GROUP OF COMPANIES
HELLENIC RAILWAYS ORGANIZATION

ANNUAL FINANCIAL REPORT

for the year 2016

(from 1 January to 31 December 2016)

In compliance with Article 4, Law 3556/2007

(amounts in € thousand unless otherwise mentioned)

Athens, 29 June 2017

GROUP OF COMPANIES HELLENIC RAILWAYS ORGANIZATION
Karolou 1-3 – PC 10437 Athens

Societe Anonyme Reg. Num.: 1967/98/B/86/02/23.08.1991
G.E.M.I. Reg. Num. : 000779701000

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A. Representations of the Board of Directors

(under Article 4, par. 2, Law 3556/2007)

The below statements are made by the following Members of the Board of Directors of the Company in compliance with Article 4, par. 2, Law 3556/2007 as currently effective:

1. GEORGIOS APOSTOLOPOULOS, CHAIRMAN OF THE BOARD OF DIRECTORS
2. KONSTANTINOS PETRAKIS, CHIEF EXECUTIVE OFFICER, and
3. DIMITRIOS KIOUSIS, EXECUTIVE MEMBER OF THE BOARD OF DIRECTORS

The following Members who sign the financial statements, under our capacities as Members of the Board of Directors, specifically appointed for this purpose by the Board of Directors of OSE S.A. declare and certify to the best of our knowledge that:

(a) The attached Annual Financial Statements of the company "OSE S.A." for the annual period 01/01-31/12/2016, prepared according to the applicable accounting standards, present truly and fairly the assets and liabilities, the equity and the financial results of the Company as well as of the companies included in the consolidation in aggregate, and

(b) The attached BoD Report provides a true view of OSE S.A. evolution, performance and position, as well as of the companies included in the consolidation in aggregate. A description of the main risks and uncertainties to which they are exposed is also encompassed in the Report.

Athens, 29 June 2017

The designees

CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	EXECUTIVE MEMBER OF THE BOARD OF DIRECTORS
GEORGIOS APOSTOLOPOULOS	KONSTANTINOS PETRAKIS	DIMITRIOS KIOUSIS

B. ANNUAL REPORT OF THE BOARD OF DIRECTORS

Annual Report of the Board of Directors
of "OSE S.A."
ON SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR FY FROM 1/1/2016 TO 31/12/2016

Dear Shareholders,

In compliance with the provisions of Article 43 a, par.3, Article 107, par. 3 and Article 136, par. 2, of Law 2190/1920 the provision of Law 3556/2007 Article 4, par. 2(c), 6, 7 and 8, as well as the decision of the Hellenic Capital Market Commission 7/448/11.10.2007 Article 2 and the Company's Articles of Association, we hereby are submitting the Annual Report of the Board of Directors for the closing corporate year from 1/1/2016 to 31/12/2016.

The current report briefly describes the financial information regarding the Group and the Company for the year 2016, the most significant events that took place within the aforementioned period as well as their effect on the annual financial statements. Moreover, it provides a description of the main risks and uncertainties the Company might be facing within 2017 as well as the most significant transactions that took place between the issuer and its related parties.

(A) FINANCIAL DEVELOPMENTS AND PERFORMANCE DURING THE YEAR 2016

1. Basic Operations of OSE in 2016

Under Law 3891/2010 "Restructure, rationalization and development of OSE Group and TRAINOSE and other provisions for the rail sector, Government Gazette 188 A'/04-11-2010", Law 2671/1998(A' 289) and Law N.4408/2016 (A'135) as currently effective, consolidated OSE key responsibilities pertain to management of the National Railway Infrastructure, i.e. management, exploitation and development of new infrastructure, maintenance and operation of existing infrastructure and management of railway regulation and traffic security systems.

The Organization structure regarding the year 2016 is as follows:

- **Railroad Systems Department** (the unit in charge of design, supervision and handling line infrastructure issues, bridges and metal constructions, underground and geotechnical works and other effective facilities, preparation of regulations and standards, technology transfer and monitoring of technological developments in superstructure, infrastructure and traffic issues and qualitative monitoring – review of railway lines, machinery register quality control of infrastructure materials conducting laboratory tests of railroad materials).
- **Railroad Line Maintenance Department** (the unit in charge of organizing and monitoring maintenance and renovation of line infrastructure, building, technical structures, bridges and other facilities of the whole network and the direct labor and mechanical equipment execution of works).
- **Electrical Systems Maintenance & Electrification Department** (the unit in charge of organizing and controlling maintenance of electromechanical systems and electrification and signaling project-related direct labor and mechanical equipment).
- **Traffic Department** (the unit in charge of research and design of issues related to organization of transportation, secure traffic of transportation means, apart from cars, effective use of facilities and transportation means and personnel within its competence).
- **Strategic Planning and Development Department** (the unit responsible for issues of strategic planning, network development, investments and project financing, subsidiary monitoring, real estate property monitoring, statistics, quality and international cases management).
- **Professional Training Department** (the unit responsible for design, planning, implementation, monitoring of training courses).

- **Financial Services Department** (the unit in charge of handling the issues that pertain to planning, organization, control and monitoring of the company finances)
- **Human Resources Organization and Management Department** (the unit in charge of the company human resources issues and organization).
- **IT Department** (the unit in charge of development, support and operation of the Information Systems and applications, Computer Systems and Equipment).
- **Logistics Department** (the unit in charge of supervising and facilitating the supply of all the necessary materials and their management).
- **Legal Services Department** (the unit in charge of legal support in OSE issues and organization of legal services and protection).
- **Internal Control Department** (the unit in charge of management control and other company bodies control as well as conducting research and investigation in relative issues).

- **Northern Greece Railroad Support Department** (the unit in charge of data collection, conduct of research sand submission of proposals on administrative - economic and infrastructure issues for the region of Northern Greece and of the company representation in this region).

- **Healthcare and Work Safety Service** (the unit responsible for developing Regulations and Manuals in respect of Health and Safety at Work and implementation of the institution and services of Safety Technicians and Occupational Physicians).

- **Security Management Department** (the unit responsible for establishing the Safety System management and monitoring its implementation, as well as for obtaining Safety Approval from the Safety Authority).

- **Emergency Policy Planning Service** (the unit that covers the needs of the Company in exceptional circumstances, having the responsibility to alert the authorities, the police, and the inner Mechanism of the Company).

- **Media and Public Relations Service** (the unit that renders services of promoting the Company operation and expresses its standpoint in the Media).

Following as at 1 March 2012 decision of the Minister of Transportation and Networks, Num. F8/30400/3540 Government Gazette 698 / B /9-3-2012, there were established new Internal Regulations of OSE Operation, which include the administrative structure of the organizational units of OSE and their responsibilities as well as Labor Regulations. According to the aforementioned, the Organization structure is changed – the diagram is presented in Non-financial reporting unit.

2. Summary of Corporate and Consolidated Results

The year 2016 generated the results presented on the following pages on separate and consolidated basis.
As in previous years there continued significant progress regarding economic restructuring of the Group, mainly through particular efforts at reduction and rationalizing the expenses.
Consolidated income for the year decreased as compared to the previous year by €7 million or 9.1%, due to a decrease in revenue from ancillary services. Conversely, the reversal of the main source of revenue trend of infrastructure charges is already visible. An improvement is expected in the current two-year period and a sharp rise from 2019, following launching the major modernization projects completed by ERGOSE. The government grant remained stable.
EBITDA for 2016 has been recorded negative.
The results have remained negative for the third consecutive year, however, improved versus the pervious period by 71,9%.

EBITDA for the last eight-year period from continuing and discontinued operations are analytically presented below in thousand euro:

OSE Comparative Results Table (Company)	2009	2010	2011	2012	2013	2014	2015	2016

Income								
Rolling stock maintenance	49.500	49.488	23.202	24.800	0	0	0	0
Rolling stock leasing	42.329	44.248	23.000	18.890	18.254	13.375	0	0
Structure Charges	32.679	30.405	20.056	19.680	20.322	23.171	20.989	21.028
Other Income	72.892	82.422	62.527	14.425	35.151	30.547	10.730	3.578
Government Grants	30	104	106.594	98.583	86.910	53.040	45.000	45.000
Total Income	**197.429**	**206.668**	**235.379**	**176.378**	**160.637**	**120.133**	**76.719**	**69.606**
Expenses								
Payroll Cost	268.124	205.547	126.209	97.330	53.114	50.490	46.215	43.738
Cost of Inventory (Consumables)	55.435	53.694	42.386	10.316	1.131	2.619	2.651	2.157
Other Expenses/Third Parties Fees	62.534	44.680	33.236	34.244	35.617	31.330	14.656	18.070
Cost of Self-production	(58.823)	(59.846)	(27.988)	(19.370)	(8.814)	(6.118)	(4.896)	(5.513)
Other Operating Expenses	152.367	83.949	36.385	24.055	26.977	55.289	84.004	23.017
Total Expenses	**479.636**	**328.024**	**210.229**	**146.576**	**108.026**	**133.609**	**142.630**	**81.470**
(EBITDA)	**(282.207)**	**(121.356)**	**25.150**	**29.802**	**52.612**	**(13.476)**	**(65.911)**	**(11.864)**

OSE Comparative Results Table (Group)	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Income								
Rolling stock maintenance	49.500	49.488	23.202	24.800	0	0	0	0
Rolling stock leasing	42.329	44.248	23.000	18.890	18.254	13.375	0	0
Structure Charges	32.679	29.286	20.056	19.680	20.322	23.171	20.989	21.028
Other Income	76.950	88.365	67.524	18.397	37.273	33.592	10.747	3.713
Government Grants	30	104	106.594	98.678	86.910	53.040	45.000	45.000
Total Income	**201.487**	**211.491**	**240.377**	**180.445**	**162.759**	**123.177**	**76.736**	**69.740**
Expenses								
Payroll Cost	286.835	211.582	137.320	104.603	59.189	56.363	52.061	49.540
Cost of Inventory (Consumables)	55.435	53.694	42.386	10.316	1.131	2.619	2.651	2.157
Other Expenses/Third Parties Fees	69.230	46.350	37.557	37.611	37.461	33.814	15.334	18.607
Cost of Self-production	(83.687)	(60.209)	(27.988)	(19.370)	(8.814)	(6.118)	(4.896)	(5.513)
Other Operating Expenses	153.381	87.405	38.016	26.739	28.677	57.055	84.994	25.556
Total Expenses	**481.194**	**338.820**	**227.292**	**159.900**	**117.644**	**143.734**	**150.144**	**90.347**
(EBITDA)	**(279.707)**	**(127.330)**	**13.085**	**20.545**	**45.115**	**(20.556)**	**(73.407)**	**(20.607)**

As far as the expenses are concerned, the major payroll costs decreased by 5.4% for the Company and 4.8% for the Group, lower than the projected levels mainly due to the curtailment of withdrawals from the change in pension legislation. The remaining costs have been limited to the expenses that are strictly necessary for the safe operation of the railway infrastructure.

The decrease in revenue as mentioned above, as well as significant outflows for payment of liabilities, mainly pertaining to court decision issued to prior operations of OSE exclusively as infrastructure manager, have resulted in the decrease in the amount necessary for the successful completion of the refurbishment plan for rail infrastructure and liquidity, which is a worrying factor regarding the possibility of completing the Organisation's development program.

Changes in financial sizes and the results of the Group and the Company are presented below as follows:

Turnover: The Company and Group turnover decreased as compared to the previous year by 12,1% and 11,7% respectively.

Gross operating results: Gross operating results of the company declined marginally, reflecting a minor decrease in revenue, as well as the increased level of maintenance of the infrastructure and the restoration of the consumption of electricity to normal levels. The company's operating results decreased by € 6,1 million or 2,7% and the Group's by € 6,7 million or 2,9%.

EBITDA: EBITDA at the Group level for the year 2016 stood at €-20,6 million versus €-73,4 million the last year (at the Company level, EBITDA stood at €-11,8 million versus €-65,9 million last year). In the current year, EBITDA margin for the Group increased and stood at -98% versus -350% last year. At the Company level, the margin for the current year stood at -56% versus -314% last year.

Administrative expenses: Administrative expenses continued to decrease as it is observed the last years administrative expenses. At the Company level, administrative expenses decreased by €2,1 million (from 17,3 million € to 15,1) or by 12,4%, while at the Group level – by €2,3 million (from 20,1 million € to 17,8 million) or 11,5%).

Other Operating Expenses: Other operating expenses included in EBITDA calculation returned to regular levels after at least 2 consecutive years, when they were particularly high due to provisions for subsequent compensation to local government, return of rentals to the state and social security contributions to IKA. Therefore, they are reduced to 76.7% for the Group and 79.4% for the Company. The corresponding financial decreases stood at € 65 million and € 67 million respectively.

Earnings after tax: The loss for the closing year for the Group stood at €250,3 million decreased by 50,6% versus the previous year (for the Company, loss for the closing year stood at €241,8 million, decreased by 51,3% versus the last year. The improvement is due to lower financial expenses as the outstanding loan balance has decreased, as well as the fact the Greek State has undertaken loan liabilities to EUROFIMA.

ERGOSE, respectively, presented profit after tax of €1,3 million, decreased by 58,7% versus last year (€3,2 million mainly due to lower invoicing of operating expenses and fewer guarantees called. In 2016, cash flows from investing activities before VAT stood at €342 million versus €245 in 2015 (an increase of 39,8%) and the respective invoicing at €340,2 versus €266,2 in 2015 (an increase of 27,8%). OSE dividend from profit distribution in 2016 stood at € 485.510,51.

(B) MAIN RISKS AND UNCERTAINTIES

Risk Management Policy

Long-term loans constitute the main financial instruments of the Group. The main purpose of these financial instruments is to provide funding for the operations of the Group. The Group also holds various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. The Board of Directors examines and approves principles for managing each of these risks, which are summarized below as follows:

Risks associate with Business Operations

The Group's operations generate risks that may result from adverse events, such as, above others, accidents, injuries and damage to persons (employees and / or suppliers), environmental damage, damage to equipment and third party property. All these are likely to cause delay or in the worst case, interruption of work on ongoing projects. Of course there are taken all the necessary precautions to avoid such adverse events, but also appropriate insurance policies are issued. We cannot out rule the possibility that the amount of the obligations of the Group companies from such adverse events exceeds the insurance payments received, resulting in some of the obligations required to be covered by the Group companies.

Interest rate risk and foreign exchange risk

The Group loan liabilities concern bank loans and bonds in Euro. The risk of fluctuations in interest rates mainly arises from loan liabilities at floating rate of the total bank borrowing, about 32,17% of the Group's loans are of floating interest rate. An increase in floating interest rates by 0,50% is expected to result in a burdening of € 12,5 million in the Company's financial expenses. The group operates in Greece and, therefore, is not exposed to foreign exchange risks related to its operations.

Credit risk

Following the independence of TRAINOSE, receivables from customers have obtained "monopsony" character, since the former subsidiary, is virtually the sole purchaser of goods and services of the Group. Till 2010, all sales to the TRAINOSE were made on credit and the total receivables as at 31/12/2016 stand at € 758,7 million (2015: € 756 million). Within the year 2016, OSE receivables from URBAN RAIL TRANSPORT S.A. stand at euro 16.7 million. Other trade receivables of the Group from the private sector clients amount to € 1.124 k versus € 1.024 k last year.

Under Law 3891/2010, there is provided conditional write off of TRAINOSE debts to OSE, following the approval of the European Commission. The timing, scope and process of recording and write off as well as all the other necessary procedures are determined jointly by the authorized ministers. Cash available of the Group is deposited to Greek commercial bank and BoG.

Liquidity risk

Liquidity risk is always maintained at low levels through the availability of sufficient cash to cover the operational; needs of the Group as well as the Greek Government guarantees for covering the financial needs and loans issued till 2010.

The following table presents the analysis of the Group liquidity risk as at 31.12.2016:

	THE GROUP				
Amounts in € '000	**Until 1 Year**	**From 1 to 2 Years**	**From 2 to 5 Years**	**Over 5 Years**	**TOTAL**
Borrowing	615.000	713.700	775.000	800.490	2.904.190
Other Liabilities	8.113.182	2.490	7.470	7.004	8.130.146
Total	**8.728.182**	**716.190**	**782.470**	**807.494**	**11.034.336**

The Group liquidity risk analysis as at 31.12.2015 is as follows:

	THE GROUP				
Amounts in € '000	**Until 1 Year**	**From 1 to 2 Years**	**From 2 to 5 Years**	**Over 5 Years**	**TOTAL**
Borrowing	1.376.551	615.000	1.488.700	800.490	4.280.741
Other Liabilities	6.547.856	2.490	7.470	10.336	6.568.152
Total	**7.924.407**	**617.490**	**1.496.170**	**810.826**	**10.848.893**

(C) STRATEGY AND PROSPECTS FOR 2017

The role of rail transportation in modern societies is significant primarily for environmental, safety and economy reasons.

In this context, following our Company's vision, as recorded in its business plan and the mission statement made by the Board of Directors on March 29th 2016, OSE is going to implement its strategic objectives that in the middle term have been defined as follows:

1. Economic Viability

i. Increase of revenue from infrastructure management and reduction of costs for maintaining zero EBITDA
ii. Reduction of operating costs.
iii. Definition of infrastructure charges framework.

<u>Increase of revenue from infrastructure management and reduction od costs for maintaining zero EBITDA</u>

- Write-off of OSE debt to the State
- Accounting transfer of grants to future revenues
- Increased use of railway infrastructure
- Operation of Thriassoi Field Selection Center
- Sale of unusable and redundant railway line equipment
- Amendment of Law 4199/2013 on the increase in OSE revenue

<u>Reduction of operating costs</u>

- Generating prognostic maintenance information system
- Generating electronic infrastructure file
- A network of air-to-rail temperature measuring stations

<u>Definition of infrastructure charges framework</u>

- Reviewing the method of calculating the direct cost of charging for the use of the Railway Infrastructure (Infrastructure Fees)

2. Improving quality in the management of infrastructure and traffic through:

i. Improving service efficiency of infrastructure and traffic management.
ii. Introduction of new modern services.

Improving service efficiency of infrastructure and traffic management

- Extending the integrated inventory management system
- Improving the quality of rendered services and reducing the cost of completing new infrastructure projects
- Improving the Infrastructure Maintenance Services for safety and quality of the Greek Rail Network
- Reorganizing the existing rail network
- Maintenance of the existing railroad network
- Conducting studies on Infrastructure and Damage Subsystem Recovery
- Defining regulations, specifications, guidelines, procedures aimed at improving
- Conducting traffic management controls
- Staff recruitment beyond the already planned rates
- Framework Agreement on the conduct of Small-Scale Developmental and Technical Studies.
- Conducting studies on upgrading and development of the Railway Network.
- Improving the management capacity of OSE and ERGOSE and staff training.

Introduction of new modern services

- Introducing new modern services
- Advanced Passenger Service Systems at OSE stations using ICT
- Upgrading and maintenance of railroad recoding machinery

3. Improving Internal Efficiency of Business Procedures.

i. Improving HR Efficiency
ii. Improving organizational and procedural efficiency according to the National and European regulatory framework
iii. Introducing new technology

Improving HR Efficiency

- Providing training and educational facilities

Improving organizational and procedural efficiency according to the National and European regulatory framework

- Improving the effectiveness of the internal control function
- Implementation of a new procurement policy
- Providing Backup Solution and Disaster Recovery Site
- TAF / TAP system
- Review of the organizational chart - Amendment
- Defining a Legal Framework for the Operation of Railroad Transport in Greece
- Supply, customization and operation of Payroll and Personnel Management Information System

Introducing new technology

- Transfer of OSE structures and systems to Public Cloud environment

- Files digitization and documentation

4. Meeting the Regulatory Requirements for the Railway Market

i. Works Certification
ii. Standard Contract of Use of Infrastructure
iii. Improvement of Railroad Network Efficiency

Projects Certification

- Certification of projects - Compliance with European and national regulatory requirements.
- Compliance of network and projects with Interoperability requirements.
- Generation of Railway Infrastructure Registry.
- Completion and implementation of the safety management plan.

Standard Contract of Use of Infrastructure

- Reorganization/modernization of traffic regulations framework
- Network Statement

Improvement of Railroad Network Efficiency

- Efficiency engorgement system

The framework of the actions described above, stems from the provisions of the Law 3891/2010 and is adequately analyzed in terms of timetable, resources and economic data in the approved Business Plan of OSE for 2016 - 2020.
The year 2017 will be the year when the aforementioned activities will continue, aiming at restructuring and modernization of OSE at economic, institutional and operational level. The Company estimates that regarding medium to long term of development, the railways will follow an upward trend with a positive effect on the turnover of the company, benefiting from both: the expected economic growth from 2016, but mainly, from the completion of the investment projects of the Organization that will be gradually provided for operation.
In 2017, the Commission's Directorate-General for Competition issued a decision on government grants. The above decision stated that the measures taken to restructure the OSE (debt write-off, staff transfer, etc.) were in line with the European Legislation on Government Grants. As the Commissioner-in-charge stated, "the measures will help two public railway companies to become more efficient and provide better services to Greek passengers and corporate customers. This fits in the wider context of the Greek efforts aimed at restoring the competitiveness of the Greek economy and achieving significant growth".
A more extensive reference is made on Note 41.

(D) Related Parties Transactions

The Group and the Company inter-company transactions (disposals/acquisitions) for the closing period as compared to the corresponding period of 2015 are analyzed as follows:

Amounts in € '000	**THE GROUP**		**THE COMPANY**	
Acquisition of Assets	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Subsidiaries	0	0	348.901	275.444
Other related parties	0	0	0	0
Revenue				
Subsidiaries	0	0	1.372	4.439
Other related parties	0	0	0	0
Total	**0**	**0**	**347.529**	**271.005**

The Group and the Company inter-company receivables/payables balances for the current period as compared to 2015 are analyzed as follows:

Amounts in € '000	**THE COMPANY**	**ADJUST**

Receivables	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Subsidiaries	339.717	92.392		0
Total	**0**	**92.392**	**0**	**0**

Payables	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Subsidiaries	0	7.643		0
Total	**339.717**	**7.643**	**0**	**0**

OSE S.A. and TRAINOSE S.A. as a total belong to the Greek State and are independent from each other. OSE receivables from TRAINOSE stand at € 758,7 million (2015: 756 million). Income from OSE provision of services and sale of goods to TRAINOSE stood at approximately € 18,8 million, while the corresponding income of TRAINOSE stood at approximately € 1,9 million.

No loans have been issued to members of the Board of Directors or to any Company's executives (and their families). The Company provisions to the Members of the Management for the respective periods are as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	31/12/2016	31/12/2015	31/12/2016	31/12/2015
BoD & CEO benefits	126	106	76	55

(E) INFORMATION AND EXPLANATORY REPORT UNDER ARTICLE 4 PAR. 7&8 LAW 3556/2007

1. Capital Structure of the Company

The total share capital of the company, following the increase made pursuant to the provisions of paragraph 5, article 1, Law 2336A/ 1995 (Government Gazette Issue 256 A) and the subsequent increases, currently, after the increase, made in compliance with the decision of the General Meeting of the shareholders of the company, Num. 68/14.12.2007, amounts to four billion seven hundred ninety nine million one hundred ninety eight thousand and four hundred (4,799,198,400.00) euro. The Company's share capital is divided into forty seven million nine hundred and ninety one thousand eighty four (47.991.984) shares of nominal value one hundred (100) euro each.

