



PIRAEUS PORT AUTHORITY S.A.

**ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2018**

(IN ACCORDANCE WITH THE L. 3556/2007)

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STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Statements of the Members of the Boards of Directors
(In accordance with article 4 par. 2 of L. 3556/2007)

The Board of Directors Members of the Company “Piraeus Port Authority Société Anonyme” and trade title “PPA S.A.” (hereinafter referred to as “Company” or as “PPA”) and the undersigned:

1. FU Chengqiu, Chairman of the Board of Directors and Managing Director
2. FENG Boming, Member of Board of Directors
3. ZHU Jianhui, Member of the Board of Directors

In our above-mentioned capacity and as specifically appointed by the Board of Directors of the Company, we state and we assert that to the best of our knowledge:

- (a) the financial statements of the societe anonyme Company under the name “Piraeus Port Authority Societe Anonyme” and trade title “PPA S.A.” for the period from January 1, 2018 to December 31, 2018, which were compiled according to the applicable International Financial Reporting Standards as adopted by the E.U., provide a true and fair view of the assets and the liabilities, the equity and the results of the period of the Company, according to that stated in paragraphs 3 to 5 of article 4 of the L.3556/2007 and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.
- (b) the annual Report of the Company’s Board of Directors provide a true and fair view of the evolution, the achievements and the financial position of the Company, including the description of the main risks and uncertainties it faces and relevant information that is required according to paragraphs 6 to 8 of article 4 of the L. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Athens, February 14, 2019

FU CHENGQIU

FENG BOMING

ZHU JIANHUI

Chairman of the
Board of Directors and Managing
Director

Passport No E92044606

Member of the
Board of Directors

Passport No PE0484459

Member of the
Board of Directors

Passport No PE0844394

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
of the Company
“PIRAEUS PORT AUTHORITY S.A.” with the distinctive title “PPA S.A.”
from 1st January 2018 until 31st December 2018**

(In accordance with article 5 par. 6 of L. 3556/2007)

1. Analysis of the development & performance of the company's activities and position

A. Brief Description of Business

The Port of Piraeus (Piraeus Port) is the largest port in Greece, spanning a coastline more than twenty-four kilometres in length and expanding over an aggregate area exceeding five million square meters. The geographic location of the Piraeus Port makes it a vital transportation, trade and supply, tourism and communication hub connecting the Greek islands with the mainland, as well as being an international centre of marine tourism and the commercial passage of cargos. The position of the Piraeus Port is conducive to its operation both as a commercial and touristic gate of Greece and as transshipment hub for the Balkans and Black Sea countries.

The Port of Piraeus is situated at the intersection of sea routes linking the Mediterranean with Northern Europe and due to its geographic position (south of the 38th parallel) enables major liner ships to access it without significant deviation from the Far East trade routes. It hosts a complex and unique variety of port activities, including: Cruise activity, Coastal (ferry/passenger) activity(it is the largest passenger port in Europe), all types of cargos handling activity, ship repair activities, as well as free zone (a control type I customs free zone) operating under applicable tax and customs legislation in the area currently designated pursuant to Decisions D18/7.8.2013 (Government Gazette B' 2038/22.8.2013) and D18/9.9.2013 (Government Gazette B' 2330/17.9.2013) of the Minister of Finance (Piraeus Free Zone).

Further to the amendment and codification on 24/06/2016 in a single text of the Concession Agreement dated 13/02/2002 between the Hellenic Republic and Piraeus Port Authority SA, which was ratified by Law 4404/2016 (Government Gazette A 126/8.7.2016) (hereinafter CA), the Company retains the exclusive right to use and exploit the land, buildings and infrastructure that are included in the Piraeus Port until 13/02/2052.

B. Objectives, Core Corporate Values and Key Strategies

▪ b.1. Objectives

Having ensured a smooth transition to the new ownership, the year 2018 was the year of continuation of COSCO SHIPPING management and corporate values transmission to PPA S.A. Throughout 2018, the primary objectives of the Company's Management were:

- *The implementation of the investment Plan that multiplies benefits for the local and national economy (5 year plan).*

Under Article 7 of the CA between PPA S.A. and the Hellenic Republic, the Company is required to implement, within the First Investment Period, obligatory investments, summed up to a total reference cost of 293.7 million Euros, which concern the following:

- Passenger Port Expansion (Southern Zone Phase A)
 - Repair of Pier I RMG yard area and cranes
 - Conversion of Pentagonal Warehouse into Cruise Passenger Terminal
 - Underground Linkage of Car Terminal with Former ODDY Area
 - Port Infrastructure Improvement and Maintenance
 - Supply of Equipment
 - Dredging of Central Port
 - Construction of New Oil Pier
 - Car Terminal Expansion (Herakleous)
 - Improvement Infrastructure of Ship repair Zone
- *The further highlighting and reinforcement of Piraeus position as a hub for passenger and freight transportation.*

The Company's declared goal is the further highlighting of Piraeus Port strategic advantages and strengthening its position in the port industry.

The role of the Piraeus Port is not only consolidated but further upgraded through the Investment Plan of PPA S.A., the customer-oriented approach and the marketing policy. In 2017, the extroversive development and the international collaborations were enhanced.

In the above context, the Company has strengthened its presence in national and international organizations relating to the port industry (detailed reference follows in paragraph b.3, titled "*outward looking*").

- *Improving procedures in relation to the daily operation of the Company.*

Based on the operational and administrative requirements, a series of rules and regulations have been elaborated internally such as Revised Procedure for the Sub-concessions, Policy on Mobile Use Entitlement, Policy on Laptop and Tablet Entitlement, PPA Procedures Manual, Regulation on Corporate Gifts Management, Regulation on Company Credit Cards, Procedure for the certificate issuing of waste delivery and fees payment to the PPA S.A. port reception facilities for wastewater treatment and waste management. They were reviewed by COSCO SHIPPING professionals and approved by PPA S.A. Administration Board before implementations.

In general, these Regulations aim at setting procedures for improving the daily company operation, facilitate the rationalization / better control of expenditures and enhancing efficient planning and management, exploiting company resources

▪ **b.2. Core Corporate Values**

The basic values that constitute the central core and driving forces of the company are related to:

a) Preservation and promotion of the general corporate interest and the interests of the Shareholders.

The primary concern and duty of the Company is the continuous pursuit of enhancing the Company's long-term financial value and the protection of the general corporate interest and the interests of the Shareholders.

b) Continuous improvement

The ultimate aim is the continuous improvement of the port services provided to the port users, at levels comparable to the best practices adopted by ports of international scope. The Company has as primary concern to build strong and long-lasting relationships with its customers, and to provide excellent service, especially in terms of quality, reliability and delivery time.

c) Health and Safety

The value of human life is the primary Company value, by creating conditions for a safety working environment.

Particular emphasis is placed on the continuous improvement of the systems and procedures related to environment, health and safety in the workplace, through full compliance with relevant legislations.

d) Evolution of employees

The Company recognizes that the cornerstone for the achievement of its goals is the best utilization of its human resources. By understanding and respecting the needs of the personnel and by using meritocratic criteria, the Company ensures the continuous training and development of the employees, taking into account the needs of the company and the protection of the corporate interests.

e) Social responsibility

Corporate Social Responsibility is a daily practice of how the Company operates. Creating relationships of trust and cooperation with local communities is a priority of the Company's Management, which aims at setting up a sustainable development model with the emphasis on environmental protection, poverty aid, supporting education, sport and other charity causes within the capability of the company.

- ***b.3 Main Strategies***
 - *Outward looking Strategy*

International Partnerships

Significant strategic partnerships were ratified in July and September 2018 by signing a Memorandum of Understanding between PPA S.A. and Guangzhou Port Authority of China (one of the world's 10 largest commercial ports) and Qingdao Port Authority of China (International shipping hub). The areas of cooperation relating to staff training, exchange of know-how and information, development of initiatives to protect the environment and implementation of best practices in port management that will facilitate the development of trade and the supply chain.

Participation in National and International Forums

PPA S.A. remains strongly extrovert and actively participates in a series of national and international maritime and maritime oriented/related organizations, trying not only to follow but also to shape the developments taking place in the port industry. On the above framework PPA S.A. participates in:

- European Sea Port Organization, by staffing the structures of the below technical committees:
 - Marine Affairs,
 - Cruise & Ferry Port Network,
 - Trade Facilitation, Customs and Security,
 - Port Governance,

- Sustainable Development.

- Association of Mediterranean Cruise Ports, by undertaking the responsibility of the Med Cruise relations with other associations (Cruise Lines International Association, International Association of Ports and Harbors, Worldwide Network of Port Cities, Association of the Mediterranean Chambers of Commerce and Industry, etc.).
- Association of Hellenic Ports, by taking over the chairmanship of the BoD.
- Piraeus Chamber of Commerce and Industry, by taking over the chairmanship of the Maritime and Ship Repair Activities Dept.

Participation in international exhibitions

PPA S.A. participates in the first China International Import Expo (CIIE) which takes place in Shanghai, China from 5 -10 November 2018, in which more than 3,600 companies from 172 countries take part, as well as in the biggest maritime event (globally) "Posidonia" that in 2018 commemorated its 50th anniversary with a participation record.

o Strategic Business Goals

The formation of the strategic goals of the Company takes into account the very positive prospects created by the establishment and operation of the COSCO SHIPPING in PPA as summarized below:

The strategic objectives of the Company are divided into four axes:

1. Leadership for a homeport cruise in the Mediterranean: Attract additional 580,000 homeport cruise passengers (as a port of departure) from which 100,000 to come from China in order to create a significant benefit to the local economy. The necessary supporting investments will be made to upgrade the hotel infrastructure, commercial and other activities.
2. East Mediterranean Shipbuilding Node: Installing a new Floating Dock and reviving Naval Repairs by attracting 350-450 ships per year as a result of competitive pricing, increased reliability and efficient service.
3. Southern gateway to Sino-European trade: Expanding the Container Terminal's activities through land-based interconnection with transit centers (trains), attracting new Ro-Ro customers and expanding supply chain activities with the construction of new modern warehouses.
4. Passenger Port across Greece: Maintaining the existing level of activity and upgrading the services provided through targeted investments (e.g. parking, dredging, commercial activity).

C. Administration principles and Internal Management Systems

o Administration principles

The management of the Company provides direction, leadership and an appropriate environment for its operation to ensure that all its available resources are fully engaged in the achievement of its objectives. The Company's policies at the stages of its productive and operational activity emphasize on implementing procedures based on transparency and fairness, and establishing common principles and rules, through the below principles:

Collectivity in decision-making

The function of the Administration Board, which supports and advises the other Company bodies in the exercise of their responsibilities, is constituted by the Chief Executive Officer, his Deputies, the Assistant CEO and Senior Executive Consultants ensuring better exchange of information, fuller exploration and better evaluation of alternatives, consistency of the Management Team, increasing acceptance of the decision issued.

Segregation of Responsibilities

Clear distinction in the allocation of responsibilities through the assignment of specific duties at all levels of the PPA hierarchy ensures the speed of decision making, the smooth operation of the business and the subsequent effective control of all its actions.

On the basis of this principle, all members of the Company, according to their position in the hierarchy and qualifications, undertake specific responsibilities and are given the necessary authority to carry out the obligations arising therefrom.

Responsibility - Accountability - Liability

Responsibility - Accountability - Liability is vital to ensure high performance of the Company.

The Company's Management clearly communicates its expectations and sets out specific objectives to the persons responsible for the execution of specific tasks and duties. Clear communication of expectations and clearly defined goals are aimed at enhancing performance at all organizational levels and structures of the Company.

Through the submission of continuous progress reports to the Management of the Company, the organizational units of PPA S.A. are provided with the possibility to operate within the components of the particular administration principle (Responsibility - Accountability - Liability).

Good Governance

The primary objective of the Company's Management is to increase its value and protect the legitimate interests of all its shareholders. The PPA S.A. management bodies, in the exercise of their discretionary powers, act in accordance with the rule of law in order to avoid unnecessary and unfair solutions. Good administration, both as a principle and as a right, is a particularly useful "instrument" of the Administration in order to ensure the trust of the persons to whom it is managed and to firmly establish the legal certainty and the legitimacy of its actions.

Audit - Transparency

For PPA S.A., adherence to market rules, participation in international standards of corruption prevention and transparency enhancement are commitments that are fully in line with its Values and Principles, while at the same time demonstrating the degree of commitment to integrity practices and Corporate Governance.

○ Internal Management Systems

Internal Operation Regulation (KEOL),

The *Internal Operation Regulation (KEOL)* of the Company is a compliance with the requirements of the current legislative framework as it is created and entered into force after a decision of the Company's Board of Directors. The purpose of Regulation is:

- (a) to illustrate the structure, responsibilities and structure of the Company's core business units as provided for by the applicable legislation and the Articles of Association of the Company,
- b) to define the responsibilities of the executive and non-executive members of the Board of Directors,
- c) to define the procedures for the recruitment and evaluation of the performance of the Company's directors,

d) to establish procedures for controlling the transactions of the members of the Board of Directors, the Company's executives as well as any third person who, because of its relationship with the Company, holds internal information about the securities of the company or affiliated companies and any economic activities of the executives of the Company that are related to it and its key customers or suppliers,

e) to establish procedures for the public disclosure of transactions of Company executives or any persons closely associated with such persons and other persons for whom the Company has the obligation to disclose in accordance with the applicable legislation,

(f) to set specific rules for the monitoring of transactions between affiliated companies and their appropriate disclosure to the Company's BoD and shareholders.

General Staff Regulation

The General Staff Regulation drafted as per the provisions of Law 1876/1990 and Article 10A (a) of Law 4404/2016 "Ratifying the amendment dated 24.6.2016 and codification into an integrated text of Concession Agreement dated 13.2.2002 between the Hellenic Republic and Piraeus Port Authority S.A. and other provisions".

The GSR is intended to regulate all employment relations, on the basis of the principles of equality and transparency, with a view to ensuring the smooth and efficient operation of all Company Departments and serving effectively the common interests of the Company and its staff.

Audit Committee Operation Regulation

The Company has an Audit Committee, which operates as an independent and objective party, with main duties and responsibilities to review and appraise the auditing practices and performance of internal and external auditors. Its primary duty is to assist the Board of Directors in fulfilling its responsibilities by reviewing the Corporation's financial reporting processes, policies and internal control system. Details of procedures are contained in Chapter IV.4 of the CORPORATE GOVERNANCE STATEMENT, entitled Composition and operation of the administrative, management and supervisory bodies of the Company, Audit Committee.

Internal Audit Service Operation Regulation

The Company has an independent Internal Audit Service, the operation of which is supervised by the Audit Committee.

The purpose of the Internal Audit Service is to assist the Company's management in the effective performance of its duties by providing analysis, assessments, recommendations, advice and information on all Company activities.

The Company supports Internal Audit Service, in order to:

- act as an Administration consultant, in accordance with the auditing principles and international standards.
- act objectively and independently in its auditing activities.
- provide high quality services at all hierarchical levels of the Company, through analysis, assessments and related recommendations.
- have unhindered access to books, documents, files, records, bank accounts and Company portfolios and have access to any services of the Company.
- have all necessary means to facilitate its work.

During the year 2018 the Internal Audit Service, within the framework of its role, submitted:

- 13 reports relating to regular and extraordinary audits, re-examinations, investigations, tender procedures reviews, information's provision to the Audit Committee.
- 21 Tender Procedures Compliance Reports
- Annual, semi-annual, quarterly and monthly (from September 2018) working reports.

The Internal Audit Service participated in the Annual Meeting of the Greek Internal Auditors' Institute, in where it was informed about the new challenges that shape the future of Internal Audit.

It is important to mention that the operation of the Internal Audit Service was evaluated (during the year) by an external consultant, in the framework of a diagnostic review.

Internal Complaint Process (ICP)

As part of good governance policy Company sees every complaint as an opportunity to assess and improve its business processes. For this reason, on the initiative of the Management, it was established and put into operation in 2017 by decision of the Administration Board the Internal Complaint Process (ICP) that offers the chance to get a feedback on the business activities/operation and will serve as a quick and efficient means of resolving any problems if they arise and will promote good relations and communication between company's employees.

According the ICP, the complaint fall into the following (indicative) categories:

01. Fraud
02. Internal Policy / Regulation / Procedure Violation
03. Data Privacy Violation
04. Corruption / Bribery
05. Human Rights Issues
06. Issues regarding services failure
07. Issues regarding health and safety
08. Issues regarding rational resource management of the company
09. Issues regarding environmental protection and energy saving

Should a complain being made involves a member / members of the Administration Board or the Board of Directors, Internal Audit Service must immediately report the complaint to Audit Committee which will forthwith directly the investigations and necessary actions as appropriate.

Within 2018, three complaints were submitted, two coming from the dockworkers' staff and one from the clerical staff, concerning cases of:

- unequal treatment,
- violation of Internal Policies / Regulations / Procedures,
- health and safety,

which were answered by the relevant departments of Labor, Human Resources and Projects through the Internal Audit Service (IAS), which has been designated as the responsible organizational unit for the supervision of the overall process.

One of the complaints was submitted by the complainant worker for the second and third time because the responses of the relevant departments were not considered adequate. After the third submission, a thorough investigation of the complaint was made by the IAS, which suggested the matter to the Administration Board for discussion and final decision.

It should be noted that in any case the anonymity of the complainant's personality is safeguarded.

Certifications & Implementation of Standards and other requirements

Quality & Environmental Management certification (ISO 9001:2015 & ISO 14001:2015)

In 2018, PPA S.A. has been awarded double certification against ISO 9001:2015 for Quality Management and ISO 14001:2015 for Environmental Management by Lloyd's Register (LR) which covers the:

- Provision of Port Cruise, Ferry, RoRo and Pier I Container Terminal services
- Management of Logistics center (at former ODDY area)
- Port Construction & Maintenance Projects Management

The effectiveness of the applied Integrated Quality & Environmental Management System was evidenced during the certification audit performed by Lloyd's Register (LR).

The double certification demonstrates the company's commitment to best practice for quality, environmental management and pollution prevention.

Through the Integrated Quality & Environmental Management System that is applied in line with the standards requirements, PPA S.A. works in a consistent way to understand customers' needs and expectations, to continually improve the level of services provided and to address the environmental challenges emerged in daily operation.

This is why PPA decided in 2018 to expand the double certification to additional activities, while previously only the Port Cruise Terminal services and the RoRo Terminal services were certified.

PPA S.A. has adopted an Integrated Quality & Environmental Policy which is available at all interested parties through its official website and is being updated at regular intervals so as to be in line with the strategic planning for the company's development.

According to PPA S.A. Integrated Quality & Environmental Policy the company is committed to improving environmental performance and setting quality & environmental objectives to address risks and opportunities and significant environmental aspects.

Risks and opportunities are defined through systematic analysis of internal and external issues. Significant environmental aspects are defined through assessment of the impact port activities pose or may pose to the environment.

Also, internal audits conducted regularly and the top management, through the Management Reviews, assesses the effectiveness of the Integrated Quality & Environmental Management System, the achievement of the objectives set and supports actions to ensure continual improvement.

Preparation for Energy Management certification (ISO 50001:2018)

PPA S.A. invests in management systems applied worldwide aiming at continuous improvement of its services.

PPA S.A. is planning to become certified in 2020 as per the latest version of the International Standard ISO 50001:2018 for Energy Management at all port activities. The aim is to achieve energy saving and reduce operational cost.

Therefore, 2019 will be the year of preparation and implementation of an Energy Management System as per the ISO 50001:2018 requirements. This Energy Management System will be integrated to the currently certified Integrated Quality & Environmental Management System.

Managerial Adequacy certification (ELOT 1429:2008)

The Port Construction & Maintenance Projects Management is within the scope of the ISO 9001:2015 (Quality Management) and ISO 14001:2015 (Environmental Management) certification, whether the projects are co-funded or not.

For the management of the EU-funded project for the South Expansion of the Passenger Port, PPA S.A. has also achieved certification as per the Greek Standard ELOT 1429:2008 for the Managerial Adequacy.

GRI Standards for Corporate Social Responsibility Reporting

In 2018, PPA S.A. decided to implement the GRI Standards for issuing its Corporate Social Responsibility Report. The 2018 Corporate Social Responsibility Report will be the first Report according to GRI Standards.

Preparation for AEO certification

Also, the certification process for PPA to become an Authorized Economic Operator (AEO/ Security and Safety) is in progress. This certification will offer customs simplifications, thus facilitate customs procedures and providing competitive advantage to PPA S.A.

