.2017-13.02.2017 according to the Emergency Plan and the successful management of emergency situation of Lavrio branch between 12-16.03.2017. It is also worth mentioning the realization of intelligent pigging inspection on the two submarine pipelines between the LNG terminal and the Agia Triad station, as well as in northern Thessaloniki (Pentalofos - Diavata area) and eastern Thessaloniki (Drymos - Asvestohori).
- Throughout 2017, cooperation between DESFA and TAP continued, in accordance with the relevant Cooperation Agreement, between the corresponding Working Groups set up for this purpose, with the final aim to agree on the Operation & Maintenance Agreement for the operation and maintenance by DESFA of the Greek section of the TAP pipeline. Contacts with Albanian Albgaz were also conducted and DESFA submitted a proposal for the operation and maintenance of the Albanian section of the

TAP pipeline in collaboration with Albgaz following an international invitation by the latter.

- The market investigation was completed and the procedures for the development of a "Integrity Management System" of the NNGTS with the procurement of PIMS (Pipeline Integrity Management System) software were launched.
- A system of training and certification for O & M staff was developed and the procedures for the establishment of a training center in Nea Mesimvria began.
- DESFA has been included in the list of pre-selected companies to provide service and maintenance services at Kuwait's new Al-Zour LNG terminal, scheduled to be operational by the end of 2020

Regulatory issues

- Amendment of the Tariff Regulation by RAE in cooperation with DESFA. The main points for the amendment are the restructuring of tariffs revisions and the clarification of the recovery mechanism of the Old Recoverable Difference. The new Tariff Regulation was approved by RAE with Decision 871/2017 (GG B 3720/ 20.10.2017). Following that the updated tariffs were approved with RAEs' decision 997/2017 (GG 4737/29.12.2017)
- The completion of the draft of the 3rd Revision of Network Code as well as the Standard Agreement for Transmission and LNG. The code was approved by RAE on March 2017, while its application begun from 1st of June. The third revision of the Code includes, among others, provisions for the harmonization of the legal framework with European Codes on Capacity Allocation Mechanism, on Balancing and Interoperability (EE 459/2017 -CAM, EE 312/2014-BAL, EE 703/2015-INT)
- DESFA made the drafting of the 4th Revision of the NNGS Network Code to incorporate the requirements of the European Balancing Regulation (EE 312/2014). In the context of this review, a Balancing Platform is planned in which DESFA can conduct gas purchases for the purpose of balancing, as well as the creation of a Virtual Trading Point for the transaction of gas quantities between Users, without the prerequisite booking Transmission Capacity in the NNGTS. For this reason, DESFA is in advanced discussions with the Athens Exchange Group (ATHEXGroup) for the provision of services related to the development of an appropriate Balancing Platform on behalf of the TSO.
- The development of a Transitional Information System of Regulated Natural Gas Services for the management of NNGS Users, contracts, nominations / re-nominations, confirmations, allocations, invoicing etc. was completed and is already in use. Also, in

order to meet the new requirements resulting from the proposed 4th revision of the NNGS Code, the preparation of the necessary new functions to be developed in the system was launched,

- The signature on June 2017 of the 2nd version of Interconnection Agreement between DESFA and BULGARTRANGAZ, which applies at the Interconnection Point “Kulata / Sidirokastro” pursuant to the provisions of the European Codes (INT, BAL, CAM). Following that DESFA entered into negotiations with TAP in order to conclude a similar agreement for the interconnection point of the two systems in Nea Messimvria. Similar actions have been taken with the Distribution System Operator of Attiki (EDA Attiki) in Distribution Network Exit Point Attiki.
- On 19 July 2017 an agreement was signed in Bucharest between the TSOs of Greece, Bulgaria, Romania, Hungary and ICGB AD for the development of the Vertical Corridor.
- The successful completion of NNGS Development Study for 2018-2027 and of the draft Development Plan for 2017-2026. The latter one is expected to be approved by RAE beginning of 2018.
- DESFA participates in the European Network of Transmission System Operators for Gas (ENTSOG) established by the European Regulation 715/2009, as well as in the Association of the Gas Infrastructure Operators GIE (Gas Infrastructure Europe), and within this framework, it coordinates action with other EU TSOs to optimize the development and implementation of the relevant European regulatory framework.