The shares in question have been issued in four thousand eight hundred units (4,800), each of which incorporates ten thousand (10,000) shares and one (1) unit that incorporates nine thousand eight hundred and forty (9,840) shares.

All shares are wholly owned by the Greek State, which has paid the value of these shares as a whole. Shares are nominal and non-transferable.

2. Restrictions on the transfer of Company Shares

According to the Company's Articles of Association, the shares are nominal and non-transferable.

3. Significant direct or indirect participations in the context of Law 3556/2007

Shareholders (individuals or legal entities) with a direct or indirect participation greater than 5% of the total number of Company shares are presented in the table below as follows:

Shareholders	Percentage of Total Share Capital
Greek State	100%
Total	100%

4. Shareholders with special controlling rights

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

5. Restrictions on voting rights

There are no restrictions on voting rights provided by its shares.

6. Agreements between shareholders

There are no agreements between shareholders.

7. Guideline on the appointment and replacement of BoD members and on Articles of Association amendments

The Chairman, the Chief Executive Officer and the other members of the Board of Directors, apart from the employee representative, are appointed and dismissed by the Greek State and, as far as the Company is concerned, by joint decision of the Minister of Finance and the Minister-in-charge of OSE operations.
The term of office of the Board of Directors is five years and is extended until the regular General Meeting of the year of his/her withdrawal. In any case, the term of office may not exceed six (6) years.

In case of resignation, discharge or death of one of the members of the Board of Directors, the Company is obliged to request the competent persons according to the provisions of article 3, par. 4 of Law 3429/2005, Ministers, to appoint a substitute. As regards the employee representative, the vacant position shall be occupied by the corresponding, elected, alternate, otherwise new election are announced, according to the provisions of paragraph 4, Article 16 of the Company's Articles of Association.

8. Authorities of the Company BoD or BoD members on the issuance of new shares or the re-purchase of Company shares

Pursuant to Article 7 of the Company's Articles of Association, published in the Government Gazette 12230 / 21.11.2011 AE-LTD GEM, subject to paragraph 3 of the aforementioned article, during the first five years from the effective date of the Articles of Association or five years from the relevant decision of the General Meeting, the Board of Directors has the right, by a decision made at the quorum and the majority specified in Law 2190/1920, to increase the share capital by issuing new nominal shares. The amount of the increases shall not exceed the amount of the initially paid Share Capital or the Share Capital paid at the date of the relevant General Meeting decision (Article 13, paragraph 1 and article 3, par. 1, Law 2190/1920)

9. Significant agreements which take effect, are altered or terminated in the event of a change in the control of the Company following a public tender offer

There are no such agreements

10. Agreements that the Company has made with BoD members or its staff

There are no such agreements

(F) CORPORATE GOVERNANCE STATEMENT

Unit: I. Corporate Governance Principles

The current statement is to verify that the Company's Board of Directors, in compliance with the provisions of par. 3d, article 43[a] Law 2190/20 and article 2, par. 2, Law 3873/2010 has voluntarily decided to apply the **Hellenic Corporate Governance Code**, drafted by SEV (Hellenic Federation of Enterprises) and amended under the first revision performed by the Hellenic Corporate Governance Council (ESED) on June 28, 2013.
(http://www.helex.gr/documents/10180/2227277/HCGC_GR_20131022.pdf/e8e7b6da-6dd0-4c30-90e9-79fe9ca8383d)

The Code is divided into two types of provisions: "general principles", which are addressed to all companies, whether listed or not; and "special practices", which concern only listed companies. The Code follows the "comply or explain" approach and requires listed companies that choose to implement it as a reference framework to disclose its use as a reference framework and either comply with the special practices of the Code or explain reasons for non-compliance with specific provisions.

The Code has incorporated all applicable corporate governance requirements and includes special practices that exceed them. It is to be noted that OSE does not at present apply at least some of the special practices of the Code that exceed legal requirements.

In cases when the Company deviates from the general practice, explanations are provided in the following table:

Special Practices of the Hellenic Corporate Governance Code	Explanation/justification regarding deviations from the special practices of the Hellenic Corporate Governance Code

Role and responsibilities BoD: Special practice 1.2	As till the current statement issue date, the Board of Directors of OSE has not proceeded with appointing the audit committee and the nomination and remuneration committee. OSE is supervised by the competent Ministry, while the election of BoD members takes place through the issuance of a relevant ministerial decision and the fees are defined following the provisions of the applicable law on public bodies remuneration. It is to be noted that, following the decision of the Board of Directors as of 8.6.2017, it was proposed that the General Meeting should establish an audit committee consisting of 3 non-executive members of the Board of Directors. The Extraordinary General Meeting was held on 26 June 2017 and the issue of the decision is pending.
Role and responsibilities BoD: Special practice 2.3	The Board of Directors of OSE consists of 2 independent non-executive members. Independent members provide the Board of Directors with independent and impartial views.
Size and composition of the BoD: Special practice 2.8	OSE has not yet adopted a specific diversity policy regarding the composition of the Board of Directors. The fact that it is a Company in which the Greek State participates indirectly does not allow to deviate the procedures established for selection and promotion of executives provided for public bodies. However, the Company publishes in the Corporate Governance Statement the composition of the Board of Directors, indicating the facts related to elements of diversity (gender, experience, etc.).
Nomination of BoD members: Special practice 5.1 / term of office	In compliance with the Articles of Association of OSE, the term of office of the BoD is five years. This specific term of office complies with the Company's developmental and strategic planning.
Nomination of BoD members: Special practice 5.4, Special practice 5.5, Special practice 5.6, Special practice 5.7	OSE has not established a committee for nomination of BoD members. Due to the special nature of OSE and the Law governing its operation, the election of BoD members is made by issuing a relevant ministerial decision.
Functioning of BoD: Special practice 6.5	There are no introductory information programs regarding the new members of the BoD, as experienced professionals are selected as BoD members.
BoD evaluation: Special practice 7.1, Special practice 7.3	Until the current statement issue date, no procedures have been established regarding the evaluation of the Board of Directors and its committees under the chairmanship of the President. In addition, the BoD does not evaluate the performance of its Chairman. The evaluation of the Board of Directors is carried out by the General Meeting of Shareholders and the Supervisory Ministry (Ministry of Infrastructure and Transport)
BoD evaluation: Special practice 7.2	Non-executive members do not meet periodically without the presence of executive members in order to assess the performance of the executive members and determine their remuneration. The remuneration of the members of the Board of Directors is defined by a decision of the supervising ministry under the relevant legislation. The evaluation of the Board of Directors is carried out by the General Meeting of Shareholders and the Supervisory Ministry (Ministry of Infrastructure and Transport)
System of internal controls: Special practice: 1.4, 1.5, 1.6, .17, 1.8, 1.9	Until the current statement issue date, no audit Committee has been established. As mentioned above, within 2017, OSE has taken actions aimed at establishing the Audit Committee.
Level and structure of remuneration: Special practice 1.1, Special practice 1.10	The remuneration of the members of the Board of Directors is determined by a relevant decision of the Ministry of Finance. Consequently, it is not possible to associate them with the Company's corporate strategy and purposes, nor with the correlation of remuneration-performance of executive members.
Level and structure of remuneration: Special practice 1.4	The remuneration of the members of the Board of Directors is determined by a relevant decision of the Ministry of Finance. The remuneration of executive BoD members does not arise following a proposal by the Remuneration Committee, as at the moment a Remuneration Committee has not been set up (the reasons for its non-establishment are mentioned above).
Level and structure of remuneration: Special practice 1.6, Special practice 1.7, Special practice 1.8, Special practice 1.9	A Remuneration Committee has not been set up (the reasons for its non-establishment are mentioned above).
The general meeting of shareholders: Special practice 2.1	OSE website does not display the information specified in the relevant special practice 20 days before the General Meeting of Shareholders. It is provided by law since there is only one shareholder. OSE will examine the possibility of timely posting the information in question within the following period.
The general meeting of shareholders: Special practice 2.2	Until currently, given OSE's shareholder composition, there has been no need to adopt electronic voting and/or voting procedures by correspondence.
The general meeting of shareholders: Special practice 2.3	OSE website does not display the summary of Minutes of the Genera; Meetings of Shareholders. OSE will examine the possibility of timely posting the information in question within the following period.

Unit: II. Key features of internal controls in relation to the preparation of the financial statements

The Company has established and applies procedures and policies to all of its Directorates, which are described in the Company's Operating Regulations and constitute safeguards established in order to ensure that its financial position and performance are properly documented through the annual report and the interim financial statements, regarding

- Recognition and review of the existing risks related to reliability of financial statements.
- Administrative planning and monitoring of financial sizes.
- Prevention and disclosure of fraud.
- Specified responsibilities of the executives regarding the procedures for payment, collection, security of the Company's assets.
- Year closing procedures and the preparation of the separate and consolidated financial statements.
- Ensuring the integrity and accuracy of the financial information provided by the Company's information systems.

According to OSE Operating Regulations, it is the responsibility of the Internal Control Division to control every management and any accountable body of the Company and conduct investigations and inquiries on relevant issues. Moreover,

1) to monitor the implementation and continued observance of the Internal Operation Regulations and Articles of Association of OSE, as well as OSE related legislation in general,
2) to monitor and report to the Board of Directors of the Company and to the General Meeting of Shareholders cases of conflict of the private interests of BoD members with the interests of the entity or violation of the provisions of this law by the members of the Board of Directors including the Chairman and the CEO,
3) to inform in writing at least once every quarter the Board of Directors and the General Meeting of Shareholders about the controls it carries out,
4) to be in charge of provision and accuracy of any information requested by the supervising bodies.

In particular, as far as risk management is concerned, detailed reference is provided in the main body of the Board of Directors Report.

Unit: III. Way of the General Meeting of Shareholders operating, its basic responsibilities and description of shareholders' rights and the way they are exercised.

a) Way of the General Meeting of Shareholders operating and its basic responsibilities

The responsibilities of the General Meeting of Shareholders, as defined in Article 9 of the Articles of Association of OSE, belong to the Greek State, which exercises, as the sole shareholder of the Organization, the rights conferred by the Articles of Association and every effective legislation concerning societe anonyme as well as the special legal provisions related to OSE.
The Greek State, as the sole shareholder, is represented at the General Meeting of Shareholders of the Company by the Minister of Finance or his/her legal representative, pursuant to the provision of article 38 par. 7 of Law 2065/1992, as applicable.
The responsibilities of the General Meeting of Shareholders are presented in detail in Article 9 of the Articles of Association of OSE.
The General Meeting of Shareholders of the company is its supreme body and is entitled to decide on any case concerning the company. The General Meeting of Shareholders meets under its own decision or is convened extraordinarily whenever the BoD deems it necessary. The General Meeting of Shareholders, apart from the repetitive meetings, is convened at least twenty (20) days from the date set for that meeting, also counting the days excluded. The date of publication of the General Assembly's invitation and the date of that meeting are not counted.
The invitation of the General Meeting, which includes the information, as minimum, on the location, the exact address, the date and the time of the meeting, as well as the items on the agenda clearly, the shareholders entitled to participate, as well as precise instructions on how the shareholders will be able to participate in the meeting and exercise their rights in person or, if necessary, remotely, shall be published in accordance with the provisions of article 26, par. 2 of Law 2190/1920, as effective following Law 3604/2007, in a daily political or financial newspaper of Athens.
Invitation to convene a General Meeting is not required if shareholders representing all the share capital are represented or represented at the meeting and none of them opposes its conduct and decision making.

b) Rights of the Company's shareholders

The rights of the shareholders, ie the Greek State, are referred to in Article 8 of the Articles of Association of OSE.

Unit: IV. Composition and way of operating of the Board of Directors and any other administrative, management or supervisory bodies or committees.

a) Composition and operation of the Board of Directors

The composition and the way of operation, as well as the responsibilities (fixed and non-fixed) of the Company's Board of Directors are recorded in Articles 16 to 25 of the Articles of Association.
Until the current statement issue date, no nomination committee has been established.
The members of the Board of Directors of OSE SA, appointed following the Joint Ministerial Decision KYA ΔΝΣ α / 7348 / Φ.50ε / 9.3.2016 are as follows:
1. G. Apostolopoulos, Chairman of the BoD, non-executive member
2. K. Petrakis, CEO
3. D. Kiousis, executive member
4. Th. Agapitos, member
5. K. Kylakou, member
6. J. Tsilimiga, member
7. Th. Leventis, member (employee representative)

Moreover, Mrs Vasiliki Poulopoulou performs the duties of the Secretary.
The data on representation of each gender and the age of the members of the Board of Directors and the Key Executives is presented below as follows:

BoD	Number of people	%
Men	5	71%
Women	2	29%
Total	7	100%

The BoD members age range is from 29 to 65 years old.

The CVs of the members of the BoD are listed below:

G. Apostolopoulos:

Mr. Apostolopoulos was born in Athens and lives in Iraklio Attica. He graduated from the Law school of the National and Kapodistrian University of Athens. He is a prolific and independent lawyer and is an Attorney-at-law lawyer. He speaks English and Italian. He has served as a legal advisor at the Secretary General of Commerce and at the General Secretariat for Social Insurance. He has served as a legal adviser or associate attorney in private companies and the public sector. He has been a member of the BoD of the Special Criminal Control Center of "PIR-KAL S.A" and "ASPROFOS S.A."(Hellenic Petroleum Group).

He took the responsibilities of the Chairman of the OSE's BoD (GG 136/11.03.2016).

K. Petrakis:

Mr. Petrakis graduated from the School of Civil Engineering of the NTUA and holds a DEA postgraduate degree in Urban Geography at the Paris I Pantheon Sorbonne University (1976). He also participated in the Postgraduate Specialization in Transportation of the Institute of Transport and Design, Ecole Polytechnique Fédérale de Lausanne (1977). He is an IKY's scholar in postgraduate research "Urban Planning and Urban Planning" (1985).

He worked between 1977 and 1978 at the Ecole Polytechnique Fédérale de Lausanne, then between 1978 and 1992 in the public sector (1978-1986 at the Ministry of Spatial Planning and the Environment, 1987-1992 in the Organization of Athens). From 1992 to 2016 he worked in the private sector (individual design degree, shareholder and co-manager of TRENDS and TASIS). In December 2016 he disconnected his professional activities and applied for retirement to TSMEDE. The main subject of his professional career is Transport, Transportation and Design.

D. Kiousis:

Mr. Kiousis was born in 1966 in Larissa and he graduated from the Athens University of Economics and Business (A.U.E.B.) in 1989, in particular from the Department of Organization and Business Administration. Since 1992 he has been Managing Director of KIOUSIS TRANSYS A.E., one of the largest in the field. From 2015 he is Deputy MP of the Anexartitoi Ellines in the constituency of Attica. From 2016 he is an executive member of the BoD of OSE SA. He is married with 2 children

Th. Agapitos:

Mr. Agapitos was born in 1988. He is a graduate of the School of Rural and Surveying Engineering of the National Technical University of Athens. He holds a Master's degree (M.Sc.) in "Environment & Development" by the National Technical University of Athens. He works as an Environmental Consultant for companies in the private and broader public sector with specialization in G.I.S. and environmental licensing issues. He has experience in local government as he is a municipal councilor of Agia Varvara and Vice-Chairman of the BoD Of the Municipal Public Benefit Corporation of the above municipality.

K. Kylakou:

Mrs. Aikaterini Kylakou was born in Piraeus in 1958 and she graduated from the Law School of the University of Athens in 1982. She is a member of the Association of Lawyers of Piraeus and since 1986 she has been operating a law office specializing in labor and commercial law matters as well as project assignment agreements with domestic and foreign organizations regarding implementation bodies in Greece. She received a postgraduate degree in Labor Law of the Law Department of the University of Athens in 2002. Since 2002 he has been a Municipal Councilor of Korydallos, Head of Municipal Brigade and elected member of PEDA (Regional Unity of Municipalities of Attica).

J. Tsilimiga:

Mrs Tsilimiga was born in Athens in 1978 and she is a graduate of the Department of History and Ethnology of the Democritus University of Thrace and the Department of Law School of the National and Kapodistrian University of Athens. She holds a MSc in "Business for Lawyers" from the ALBA Graduate Business School. She has been a member of the Athens Lawyer Association since 2008 till currently. She is a free-lancer a lawyer, she has collaborated with law firms and technical companies and since September 2015 she has been working as a legal adviser (special associate) at the General Secretariat of Public Property (Ministry of Finance).

Th. Leventis:

Mr Leventis was born in Brussels in 1965. He works in OSE since 1982. He has the specialty of the technical employee-designer. With the trust of his colleagues he has occupied various trade unions positions such as chairman of primary trade union organization, President of the Pan-Hellenic Federation of Railways, representative of the employees the BoD of ERGOSE. Today he is a member of the GSEE Management and Executive Committee. He is married with two children.

V. Poulopoulou:

Mrs Poulopoulou worked from 1983 to 1988 in the company NIKI S.A. She was recruited by OSE at 21.12.1988 and she works until today. Since 19.12.2007 with the decision of the BoD she was as Deputy Secretary of the BoD and from 01.10.2011 she is Secretary of the BoD.

Key Management Personnel	Number of people	%
Men	8	80%
Women	2	20%
Total	10	100%

The age range of the key management personnel is 52-64 years old.

b) Independence of BoD members

Four independent members of the Board of Directors meet all the requirements of the Code with regard to dependency relationships.

c) Meetings of the BoD

During the FY 1.1.- 31.12.2016, the Board of Directors held twenty-three (23) meetings in twenty-one (21) of which all members of the Board of Directors participated, either in person or legally represented. Mrs. K. Kylakou did not attend one (1) meeting and Mr. Th. Leventis did not attend one (1) meeting.

d) Evaluation and remuneration of the BoD members

Till the current statement preparation date, no remuneration committee has been established and there are no evaluation procedures regarding the Board of Directors.
The evaluation of the members of the Board of Directors and the determination of their remuneration as well as the remuneration of the Managing Director are made following a relevant Ministerial Decision.

e) Conduct of members of the Management and the opany executives

All members of the Management and Company executives are required to abide by the Company's Rules of Ethics and Professional Conduct, which are included in the Company's Internal Regulations.

(G) NON-FINANCIAL REPORTING 2016 (under Law 4403/2016)

The history of the Greek railways begins with the Modern Greek state; in the last 40 years, it coincides with OSE SA.

OSE is an organization providing services for the management and operation of the National Railway Infrastructure, implementing infrastructure development projects through its subsidiary ERGOSE.

Its vision is to promote the national railway network, which is an essential and integral part of the trans-European networks, as well as its development in order to ensure fast, safe, comfortable and reliable passenger and freight transportation, respecting the environment and contributing to regional, economic and social development of the country.

OSE SA was founded in 1970 and is wholly owned by the Greek State; it is a public utility based in Athens and operates with full administrative, legal and financial independence under the supervision of the State. Under Law 3891/10, OSE S.A. is the Operator of the National Railway Infrastructure.

Group's composition:

- The former subsidiary E.DI.S.Y. SA (former Infrastructure Administrator) was incorporated into the parent company (OSE SA) in late 2010 under the new legal framework. The parent company determines the overall strategy and manages railway infrastructure..
- ERGOSE SA, which manages the bulk of ongoing and under consideration modernization works of railway infrastructure, co-financed by European Union funds or solely from national funds.

OSE Group objective is as follows:

- Management and operation of the National Railway Infrastructure as defined in Article 3 of Law 4408/2016.
- Construction of a new Railway Infrastructure, as well as maintenance and operation of the existing infrastructure.
- Management of railway traffic regulation and safety systems,

- Establishment and operation of schools or training centers of any kind in order to provide training to any person.
- Exercising all the responsibilities under the national and Community legislation regarding Railway Infrastructure Operators and any other activity related to the above, albeit not expressly provided for in the Articles of Association but appropriate for the purposes of achieving its objectives.

Organization History:

The development of the railroad in our country is alongside with the development of the Greek State. The major events that compose the history of railways in Greece are:

1869: Inauguration of railway services between Thision - Piraeus.

1882: The stock company "Athens Railways - Piraeus - Peloponnese" (SPAP) is founded, based in Athens.

1884: Official inauguration of the Thessalian Railway and first train journey from Volos to Larissa.

1890: The Northwestern Greece Railway Company (SBDE) is founded and begins operating in the Messolonghi - Agrinio line.

1896: Launching of the first and only rack and pinion railroad in Greece, which starts from Diakopto railway station and follows the Vouraikos Gorge.

1920: The "Greek State Railways" (SEK) is founded as a public corporation with a view to consolidating and restructuring all hitherto operated regional railways of the Greek State.

1965: Complete integration of existing railway networks into the "Greek State Railways" (SEK) and, therefore, the country acquires a single railway network for the first time.

1970: The "Hellenic Railways Organization" (OSE) is founded aiming at the unified organization, operation and development of railway transport.

1972: Opening the new OSE Building at Karolou Street 1 (total area of 15.400 m2), which is the Organization headquarters.

1997: The operation of the first electrified railway line between Thessaloniki – Idomeni is inaugurated.

2004: First shuttle suburban railway is launched.

2010: Completion of the merger thorough absorption of EDISY Ss.a. by OSE. OSE becomes the exclusive railway infrastructure operator (Law 3891 2010) and begins a major reorganization program to rationalize its costs.

2013: Development of Quality Management System and Environmental Management System according to International Standards ISO 9001 and 14001 respectively.

2014: OSE SA develops and implements an effective Security Management System regarding the total of its operations.

2016: The railway market is liberalized as the relevant Community Directive 34 has been incorporated through Law 4408.

Vision and Mission of the Organization

The vision of OSE is to develop a modern infrastructure for railway transport services, in order to promote the Greek national railway networking as an essential part of trans-European networks, thus satisfying the needs of citizens and other stakeholders for fast, secure, convenient and economical passengers and freight transport, creating in this way conditions for further development of the networking in order to serve national needs.

The mission of OSE is to provide services that:

- Enable the railway to become the main mode of transportation for passengers and freight.

- Maximize the socio-economic efficiency of the available resources in order to provide high-quality railway transport services in the largest part of the country.
- To facilitate a harmonious cooperation between Greek financial, business and social agents.

In order to realize its mission, OSE Group cooperates with all the stakeholders and various bodies of the country's economic, business and social life and makes positive contribution to on-going development of national and local economy.

The vision and mission of the Orgnaization are expressed and implemented through specific strategic directions, which are related to integration and modernization of the country's railway network as well as to ensuring interoperability with the European railways.