D. Past performance, comments on Financial Statements and tangible / intangible assets

D1.Past performance

According to the latest announcement of Hellenic Republic, GDP growth was maintained at 2.1% in 2018. This increase was due to the exports' increase (+ 8.3%) with higher imports rate (+3.1%)¹. According to estimates by the National Bank of Greece², the above GDP estimates for 2018 as well as the financial expansion measures will allow GDP to increase in 2019 by a slightly higher rate than in 2018. In addition, consumption in 2019 is estimated to increase by 1.6% versus 0.9% in 2018 as a result of the increase in employment as well as in hourly wage. Therefore, prospects for the Greek economy are positive for 2019 as the international economic activity remains positive and the effects of the global economic cycle, the reduction of policies supportive to advanced economies and the impact of tariffs between the US and China do not adversely affect³.

Comment on Financial Statements for the year ended 2018

Statement of comprehensive income

i. Revenues

The total revenues for the year amounted to € 132.9 million increased by 19.2% or € 21.4 million (2017: € 111.5 million). This increase is due to the significant increase in revenue of container terminal of € 5.1 million or 25.3% as well as an increase to concession agreement of Pier II & III by 27.8% or approximately € 12.2 million. Additionally, an increase by 13.2% and 37.4% or € 1.6 million and 2.6 million occurred to car terminal and ship repairing respectively.

On the contrary, a decrease of 7.7% or by approximately € 0.9 million occurred in the revenues of the cruise sector.

ii. Expenses

The key operating costs are the staff costs which in 2018 decreased to € 55.4 million from € 57.8 million in 2017. The decrease is due mainly to the decrease by € 2.4 million to the Company's voluntary retirement incentives to those employees who had been entitled to a pension with provisions made and according to specific conditions set by the management.

¹ HELLENIC REPUBLIC (2018). Bulletin of Economic Developments. [online] p.1. Available at: <https://government.gov.gr/deltio-ikononikon-exelixon-5/> [Accessed 17 Jan. 2019].

² NBG Economic Analysis Division (2019). Greece Macroeconomic Analysis. [online] Available at: https://www.nbg.com/greek/the-group/press-office/e-spot/reports/Documents/NBG%20Greece_Macro%20Outlook_January2019_final.pdf [Accessed 17 Jan. 2019].

³ ECB, Economic Bulletin, Issue 8 / 2018. [online] Available at: <https://www.bankofgreece.gr/BogEkdoseis/ekteconmonth201808.pdf>.

For other expenses, they averaged approximately last year's figures, with "Utilities" showing the greatest increase, which amounted to € 15.2 million compared to € 12.7 million in 2017. The change is mainly due to the increase by € 0.7 million in the concession agreement fee to the Greek State compared with 2017, the increase of electricity cost and water supply of the production process by € 0.4 million as well as the increase in repairs and maintenance by € 0.8 million. Also an increase was made in "Various Expenses" which amounted to € 4.6 million compared to 3.9 million in 2017. The change is mainly due to the increase of port security services by € 0.3 million as well as the exhibition and advertising expenses by € 0.2 million.

The consumption of material showed an increase of 17.6% and amounted to € 2.0 million in the 2018 compared to € 1.7 million in 2016.

Depreciation expenses showed an increase, amounted to € 14.2 million (2017: € 13.5 million) due to the investments in property, plant and equipment performed during the year.

Finally, a decrease was noted in the provision for trade/other receivables and legal cases, where an additional provision of € 1.8 million for the current year was made, in contrast to the amount of € 2.4 million that was made in 2017.

iii. Other Operating Expenses

Other operating expenses for the year amounted to € 0.8 million, compared to the year 2017 (€ 2.2 million), showing a significant decrease of € 1.4 million. The decrease is mainly due to decrease of research and development expenses by € 0.6 million as well as of third parties compensation by approximately € 0.4 million.

Statement of financial position

i. Total Assets

Total assets at December 31, 2018 amounted to € 395.1 million, increased by 8.6% or € 31.2 million (2017: € 363.9 million). The increase in total assets is mainly due to the following: the increase of the net book value of property, plant and equipment by the amount of € 22.3 million (due to the significant additions amounted to € 37.3 million deducted by current year depreciation) as well as the increase in cash and cash equivalents and restricted cash by € 19.1 million. This increase was partly offset, mainly by the decrease of € 9.6 million in trade and other receivables which mainly due to the decrease of advances to suppliers by € 7.0 million (last year included advances to suppliers of € 7.2 million due to a payment in advance to a related party for the purchase of a floating dock) (Note 10).

ii. Total Liabilities

Total liabilities at December 31, 2018 amounted to € 186.2 million showed an increase by € 8.2 million (2017: € 178.0 million).

The change in total liabilities is mainly due to the changes in the following sub-headings, namely: the increase in accrued and other short-term liabilities of € 7.5 million compared to December 31, 2017 which is mainly due to the increase in customer's payments in advance by € 1.1 million, an increase of € 0.7 million in concession agreement payment as well as the significant increase in taxes payable (other than income tax) by € 4.3 million (Note 20). In addition an increase of € 5.1 million in income tax payable, was reported in relation to the year 2017. These increases were mainly offset by the decrease of long term borrowings by € 6.0 million due to the repayment of four installments, the decrease of the deferred income (concession agreement) by € 1.3 million, as well as the reduction of the government grants by € 1.4 million.

D2.Tangible and intangible assets

Investments

The implementation of PPA S.A. investment plan apart from the strengthening of the Company's financial position is expected to multiply the benefits for the local and national economy.

The following table presents detailed information on the investment plan of PPA S.A. Already cumulatively (from the start of each project) until 31 December 2018, investments of contracted projects amounting to € 68.194.561, as detailed in the following table, were completed for both: a) compulsory investment projects (€ 293,783,800 as a result of the mandatory investments for the first investment period of the Concession Agreement) and b) additional voluntary investments of the Company.

no	(a) Mandatory Investments	Reference Cost (€)	PPA S.A. Participation (€)	Cumulative Contracts' Cost from the start of each project up to 31/12/2018
1	Passenger Port Expansion (Southern Zone Phase A)	136.283.800 €	5.451.352 €	0 €
2	Repair of Pier I RMG yard area and stacking cranes (RMG)	8.000.000 €	8.000.000 €	134.907 €
3	Conversion of Pentagonal Warehouse into Cruise Passenger Terminal	1.500.000 €	1.500.000 €	0 €
4	Underground Linkage of Car Terminal with Former ODDY Area	5.000.000 €	5.000.000 €	0 €
5	Port Infrastructure Improvement and Maintenance	15.000.000 €	15.000.000 €	1.272.429 €
6	Supply of Equipment	25.000.000 €	25.000.000 €	4.060.081 €
7	Dredging of Central Port	8.000.000 €	8.000.000 €	0 €
8	Studies	5.000.000 €	5.000.000 €	9.805.000 €
9	Construction of New Oil Pier	15.000.000 €	15.000.000 €	19.741.700 €
10	Car Terminal Expansion (Herakleous)	20.000.000 €	20.000.000 €	0 €
11	Improvement Infrastructure of Ship Repair Zone (incl. floating docks)	55.000.000 €	55.000.000 €	32.135.000 €
no	(b) Additional Investments			
1	Development of a logistics center in the former ODDY area, surface of 80.000m ²	60.000.000 €	60.000.000 €	0 €
2	Construction of two car park buildings, surface of 75.000m ² each in the G2 region	27.000.000 €	27.000.000 €	0 €
3	Construction of a Cruise Passenger Terminal	80.000.000 €	80.000.000 €	0 €
4	Maintenance and repair of port and building infrastructure not included in Obligatory Investments	0 €	0 €	1.045.444 €
	GRAND TOTAL (a) + (b)	460.783.800 €	329.951.352 €	68.194.561 €

2. Principal risks

A. Monitoring the supply chain with reference to the main suppliers and their cooperation rules

Supply Chain

There are no suppliers, the interruption of which would jeopardize the operation of the Company in the event of a temporary failure of supplies provision.

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

ARTICLE 105 OF THE NEWLY ENACTED LAW 4504/2017 (Government Gazette Issue A 184/29 Nov. 2017) OF THE MINISTRY OF SHIPPING, AMENDING IN PRACTICE THE CONCESSION AGREEMENT (“HRCA”) BETWEEN PPA S.A. AND THE HELLENIC REPUBLIC

Whereas according to the HRCA the Company has the right to either provide ships’ waste management services itself or grant the right to one provider through open tender, application of Article 105 (“Provision of port reception, waste management and cargo residues services”) of the above Law requires that the Company signs a contract with more than one entities expressing interest to provide the service, provided such entities are registered in the Ministry of Environment. This may lead to reductions in revenue from the above services and increase the environmental risk for the Company, due to lack of knowledge of (i) the financial agreements between ships and service providers, and (ii) the technical adequacy of such service providers.

C. Other risks that are related to the activity or sector that the company is operating.

- Risk of loss of assets

The Company takes all necessary measures to minimize the risk and possible losses of assets due to natural disasters or similar related causes.

-Property insurance

PPA S.A. has insured all its assets in accordance with the provisions of Article 17.1 of the CA with the Greek State for the following cases of damages:

Fire, lightning, explosion, storm damage, aircraft crashes and named perils or Property All Risks, based on new replacement cost of asset.

The income loss has been insured due to disaster-related closing of the business facility or due to the rebuilding process after a disaster, i.e. storm, earthquake, flood and strikes riots & terrorist actions.

-Maximum Probable Loss (MPL) analysis

According to the requirements of the provisions of Art. 17 and Annex 17.1 of the CA, the company, is in the process of preparing the Maximum Probable Loss (MPL) analysis.

The relevant tender procedure has been completed and the respective contract has signed with a specialized consulting firm in the field of risk insurance.

The MPL analysis includes as a minimum the following elements:

1. Estimation of Maximum Probable Property Loss and loss of income for normal risks, excluding natural disasters (such as earthquakes, tsunamis, etc.).
2. Estimation of Maximum Probable Property Damage and Loss of Revenues in Disastrous Risks, and in particular in the event of an earthquake.

3. Risk Accountability Quotient that will analyze and quantify the probable scenarios of liability losses, including environmental liability, under the worst case scenarios for the worst case scenario.

- Business Risks Associated with the Company's business activities

A detailed report on the main risks associated with the sector in which the Company operates is set out in Chapter D of the Non-Financial Report, which follows (Risk Policy and Risk Management / Major Business Risks and Uncertainties).

- Financial Instruments

Fair Value: The carrying amounts reflected in the accompanying sheets of financial position for cash and cash equivalents, trade and other accounts receivable, prepayments, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of variable rate loans and borrowings approximate the amounts appearing in the statements of financial position.

The Company categorized its financial instruments carried at fair value in three categories, defined as follows:

Level 1: Quoted (unadjusted) values from active financial markets for identical negotiable assets or liabilities.

Level 2: Other techniques for which all inflows that have a significant impact on the recorded fair value are identified or determined directly or indirectly from active financial markets.

Level 3: Techniques that use inflows that have a significant impact on the recorded fair value and are not based on quoted prices from active financial markets.

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at December 31, 2018 and 2017, the Company held the following financial instruments measured at fair value:

2018	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	62,499,999.99	-	62,499,999.99
2017				
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	68,499,999.99	-	68,499,999.99

Credit Risk: There is no significant credit risk for the Company towards the contracting parties, since it receives advance payments or letters of guarantee from customers. In addition, the Company's deposits are lined in bank financial institutions in Greece with the following ratings (Moody's credit rating):

	December 31	
	2018	2017
Caa2	81,037,871.36	20,035,155.87
Caa3	-	41,943,704.30
Total	81,037,871.36	61,978,860.17

Foreign Exchange Risk: The Company is neither involved in international trade nor has any long term loans in foreign currency and therefore is not exposed to foreign exchange risk resulting from foreign currency rate variations.

Interest rate risk: The Company bank loans are expressed in Euro and are subject to floating interest rates. The Company does not use derivatives in financial instruments in order to reduce its exposure to interest rate risk fluctuation as at the balance-sheet date. The Company management believes that there is no significant risk resulting from a possible interest rate fluctuation.

The table below presents and analyses the sensitivity of the result in relation to financial assets (cash on hand and in banks) and financial liabilities (loans) of the Company to the interest rate risk changes assuming a simultaneous change in interest rates by ± 100 basis points.

2018	Accounting values	Interest rate risk	
		+100bips(Euribor)	-100bips(Euribor)
Financial assets			
Cash and cash equivalents	80,937,181.40	809,371.81	(809,371.81)
Effect before income tax		809,371.81	(809,371.81)
Income tax 29%		(234,717.83)	234,717.83
Net effect		574,653.99	(574,653.99)
Financial liabilities			
Long term loans	(62,499,999.99)	(624,999.99)	624,999.99
Effect before income tax		(624,999.99)	624,999.99
Income tax 29%		181,250.00	(181,250.00)
Net effect		(443,749.99)	443,749.99
Total net effect		130,904.00	(130,904.00)

2017	Accounting values	Interest rate risk	
		+100bips(Euribor)	-100bips(Euribor)
Financial assets			
Cash and cash equivalents	61,862,169.21	618,621.69	(618,621.69)
Effect before income tax		618,621.69	(618,621.69)
Income tax 29%		(179,400.29)	179,400.29
Net effect		439,221.40	(439,221.40)
Financial liabilities			
Long term loans	(68,568,507.92)	(685,685.08)	685,685.08
Effect before income tax		(685,685.08)	685,685.08
Income tax 29%		198,848.67	(198,848.67)
Net effect		(486,836.41)	486,836.41
Total net effect		(47,615.01)	47,615.01

Liquidity risk: The effective management of liquidity risk is secured by ensuring maintenance of adequate cash reserves and a possibility for funding if necessary. Corporate liquidity risk management is based on rationale management of working capital and cash flows.

The following table summarizes the maturities of financial liabilities December 31, 2018 and 2017, respectively, under the relevant contracts to non-discounted prices.

Amounts of fiscal year 2018	Current portion	Less than 6 months	6-12 months	1 to 5 years	>5 years	Total
Borrowings	-	3,095,904.79	3,092,357.92	24,574,553.33	32,815,941.24	63,578,757.28
Trade and other payables*	9,299,870.25	14,755,198.65	10,616,006.27	-	-	34,671,075.17
Total	9,299,870.25	17,851,103.44	13,708,364.19	24,574,553.33	32,815,941.24	98,249,832.45

Amounts of fiscal year 2017	Current portion	Less than 6 months	6-12 months	1 to 5 years	>5 years	Total
Borrowings	-	3,100,020.42	3,095,726.25	24,611,220.00	38,909,672.08	69,716,638.75
Leases	5,502,00	27,510.00	36,504.00	-	-	69,516.00
Trade and other payables*	5,852,730.91	10,214,718.93	7,688,995.91	-	-	23,756,445.75
Total	5,858,232.91	13,342,249.35	10,821,226.16	24,611,220.00	38,909,672.08	93,542,600.50

* Trade payables do not have interest and are settled in up to 60 days. Other payables also do not bear any interest and are settled in up to 12 months.

Capital Management

The primary objective of the Company's capital management is to ensure the maintenance of high credit rating, and healthy capital ratios in order to support and expand the Company's operations and maximize shareholder value. The Company's policy is to maintain leverage targets, according to an investment grade profile. The Company monitors capital adequacy using the ratio of net debt to operating profits, which should be lower than 9.80 based on the loan agreements (Note 18). The net debt includes interest-bearing loans, less cash and cash equivalents, while the operating profit including profit/ (loss) before taxes, financing costs and depreciation.

	December, 31	
	2018	2017
Long-term borrowings	56,499,999.99	62,499,999.99
Short-term borrowings	6,000,000.00	6,000,000.00
Leases	-	68,507.93
Total Debt	62,499,999.99	68,568,507.92
Earnings before interest, tax, depreciation and amortization (EBITDA)	56,677,834.49	34,672,582.32
- Total Debt / EBITDA	1.10	1.98

3. Environmental issues

The Company recognizes both its obligations to the environment and the need to continuously improve its environmental performance so as to achieve a balanced economic development in harmony with environmental protection.

A. Actual and potential impacts on the environment

The actual and potential impacts on the environment from the operation and activities of PPA S.A. are assessed in the approved Environmental Impact Assessment of PPA S.A. The company has in force a Decision of Environmental Terms, approved by the Competent Hellenic Ministry, and it promotes the correct and full implementation of these Environmental Terms to ensure the prevention and reduction of the impact on all the environmental parameters.

B. Procedures implemented for the prevention and control of pollution and environmental impacts

PPA S.A. is a member of the European EcoPorts network and in this framework a Self-Diagnosis Method report (SDM) has been elaborated and is being updated every two years.

Furthermore PPA S.A. implements an integrated environmental management certified according to the European Environmental System focused in port sector: PERS (Port Environmental Review System).

In the scope of the environmental management system PERS and EcoPorts network membership, PPA S.A. has elaborated and implemented specific environmental policy, procedures of implementation and updates in permanent base record of environmental parameters associated with all the activities, while it aims at continuous improvement of its environmental performance, following the European and international standards and aiming to protect the environment and conserve natural resources for future generations.

Thus Piraeus port is committed to the principles of the ESPO Green Guide and establishes objectives and targets to achieve performance improvement.

As part of implementation of PERS environmental management system and in accordance with the Environmental Terms of port's operation, PPA S.A. has developed and implements the following procedures for the prevention and control of pollution and environmental impacts:

Air quality monitoring program. Since 2009, PPA S.A. has been implementing, in cooperation with the National Technical University of Athens, an integrated program for the monitoring of air pollution through a specialised monitoring station in order to identify, assess and quantify the significant gas emissions of the port and to develop appropriate actions and operational techniques for protecting and improving air quality in the port area. The parameters recorded and monitored are: NOx nitrogen oxide, SO2 sulfur dioxide, carbon monoxide CO, heavy metals, PAHs, PM10 particles, BTEX hydrocarbons. At the same time, the program was enhanced with air emissions simulation and dispersion models which will be evaluated with the on-site measurements for the integration of the assessment of air quality in the port area.

Sea water quality monitoring program. PPA S.A. implements a Maritime Water Quality Monitoring Program across the port area and identifies appropriate corrective measures. In the present period, new co-operation with the Civil Engineering Dept. of Athens National Technical University (Laboratory of Sanitary Technology of the Department of Water Resources and Environment) is under way, in which the Program is updated as regards the measurement parameters, sampling positions, method and frequency of sampling as well as the measurement method. Sampling frequency is twice a year.

Environmental quality monitoring program on acoustic environment. PPA S.A. implements, in collaboration with an external consultant, an integrated monitoring programme of noise, covering the entire port area and focusing on the reduction of noise levels from sources related to container terminal operations, construction works, vehicles movements. The Leq indicator is measured and monitored throughout the port area of PPA S.A., twice a year.

Integrated waste management system produced on land installations is implemented since 2009, to enhance recycling and reduce the quantities that lead to final disposal at landfills and procurement of environmentally friendly materials, where appropriate. The main waste streams that are recycled are paper, glass, packaging, empty ink cartridges & toners, used batteries and accumulators, waste electrical and electronic equipment, waste lubricating oils, tires, waste timber, operating waste workshop, operating waste tanks (floating and fixed), scrap and metal, waste from excavation, construction and demolition.

Ship-generated Waste Management Plan, approved by the competent Hellenic Ministry, is implemented since 2008 in accordance with the European Directive 2000/59 on port ship generated waste and cargo residues, as incorporated into Greek law, and the provisions of the International Convention on Marine Pollution and MARPOL 73/78. According to the Plan a system for Port Reception Facilities is established for the collection and management of solid and liquid Ship-generated waste by specialized contractors. Till today no complaints have been made.

Emergency & Terrestrial Marine Pollution Contingency Plan, approved by the competent Hellenic Ministry, for dealing with oil pollution incidents and other harmful substances in the port area of PPA.

PPA S.A. is certified according to ISO 14001: 2015 for Environmental Management by Lloyd's Register (LR).

C. Reference to the development of green products and services

PPA S.A. acknowledged the need to reduce resource consumption and, in particular, save energy across the port activities. PPA S.A. highlights the issue by promoting initiatives and behaviors to improve the balance of demand and supply of energy and to reduce energy consumption.

In this context, PPA S.A. has installed and operates since August 2016 a photovoltaic power plant using solar panels, producing up to 430 kWp. The photovoltaic plant is connected to the electricity grid of DEDDIE SA (Administrator of the Greek Electricity Distribution Network).

4. Labor issues

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

The Company is in favor of respecting the diversity of each employee and does not accept behaviors that may discriminate in any form whatsoever.