Projects under construction

- Purchase of PPE and intangible assets for the year 2017 amounted to Euros 23.987.755,41 including the own production of Euros 3.673.189,45 plus 1.220.808,14 from the capitalization of the interest during construction, ie. a total of Euros 25.208.563,55.
- The above investments are mainly related to the progress of the construction of the 2nd Upgrade of Revythoussa, which is expected to be completed in the second half of 2018. The project includes the subprojects "Engineering, procurement and Construction of the 3rd tank", "Upgrade of LNG regasification rate from 1,000 to 1,400 m3 LNG/hour" and “Jetty Upgrade to accommodate ships up to 260,000 m3 & from 1000 m3 LNG and above”.
- Successful completion of M/R for the connection with ELPE facility, the M/R station for the connection of Farsala, as well as the M/R stations for Thessaloniki.

- Projects “Upgrade of Electrical and electronic equipment, billing system and for SCADA field in M/R stations” and “Upgrade of DESFA’s fixed communication” are progressing and expected to be completed within 2018.
- CNG of A. Liossia & Anthoussa (Projects for the connection of Users): The construction of Anthoussa station was awarded in the 4Q of 2017, and is expected to be completed within the 1st half of 2018. For A. Liossia the procedure for land investigation began.
- Truck loading station in Revythoussa: The basic design and the preparation of tender documents for the EPC have been completed
- Boil off gas compressor station: The purpose of the project is to eliminate the natural gas emissions and the operation time of the flare in the terminal (excluding any possible emergency cases). The project is in the basic design phase.
- M/R station in Nea Messimvria for the connection of NNGTS with TAP: The project is currently under basic design, safety study and preparation of EPC tender documents
- Upgrade of SCADA in dispatching centers: The project is currently under tender procedure for the EPC.

New projects:

- New jetty for small scale LNG in Revythoussa: The basic design for the project is co-financed from POSEIDON MED-II. The contract for implementation is expected to be signed beginning of 2018 after the completion of the relevant tender procedure.
- Interconnection Greece-FYRoM: The feasibility study for the project in cooperation with MER (TSO of FYRoM) is in progress.
- Interconnection between Greece and Italy: In application of European Regulation 2017/459, DESFA and SNAM received a request in May 2017 to create incremental capacity for the interconnection of the two countries natural gas systems. Subsequently, pursuant to the same Regulation, the two TSOs published the Capacity Assessment Report in July 2017 and then, in October 2017, a preliminary text describing the project, which was launched in a public consultation which was completed in December of the same year. The next steps are being considered to assess the feasibility of implementing the project in accordance with the procedure of the regulation.
- New connection with Kavala Oil (Project for the connection of User): Kavala Oil submitted in 14th of July 2017 a request for the Advanced Reservation of Capacity Allocation for the connection of NNGTS with its facility. After the public consultation of the request DESFA proceeds to the assessment of the request in order for the project

to be included in the List of small Projects, following the signing of the connection agreement with DESFA.

- DESFA participated in the program “POSEIDON - MED II” for the development of small scale LNG facilities in the Mediterranean in the transport sector (under the program Connecting Europe Facility), where has taken over the role of the Technical Coordinator, while being also a beneficiary of some actions of the program. The program includes the execution of studies, as well as the relevant communication and publicity events, and is co-funded by 50% from EU funds. DESFA’ aforementioned studies for a pilot truck loading station and a new jetty on Revithoussa, have been included in this program. The program continues in 2018, as well.
- DESFA submitted in 2017 proposals for co-financing of the construction of its new projects from “Competitiveness, Entrepreneurship and Innovation” (EPAnEK) Operational Program of ESPA 2014-2020. These projects are as follows:
 - Interconnection Greece-FYRoM
 - Small Scale LNG in Revithoussa
 - Compressor station in Ampelia
 - Upgrade of DESFA’s physical security- Center for the control of physical security

While in January 2018 proposals for co-financing from ESPA 2014-2020 for the following projects were submitted:

- Replacement of Metering and control systems on M/R stations of NNGTS
- Upgrade of Nea Messimvria Compressor Station
- Kavala Metering & Regulating (M/R) Station

All the above projects were proposed to RAE for inclusion in the Development Plan for 2017-2026.

Other issues:

- In 2017, studies were carried out concerning the administrative reorganization and improvement of the company.
- The organization, customizing, and development of an electronic platform for procurement purposes was awarded
- Upgrades of information systems (SAP, etc.)