OSE's main concern is to ensure an easily accessible, safe, integrated and quality transportation system, offering high quality service to its customers, respecting the environment and contributing to social development and prosperity.

OSE NETWORK

Information
The current network stretches for 2.552 km (lines in operation), 70% of which is standard gauge (1435 mm), as is in the standard in Europe and internationally. The network is divided into the following four categories (under Law 3891/2010):

i. Active
ii Under construction
iii. In temporary suspension
iv. Removed

The railway network of OSE is geographically divided into three regions:

- Athens Region
- Peloponnesus Region
- Macedonia – Trace Region

The electrification in OSE network started with the Thessaloniki - Edomeni section in May 1999. Today, according to the Network Statement, the following sections are electrified:

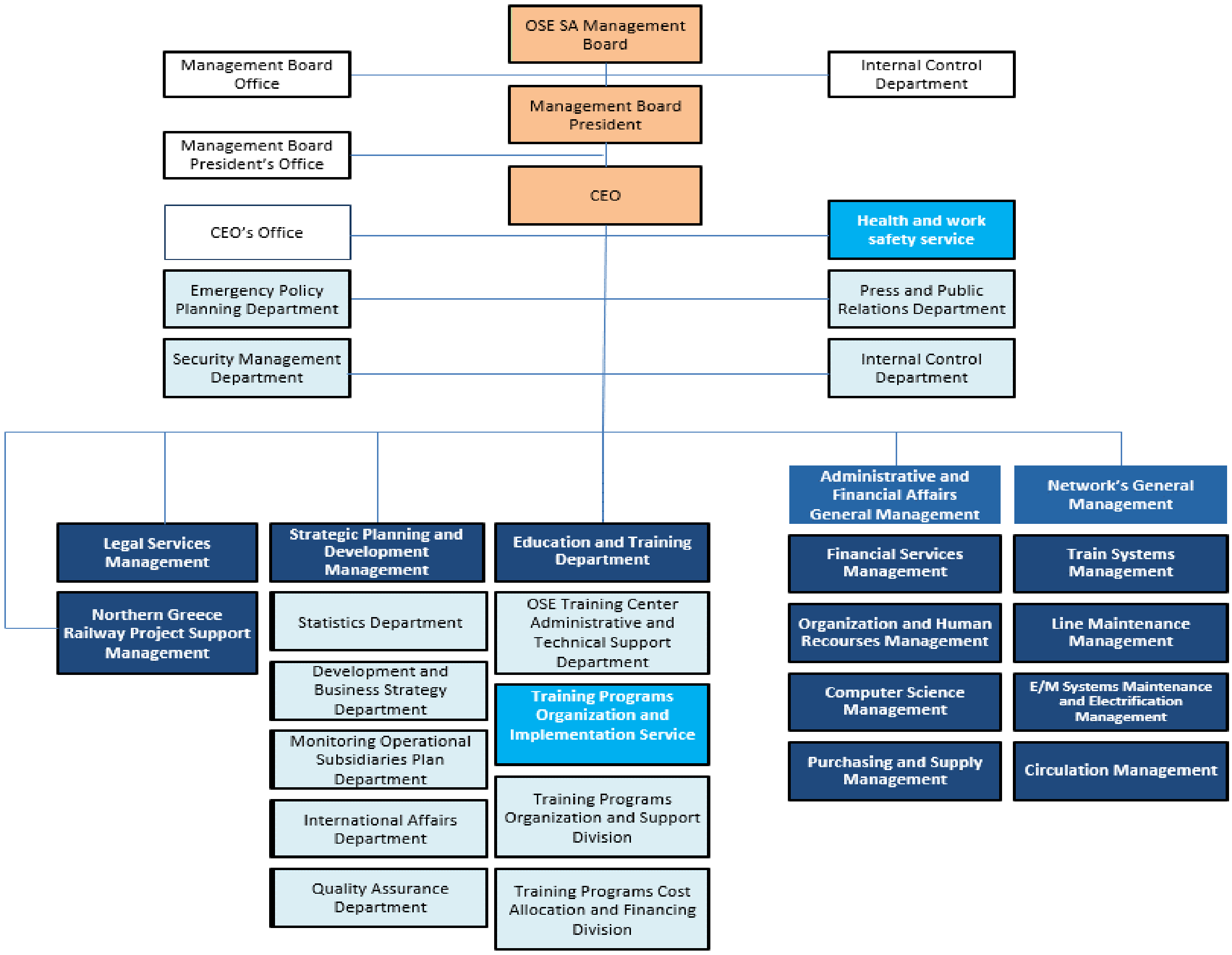
- Domokos - Larissa
- Larissa - Platy
- Platys - Thessaloniki
- Thessaloniki - Edomeni, as well
- sections of the Suburban Railway.

The classification of the sort lines based on allowed speed for 2016 is presented as follows:

Sort lines based on speed limits

Organizational Chart

The organization structure of OSE during 31/12/2016 is presented bellow:



Systems Management

In order to ensure that the Unified Management System (UMS) continues to be effective and efficient to ensure the implementation of the Quality Policy and to achieve the defined objectives, OSE Management has established the Quality & Environment Team in charge of reviewing the UMS.

Quality & Environment Team consists of:

- Head of Strategic Planning & Development Directorate
- Head of Quality Management
- Head of Environment Protection Directorate
- Representative of Railway Systems Directorate, Line Maintenance Directorate, E/M Systems and Electrification Directorate, Traffic Directorate
- Representative of Financial Services Directorate, Human Recourses Organization & Management Directorate, Procurement & Supplies Directorate, Information Technology Directorate
- Outsourcing services generation and supporting the application of UMS.

Moreover, if the Management deems it necessary that some other persons can make a constructive contribution to the Team's activities, other members can also be included in the Team.

The Quality & Environment Team regularly reviews the progress of the Organization's operations as well as any issues related to the Unified Management System based on the data gathered. It also evaluates the opportunities for improvement and the possible need for changes to the UMS as well as the applicable Quality and Environment Policy.

Participation in conferences and exhibitions

OSE's participation in international events aimed at monitoring international developments in railway transport throughout 2016. The objective was to actively involve OSE in key international fora dealing with transport planning policy as well as activities and coordination regarding railway infrastructure operators.

German Delegation Forum with OSE, ERGOSE & TRAINOSE

A special forum was held on Friday, April 8, 2016, with the participation of the delegation of German Senate of Berlin and the Management of OSE, ERGOSE & TRAINOSE, aiming at developing European dialogue on the current situation and disusing the new prospects created for the railways. The Forum agenda included the following topics:

- Condition of the railway line Thessaloniki - Athens - Patras
- Future of the Peloponnese railway line
- Future of freight transport from Greek ports to Budapest and Baltics.

Participation in the Thessaloniki International Fair

In 2016, for one more year, OSE successfully participated in the Thessaloniki International Fair.

A crowd of people visited the Organization's booth, including many families of OSE employees across Northern Greece.

Zurich Conference

Following the initiative of Zurich Polytechnic ETH and, in particular, Professor Bernd Scholl, a conference was held in Zurich devoted to the issues of exploitation of the currently inactive Peloponnese line.
Following Athens and Patras code programs Dr. Scholl, along with his scientific team, begins Peloponnese code program "Train Tourism and Regional Development". The purpose of the conference was to examine the possibility of reopening parts or the entire inactive Peloponnese railway network.

OSE Group Corporate Responsibility

The development priorities of the railway sector in Greece are inextricably linked with the vision of OSE SA, which is to develop a modern infrastructure for the provision of railway transport services, promoting the national railway network as an essential and integral part of trans-European networks.

Furthermore, it aims at satisfying the needs of citizens and businesses for fast, secure, convenient and cost-effective transport for both passengers and freight, creating the conditions for further development of the network in order to serve the more remote areas of the country. At the same time, it seeks to increase railway services competitiveness, both in the Greek and international markets.
Responsibility is a constituent element of the Organization's operation. The principles of sustainable development are incorporated into the Strategic Planning of OSE which is subject to the framework defined by the European Union for the development of European railways as a high-priority and in the medium- to long-term.

The main strategic orientations of OSE SA include:

- Economic Viability
- Improving the Quality of Services, Infrastructure and Traffic Management
- Optimizing the Internal Efficiency and Operational Procedures
- Fulfilling Regulatory Requirements to Liberate the Railway Market
- Improving strategic positioning in the transport market.
- Achieving an adequate level of performance for railway systems
- Ensuring financial resources for infrastructure and technological equipment
- Using modern IT systems (ERP implementation, etc.)
- Designing and implementing investments, without delay, at a reasonable cost and quality
- Developing a competitive business policy
- Human resources development
- Upgrading and protecting the environment
- Strengthening cross-border cooperation and development

Based on OSE strategic plan, developed and implemented actions and programs relate to the following areas of corporate responsibility:

- √ Quality services and safe transportation system
- √ Caring for our people
- √ Caring for the environment
- √ Contributing to culture and society.

Stakeholders

Stakeholders are defined as physical persons or legal entities that affect or are affected by the decisions, activities and generally the business operations of OSE. Communication and cooperation with stakeholders is of particular importance to the Organization. In particular, OSE stakeholders include the following groups:

- employees
- shareholders
- state and regulatory authorities
- customers
- subcontractors
- suppliers
- Mass Media
- local communities

Concerns, expectations and issues related to stakeholders regarding OSE operations also concern the Organization itself, which seeks to improve the two-way communication and dialogue with them in the areas where they find it difficult to be satisfied. Communication is systematic and is carried out through the appropriate directorates.

Pinions and needs of the Organization stakeholders are taken into account under the process of strategic planning of actions per Corporate Responsibility Axis of OSE.

Axis 1: Quality services and secure transportation system

The strategic priority of OSE S.A. with regards to safety is the development and management of modern railway infrastructure, with the safe transport of passengers and freight in mind. The Organization has developed and implements Quality Policy under which it has made commitments regarding the following:

Organization's Commitment:

- To take all necessary measures in order to ensure the protection of users, workers and the public during transportation or when located in areas of OSE responsibility
- To fully comply with the relevant applicable legislation related to security
- To continuously improve the Safety Management System

Basic goals of OSE SA:

- To improve its performance on safety
- To minimize, or where possible eliminate, all risks that may lead to loss of life, injuries, fires and extensive damage to railway infrastructure, rolling stock or the environment.

All workers have safety as a top priority for the successful fulfillment of their duties. The executives of the Organization in all administrative and supervisory levels are responsible, within their powers, for meeting safety requirements and applying this policy.

In particular, OSE SA:

- Provides and allocates adequate resources and safety equipment for passengers and freight.
- Ensures the preservation of railway safety and its continuous improvement, taking into account the development of EU legislation, and technical and scientific progress, while giving priority to the prevention of accidents.
- Ensures the strengthening of safety education and its integration in decision-making at all levels, by providing guidance that ensures continuous improvement.
- Educates employees and encourages them to work in a responsible way.
- Encourages the participation of all employees, to ensure the implementation of the safety policy.
- Promotes cooperation with local authorities and organizations dealing with security issues.
- Develops risk prevention procedures in the railway network.
- Draws up contingency plans for dealing with emergencies, in order to minimize potential security risks for freight and passengers transport.
- Applies a procedure for reporting and in-depth investigating incidents in order to take measures that will eliminate their reoccurrence in the future.
- Annually reviews the safety policy and reissues it if deemed necessary.
- Compliance with this safety policy is mandatory for all employees, partners and contractors of the Organization.

Safety Management System (SMS)

OSE SA has documented, developed and implemented an effective Safety Management System (SMS) for all its activities.

The Safety Management System covers the whole range of the Agency's activities relating to infrastructure management, traffic regulation and interaction between railway companies and OSE SA. It also incorporates the necessary Organization regulations and agreements that ensure the maximum safety of the railway.

The overall goal of the SMS is to minimize Train Incidents. At the same time, the achievement of common safety targets (CST) is ensured, the second group of which was introduced by Decision 2012/226/EU of 23 April 2012. The CSTs have created tools which allow to estimate the safety level and the performance of railway companies in the EU and its member states.

The SMS contributes towards:

- Improving overall performance.
- Establishing operational and functional efficiency.
- Strengthening relationships with customers of the Organization and the Regulatory Authority for Railways.
- Educating staff on the safety policy.

In particular, by adopting a structured approach towards the SMS design and implementation, a careful analysis and risk management associated with the activities of the Organization, under all circumstances, is achieved. The latter approach also takes into account interconnections with other railway operators (TRAINOSE, EESTY, ERGOSE) in the railway system.

The proper implementation of the Safety Management System by OSE SA is the key element of success for the entire safety regulatory framework, as foreseen by the Railway Safety Directive, considering that it is the basis on which the Regulatory Authority for Railways issues the safety authorization.

Effective risk management within the railway system is only achieved through a synergy of three key factors:

1. The technical aspect, namely the latest tools and equipment used,
2. The human aspect, namely the people on the "front line", with appropriate skills, ongoing training and awareness,
3. The organizational aspect, namely the procedures and methods that connect the complex framework of the required actions.

Many of the SMS elements are common to relevant Quality Management Systems (ISO 9001) and Environment Management Systems (ISO 14001); therefore OSE implements a Single-Integrated Management System that includes all the requirements of individual systems. Thus, Management is given the opportunity to watch over all systems and to set common and substantial improvement targets.

Focusing on Customers

OSE is focused on its customers and therefore, has to understand their current and future needs, meet their demands and expectations. Through applying the customer focused principle, OSE:

- Understands all its customers' needs and expectations regarding product quality (specifications, packaging, delivery times, etc.).
- Discloses its customers' needs and expectations to its people.
- Ensures a balanced approach between the needs and expectations of the customers and other stakeholders (executives, human resources, outsourcing).
- Measures customer satisfaction, evaluates and reviews the measurement results.

On-going Improvement Approach

On-going improvement of the overall performance of the Organization has always been a steady objective. Implementation of on-going improvement principle implies carrying out the following actions:

- On-going improvement of services, procedures and systems implemented by the Organization is a common objective to all its employees.
- Using methodology to evaluate comparative advantages arising from external competition studies and internal "competition" to identify areas for potential improvement.
- Implementation of preventive actions.

- Provision of appropriate training to employees, methods and tools for on-going improvement.
- Establishing measurable objectives in order to monitor and guide improvements.

Mutual benefit relations with suppliers and collaborates

There is relationship of interdependence between OSE and its external suppliers. Cultivating mutual benefit relationships helps both parties to maximize their capabilities in order to increase the value of the business.
Applying the principle of mutual benefit to outsourced suppliers implies the following actions:

- Recognition and selection of significant suppliers-external collaborates
- Building up a clearly cooperative relationship.
- Making joint decisions on development and improvement of products and services.
- Creating relationships that balance short-term earnings with long-term considerations.
- Establishing a clear image of customer's needs.
- Exchanging information and future programming.
- Recognizing improvements and achievements of suppliers - external collaborates.

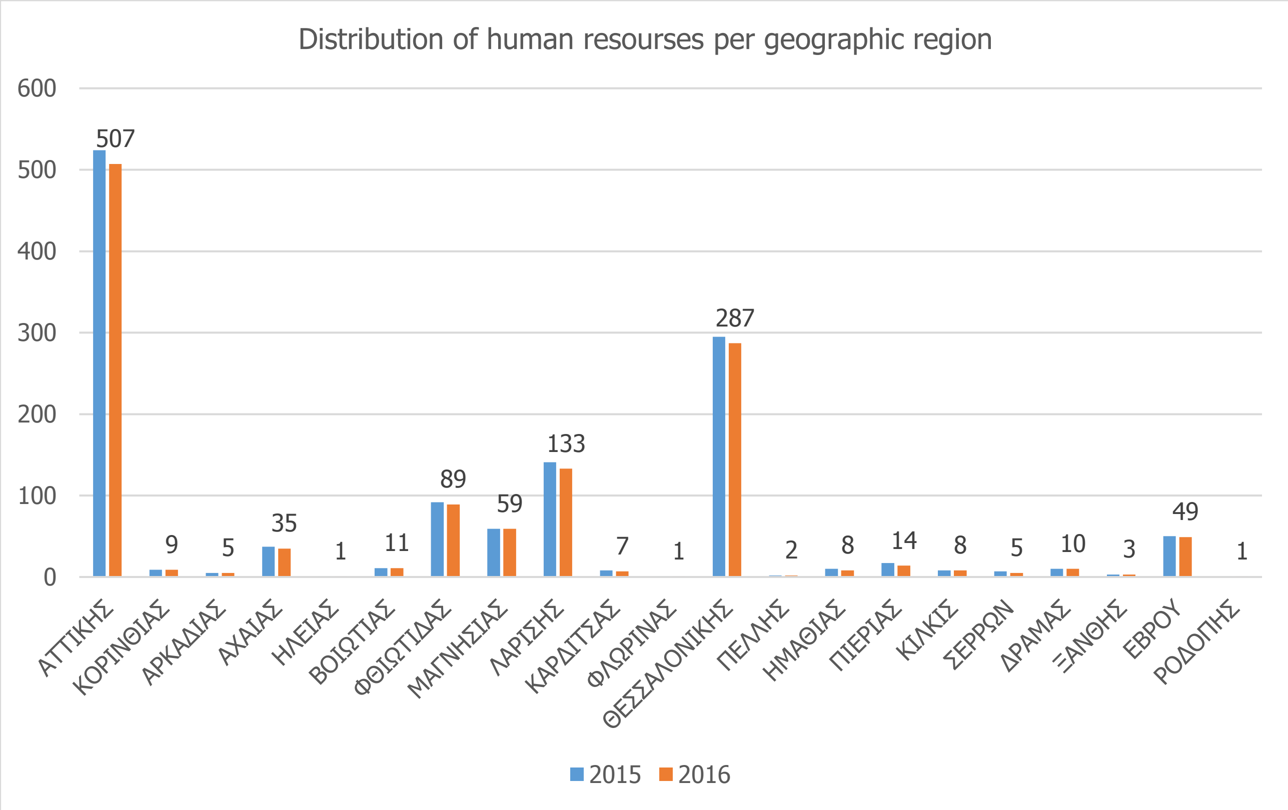
Axis 2: Caring for our people

Human Resources constitute the most significant parameter enabling the implementation of the Organization's objectives. The Management uses the technical skills of the human resources through there active participation, which includes:

- Undertaking responsibility in problem solving.
- Participating in the search for opportunities in order to improve performance.
- Innovation and creativity in the course of achieving the objectives.
- Getting satisfaction from work.

OSE employs a significant number of employees in many of the country's prefectures. Specific information regarding OSE employees is presentment below as follows:

TABLE 1: Human Resources per gender						
	2015			**2016**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Total Human Resource per gender	1.133	158	1.291	1.088	156	1.244
Percentage per gender	88%	12%	100%	87%	13%	100%



Age Allocation of the human resources for 2016			
	<30	**30-50**	**51+**
Men	1	162	925
Women	0	86	70
Total	**1**	**248**	**995**

TABLE 3: Recrutement / Retirement		
	2015	**2016**
Recrutement	0	1
Retirement (pension, incapacibility , resignation, contract expiry)	106	51

TABLE 4: Employee mobility rates		
	2016	**2015**
Inflow (Total number / total employees 31.12)	0,08%	0,00%
Outflow (Total number / total employees 31.12)	4,10%	8,21%

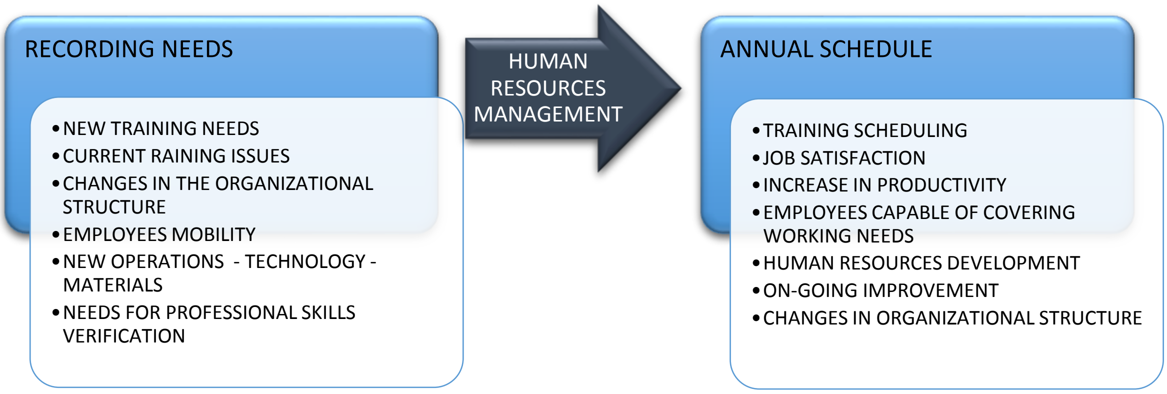
Age Allocation of the BoD for 2016			
	<30	**30-50**	**51+**
Men	1	2	1
Women	0	1	1
Total	**1**	**3**	**2**

Human Resources Training

A strategic priority for OSE is to improve and develop the skills of its employees. In this context, OSE provides systematic training covering all levels. According to the relative procedure, OSE systematically recognizes the training needs of the employees and, afterwards, makes decisions regarding the following issues:

- implementation of training programs, and
- the way of verifying training received by every employee so as to ensure that all employees update and/or certify their knowledge and skills to meet the ever-increasing demands.

Selecting training programs on annual basis constitutes a significant important factor in human resources management issues:



Training needs mainly arise from:

- Redistribution of staff - taking up new tasks
- Changes in regulatory framework
- Supply of new equipment
- New information systems
- Technological developments regarding work procedures
- Health and safety issues at work
- Quality Management Issues (eg internal inspections, management reviews, objectives) and those regarding OSE in general
- Needs to improve the employees' compliance with management reviews and review of UMS
- Customer Satisfaction Survey
- Proposals of Employees or Directors.

Based on the specific needs of OSE employees in education and training, an annual training program is prepared by the Human Resources Department. At the same time, employees participate in evaluation process in order to confirm the training efficiency.

OSE training programs cover three major categories:

<u>A. Training programs (internal)</u>
Internally organized programs concern training employees who are required to have a work permit or work in railway tunnels and must be trained in the relative safety measures. In particular:
A1. Regulations and Regulatory Guidelines on issuance/renewal of a work permit regarding electrified network. In 2016, 278 people were trained
A2. Safety measures at work in railway tunnels.

<u>B. Externally organized training seminars</u>
These seminars are held by external bodies and OSE employees attend them following their request. Such seminars usually cover the following issues:

- Financials
- Accounting
- Administrative / Legislative
- Computer applications

C. Special Railroad Segment Training

OSE, as an Infrastructure Operator, has legal responsibility to provide training to the staff of the Segments performing critical tasks of the Railway Companies. It also provides training to Third Parties employees (Project Contractors, Security Companies, Cleaning Contractors, Police, Fire Service, URBAN RAIL TRANSPORT S.A., ROSCO SA., TRAINOSE, ERGOSE etc) who, for the needs of their work, come in contact with the electrified railroad network. Also, the staff of contractors providing specialized services to OSE (eg Railways Guards), receive specialized training from OSE.