A. Policy of diversification and equal opportunities (regardless of gender, religion, disadvantage or other aspects).

The Company, as employer, is liable to (article 11 b of GSR): apply the principle of equality in all respects in its employment relations, including the equal treatment of male and female employees;

At 31/12/2018 PPA S.A. employed 1016 employees. From this staff:

- 141 were women and 875 men (13.88% rate and 86.12% respectively),
- 930 employees (91.5%) covered by collective labor agreements,
- 11 employees work by command (lawyers)
- 60 employees work on individual contracts (Company Executives, Managers, Deputy Managers, and Assistant Managers).

In addition, there were 15 employees under labor contract of private law for a fixed period and 3 under project contract basis.

The gender difference in the Company's staffing is mainly attributable to the labor intensive characteristics of the main work items of PPA S.A., which showed an interest in recruitment almost exclusively by men, despite the fact that in the relevant declarations for the recruitment of personnel of these specialties (dock workers, lifting equipment operators, heavy-duty drivers) there were no gender exclusion criteria.

Of the 137 employees assigned in responsibility positions on various tiers of the company's hierarchy (manager, deputy manager, assistant manager, head of sector, superintendent supervisor), 100 (73%) were men with and 37 (27%) women.

The women participation among manager, deputy manager, and assistant manager positions reached the 43.5%.

B. Respect for employees' and trade union rights**Respect for employees rights**

The Company respects the rights of employees and observes the Labor Legislation. In the year 2018, no control body accused for violations of labor law. There were cases of three (3) appeals to the Labor Inspectorate raised by two (2) employees which concerned issues of employment discernment (keeping working rows) that have been dealt with by the implementation of the rostering system since September 2018.

Trade union rights

The Company, as employer, is liable to (articles 11 e, f, g of GSR):

- Ensure that the trade unions of its employees are regularly informed of all staff-related matters and of the Company's business activities in general, where those have an impact on employment relations;
- Not intervene in any manner in the legitimate trade union activities of employees;
- Promote interactive discussion with the representatives of employees, especially with any first-degree and second-degree trade unions representing its employees in the context of collective autonomy and informed dialogue.

Also, under Article 14.7 of the GCF, provision is made for discharged of their regular work duties throughout their tenure (depending on the number of members) during their term of office to members of trade unions.

Labor legislation

The Company, as employer, is liable to (article 11 a of GSR) comply consistently with all labor regulations and all individual and Collective Labor Agreements applicable to its staff.

C. Health & Safety

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

Safety Engineer

The company has a "Safety Engineer", in accordance with the applicable Legislation, whose duties are the supervision of working conditions and the improvement of working conditions in the company.

Occupational Physician

The company has an "Occupational Physician", in accordance with the applicable Legislation, whose duties are to provide indications and advice to the employer, employees and their representatives, in writing or orally, regarding the measures to be taken for the physical and mental health of employees. Written instructions by the Occupational Physician shall be entered in a special notebook. The employer is being informed and signs the recommendations posted in this special book.

▪ *Health and Safety Committee Establishment*

Company employees have established a Workers' Health and Safety Committee (W.H.S.C.), consisting of their elected representatives in the company.

1. W.H.S.C. or the representative is a consultative body and has the following responsibilities:

- (a) studying the company working conditions, proposes measures to improve the working conditions as well as the working environment, monitors compliance with health and safety measures and contributes to their implementation by employees,
- (b) in cases of serious labor accidents or related incidents, proposes appropriate measures to prevent recurrence,
- (c) highlights the occupational hazard in workplaces or work positions and proposes measures to address it, by participating in this way in the formulation of company's policy for occupational risk prevention,
- (d) is informed by the management of the occurring occupational accidents' and occupational diseases' data,
- (e) is informed for the introduction of new production processes, machinery, tools and materials to the company, or the operation of new installations, insofar as they affect health and safety,
- (f) in the event of immediate and serious risk, invites the employer to take the appropriate measures, without excluding the disruption of the machinery or the installation or the production process,
- (g) may seek the assistance of experts on Workers' Health and Safety Matters, with the agreement of the employer.

▪ ***Health and safety conditions***

The Company, as employer, is liable (article 11.c of GSR) to take all necessary steps to ensure health and safety at the workplace.

The Company is liable to ensure proper health and safety conditions for all employees and installations under its responsibility. For that purpose, it is liable to apply proper health and safety rules by means of special safety regulations, circulars, announcements and instructions. In particular, the Company is liable to (article 12.3 of GSR):

1. Ensure, carry out and supervise, through its duly authorised bodies, the implementation of all preventive, operational or corrective measures and procedures necessary to ensure safe execution of all Company operations;
2. Train its staff to promptly identify all risks and handle same efficiently, in line with the applicable safety procedures;
3. Keep the staff thoroughly informed of all applicable regulations establishing minimum health and safety standards at the workplace, as in force from time to time.

D. Training systems, promoting staff ways, etc.

Education and training programs

The Company, as employer, is liable to ensure, within its powers, that the employees gain all professional knowledge and are offered good opportunities to develop their skills and maximize their efficiency, to the benefit of the Company but also for the development of their own career and personality.

Staff training is one of the Company's development objectives, which improves the quality of the services rendered by the Company and the Company's overall productivity. In this context, the Company plans and subsidizes staff training programs, either on its own or in cooperation with third-party educational/training organizations. The staff shall participate in these programs at Company's cost.

Employee's career development

According to article 7.1 of GSR each employee's career development depends primarily on their:

1. Professional experience and scientific expertise;
2. General performance while on duty, primarily in terms of efficiency, initiative and responsibility;
3. Planning and coordination skills;
4. Role in improving the efficiency of inferiors and encouraging them to improve their working performance;
5. Ongoing training, primarily attendance of educational/training seminars and involvement in projects or studies relating to their work post.

Additional Social Benefits

Under current operational collective labor contracts the Company offers to its staff additional social benefits. In particular, the Company grants interest –free loans to its employees up to amount of 3.000 € to cover exceptional and unforeseen needs, wedding assistance, creches and camps costs for children of the staff, and prizes for the children of staff with excellent school performance.

5. Financial and Non-Financial performance indicators.

A. Financial indicators and APM's

Financial indicators showing the Company's financial position are presented in the table below:

Financial Structure ratios

	<u>31/12/2018</u>		<u>31/12/2017</u>	
1. <u>Current assets</u>	99,873,195.83	25%	90,100,075.63	25%
Total assets	395,132,244.23		363,921,713.97	
2. <u>Total equity</u>	208,945,554.15	112%	185,899,439.73	104%
Total liabilities	186,186,690.08		178,022,274.24	
3. <u>Total equity</u>	208,945,554.15	71%	185,899,439.73	68%
Non-current assets	295,259,048.40		273,821,638.34	
4. <u>Current assets</u>	99,873,195.83	203%	90,100,075.63	270%
Current liabilities	49,267,425.58		33,349,325.73	
5. <u>Borrowings</u>	62,499,999.99	30%	68,568,507.92	37%
Total equity	208,945,554.15		185,899,439.73	

Performance and efficiency ratios
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	<u>31/12/2018</u>		<u>31/12/2017</u>	
6. <u>Profit before income taxes</u>	42,332,513.56	32%	21,186,804.06	19%
Revenue	132,931,041.43		111,530,836.96	
7. <u>Profit before income taxes</u>	42,332,513.56	20%	21,186,804.06	11%
Total equity	208,945,554.15		185,899,439.73	
8. <u>Gross profit</u>	59,324,066.77	45%	38,755,447.95	35%
Revenue	132,931,041.43		111,530,836.96	
9. <u>EBITDA</u>	56,677,834.49	43%	34,672,582.32	31%
Revenue	132,931,041.43		111,530,836.96	

The Company uses as Alternative Performance Measures ("APMs") the ratios No 4, 5 and 9 in the context of making decisions concerning its financial, operational and strategic planning, as well as assessing and publishing its performance. These APMs help better understand the Company's financial and operating results, financial position and cash flow statement. Alternative performance measures (APMs) must always be taken into account in combination with the financial results prepared in accordance with International Financial Reporting Standards ("IFRS") and will not replace the latter under any circumstances.

B. Non-financial performance indicators

Non-financial performance indicators of PPA S.A. operating activities are set out in the Non-Financial Report below in the chapter "Business Model _ Evolution of Business Activities"

6. Activity of the Company in the field of research and development

PPA, in accordance to the priorities set from Strategic Planning, considers, as very important its presence and action in the field of research and development granted. Through synergies developed with relevant actors from Greece and abroad, PPA participated in the development of new technological applications and innovative procedures, creating new horizons of development and optimized operations and ensuring the competitiveness of the port of Piraeus and its active participation in the adoption of respective decisions.

In 2018, PPA S.A. participated as a partner in three (3) European research projects, which were completed within the year, details of which are shown in the table below:

no	Program	Project name	Full name	Budget	E.U. Funding
1	CIP	MITIGATE	Multidimensional Integrated risk assessment framework and dynamic collaborative Risk Management tools for critical information infrastructures	110.937,50	70%
2	TEN-T	ELEMED	Electrification Mediteranean	80.500	68%
3	H2020	AUGGMED	Automated Serious Game Scenario Generator for Mixed Reality Training	140.000	100%

In 2018, PPA S.A. participated as a partner in ten (10) European research projects, which were under implementation in 2018, details of which are shown in the table below:

no	Program	Project name	Full name	Budget	E.U. Funding
1	TEN-T	Poseidon MED II	Poseidon MED II	915.000	50%
2	CBRN	SSEE	Shielding South-East Europe from CBRN-E threats	67.084	100%
3	MED	PROTeuS	PROMoting security and safeTy by crEating a MED cLUster on Maritime Surveillance	253.240	85%
4	H2020	SAURON	Scalable multidimensional situation awareness solution for protecting European ports	462.812,50	70%
5	ADRION	SUPAIR	SUstainable Ports in the Adriatic Ionian Region	135.715	85%
6	ADRION	SUPER-LNG	SUstainability PERformance of LNG-based maritime mobility	92.200	85%
7	ADRION	MultiAPPRO	Multidichiplinary approach and solutions to development of intermodal transport in region	117.260	85%
8	ADRION	NEORION	Green Shipbuilding	135.535	85%
9	H2020	PIXEL	Port IoT for Environmental Leverage	274.250	100%
10	H2020	TRESSPASS	robust Risk basEd Screening and alert System for PASSengers	230.625	70%

Within 2018, the following European research projects, to which the PPA participates as partners, were submitted for funding and whose assessment is expected in 2018. Details of them are shown in the table below:

no	Program	Project name	Full Name	Budget	E.U. Funding
1	H2020	SHIPAIR	Cost-effective systems and tools for assessing airborne shipping emissions in real-world operating conditions	186.500	50%
2	CEF	STM Ports of Call	STM Ports of Call	350.000	50%
3	CEF	GREEN PORTS C	Green and Connected Ports (GREEN C PORTS)	455.500	50%
4	H2020	D4FLY	Detecting Document frauD & iDentity on the fly	111.125	100%

5	Greece-China	HYDRAWWECS	COOPERATIVE RESEARCH ON THE HYDRODYNAMIC PERFORMANCE OF OFFSHORE MULTI-TASK WAVE ENERGY CONVERTERS	89.950	59%
6	Greece-China	CiREM	Climate-induced Risk and Emergency Management for protection of critical infrastructures and transport resilience in line with "Belt and Road initiative	108.500	65%
7	Greece-China	ATOS	Advances in terminal operations in the 'One Belt-One Road' strategic context	110.589	65%

PPA is in the process of discussing and negotiating its participation in new proposals for European funded projects that are expected to be submitted for evaluation in 2019.

7. Non-Financial Report

A) Description of the PPA S.A. Business Model.

In addition to the Report of the Board of Directors entitled "Analysis of the development & performance of the company's activities and position" and the brief description of the business model that has taken place, the following are stated:

The Piraeus Port Authority S.A. (PPA)

PPA is the legal entity entrusted with the administration and operation of the Port of Piraeus. It was established as a legal entity of public law by virtue of Law 4748/1930, which was restated by Compulsory Law 1559/1950 and ratified by Law 1630/1951, each as subsequently amended and supplemented. In 1999 PPA was transformed into a stock corporation (société anonyme).

Pursuant to the enabling provisions contained in the thirty-fifth article of Law 2932/2001 (Government Gazette A' 145/27.7.2001), the Hellenic Republic and PPA entered into a concession agreement on 13 February 2002 (2002 HRCA). In the 2002 HRCA, the Hellenic Republic granted PPA the exclusive right of use and exploitation of the land, buildings and infrastructure comprising the Port of Piraeus, for an initial term of forty years, and subject to further terms and conditions. Certain amendments to the 2002 Agreement, including the extension of the concession's term by ten years, were authorised on behalf of the Hellenic Republic by virtue of a joint ministerial decision on 19 November 2008 (Government Gazette B' 2372/21.11.2008). These amendments were agreed upon in an addendum to the 2002 Agreement executed between the Hellenic Republic and PPA on 18 November 2008 (the 2008 HRCA). The 2002 Agreement, as amended by the 2008 Addendum (together the Old Concession Agreement), was subsequently ratified by virtue of the first and third article of Law 3654/2008 (Government Gazette A' 57/03.04.2008).

In April 2016, following an open international public tender process, the Hellenic Republic Asset Development Fund (HRADF), under its capacity as the major shareholder of PPA, and COSCO HK Ltd entered into a Shares Purchase Agreement (hereinafter: SPA) for the acquisition of the majority participation of 51% in the share capital of PPA. In August 2016, after the satisfaction of certain conditions precedent, the SPA was affected by the execution of the transaction and the transfer of PPA's majority shares from HRADF to COSCO HK Ltd and PPA S.A. ceased to be a state-owned company and since that day it is a private-owned company.

In the framework of the Privatisation Process and as envisaged and permitted by the Old Concession Agreement (including, without limitation, article 15.1(iii) thereof), the Hellenic Republic and PPA engaged in negotiations, resulting in the finalisation and conclusion of a new amendment of the Old Concession Agreement, which was finally signed by the parties on 29/06/2016 and ratified by law 4404/2016 (Government Gazette A' 126/08.07.2016).

The objective of the Company is to perform its obligations, conduct its activities and exercise its faculties under or in respect of the concession agreement between the Company and the Hellenic Republic dated 13 February 2002 regarding the use and exploitation of certain areas and assets within the Port of Piraeus, as amended and in force (the "Concession Agreement"), in accordance with the law.

For the purpose of attaining its object under paragraph 1 above, the Company may, by way of an illustrative but no means exhaustive list, conduct and engage in the following activities:

- (a) use all rights assigned to the Company pursuant to the CA and maintain, utilize and exploit all concession assets in accordance with the Concession Agreement;
- (b) provide services and facilities to vessels, cargo and passengers, including ship berthing and cargo and passenger handling to and from the port;
- (c) install, organize and exploit all kinds of port infrastructure;
- (d) undertake any activities related to the port and all other commercial activities associated with or reasonably incidental to the operation of the port of Piraeus;
- (e) engage third parties to provide any kind of port services;
- (f) award contracts for works;
- (g) engage in such further activities as are prudent or customary for the proper conduct of its business and operations in accordance with the Concession Agreement; and
- (h) engage in any and all activities, transactions or operations of a type that are conducted by commercial corporations generally.

Evolution of Business Activities

Cruise Activity

The reduced supply of itineraries and capacity in eastern Mediterranean, result of the negative geopolitical circumstances in countries on the Asian coast, affected negatively the volume of passengers. Despite the negative circumstances, Piraeus managed to attract greater homeport volume improving the qualitative characteristics of throughput in the port and the financial results. In particular, the total volume of passengers in 2018 was 961,632 compared to 1,055,559 in 2017 recording a reduction of 8.9%. The homeport passengers were 354,398 compared to 332,611 in 2017 recording increase of 6.6%. Reduction of 9% was recorded in cruise ship calls with 524 calls in 2018 compared to 576 in the previous year.

Coastal traffic

Total coastal passenger traffic, in 2018, at domestic routes recorded marginal increase of 0.7% to 15,657,368 passengers compared to 15,555,123 in 2017. This increase came mainly from the improved traffic volumes for the Aegean and the Saronic islands (4.2% and 7.4% respectively), while the sector of Salamis ferry recorded a decrease of 4.7%. The throughput of the “subsidized routes” recorded a rapid increase but the total throughput that amounted to 27,458 passengers does not affect materially the transportation volumes.

A similar picture is recorded in the traffic of vehicles in coastal shipping, with marginal decrease in traffic by 0.1% (2.646.189 in 2018 compared to 2.648.725 in 2017). Increase is recorded in the traffic of domestic routes (3.8%) and Saronic islands (6.9%) and reduction in Salamis ferry (2.7%).

Car Terminals

After 3 years of increase of transportation with double-digit growth, in 2018 the throughput in the car terminals remained almost stable. Total traffic in 2018 amounted to 429,170 vehicles compared to 431,157 in 2017 recording marginal decrease of 0.5%. It is important to be noted that the cargo for the domestic market recorded again double-digit rate of growth by 17.5% (from 99,325 in 2017 to 116,737) while the transshipment cargo reduced by 5.8% (312,433 units in 2018 compared to 331,832). However, the number of import vehicles continues to be significantly below the traffic of 2009, before the financial crisis, that amounted to over 173,000 vehicles, which creates further positive prospects. In the sector of transshipment, the traffic amounted to 312,433 compared to 331,832 units in 2017 affected by the decrease of sales in Turkey due to the fall of the Turkish lira. Moreover, some neighbouring ports, with the exception of Piraeus, encounter congestion that affects the whole supply chain in eastern Mediterranean and directs flows to ports of west and north Europe.

Container Terminal

Pier I in 2018 handled 498,708 TEU compared to 453,264 TEU in 2017, achieving an increase of 10%. Significant increase 25.4% recorded the volume of local cargo from 76,188 TEU in 2017 to 95,673 TEU in 2018. The increase of transshipment cargo was 6.9% reaching 403,035 TEU in 2018. The significant increase of local cargo throughput was assisted from the improvement of the domestic economic sentiment and the adoption of more flexible structures of operation that allow more direct response to the needs of the customers.

Ship Repair Activity

The ship repair sector recorded significant increases in 2018 as a result of the investments, the improvement of invoices and aggressive marketing. In the dry-docks sector 104 ships were served in 2018 compared to 88 in 2017 (+18%) while the days of occupancy recorded big increase (54%) strengthened also from the activation of floating dock “Piraeus III” with lifting capacity of 22,000 tones. The repaired ships reached 275 in 2018 compared to 272 in the previous year recording marginal increase.

International Conditions – Prospects

The PPA acts as an international trade gate for the Country as well as a transshipment centre for goods primarily for the Eastern Mediterranean and the Black Sea regions. The Company's activities depend on the Country's economic conditions, the course of international trade and the geopolitical conditions of the immediate geographical environment.

Significant prospects are created from the adoption of the geopolitical initiative of China for effective transportation between ports of various countries and of China in the framework of Belt and Road Initiative. In this program is also included a maritime component, and Piraeus can benefit from the role of port entry into the EU and from increased connections with other ports.

Cruise Activity

The approval for financing by 95%, of the Cruise Expansion of the port of Piraeus of funded budget of €120m by the Managing Authority, is the most important event of the year. The construction of the new infrastructure that will increase by two the berths for cruise ships over 300m, sets the conditions for the attraction of new itineraries in the wider area and the further growth of the market. The work is expected to be completed in 2022 and in combination with the new passenger terminal on the new infrastructure creates new prospects for cruise both at Piraeus and the Greek economy in general.

Worldwide, based on CLIA data, the cruise market in 2018 is expected to reach 28.2 million passengers versus 26.7 million in 2017. The geopolitical environment in eastern Mediterranean from 2016 with the political turmoil in Turkey, the war situation in Syria and the negative publicity from the refugee flows, lead to the withdrawal of capacity and itineraries from the area. Given that the industry of cruise has a cycle of scheduling itineraries of approximately 2 years the prospects for 2017 and 2018 were restrained. The data for the last two years confirmed that cruise adopts a risk adverse policy.

The negative prospects of the previous two years are gradually being reversed and if the geopolitical environment maintains at least the present situation it is expected the gradual return of itineraries and capacity. Already, in the Greek market, in 2018 with the undertaking of coordinated actions both in the tourism sector and the involved ports of cruise, the traffic in the ports of the country achieved to record increase of the order of 3.5% .Already, the pre-reservation of berths for cruise ships for 2019 in Piraeus are recording increase 15% compared to 2018 and is estimated that will be around the number of calls of 2016 when it was achieved the peak of 5 years in cruise passenger traffic.

Coastal Traffic

Coastal shipping is mainly influenced by the economic situation in the Country that affects the movement of passengers and cargo to and from the islands and to a lesser extent by the volume of tourists. Passenger traffic to and from the islands is also affected by the intensity of competition between low-cost airlines and ships.