- Finally, it should be noted that in 2017 the company was also invited to support the process of selling 66% of the shares as mentioned above. In this context, all the essential information about the company (Virtual Data Room) was collected and posted on a dedicated electronic access-controlling platform. It was prepared by independent houses Vendor Due Diligence Reports for Economic and Fiscal Data, Technical Data and Legal Data of the company, a Business Plan was prepared for the 10-year period 2017-2026, taking into account the new Tariff Regulation and thorough examination of this was conducted by an independent firm, presentations from the company's management team were performed to the two preselected potential investors including visits to the company's facilities (Management Presentations), and the company responded to the respective Q & A session. All of the above took place in a particularly tight schedule since they began in May 2017 and were completed in early February 2018

III.ECONOMIC PERFORMANCE AND THE FINANCIAL POSITION

III.1 Financial Data and Financial Position of the Company

For the preparation of the financial statements during the eleventh fiscal year (2017), the International Financial Reporting Standards (IFRS) and the applicable Greek tax legislation were implemented.

The Profit and Loss Account Statement with administrative accounting presentation that facilitates the conclusion of results for the company's financial performance, is presented in the table below¹¹

Income Statement Actual 2017 vs Actual 2016 (in '000 Euros)	Actual Ytd December 2017	Actual Ytd December 2016	Difference Act 2017 vs Act 2016	Act 2017 vs Act 2016 (%)
Operating Revenues	283.271,60	192.675,49	90.596,11	47,02%
I. Revenues from profit making operations	241.827,14	156.429,78	85.397,36	54,59%
I.1 Regulated Revenues	225.030,60	130.763,95	94.266,64	72,09%
Revenue from use of NNGS	222.285,63	128.231,07	94.054,56	73,35%
Sale of Electricity	1.893,93	1.723,45	170,48	9,89%
Additional Services	851,03	809,43	41,60	5,14%
I.2 Income from Non Regulated Services	2.883,89	2.727,61	156,28	5,73%
I.3 Connection Fees	2.378,68	4.972,66	-2.593,98	-52,16%
I.4 Other Revenues (regulated & non-regulated)	11.533,98	17.965,56	-6.431,58	-35,80%
II. Revenues from profit neutral operations	41.444,46	36.245,71	5.198,75	14,34%
II.1 Sale of Balancing Gas and Operating Gas	38.564,12	33.213,14	5.350,98	16,11%
II.2 Security of Supply fees	2.880,33	3.032,57	-152,23	-5,02%

Operating Expenses	105.850,55	88.428,65	17.421,90	19,70%
I. Expenses for profit making operations	64.413,83	52.184,63	12.229,20	23,43%
Personnel Costs	13.596,52	13.613,35	-16,83	-0,12%
Third Party Expenses - Outsourced Services	10.906,28	10.762,56	143,72	1,34%
Third Party Expenses - Other	4.081,71	3.369,67	712,04	21,13%
Third Party Benefits	9.783,13	17.874,40	-8.091,27	-45,27%
Non Income Taxes/Levies	642,62	616,24	26,38	4,28%
Miscellaneous Expenses	4.036,53	3.616,44	420,09	11,62%
Extraordinary Expenses	6.707,14	6.142,36	564,78	9,19%
Pending Lawsuits (Lis Pendens) Provisions	10.925,00	0,00	10.925,00	N/A

¹¹ The individual recordings of the table may differ from those of the general accounting

Bad Debts Provisions	6.573,97	0,00	6.573,97	N/A
Personnel Provisions	122,36	755,75	-633,39	-83,81%
Stored materials consumption	739,67	826,34	-86,67	-10,49%
MINUS Own Production Costs	-3.701,11	-5.392,48	1.691,37	-31,37%
II. Expenses for profit neutral operations	41.436,72	36.244,02	5.192,70	14,33%
II.1 Purchase of Balancing Gas and Operating Gas	38.556,39	33.211,45	5.344,94	16,09%
II.2 Security of Supply compensations/provisions	2.880,33	3.032,57	-152,24	-5,02%
EBITDA	177.421,05	104.246,84	73.174,22	70,19%
Depreciation	55.293,36	56.902,61	-1.609,26	-2,83%
Amortisation	-11.354,75	-11.675,19	320,44	-2,74%
EBIT	133.482,44	59.019,42	74.463,03	126,17%
Interest Income	2.069,89	1.490,89	578,99	38,84%
Interest and Other Related Expenses	-9.589,57	-10.770,35	1.180,79	-10,96%
Exchange Rate Differences (Revenue)	66,01	180,93	-114,91	-63,51%
Exchange Rate Differences (Expense)	-89,04	-135,17	46,13	-34,13%
EBT	125.939,74	49.785,71	76.154,03	152,96%
Income Tax	35.362,25	9.242,98	26.119,27	282,58%
Deferred Tax	4.941,85	6.216,36	-1.274,50	-20,50%
Profit After Tax	85.635,64	34.326,38	51.309,26	149,47%
Statutory reserve	4.471,00	1.767,50	2.703,50	152,96%
Dividends	45.500,00	16.331,95	29.168,05	178,60%

The total revenue of the company during the eleventh fiscal year amounted to **283.271,60** thousand Euros, compared to 192.675,49 thousand Euros of the previous fiscal year, analyzed from a general accounting point of view in operating income of 268.696,66 thousand Euros (company's turnover) and other (extraordinary) revenues amounting to 14.574,95 thousand Euros.