The following training programs were carried out in 2016:

OSE TRAINING PROGRAMS 2016	**Attendees**	**Training hours**	**Total hours**
A. Training programs (internal)	**285**	**749**	**195.214**
1. Regulations and Regulatory Guidelines on issuance/renewal of a work permit regarding electrified network.	278	701	194.878
2. Safety measures at work in railway tunnels.	7	48	336
B. Externally organized training seminars	**121**	**225**	**27.225**
C. Special Railroad Segment Training	**553**	**944**	**277.176**
Traffic Control Segment	13	120	1.560
Train drivers Special Training	4	48	192
Regulations and Regulatory Guidelines on issuance/renewal of a work permit of Third Parties in electrified network	404	636	256.944
Railways Guards obligations	132	140	18.480
GENERAL TOTAL	**959**	**1.918**	**499.615**

In addition, in the context of upgrading professional skills and more efficient operation of its human resources, OSE contributes to retraining its people by paying the full cost of Postgraduate Study Programs in the domains related to its operations. In particular, during the period of 2015-2016, 5 postgraduate studies were completed by OSE employees, and for the academic years 2014-2015 and 2015-2016, a total amount of 8,975 Euro was paid as tuition fees.

In addition, the following training benefits also apply under the Collective Labor Agreement:

Employees studying at the Hellenic Open University are subsidized with the amount of 300 Euro (€ 300.00), per subject, given that they provide a certificate of successful education and their subject matter is related to OSE operations.

To facilitate the educational needs of our people, students, undergraduate or postgraduates attending educational institutions of all three levels of education, one (1) day leave is granted for each day of examinations.

Railway Academy

At the end of 2016, OSE announced the establishment of the Railway Academy, which will operate as OSE Directorate, will build on the infrastructure and the course of the existing certified OSE Training Center (Lifelong Learning Center 2) and will expand the range of operations regarding all the railways professions.

OSE intensively prepares training programs as well as the appropriate training professionals and institutional and formal procedures with a view to facilitating full operation of the Academy in the beginning of 2017. The Agency's medium-term objective is to establish the Railway Academy as a railway generator of know-how through incorporation of materials workshop, participation in Community programs, cooperation with railways abroad and organization of training and information provision events as far as railways are concerned. The establishment of the Academy, which was a long-standing request of the railways, was provided for under the ministerial decision published in Government Gazette 3372B / 19.10.2016.

Labor relations and additional benefits

All OSE employees (100%) are covered by the Organization's Collective Labor Agreement, under which OSE is committed to facilitating full transparency and notification of its decisions on issues related to changes and labor relations of employees.

Under the collective agreement, OSE offers significant additional benefits to its employees. Indicatively:

- The Company contributes to the cultural events of all the Cultural Associations of OSE all over Greece, facilitating them for their best and orderly functioning, for the benefit of OSE employees and their family members.
- An annual financial contribution of seven hundred and fifty euro (750.00 €) is granted to a family of an employee with a child with special needs. The above financial support is granted per every child with special needs.
- Children of OSE employees studying in Greek universities and colleges far from the permanent residence of their parents receive an amount of five hundred euro (500,00 €) on annual basis.
- Employees who use Childcare facilities are annually provided the amount of one thousand euros (1,000.00 €) per child, upon the relevant evidence.
- Regarding the children of OSE employees aged 5-15 attending childcare camps, the annual amount of five hundred (€ 500.00) per child is granted upon the relevant evidence and provided that the aforementioned costs are is not covered by the relevant Fund.
- A voucher of two hundred (200 €) is granted to all employees on annual basis.
- Employee benefits are granted subject to the applicable terms and conditions up to the amount of seventy thousand (70,000 €) per year.
- The possibility of a cash facility (emergency advances) is given to employees when there are serious reasons (eg illness).

Voluntary blood donation

OSE supports voluntary blood donation. Therefore, it provides a two-day (2) day paid leave to every voluntary blood donor, plus the day of blood donation. Moreover, regarding platelet donor volunteers, four (4) days of leave are granted. The above leaves are granted within the current year, without the possibility of transferring them to the following year.

Code of Conduct - Enhancing Transparency and Combating Corruption

OSE has developed and applied the Code of Ethics and Business Conduct. The Code defines the minimum framework of regulations for OSE employees to exercise their statutory duties independently of any kind of extra-institutional intervention. Through the Code of Conduct, all employees are informed that bribes, illegal payments and unfair practices are not permitted under any circumstances. At the same time, a variety of corporate guidelines and regulations has been developed defining OSE operational framework and ensuring enhanced transparency and combating corruption. OSE also applies procurement procedures that do not exclude any qualifying suppliers and ensure objectivity in the evaluation of bids and suppliers. In particular, OSE procurement procedures are carried out in accordance with the provisions of 4412/2016 (Public Works, Procurement and Services (adaptation to Directives 2014/24 / EU and 2014/25 / EU)).

Axis 3: Caring for Environment

OSE SA, recognizing the environmental aspects associated with its activities, considers the protection of the environment as one of its main current challenges.
Thus, it provides all the necessary resources in order to apply an Environmental Management System in accordance with the international standard ISO 14001.

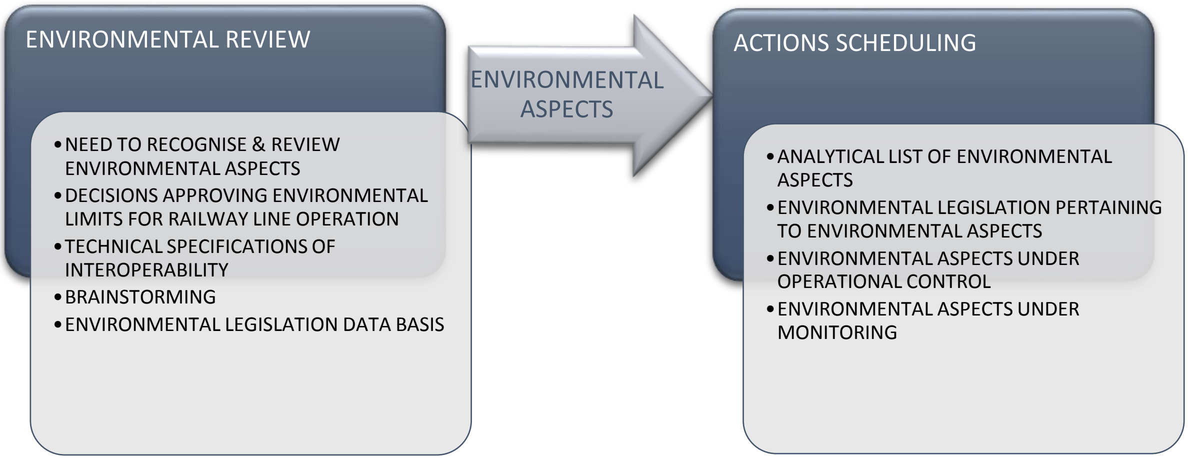
As part of its environmental policy, OSE SA is committed to:

- providing all the means necessary to fully comply with legal and other requirements governing its functioning,
- continuously identifying and assessing the environmental aspects of its activities
- providing appropriate environmental training to its employees,
- Aiming at the prevention of environmental pollution, focusing on the reduction of pollution at source and the conservation of natural resources,
- rational use of energy in all of its functions,
- periodically reviewing and revising environmental goals and objectives,
- continually improving both its environmental performance and the Environmental Management System itself,
- communicating the environmental policy to its employees, suppliers, customers, government agencies and the community in which it operates.

In order to achieve compliance with the requirements of the standard, OSE:

➢ Has conducted an Initial Environmental Review of its operations and services. Based on the results of this review, the design and implementation of the Environmental Management System has been made.
➢ Performs an Internal Environmental Inspection in accordance with the requirements of ISO 14001 that permits evaluation of the Environmental Performance of the Organization.

In particular, environmental aspects shall be recognized prior to launching the operation of every new railway line on the basis of the procedures applied:



The ultimate goal of the Organization is to address the environmental protection issues. Therefore, it has set out the following objectives of its Environmental Management System:
➢ Reducing the Organization's Energy Environmental Footprint.
➢ Minimizing pollution and environmental nuisances associated with the quality of the infrastructure, such as noise, vibrations, etc.
➢ Increasing the rate of coverage of electrified railway network, which is more environmental-friendly versus fossil fuels.
➢ Optimal and rational management of the waste resulting from the activities of the Organization.
➢ Proper management and conservation of natural resources.

Respectively, monitoring OSE environmental indices includes as follows:

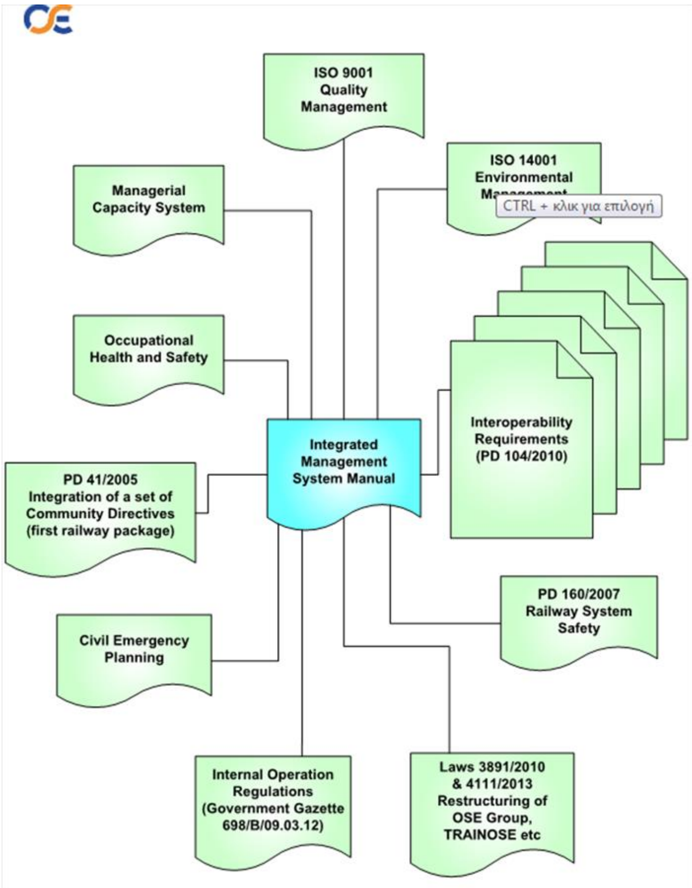
ELECTRICITY	**2015**	**2016**
R.S. THESSALONIKI	1.645.892	1.609.832
HEADQUARTERS	1.296.152	1.296.909
CENTRAL WAREHOUSES	13.722	10.947
R.S. ATHENS	1.579	4.635
TOTAL	**2.957.344**	**2.922.323**

NATURAL GAS CONSUMPTION	**2015**	**2016**
HEADQUARTERS	449.220	439.448

WATER CONSUMPTION (from local water suppliers)	**2015**	**2016**
R.S. THESSALONIKI	184.349	154.646
HEADQUARTERS	6.441	6.251
CENTRAL WAREHOUSES	337	340
R.S. ATHENS	1.648	1.465
TOTAL	**192.775**	**162.702**

Within 2013, OSE consolidates the Systems (Quality Management System, Environmental Management System and Management Competency System) into a Single Integrated Management System. Health and Safety Management System was added to it in 2014. Currently, PSE operates a Unified Integrated Management System that includes all the requirements of the separate systems. Thus, the Management is given the opportunity to supervise all systems and to set common and meaningful improvement objectives.

The Head of the Directorate of Strategic Planning and Development represents the Management regarding the Unified Management System. The management framework of the unified system implemented by OSE is presented below as follows:



Axis 4: Contributing to culture and society

OSE places particular emphasis on reviving older trains throughout Greece, as well as promoting actions aimed at protecting and enhancing our cultural heritage. More specifically, during the period 2015-2016, the following actions were carried out:

1. Repairs of the steam locomotive DK8001 of Diakopto - Kalavrita line

Following OSE initiative, the unique steam-powered locomotive along the line Diakopto-Kalavrita (manufactured in 1891) was repaired. The repairs were carried out with the technical support of ROSCO SA, and the bulk of works was performed by the driver Nikos Tagaroulias and the craftsmen Loukas Moschovakis and Spyros Rizos. On May 12, 2015, the locomotive was transferred to the Kalavrita Mechanical Plant and was officially delivered to OSE Management.

2. Collaboration with Hellenic Post (ELTA) regarding the issue of the 1st Series of stamps entitled "Greece Railways".

At a special event co-organized by OSE and ELTA which was held at "Train to Rouf" the first series of stamps devoted to the most famous and historical railways of Greece was presented: Γ401-420 (ΣΣΣΣ-ΣΕΚ) Λα901-940 (ΣΕΚ), Ζ501-517 (ΣΠΑΠ) and 40-45 (ΣΘ).

3. Signing Memorandum of Understanding between OSE and the Association of Friends of Railways (SFS).

Following Num. 5197/12.5.2014 Decision of OSE BoD, on June 5 a Memorandum of Understanding was signed under which the parties undertake the responsibility to promote and further strengthen their cooperation relations to the mutual benefit.

4. Continuing cooperation with the National Library.

Following the request of the National Library of Greece for cooperation in its summer campaigns, OSE became Sponsor of the communication of the specific actions that took place not only in Athens but also at the other Network Stations, a very interesting and promising cooperation with simultaneous promotion of both - trains and books.

5. Presentation of a book about railway.

On September 16, 2015, at a special event organized by OSE, the writer Katerina Michala presented her book "Track-based modes from the 19th century to 1974 ". In her book, the author presents a concise but very comprehensive historical review of track-based modes, providing lots of information on socio-economic and political context of each period as they either contributed to the development of modes or prevented them from taking their current form.

6. 1896-2016: 120 years of rack and pinion railroad & 3rd age of railway history.

The celebration of the 120th anniversary of rack and pinion railroad was successfully completed with the presence of the Chairman of the BoD of OSE, Mr. Georgios Apostolopoulos and the CEO, of the Organization, Mr. Konstantinos Petrakis, as well as the members of the Board of Directors, Mr. Kiousis, Mrs. Kylakou and Mr. Agapitos.

The events that took place in collaboration with the Association of Friends of Railways, the municipal company of Aegialia and the municipalities of Aegialia and Kalavrita, started from Diakopto with a photo exhibition at the information center donated from the records keep by the "Association of Friends of rack and pinion railroad " and continued with the trip by train to the station of Kerpini, where there passengers were transferred to the historic steamed locomotive ΔΚ8001, taking them to Kalavrita.

The final celebration was held at Kalavrita High School with the presentation of the rack and pinion railroad made by the Association of Friends of Railways, the postage stamp issued by ELTA and the anniversary album devoted to 120 years of of rack and pinion railroad designed by Georgios Nathainas, while three ages of railroad history remained and were presented at Kalavrita Railway Station, namely: steam locomotive ΔΚ8001 manufactured in the 19th century, A/A Decauville manufactured in the 20th century and the modern Stadler manufactured in the 21st century.

Another significant issue was the announcement of submitting the application file for the integration of the railway network of the entire Peloponnese into the UNESCO World Heritage Network by the CEO of OSE, Mr. Petrakis, with the commitment of all attendees for assistance and continuation of all the necessary actions aimed at promoting the rack and pinion railroad at the international level.

OSE seeks to constantly improve all its operations and has developed systems and established procedures to ensure that it has set up the necessary priorities: quality of rendered services, passengers safety, health and safety of its employees, on-going training of all its people while giving the necessary care and attention to the environment. Analytical non-financial information on all these key issues is for the first time included in the Board of Directors Report, which provides the framework for OSE corporate responsibility and describes the way OSE is pursuing the path towards sustainable development. The analytical Report will be made available to the General Meeting of the Company's Shareholders.

KONSTANTINOS PETRAKIS
Chief Executive Officer

Terms & Glossary

GRI

The Global Reporting Initiative (GRI) has developed a framework of sustainability indicators to standardize sustainability reporting provided by Organizations. GRI aims to make sustainability reporting a useful tool and a standardized process, just like financial reporting. GRI Indicators Framework includes economic, environmental and social performance indicators of the Organizations.

Sustainability
Sustainability or Sustainable Development defines the way an organization operates to such an extent as to meet the needs of the present without compromising the ability of future generations to meet their own needs (Rio Declaration on Environment and Development, United Nations, 1992).

Corporate Social Responsibility (CSR) or Corporate Responsibility
Corporate Social Responsibility (CSR) is a concept in which businesses integrate on a voluntary basis their social and environmental concerns in their business operations and relationships with stakeholders as they realize that responsible conduct leads to sustainable business success (Green Book on Corporate Social Responsibility, European Commission, 2001).

Information on GRI International Standards

OSEs non-financial reporting unit pertains to FY 2016 and - in terms of structure and content - has been prepared in accordance with the Global Reporting Initiative (GRI) Guideline on Corporate Responsibility / Sustainability Reports of the International Organization for Global Reporting Initiative (GRI). The following Principles were used to define its content:

- "Identifying and Defining Significant Issues"
- "Responding to the needs of stakeholders"
- "CSR overall performance framework"
- "Completeness of the data presented and defining the limits of the Report".

Given the above, OSE considers as "significant" information and issues that reflect its economic, environmental and social impacts or significantly affect the decisions of its stakeholders. This way, the key issues presented in this Non-Financial Reporting have been presented, focusing on significant issues such as sound operation of the Health and Safety of Passengers and Employees, Corporate Governance, Human Resources and Environmental Management of the organization.

It is also to be noted that during the reporting period (2016) there were no significant changes in size, structure, ownership or supply chain of the organization which could affect the comparability of the data regarding the previous year.

Sources of data and information
The data and information presented have been collected on the basis of the recording procedures applied by OSE as well as the databases maintained in the context of the implementation of the relevant management systems. At points where data that have been processed or based on assumptions are listed, the method of calculation is always reported according to the Global Reporting Initiative (GRI – version G4). Updates or additional information regarding OSE are available through either the General Directorate or the website www.ose.gr .

The current Non-Financial Report of OSE contains Standard Disclosures made in compline with GRI-G4 Guidelines for preparation of Sustainability Report as described below:

GRI-G4 indicators

GRI Standard Disclosures

Indicator	Page	Indicator	Page	Indicator	Page	Indicator	Page
G4-1	34	G4-11	30	G4-20	35	G4-29	fy.2016
G4-3	2	G4-12	25, 26	G4-21	35	G4-30	35
G4-4	3, 5, 18	G4-13	35	G4-22	35	G4-31	36
G4-5	2	G4-14	19, 21-22, 24	G4-23	35	G4-32	36
G4-6	3, 6	G4-15	30, 32-33, 35	G4-24	23	G4-33	37
G4-7	10	G4-16	12	G4-25	22-23	G4-34	12, 15, 17, 21
G4-8	3, 4, 18	G4-17	18	G4-26	23	G4-56	19, 30
G4-9	4, 5, 19, 26	G4-18	35	G4-27	22-23, 35		

G4-10	**26, 27**	**G4-19**	**22-23, 35**	**G4-28**	**35**

GRI Performance Indicators

Economic Performance		**Environmental Performance**		**Social Rerformance**	
Indicator	**Page**	**Indicator**	**Page**	**Indicator**	**Page**
G4-DMA	**3-5**	**G4-DMA**	**30-32**	**G4-DMA**	**26**
G4-EC1	**4-5**	**G4-EN3**	**31**	**G4-LA1**	**26-27**
G4-EC2	**6-9**	**G4-EN8**	**32**	**G4-LA8**	**24-25**
G4-EC3	**4-5, 30**			**G4-LA9**	**28-29**
				G4-LA10	**28-30**

Contact

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C. INDEPENDENT AUDITORS' REPORT

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of HELLENIC RAILWAYS ORGANIZATION SOCIETE ANONYME, which comprise the separate and consolidated statement of financial position as at December 31, 2016, the separate and consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards that have been adopted by the European Union as well as for internal control procedures the management defines as necessary to ensure the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing which have been transposed into Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control procedures relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements 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 entity's internal control procedures. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The following issues arose from our audit:

1. As also referred to in Note 3 to the annual financial statements, given the provisions of the Law 3891/2010 on conditional allocation to the State of real estate property and the liabilities of the organization, notwithstanding the accounting principles laid down in IFRS, there was not conducted the impairment test on the existence of indications of impairment of engineering structures, vehicles and fixed assets under construction of the Group. Given this fact, we keep reservations regarding the size of the contingent impairment of property, plant and equipment as at December 31st, 2016 as well as its potential effect on the income statements for the closing and previous years.
2. Within the current year, the Company decreased its debt to the Greek State by Euro 503 million due to the transfer of the respective carrying amount of rolling stock in accordance with the Joint Ministerial Decisions No. F35 /Οικ.23084/1822/14.4.2014 and F35 /Οικ.62786/3165/22.10.2015. The aforementioned Decisions also make reference to the fact that the commercial value of the transferred rolling stock was transferred will be determined following the subsequent decision of the respective Ministers and in case there is a difference compared to the carrying amount, the debt reduction regarding the Organization will be adjusted so that it would equal its commercial value. In the frame of our audit, we were not in position to obtain sufficient and appropriate evidence of the commercial value, given that

technical and financial evaluation of the transferred rolling stock, as provided for in the above decision, has not been conducted. Therefore, we keep reservations regarding the size of the debt reduction and its potential effect on the income statement and the Equity of the Company and the Group as at December 31st, 2016.

3. As also referred to in Note 7 to the annual financial statements, notwithstanding the accounting principles laid down in IFRS, there was not conducted the readjustment of fair value measurement of the Group investment property as at 31.12.2016. Given this fact, it is possible that the value at which this property is presented in the annual financial statements has changed, due to the changes in the conditions, as compared to the period of its last measurement. Given the above, we keep reservations regarding the fair value at which investment property is presented in the annual financial statements as well as the potential effect on the income statement for the closing and previous years.

4. The Company receivables also include, among other, past due and doubtful receivables from TRAINOSE S.A., totally amounting to approximately €740 million. Given the finalization of provisions of the Law 3891/2010 regarding the write-off of the Company receivables from TRAINOSE S.A., following the relative approval of the European Commission and in the context of the settlement of overall allocation to the State of real estate property and liabilities of the Company, the Management did not make the equally amounting provision, notwithstanding the accounting principles laid down in IFRS, and therefore, the Equity of the Company and the Group for the previous years as at December 31st, 2016 are presented overstated by an amount of Euro 740 million.

Qualified opinion

In our opinion, apart from the potential effect of the matters 1, 2 and 3 and the effects of the matter 4, described in the paragraph "Basis for qualified opinion" the abovementioned separate and consolidated Financial Statements present fairly, in all material respects, the financial position of the Company HELLENIC RAILWAYS ORGANIZATION SOCIETE ANONYME and its subsidiaries as of December 31st, 2016, their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union.