For the period 2018-2021, an average economic growth rate of 2.4% is forecasted that will help maintain passenger and cargo flows for the islands. The transportation of passengers of coastal shipping, in the total of the Country, in the first six months of 2018 records increase of approximately 7.4%. The arrivals of tourists in the 10 months of 2018 are estimated to 28.7million recording an increase 10.8% in comparison to the respective period of the previous year. Nevertheless, this increase of traffic at the port of Piraeus was more conservative as significant number of coastal traffic concerns movements between islands which do not pass through Piraeus.

The upward course of the cost of bunkers after the low of November 2016 is estimated that will bring increase to fares and most likely will affect primarily the domestic non-tourist transportation which is important for the non-peak months. Based on the above in the short-term, the change of transportation of passengers is forecasted to be marginal in 2019.

Car Terminals

Based on the most recent information in 2018 the seaborne transport of vehicles, after the recovery in 2017 is estimated that will record new rise of the order of 5% as a result of the increased sales to all the main markets (EU, USA, China). For the European exports the messages are mixed as the rise of the exports to China (+7.1%), Japan (+5.6%) and South Korea (+37.8%) is accompanied by the reduction of exports in the USA (-8.7%). The restrained investment policy in new ships from the carriers contributed critically in the recovery of the industry and the freights.

Piraeus in contrast to critical competitive ports of eastern Mediterranean does not record problems of port congestion. It is affected however the whole network of transshipment that increases the weekly peaks. Moreover, in several cases the congestion is a result of the progress of investment plans in competitive ports that in the medium term will increase the port supply and will increase the price competition which creates risks.

Moreover, the worldwide economic environment is volatile due to the trade war in the trade of USA-China and the probability of its expansion to EU with emphasis on the export of vehicles. The vagueness in the way of withdrawal of UK from the EU creates additional dangers as it cannot be determined the consequences in the volumes of transshipment and the effects on port function from probable change in the dues. More specifically 54% of the 1.7 million vehicles that are being manufactured in the UK are exported to the EU and the 82% of the sales of vehicles in the Country comes from the EU providing important transportation work at intra-European level and volumes of transshipment.

In the mid-term, PPA is planning important investments in order to increase the capacity to the storage areas and to capitalize permanently the positive circumstances in eastern Mediterranean. It is planning the construction of 2 five-storey parking buildings for the increase of its capacity with special area for heavy machinery, systems of electronic administration as well as the application of free zone. In this framework, it is estimated that the domestic cargo will continue the trend in 2019 albeit at a reduced rate, while the cargo of transshipment will improve marginally.

Container Terminal

According to the most recent data, seaborne container trade in TEU increased by 4% in 2018 but last 6 months recorded reduced rate of increase. The increase in transported volumes was mainly driven by the increase in the routes from Asia to Europe and by increased traffic within Asia. The Asia-Europe route directly related to Piraeus increased by 6% in the third quarter but on an annual basis the demand is limited to 1.7%. The investment policy of shipping companies continues to focus on big ships with economies of scale, with the overwhelming majority of the orders to concern ships over 11,000TEU. This policy of orders led to reduced freights in the route Asia-Europe. In this context, the tendency for slot sharing agreements in various peripheral and central routes is strengthened with result the limitation of potential customers for the ports. To what concerns with respect to the domestic cargo, this depends from the course of the national economy and the prospects from the increase of GDP remain positive as long as the political stability is maintained and new tax burdens are avoided.

The qualitative features of the terminal such as large natural drafts, 24-hour single tariff operation, tide-free access, good weather conditions and the competitive bunker market, are the competitive advantages of Piraeus. These competitive advantages have increased importance within the weak market conditions in liner trades and increasing trend of cooperative schemes adopted by the companies which create challenges to attracting new transshipment cargo.

In addition, the continuous increase in intra-Europe trade that increased by 13% in value in the last two years, and the increase in the Country's exports creates valid positive expectations for additional business at the port. Furthermore, the domestic cargo will increase in the context of economic development of the Country which records positive prospects.

Ship Repair Activity

Traditionally, Piraeus has significant shipbuilding activity and know-how. The lack of infrastructure renewal and the loss of competitiveness to neighboring countries did not allow the industry to maintain a leading role in the region. As a result, most of the ship repair activity took place in countries such as Turkey and Bulgaria, which appear to offer lower costs but do not offer better know-how from the companies located at the Piraeus Ship Repair Zone (SRZ). On several occasions, based on their know-how and expertise, companies from Piraeus SRZ undertook ship repairs in other countries.

The purchase and activation of the new dry-dock purchased by the PPA put into operation in the first quarter of 2018, combined with the upgrading of other infrastructure at the SRZ will positively affect the attraction of ship repair works. At the same time, the creation of cooperative structures between the PPA and the companies at the SRZ to jointly undertake ship repair works will contribute to improving competitiveness and will offer the opportunity for competitive offers at international level. In this context, the medium-term outlook for Piraeus SRZ is considered to be particularly positive considering the political instability in the directly competitive market of Turkey.

B) Policies and Due Diligence.

b.1. Policies and Due Diligence for environmental issues

- ***Implementation of Contingency Plans***

PPA S.A. implements Emergency Terrestrial and Marine Pollution Contingency Plans, approved by the competent Hellenic Ministry, for dealing with oil pollution incidents and other harmful substances in the port area. Emergency situations are fully covered by the aforementioned contingency plans. During 2018, 10 incidents of marine pollution occurred and no incident of land pollution (comparing to 18 incidents in the marine environment and 1 incidence in the land area in 2017) were recorded in the area of competence of PPA S.A. All the incidents were small and were addressed by PPA S.A. directly and effectively. The incidents concerned oil pollution (8 incidents) and pollution from floating solid materials (2 incidents).

▪ ***Regulating Issues of Shipwrecks' Lifting / Raising, removal of dangerous and harmful vessels***

According to Articles 2, 3 and 5 of Law 2881/2001 "Regulation of wreck raising issues and other provisions", they must be lifted and removed (by the owner of the shipwreck or ship) out of port, in a whole or in parts, or, if required from the circumstances, shifted or destroyed or in any way eliminated, in accordance with the applicable provisions, in order to eliminate any risk and prevent any adverse consequence from the existence of the shipwreck, which constitutes a risk to navigation in the area of port's responsibility, obstructs the mooring, the anchoring, the berthing, the use of docks and generally the port's operation, or harms or threatens to harm the environment:

- shipwrecks within the meaning of Article 2 of Law 2881/2001 because they are semi-sunk and may cause damage to the rest of the vessels docked in the particular sea area, they disturb the proper operation of the port.
- dangerous and harmful ships in a port within the meaning of Article 3 of Law 2881/2001, because their overall situation implies a sinking possibility,
- constitute harmful ships due to immobility in a port within the meaning of Article 5 of Law 2881/2001 that remain stationary and idle without maintenance and diligence in the port area.

In the context of the above Law, an Advisory Committee was established by PPA, on issues of lifting, removing or eliminating shipwrecks or ships. This committee, which is chaired by a PPA executive, is composed by representatives of the Piraeus Port Police Authority (A, B, C and D Port Departments), representative of the Attica Region, representative of the Piraeus Chamber of Commerce and Industry, representatives of the Local Authorities (Municipality of Piraeus, Municipality of Perama, Municipality of Keratsini-Drapetsona and Municipality of Salamina).

The Committee's work is to issue an opinion on the matters of lifting or elimination of shipwrecks or ships located in the port area of PPA S.A.

b.2. Policies and Due Diligence for safety issues

At high-risk areas (Container Terminal and Perama Ship Repair Zone) the organization provides two ambulances with trained rescue personnel (two rescuers per vehicle) that are available 24/7, to cover emergencies that may occur in the above mentioned areas.

b.3. Due Diligence Policies for Regulatory Issues

To comply with the requirements of the CA dated 24 June 2016 concluded between the Hellenic Republic and Piraeus Port Authority SA regarding the Use and Exploitation of Certain Areas and Assets within the Piraeus Port, by decision of the Company Management was established Monitoring Committee of the above concession.

The task of this Committee, in which nine (9) staff members of PPA S.A. and two (2) external legal counselors participate, is to monitor, control and coordinate each responsible PPA S.A. Department actions, relating to the implementation and compliance with the terms of the June 24th of 2016 CA, within the designated timelines.

The CA Monitoring Committee regularly submits progress reports to the Management of the Company for any issue related to the CA follow up.

C) Outcome of those Policies.**c.1. Outcome of Policies for environmental protection issues****▪ *Fire incident occurred at the vessel ELEFThERIOS VENIZELOS***

On 29/08/2018, a fire incident occurred at the vessel ELEFThERIOS VENIZELOS, where the ship was provided by PPA S.A.:

- a berthing place at cruise ship with a view to the safe disembarkation of the passengers and crew members, as well as the facilitating firefighting operations and responding effectively to the emergency,
- an aviation - type ladder to ensure the quickest disembarkation of passengers, as well other special means (clarks, a mobile crane, machinery) to serve the required actions.

- buses for the transport of passengers after their disembarkation.

- the passenger terminal "Themistocles" for the registration of the disembarked people, water to passengers and wheelchairs to people with disabilities.

Preventive and subsidiary action was taken to activate the PPA S.A. Marine Pollution Prevention Plan while preventively floating dams were installed around the ship.

In the context of an effective response to the incident, an inland area was set aside for the evacuation of the ship from damaged vehicles and cargo, which was completely cleaned and restored on the basis of a specific action plan.

During the course of the incident, the Department of Port Security and Environmental Protection supervised all the work and procedures.

▪ *Regulating Issues of Shipwrecks' Lifting / Raising, removal of dangerous and harmful vessels*

As a result of the above paragraph b.1 of the described policy for shipwrecks' lifting and hazardous and harmful ships' removal, the Advisory Committee on 08-02-2018 και 15-03-2018 meetings and after taking into account:

- (a) the provided general information material,
- (b) the Committee members' knowledge,
- (c) the ships' current situation,
- (d) the official documents,
- (e) the provisions of the previously mentioned laws

unanimously gave the following opinion:

- 1) The following ships:

«PANAGIA AGIASOU», «THE ONE CITY OF HOPE», «ST. NIKOLAOS II», «ELENI A», «MELANI», «VATHI», «KRONOS», «IOANNIS», «MARIA», «ST. NIKOLAOS III», «ERGO 1», AIAS», two (2) Tugs and six (6) Barges, without names and of unknown other records.

Constitute shipwrecks within the meaning of Article 3 of Law 2881/2001 because they are semi-sunk because their overall situation creates a risk in shipping and harms or threatens to harm the environment.

2) The ship «ASSODIVER» constitutes dangerous and harmful ship in a port within the meaning of Article 3 of Law 2881/2001, because its overall situation implies a sinking possibility, a risk to shipping and affects or threatens to affect the environment,

3) The ship «CRISNIK K» constitutes harmful ship due to immobility in a port within the meaning of Article 5 of Law 2881/2001 because remains idle without maintenance and diligence in the port area, preventing the safe activation and stay of other operating vessels.

In total, the Advisory Committee designated twenty two (22) vessels (mentioned above), for lifting, removal or elimination of shipwrecks, or characterized as shipwrecks or dangerous and damaging vessels, located in the area of PPA's responsibility.

Also in the context of the above described procedure:

- successfully completed (following a competitive procedure) the removal from the port area of dangerous and harmful ships "DIMITRA", "ALKYON", "PIRAEUS III", while the removal of the "EUROPEAN EXPRESS" (for which the tender procedure was completed in 2018) is already underway for the beginning of 2019.

c.2. Outcome of Policies for Safety Issues

The results of the policies on working safety (24-hour availability of two ambulances in the container terminal and Ship Repair areas) are analyzed in a next chapter of the Non-Financial Report entitled "Employee Issues - Safety working conditions.

c.3. Outcome of Due Diligence Policies for Regulatory Issues

The established Monitoring Committee of the CA of 24 June 2016 of the Hellenic Republic and PPA S.A. met twelve (12) times in the year 2018, controlling in any case the obligations arising for the Company under the above contract and submitted duly completed, within the predetermined date the Compliance Certificate (and its supplementary documents) of 2017, as defined in Article 14.1 (c) of the Concession Agreement.

D) Principal Risks and their Management

Risk Policy

Piraeus Port Authority S.A. aims to provide high quality, efficient and safe port services in a sustainable manner, contribute to local and national economy, strengthen the port's position and achieve sustainable growth.

Various factors such as internal and external issues, interested parties' needs & expectations could be considered as possible risks that can or could negatively affect the company in achieving its objectives and strategy and therefore it is vital to be identified and addressed.

The company determines, evaluates and addresses any possible risks in order to:

- achieve its mission, vision, profit, objectives, policy, customer satisfaction, legal and other obligations compliance, enhancement of environmental performance
- enhance desirable effects
- prevent or reduce undesired effects, including the potential for external environmental conditions to affect the organization
- achieve continual improvement

PPA's Top Management is committed to ensure the continuing effort to address all risks involved with its operation and undertake all necessary proactive actions.

Risk Management Procedure

PPA S.A. is promoting awareness of risk-based thinking to all its departments in order to protect its values and address uncertainty. Therefore, each business unit is responsible to implement a risk assessment procedure. This procedure includes the following stages:

- a) Identification of various organizational, managerial and operational existing and emerging risks that can or could negatively affect the conformity of services, customer satisfaction, quality policy and objectives, the strategic direction of the company.
- b) Evaluation of the nature and level of risk. Significant environmental aspects are also included in the risk assessment and evaluated with a business perspective. Additionally, the impact of environmental aspects in particular to the environment is assessed through the Environmental Aspects Assessment.
- c) Determination of the risk's likelihood of occurrence and its consequences.
- d) Preparation and implementation of actions to address risks. These actions shall be proportionate to the potential impact on the conformity of services. Options to address risks may include avoiding risks, taking risk in order to pursue an opportunity, eliminating the risk source, changing the likelihood or consequences, sharing the risk, or retaining the risk by informed decision.
- e) Successful integration of actions to address risks into the company's processes according to the significance level of the risk. Identified risks with high and serious significance are being addressed in priority.
- f) Evaluation of actions' effectiveness through monitoring Key Performance Indicators (KPIs). This process is monitored by the Quality Control and Inspection Dept through Internal Audits conducted at all company's depts.

The above procedure is under the coordination of the Quality Control and Inspection Dept which provides support to each department for the compiling as well as for the necessary review and update of the risk assessment. The review and update takes place at least once a year and always prior to the enforcement of any change, so that the company has early warning of upcoming changes that it needs to react to and plan for.

Appropriate documented information as evidence of the results of monitoring and measurement activities regarding the actions taken are retained from each relevant Department and the Quality Control & Inspection Department.

During the Management Review by the Top Management, the Quality Control & Inspection Dept presents all necessary information and data on the progress and the effectiveness of the actions taken to address risks. Relevant decisions are being taken by the Top Management.

The above procedure is included in PPA's Procedures' Manual that has been approved by Top Management's decision.

Major Risks and Uncertainties in 2019.

Wider Economic Environment

Maintaining the stable economic environment in the Country is directly related to import and export volumes and, by extension, to the import-export volumes that offer the highest average revenue to the Company. The year 2019, will be a year of multiple elections in Greece which contributes to the postponement of consumption as well as governmental decisions. Regardless of the political environment in 2019, the company's strategy is based on strengthening and expanding transshipment volumes that are not directly dependent on domestic economic conditions to mitigate any negative impact from a possible negative change in the domestic economic climate.

Economic instability

The geopolitical and economic instability in the countries of North Africa, the Asian Mediterranean and the Black Sea can have a negative effect on the transshipment volumes in Piraeus. The drop of the Turkish lira made more competitive the exports from Turkey and improved the competitiveness of its ports. At the same time, the continued war in Syria and the further involvement of Turkey increases the instability in the region and affects the trade routes and the tourist demand. To mitigate risk, the Company has undertaken a program to develop a rail link with Central Europe and is in the process of seeking customers to expand its port hinterland to the north, thus reducing dependence on maritime markets to the south and south-east.

New forms of energy

The 2020 deadline for the use of low-sulfur fuel (0.5%) puts pressure on shipping companies to choose the most appropriate solution through scrubbers or the use of natural gas. Already in the cruise sector, there are orders for 16 ships of seven cruise lines using natural gas. At the same time, container carriers also have ships with dual fuel capabilities. One of the competitive advantages of Piraeus is the extensive and financially competitive shipping fuel supply market. In this context, the Company, in cooperation with the gas sales and distribution companies of Greece, participates in a European funded project aiming at the study and implementation of competent solutions and infrastructure so that ships in the port can be supplied with natural gas. In this way, the Company aims to maintain its competitive advantage as well as to comply with the regulatory requirements of the European Directives.

In the container sector, the most significant risk comes from the high dependence on a single customer (95% of traffic volume). The possibility of a new round of industry consolidation on the carriers' side due to the protracted period of weak market conditions, in the medium term, will intensify intra-port and international competition and limits the options for attraction of new cargo. To mitigate risk, the Company has adopted a customer-centric approach while at the same time implements an aggressive policy to attract new customers by presenting the locational and service quality advantages of the port.

Non-expanded clientele (Container terminal)

In the container sector, the most significant risk comes from the high dependence on a single customer (95% of traffic volume). To mitigate risk, the Company has adopted a customer-centric approach while at the same time implements an aggressive policy to attract new customers. However, the intensifying intra-port and international competition provides limited options for attraction of new cargo in the short-term.

Geopolitical conditions

In the sector of car terminals, the uncertainty of agreement for the exit of UK from the EU is estimated that it can disturb the supply chain for vehicles as important volume of vehicles for the EU is manufactured in the UK. In the medium term, and according to the developments there will be alteration of the supply chain as it is probable the transfer of production capacity to the existing centers of central Europe, reinforcing in this way the competitiveness of other ports with proximity to the centers of production. Piraeus which is based mainly to transshipment from Asia due to distance from the centers of production of EU could lose competitiveness. At the same time however, the change of the supply chain provides also opportunities. The Company has intensified the discussions with European and Asian automobile companies in order to present the advantages of Piraeus. At the same time, it has planned significant increase in capacity and invests in mechanical and information technology equipment that will improve the quality of service both to the automobile companies and the shipping companies. In addition, it aims to extend the hinterland by train to the Balkan and Central European countries where automotive factories are located.

In the cruise sector, the most significant risk comes from exogenous factors of geopolitical nature. The Company, to mitigate the impact, aggressively promotes Piraeus to the Chinese market in which it has privileged access due to its parent company, while at the same time informing the internal market about the best ways to attract tourist volume from China.

E) Financial and Non-Financial Performance Indicators.

A detailed presentation of a mixture of general and sectoral indicators took place in the module Business Model - Evolution of Business Activities with a distinct reference to traffic data of each Company's business (Cruise, Coasting, Car Transmission Station, Container Handling Station, Ship Repair).

Additionally, PPA S.A. has incorporated all non-financial information in its Corporate Responsibility Report 2018, which will be drafted and issued in line with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) international framework (Standards edition). The report will be posted on the company's website (www.olp.gr) in the "Social Responsibility" section.

F.1) Environmental Matters.

PPA SA recognizes that the resources consumption must be used in an efficient way across the port sector. Port of Piraeus' nature and size favors a high amount of daily energy consumed (e.g. ship-to-shore cranes, terminals lighting, reefer containers, administration buildings, workshops). PPA raises awareness on the subject by promoting initiatives and behaviors to improve the balance of the demand and supply of energy and to reduce energy consumption. In this scope, PPA's first photovoltaic station generating energy using solar panels has been put into operation in July 2016, generating up to 430 kWp. The photovoltaic Station is linked up to the Public Power Corporation electricity grid.

PPA SA has recognized the need to reduce resource consumption and particularly to save energy while continuing to provide a safe and secure working environment. Electricity and oil usage has been identified in various energy efficiency reviews as an area for potential reduction. Indicative energy saving measures implemented by PPA SA are:

- Staff environmental awareness
- Purchasing of electrical equipment with > A energy class and certification
- Improvement of buildings' energy efficiency

Non-financial indicators for environmental performance
1. Waste produced from port facilities operation⁴

The total quantities of waste from all installations and activities of PPA SA for the years 2017 and 2018 are presented in the following table. The waste is distinguished in hazardous and non-hazardous waste, recyclable packaging (blue bins) and in operational waste of PPA plants driven to recovery (lead to collective alternative management systems, etc.)

In general minor fluctuations are observed between 2017 and 2018 data. Although operating wastes show a significant increase in 2018. This increase is due to the production of Excavation, Construction and Demolition Waste (AEKK) produced by special cleaning works in rainwater pipelines at the pier C2 of the Car Terminal.