- The main income, namely the regulated income from the NNGS usage charges, including the income in the amount of 851,03 thousand Euros from additional services

and the income of 1.893,93 thousand Euros from the electricity sale to LAGIE, amounts to **225.030,60** thousand Euros, compared to 130.763,95 thousand Euros in 2016 (increase by 72.09%). The above-mentioned regulated revenues correspond to 93,06% of the total profit-making revenues (i.e. excluding revenues from sale of balancing gas& operational gas and from security of supply levies).

- Revenues from non-regulated services, which services include, but are not limited to, the operation and maintenance of medium and low pressure distribution networks, technical support services for distribution networks, etc. amounted to **2.883,89** thousand Euros, compared to 2.727,61 thousand Euros in 2016, contributing to 1,19% of the total profit-making revenues.
- Income from Connection Fees, which according to the Tariff Regulation are paid by the Users who apply for the connection, whereas the assets corresponding to them are not included in the Regulated Asset Base and their depreciation is not recovered by the tariffs, amounted to 2.378,68 thousand Euros versus 4.972,66, thousand Euros in 2016 contributing to 0,98% of the total operating revenues.
- The extraordinary and other income, which include income from the use of provisions in the amount of **5.685,73** thousand Euros, as well as income from YPEHODE¹² due to pipeline displacement, amount of **3.393,71** thousand Euros contributed to the remaining 4,77% of the total operating revenues. It shall be mentioned that the allocation of such revenues in various categories takes place in a later stage.

It is also noted that, in terms of general accounting, extraordinary and other revenue includes revenue from connection fees as well as extraordinary income related to non-profit activities- these are included in the above table in the corresponding (other) titles for purposes of administrative accounting presentation. Thus, in the general accounts, extraordinary and other income amounts to Euros 14.574,95 thousand Euros.

- The revenue from the sale of balancing gas and operational gas amounted to **38.564,12** thousand Euros (35.303,17 thousand Euros from balancing gas and 3.260,95 thousand Euro from operational gas). The revenue from security of supply levy amounted to **2.880,33** thousand Euros. These revenues are set off by corresponding expenses or provisions for expenses and do not affect the profitability of the company.
- The non-operating income of the company amounted to **11.420,76** thousand Euros (grants amortization for acquisition of fixed assets amounting to 11.354,75 thousand

¹² Formerly named Ministry of the Environment, Physical Planning and Public Work

Euros and foreign exchange differences amounting to 66,01 thousand Euros), compared to 11.856,12 thousand Euros of the previous fiscal year.

- The capital income (interest income, interest on pre-payments) amounted to **2.069,89** thousand Euros, compared to 1.490,89 thousand Euros of the previous fiscal year.

The **operating expenses** for the fiscal year 2017, without the expenses that refer to profit neutral activities (purchase of balancing gas & operational gas and security of supply compensations/provisions), amounted to 64.413,83 thousand Euros, compared to 52.184,63 thousand Euros in 2016. From the opex of 2017 23.184,70 thousand Euro refer to non-recurring costs: (a) Provisions for third party claims against DESFA, which are pending in court, amounting to 10.925,0 thousand Euros, which were formed by taking 50% of the claims not referring to projects on 31.12.2017 with a 50% surcharge on interest on arrears and deducting the provision already existing on 31.12.2017; (b) bad debt provisions of 6.573,97 thousand Euros relating to unpaid invoices; and (c) payment of compensation under a court decision of 5.685,73 thousand Euros (including interest on late payment and court costs - this payment did not affect the economic results of the company as a reversal of relevant provision took place). For 2016, non-recurring expenses amounted to 15.231,56 thousand Euros (see financial statements 2016).