Emphasis of Matter

We draw your attention to the following:

1. Note 41 to the annual financial statement that describes the issue of introduction of Law 3891/2010, which projects significant changes in operational structure of the Company and its subsidiaries, as well as in its property structure. In particular, the Law makes projections for conditional allocation to the State of real estate property, allocation of certain assets to the State; write off of receivables and allocation of parts of the Organization's liabilities. At the date of the financial statements preparation, there were material uncertainties regarding the amounts of Assets and Liabilities and the Equity remaining with the Company and the Group and therefore, it was not possible to determine the impact of these changes on the financial position and assets structure of the Company and the Group.
2. Note 41 to the annual financial statements disclosing the decision of the European Competition Commission regarding the Greek State support measures aimed at OSE restructuring as the national infrastructure operator, concluding that the support measures are in compliance with the EU State Aid Guidelines.
3. The fact that the total Equity of the Company and the Group, taking into account the findings of the audit, has been formed as that lower than one tenth (1/10) of the share capital and therefore, there are effective the prerequisites for application of Article 48 of Law 2190/1920. The Group's management is in the process of developing a suitable plan, under Laws 3891/2010, 4111/2013, 4313/2014, 4337/2015 and 4408/2016, in respect of withdrawal of implementation regarding the provisions of this Article and facilitating the Group going concern principle.

Our opinion is not further qualified in respect of these matters.

<u>Report on Other Legal and Regulatory Requirements</u>

Taking into consideration the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, the management has the responsibility for the preparation of the Board of Directors' Report, the following is to be noted:

a) The Board of Directors' Report includes the Corporate Governance Statement that provides the data and information defined under article 43bb, CL 2190/1920.

b) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 43a and 107a and par. 1 (cases c and d) of Article 43bb, CL 2190/1920, and its content corresponds to the accompanying separate and consolidated financial statements for the year ended as at 31/12/2016.

c) Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the Company OSE S.A. and its environment.

Athens, June 29, 2017

The Certified Public Accountant	The Certified Public Accountant
Panagiotis Christopoulos S.Q. SOEL. 28481	Marilena Bouzoura S.Q. SOEL. 30511

Grant Thornton
An instinct for growth™

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

STATEMENT OF FINANCIAL POSITION

		THE GROUP		THE COMPANY	
Amounts in € '000	Note	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
ASSETS					
Non-current assets					
Property, plant and equipment	3	11.019.152	10.871.157	11.090.999	10.934.245
Intangible assets	4	703	585	614	479
Investments in subsidiaries	5	0	0	303	303
Investments in other companies	6	15.265	15.265	15.265	15.265
Investment property	7	142.268	142.268	142.268	142.268
Other long term receivables	8	26.754	41.584	3.891	3.891
Total		**11.204.142**	**11.070.859**	**11.253.340**	**11.096.451**
Current Assets					
Inventory	9	7.822	6.089	7.822	6.089
Receivables from customers and other trade receivables	10	775.360	773.673	1.115.551	859.052
Other receivables	11	282.872	171.912	254.095	167.308
Cash and cash equivalents	12	454.434	234.408	70.592	103.640
Total		**1.520.488**	**1.186.082**	**1.448.060**	**1.136.089**
Assets held for sale	33	0	210.581	0	210.579
Total Assets		**12.724.630**	**12.467.522**	**12.701.400**	**12.443.119**
EQUITY AND LIABILITIES					
Equity					
Share capital	13	4.799.198	4.799.198	4.799.198	4.799.198
Amounts intended for share capital increase	14	3.702.315	3.026.249	3.702.315	3.026.249
Other Reserves	15	8.878	8.878	4.434	4.434
Retained earnings		(7.536.841)	(7.279.614)	(7.500.982)	(7.252.278)
Equity attributable to owners of the parent		**973.550**	**554.711**	**1.004.965**	**577.603**
Non-controlling interests		0	0	0	0
Total equity		**973.550**	**554.711**	**1.004.965**	**577.603**
Non-current liabilities					
Pension and other employee obligations	16	19.394	20.086	18.243	18.933
Future income from government grants	17	367.803	395.800	367.803	395.800
Long-term borrowings	18	2.289.190	2.904.190	2.289.190	2.904.190
Long-term provisions	19	260.700	267.016	260.700	267.016
Other long-term liabilities	20	17.201	20.572	16.963	20.297
Total		**2.954.288**	**3.607.664**	**2.952.899**	**3.606.236**
Current liabilities					
Trade and other payables	21	68.075	60.228	19.659	17.955
Current tax payable	22	535	685	0	0
Other short term liabilities	23	8.728.182	7.924.407	8.723.876	7.921.498
Total		**8.796.792**	**7.985.320**	**8.743.535**	**7.939.453**
Total liabilities		**11.751.080**	**11.592.984**	**11.696.434**	**11.545.689**
Liabilities held for sale	33	0	319.827	0	319.827
Total equity and liabilities		**12.724.630**	**12.467.522**	**12.701.399**	**12.443.119**

The attached Notes constitute an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		THE GROUP		THE COMPANY	
Amounts in € '000	Note	**1/1/-31/12/2016**	**1/1/-31/12/2015**	**1/1/-31/12/2016**	**1/1/-31/12/2015**
Continuing operations					
Revenue	24	22.398	25.355	22.279	25.333
Cost of sales	25	(266.875)	(263.039)	(260.647)	(257.529)
Gross profit (loss)		**(244.477)**	**(237.684)**	**(238.368)**	**(232.196)**
Administrative expenses	25	(17.823)	(20.142)	(15.161)	(17.311)
Distribution costs	26	(9.461)	(69.655)	(9.391)	(69.641)
Other income	27	75.613	79.652	75.598	78.863
EBITDA		**(196.148)**	**(247.829)**	**(187.322)**	**(240.285)**
Finance costs	28	(171.060)	(223.359)	(171.037)	(223.323)
Finance income	28	6.182	4.066	4.212	1.704
Other financial items	29	(5.256)	(11.882)	(5.256)	(11.882)
Income from dividends	30	0	0	1.176	4.239
Losses before tax		**(366.282)**	**(479.004)**	**(358.227)**	**(469.547)**
Income tax expense	31	(535)	(1.479)	0	(794)
Losses for the year from continuing operations		**(366.817)**	**(480.483)**	**(358.227)**	**(470.341)**
Profit/(losses) for the year from discontinued operations	33	109.249	(26.314)	109.249	(26.314)
Losses for the year after tax		**(257.568)**	**(506.797)**	**(248.978)**	**(496.655)**
Other comprehensive income					
Actuarial profit / (Loss)	16	340	(121)	271	(121)
Tax on distribution of Tax Exempted Reserves of a Subsidiary			(646)		
Offsetting tax non-recognized losses			791		790
Other comprehensive income for the year, net of tax		**340**	**24**	**271**	**669**
Total comprehensive income for the year net of tax		**(257.228)**	**(506.773)**	**(248.707)**	**(495.986)**
EBITDA		**(20.607)**	**(73.405)**	**(11.864)**	**(65.909)**

The attached Notes constitute an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY – THE GROUP

Amounts in € '000	Note	Share capital	Amounts intended for share capital increase	Other Reserves	Retained earnings	Equity attributable to the owners of the parent
Balance as at 01/01/2015		**4.799.198**	**2.738.176**	**8.878**	**(6.772.839)**	**773.413**
Shareholders Deposits	14		288.073			288.073
Transactions with the owners		0	288.073	0	0	288.073
Losses for the year from continuing operations					(480.483)	(480.483)
Profit/Loss for the year from discontinued operations	*33*				(26.315)	(26.315)
Tax on distribution of Tax Exempted Reserves of a Subsidiary					(646)	(646)
Other comprehensive income					(122)	(122)
Closing Reserves	15					0
Offsetting with recognition of tax losses					791	791
Total Income		**0**	**0**	**0**	**(506.775)**	**(506.775)**
Balance as at 31/12/2015		**4.799.198**	**3.026.249**	**8.878**	**(7.279.614)**	**554.711**
Balance as at 01/01/2016		**4.799.198**	**3.026.249**	**8.878**	**(7.279.614)**	**554.711**
Shareholders Deposits	*14*		**676.066**			676.066
Transactions with the owners		0	676.066	0	0	676.066
Losses for the year from continuing operations					(366.817)	(366.817)
Profit/Loss for the year from discontinued operations	*33*				109.249	109.249
Other comprehensive income					340	340
Closing Reserves						0
Offsetting with recognition of tax losses		0	0	0	(257.228)	(257.228)
Balance as at 31/12/2016		**4.799.198**	**3.702.315**	**8.878**	**(7.536.842)**	**973.549**

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

Amounts in € '000	Note	Share Capital	Amounts intended for share capital increase	Other Reserves	Retained earnings	Total equity
Balance as at 01/01/2015		**4.799.198**	**2.738.176**	**4.434**	**(6.756.290)**	**785.518**
Shareholders Deposits	14		288.073			288.073
Transactions with the owners		0	288.073	0	0	288.073
Losses for the year from continuing operations					(470.341)	(470.341)
Profit/Loss for the year from discontinued operations	33				(26.314)	(26.314)
Other comprehensive income					(123)	(123)
Offsetting with recognition of tax losses					0	0
Offsetting with recognition of tax losses					790	790
Total income		0	0	0	(495.988)	(495.988)
Balance as at 31/12/2015		**4.799.198**	**3.026.249**	**4.434**	**(7.252.278)**	**577.603**
Balance as at 01/01/2016		**4.799.198**	**3.026.249**	**4.434**	**(7.252.278)**	**577.603**
Shareholders Deposits	14		676.066			676.066
Transactions with the owners		0	676.066	0	0	676.066
Losses for the year from continuing operations					(358.227)	(358.227)
Profit/Loss for the year from discontinued operations	*33*				109.251	109.251
Other comprehensive income					271	271
Offsetting with recognition of tax losses					0	0
Total Income		0	0	0	(248.705)	(248.705)
Balance as at 31/12/2016		**4.799.198**	**3.702.315**	**4.434**	**(7.500.983)**	**1.004.964**

The attached Notes constitute an integral part of the financial statements.

STATEMENT OF CASH FLOWS

		THE GROUP		THE COMPANY	
Amounts in € '000	Note	**1/1/-31/12/2016**	**1/1/-31/12/2015**	**1/1/-31/12/2016**	**1/1/-31/12/2015**
Cash flows from operating activities					
Losses before tax from continuing operations		(366.282)	(479.004)	(358.227)	(469.547)
Profit/ (losses) before tax from discontinued operations	34	109.249	(26.314)	109.249	(26.314)
Profit adjustments from continuing operations	33	339.036	458.223	339.657	455.434
Profit adjustments from discontinued operations		(109.249)	26.314	(109.249)	26.314
		(27.246)	**(20.781)**	**(18.570)**	**(14.113)**
Changes in Working Capital					
(Increase) / decrease in inventory		(1.734)	(974)	(1.734)	(974)
(Increase) / decrease in receivables		(14.365)	(94)	(3.653)	(10.655)
Increase/ (decrease) in payables		25.537	7.297	(1.812)	8.619
		9.438	**6.229**	**(7.199)**	**(3.010)**
Cash flows from operating activities		**(17.808)**	**(14.552)**	**(25.769)**	**(17.123)**
Less: Income tax paid		0	(769)	0	0
Net cash flows from continuing operations		**(17.808)**	**(15.321)**	**(25.769)**	**(17.123)**
Net cash flows from discontinued operations		(0)	0	(0)	0
Net cash flows from operating activities		**(17.808)**	**(15.321)**	**(25.769)**	**(17.123)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(346.107)	(268.448)	(354.810)	(277.613)
Purchase of intangible assets		(306)	(327)	(296)	(274)
Self-produced tangible fixed assets		(5.513)	(4.896)	(5.513)	(4.896)
(Increase) / decrease receivables		(84.686)	(59.422)	(339.489)	(62.261)
Increase/ (decrease) liabillities		(8.050)	67.497	12.296	48.789
Inflows from the Greek State (share capital increase)		676.066	288.073	676.066	288.073
Net cash flows from investing activities		**231.420**	**22.477**	**(11.746)**	**(8.182)**
Cash flows from financing activities					
Inflows from government grants		274	0	274	0
Repayment of borrowings		(1.381.804)	(1.274.265)	(1.381.804)	(1.274.265)
Interest received		6.182	4.066	4.212	1.704
Interest paid		(177.272)	(249.659)	(177.248)	(249.624)
Change in other liabilities (Greek State)		1.559.033	1.523.775	1.559.033	1.523.957
Net cash flows from financing activities		**6.413**	**3.917**	**4.467**	**1.772**
Net increase / (decrease) in cash and cash equivalent		**220.025**	**11.073**	**(33.048)**	**(23.533)**
Cash and cash equivalent, beginning of year		234.408	223.335	103.640	127.173
Cash and cash equivalent, end of year		**454.433**	**234.408**	**70.592**	**103.640**

The attached Notes constitute an integral part of the financial statements.

D. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Information on the Group and the Company

1.1. General Information

"Hellenic Railways Organization S.A."(Public Law Entity) was founded on January 1st 1970 (by the Presidential Decree 674/1970) with the aim of being a unified organization, operation and development of the railway transports, as well as the railway network. The Company's headquarters are in Athens (Karolou Street 1-3).

OSE S.A., undertook modernizing its network and rolling stock. The new Strategic Transport Investment Framework 2014-2025 of the Ministry of Transport makes provisions for projects totally amounting to more than € 4 billion aimed at completing the existing lines modification as well as the construction of new railway lines and other infrastructures.

Moreover, the Investment Plan on Reorganization and Maintenance of OSE railway network for the period 2016-2018 makes provisions for the projects totally amounting to € 189 million, the largest part of which will be covered by the Organization's own resources.

Within the frame of broader organizational restructuring, OSE became a parent company of a group of companies in which its subsidiaries have already undertaken major operation sectors such as passenger-freight transportation, network and structure management, OSE real Estate property management etc. Within the year 2008, there was finalized the secession of the subsidiary company TRAINOSE, therefore it no longer belongs to the Group. Within 2010, there was finalized the merger of EDISY S.A. with the parent company OSE S.A. Under Law 4111/2013 voted for by the Hellenic Parliament, the decision was made on transfer of GAIAOSE S.A. to the Greek State and secession and contribution of the Rolling Stock Maintenance segment to ROSCO SA.

Further reference is made in Note 40.

Shareholder and Supervisory Authority

Shareholder: Greek State /Ministry of Finance
Supervisory Authority: Ministry of Economy, Infrastructure, Transport and Networks

Members of the Board of Directors

The Organization is managed by the Board of Directors. The BoD consists of 7 members with a maximum of six-year term of service. The members of the Board of Directors that approve the Annual Financial Report, were appointed following the Joint Ministerial Decision Prot. Num. 74 as of February 22, 2013 are as follows:

GEORGIOS APOSTOLOPOULOS	Chairman of the BoD
KONSTANTINOS PETRAKIS	CEO
DIMITRIOS KIOUSIS	Executive Member
AIKATERINI KYLAKOU	Non-Executive Member
IOANNA TSILIMIGKA	Non-Executive Member
GEORGIOS AGAPITOS	Non-Executive Member
ATHANASIOS LEVENTIS	Non-Executive Member

Legal Consultants	ANDREAS ZACHOPOULOS - Director
	ATHANASIOS MICHELIS - Assoc. Director
Auditing Firm	Grant Thornton S.A.

Income Tax

As from 1.1.2014, the Company is exempted from income tax apart from the income acquired from capital and capital transfer goodwill under the provisions of Article 46, Law 4172/2013.

The basic taxation data regarding the Company is as follows:

G.E.M.I.	000779701000
S.A. Reg. Num.	1967/98/B/86/02/23.8.91
TIN	094 038 689, DOY FAE ATHINON
Headquarters address	Karolou 1 – 3, PC 104 37, Athens

1.2. The Company Scope of Operations

Following Presidential Decree 41/2005, OSE S.A. mandatory proceeded to unbinding operations, with separate entities managing the railway infrastructure and exploitation. For this reason, it established two subsidiaries EDISY S.A. and TRAINOSE S.A. entrusting the above sectors to the new entities. On 26/11/2010, following the Decision of the Minister of Transportation and Networks, there was approved the merger of OSE S.A. and EDISY S.A. At the same time, under the Law 3891/2010, there was modified the PD 41/2005 and it was defined that OSE exercises the duties of the management of the National Railway Infrastructure. Law 4408/2016(A'135) defined the independence of the key responsibilities of the infrastructure operator performed by OSE that does not render any railway transportation services. The Group's operations per company are as follows:

<u>OSE S.A.</u>

OSE S.A. is the company which undertakes exclusive management of the National Railway Infrastructure. It is responsible for construction of new infrastructure, management of regulatory and a safety system of rail traffic and holds responsibilities defined by national and EU legislation regarding the infrastructure management. It is also in charge of managing the relative investments.

It estimates, tariffs, levies and collects fees for the use of the railway infrastructure from railway entities that use it. It makes decisions on the allocation of capacity.

<u>ERGOSE S.A.</u>

ERGOSE responsibilities include as follows:

1. design, tendering, procurement, construction and project management of railway infrastructure of the rail systems,
2. provision of services to OSE related to design, development and implementation of its programs,
3. conduct under state or any other public sector bodies expenditure, of expropriation and requisition of property to the State or any other public sector entities for the construction of railway infrastructure,
4. provisions of services related to design, development, support, management, supervision and construction works of any nature to third parties in Greece and abroad.

OSE may, following the decision of its Board of Directors, assign to ERGOSE, since it is an associate, within the meaning of article 42 e paragraph 5 of the Company Law 2190/1920, provision of all kinds of services related to design, development, implementation of its programs, as well as convey, without consideration, to ERGOSE all the main and ancillary rights and obligations arising from construction contracts.

2. BASIS FOR FINANCIAL STATEMENTS PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis for Presentation

Statement of Compliance

The financial statements have been prepared in compliance with the International Financial Reporting Standards – IFRS - that have been adopted by the European Union.

Basis for Preparation of Financial Statements

The financial statements have been prepared based on historic cost principal (excluding investment assets that are measured at fair value) and the going concern principle. The financial statements are presented in thousand Euro and all the items are rounded to the nearest thousand, unless otherwise stated.

Approval of the Financial Statements

The Board of Directors of the Parent Company approved the financial statements for FY 2016, on June 19, 2017 and are subject to final approval of the Parent Company Regular General Meeting of the Shareholders.

Basis for consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, ERGOSE S.A. it controls as at the December 31. All intercompany balances and transactions and unrealized intra-group profits and losses have been fully eliminated. Where necessary, accounting policies of the subsidiary have been revised in order to ensure consistency with the policies adopted by the Group.

2.2. Changes in Accounting Policies

The accounting principles under which the financial statements have been prepared are the same as those used for the preparation of the annual financial statements for the previous year, adjusted in respect of new Standards and revisions adopted by the Group as at January 1, 2016:

New Standards, Interpretations, Revisions and Amendments to the existing Standards that are effective and have been adopted by the European Union

The following amendments and interpretations of the IFRS have been issued by IASB, have been adopted by the European Union and their application is mandatory starting on or after 01.01.2016.

Amendments to IAS 19: "Defined Benefit Plans: Employee Contributions" (effective for annual periods starting on or after 01/02/2015)	In November 2013, the IASB published narrow scope amendments to IAS 19 "Employee Benefits" entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19). The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments do not materially affect the Financial Statements. .
Annual Improvements cycle 2010-2012 (effective for annual periods starting on or after 01/02/2015)	In December 2013, the IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 2: Definition of 'vesting condition', IFRS 3: Accounting for contingent consideration in a business combination, IFRS 8: Aggregation of operating segments, IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets, IFRS 13: Short-term receivables and payables, IAS 7: Interest paid that is capitalized, IAS 16/IAS 38: Revaluation method—proportionate restatement of accumulated depreciation and IAS 24: Key management personnel. The amendments do not affect the Financial Statements.
Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations" (effective for annual periods starting on or after 01/01/2016)	In May 2014, the IASB issued amendments to IFRS 11. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business and specify the appropriate accounting treatment for such acquisitions. The amendments do not affect the Financial Statements.
Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortization" (effective for annual periods starting on or after 01/01/2016)	In May 2014, the IASB published amendments to IAS 16 and IAS 38. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments do not affect the Financial Statements. .
Amendments to IAS 16 and IAS 41: "Agriculture: Bearer Plants" (effective for annual periods starting on or after 01/01/2016)	In June 2014, the IASB published amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16. Consequently, the amendments include bearer plants within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendments do not apply to the Financial Statements.
Amendments to IAS 27: "Equity Method in Separate Financial Statements" (effective for annual periods starting on or after 01/01/2016)	In August 2014, the IASB published narrow scope amendments to IAS 27 "Equity Method in Separate Financial Statements ". Under the amendments, entities are permitted to use the equity method to account for investments in subsidiaries, joint ventures and associates

	in their separate Financial Statements – an option that was not effective prior to the issuance of the current amendments. The amendments do not affect the Financial Statements.
Annual Improvements cycle 2012-2014 (effective for annual periods starting on or after 01/01/2016)	In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2012-2014 cycle. The amendments are effective for annual periods beginning on or after 1 January 2016, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 5: Changes in methods of disposal, IFRS 7: Servicing Contracts and Applicability of the amendments to IFRS 7 to Condensed Interim Financial Statements, IAS 19: Discount rate: regional market, and IAS 34: Disclosure of information elsewhere in the interim financial report. The amendments do not affect the Financial Statements.
Amendments to IAS 1: "Disclosure Initiative" (effective for annual periods starting on or after 01/01/2016)	In December 2014, the IASB issued amendments to IAS 1. The aforementioned amendments address settling the issues pertaining to the effective presentation and disclosure requirements as well as the potential of entities to exercise judgment under the preparation of Financial Statements. The amendments do not affect the Financial Statements. .
Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities: Applying the Consolidated Exception" (effective for annual periods starting on or after 01/01/2016)	In December 2014, the IASB published narrow scope amendments to IFRS 10, IFRS 12 and IAS 28. The aforementioned amendments introduce explanation regarding accounting requirements for investment entities, while providing exemptions in particular cases, which decrease the costs related to the implementation of the Standards. The amendments do not affect the Financial Statements.

New Standards, Interpretations, Revisions and Amendments to existing Standards that are not effective yet and have not been adopted by the European Union

The following new Standards, Revised Standards as well as the following Interpretations to the existing Standards have been publicized but have not taken effect yet or have not been adopted by the European Union.

IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods starting on or after 01/01/2016)	In January 2014, the IASB issued a new Standard, IFRS 14. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. Many countries have industry sectors that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)	In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above were adopted by the European Union – the effective date is 01/01/2018.
IFRS 9 "Financial Instruments" (effective for annual periods starting on or after 01/01/2018)	In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above were adopted by the European Union – the effective date is 01/01/2018.
Amendments to IFRS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (the IASB postponed the effective date of this amendment indefinitely)	In September 2014, the IASB published narrow scope amendments to IFRS 10 and IAS 28. The objective of the aforementioned amendments is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In December 2015, the IASB postponed the effective date of these amendments indefinitely pending the outcome of its research project on the equity method of accounting. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
IFRS 16 "Leases" (effective for annual periods starting on or after 01/01/2019)	In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
Amendments to IAS 12: "Recognition of Deferred Tax Assets for Unrealized Losses" (effective for annual periods starting on or after 01/01/2017)	In January 2016, the IASB published narrow scope amendments to IAS 12. The objective of the amendments is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

Amendments to IAS 7: "Disclosure Initiative" (effective for annual periods starting on or after 01/01/2017)	In January 2016, the IASB published narrow scope amendments to IAS 7. The objective of the amendments is to enable users of Financial Statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
Clarification to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)	In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods starting on or after 01/01/2018)	In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods starting on or after 01/01/2018)	In September 2016, the IASB published amendments to IFRS 4. The amendments introduce approaches to addressing temporary accounting effects arising from the different effective dates of IFRS 9 "Financial Instruments" and the upcoming new insurance contracts standard. The amendments to the existing provisions of IFRS 4 allow entities issuing insurance contracts within the scope of IFRS 4 to defer the implementation date of IFRS 9 till 2021 ("temporary exemption"), and enable all the insurance contracts issuers to recognize in the total comprehensive income, rather than in profit or loss, the volatility potentially arising from application of IFRS 9 prior to the issue of the new insurance contracts standard ("(overlay approach"). The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
Annual Improvements cycle 2014-2016 (effective for annual periods starting on or after 01/01/2017 and 01/01/2018)	In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle are the following: IFRS 12: Clarification of the scope of the Standard, IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12, and 1 January 2018 for IFRS 1 and IAS 28. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods starting on or after 01/01/2018)	In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.
Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods starting on or after 01/01/2018)	In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

2.3. Significant Accounting Estimates and Management Assumptions

The preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the reported assets and liabilities at the balance sheet date. They also affect the disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses for the period. actual results may differ from these estimates. The most significant judgments and estimates referring to the events, which could significantly affect the items of the financial statements during the forthcoming twelve months period are as follows:

Current Value of Property, Plant and Equipment

In compliance with provisions of Law 3891/2010 regarding the issue, under certain conditions, i.e. transfer of assets and assumption of liabilities of the parent company by the State, there was not conducted impairment test of technical projects, assets under construction and vehicles of the Group.

Provisions for risks

The Group creates provisions for risks relating to lawsuits made by third parties against the Group companies whose outcome could lead to an outflow of resources for the settlement. The provision is made based on the conductive amount and the probability of the litigation outcome.

Provision for Personnel Compensations

The amount of the provision for retirement benefits is based on an actuarial study. The actuarial valuation involves making assumptions about discount rate, the rate of increase in compensation of employees, increase in the consumer price index and the expected remaining working lives. These assumptions are subject to significant uncertainty and the Management often proceeds with their revisions.

Income Tax

As from 1.1.2014, under the provisions of Article 46, Law 4172/2013, the Company is exempted from income tax since it belongs to the Central Government bodies, in which the state holds one hundred percent (100%)apart from the income acquired from capital and capital transfer goodwill.

Significant estimates are required for determining the provision for income taxes regarding the Company's and its subsidiaries tax non-inspected years. Estimates in respect of tax inspection issues are based on historic data and previous inspections. Therefore, the final settlement of income taxes may differ from the amounts recorded in the financial statements.

As from 2011, the parent company and its subsidiaries are subject to tax audit of Chartered Accountants. This audit regarding FY 2016 is in progress and the related tax certificate is to be issued following the publication of the financial statements for the year 2016. If until the completion of the tax audit additional tax liabilities arise, it is estimated that they will have no material impact on the financial statements.

2.4. Key Accounting Policies

Property, plant and equipment

Land-plots, buildings and mechanical equipment of the Group are presented in the financial statements at imputed cost as defined based on fair value as at transition date less accumulated depreciation and possible depreciation of the value of assets. The remaining assets are reported in the financial statements at cost.

The acquisition cost of fixed assets includes all expenses directly attributed to the acquisition of the assets. All the subsequent expenses are registered as in increase of the tangible assets' book value or as a separate fixed asset, only to the extent where such expenses increase the future economic benefits expected to arise from the use of the fixed assets, and the cost of such may be reliably calculated. The cost of repairs and maintenance is registered in the results of the period where such are realized.

Self-produced tangible assets constitute and addition to the acquisition cost of tangible assets at values that include the direct payroll cost for staff that participates in the construction, the cost of used materials and other general costs.

The depreciations of tangible fixed assets are calculated under the straight line method during their useful life. The total useful life (in years) applied under depreciation calculation is as follows:

Freehold Buildings and Constructions	from 5 to 50 years
Transportation Technical Equipment	from 10 to 75 years
All Kinds of Mechanical Equipment	from 5 to 15 years
Rolling Stock and Other Means of Transport	from 5 to 50 years
Other Equipment	from 1 to 7 years

Investment Property

Investment property is property (land or a building—or part of a building—or both) held by the Group to earn rentals or for capital appreciation or both.

Investment property is initially recognized at cost. Transaction costs shall be included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs.

The Group has chosen to measure the investment property at fair value. Under this policy, fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

A factor determining the fair value is the current price in an active market for similar properties in the same location and in the same condition.

Intangible Assets

Intangible assets comprise software licenses that are recognized at fair value less the amortization. Amortization of intangible assets is calculated based on the straight-line method over their estimated useful life, which is estimated as that from 3 to 5 years. Amortizations of software licenses are included in the items "Cost of Sales" and "Administrative Expenses" of the Income Statement.

Other Investments

Other investments concern the companies, established and operated by various international railroad organizations in order to facilitate cooperation. As far as EUROFIMA is concerned, it has been established by European railway network with the view to financing investment in rail materials. The above investments are not held for trading and as at their initial recognition were defined by the Group as items measured at fair value with the changes recognized in other comprehensive income. Since their fair value cannot be estimated reliably, they are measured at historic cost.

Receivables from Customers and Other Receivables

The above category includes non-derivative financial assets under stable or definite payments not traded in active markets that have been classified as «Loans and Receivables» and are measured at amortized cost based on effective interest method.

The above category does not include:

- receivables from down payment for acquisition of products or services,
- receivables that pertain to tax payments, which are enforced by law by the state,
- anything that is not covered by contract, so as to provide the right to the company for cash, reception or other financial fixed assets.

Loans and receivables are included in the current assets, except for those that mature later than 12 months after the balance sheet date. The latter are included in the non-current assets.

When the receivables are impaired, their book value decreases to their recoverable amount, which is the current value of expected cash flows, discounted at the initial effective rate. Afterwards, the interest is calculated at the same interest rate over the impaired (new book) value.

Cash and Cash equivalents

Cash and cash equivalents include time deposits and other high liquidity investments initially maturing in less than three months.

Borrowing

Loans and borrowings are initially recognized at cost, reflecting the fair value of the consideration received net of the transaction cost of the loan agreements. Borrowings are subsequently stated at amortized cost using the effective interest rate method. For the calculation of amortized cost, any issue of costs and credits is taken into account.

Other financial liabilities

Trade payables are initially recognized at their nominal value and are subsequently measured at amortized cost and are presented in the account "Suppliers and similar liabilities". Gains and losses are recognized in the income statement when the liabilities are eliminated and under applying the effective interest method.

Inventory

At the Balance Sheet date, inventory is presented at the lowest price between acquisition cost and net realizable value. The cost of inventory is defined using the annual weighted average method. The cost of inventory does not include financial expenses.

Grants

The Group recognizes the government grants that cumulatively satisfy the following criteria:

- ✓ There is reasonable certainty that the company has complied or will comply to the conditions of the grant and
- ✓ It is probable that the amount of the grant will be received.

The grants are carried at fair value and systematically recognized in income, based on the principle of linking subsidies with the related costs which they subsidize.

Grants relating to assets are included in long term liabilities.

Short-term benefits

The short-term benefits to the employees in cash and kind are recognized as expense when deferred.

End of service benefits

End of service benefits comprise defined benefit plans.

The liability recognized in the Statement of Financial Position for defined benefit plans is the present value of the obligation for defined benefit. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Changes in defined benefit plan obligations related to current service cost and interest costs are recognized in the income statement, while the actuarial gains or losses arising from revaluations due to changes in assumptions are recognized in other comprehensive income.

End of service defined obligations discount rate is defined by reference to market performance of high quality corporate bonds at the end of the reporting period.

Revenue Recognition

Revenue is recognized to the extent that it is likely that economic benefits will arise for the group and the relevant amounts can be reliably measured. Income between group companies consolidated under full consolidation method is fully written-off.

Revenue is recognized in the following way:

Provision of services

Income from provision of services is accounted for within the period the services concern.

Sale of goods

Income is recorded when the essential risks and rewards that emanate from the ownership of the goods have been transferred to the buyer.

Interest Income

Interest income is recognized based on time proportion under effective interest rate.

Segment Reporting

An operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), and b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The term «chief operating decision maker » defines the Management of the Group that is responsible for allocating resources and assessing the performance of the operating segments of an entity. An entity shall report separately information about each operating segment that meets some aggregation criteria and exceeds some quantitative thresholds.

The amount reported for each operating segment item is the one reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

The above information is that, presented in the attached statements of financial position, comprehensive income and cash flows under IFRS. In particular, the group recognizes the following operating reporting segments:

- Infrastructure & Traffic
- Rolling Stock Leasing. Under Law 4313/2014 (GG 261/17.12.2014), the Organization no longer receives any amounts for rolling stock leasing and as from 1.1.2013, the amounts are submitted to the Greek State.
- Other segments, which include Training - Other Services

In line with the implementation of the revised standard, the Group does not allocated per segment assets and liabilities.

Subsequent Events

Subsequent events that provide additional information on the date of the balance sheet and financial position of the Group and meet the recognition criteria are recognized in the financial statements. Otherwise, they are disclosed in the notes to the financial statements.

3. Property, Plant and Equipment

Land plots, buildings and technical equipment are carried as at transaction date (01/01/2005) at deemed cost, as in compliance with the requirements of IFRS 1. Deemed cost is the fair value of fixed equipment at IFRS transition date, estimated by independent, internationally recognized actuary agency.

There are a lot of contractual commitments for acquisition of fixed assets (New Investment) of large amounts that mainly pertain to expansion, modernization and improvement of the National Rail Network.

The Group Property, plant and equipment items are analyzed as follows:

Amounts in € '000	**Land**	**Buildings**	**Machinery**	**Transportation technical equipment**	**Furniture and other equipment**	**Fixed assets under construction**	**Total**
Acquisition cost as at 1/1/2015	3.292.277	8.097.334	98.991	759.170	31.454	1.519.817	13.799.043
Less: Accumulated Depreciation	0	(2.199.252)	(57.621)	(302.760)	(22.102)	0	(2.581.736)
Net Book Value at 1/1/2015	**3.292.277**	**5.898.082**	**41.370**	**456.410**	**9.352**	**1.519.817**	**11.217.308**
Additions	7.494	4.035	8.841	52	167	248.068	268.657
Transfer to Greek State & held for sale	0	0	0	(654.795)	0	(6.348)	(661.143)
Sales	0	0	0	0	(77)	0	(77)
Total Depreciations of transferred rolling stock to Greek State	0	0	0	262.736	0	0	262.736
Self-produced tangible fixed assets	0	4.896	0	0	0	0	4.896
Depreciation of discontinued operations	0	0	0	(18.738)	0	0	(18.738)
Depreciation	0	(193.447)	(5.980)	(2.128)	(927)	0	(202.482)
Acquisition cost as at 31/12/2015	3.299.771	8.106.265	107.832	104.427	31.544	1.761.537	13.411.377
Less: Accumulated Depreciation	0	(2.392.699)	(63.601)	(60.890)	(23.029)	0	(2.540.220)
Net Book Value at 31/12/2015	**3.299.771**	**5.713.567**	**44.231**	**43.537**	**8.514**	**1.761.537**	**10.871.157**
Additions	2.080	1.676	1.562	0	175	344.619	350.111
Transfer to Greek State & Held for Sale	0	0	0	(4.003)	0	0	(4.003)
Self-produced tangible fixed assets	0	5.513	0	0	0	0	5.513
Depreciation	0	(194.179)	(6.278)	(2.060)	(1.014)	0	(203.532)
Acquisition cost as at 31/12/2016	3.301.851	8.113.454	109.394	100.387	31.660	2.106.156	13.762.902
Less: Accumulated Depreciation	0	(2.586.878)	(69.878)	(62.950)	(24.043)	0	(2.743.750)
Net Book Value at31/12/2016	**3.301.851**	**5.526.576**	**39.516**	**37.436**	**7.616**	**2.106.156**	**11.019.152**

Amounts in € '000	**Land**	**Buildings**	**Machinery**	**Transportation technical equipment**	**Furniture and other equipment**	**Fixed Asset under construction**	**Total**
Acquisition cost as at 1/1/2015	3.297.229	8.096.038	99.435	759.051	29.301	1.568.505	13.849.559
Less: Accumulated Depreciation	0	(2.197.949)	(57.467)	(302.695)	(20.039)	0	(2.578.150)
Net Book Value at 1/1/2015	**3.297.229**	**5.898.089**	**41.968**	**456.356**	**9.262**	**1.568.505**	**11.271.410**
Additions	7.803	4.151	9.137	0	75	256.447	277.613
Transfer to Greek State	0	0	0	(654.795)	0	(6.348)	(661.143)

Transfer to Greek State & held for sale (Depreciation)	0	0	0	262.736	0	0	262.736
Self-produced tangible fixed assets	0	4.896	0	0	0	0	4.896
Depreciation	0	(193.446)	(5.977)	(2.120)	(985)	0	(202.529)
Depreciation of discontinued operations	0	0	0	(18.738)	0	0	(18.738)
Acquisition cost as at 31/12/2015	3.305.032	8.105.085	108.572	104.256	29.376	1.818.604	13.470.925
Less: Accumulated Depreciation	0	(2.391.395)	(63.444)	(60.817)	(21.024)	0	(2.536.680)
Net Book Value at 31/12/2015	**3.305.032**	**5.713.690**	**45.128**	**43.439**	**8.352**	**1.818.604**	**10.934.245**
Additions	2.152	1.676	1.561	0	152	353.270	358.810
Transfer to Greek State & held for sale	0	0	0	(4.003)	0	0	(4.003)
Self-produced of discontinued opertions	0	5.513	0	0	0	0	5.513
Depreciation	0	(194.176)	(6.276)	(2.077)	(1.036)	0	(203.566)
Acquisition cost as at 31/12/2016	3.307.184	8.112.274	110.133	100.253	29.527	2.171.875	13.831.246
Less: Accumulated Depreciation	0	(2.585.571)	(69.721)	(62.894)	(22.060)	0	(2.740.246)
Net Book Value at 31/12/2016	**3.307.184**	**5.526.702**	**40.412**	**37.359**	**7.467**	**2.171.875**	**11.090.999**

Following the publication of the Joint Ministerial Decisions No. F35/OIK.23084/1822 dated as at 14.04.2014 and F35/OIK.62786/3165/22.10.2015, the rolling stock was automatically transferred by OSE to the Greek State. OSE debt to the Greek State will be equally reduced at the book value amounting to € 315,15 million and € 187,8 million respectively regarding the rolling stock transferred on the transfer date. The issues related to the delivery of rolling stock, the organizations-in charge-of the transfer, the storage spaces, determination of the transferred stock condition as well as the technical and financial evaluation of the rolling stock for the purposes of establishing its commercial value will be defined under a new decision of the respective Ministers to be issued in accordance with the provisions of Article 8 of Law. 3891/2010 as effective. In case there is a difference compared to the carrying amount, the debt reduction regarding the Organization will be adjusted so that it would equal its commercial value. On 17.10.2015, OSE signed Assumption Agreement with the Greek State towards Eurofima and following the publication of the Joint Ministerial Decision No. 337/ 29.03.2016, as from 1.1.16, OSE no longer enjoys any right arising from finance lease agreements with Eurofima, and, therefore, the Rolling Stock of 210.6 million value was transferred to Assets Held for Sale category on 31.12.2015. The transferred value has burdened the income statement for the period.

4. Intangible Assets

Intangible assets concern computer software and are analysed as follows:

Amounts in € '000	**THE GROUP**	**THE COMPANY**
Acquisition Cost as at 31/12/2015	2.836	1.322
Accumulated Amortization	(2.252)	(844)
Book Value as at 31/12/2015	**584**	**478**
Acquisitions	305	297
Amortization	(185)	(160)
Acquisition Cost as at 31/12/2016	3.141	1.619
Accumulated Amortization	(2.437)	(1.004)
Book Value as at 31/12/2016	**704**	**615**

5. Investments in Subsidiaries

In the separate financial statements of the company, investments in subsidiaries are presented as the results of their acquisition cost less possible impairment of assets. Their book value within the current year stands at € 303 k.

The only Company's subsidiary consolidated under full consolidation method is the company ERGOSE S.A. and the participating interest stands at € 303 k (2015: € 303 k).

6. Investments in Other Companies

	THE GROUP	**THE COMPANY**

Amounts in € '000	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening period	**15.265**	**15.265**	**15.265**	**15.265**
Increase in %	**0**	**0**	**0**	**0**
Closing period	**15.265**	**15.265**	**15.265**	**15.265**

Amounts in € '000

Company	% participating interest	Country	Interest Value	Outstanding Capital	Final Value
EUROFIMA	2,00%	SWITZERLAND	39.852	24.588	15.264
SCRL LTD (BCC)	1 Corporate Share	BELGIUM	1	0	1
Total			**39.853**	**24.588**	**15.265**

The above companies were established by various railway organizations that participate in them for collaboration promotion purposes. As far as EUROFIMA is concerned, it was established by European railway network for the purposes of rolling stock investments financing. BCC is an international agency of offsetting international network charges.

The above investments are recorded at historic acquisition cost.

7. Investment Property

Land plots and buildings are carried at IFRS transition date (01/01/2005) at adjusted values as determined based on fair values by an independent actuary at the transition date.

In 2011, there was completed the update of the fair value of OSE S.A. investment property investment by an independent appraiser at the reporting date - 31/12/2010.

	THE GROUP		THE COMPANY	
Amounts in € '000	INVESTMENT PROPERTY	TOTAL	INVESTMENT PROPERTY	TOTAL
Book Value at 31.12.2016	142.268	142.268	142.268	142.268
Fair Value at 31.12.2016	142.268	142.268	142.268	142.268
Profit / Loss	**0**	**0**	**0**	**0**
Amounts in € '000	INVESTMENT PROPERTY	TOTAL	INVESTMENT PROPERTY	TOTAL
Book Value at 31.12.2015	142.268	142.268	142.268	142.268
Fair Value 31.12.2015	142.268	142.268	142.268	142.268
Profit / Loss	**0**	**0**	**0**	**0**

From exploitation of investment property, the Group has not received income from rentals in the aforementioned FYs.

8. Other Long Term Receivables

	THE GROUP		THE COMPANY	
Amounts in € '000	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Guarantees provided	254	269	102	102
Advance payments for assets acquisition	26.501	41.315	3.789	3.789
Total	**26.755**	**41.584**	**3.891**	**3.891**

The above receivables pertain to advance payments performed to the contractors by the subsidiary ERGOSE S.A. According to Article 51, Law 3669/2008, on public construction projects, the Company provides advice payments to contractors till 15% of the total contractual amount. The contractor is burdened with interest for the aforementioned purposes.

9. Inventory

Amounts in € '000	THE GROUP 31/12/2016	31/12/2015	THE COMPANY 31/12/2016	31/12/2015
Consumables	2.430	1.870	2.430	1.870
Spare parts	5.391	4.219	5.391	4.219
Total Realizable Value	**7.821**	**6.089**	**7.821**	**6.089**

There are no commitments on the company inventory as against borrowing or other liabilities.

10. Customers and Other Trade Receivables

The analysis of the Group and the Company customers and other trade receivables is as follows:

Amounts in € '000	THE GROUP 31/12/2016	31/12/2015	THE COMPANY 31/12/2016	31/12/2015
Receivables from private sector	1.192	1.100	1.124	1.024
International Transport Fares	1.292	1.292	1.292	1.292
Greek State – Public entities	784.803	778.148	784.803	778.148
Receivables from related company	0	0	339.717	84.913
Total Receivables	**787.287**	**780.540**	**1.126.936**	**865.377**
Less: Allowance for bad debts	(11.927)	(6.867)	(11.386)	(6.325)
Total Net Receivables	**775.360**	**773.673**	**1.115.550**	**859.052**

The total of the above receivables are short term and their book value approximates their fair value.

11. Other Receivables

The Group and the Company Other Receivables are analyzed as follows:

Amounts in € '000	THE GROUP 31/12/2016	31/12/2015	THE COMPANY 31/12/2016	31/12/2015
Receivables from Greek State	239.855	155.641	238.799	154.172
Receivables from Insurance Funds	48.705	48.604	48.705	48.604
Advanced payments to suppliers	3.100	2.546	3.100	2.546
Miscellaneous debtors	38.050	13.664	10.491	10.560
Blocked Deposit Accounts	847	443	847	443
Prepaid expenses	153	234	120	216
Income Received	1.111	57	1.000	57
Staff current accounts	3.458	2.968	3.441	2.955
Receivables from Foreign Networks	304	303	304	303
Total Other Receivables	**335.583**	**224.460**	**306.807**	**219.856**
Less: Allowance for bad debts	(52.712)	(52.548)	(52.712)	(52.548)
Total Net Receivables	**282.871**	**171.912**	**254.095**	**167.308**

The item «Receivables from Greek State» mainly includes VAT returns.

The accumulated provision for doubtful receivables from insurance funds amounts to € 48.590 k (2014: € 48.590 k).

The remaining amount of the provision pertains to other accounts receivable.

Miscellaneous debtors account also includes a amount of approximately euro 6 million, pertaining to OSE receivables from the Greek State arising from administrative courts claims (see Note 38) and an amount of 20 million for the Group pertaining to non-deposited cheques.

12. Cash and Cash Equivalents

Cash and cash equivalents represent cash in the Group's cashier as well as the bank deposits (sights or long term deposits) that are available upon demand.

Following No. 5316/04.02.2015 minutes of the Board of Directors, the Company Management, in compliance with the decision of the General Meeting of OSE Shareholders held on March 26, 2015, approved the proposal to open a cash management account/ accounts of OSE at the Bank of Greece. The Legislative Act (Government Gazette 41/ 20.04.2015) made provisions for the mandatory transfer of cash and time deposits of the General Government Institutions to the Bank of Greece, based on the provisions of case G, paragraph 11, Article 15, Law 2469/1997 (A-38), as amended by Article 36, Law 4320/2015 (A 29). This article makes provisions for the possibility of investing the total of such funds into acquisition or disposal securities of the Greek State securities under re-disposal/repurchase transactions with the Greek State. If case capital losses arises, the Institution holds direct claim for losses against the Greek State. Following the above, 71,37% of the Company's total cash available (or 100% of non-directly callable receivables for the needs of cash management) were transferred to the aforementioned account.