	2018	2017	2018	2017
	ton	ton	% Total Year Waste	% Total Year Waste
Quantity of non-hazardous waste	626	747	13,08	57,64
Quantity of hazardous waste	423	257	8,84	19,83
Operational waste of PPA plants driven to recovery	3.657	185	76,39	14,27
Recyclable packaging (paper, plastic, glass, metal)	81	107	1,69	8,26
Year Total	4.787	1296	100,00	100,00

The table below shows the waste quantities delivered to Alternative Management Systems in years 2017 and 2018 (and are included in the "Operational waste of PPA driven to recovery" listed in the above table).

	2018	2017	2018	2017
	ton	ton	% total waste quantities, produced by workshops, driven to alternative management systems	
Used Tires	9.41	0.00	0.27	0.00
Electrical & Electronic Eq. Waste	0.85	0.38	0.02	3.42
Used Accumulators	0.00	2.05	0.00	18.65
Used Batteries	0.12	0.02	0.00	0.18
Used Lubricants Oils	7.94	8.54	0.23	77.74
Construction Demolition and Excavation Waste	3482.34	0.00	99.48	0.00
TOTAL	3500.66	10.99	100.00	100.00

It should be noted that:

⁴ The waste data and quantities of each company are finalized by submitting the annual Waste Report to the Electronic Waste Register (HMA) at the Ministry of Environment and Energy (submitted for each year until 31 March of the following year). The waste data for the year 2018 listed in this report are not yet finalized by registering with HMA. The waste data for the year 2017 listed in this report are final by registering the 2017 Annual Waste Report at HMA.

- For the year 2018 there is a very large increase in the amount of Construction Demolition and Excavation Waste (AEKK) which resulted from special cleaning works on pipelines at the C2 Station of the Car Station. These quantities of AEKK are not waste generated systematically by the installations and activities of PPA SA but were generated by a specific project that was implemented in 2018.
- In year 2017 PPA did not deliver used tires because insufficient quantities were gathered to deliver and handle through the Alternative Tire Management System. In the year 2018 9.4 tonnes of used tires were delivered and managed.
- In 2018 Used Accumulators were not delivered to management, as insufficient quantities were produced.

2. *Marine and Terrestrial Pollution*

	2018	2017
Pollution incidents in the sea water (no of incidents)	10	18
Pollution incidents on the land (no of incidents)	1	1

The above data show that in 2018 marine pollution incidents were fairly limited compared to 2017. In any case, in both years, all incidents were small and local and were immediately dealt without any problems, by implementing the contingency plan of PPA SA.

3. *Results of noise measurements*

The following table presents the locations and results of the noise measurements for the years 2017 and 2018. It is noted that the locations of the measurements are at the boundary of the ownership of PPA SA and are usually affected by road traffic noise outside the port. It is noticed that the noise levels remain stable without significant changes per position in the last four semesters. It is also noted that in the yard of the school 1st EPAL of Perama (position 005) PPA SA has placed sound panels. Measurements prove that the sound panels ensure the noise protection of the school [the noise is reduced by 10-15 dB (A)].

		A HALF 2018	B HALF 2018	A HALF 2017	B HALF 2017
a/a	POSITION	Leq [dB(A)]	Leq [dB(A)]	Leq [dB(A)]	Leq [dB(A)]
P01	Entrance-Exit Pier I Container Terminal (PPA)	70.3	69	68.4	67.4
P04	Property boundary close to the public road transit for trucks within Pier II (PCT)	70.8	71.2	75.6	69.7
P05a	PPA property boundary close to school	71.5	73.8	72.7	73.1
P05b	Behind screen in the courtyard of the school	60.0	63.1	59.9	61.0
P06a	Dimokratias Avenue close to Aegean petrol station	73,4	75.7	72.5	73.6
P06b	Dimokratias Avenue close to Jetoil facilities	73.8	74.2	74.7	72.5
P07	Nikolaidis Street (area ODDY)	73.7	73.3	73.4	75.7

P09	Akti Vasiliadi Street – Gate E1	64.5	60.3	59.5	58.2
P10	Akti Vasiliadi – Gate E2	69.6	71.9	68.8	69.3
P11	Akti Kallimasioti Street, PPA pedestrians' bridge (opposite HSAP)	73.8	68.5	69.8	66.0
P12	Akti Vasiliadi Street – Ministry of Shipping (under the bridge)	64.4	58.5	66.3	61.5
P13	Cruise Pier (gate)	63.3	63.9	64.2	60.5
P14	Property boundary close to the entrance for Container Terminal II (PCT)	63.8	68.1	64.4	63.6
P15	Property boundary close to the small harbor of Armos area	54.8	61.3	56.6	57.0
P16	Property boundary on entrance gate to Container Terminal II (PCT)	73.3	74.8	74.2	74.5
P17	Property boundary at Car Terminal	60.8	63.1	58.0	57.5
P20	Property boundary close to PCT entrance	65.5	65.9	64.3	64.0

4. **Results of atmospheric measurements**

For the year 2018, only figures for the first semester of 2018 are available at the moment. Data from the first half of 2018 show the following main conclusions.

- Volatile organic compounds are in low concentrations. The average concentration of benzene is less than the limit value of 5,0 $\mu\text{g m}^{-3}$. The average values of benzene, toluene, ethylenebenzene, m + p-xylenes and o-xylene were respectively 2.7, 7.3, 1.5, 5.5 and 1.7 $\mu\text{g m}^{-3}$.
- The suspended particles show a variation in their concentrations.
- NO_2 , SO_2 , CO did not exceed the average hourly and mean eight hour
- In general, the results do not differ from those of the previous measurement period.

5. **Complaint Management**

One complaint was made about noise nuisance in 2017 and one complaint about noise nuisance in 2018, both focused on the adjacent Container Terminal area.

The complaints were submitted by residents of the area neighboring to the Container Terminal and they were thoroughly investigated by PPA SA.

Regarding the complaints night measurements were carried out in similar operating conditions with those that were described, which confirmed the results of the main monitoring program and in particular, the following results were obtained:

- The measurements' results are directly influenced by the traffic of the Dimokratias Avenue, which is very close to the houses
- During the night hours the operation of the port (loading, stowage, Straddle Carriers' movement etc.) becomes audibly perceived to the houses in a lower degree compared to the neighboring street's noise.

6. Energy production of renewable energy sources (Container terminal 430KWp photovoltaic power station)

	2018	2017
Total energy efficiency (kWh)	674,644	757,672
Emissions' Reduction CO ₂ (tn)	573	644

7. Expenditures for environmental programs

<i>Research program</i>	<i>COST</i>	
	2018	2017
Acoustic Environment monitoring program for the total of PPA area	5.670	6.300
Station Installation, Measurement, Air Quality Monitoring and Measurements' Assessment in Port Area of PPA PIRAEUS_ ATMOSPHERIC ENVIRONMENT QUALITY MONITORING PROGRAMME	36.000	36.000

F.2) Social & Employee Issues
Social Issues

The Company pays particular attention to social contribution, as demonstrated and expressed through the timeless efforts and initiatives of both Management and Employees. The Company aims to contribute to the development of society and especially the creation of added value for the communities that surround it.

Concession Fee

PPA SA pays to the Hellenic Republic an annual concession fee which, equals to three point five percent (3.5%) of the annual Consolidated Revenue of the Company. With effect from the Effective Date of the new concession agreement, the annual Concession Fee shall not be less than € 3,500,000. Further to the Concession Fee, PPA SA pays all taxes, duties, levies, VAT, contributions and charges as imposed by generally applicable tax law. Nothing in this CA entitles PPA SA to benefit from any special privilege in connection with tax matters.

Caring for the Society

In addition to strengthening the national economy and boosting the local economy employment, the table for financial support of local communities by PPA SA for the year 2018 (*compared with the corresponding amounts for the year 2017*), concern the following:

	2018	2017	% 2017/2018
Economic support of vulnerable social groups of neighboring municipalities	148.000	117.710	25%
Facilitating the charitable effort of the Holy Metropolis of Piraeus, Nikaia, Temple of St. Nicholas	40.000	37.000	8%
Aiding orphanages, special schools	27.145	9.720	180%
Facilitating sports clubs and athletes	20.000	25.655	-22%
Aiding cultural associations of Piraeus Region	15.500	26.500	-41%
Aiding educational associations	2.000	19.000	-90%
TOTAL	252.645	235.585	7%

Educational visits

Recognizing the need to support the new generation and broaden knowledge through the educational process, PPA SA through educational visits and guided tours in its premises provides the opportunity to get acquainted with the operating objects.

Every year, the PPA SA Installations host and inform a large number of pupils and students of educational institutions of all levels, from Greece and abroad.

In this context, in 2018, the Company facilities welcomed, guided and informed 777 pupils and students (against 761 in 2017) from 29 educational institutions (against 30 in 2017) at all levels of education.

The percentage of university students participating in educational visits to the PAA facilities amounted to 66% (519 students) in 2017, compared to 58% in 2017 (440 students).

2018	NUMBER OF VISTIS	NUMBER OF PEOPLE
SECONDARY EDUCATION	6	168
HIGHER EDUCATION	20	519
OTHER INSTITUTIONS	3	90
TOTAL	29	777

Caring for people with mobility problems

PPA SA takes care to eliminate the difficulties faced by people with disabilities in the use of the Cruise and Ferry port facilities and their movement within the passenger port.

Within this concern, the following actions are followed:

- Cruise and Ferry passengers are provided with full discount/exemption for their embarkation and disembarkation, in accordance with the applicable law.
- Employees, drivers and dock workers working in Cruise and Ferry Department have participated in seminars on the management and servicing of people with mobility problems and people with disabilities in general.
- Accessibility facilities are provided at Cruise and Ferry terminals.
- Meeting points are available at Cruise Terminals for passengers with mobility problems.
- Toilets for passengers with mobility problems are available at every cruise and ferry passenger terminal.
- Check-in and passport control points at cruise passenger terminals are designed to facilitate people with mobility problems.
- Specially designed water coolers and telephone devices placed at a proper height are operated at cruise passenger terminals.
- All buses used for transportation within the passenger port have ramps for wheelchairs.
- Specially designed electrically driven vehicles are available for the transport of disabled passengers and their escorts.
- Special wheelchairs for people with disabilities are available at cruise and ferry terminals.

The company's planning for the future includes:

- The creation, upgrading and modernization of meeting points for people with disabilities across the passenger port.
- The improvement of the procedures for servicing passengers with special needs.
- The creation of information material on the rights of passengers with special needs.
- The informing and cooperation with all parties involved in order to provide optimal service to passengers with special needs.
- The further training and informing of staff about servicing people with disabilities.

Employee Issues

○ Safety working conditions

In addition to those mentioned in the BoD report on working safety issues, it is noted that the Company recognizes the importance of providing safe conditions and workplaces to the staff and safe conditions of travel - circulation of all involved, tradesmen, passengers etc.

All areas of the port are regularly inspected to ensure that employees comply with health and safety rules of the company and the instructions of those responsible.

PPA SA also monitors and controls the compliance of third parties (contractors) with the Occupational Health and Safety legislation, requiring health and safety plans before and during the implementation of technical projects.

For this purpose a safety engineer and a doctor are employed, reporting any safety issues to the management of the company, in accordance with Law no. 3850/2010. Potential accidents are recorded and investigated, and corrective actions are planned in order not to be repeated.

Additionally at high-risk areas (Container Terminal and Perama Shipyards Zone) the organization provides two ambulances with trained rescue personnel that are available 24/7.

The company carried out, training of Engineering Department technical personnel on the field of Health and safety (Nov. – Dec. 2018).

The following table illustrates the evolution in the number of accidents, the loss of working days and the number of transits from the Container Terminal premises of the Company.

	2018	2017
Number of accidents	19	14
Number of accidents with loss of working days based on the ESAW methodology used by ELSTAT *	10 accidents / 381 working days lost	5 accidents / 134 working days lost
Ambulance services (Container Terminal)	80	58
Ambulance services (Ship Repair Zone)	13	10

The 36% increase in the number of accidents from 14 in 2017 to 19 in 2018, the 50% increase in the number of ambulance services / transits provided in the Container Terminal between 2017 and 2018 from 58 to 87, the 184% increase in days of absence due to an accident from 134 days in 2017 to 381 days in 2018, are attributed:

- to the (comparatively higher than the above percentages) 10% increase in container cargo throughput from 453,264 Teus in 2017 to 498,708 Teus in 2018,
- increase in road accidents on arrival and departure (from 2 in 2017 to 5 in 2018) and
- reporting through the SEPA electronic platform (www.sepenet.gr) and even pathological incidents (from 0 in 2017 to 2 in 2018).

○ *Leave of absence (parental, sick)*

Following to the mentioned in the BoD Management Report, in accordance with the applicable regulations, parental leave for employees in order to attend the school performance of children as well as sick leave is granted. Details are shown in the below tables.

	2018	2017
Number of beneficiaries for parental leave	172	167
Number of parental leaves given	671	506

The number of employees who are entitled to parental leaves for attending their children school performance increased (by 3%) from 167 employees in 2017 to 172 employees in 2018, while the total number of parental leave granted between 2017 and 2018 increased by 33%, from 506 at 671.

2018		2017	
Number of employees who have taken sick leave	Number of sick days leave granted	Number of employees who have taken sick leave	Number of sick days leave granted
507	8.222	604	8,120

With regard to the granting of sick leave, it is noted that although the number of employees who have used sick leave remains virtually the same between 2018 and 2017 (507 and 604 respectively workers have used sick leave), the total number of sick leave days remained almost the same (8,222 days in 2018 compared to 8,120 in 2017).

○ *Educational and training programs*

In addition to those mentioned in the BoD Management Report, on staff education and training programs, the table below provides detailed information on educational programs that took place in 2017 and the participation of employees in them.

	2018	2017
Percentage of trained employees	54,4%	22.61%
Training man hours	17,780	3,663
Total training cost (€)	92,017.40	31,938.44

Education man-hours increased in 2018 to 17,780 from 3,663 in 2017 (an increase of 385%), while staff training costs increased by 188% in 2018 compared to 2017 and amounted to € 92,017.40 versus € 31,938.44.

The significant increase in training hours is largely due to:

- the continuation and greater staff participation of workers (98 participants in 2018 compared with 40 participants in 2017 and 10,638 training hours respectively in 2018 compared with 1,680 in 2017) in Chinese language learning programs (started in autumn 2017),
- the 2018 training (2,250 hours) of machine operators and heavy vehicle drivers.

○ *Employee Associations / Unions*

In PPA SA are active total four (4) primary (Association of Permanent Employees, Union of Technicians and Operators, Association of Dockworkers, Association of Supervisors & Foremen) and one (1) secondary association (Federation of Permanent Port employees of Greece). The Management of the Company is in close collaboration with employee representatives in order to achieve the proper functioning of its services and to promote the common interest of the Company and its employees.

○ *Additional Social Benefits*

C.L.A.s include benefits for employees such as hospital and non-hospital care, nursery allowance, summer camp allowance, loans for health reasons and exceptional financial needs, marriage allowance, excellence awards for children of company employees, gift vouchers, voluntary blood donations leave, under the conditions that apply for all employees without any discrimination.

There were provided: 30 awards of excellence in year 2017 and 53 in 2018, 30 marriage grants in 2017 and 40 in 2018, a camping allowance for 174 children in 2017 and 172 in 2018, 44 loans in 2017 and 154 in 2018, and a nursery allowance for 45 employees' children in 2017 and for 39 children in 2018.

F.3) Respect of Human Rights

Protection of personal data

The Company being in compliance with the European General Data Protection Regulation 2016/679 which came into force on 25 May 2018 establishing a single legal framework across the EU for the protection of personal data, as it is demonstrating through the year's great dedication and sensitivity regarding the management and protection of personal data, has implemented the following actions:

- It has carried out a market research and in cooperation with an external consultancy company conducted the first Data Protection Impact Assessment (DPIA) on the overall corporate scale
- It has designated a Data Protection Coordinator
- It has established a GDPR Support Committee for monitoring compliance with the GDPR
- It has conducted staff awareness training sessions
- It is reforming continuously and uninterruptedly its Privacy Policy by adopting new Policies and Procedures, as well as new technical and organizational measures

Within the above framework, it takes all necessary steps to ensure that its entire staff is sensitized and constantly working to be compliant with the New GDPR Regulation.

The company recognizes that transparency and accountability are the basis for a trustworthy collaboration with its customers, whereas legitimate and sensitive handling of personal data is equally a critical issue to the company and its employees.

For any information or questions regarding the protection of Personal Data or the exercise of legal rights in relation to Personal Data you can contact us at gdpr@olp.gr.

PPA SA Internal Complaint Process (ICP)

Through the PPA SA Internal Complaint Process (ICP), it is given the chance to employees to submit complaints on issues related to the violation of Human Rights. Already since the implementation date (November 2017) of the above procedure has been filed (1) an internal complaint concerning Human Rights Issues (non equal treatment), a response is expected (within the deadline defined by the procedure) by the relevant organizational unit PPA SA, to which the internal complaint is addressed.

F.4) Anti – Corruption and Bribery Matters

Participation in the National Action Plan on Fighting Corruption

Management of the Company attaches the highest importance to the fight against corruption, as evidenced by the approval of the participation of the Internal Audit Service staff at the OECD conferences below in the context of the Greek National Action Plan on Combating Corruption, where the OECD is committed to supporting the Hellenic Authorities providing technical guidance on the implementation of the reform program in the private sector.

Within the framework of the above National Action Plan, PPA SA through the Managing Director has stated that "Fighting corruption and enhancing transparency in all aspects of our business are fundamental pillars of our philosophy and main priorities of our strategy".

Regulation for the award of works, Services, and Procurement

According to the approved Regulation for the award of works, Services, and Procurement, the Company implements control procedures, under penalty of exclusion, through the obligation to submit certificates issued by the local competent judicial authority:

a) where the representatives of contracting companies or consortium participants have been convicted of:

- participation in a criminal organization, according to Article 2 paragraph 1 of Council Joint Action no. 8/733/JHA of the European Union,
- corruption, according to Article 3 of the Council Act of 26 May 1997 (21) and Article 3 paragraph 1 of the Joint Action no. 98/742 / of the Council,
- fraud within the meaning of Article 1 of the Convention for the protection of the financial interests of the European Communities,
- money laundering activities, according to Article 1 no. 91/308/EEC Council Directive on prevention of the financial system for money laundering,

b) as well as related in the performance of the contractor's professional situations:

- Embezzlement
- Fraud
- Extortion
- Forgery
- Perjury
- Bribery
- Fraudulent bankruptcy.

General Staff Regulation (GSR)

According to the article 17.4 of the General Staff Regulation (GSR) are clearly considered (among others) as disciplinary offences the following:

- Solicitation or acceptance of any fee, consideration or favorable treatment from any person whose affairs are managed by the employee concerned as part of his/her duties;
- Any action that is detrimental to Company's reputation, staff or any individual member of the staff, in relation to their duties;
- Participation, whether directly or through third parties, in any auctioning procedure carried out by the Company;
- Engagement in private activities for profit or in any form of remunerated employment, save where this is requested and specifically authorized by the CEO. Such authorization is granted provided that the employee's performance within the Company is not howsoever impaired.
- Any act that constitutes a criminal offence, if committed on or off the PPA premises by an employee during the performance of his/her duties or if committed on the PPA premises during or after the employee's work time; In this latter situation, the act constitutes a disciplinary offence only if it is directly and seriously harmful to the employment relationship.
- Failure to prosecute or sanction a disciplinary offence;
- Any acts or omissions committed by fault, potentially capable of causing material or moral damage to the Company or to any member of its staff;
- Any act of mismanagement;

Also according to the article 17.6 of the GSR temporary or permanent suspension (dismissal) may be imposed (among others) in respect of the following offence:

- Acceptance of any fee or consideration from any person whose affairs are managed by the employee concerned as part of his/her duties;
- Characteristically improper or indecent conduct demonstrated by an employee either on or off Company's premises;

Internal Complaint Process (ICP)

Through the PPA SA Internal Complaint Process (ICP), is given the chance for complaints submission on issues related to Fraud and Corruption / Bribery. Since the implementation date (November 2017) of the above procedure there is no internal complaint concerning the above categories.

F.5) Supply Chains.

Regulation for award of Works, Services and Procurements

The aim of *Regulation* for award of Works, Services and Procurements (which entered into force by decision of the 27/10/2016 Company's BoD) is to create a stable reference framework for the Company and its related traders, in the regulated sectors. This Regulation compared with the previously applicable is more simplified in fulfilling the procurement process. Furthermore, backbone of the Regulation is primarily to serve the interests of the Company and the strict compliance towards obligations that arise from Concession Agreement, through the proper selection of the most appropriate counterparty, in financial terms and in terms of adequacy.