Excluding the above non-recurring expenses, the operating expenses of 2017 amounted to 41.229,13 thousand Euro versus 36.953,0 thousand Euros of 2016. The difference of 4.276,06 thousand Euro is due to (a) a reduction in the consolidation of cost (own production) by Euros 1.691,37 thousand Euros between 2016 and 2017, (b) payment to employees' compensation insurance program of 817,64 thousand Euros. This payment will be repeated, but it is considered that it does not materially affect the profits as the relevant provision is reduced accordingly (c) an increase in the cost of maintenance of the NNGS by 333,09 thousand Euros, (d) an increase in the fees of consultants by 625,07 thousand Euros due to the needs for the company's activities, including for the sale of 66% (e) prior year expenses (an increase of 438,47 thousand Euros compared to 2016 - it is classified as extraordinary expenses); (f) the difference of 370,42 thousand Euros is due to various changes in operating expenses.

Financial expenses (including loan interest and expenses, fees on guarantee letters, exchange rate differences etc.) amounted to **9.589,57** thousand Euros, compared to 10.770,35 thousand Euros in 2016, resulting in a 10,96% decrease.

Depreciation amounted to **55.293,36** thousand Euros, compared to 56.902,61 thousand Euros in 2016 (almost at the same level).

Profit before tax, in accordance with IFRS, amounted to **125.939,74** thousand Euros compared to 49.785,71 thousand Euros in the previous year, showing an increase of 152,96%. Profit after tax amounted to **85.635,64** thousand Euros, compared to Euros 34.326,38 thousand in the previous year, showing an increase of 149,47%. Operating profit before tax, depreciation and amortization (EBITDA) amounted to **177.421,05** thousand Euros compared to 104.246,83 thousand Euros of the previous year, showing an increase of 70,19%.

From the aforementioned profits after tax, a statutory reserve of 4,471.00 thousand Euros will be formed and a **dividend of 45.500,00 thousand Euros** will be distributed, which corresponds to 56,058897078% (minimum 35% distribution obligation), provided that this proposal will be approved by the Supervisory Board of the company.

Regarding the assets of the company on 31 December 2017, the balance sheet (in Euros) is presented below:

STATEMENT OF FINANCIAL POSITION

ASSETS	31/12/2017	31/12/2016
Fixed assets		
Tangible assets	1.227.629.905,92	1.252.743.419,20
Intangible assets	13.917.138,55	14.530.649,19
Investments in associates	355.000,00	355.000,00
Long-term receivables	260.555,87	260.475,87
Total Fixed Assets	1.242.162.600,34	1.267.889.544,26
Current assets		
Inventories	19.764.739,81	17.851.708,52
Trade and other activities	80.117.835,92	72.879.424,12
Cash and cash equivalents	227.775.655,09	145.894.325,07
Total current assets	327.658.230,82	236.625.457,71
TOTAL ASSETS	1.569.820.831,16	1.504.515.001,97
LIABILITIES		
EQUITY		
Share capital	639.051.017,76	639.051.017,76
Reserves	25.292.857,50	20.821.857,50
Profit (Loss) carried forward	257.428.933,01	192.558.215,14
Total equity	921.772.808,27	852.431.090,40
OBLIGATIONS		

Long term liabilities		
Borrowings	197.021.235,26	222.822.666,35
Employee rights	3.972.433,50	5.914.139,82
State grants	256.880.839,86	260.905.661,24
Other provisions	57.989.659,07	44.579.956,61
Other long-term liabilities	145.000,00	146.000,00
Deferred tax liabilities	18.124.867,26	13.167.417,28
Total long-term liabilities	534.134.034,95	547.535.841,30
Short-term liabilities		
Suppliers and other liabilities	47.599.916,76	67.070.819,58
Borrowings	25.801.431,10	26.738.931,11
Short-term tax liabilities	40.512.640,08	10.738.319,58
Total short-term liabilities	113.913.987,94	104.548.070,27
Total liabilities	648.048.022,89	652.083.911,57
TOTAL EQUITY & LIABILITIES	1.569.820.831,16	1.504.515.001,97

The total tangible fixed assets at 31.12.2017 amounted to **1.242.162,60** thousand Euros, which includes Tangible and Intangible Assets, Investments and Long-Term Receivables, compared to the amount of **1.267.889,54** Euro thousand for 31.12.2016.

Inventories as of 31.12.2017 amount to **19.764,74** thousand Euros, compared to **17.851,71** thousand Euros on 31.12.2016.

The total **receivables** (Clients and Other Receivables) as of 31.12.2017 amounted to **80.117,84** thousand Euros, compared to 72.879,42 thousand Euros on 31.12.2016.