The Legislative Act has imposed capital control in Greece. The Group estimates that no liquidity shortage is to be currently expected.

The Group and the Company cash and cash equivalents are as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Cash on hand	53	398	47	395
Bank deposits in €	453.250	232.888	69.415	102.122
Bank deposits in foreign currency	1.131	1.122	1.131	1.122
Total Cash & Cash Equivalents	**454.434**	**234.408**	**70.593**	**103.639**

13. Share Capital

The Company share capital comprises 47.991.984 ordinary, fully paid Shares (2015: 47.991.984), of nominal value € 100 each. The total share capital amounts to € 4.799.198.400.

As far as the Company Share Capital is concerned, there are no specific restrictions apart from those, imposed by the effective legislation.

14. Amounts Intended for Share Capital Increase

The Group and the Company amounts intended for the Share Capital Increase are analyzed as follows:

Amounts in € '000	**THE GROUP**	**THE COMPANY**
Balance as at 1/1/2015	**2.738.176**	**2.738.176**
Shareholders deposits	288.073	288.073
Balance as at 31/12/2015	**3.026.249**	**3.026.249**
Shareholders deposits	676.066	676.066
Balance as at 31/12/2016	**3.702.315**	**3.702.315**

The above amounts are expected to be capitalized following the issue of ministerial decisions.

15. Reserve Capital

The Group reserves are analyzed as follows:

	THE GROUP			
Amounts in € '000	**Statutory reserves**	**Special Purpose Reserves**	**Fair Value Adjustments Reserves**	**Total**
Balance as at 1/1/2015	**527**	**4.344**	**4.434**	**9.305**
Changes for the year	(427)	0	0	(427)
Balance as at 31/12/2015	**100**	**4.344**	**4.434**	**8.878**
Changes for the year	0	0	0	0
Balance as at 31/12/2016	**100**	**4.344**	**4.434**	**8.878**

	THE COMPANY			
Amounts in € '000	**Statutory reserves**	**Special Purpose Reserves**	**Fair Value Adjustments Reserves**	**Total**
Balance as at 1/1/2015	**296**	**0**	**4.434**	**4.728**
Changes for the year	(296)	0	0	-296
Balance as at 31/12/2015	**0**	**0**	**4.434**	**4.434**
Changes for the year	0	0		0
Balance as at 31/12/2016	**0**	**0**	**4.434**	**4.434**

Reserves from adjusted values of the Company of € 4,432 k are analyzed as follows: an amount of € 770 k mainly concerned the differences resulting from the revaluation of various assets that were held in previous years, based on the principles that were consistent with the previous accounting methods applied by the Company. Reserves also included the values of fixed assets that were acquired by the Company free-of-charge., while the remaining amount of € 3.662 k was formed in 2011 and pertained to revaluation of owner-occupied properties of the Company, which were transferred into the category of investment property.

Statutory reserves: Under Greek corporate law, entities are required to form statutory reserves of 5.0% from the profits of the year until the amount comes to one-third (1 / 3) of the outstanding share capital. During the company's term of operation, distribution of statutory reserves is prohibited. Due to the merger of OSE and EDISY in 2010, statutory reserves in the financial statements of OSE increased by approximately € 296 k. This increase pertained to accumulated reserves of EDISY till the merger approval date.

Tax Exempted special legislation and other special purpose reserves:

Tax legislation reserves were formed under the provisions of tax laws, which either allow the transfer of certain income tax to the time of their distribution to shareholders or provide tax relief as an incentive for investment. The tax liability to be imposed under the contingent distribution of these reserves will be recognized at the time of making the decision on distribution in relation to the amount of the distribution.

16. Employee End of Service Benefit Obligations

The Group and the Company recognize as Employee Termination Benefits the present value of the legal commitment undertaken to pay off as a lump sum the compensation to staff members leaving the company due to retirement. The above obligation was calculated following the actuarial research conducted by an independent actuary. In particular, the research involved the investigation and calculation of actuarial sizes required by the provisions set by International Accounting Standards (IAS 19) which shall be recorded in the Statement of financial Position and Statement of Comprehensive Income.

According to the actuaries, the method used was that of the projected credit unit.

The Group and the Company have neither formally nor informally activated any special benefit plan for the employees, committed to providing benefits to employees terminating their work. The only plan that is in effect is a contractual obligation (under the current legislation 993/1979, 3891/2010, 4093/12 etc.) to provide a lump sum in case of retirement plan.

Law 4254/2014 (Government Gazette 85/07.04.2014, subparagraph IB2, par. 7) has amended Article 20 par. 2, Law 3891 / 2010, which concerns the upper threshold of compensation paid to personnel due to retirement. Taking into account the opinion of its legal consultants, the Management of the Organization has decided to change the method of calculating the compensation for craftsmen. Instead of the scale stipulated by labor legislation for craftsmen, it will be further calculated based on the employees scale.

The corresponding obligations of the Group and the Company as well as the amounts recorded in the statement of comprehensive income are as follows:

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Opening balance obligations	**20.086**	**21.161**	**18.933**	**20.001**
Pension benefits (debited in the income statement)	632	888	566	771
Pension benefits (debited in other comprehensive income)	(340)	(3)	(271)	121
Use of provisions (payments)	(984)	(1.960)	(984)	(1.960)
Total	**19.394**	**20.086**	**18.244**	**18.933**

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Current service cost	(94)	(125)	(51)	(43)
Finance cost	(477)	(595)	(454)	(560)
Termination benefit cost	(61)	(168)	(61)	(168)
Total	**(632)**	**(888)**	**(566)**	**(771)**

	THE GROUP		THE COMPANY	
Amounts in € '000	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Recognition of actuarial profit/loss	340	(3)	271	(121)
Total	**340**	**(3)**	**271**	**(121)**

Key actuarial estimates, used by actuaries, are as follows:

Estimates	**31/12/2016**	**31/12/2015**
Discount interest rate	1,90%	3,00%
Future salaries increases	1,00%	1,50%
Inflation	1,80%	2,00%
Retirement table	MT EAE2012P	MT EAE2012P
Retirement percentage	0,00%	0,00%

Sensitivity Analysis

	Changes in basic assumptions	**Actuarial Liability of OSE at 31.12.2015**	**Change in comparison to the Basic Evaluation**
Technical Interest	0,50%	17.646.687	(596.693)
Technical Interest	-0,50%	18.872.102	628.722

Salaries' increase	0,50%	18.555.615	312.235
Salaries' increase	-0,50%	17.937.763	(305.617)

17. Future Income from Government Grants

The above item includes effective fixed assets grants.

		THE GROUP		THE COMPANY
Amounts in € '000	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Acquisition value	707.050	706.777	707.050	706.777
Grants Amortization	(339.247)	(310.977)	(339.247)	(310.977)
Book value as at 31/12/2016	**367.803**	**395.800**	**367.803**	**395.800**

The aforementioned government grants pertain to:
1. Government Investments Grants
2. European Union Grants
3. Volos – Milies line reoperation grants
4. Grants from the General Secretariat of Research and Technology (MITRO – SRM LIFE- INTELLECT)

The future income from the grants included in the above account is definite.

18. Long term Loan Liabilities

The Group and the Company long term loan liabilities are analyzed as follows:

Borrowing as at 30/12/2016	**THE GROUP AND THE COMPANY**			
Amounts in € '000	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**	**TOTAL**
Bond loans	713.700	775.000	800.490	2.289.190
Total	**713.700**	**775.000**	**800.490**	**2.289.190**

The Group and the Company long-term loan liabilities paid in the following year are included in the item «Other short term liabilities» (Note 23) and amount to 615 million euro (2015: 1,38 billion euro).

All the loan liabilities of the Organization are secured by the Greek State. The total of long-term and short-term liabilities as at 31/12/2016 stands at € 2,90 billion, from which, bonds of approximately € 2,33 billion are held by the Greek State following the exchange process (Private Security Investment - PSI+) completed in 2012. Bonds worth of € 575 million are held by third parties that have not accepted the terms of exchange.

On 17.10.2015, OSE signed Assumption Agreement with the Greek State towards Eurofima and following the publication of the Joint Ministerial Decision No. 337/ 29.03.2016, as from 1.1.16, OSE no longer enjoys any right arising from finance lease agreements with Eurofima, and, therefore, the Rolling Stock of 315 million value was transferred to Liabilities Held for Sale category. Transfer of liabilities arising from finance lease agreements with Eurofima was completed within the current period.

19. Other Provisions

The provisions, included in the above item, are analyzed as follows:

	THE GROUP			**THE COMPANY**		
Amounts in € '000	**Other provisions for contingent liabilities**	**Provisions for tax inspection differences**	**Total**	**Other provisions for contingent liabilities**	**Provisions for tax inspection differences**	**Total**

Book value as at 1/1/2015	**153.047**	**60.316**	**213.363**	**153.047**	**60.316**	**213.363**
Additions	64.164	0	64.164	64.104	0	64.104
Used provisions	(962)	(9.549)	(10.511)	(902)	(9.549)	(10.451)
Book value as a 31/12/2015	**216.249**	**50.767**	**267.016**	**216.249**	**50.767**	**267.016**
Additions	1.400	0	1.400	1.400	0	1.400
Used provisions	(7.716)	0	(7.716)	(7.716)	0	(7.716)
Book value as a 31/12/2016	**209.933**	**50.767**	**260.700**	**209.933**	**50.767**	**260.700**

Within the previous FY, the Organization was tax inspected using the equal provisions without burdening the income statement for the year (see Note 38).

20. Other Long Term Liabilities

The Group and the Company other long term liabilities are analyzed as follows:

-	**THE GROUP**		**THE COMPANY**	
Amounts in € '000	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Rental Securities Issued	18	18	18	18
Pension funds	16.946	20.279	16.946	20.279
Other long-term liabilities	237	275	0	0
Total other long term liabilities	**17.201**	**20.572**	**16.964**	**20.297**

Based on the provisions of Law 4321/2015, the company has proceeded with the final settlement of liabilities to insurance organizations until 2011. Since the settlement date till currently, the Organization timely pays its insurance contributions.

21. Trade and Other Liabilities

Trade and other liabilities balances in respect of the Group and the Company are analyzed as follows:

-	**THE GROUP**		**THE COMPANY**	
Amounts in € '000	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Domestic suppliers	34.935	53.764	19.186	17.930
Foreign suppliers	473	25	473	25
Liabilities to associates	0	0	0	0
Checks payable	32.667	6.439	0	0
Total liabilities	**68.075**	**60.228**	**19.659**	**17.955**

Cheques payable pertain to repayment of ERGOSE Group subsidiary contractors.

22. Current Tax Obligations

As from 1.1.2014, the Company is exempted from income tax apart from the income acquired from capital and capital transfer goodwill under the provisions of Article 46, Law 4172/2013 since it belongs (100%) to state bodies.

23. Other Short-term Liabilities

The Group and the Company other short-term liabilities are analyzed as follows:

-	**THE GROUP**		**THE COMPANY**	
Amount in € '000	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Greek State – Loan Repayment	7.936.887	6.377.854	7.936.887	6.377.854

Long term liabilities carried forward	615.000	1.376.550	615.000	1.376.550
Accured expenses	62.928	69.832	62.920	69.832
Other taxes (excluding income tax)	4.297	3.656	123	906
Insurance funds	3.139	4.591	3.139	4.591
Advances from customers	1.387	1.265	1.387	1.265
Salaries and wages payable	1.657	1.108	1.657	1.108
Deferred income	96	128	0	0
PDE Liabilities	60.391	47.830	60.391	47.830
Miscellaneous debtors	240	240	240	240
Fees beneficiaries	8.452	5.780	8.427	5.753
Other short term liabilities	33.708	35.573	33.706	35.569
Total liabilities	**8.728.182**	**7.924.407**	**8.723.877**	**7.921.498**

Following the publication of the Joint Ministerial Decisions No. F35/OIK.23084/1822/14/4/2014 and F35/OIK.62786/3165/22.10.2015, the debt to the State decreased by 315,1 million and 187,8 million respectively. Analytical reference is presented in Note 3.

Within the current year, the Organization liabilities to the Greek State arising from loan guarantees increased by € 1,52 billion. As referred to in Note 18 above, the amounts of credit installments and interest that appear to have been paid by the guarantor (the Greek State) differ in respect of the actual amounts paid, meaning that a significant part of the liabilities of the Organization (approximately 80,2% of the value of its bonds) has come into possession of the Greek State through the exchange process (PSI+ 2012).

Long-term liabilities payable in the next fiscal year are related to amortization of loans to be paid within the next fiscal year. An amount of Euro 40 million is owned by the Greek State.

Accrued expenses mainly concern accrued interest on bond loans.

Other current liabilities mainly concern liabilities amounting to approximately Euro 4,7 million for staff retirement and Euro 21 million for obligation die to judicial dispute with another public entity.

24. Turnover

The Group and the Company revenue analysis is presented below:

-	THE GROUP		THE COMPANY	
Amounts in € '000	**1/1/-31/12/2016**	**1/1/-31/12/2015**	**1/1/-31/12/2016**	**1/1/-31/12/2015**
Income from infrastructure use fees	16.852	18.121	16.852	18.121
Income from Other Services	752	1.694	633	1.678
Income from infrastructure use duties (Electrification)	4.176	2.868	4.176	2.868
Disposal of obsolete stock	618	2.672	618	2.666
Total	**22.398**	**25.355**	**22.279**	**25.333**

Income from infrastructure use duties concern the income receivable from the companies TRAINOSE S.A. and URBAN RAIL TRANSPORT S.A. that use it. It is calculated based on the Network Statement which is annually renewed and posted on the Organization's website.

Revenue from rendering services is mainly related to income from the provision of education services to third parties, providing IT services and rental of buildings and means of transportation.

Revenue from infrastructure use duties (Electrification) concern revenue from the companies TRAINOSE S.A. and URBAN RAIL TRANSPORT S.A. under electrification transfer cost.

Income from scrap sales pertains to disposals of old and obsolete inventory.

25. Analysis of Expenses per Category

Analysis and allocation of the Group expenses for the closing year per category as well as the comparative period sizes are presented below as follows:

-	THE GROUP 1/1/-31/12/2016			THE COMPANY 1/1/-31/12/2016		
Amounts in € '000	**Cost of sales**	**Administration expenses**	**Total**	**Cost of sales**	**Administration expenses**	**Total**
Cost of inventory recognized as expenses	2.142	15	**2.157**	2.142	15	**2.157**
Cost of tangible assets depreciation	198.860	4.763	**203.623**	198.821	4.749	**203.570**
Cost of intangible assets amortization	24	163	**187**	6	155	**161**
Operating leases expenses	1.082	238	**1.320**	683	32	**715**
Electric power	7.084	235	**7.319**	7.084	235	**7.319**
Distribution expenses	71	0	**71**	18	0	**18**
Telecommunications	560	272	**832**	525	253	**778**
Insurance	87	161	**252**	79	156	**239**
Repair and maintenance	5.369	74	**5.443**	5.326	51	**5.377**
Charges for outside services	2.775	63	**2.838**	2.723	36	**2.759**
Taxes-Duties	1.387	320	**1.707**	1.351	294	**1.645**
Employee compensation and expenses	41.422	8.866	**50.288**	37.048	7.262	**44.310**
Professional fees and expenses	9.716	1.545	**11.261**	9.637	1.087	**10.724**
Provisions	32	62	**94**	0	51	**51**
Advertisement expenses	26	124	**150**	4	97	**101**
Travel expenses	0	99	**99**	0	33	**33**
Miscellaneous expenses	848	822	**1.670**	713	655	**1.368**
Verified projects cost	901	0	**901**	0	0	**0**
Self-production fixed assets	(5.513)	0	**(5.513)**	(5.513)	0	**(5.513)**
Total	**266.873**	**17.822**	**284.699**	**260.647**	**15.161**	**275.812**

	THE GROUP 1/1/-31/12/2015			THE COMPANY 1/1/-31/12/2015		
Amounts in € '000	**Cost of sales**	**Administration expenses**	**Total**	**Cost of sales**	**Administration expenses**	**Total**
Cost of inventory recognized as expenses	2.500	150	**2.650**	2.500	150	**2.650**
Cost of tangible assets depreciation	197.674	4.952	**202.626**	197.647	4.940	**202.587**
Cost of intangible assets amortization	17	115	**132**	7	112	**119**
Operating leases expenses	857	268	**1.125**	411	42	**453**
Electric power	5.608	174	**5.782**	5.608	174	**5.782**
Distribution expenses	52	0	**52**	8	0	**8**
Telecommunications	598	331	**929**	554	309	**863**
Insurance	96	96	**253**	89	92	**242**
Repair and maintenance	4.373	50	**4.423**	4.337	32	**4.369**
Charges for outside services	2.708	71	**2.779**	2.646	39	**2.685**
Taxes-Duties	1.366	458	**1.824**	1.332	422	**1.754**
Employee compensation and expenses	43.708	9.367	**53.075**	39.157	7.747	**46.904**
Professional fees and expenses	7.301	2.204	**9.505**	7.273	1.555	**8.828**
Provisions	97	28	**125**	37	7	**44**
Advertisement expenses	10	16	**26**	1	8	**9**
Travel expenses	0	65	**65**	0	25	**25**
Miscellaneous expenses	970	1.797	**2.767**	818	1.657	**2.475**
Verified projects cost	0	0	**0**	0	0	**0**
Self-production fixed assets	(4.896)	0	**(4.896)**	(4.896)	0	**(4.896)**
Total	**263.039**	**20.142**	**283.242**	**257.529**	**17.311**	**274.901**

26. Other Operating Expenses

The Group and the Company other operating expenses are analyzed as follows:

-	THE GROUP	THE COPMANY

Amounts in '000	1/1/-31/12/2016	1/1/-31/12/2015	1/1/-31/12/2016	1/1/-31/12/2015
Fines & surcharges	573	135	573	135
Other operating expenses	1.492	2.714	1.488	2.700
Inventory deficit differences value	0	0	0	0
Interest surcharges	461	605	461	605
Prior periods expenses	916	2.096	850	2.096
Provisions	6.709	64.105	6.709	64.105
Total	**9.462**	**69.655**	**9.392**	**69.641**

27. Other Operating Income

The Group and the Company other operating income is analyzed as follows:

-	THE GROUP		THE COMPANY	
Amounts in € '000	1/1/-31/12/2016	1/1/-31/12/2015	1/1/-31/12/2016	1/1/-31/12/2015
Extraordinary grant	0	0	0	0
Service income	223	521	218	517
Income from rendering of staff	1.614	1.789	1.614	1.789
Operating leases income	79	170	79	170
Extraordinary profit from write off of liabilities & Other income	202	1.424	192	674
Income from penalties - Forfeiture	43	2.440	43	2.440
Grants proportional to the year	28.271	28.271	28.271	28.271
State grant	45.000	45.000	45.000	45.000
Income from Provisions	181	37	181	2
Total	**75.613**	**79.652**	**75.598**	**78.863**

Within the closing year, there was provided state grant to OSE S.A. by the Greek State, amounting to € 45 million (2015: € 45 million). The grant in question concerns the following services:
Service A: Maintenance and operation of existing railway infrastructure
Service B: Railway Traffic Management
Service C: Other services
In order to determine financing, the approved OSE operational plan, in accordance with the provisions of article 6 of Law 3429/2005 (A'314), is taken into account. It includes the report to MFSF for years 2017-2020 as it will eventually be effective.

28. Finance Costs

The Group and the Company financial expenses are analyzed as follows:

-	THE GROUP		THE COMPANY	
Amounts in € '000	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Borrowing interest	170.582	222.761	170.581	222.761
Interest expense on defined benefit liability	454	560	454	560
Other similar expenses	24	37	0	1
Total	**171.060**	**223.358**	**171.035**	**223.322**

29. Other Financial Results

The Group and the Company other financial results pertain to foreign exchange translation differences regarding the loans issued by the parent company in Japanese Currency (yen ¥).

Amounts in € '000	**THE GROUP 31/12/2016**	**THE GROUP 31/12/2015**	**THE COMPANY 31/12/2016**	**THE COMPANY 31/12/2015**
Foreign currency translation differences (credit)	9	112	9	112
Foreign currency translation differences (debit)	(5.264)	(11.993)	(5.264)	(11.993)
Miscellaneous bank expenses	(1)	(2)	(1)	(2)
Total	**(5.256)**	**(11.883)**	**(5.256)**	**(11.883)**

30. Income from Dividends

Income from dividends arises from the profits of the subsidiary company ERGOSE S.A. and is analyzed as follows:

Amounts in € '000	**THE GROUP 31/12/2016**	**THE GROUP 31/12/2015**	**THE COMPANY 31/12/2016**	**THE COMPANY 31/12/2015**
Subsidiaries Dividends	0	0	1.176	4.239
Total	**0**	**0**	**1.176**	**4.239**

31. Income Tax

Under the new tax law 4172/2013, Article 46, the Hellenic Railways Organization and ERGOSE S.A. are exempt from income tax apart from the income acquired from capital and capital transfer goodwill in their capacity of state bodies.

The costs charged to the income tax for the years ended December 31, 2016 and 2015 respectively, are as follows:

Amounts in € '000	**THE GROUP 31/12/2016**	**THE GROUP 31/12/2015**	**THE COMPANY 31/12/2016**	**THE COMPANY 31/12/2015**
Current tax	535	1.479	0	794
Defered tax	0	0	0	0
Total	**535**	**1.479**	**0**	**794**

32. Profit/(Loss) per Share

Amounts in € '000	**THE GROUP 31/12/2016**	**THE GROUP 31/12/2015**
Profit /(Loss)	(257.567)	(506.798)
Number of Shares	47.991	47.991
Profit /(Loss) per Share	**(5,4)**	**(10,6)**

33. Cash Flows – Profit Adjustments

The income statement adjustments for the definition of cash flows from operating activities are analyzed as follows:

Continuing ***Amounts in € '000***	Note	**THE GROUP 1/1/-31/12/2016**	**THE GROUP 1/1/-31/12/2015**	**THE COMPANY 1/1/-31/12/2016**	**THE COMPANY 1/1/-31/12/2015**
Income Statement adjustments for:					
Depreciation of tangible fixed assets		203.627	202.560	203.571	202.529
Depreciation of tangible fixed assets of discontinued operations		187	134	161	118
Actuarial Profit/Loss		340	0	271	0
Provisions and Returned Provisions		(7.008)	52.581	(7.006)	51.752
Income from Dividends		0	0	(1.176)	(4.239)
Effect from Loss of Control of GAIAOSE		(28.271)	(28.271)	(28.271)	(28.271)
Income from government grants		(6.182)	(4.066)	(4.212)	(1.704)

Interest income		171.088	223.405	171.064	223.369
Foreign currency translation differences		5.255	11.880	5.255	11.880
Total		**339.036**	**458.223**	**339.657**	**455.434**

Discontinued		**THE GROUP**		**THE COMPANY**	
Amounts in € '000	Note	**1/1/-31/12/2016**	**1/1/-31/12/2015**	**1/1/-31/12/2016**	**1/1/-31/12/2015**
Depreciation of tangible fixed assets		0	18.738	0	18.738
Interest expenses		0	7.576	0	7.576
Loss due to transfer of Rolling Stock		210.579	0	210.579	0
Profit from undertaking loan liabilities from the Greek State		(319.828)	0	(319.828)	0
Total		**(109.249)**	**26.314**	**(109.249)**	**26.314**

34. Discontinued Operations

TRANSFER OF PART OF ROLLING STOCK TO THE GREEK STATE

Following the publication of the Joint Ministerial Decisions F35/OIK.23084/1822/14/4/2014 and F35/οικ.62786/3165/22.10.2015, the rolling stock referred to in the relative decision was transferred by OSE to the Greek State. On 17.10.2015, OSE signed Assumption Agreement with the Greek State towards Eurofima and following the publication of the Joint Ministerial Decision No. 337/ 29.03.2016, as from 1.1.16, OSE no longer enjoys any right arising from finance lease agreements with Eurofima, and, therefore, the Rolling Stock of 208,2 million value was transferred to Assets Held for Sale category. The following table shows the results arising in the current and comparative period from the aforementioned transfer.