The responsibility of the assignment and completion of the relevant procedures is undertaken by the respective competent Department, within the framework of the authorization granted by the Board of Directors, with a corresponding easing of the Board in relation to matters for which is required to adopt decisions.

Furthermore, the Regulation sets the general award procedures, with reference to the respective Declaration and context for signing a contract for the case when specific setting of the award conditions. This option provides greater flexibility and simplification of procedures, which may contribute decisively to the fulfillment of the Mandatory Investment Program completion timelines.

With the application of Regulation for award of Works, Services and Procurements, the Management Company fulfills its obligation to respect the principles of transparency, publicity and equal treatment in the awarding of project execution, studies and services, as reflected in the provision of art. 8 par. 2 N. 4404/2016.

Regulation for subconcessions

The CA dated 24/6/2016 in relation to the Use and Operation of Designated Areas and Assets, include rules and obligations of the Company with regard to the award, conclusion and execution of subconcession contracts.

The subconcession Regulation constitutes specialised provisions of such rules and obligations and aims at providing a stable framework for the PPA and the contracting third parties as to the regulated sectors herein.

The contracts, which fall within the ambit of applying this Regulation, are awarded in accordance with the rules and procedures thereof as well as the terms of the Call for Tender each time, and are executed in accordance with the terms of the Contract, which is signed each time, as well as in accordance with the provisions of the legislation in force governing the contract.

In the award of contracts the Company must abide by the principles of transparency, publicity, equal treatment and prohibition of discrimination.

The Company takes care so that in the award of contracts free competition is not distorted.

Procurements

For its procurement needs, PPA SA, pursuant to the Regulation for the Award of Works, Services and Procurement (BoD Decision 18/27-10-2016) fulfills the statutory obligation to observe the principles of transparency, publicity and equal treatment in the award of works, studies and services, as reflected in the relevant provision of Law 4404/2016.

In the year 2018, PPA SA conducted 136 open tenders with a total value of € 9 million, with a sufficient number of bidders (an average of 3 - 4 participants per tender).

The Company's main suppliers come from both the National and International markets. The rules of cooperation between them are in line with the prevailing market conditions. There are no overdue debts to Suppliers or other breaches in relation to the contracts that have been signed.

Preparation of Establishment of an Approved Suppliers Register

PPA SA is in the process of creating and maintaining an approved Suppliers Register. The vendor register will be created following an open tender procedure with specific criteria that have already been prepared and will be evaluated regularly by the Management. Suppliers will have specific rights and obligations.

Regarding the process of creating the Suppliers Register, the Procurement Department has contacted the operational Departments to investigate the needs of the criteria, the prerequisites and the way they are evaluated.

RELATED PARTIES

The Company provides services to certain related parties in the normal course of business. The Company's transactions and account balances with related companies are as follows:

<u>Related party</u>	<u>Relation with the Company</u>	<u>Year ended</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	31.12.2017	43,940,318.78	12,383,475.65
		31.12.2018	56,156,248.99	2,227,919.15
COSCO SHIPPING LINES GREECE S.A.	Related Party	31.12.2017	89,161.90	-
		31.12.2018	122,523.95	2,040.78
PCDC S.A.	Related Party	31.12.2017	-	-
		31.12.2018	37,754.30	-
CHINA COSCO SHIPPING CORPORATION LIMITED	Related Party	31.12.2017	-	-
		31.12.2018	5,850.00	-
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	31.12.2017	-	-
		31.12.2018	-	23,835,000.00
COSCO SHIPPING TECHNOLOGY Co LTD	Related Party	31.12.2017	-	-
		31.12.2018	-	387,400.00
COSCO (HONG KONG) INSURANCE BROKERS L.T.D.	Related Party	31.12.2017	-	385,736.25
		31.12.2018	-	418,306.44
COSCO SHIPPING AIR FREIGHT CO	Related Party	31.12.2017	-	12,976.00
		31.12.2018	-	51,238.78
	Total	31.12.2017	44,029,480.68	12,782,187.90
	Total	31.12.2018	56,322,377.24	26,921,905.15

Related Party	Relation with the Company	Year ended	Amounts due from related parties	Amounts due to related parties
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	31.12.2017	2,530,385.67	5,890.33
		31.12.2018	6,037,259.55	6,475.62
COSCO SHIPPING LINES GREECE S.A.	Related Party	31.12.2017	-	94,616.63
		31.12.2018	86,842.22	-
PCDC S.A.	Related Party	31.12.2017	-	-
		31.12.2018	140.18	6,000.51
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	31.12.2017	7,150,500.00	-
		31.12.2018	-	2,383,500.00
COSCO SHIPPING AIR FREIGHT CO	Related Party	31.12.2017	-	12,976.00
		31.12.2018	-	-
	Total	31.12.2017	9,680,885.67	113,482.96
	Total	31.12.2018	6,124,241.95	2,395,976.13

The revenues and receivables from Piraeus Container Terminal S.A. (PCT S.A.) are related to the fixed and variable revenue from the concession agreement (PIER II & III). The Company PCT S.A. is considered as a related party after the acquisition of the majority stake of PPA S.A. by the COSCO SHIPPING (Hong Kong) Limited on August 10, 2016. Expenses from PCT S.A. related mainly to invoices to PPA S.A. for the construction of the petroleum pier that has been undertaken by a contractor through PCT S.A. (Note 4).

The transaction with COSCO (HONG KONG) INSURANCE BROKERS L.T.D. relates to the sufficient insurance coverage of PPA S.A. regarding third party liability, employer's liability, property and business interruption and directors and officers liability for the period 1.1-31.12.2018, according to article 17 of the Concession Agreement (Greek Law 4404/2016).

The balance of 2017 with COSCO (Shanghai) SHIPYARD Co LTD relates to a payment in advance for the purchase of a floating dock intended to locate at Perama Ship Repair Yard based on a contract signed on September 4, 2017. The transaction of 2018 with COSCO (Shanghai) SHIPYARD Co concerns the invoicing of the floating dock which was delivered in the current year (Note 4).

Board of Directors Members Remuneration: During the year ended December 31, 2018, remuneration and attendance costs, amounting to € 649,392.61 (2017: € 935,053.17) were paid to the Board of Directors members. Furthermore during the year ended December 31, 2018 emoluments of € 421,635.64 (2017: € 434,328.91) were paid to Managers / Directors for services rendered (Note 4).

STATEMENT OF CORPORATE GOVERNANCE (Article 152 of L. 4548/2018)

Note: Any reference to provisions of L. 2190/1920 should be understood as reference to the corresponding provisions of L. 4548/2018.

I. Code of Corporate Governance

The Company has established and follows a Code of Corporate Governance, which is available on the website of the Company, in the address www.olp.gr, through the link “investors’ information /code of corporate governance”.

The company does not apply any further corporate governance practices, additional to the practices which are analytically described in the applicable Code of Corporate Governance.

II. Description of the main features of the Company’s internal control and risk management systems in relation to the financial reporting process

II.1. The internal control system of the Company covers adequately the control procedures involving risk management and preparation of financial reports.

II.2. In respect of the preparation of **financial statements**, the Company considers its accounting system adequate for reporting to the Management and external users. The financial statements are prepared in compliance with the International Financial Reporting Standards, as adopted by the European Union for reporting purposes to the administration, and also for the purpose of publication in line with the applicable regulations (hereinafter, “**IFRS**”). All published interim and annual financial statements include all necessary information and disclosures in compliance with the IFRS, are reviewed by the Audit Committee and are approved in their entirety by the Board of Directors.

II.3. Safeguards are implemented with respect to: a) supervision and approval of all important transactions through the structural hierarchy of the Company; b) monitoring of financial figures and risk evaluation as for the reliability of the financial statements; c) fraud prevention and tracking; and d) protection of data provided by information systems.

II.4. The internal reports to the Management and the reports required as per Codified Law 2190/1920 and by the supervisory authorities are prepared by the Financial Information Disclosure Department, which is staffed with adequate and experienced executives to this effect.

II.5. The statutory auditors of the Company PRICEWATERHOUSECOOPERS S.A. (Greek AM SOEL 113), i.e. the statutory audit firm of financial statements of the Company for the year ended on 31 December 2018, are not related to the Company or to any persons having supervisory responsibilities over the Company’s financial reporting in ways which could be considered as affecting their independence as of the date of this report. Therefore, they remain independent within the meaning of Article 21 of Law 4449/2017.

III. Reference to the information required by points (c), (d), (f), (h) and (i) of paragraph 1 of article 10 of the Directive 2004/25/EC

The above information is included in another part of the Management Report, i.e. in the Explanatory Report of the Board of Directors according to article 4, par. 7 and 8 of Law 3556/2007.

IV. Composition and operation of the administrative, management and supervisory bodies of the Company

IV.1. General Assembly of Shareholders

1. The General Assembly of Shareholders is the supreme body of the Company, convened by the Board of Directors and entitled to resolve upon any matters concerning the Company. The shareholders have the right to participate either in person or through their legal representatives, according to the provisions of law each time in force.
2. During the General Assembly, the Chairman of the Board of Directors acts as temporary Chairman of the General Assembly. One or two of the present shareholders or of the shareholders' representatives appointed by the Chairman, act as temporary secretaries.
3. Immediately after the ratification of the list of shareholders entitled to vote, the General Assembly elects the final chair, consisting of the Chairman and one or two secretaries who also act as collectors of the votes.
4. The minutes of the General Assembly are signed by the Chairman and the Secretary of the General Assembly. Copies or extracts of the minutes are issued by the persons who have the authority to issue copies and extracts of the Minutes of the Board of Directors.

IV.2. Board of Directors

1. The Company is governed by the Board of Directors. Subject to paragraph 7 below, the Board of Directors is composed of a minimum of nine (9) and a maximum of eleven (11) members (the "**Directors**"). Subject to paragraph 2 below, the Directors are elected by the General Assembly, which also determines their term of office.
2. As long as the Hellenic Republic Asset Development Fund S.A. or any global successor or successor by operation of law of the Hellenic Republic Asset Development Fund S.A. (each and collectively, the "**HRADF**"), continues to hold ten per cent. (10%) or more of the Company's total voting shares issued and outstanding, the HRADF shall be entitled to designate three (3) Directors in accordance with Section 18§3 of Codified Law 2190/1920, as in force.
3. Should any Director(s) appointed pursuant to paragraph 2 above resign or become incapacitated for whatever reason, they shall be replaced by such person(s) as the HRADF shall specify in a written notice to the Company, with immediate effect.
4. A legal entity may be appointed to act as Director. In such case, the legal entity must appoint an individual for the performance of the duties of the legal entity as member of the Board of Directors.
5. The General Assembly of shareholders may elect alternate (substitute) members of the Board of Directors, in order to replace those Directors who resign, pass away or whose tenure lapses for whatever reason.
6. In the case that it is not possible to replace a member whose membership has lapsed, by alternate members which have been elected by the General Assembly, the Board of Directors may, following a decision taken by the remaining Directors, provided that such remaining Directors are not less than three (3), elect new members, to replace those whose membership has lapsed.
7. In all cases of members whose membership has lapsed (due to resignation, death or in any other way), the Board of Directors is entitled to continue the management and representation of the Company, without being obliged to replace the lapsed members according to the previous paragraph, provided that the number of the remaining members exceeds half of the number of the members prior to the event that led to the lapse of the membership as per above and, in any case, is not less than six (6).
8. The Board of Directors elects one of the Directors as Chairman and may designate up to two (2) other Directors as Vice Chairmen to substitute the Chairman in case of absence.
9. The Board of Directors elects one of its members as the Chief Executive Officer (CEO) of the Company. The CEO and the Chairman may, but need not be, one and the same person.

10. Meetings of the Board of Directors shall convene within the Municipality of the registered office of the Company or alternatively within the prefecture of the Municipality of the registered office of the Athens Exchange. Alternatively, meetings of the BoD may convene in Mainland China or Hong Kong.

11. The Board of Directors may convene by teleconference. Reasonable technical and security rules applicable to the conduct of meetings by teleconference are to be set by virtue of a special resolution of the Board of Directors.

12. The Chairman of the Board of Directors or his substitute chairs its meetings. Meetings of the Board of Directors are conducted in the Greek or English language. The minutes of the Board of Directors' meetings shall be kept in the Greek and English language and certified either by the Chairman or any of the Vice Chairmen or the Chief Executive Officer, each one of whom is entitled to issue copies and extracts of the minutes. A representative of the Company's workforce and/or a representative of the Municipality of Piraeus may attend meetings of the Board of Directors in the capacity of observers. Participation of such observers shall be limited to discussions relating to matters of relevance to employee matters or the city of Piraeus, respectively, or other matters of general importance where deemed appropriate by a majority of the total number of Directors. Observers may not attend meetings of the Board of Directors prior to entering into a confidentiality agreement with the Company on terms satisfactory to the Company.

13. The Board of Directors is competent to decide on any act concerning the Company's management, the administration of its assets and generally the pursuit of its objects, without any restrictions (with the exception of matters falling expressly within the competence of the General Assembly of shareholders) and to represent the Company at court and extra-judicially.

14. The Board of Directors may assign the exercise of the whole or part of its powers to one or more persons, members of the Board of Directors or not, employees of the Company or third parties, by determining the extent of the assigned powers. The persons, to whom the above powers have been assigned, bind the Company, being its representatives, to the extent of the powers assigned to them.

15. The composition of the Board of the Directors is as follows:

1) FU Chegqiu	Chairman of the Board of Directors and Chief Executive Officer, Executive Member
2) YE Weilong	Non-executive Member
3) FENG Boming	Non-executive Member
4) ZHU Jianhui	Non-executive Member
5) KWONG Che Keung Gordon	Independent Non-executive Member
6) IP Sing Chi	Independent Non-executive Member
7) ARVANITIS Nikolaos	Independent Non-executive Member
8) KARAMANEAS Charalambis	Non-executive Member
9) LIAGKOS Athanassios	Senior Consultant, Non-executive Member
10) MORALIS Ioannis	Non-executive Member

16. The term of the above Board of Directors expires on June 10, 2021.

17. CVs of the members of the Board of Directors can be found on the web page of the Company, at the link <http://www.olp.gr/en/the-port-of-piraeus/management-board>.

IV.3. Administration Board

1. The Administration Board operates within the Company, supports and advises the other bodies of the Company in the discharge of duties thereof and takes decisions on the matters, which have been assigned thereto by virtue of a relevant decision of the Board of Directors.
2. The Administration Board consists of the CEO, the Deputies to the CEO who head the Departments of the Company, the Assistant to the CEO and the Senior Consultants. The composition of the Administration Board may be increased to also include other members, by virtue of a relevant decision of the Board of Directors, without being necessary to amend the regulation for the internal operation of the Company.
3. On condition that the CEO invites the participation of the competent heads of Departments for matters falling within the competence thereof, such person(s) may attend the meetings of the Administration Board without voting rights.

IV.4. Audit Committee

1. The Audit Committee consists of three (3) Directors. In accordance with the provisions of Article 44 of Law 4449/2017, two members of the Audit Committee (including its President) are Independent Non-executive Directors and one member is Non-Executive Director. For as long as the HRADF continues to hold Five per cent. (5%) or more of the total voting shares issued by the Company and outstanding, a Non-Executive Director of the HRADF's choice shall be appointed in the Audit Committee. The Non-Executive Director of the HRADF's choice appointed currently in the Audit Committee is Mr. LIAGKOS Athanassios.
2. The Audit Committee: (a) informs the Board of Directors of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and what the role of the audit committee was in that process; (b) monitors the financial reporting process and submits recommendations or proposals to ensure its integrity; (c) monitors the effectiveness of the internal control, quality assurance and risk management systems and its internal audit, regarding the financial reporting of the Company, without breaching its independence; (d) monitors the statutory audit of the annual financial statements, and in particular its performance, taking into account any findings and conclusions by the competent authority pursuant to Article 26(6) of Regulation (EU) No 537/2014; (e) reviews and monitors the independence of the statutory auditors or the audit firms in accordance with Articles 21, 22, 23, 26 and 27 of Law 4449/2017 and Article 6 of Regulation (EU) No 537/2014, and in particular the appropriateness of the provision of non-audit services to the Company in accordance with Article 5 of Regulation (EU) No 537/2014; (f) is responsible for the procedure for the selection of statutory auditor(s) or audit firm(s) and recommends the statutory auditor(s) or the audit firm(s) to be appointed in accordance with Article 16 of Regulation (EU) No 537/2014, unless para. 8 of Article 16 of Regulation (EU) 537/2014 applies to the Company.
3. The statutory auditor or auditing firm must report to the Audit Committee any matter relevant to the course and the results of the compulsory audit, and deliver a special report on the weaknesses of the internal control system, especially with regard to any weaknesses of the procedures concerning financial information and preparation of financial statements.
4. The current Audit Committee of the Company consists of the following members of the Board of Directors:

KWONG Che Keung Gordon	President of the Audit Committee
LIAGKOS Athanassios	Member of the Audit Committee
ARVANITIS Nikolaos	Member of the Audit Committee

IV.5. Internal Audit Service

1. The Company has an Internal Audit Service under the leadership of the Audit Committee, which reports directly to the Board of Directors. The Board of Directors appoints the Head of the Internal Audit Service and the internal auditors, pursuant to article 7 para. 3 of Law 3016/2002, as in force each time, who are supervised by the Audit Committee. In the frame of discharge of their duties, the internal auditors cooperate and report regularly to the Chairman of the Board of Directors and the CEO on the course of their work and, in particular, if this is requested or if there is an issue falling within the competence of Internal Audit with regard to a decision to be taken by the Board of Directors. The audits conducted by the internal auditors of the Company are carried out with due regard to the decisions of the Board of Directors, the mandates by the Management and the rules of conduct applicable on internal auditors on the basis of international and Greek standards.

2. The responsibilities of the Internal Audit Service are the following:

- i. Monitoring the implementation of, and the constant compliance to the Articles of Association of the Company, the Regulation of Internal Organisation and Operation, the corporate procedures as approved by the BoD as well as to legislation concerning the Company in general and, in particular, legislation on societies anonymes and stock exchange;
- ii. Controlling compliance to the commitments, which are included in the information memoranda and the business plans of the Company with regard to the use of funds deriving from the stock exchange;
- iii. Referring to the BoD of the Company any case of conflict of individual interests of the Members of the BoD or the management executives with the interests of the Company, which are found during the discharge of the duties thereof;
- iv. Controlling the legitimacy of remuneration and any kind of allowance granted to members of Management, in relation to decisions of the competent bodies of the Company;
- v. Controlling relations and transactions of the Company with related companies, in the sense of article 42e para. 5 of Codified Law 2190/1920, as in force, as well as relations with other companies, in the share capital of which participate with a percentage of at least ten (10%) per cent members of the Board of Directors of the Company or shareholders of the Company with a percentage of at least ten (10%) per cent.

3. Internal auditors must report to the BoD in writing, at least once per trimester and semester, on the conducted audit and attend the General Assemblies of Shareholders.

4. Internal auditors provide, following approval by the BoD, any information, which may be requested in writing by the Supervisory Authorities, cooperate with the latter and facilitate in every possible way the work of monitoring, control and supervision conducted by such Authorities.

5. In addition to the above responsibilities, the Internal Audit Service conducts a sample audit of all operations and transactions of the Company, in order to ensure:

- i. Compliance with corporate strategy and policy as well as any other plans of the Company, operational procedures, laws and regulations, as well as preventive auditing mechanisms which have been set forth for any operation and transaction;
- ii. Reliability and integrity of the financial and operational information;
- iii. Proper and effective use of the assets of the Company;
- iv. Achievement of objectives set for operations and planning; and
- v. Safeguarding the assets of the Company from any kind of loss.

6. In the beginning of December of each year, the Internal Audit Service drafts the annual control plan for the following year and submits it to the BoD for approval. Following the approval thereof, a detailed action plan per auditor is drafted.

7. At the end of each trimester, semester and at the year end, the Internal Audit Service submits to the BoD an assessment of its work at least six times per year (i.e. quarter, 2nd quarter, semester, 3rd quarter, fourth quarter, year).