The cash and cash equivalent as of December 31st, 2017 increased to **227.775,66** thousand Euros (from which 17.331,46 thousand Euros are the financial guarantees of Users) compared to 145.894,32 thousand Euros on 31.12.2016. This does not include security of supply account of 10.776,31 thousand Euros (special deposit account), which is included in Receivables ("Customers and Other Receivables")

Borrowings on 31.12.2017 amounted to **222.822,67** thousand Euros and relate to loans received from the European Investment Bank and the National Bank of Greece, compared to 249.561,60 thousand Euros of the corresponding previous year. All loans have been guaranteed by the Greek government.

Net grants on 31.12.2017 amounted to **256.880,84** thousand Euros, compared to 260.905,66 thousand Euros on 31.12.2016.

The **Other liabilities** (short and long term) amounted to **168.344,52** thousand Euros, compared to 141.616,65 thousand Euros of the previous fiscal year.

Total Equity at the end of the eleventh fiscal year (01/01/17 to 31/12/17) amounted to **921.772,81** thousand Euro compared to 852.431,09 thousand EUR at the end of the tenth fiscal year, increased by 8,13 % and is analyzed in share capital of 639.051,02 thousand Euros (in 7.258.644 shares of DEPA SA), statutory reserves of 25.292,86 thousand Euros and retained earnings of 257.428,93 thousand Euros.

III.2 Financial and Profitability Ratios

The company's key financial ratios for the years 2017 in comparison to those for 2016 are as follows:

RATIOS2017&2016

A. Economic Structure Ratios

		2017	2016
	(in thousand Euros)		
1	$\frac{\text{TOTAL CURRENT ASSETS}}{\text{TOTAL ASSETS}} = \frac{327.658}{1.569.821} =$	0,21	0,16

This index represents the proportion of funds allocated in current assets.

2	$\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL EQUITY}} = \frac{648.048}{921.773} =$	0,70	0,76
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This index reflects the economic self-sufficiency(sustainability) of the financial unit.

3	$\frac{\text{TOTAL CURRENT ASSETS}}{\text{SHORT TERM LIABILITIES}} = \frac{327.658}{113.914} =$	2,88	2,26
---	---	------	------

This index reflects the general liquidity of the financial unit. Good rate>1

4	TOTAL CURRENT ASSETS-CURRENT ASSESTS	=	307.893	=	2,70	2,09
	SHORT TERM LIABILITIES		113.914			

This index reflects the immediate liquidity of the financial unit. Good ratio>1

5	BORROWINGS	=	222.822	=	19,47%	22,65%
	BORROWINGS & TOTAL EQUITY		1.144.595			

Gearing ratio shows the company's borrowing risk. According to the tariff Regulation the index cannot exceed 50%.

B. Profitability Ratios

6	PROFITS BEFORE TAXES	=	125.940	=	13,66%	5,84%
	TOTAL EQUITY		921.773			

This index reflects the return on equity.

7	NET PROFIT FOR THE PERIOD	=	85.636	=	9,29%	4,03%	ROE
	TOTAL EQUITY		921.773				

This index reflects the return on equity.

8	NET PROFIT FOR THE PERIOD	=	85.636	=	5,46%	2,28%	ROA
	TOTAL ASSETS		1.569.821				

This index shows the return on invested capital.

It stems from the above that the company's return for the year 2017 and its financial position on 31/12/2017 is satisfactory.

IV. RISK MANAGEMENT

IV.1 Macroeconomic Risk

The main significant risk remains the course of the Greek economy, including developments in the restructuring program of the Greek debt. The different scenarios and the various ways of dealing with them can by no means be predicted to their totality. Meanwhile the Company monitors the developments closely and adjusts its operation and its planning depending on those developments.

It is also noted that the Tariff Regulation greatly mitigates the impact of any adverse developments in this area.

IV.2 Regulatory Risk

In 2017 the Tariff Regulation, as well as the Tariff Decision, were updated as mentioned above in Section II-2. Pursuant to said RAE Decisions, the issue of the recovery of the Old Recoverable Difference was settled. Also, a mechanism for extraordinary tariff adjustment was introduced in cases of significant over / under-recovery as well as a rapid recovery of the Old Recoverable Difference in cases of significant over-recoveries. Moreover, it was introduced the equalization of the entry fee rates, both for the charging of capacity and the charging of commodity. The tariff for the use of NNGS was adjusted to reflect the updated 2018 demand data, the budgeted Recoverable Difference for 2017, and the Required Revenue for Recovery for 2018 (validity of the new tariff from 1.5.2018). The new Tariff Regulation significantly reduced the risk of under-recovery of the required revenue and the risk of non-recovery of the Old Recoverable Difference.