	THE GROUP		**THE COMPANY**	
	1/1/-31/12/2016	**1/1/-31/12/2015**	**1/1/-31/12/2016**	**1/1/-31/12/2015**
Discontinued Operations				
Cost of sales	0	(18.738)		(18.738)
Other operating expenses (damaged rolling stock)	(210.579)	0	(210.579)	0
Accrued interest	0	(7.576)		(7.576)
Other operating income (profit from loans written off)	319.828	0	319.828	0
EDITDA	**109.249**	**(26.314)**	**109.249**	**(26.314)**

Amounts in € '000	**THE GROUP 31/12/2015**	**THE COMPANY 31/12/2015**
Non-current assets		
Tangible assets	210.579	210.579
Total	**210.579**	**210.579**
Assets held for sale	**210.579**	**210.579**

Amounts in € '000	**THE GROUP 31/12/2015**	**THE COMPANY 31/12/2015**
EQUITY AND LIABILITIES		
Long-term liabilities		
Long-term loan liabilities	315.000	315.000
Total	**315.000**	**315.000**
Short-term liabilities		
Other short-term liabilities	4.827	4.827
Other short-term liabilities	**4.827**	**4.827**
Total liabilities	**319.827**	**319.827**
Liabilities held for sale	**319.827**	**319.827**

35. Segment Reporting

Each segment income and expenses for the periods are analyzed as follows:

Amounts in € '000 ***Segment reporting as at31/12/2016***	**Infrastructure & Traffic Operation**	**Other**	**Non apportioned**	**TOTAL**
Income				
Revenue from rendering of services	21.028	1.251	119	22.398
Other income	45.194	0	2.148	47.342
Total Income	**66.207**	**1.251**	**2.267**	**69.725**
Expenses				
Employee benefits expense	43.026	7.262	0	50.288
Inventory (material usage)	2.136	21	0	2.157
Expenses to third parties	28.131	2.917	2.912	33.959
Self-production of fixed assets	(5.513)	0	0	(5.513)
Other Expenses	0	9.441	71	9.512
Total Expenses	**67.779**	**19.641**	**2.982**	**90.403**
EBITDA	**(1.557)**	**(18.390)**	**(715)**	**(20.663)**
Depreciation	170.136	5.322	0	175.457
EBIT	**(171.693)**	**(23.712)**	**(715)**	**(196.120)**
Finance Income	0	0	6.191	6.191
Finance costs	0	0	176.351	176.351
Losses before tax	**(171.693)**	**(23.712)**	**(170.876)**	**(366.281)**
Tax expense	0	0	535	535
Losses for the year from continuing operations	**(171.693)**	**(23.712)**	**(171.411)**	**(366.816)**
Losses for the year from discontinued operations	(210.579)	0	319.828	109.249
Losses for the year	**(382.272)**	**(23.712)**	**148.417**	**(257.567)**

Amounts in € '000 ***Segment reporting as at 31/12/2015***	**Infrastructure & Traffic Operation**	**Other**	**Non apportioned**	**TOTAL**
Income				
Revenue from rendering of services	20.988	4.345	23	25.355
Other income	47.408	0	11.493	58.958
Total Income	**68.396**	**4.345**	**11.516**	**84.313**
Expenses				
Employee benefits expense	45.328	7.747	0	53.075
Inventory (material usage)	2.407	152	0	2.651
Expenses to third parties	23.073	4.374	2.170	29.617
Self-production of fixed assets	(4.896)	0	0	(4.896)
Other Expenses	58	69.626	14	69.699
Total Expenses	**65.970**	**81.899**	**2.185**	**150.145**
EBITDA	**2.426**	**(77.554)**	**1.755**	**(73.409)**
Depreciation	167.347	4.991	0	174.377
EBIT	**(164.921)**	**(82.546)**	**1.755**	**(247.786)**
Finance Income	0	0	4.178	4.178
Finance costs	0	0	235.397	235.397
Losses before tax	**(164.921)**	**(82.546)**	**(229.464)**	**(479.005)**
Tax expense	0	794	685	1.479
Losses for the year from continuing operations	**(164.921)**	**(83.340)**	**(230.149)**	**(480.484)**
Losses for the year from discontinued operations	0	0	(7.577)	(26.314)
Losses for the year	**(164.921)**	**(83.340)**	**(237.726)**	**(506.798)**

The main client of OSE SA is the company TRAINOSE SA. Total revenue from services to TRAINOSE SA amounts to € 36,0 million, and is distributed to all the above segments.

The Group's management estimates that revenue from providing services to TRAINOSE SA is collectible. If it is not possible to recover all or part of this amount, either in the context of finalization and implementation of the provisions of Law 3891/2010, or due to economic inability of TRAINOSE SA, the analysis presented in the above table will be affected accordingly.

36. Risk Management Policy

Long-term loans constitute the main financial instruments of the Group. The main purpose of these financial instruments is to provide funding for the operations of the Group. The Group also holds various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. The Board of Directors examines and approves principles for managing each of these risks, which are summarized below as follows:

Risks associated with Business Operations

The Group's operations generate risks that may result from adverse events, such as, above others, accidents, injuries and damage to persons (employees and / or suppliers), environmental damage, damage to equipment and third party property. All these are likely to cause delay or in the worst case, interruption of work on ongoing projects. Of course there are taken all the necessary precautions to avoid such adverse events, but also appropriate insurance policies are issued. We cannot out rule the possibility that the amount of the obligations of the Group companies from such adverse events exceeds the insurance payments received, resulting in some of the obligations required to be covered by the Group companies.

Interest rate and foreign currency exchange risk

The Group loan liabilities concern bank loans and bonds in Euro and Yen. The risk of fluctuations in interest rates mainly arises from loan liabilities at floating rate. Of the total bank borrowing, about 32,17% of the Group's loans are of floating interest rate. A rise in floating interest rates by 0,50% is estimated to bring about only on a charge of approximately € 12,5 million to the company financial expenses. The Group operates in Greece and therefore it is not exposed to foreign currency risk regarding its operations.

Credit risk

Following the independence of TRAINOSE, receivables from customers have obtained "monopsony" character, since the former subsidiary, is virtually the sole purchaser of goods and services of the Group. Till 2010, all sales to the TRAINOSE were made on credit and the total receivables as at 31/12/2015 stand at € 759,5 million (2015: € 756 million). OSE receivables from URBAN RAIL TRANSPORT S.A. stand at euro 16.7 million. Other trade receivables of the Group from the private sector clients amount to € 1.124 k versus € 1.024 k last year.

Under the Law 3891/2010, there is provided conditional write off of TRAINOSE debts to OSE, following the approval of the European Commission. The timing, scope and process of recording and write off as well as all the other necessary procedures are determined jointly by the authorized ministers.

Cash available of the Group is deposited to Greek banks.

Liquidity risk

Liquidity risk is always maintained at low levels through the availability of sufficient cash, existing credit lines, which are always covered by Greek State securities when entering into corresponding borrowing.

The following table presents the analysis of the Group liquidity risk as at 31.12.2016:

	THE GROUP

Amounts in € '000	Until 1 Year	From 1 to 2 years	From 2 to 5 years	Over 5 years	TOTAL
Borrowing	615.000	713.700	775.000	800.490	2.904.190
Other Liabilities	8.113.182	2.490	7.470	7.004	8.130.146
Tot	**8.728.182**	**716.190**	**782.470**	**807.494**	**11.034.336**

The Group liquidity risk analysis as at 31.12.2016 is as follows:

			THE GROUP		
Amounts in '000	Until 1 Year	From 1 to 2 years	From 2 to 5 years	Over 5 years	TOTAl
Borrowing	1.376.551	615.000	1.488.700	800.490	4.280.741
Other Liabilities	6.547.856	2.490	7.470	10.336	6.568.152
Total	**7.924.407**	**617.490**	**1.496.170**	**810.826**	**10.848.893**

37. Related Parties Transactions

The Group and the Company inter-company transactions (disposals/acquisitions) for the closing period as compared to the corresponding period of 2015 are analyzed as follows:

Amounts in € '000	THE GROUP		THE COMPANY	
Acquisition of Assets	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Subsidiaries	0	0	348.901	275.444
Other related parties	0	0	0	0
Revenue				
Subsidiaries	0	0	1.372	4.439
Other related parties	0	0	0	0
Total	**0**	**0**	**347.529**	**271.005**

The Company provisions to the Members of the Management for the respective periods are as follows:

-	THE GROUP		THE COMPANY	
Amounts in € '000	31/12/2016	31/12/2015	31/12/2016	31/12/2015
BoD & CEO benefits	126	106	76	55

38. Related Parties Receivables – Liabilities

The Group and the Company inter-company receivables/payables balances for the current period as compared to 2015 are analyzed as follows:

Amounts in € '000	THE COMPANY		THE GROUP	
Receivables	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Subsidiaries	339.717	92.392		0
Total	**0**	**92.392**	**0**	**0**
Payables	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Subsidiaries	0	7.643		0
Total	**339.717**	**7.643**	**0**	**0**

No loans have been issued to members of the Board of Directors or to any Company's executives (and their families).

OSE S.A. and TRAINOSE S.A. as a total belong to the Greek State and are independent from each other. OSE receivables from TRAINOSE stand at € 759,6 million (2015: 756 million). Income from OSE provision of services and sale of goods to TRAINOSE stood at approximately € 19,1 million , while the corresponding income of TRAINOSE stood at approximately € 1,9 million.

39. Contingent Liabilities & Commitments

Letters of Guarantee

Various types of Letters of Guarantee, mainly related to the projects, have been issued to the Company and the Group. Good performance, advance payment and 10% Retention letters of guarantee, received by the Group for the period stand at € 549.738 k (31/12/2014: €629.711 k). Letters of guarantee to third parties for conduct of expropriation for the period stood at € 18.220 k (2014: €18.220 k).

Litigations

Third parties versus OSE

There is a sufficient number of litigations, pending for a long time, against the Company and the Group pertaining to the following amounts:

Litigations arising from:	Amount claimed
Labor disputes	117.647
Transportation - Accidents	41.835
From Contract	83.771
Damage to third party	46.466
Total	**289.719**

As far as the above litigations are concerned and according to the estimates of the company legal consultants, there has been formed accumulative provision, totally amounting to € 216 million, «Other Provisions» (Note 19).

OSE versus third parties

OSE has filed motions against third party suppliers, contractors etc. based on contractual obligations or motions directly related to the contractual obligations of the above counterparties of the Group (ex. Moral damage), totally amounting to € 341 million. It shall be noted that the majority of the motions arise from the program agreements signed by the Group.

Tax Non-inspected Years

The Group makes the relevant provision for tax non-inspected years. The above provision totally amounts to € 50 million (Note 19).

The table below briefly presents the Group tax non-inspected years, as till currently:

Company	Tax Non-inspected Years
OSE S.A.	2009-2010
ERGOSE S.A.	2010

The Organization was inspected by the tax authorities for tax items under the Real Estate Property Tax (respectively - the Unified Property Tax (ETAK) for 2009), Stamp Duties and Code of Accounting Books and Records, according to the inspection order 1686/4/1118/ 04.02.2015 of the Audit Authority for Large Enterprises. The audit covered FYs from 2009 to 2012 and was completed in April 2015 through the issue of the Amending Identification Definitive Acts.

Concerning the Amending Identification Definitive Acts in respect of ETAK, the Organization accepted the tax charges for FYs 2009-2012 and paid its debts by using the settlement under Law 4321/2015 on debt settlement, using the corresponding amount of provision (€ 9,3 million) without burdening its income statement. Concerning the Amending Identification Definitive Acts in respect of Stamp Duties, the Organization does not accept the charges and considers them groundless, since under the foundation law 674/1970 and Article 4 of OSE, the Organization is regarded as a successor of all the rights, liabilities and preferences related to the Hellenic State Railroads (SEK), 4.4.1935). Consequently, the Agency made an administrative appeal to the relative services of the Ministry of Finance (K.E.M.EP) - making use of the specifically established special administrative procedure - for the settlement of disputes and paid 50% of the disputed amount (6 million euro). The decision was rejected and the Organization has appealed to the administrative courts.

For the year 2016, the Group companies have been subject to tax audit of Chartered Accountants. This audit is in progress and the related tax certificate is to be issued following the publication of the financial statements for the year 2016. The taxes that might arise will not have a material impact on the financial statements.

40. Number of Employees

The average rate of the employees is as follows:

	THE GROUP		THE COMPANY	
Number of employees	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
	1.501	1.570	1.313	1.377

41. Significant Events

Since 2010, following the introduction of Law 3891/2010, there was made an attempt on consolidation, sustainability and development of the railway system and all the companies participating in it. The Law has also ensured the railway's adaptation to the provisions of the Community legislation on railroad transport. A thorough operational and financial consolidation of the rail system has been attempted through regulating the issue of accumulated debts, reviewing loss-generating operations and, more generally, assignment of specific roles to stakeholders in order to facilitate sound competition in the railroad system. The institutional framework was created in order to include the following: - Upgrading of OSE to the stratus of the exclusive operator of the railway infrastructure with essential role and responsibility in the design of network development. - Strengthening the role of OSE in documenting its proposals for network development projects with integrated cost-benefit studies to be approved by the competent interministerial committee. –Designing and operating the railway network by OSE, taking into account the demand arising from railway companies. - Maintaining its rolling stock at competitive prices. - Continuous control of the cost of ERGOSE's services to OSE based on market prices for project management services and extension of ERGOSE's responsibilities. A major part consolidation regulations had to do with proposed provisions on personnel issues that aim at transferring a significant number of employees to public organizations and services, not as supernumerary but in order to meet real needs and reorganization of the working status of OSE Group employees, which will not be transferred. Moreover, in compliance with the European Commission's guidelines, an independent administrative authority has been legally established, i.e. the Railway Regulatory Authority (RAS), for the purposes of liberating the railway market and monitoring the enforcement of competition regulations.

In 2013, the spin-off of the Rolling Stock Maintenance Segment took place and it was transferred to the newly established company ROSCO S.A., in accordance with the provisions of Article 24, Law 4111/2013.

In 2013, transfer of the shares of GAIAOSE SA from OSE to the Greek State was completed, in accordance with the Joint Ministerial Decision Φ26 / οικ.12874 / 1400 (Government Gazette 759 / B / 3.4.2013).

Furthermore, gradually, in 2014, 2015 and 2016, the ownership of rolling stock was transferred from OSE to the Greek State, as analytically presented in the following paragraphs.

On July 27, 2016 Law 4408/2016 was published, The Law aimed at harmonizing the Greek legislation with the Directive 2012/34 / EU of the European Parliament and the Council as of 21 November 2012 on creation of a single European railway area. The law applies to the use of railway infrastructure for domestic and international rail services, establishing as follows:

(a) the regulations governing the management of railway infrastructure and the rail transport activities of railway companies

(b) the criteria applicable to the issue, renewal or amendment of authorizations for railway companies established or to be established within the country

(c) the principles and procedures applicable to the defining and collecting railway infrastructure charges and allocating the railway infrastructure capacity.

The key provisions of the aforementioned Laws are as follows:

Settlement of real estate property

Under Article 6 of the Law 3891/2010, the entire real estate property of OSE, including real estate and railway infrastructure, automatically gets under the ownership of the State, following the publication in the Government Gazette of the relevant decision of the Ministers of Economy and Transport Infrastructure and Networks. From the above transfer, the State, through the competent services, undertakes the responsibility to ensure the expansion of the rail network is the National Railway Infrastructure by acquiring the necessary properties and submitting property items for this purpose. Till currently, the relative decision has not been issued.

Debt settlements

TRAINOSE debts to OSE are written-off following the decision of the Ministers of Finance and Infrastructure, Transport and Networks in compliance with the European Commission's decision on state aid issues of TRAINOSE. The decision specifies the extent of the debt write-off, the procedure for establishing, certifying and writing off, as well as any other necessary detail (in accordance with Article 13 "Debt Arrangements" of Law 3891/2010, as effective).

Moreover, the joint Ministerial Decision of the Ministers of Finance and Infrastructure, Transport and Networks, in compliance with the European Commission's decision on state aid issues of OSE, writes off OSE debts to the Greek State, facilitating the Greek State to undertake OSE debts to third parties, writing off the debts as mentioned in the current paragraph of the financial statements of OSE and specifying the procedures regarding defining, offsetting, certifying and undertaking debts, as well as any other necessary detailed information (in accordance with Article 13 "Debt Arrangements" of Law 3891/2010, as effective).

The company is in the process of implementing the aforementioned Law provisions. As at the financial statements preparation date, there are effective significant issues regarding the amounts of assets and Liabilities that remain with the Company and the Group, and therefore, currently, it is not possible to estimate the impact of those changes on the financial position and assets composition of the Company and the Group. The decision of the European Commission's Directorate-General for Competition, which is discussed below, is also relevant to this issue.

Rolling stock transfer

On 17/10/2015 there was signed the "Assumption Agreement" with the Greek State towards Eurofima and following the publication of the Joint Ministerial Decision No. 337 (Government Gazette 829 / 29.3.2016), as from 1.1.2016 OSE no longer holds any right arising from the leasing contracts with Eurofima and therefore Rolling Stock of book value of value of € 210.5 million was transferred to Held for Sale assets on 31.12.2015.

Following the publication of the Joint Ministerial Decision F35/OIK.62786/3165/22.10.2015, the rolling stock was automatically transferred by OSE to the Greek State. OSE debt to the Greek State will be equally reduced at the book value amounting to € 187,8 million regarding the rolling stock transferred on the transfer date. In case there is a difference compared to the carrying amount, the debt reduction regarding the Organization will be adjusted so that it would equal its commercial value.

On 14/4/2014, in compliance with the Joint Ministerial Decision F35/OIK.23084/1822, the rolling stock of book value of €315,1 million was automatically transferred from OSE to the Greek State. OSE debt to the Greek State was decreased proportionally to the value of the transferred rolling stock. The issues related to the delivery of rolling stock, the organizations-in charge-of the transfer, the storage spaces, determination of the transferred stock conditions well as the technical and financial evaluation of the rolling stock for the purposes of establishing its commercial value will be defined under a new decision of the respective Ministers to be issued in accordance with the provisions of Article 8 of Law. 3891/2010 as effective. In case there is a difference compared to the carrying amount, the debt reduction regarding the Organization will be adjusted so that it would equal its commercial value.

European Commission Decision on OSE consolidation measures

- The Directorate-General for Competition of the European Commission (DG Comp) conducted a survey on provisions of potentially unlawful state aid to OSE.

  On 9/2/2011, the Greek authorities disclosed to the Commission a number of support measures for OSE. Thereafter, correspondence between the institutions continued until April 2017. In a letter sent in February 2017, general information on the company was requested, such as key financial data for the period 2011-2016, changes in equity / liabilities, key financial data on the railway infrastructure, information on the number of employees per operation, separation of accounts and transfer of operations not related to the railway infrastructure. Moreover, clarifications were required regarding compatibility of the aid granted to OSE with Article 107 (3) (b) of the Treaty. Detailed information on the above was provided by OSE in its reply letter dispatched in April 2017.

- Following its decision C (2017) 3987 of 16 June 2017 on the above file S.A. 32543 (2011 / N), for a number of reasons as analyzed, the European Commission concluded that there is no State aid issue regarding OSE. In particular:

  a) The write-off of debt as effective until the write-off date, the transfer of 757 employees of the infrastructure operator and the annual grants provided after 22 October 2014 do not constitute State aid.

- b) The commission will not object to the issues of transferring 217 employees and provision of the annual grants to OSE between 2 May 2011 and 22 October 2014, which constitute State aid, on the grounds that they are compatible with European State aid Legislation in accordance with Article 107 (3) (b) of the Treaty on Functioning of the European Union.

42. Subsequent Events

On May 22, 2016, the Greek Parliament approved the omnibus bill which, through Article 197. Made provisions for the establishment of the Public Participations Company (PPC) for the purpose of maintaining State holdings in public enterprises, professional management and increasing the value of such holdings as well as applying the best international practices of OECD, in terms of corporate governance, corporate compliance, supervision and transparency of procedures, and the best practice in socially and environmentally responsible entrepreneurship and consultation with the parties parties interested in public enterprises. At the date of registration of the PPC's Articles of Association at GEMI, the shares of the public companies listed in Attachment D, which constitutes an integral part of the law, are automatically transferred without any consideration to PPC. OSE is included in the companies recorded in attachment D. Until the date of approval of the financial statements for FY 2016, PPC has not been set up, so the shares of the Organization have not been transferred to the new company.

In June 2017, the European Commission completed its review of the measures taken by Greece in order to support the restructuring of the Organization as the National Infrastructure Operator and concluded that they are in line with EU State Aid regulations. More detailed information is provided in Note 41 to the financial statements.

43. Approval of Financial Statements

The corporate and consolidated Financial Statements for financial year ending as 31 December 2016 were approved by the Board of Director of HELLENIC RAILWAYS ORGANIZATION S.A. on 29 June 2017.

Athens, 29 June 2017

CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER
GEORGIOS APOSTOLOPOULOS	KONSTANTINOS PETRAKIS
CHIEF FINANCIAL OFFICER	CHIEF ACCOUNTANT & TRANSACTIONS DIRECTOR
PETROS AVOURIS Digitally signed by PETROS AVOURIS	IOANNIS SERDARIS Digitally signed by IOANNIS SERDARIS
PETROS P. AVOURIS	IOANNIS A. SERDARIS

VASILEIOS KONTARINIS Digitally signed by VASILEIOS KONTARINIS Date: 2017.07.21 11:56:00 +03'00'