V. Diversity Policy applied in relation to the Company's administrative, managerial and supervisory bodies

- 1.** According to the Corporate Governance Code of the Company, the size and composition of the Board of Directors must allow for effective discharge of the duties thereof and reflect the size, activity and ownership of the business. The Board of Directors must be of the highest ethical standards of integrity and have a *diversity* of knowledge, qualifications and experience, to meet the corporate objectives. As such is reflected in the Board's Members' CVs, the Board consists of very experienced Directors, who have diversified cultural and professional background, which is essential for the effective oversight of the Company's activities and for the smooth transition of the Company to a new era of growth.
- 2.** The executives of the Company with managerial positions cover a wide range of educational backgrounds, professional experiences and ages. At the higher level of positions of responsibility (Managers, Deputy Managers, Assistant Managers) the participation of women in the total of positions is 43.5%. Moreover, the totality of Internal Auditor positions in the Company is at present covered by women.
- 3.** In any case, the range of the Company's activities requires the contribution of skills and experience of a diverse range of people, therefore the diversity in the Company is applied in practice and not just theoretically. The Company is an equal opportunities employer and observes very seriously its obligations under the relevant law, i.e. Part A of Law 4443/2016 on "Implementation of the Principle of Equal Treatment".

**Board of Directors Explanatory Report (according to article 4,
par. 7 and 8 of Law 3556/2007)**

Note: Any reference to provisions of L. 2190/1920 should be understood as reference to the corresponding provisions of L. 4548/2018.

The present explanatory report of the Company's Board of Directors to the annual General Meeting of Shareholders is an integral part of the Annual Report of the Board of Directors.

Share capital structure

The Company's share capital amounts to Euro fifty million (50,000,000€) and is divided into 25 million ordinary, registered shares, of a nominal value of Euro two (€2.00) each. Each share is entitled to one vote. The Company's shares are dematerialised and listed to trading on the Athens Stock Exchange.

According to the Company's Articles of Association, the Company's shares and rights deriving therefrom are indivisible and, in case of joint ownership, the joint owners exercise their rights through a common representative, whereas each joint owner is jointly and severally liable to the Company for the fulfillment of the obligations deriving from the share.

Restrictions on the transfer of the Company's shares

The Company's shares may be transferred in the manner laid down by law and there are no restrictions on their transfer contained in the Articles of Association of the Company.

Major direct or indirect holdings within the meaning of Articles 9 to 11 of Law 3556/2007

The major holdings (over 5%) as at 31.12.2018 were as follows:

- Following the execution of a share purchase agreement and corresponding over the counter transaction made on August 10th, 2016, COSCO SHIPPING (Hong Kong) Co., Limited holds 12,750,000 shares, i.e. 51% of shares and voting rights in the Company. COSCO SHIPPING (Hong Kong) Co., Limited is 100% held by China Ocean Shipping (Group) Company, which is 100% held by China COSCO SHIPPING Corporation Limited, a Chinese state-owned company. As a result, China COSCO SHIPPING Corporation Limited, by indirectly holding 100% of COSCO SHIPPING (Hong Kong) CO., Limited, indirectly holds 51% of the voting rights in the Company.
- As a result of the above referred transaction, the "Hellenic Republic Asset Development Fund S.A." holds 5,784,440 shares, i.e. 23.14% of shares and voting rights in the Company. By holding 100% of the "Hellenic Republic Asset Development Fund S.A.", the Hellenic Republic indirectly holds 23.14% of the voting rights in the Company.
- Lansdowne Partners International Limited ("LPIL"), which controls Lansdowne Partners Limited ("LPL") and Lansdowne Partners (UK) LLP ("LPUK LLP") indirectly, holds above 5% of the Company's voting rights. This percentage results from the shares held by the fund Lansdowne European Equity Master Fund Limited.

Holders of any type of shares granting special rights of control

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

Restrictions to voting rights

The Company's Articles of Association do not contain any restrictions to the voting rights deriving from the Company's shares.

Agreements between shareholders which result in restrictions on the transfer of shares or limitations on voting rights

The Company is aware of a Shareholders Agreement dated 8 April 2016 between COSCO Hong Kong Group Limited (currently incorporated under the corporate name COSCO SHIPPING (Hong Kong) Co., Limited) and Hellenic Republic Asset Development Fund S.A., which contains certain restrictions on the transfer of shares and certain limitations on voting rights of the contracting parties.

Rules of appointment and replacement of members of the Board of Directors and of amendment of the provisions of the Articles of Association, if they differ from the provisions of Codified Law 2190/1920

The rules contained in the Company's Articles of Association on appointment and replacement of members of the Board of Directors and on amendment of the provisions of the Articles of Association are not different from the provisions of Codified Law 2190/1920. However, the Company wishes to inform that according to article 7 of the Articles of Association, as long as the "Hellenic Republic Asset Development Fund S.A." or any global successor or successor by operation of law of the "Hellenic Republic Asset Development Fund S.A." (each and collectively, the "HRADF"), continues to hold ten per cent (10%) or more of the Company's total voting shares issued and outstanding, the HRADF shall be entitled to designate three (3) Directors, in accordance with Section 18§3 of Codified Law 2190/1920, as in force. Should any such Director(s) resign or become incapacitated for whatever reason, they shall be replaced by such person(s) as the HRADF shall specify in a written notice to the Company, with immediate effect.

Competence of the Board of Directors or of some of its members to issue new shares or purchase own shares according to article 16 of Codified Law 2190/1920

No special competence different from the provisions of Codified Law 2190/1920 is awarded by the Articles of Association to the Board of Directors or to some of its members to issue new shares or purchase own shares of the Company.

Important agreements contracted by the Company, which will enter into effect, be amended or expire in case of change in the Company's control following a public offer, and the results of such agreements

There are no such agreements.

Agreements that the Company has contracted with the members of the Board of Directors or with its personnel, which provide for the payment of compensation in case of resignation or release without substantiated reason or in case of termination of their term or employment due to a public offer

There are no such agreements.

Piraeus, February 14, 2019

THE CHAIRMAN OF THE BoD and
MANAGING DIRECTOR

FU Chengqiu

Independent auditor's report

To the Shareholders of "Piraeus Port Authority S.A."

Report on the audit of the financial statements

Our opinion

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

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its subsidiaries, in the period during the year ended as at 31 December 2018, are disclosed in the note 24 to the financial statements.

Key audit matters

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

Key Audit Matters	Our procedures in relation to the Key Audit Matters
<p data-bbox="148 562 659 629">Recoverability of Deferred Tax asset calculated on bad debt provision</p> <p data-bbox="148 680 695 1122">As described in Note 8, in the non-current assets of the financial statements is included a balance for deferred tax asset (DTA) of Euro 7,2 million. The most significant part of this DTA (Euro 6,3 million) was recognised on long outstanding trade receivables of approximately Euro 25 million for which a bad debt provision was formed in the IFRS books and records. The company estimates that the tax benefit will be utilised in the future when these receivables will be written off.</p> <p data-bbox="148 1205 691 1458">We focused on this key audit matter due to the magnitude of this DTA, as well as the significant level of judgement exercised by management for the accounting estimate and the outcome of the actions taken in order to gain the tax benefit from the write off of these receivables in the future.</p>	<p data-bbox="718 555 1273 622">Our audit approach included the following key procedures:</p> <ul data-bbox="730 663 1414 1570" style="list-style-type: none"><li data-bbox="730 663 1414 853">• For DTA calculated on the bad debt provision balance we have obtained the analysis of outstanding trade receivables for which an IFRS provision has been formed and on which balances, a tax provision will be formed in the future or these balances will be written off.<li data-bbox="730 904 1414 1061">• We verified the calculation of the deferred tax asset with the revised tax rate of which will be applicable at the time (according to management’s estimate) that the company will utilize the tax benefit of this bad debt provision.<li data-bbox="730 1113 1414 1303">• For a sample of these trade receivables we reviewed supporting documentation such as analytical ledgers and invoices that support the movement of the accounting balance as at December 31 2018. We also reviewed the actions taken by management in order to collect those balances.<li data-bbox="730 1355 1414 1570">• We reviewed the actions taken by management in order to follow up with the tax authorities on the progress of the notice letter submitted in 2017 to the relevant tax authorities where management had stated their intention to utilize the tax benefit (use the DTA) at the time they will write off the long outstanding receivables. <p data-bbox="730 1630 1414 1883">Based on the work performed, we considered that management’s rationale for the recognition of the DTA on the long outstanding receivables was supported by the applicable tax legislation at the time the provision was built. Nevertheless, until such time as a response is received from the Ministry of Finance uncertainty exists as regards the utilization of the tax benefit.</p>

<p>Contingent liabilities and provisions arising from litigation</p> <p>The Company faces a number of threatened and actual legal proceedings (see Note 30 Commitments and contingent liabilities par. A and Note 15). The level of provisioning and / or the level of disclosure required involves a high level of judgement resulting in provisions and contingent liabilities being considered as a key audit matter.</p>	<p>Our audit approach included the following key procedures:</p> <ul style="list-style-type: none"> • We obtained the analysis of provisions established and we compared them to lists provided by the legal department with no exceptions. • Where relevant we obtained external legal confirmations directly requested by us. • We discussed a selection of open cases and their possible outcome with company's legal department and/or external lawyers. <p>Based on evidence obtained we determined the level of provisioning at December 31,2018 to be appropriate (Note 15 Provisions).We also consider that disclosures in Note 30 are deemed to be sufficient.</p>
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Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Statements of Board of Directors members and the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920 and the Corporate Governance Statement required by article 43bb of Codified Law 2190/1920 has been prepared.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 2018 is consistent with the financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a of the Codified Law 2190/1920,
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 43bb of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying financial statements is consistent with our Additional Report to the Audit Committee of the Company

2. Appointment

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 30 June 2016. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 3 years.



Pricewaterhouse Coopers S.A
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Athens, 14 February 2019

Despina Marinou
SOEL Reg. No. 17681

**ANNUAL
FINANCIAL STATEMENTS
of
PPA S.A.**

for the year
January 1st – December 31st , 2018

In accordance with the International Financial Reporting
Standards as adopted by the European Union

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	01.01-31.12.2018	01.01-31.12.2017*
Revenues	23	132,931,041.43	111,530,836.96
Cost of sales	24	(73,606,974.66)	(72,775,389.01)
Gross profit		59,324,066.77	38,755,447.95
Administrative expenses	24	(20,530,698.80)	(17,387,216.05)
Net impairment losses on financial assets	10	(756,014.29)	(3,483,577.59)
Other operating expenses	25	(798,254.15)	(2,163,998.14)
Other operating income	25	5,256,761.02	5,496,613.31
Financial income	26	836,138.14	699,177.13
Financial expenses	26	(999,485.13)	(729,642.55)
Profit before income taxes		42,332,513.56	21,186,804.06
Income taxes	8	(14,449,753.03)	(9,897,428.76)
Net profit after taxes (A)		27,882,760.53	11,289,375.30
Net other comprehensive income not to be reclassified in profit or loss in subsequent period:			
Re-measurement losses on defined benefits plans	16	(253,432.80)	(1,058,269.10)
Income taxes	8	65,892.53	306,898.04
Other total comprehensive income after tax (B)		(187,540.27)	(751,371.06)
Total comprehensive income after tax (A)+(B)		27,695,220.26	10,538,004.24
Profit per share (Basic and diluted)	29	1.1153	0.4516
Weighted Average Number of Shares (Basic & Diluted)	29	25,000,000	25,000,000

*IFRS 9 and 15 have been applied with the cumulative impact recognised in retained earnings without restating the 2017 comparatives (note 3).

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Notes	31.12.2018	31.12.2017*
ASSETS			
Non current assets			
Property, Plant and Equipment	4	281,669,458.07	259,362,795.09
Investment property	5	734,338.38	734,338.38
Intangible assets	6	93,925.91	20,276.35
Other non-current assets	7	4,230,103.64	5,094,403.95
Deferred tax assets	8	8,531,222.40	8,609,824.57
Total non current assets		295,259,048.40	273,821,638.34
Current assets			
Inventories	9	2,628,799.47	2,313,380.54
Trade and Other Receivables	10	16,093,947.48	25,711,258.40
Restricted cash	11	213,267.48	213,267.48
Cash and cash equivalents	11	80,937,181.40	61,862,169.21
Total Current Assets		99,873,195.83	90,100,075.63
TOTAL ASSETS		395,132,244.23	363,921,713.97
EQUITY AND LIABILITIES			
Equity			
Share capital	12	50,000,000.00	50,000,000.00
Other reserves	13	79,290,219.65	77,896,081.62
Retained earnings		79,655,334.51	58,003,358.11
Total equity		208,945,554.16	185,899,439.73
Non-current liabilities			
Long-term borrowings	18	56,499,999.99	62,499,999.99
Government grants	14	17,049,861.32	18,443,135.19
Reserve for staff retirement indemnities	16	11,637,337.02	11,391,297.02
Provisions	15	14,881,101.00	14,211,380.65
Deferred income	21	36,850,965.17	38,127,135.66
Total Non-Current Liabilities		136,919,264.50	144,672,948.51
Current Liabilities			
Trade accounts payable		7,089,266.76	3,687,754.18
Short term portion of long term borrowings	18	6,000,000.00	6,000,000.00
Short-term leases	17	-	68,507.93
Income tax		8,596,350.41	3,524,363.03
Accrued and other current liabilities	20	27,581,808.40	20,068,700.59
Total Current Liabilities		49,267,425.57	33,349,325.73
Total liabilities		186,186,690.07	178,022,274.24
TOTAL LIABILITIES AND EQUITY		395,132,244.23	363,921,713.97

*IFRS 9 and 15 have been applied with the cumulative impact recognised in retained earnings without restating the 2017 comparatives (note 3).

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
Total Equity at January 1, 2017		50,000,000.00	9,044,583.33	68,287,029.53	50,259,822.63	177,591,435.49
Profit after income taxes		-	-	-	11,289,375.30	11,289,375.30
Other comprehensive loss after income taxes		-	-	-	(751,371.06)	(751,371.06)
Total comprehensive income after income taxes		-	-	-	10,538,004.24	10,538,004.24
Dividends paid		-	-	-	(2,230,000.00)	(2,230,000.00)
Transfer to reserves		-	564,468.76	-	(564,468.76)	-
Total Equity at December 31, 2017		50,000,000.00	9,609,052.09	68,287,029.53	58,003,358.11	185,899,439.73
Total Equity at January 1, 2018 as originally presented		50,000,000.00	9,609,052.09	68,287,029.53	58,003,358.11	185,899,439.73
Change in accounting policy (IFRS 9 and IFRS 15)	3	-	-	-	(369,105.83)	(369,105.83)
Restated Total Equity at January 1, 2018		50,000,000.00	9,609,052.09	68,287,029.53	57,634,252.28	185,530,333.90
Profit after income taxes		-	-	-	27,882,760.53	27,882,760.53
Other comprehensive loss after income taxes		-	-	-	(187,540.27)	(187,540.27)
Total comprehensive income after income taxes		-	-	-	27,695,220.26	27,695,220.26
Dividends paid	19	-	-	-	(4,280,000.00)	(4,280,000.00)
Transfer to reserves	13	-	1,394,138.03	-	(1,394,138.03)	-
Total Equity at December 31, 2018		50,000,000.00	11,003,190.12	68,287,029.53	79,655,334.51	208,945,554.16

The accompanying notes are an integral part of the Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	01.01-31.12.2018	01.01-31.12.2017*
Cash flows from Operating Activities			
Profit before income taxes		42,332,513.56	21,186,804.06
Adjustments for:			
Depreciation and amortisation	27	15,028,497.04	14,333,706.55
Amortisation of government grants	27	(846,523.10)	(878,393.71)
(Gain)/ Loss on disposal / write off of property, plant & equipment	25	(291,633.92)	12,467.27
Financial expenses, net	26	163,346.99	30,465.42
Provision for staff retirement indemnities	28	772,607.20	746,431.40
Other Provisions		1,330,044.80	686,963.44
Operating profit before working capital changes		58,488,852.57	36,118,444.43
(Increase)/Decrease in:			
Inventories		(315,418.93)	(117,377.15)
Trade and other accounts receivable		(5,125,968.21)	(14,631,006.20)
Other long term assets		768,610.47	(890,563.06)
Increase/(Decrease) in:			
Trade accounts payable		1,018,012.58	737,153.78
Accrued and other current liabilities		7,168,470.06	3,618,653.42
Deferred income	21	(1,276,170.49)	(1,303,362.21)
Interest paid	26	(335,970.33)	(557,306.07)
Payments for staff leaving indemnities	16	(780,000.00)	(2,031,610.50)
Compensation paid (beneficiaries L. 4331/2015)	15	-	(421,163.89)
Cash receipt from municipality (Piraeus)	7	4,608,844.90	-
Interest on debtors late payments	26	326,905.11	405,416.94
Decrease in restricted cash		-	15,262,090.10
Income taxes paid		(9,066,358.30)	(3,455,958.26)
Net cash from Operating Activities		55,479,809.43	32,733,411.33
Cash flow from Investing activities			
Grants reimbursement	14	(546,750.77)	-
Proceeds from the sale of property, plant and equipment		292,711.67	17,261.10
Capital expenditure for property, plant and equipment and intangible assets	4,6	(25,647,968.44)	(6,455,146.53)
Interest and related income received	26	509,233.03	293,760.19
Net cash used in Investing Activities		(25,392,774.51)	(6,144,125.24)
Cash flows from Financing Activities			
Payments of long-term borrowings	18	(6,000,000.00)	(6,000,000.00)
Net change in leases		(68,507.93)	(87,975.33)
Dividends paid	19	(4,280,000.00)	(2,230,000.00)
Interest paid	26	(663,514.80)	(172,336.48)
Net cash used in Financing Activities		(11,012,022.73)	(8,490,311.81)
Net increase in cash and cash equivalents		19,075,012.19	18,098,974.28
Cash and cash equivalents at the beginning of the year	11	61,862,169.21	43,763,194.93
Cash and cash equivalents of the end of the year	11	80,937,181.40	61,862,169.21

*IFRS 9 and 15 have been applied with the cumulative impact recognised in retained earnings without restating the 2017 comparatives (note 3).

The accompanying notes are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY:**

“Piraeus Port Authority S.A” (from now on “PPA S.A.” or “Company”) was established in 1930 as Civil Law Legal Corporation (C.L.L.C.) by Law 4748/1930, which was revised by L.1559/1950 and was ratified by L.1630/1951 and converted into a Société Anonyme (S.A.) by Law 2688/1999. The Company is located at Municipality of Piraeus, at 10 Akti Miaouli street.

The Company’s main objective based on its articles of incorporation is to perform its obligations, conduct its activities and exercise its faculties under or in respect of the concession agreement between the Company and the Hellenic Republic dated 13 February 2002 regarding the use and exploitation of certain areas and assets within the Port of Piraeus, as amended and in force.

The Company may, by way of an illustrative but no means exhaustive list, conduct and be engaged in the following activities:

- to use all rights assigned to the Company pursuant to the Concession Agreement and maintain, utilize and exploit all concession assets in accordance with the Concession Agreement;
- provide services and facilities to vessels, cargo and passengers, including ship berthing and cargo and passenger handling to and from the port;
- install, organize and exploit all kinds of port infrastructure;
- undertake any activities related to the port and all other commercial activities associated with or reasonably incidental to the operation of the port of Piraeus;
- engage third parties to provide any kind of port services;
- award contracts for works;
- engage in such further activities as are prudent or customary for the proper conduct of its business and operations in accordance with the Concession Agreement; and
- engage in any and all activities, transactions or operations of a type that are generally conducted by commercial corporations.

The main activities of the Company are anchoring services of vessels, handling cargo, loading and unloading services as well as goods storage and car transportation. The Company is also responsible for the maintenance of port facilities, the supply of port services (water, electricity, telephone connection etc. supply), for services provided to travelers (coastal and cruise ships) and for renting space to third parties.

The Company is governed by the principles of Company Law 2190/1920 and the founding Law 2688/1999, as amended by Law 2881/2001 and Law 4404/2016.

The duration period of the Company is one hundred (100) years from the effective date of Law 2688/1999. This period may be extended by special resolution of the shareholders general meeting.

The Company is a subsidiary of COSCO SHIPPING (Hong Kong) Limited which controls 51.00% of the voting rights, with date of transfer of such rights on 10 August 2016. COSCO SHIPPING (Hong Kong) Limited is 100% held by China Ocean Shipping (Group) Company, which is 100% held by China COSCO SHIPPING Corporation Limited, a Chinese state-owned company. As a result, China COSCO SHIPPING Corporation Limited, by indirectly holding 100% of COSCO SHIPPING (Hong Kong) Limited, indirectly holds 51% of the voting rights in PPA.

The Company’s number of employees as at December 31, 2018 amounted to 1,016. At December 31, 2017, the respective number of employees was 1,025.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

(a) Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (E.U.). These financial statements have been prepared under the historical cost and going concern basis.