For 2018 a tariff revision is scheduled and of course this comes with a relative uncertainty. However, the European and national legal framework, the provisions of the new Tariff Regulation and the participation of RAE in the respective European organizations (ACER, CEER) ensure to a large extent that the generally accepted European practice in the pricing of the use of NNGS will be followed.

IV.3 Market Risk

The evolution of oil prices. DESFA revenues are affected inversely to the price of crude oil. A sharp increase in oil prices would lead to higher gas prices and a consequent loss of gas competitiveness, particularly in the power sector in comparison to lignite, as well as to a reduction in demand for transported gas quantities. The inability to predict the oil prices in the future makes this parameter a significant risk variable, although the prevailing forecasts for the next 2 years converge to the stabilization of oil prices at prices below 70 \$ / bbl.

CO₂ prices. These prices affect the demand for gas in the same direction, as higher CO₂ prices enhance the competitiveness of gas against lignite. The CO₂¹³ values fluctuated in 2017 between 5 -7.5 Euros / tn CO₂ and the trend is upward. Therefore, this risk is not important.

Competition from RES and the fossil fuel dependence: This is recognized as a long-term risk, although DESFA believes that gas will continue to be part of the energy balance of Greece and Europe in the foreseeable future. In the short to medium term, however, there is no significant risk - lignite decommissioning as well as switching to cleaner fuels in transport and especially in shipping is considered to increase demand for natural gas provided that crude oil prices and gas taxation, which have a decisive impact on final gas prices, will continue to fluctuate at reasonable levels.

Risk of dependence on a limited number of Users: a main risk in principle is the high dependence of the company from a single customer, DEPA SA, since 51,45% of the company's total operating revenues in 2017 (compared to 60,21% in 2016) come from the latter. Specifically, 51% of operating revenues from usage of NNGS came from DEPA (compared to 59% in 2016). Furthermore, 52% of operating revenues from additional services and 100% from non-regulated services came from DEPA and DEDA (the percentages in the last case are not different from those of 2016). This is due to the dominant position of DEPA in the natural gas supply market. This risk though is not important due to the financial soundness and reliability of DEPA. Besides, the dependence factor has been decreasing.

In general, the market risk is not borne by DESFA in accordance with the Tariff Regulation as there is a mechanism for adjustments and revisions of tariffs. Nevertheless, the existence of a natural gas market with upward prospects in Greece and the neighboring area (as foreseen in the Development Study 2018-2027 published on the DESFA website) ensures the stability of DESFA's operations and creates new investment opportunities.

¹³ <https://www.eex.com/en/market-data/environmental-markets/auction-market/european-emission-allowances-auction#!/2018/02/06>

IV.4 Financial risk

Interest rate risk: Interest rate risk arises from long-term and short-term borrowings. On 31.12.2017 the total sum of long and short term borrowings was fixed rate loans. Therefore, the company does not face an interest rate risk.

Foreign exchange risk: The company does not face a currency risk, as the total assets and loan liabilities are denominated in Euros.

Banking risk: Due to the large amount of deposits (227,8 million Euros as of 31.12.2017), the company is exposed to the risk of an eventual capital deficiency of banks where they are deposited. This risk is addressed by spreading deposits to all banking institutions that have completed their recapitalization and have an acceptable level of financial reliability. For this purpose, the company adopted a new Regulation on Cash Reserves Administration Policy in 2017 following a relevant study.

Loan risk: Since the company's gearing ratio, i.e. the ratio of total loans to the sum of total loans and total equity, on 31.12.2017, was equal to 19,47% (compared to 22,65% in the end of 2016), it is evident that the debt risk of the company is very low. Under the current regulatory framework, this ratio should not exceed 0,50 (par. 3 of Art. 6 of the Tariff Regulation).

IV.5 Credit risk

The credit risk of the company is small. The clients' payments are made to the company by the end of the month of the corresponding invoices, relating to transactions in the previous month. The company's payments to suppliers are generally 45 days after the issuance of the respective invoice, except for the gas procurement for balancing purposes and the procurement of operational gas, which follow the respective deadlines similar to those that DESFA imposes to its clients.

Apart from the outstanding amounts receivable from LAGIE which are lagging payment, generally no problem occurs in the collection of the company's receivables.

IV.6 Liquidity Risk

The liquidity risk is kept at low levels through the availability of sufficient cash and credit limits. To ensure this there is a respective provision in the Tariff Regulation (par. 6 of article 4 of Tariff Regulation) and in the Regulation on Cash Reserves Administration Policy of the company. The cash retained by DESFA exceed this requirement.

Regarding the handling of the Security of Supply Account, the company, in cooperation with RAE, has introduced the appropriate safeguards so as to prevent any liquidity risk related to this activity.

Therefore, it can be said that the company faces no liquidity risk, subject of course to the overall situation of the Greek economy.

IV.7 Accident risk

Plant safety is the first priority for companies like DESFA. It is ensured by the adoption of strictest safety standards when designing systems, by certifying the application of the specifications during the construction by an independent accredited certification company and by the application of preventive inspection and maintenance protocols as well as the continuous training of operating staff. Measures are also taken for the security of the company's IT systems.

From the above it is concluded that DESFA is a low risk company. However, in order to ensure that, the company follows risk management policies with the aim to apply policies that minimize the negative effects that risks can bring with regards to the financial position and performance of the company. The Company's Management reviews and revises periodically the relevant policies and procedures.

V. TRANSACTIONS WITH AFFILIATED PARTIES

The company's transactions with affiliated parties are as follows, noting that as affiliated companies are considered those referred in the Article 42e, par. 5 of Law. 2190/1920:

(in thousand Euro)

Amount in thousand Euros	31/12/2017	31/12/2016
Receivables from		
DEPA S.A.	27.888	19.275
EPA ATTICA S.A.	2.730	3.616
EDA THESSALONIKI-THESSALY SA	28	2.951
DEDA A.E.	901	0
EDA ATTICA S.A.	25	0
EPA THESSALONIKI-THESSALY SA	1.735	0
	33.308	25.842
Liabilities to		
DEPA S.A.	13.740	31.599
EPA ATTICA S.A.	19	1.651
EPA THESSALONIKI-THESSALY SA	344	0
EDA THESSALONIKI-THESSALY SA	0	3.025
	14.102	36.275
	31/12/2017	31/12/2016
Revenue from		
DEPA S.A.	175.016	117.150
EPA ATTICA S.A.	10.454	8.762
EDA THESSALONIKI-THESSALY SA	234	6.932
EPA THESSALONIKI-THESSALY SA	18.163	0
EDA ATTICA S.A.	116	0
DEDA S.A.	3.088	0
	207.071	132.844
Expenses to		
DEPA S.A.	40.539	30.292

The above figures include transactions that concern gas balancing and operation gas.

VI.2 Board Members Remuneration

(in thousand Euros)

	31/12/2017	31/12/2016
Fees - Other Benefits to BoD members	65	114

Fees - Other Benefits to SC members	114	119
	179	233

Note: the above amounts refer to the compensation of the BoD members and Supervisory Board members for attending the Board meetings.

V.3 Participation in subsidiaries

DESFA participates with 50% (the remaining 50% is owned by OAO GAZPROM) in the company «SOUTH STREAM PIPELINE GAS SA" which was established and registered in the Companies Register of the Prefecture of Athens under no. 69873/01AT/B/10/198, on 13.07.2010. This company is in a “hypnotic state” after OAO GAZPROM, by letter on 20.03.2012, informed DESFA that it currently does not intend to proceed with the implementation of the Southern branch of SOUTH STREAM pipeline (which would have passed through Greece). In 2017, earnings before taxes of the company amounted to Euros - 18.028,27 (loss) and the respective tax was zero. On 31.12.2017 the total equity of the company was Euros 572.170,48, of which Euros 710.000 refers to the share capital and retained earnings (losses) to Euros-137,829.52 thousand. The total assets (and liabilities) at 31.12.2017 were Euros 603,468.73 thousand.

The income statement and balance sheet of the company are not incorporated in the financial statements of DESFA, but are consolidated with those of DEPA SA.

**VI. SIGNIFICANT EVENTS FROM THE END OF THE FINANCIAL YEAR
UNTIL THE DATE OF SUBMISSION OF THIS REPORT**

Until the date of this report no other event has occurred that could significantly affect the financial position and the company's course.

Athens, 8/2/2017

By authorization of the Board of Directors

Sotirios Nikas

Chairman of the BoD and Chief Executive Officer

We verified the agreement and correspondence of the content of the Management Report pages 1-33 [34 in the Greek version] with the Financial Statements for the fiscal year 2017, as mentioned in the Audit Report provided.

Halandri, 09 February 2017

The Certified Public Accountant Auditor

BATSOULIS GEORGIOS

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