The preparation of financial statements according to the IFRS requires estimates and assumptions to be made by the management, influencing the assets and liabilities amounts, the disclosure of potential receivable and liabilities as at the financial statements date, as well as the revenue and expenditure amounts, during the financial period. Actual results may differ from these estimations. It also requires management to exercise its judgment in the process of applying the accounting policies which have been adopted. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(c).

Management continuously assesses the situation and the possible future impacts in order to ensure that all necessary actions and initiatives are undertaken to minimize possible consequences for the Company's activities. Management cannot accurately forecast the possible developments in the Greek economy; however, based on its assessment, Management has reached the conclusion that no additional impairment provisions of the financial and non-financial assets of the Company are required on December 31, 2018.

Certain line items of the previous year's financial statements were reclassified in order to conform to the current year's presentation.

(b) Approval of Financial Statements

The Board of Directors of the Company approved the financial statements for the year ended at December 31, 2018, on February 14, 2019. The abovementioned financial statements are subject to the final approval of the Annual General Assembly of the Shareholders.

(c) Significant Accounting Judgements and Estimates

The Company makes estimates and judgments in order to select the most appropriate accounting principles taking into consideration the future outcome of events and transactions. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Allowance for doubtful accounts receivables and legal cases: Management periodically reassess the adequacy of allowance for doubtful accounts receivable following an expected credit losses ('ECLs') approach. The expected loss rate is assessed on the basis of historical credit losses adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Company expects to receive policy and taking into consideration reports from its legal department. For the allowance of legal cases management assesses the probability of negative outcome, as well as possible payment amounts for their settlement.

(ii) Provision for income taxes: According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits. The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.

(iii) Deferred tax assets on provisions of bad debts: Deferred tax assets are recognized for provisions of bad debts to the extent that it is probable that, based on tax law, the Company has the right to proceed with the tax deduction of the related provision. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the particular actions that have been taken (seizure, auction, filling of relevant lists to the tax authorities etc.) in order to record a provision for bad debts.

(iv) Depreciation rates: The Company's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs.

(v) Impairment of property, plant and equipment: Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. Company's management having assessed the segment report (Note 22) has identified indications of impairment for Pier I and has used discounted cash flows to calculate the value in use, using cash flow projections from financial budgets covering a period of thirty-three years. The pre-tax discount rate applied to cash flow projections is 7.10%. A sensitivity analysis was performed on positive or negative discount rate changes and revenue of 0.25% and 0.50% respectively.

The value in use was higher than the carrying value of Pier I, consequently, no impairment loss was recognized.

(vi) Contingent liabilities: The existence of contingent liabilities requires from management to make assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Company.

(vii) Provision for staff leaving indemnities: The cost for staff leaving indemnities is determined based on actuarial valuations. The actuarial valuation requires management to make assumptions about future salary increases, discount rates, mortality rates, etc. Management, at each reporting date when the provision is re-examined, tries to give its best estimate regarding the above mentioned parameters.

3. PRINCIPAL ACCOUNTING POLICIES

The Company applies the following accounting policies for the preparation of the accompanying financial statements:

- (a) **Tangible Assets:** Buildings, technical projects and other building installations are valued at acquisition cost less accumulated depreciation and possible impairment provision. The privately owned land, machinery and other equipment, acquired before PPA's conversion into an S.A., 1.6.1999, were valued at deemed cost, arising by the Evaluation Committee of article 9 C.L. 2190/1920, while those acquired afterwards are valued at acquisition cost less accumulated depreciation and possible value impairment provision.

Acquisition cost of a building installation or equipment consists of purchase price include import duties, plus non-refundable purchase taxes as well as any cost required for the asset to become operational. Repairs and maintenance are posted to the financial period in which they were incurred. Significant additions and improvements made at a later stage are capitalized in the relevant asset cost.

Fixed assets constructed by the Company are posted to the self-construction cost which includes subcontractors' fees, materials and technicians' payroll costs involved in the construction (including relevant employer contributions) as well as part of general administration expenses.

Assets under construction include fixed assets under construction and are stated at their cost. Assets under construction are not depreciated until the fixed assets are complete and operational.

- (b) **Depreciation:** Fixed assets are depreciated on a straight line basis according to the following useful lives per fixed asset category:

<u>Fixed Asset Categories</u>	<u>Useful Life (years)</u>
Buildings, technical & port projects	25-40
Machinery & other equipment	10-30
Motor Vehicles	5-12
Floating transportation means	20-35
Furniture, fixture & fittings	5-10

The residual value, the useful life and the depreciation method of the Company's assets are examined annually and they are adjusted if necessary.

- (c) **Impairment of non-current financial assets:** Property, plant & equipment and intangible fixed assets must be evaluated for possible impairment loss, when there are indications that the asset's book value is over its recoverable amount. When an asset's book value is over its recoverable amount, the respective impairment loss is posted to the period financial results. An asset's recoverable value is the greater amount between the fair value less cost of disposal and the value in use.

For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flows can be identified separately (cash generating units). Impairment losses recognized in prior periods in non-financial assets are reviewed at each reporting date for any reversal.

- (d) Investment property:** Investment property that includes land and buildings is held by the Company for long-term rental yields and not for own use. Investment property is measured at cost less depreciation and impairment.

When the carrying amounts of the investment property exceed their recoverable amounts, the difference (impairment) is charged directly to the statement of comprehensive income. Land is not depreciated. The depreciation of buildings is calculated using the straight line method over the buildings' useful life which is 30 years.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation.

- (e) Fixed Asset Subsidies:** Subsidies are considered as deferred revenue and are recognized as income at the same depreciation rate as the relevant subsidized fixed assets are depreciated. This income is deducted from the depreciation in the period financial results.
- (f) Intangible Assets:** Intangible assets include software purchase cost and any expenditure for software development. Software depreciation is calculated on a straight line basis and its useful life of 3-4 years.
- (g) Borrowing Cost:** The Company has adopted the basic accounting policy suggested by IAS 23, where the borrowing cost recognized as expense in the statement of comprehensive income.

(h) Financial Instruments: Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets of the Company are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest' test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how the Company manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables.

Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset

Or

- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

When the Company transfers a financial asset, it shall evaluate the extent to which retains the risks and rewards of ownership of the financial asset.

In this case:

- if the Company transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.
- if the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company shall continue to recognise the financial asset.
- if the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, shall determine whether it has retained control of the financial asset. In this case:

(i) if the Company has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

(ii) if the Company has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

Impairment of financial assets

The Company recognise an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Company apply a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company considered the risk of default, the days past due and the historical credit losses experienced adjusted to reflect current and forward-looking information per debtor to measure the expected credit losses for each individual trade and other receivable balance.

At each reporting date, the Company assess whether the credit risk of a financial asset has increased significantly from the initial recognition. The Company consider a financial asset in default when contractual payments past due over the Company's credit policy. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade and other payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. Loans and borrowings are classified as current liabilities unless the Group and the Company has the right to defer settlement for at least twelve months from the date of financial position date.

Trade and other payables

Trade payables are obligations for goods or services that have been acquired in the ordinary course of business by suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade account payables subsequent to the initial recognition are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(i) Cash on hand and in banks: The Company considers as cash (apart from cash on hand) time deposits and liquid investments maturing in three months from the acquisition date.

(j) Provisions: Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses. Contingent assets and contingent liabilities are not recognized.

(k) Income Tax (Current and Deferred): Current and deferred income tax assessment are based on the relevant amounts of the financial statements, according to tax Laws effective in Greece. Current income tax concerns tax on the Company taxable profits, adjusted according to Greek tax Law and calculated using the current tax rate. Deferred tax is assessed using the liability method in all temporary tax differences on the balance- sheet date between the tax base and the accounting value of assets and liabilities. The expected tax consequences from the temporary tax differences are assessed and stated either as deferred tax liabilities or as deferred tax assets. Deferred tax assets are posted to the financial statements for all allowable temporary differences and tax losses carried forward as far as it is likely to set off these allowable temporary differences against available taxable profits.

The accounting value of deferred tax assets is revised at each balance- sheet date and it is reduced up to the point that it is not likely to have enough taxable profits, where part or all of the deferred tax assets may be set off against. Current income tax receivable and liabilities for current and previous financial years are valued at the amount expected to be paid to Tax Authorities (or be refunded by them), using the tax rates (and tax Laws) in force up to the balance- sheet date.

- (l) **Revenue Recognition:** Revenue is the amount of consideration expected to be received in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties (value-added tax, other sales taxes etc.).

Revenue is recognized when (or as) a performance obligation is satisfied by transferring the control of a promised service to the customer. A customer obtains control of a service if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that service. Control is transferred over time or at a point in time when the service is provided to the customer.

Management has determined that contracts in general comprise of a single performance obligation and prices are fixed, based on stand-alone selling prices derived from price lists. Revenue is recognised at a point in time when the service is provided to the customer.

Revenue arising from services is recognised at a point in the time in the accounting period in which the services are rendered, and it is measured based on stand-alone selling prices derived from price lists.

A receivable is recognised when there is an unconditional right to consideration for the performance obligations to the customer that are satisfied.

A contract asset is recognized when the performance obligation to the customer is satisfied before the customers pays or before payment is due, usually when services are transferred to the customer before the Company has a right to invoice.

A contract liability is recognized when there is an obligation to transfer services to a customer for which the Company has received consideration from the customer (prepayments) or there is an unconditional right to receive consideration before the Company transfers a service (deferred income). The contract liability is derecognized when the promise is fulfilled and revenue is recorded in the profit or loss statement.

- (m) **Inventories:** Materials and spare parts related to the Company mechanical equipment maintenance are valued at the lower of acquisition cost and net realisable value and their cost is determined on the weighted average cost basis. Net realizable value is estimated based on the current selling price in the ordinary course of business, less selling expenses. Materials are posted to inventories on purchase and recognized as expenditure on consumption.

- (n) **Leases:** Leases that actually convey to the Company all dangers and benefits relevant to the leased asset are classified as financial leases. Leased fixed assets are capitalized at the beginning of the lease at their fair value or at present value of total minimum finance lease payments, if the latter is lower. Financial lease payments are allocated between financial expenditure and financial liabilities reduction in order to achieve a fixed interest rate for the remaining liability balance. Financial expenditure is debited directly in the period financial results. Capitalized leased fixed assets are depreciated according to their expected useful life.

When the lessor retains all risk and rewards of fixed asset, then these leases are classified as operational leases. Operational lease payments are recognized as expenditure in the Income Statement on a regular basis during the lease.

Revenue from rental income arising, from operating leases, is accounted for on a straight-line basis over the lease terms.

(o) Defined benefit plan: The provision for staff termination indemnities recorded in the statement of financial position for the defined benefit plan is the present value of the liability for the defined benefit in addition to changes occurring from any other actuarial profit or loss and the past service cost. The discount rate is considered as the yield, at the balance sheet date, of high quality European corporate bonds which have a maturity which approaches the time period of the Company's liability.

The liability for this plan is determined using the projected unit credit method from an independent valuer and includes the present value of accrued services during the year, the interest on future liabilities, the prior service cost and the actuarial gains or losses.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, are recognized immediately in the statement of financial position with a corresponding debit or credit to the actuarial differences reserve through other comprehensive income in the period in which they occur. Remeasurements are not classified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes restructuring-related costs

Workers are compensated in accordance with the provisions of L. 2112/1920, as these are applied also to employees, and cannot exceed the limit set by L. 173/67 for the broader public sector, as well as the provisions of cases 2 & 3 of subparagraph IA.12 of L. 4093/2012. According to the Collective PPA SA Employee agreement (28/12/2017, article 8,) any employee who fulfills the conditions for retirement, upon his leaving, is eligible to receive the retirement allowance of € 30.000.

(p) National Insurance Programs: The obligation for main or supplementary pension provision is covered by the main National Insurance Department (IKA- Social Insurance Institute) which concerns private sector and provides retirement, medical and pharmaceutical services. Each employee is obliged to contribute part of his salary to the National Insurance Department, while part of the total contribution is paid by the Company. On employee retirement the National Insurance Department is responsible for their pension payments. Therefore, the Company has no legal or presumed obligation for future payments according to this program.

The employees of PPA are entitled upon retirement an allowance from the Unified Fund for Supplementary Benefits and Lump-sum Benefits (ETEAEF) according to the statutory provisions of the Fund and the Law N. 2084/92.

For the two welfare sectors, dockworkers and employees of PPA, the granted amount is currently determined on the basis of the provisions of article 35 of Law N.4387 / 12-05-2016 (FEK), considering the average of the total remuneration – without accounting holiday bonus - on which were calculated social insurance contributions for welfare for the five-year period 2009-2013 and with the employee's work year experience until 31/12/2013.

To this amount is added the total of insurance contributions for welfare from 01/01/2014 and afterwards. Every employee is required to contribute a part of his monthly salary to the fund, while part of the total contribution is covered by the Company.

This fund is a legal public company and is responsible for paying the above benefits to employees. Consequently, the Company has no legal or constructive obligation to pay future benefits under this plan.

- (q) **Earnings per Share:** Earnings per share are calculated by dividing the financial period net profit, corresponding to ordinary shareholders, by the weighted average number of ordinary shares issued. The accompanying financial statements did not include any profit decreasing bonds or other stock, convertible to shares. Consequently, diluted earnings per share were not calculated.
- (r) **Dividends:** Dividends are accounted for when receipt rights are finalized by the resolution of the shareholders general meeting.
- (s) **Concession Agreement to PPA S.A.:** In persuasion of the 35th article of 2932/2001 Law, Greek Government and the Company signed on 13.2.2002 the Concession Agreement, by which the government transfers its exclusive right of use and exploitation of port zone lands, buildings and facilities of Piraeus Port to the Company.

This concession was agreed for fixed period initial duration of 40 years, beginning on the day the agreement and ending on 13.2.2042. The initial duration is possible to be extended once or several times by Law. A new written agreement and modification of the 4.1 article of the Concession Agreement. With the Common Ministry Decision (CMD) no. 8322/3-12-2008, published in Government Paper 2372/21-11-2008, the Concession Agreement duration has been modified from 40 to 50 years, beginning on the 13/2/2002 (initial signature date) and ending on the respective date of the year 2052.

Management has examined whether the contract for the concession of the exclusive right to use and exploit land, buildings and facilities at the Port of Piraeus Land Zone fall under the scope of the provisions of Interpretation 12. Management concluded that the concession does not fall under the scope of application of Interpretation 12, as it is an operating lease based on IAS 17.

Government has received 1% of the Company's consolidated annual income for each of the first 3 years of the concession. The above percentage has increased to 2% of the Company's consolidated annual income after the 3rd year, on the same calculation basis. Based on the new Concession Agreement signed on 24.6.2016 the percentage to Greek State has increased to 3.5% of the Company's consolidated annual income excluding finance income.

The concession consideration is recognized in expenses for the year and is included in third party expenses and is included in Accrued and other liabilities (Note 20).

The Company most significant obligations arising from this agreement are:

- Constant rendering of port services
- Responsibility for the installation, improvement and maintenance of the security level in Piraeus Port.
- Ensure fair deal to all port users
- Payment of maintenance expenditure for all the property included in the Concession Agreement

(t) Concession Agreement of Piers II and III with COSCO Pacific Ltd (currently COSCO Shipping Port Ltd): The Law 3755/2009 ratified by the Parliament ruled the concession of use and operation of Piers II and III between the Company and COSCO Pacific Ltd. The contract term provided for 35 years at current exchange rates of € 4.3 billion, of which 79% is guaranteed and will be held investments totaling € 620 million. The Concession Agreement entered into force on 1/10/2009 and till 31/5/2010 the operation of Pier II was provided by the staff of the Company as a subcontractor. Within this period the project in Pier I, which was constructed by the Company, was completed and started its operation by providing services directly to Company's clients.

The Agreement B. Modification of the original Concession Agreement (OG 52 / 30.03.2009) between the Company and PCT S.A., following the 'Practical Process Amicable Settlement', has been published in the Government Gazette 269 / 24.12.2014.

According to the above, the payment of the guaranteed consideration was suspended until 31.12.2021 and has been replaced by paying only Variable consideration that arises as a percentage on consolidated revenues of PCT SA from the previous contract year.

The calculation of fixed consideration I & II is adjusted regarding the length of exploitation and the corresponding sq.m (Note 21). The concession consideration is calculated and recognized in income for the period in accordance with the terms of the contract and considered as operating lease in accordance with IAS 17.

The payment of Variable Consideration is performed on a monthly basis in arrears and the payment of the standard exchange every six months in advance (Note 21).

(u) Foreign Currency Conversion: All the operations of the Company are all performed in Euro. Transactions made in foreign currencies are converted into Euro using exchange rates effective at transaction date. Receivable and liabilities in foreign currency are adjusted at the financial statements preparation date in order to state the exchange rates effective at that date. Gains or losses arising from these adjustments are included in the Statement of comprehensive income as foreign exchange gains or losses.

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the annual financial statements, are consistent with those followed for the year ended December 31, 2017, except for the adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2018. However, those standards have either no significant effect on the Financial Statement of the Company, or no application for the Company.

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after January 1, 2018. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year**IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)**

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model that was applied under IAS 39. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model in IAS 39.

The Company applied the standard retrospectively without restatement of the comparative information for prior years, on January 1, 2018. Therefore the adjustments arising from impairment rules are not reflected in the statement of financial position on December 31, 2017, but are recognised in the opening statement of financial position on 1 January 2018.

The Company applied the IFRS 9 simplified approach to measure expected credit losses (ECLs) on the trade and other receivables balances at the date of initial application. The result of the new requirements was an increase in the Company's impairment allowance for doubtful debts of € 138,455.83 with a corresponding impact in the opening retained earnings.

There was no impact from the classification and measurement of the financial assets and liabilities of the Company.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity recognises revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company performed an assessment on its revenue streams based on the five steps prescribed in the standard in order to identify any impacted areas. Management has determined that contracts in general comprise of a single performance obligation and prices are fixed, based on stand-alone selling prices derived from price lists. Revenue is recognised at a point in time when the service is provided to the customer.

On January 1, 2018, the Company adopted IFRS 15 by using the modified retrospective approach, meaning that the cumulative impact of the adoption was recognized in retained earnings and comparatives were not restated. The result of the adoption was an increase in the Company's contract liabilities of € 230,650.00 with a corresponding impact in the opening retained earnings. As of December 31, 2018 a contract liability amounting to € 273,874.00 has been recognized and is included in accrued and other current liabilities (Note 20).

The following table summarizes the adjustments recognised for each individual line item of the statements of financial position on January 1, 2018, because of the adoption of IFRS 9 and IFRS 15:

	<u>31.12.2017</u>	<u>IFRS 15 - TRANSITION ADJUSTMENT</u>	<u>IFRS 9 - TRANSITION ADJUSTMENT</u>	<u>1.1.2018 - RESTATED</u>
ASSETS				
Non current assets				
Property, Plant and Equipment	259,362,795.09	-	-	259,362,795.09
Investment property	734,338.38	-	-	734,338.38
Intangible assets	20,276.35	-	-	20,276.35
Other non-current assets	5,094,403.95	-	-	5,094,403.95
Deferred tax assets	8,609,824.57	-	-	8,609,824.57
Total non current assets	273,821,638.34	-	-	273,821,638.34
Current assets				
Inventories	2,313,380.54	-	-	2,313,380.54
Trade and Other Receivables	25,711,258.40	-	(138,455.83)	25,572,802.57
Restricted cash	213,267.48	-	-	213,267.48
Cash and cash equivalents	61,862,169.21	-	-	61,862,169.21
Total Current Assets	90,100,075.63	-	(138,455.83)	89,961,619.80
TOTAL ASSETS	363,921,713.97	-	(138,455.83)	363,783,258.14
EQUITY AND LIABILITIES				
Equity				
Share capital	50,000,000.00	-	-	50,000,000.00
Other reserves	77,896,081.62	-	-	77,896,081.62
Retained earnings	58,003,358.11	(230,650.00)	(138,455.83)	57,634,252.28
Total equity	185,899,439.73	(230,650.00)	(138,455.83)	185,530,333.90
Non-current liabilities				
Long-term borrowings	62,499,999.99	-	-	62,499,999.99
Government grants	18,443,135.19	-	-	18,443,135.19
Reserve for staff retirement indemnities	11,391,297.02	-	-	11,391,297.02
Provisions	14,211,380.65	-	-	14,211,380.65
Deferred income	38,127,135.66	-	-	38,127,135.66
Total Non-Current Liabilities	144,672,948.51	-	-	144,672,948.51
Current Liabilities				
Trade accounts payable	3,687,754.18	-	-	3,687,754.18
Contract liabilities	-	230,650.00	-	230,650.00
Short term of long term borrowings	6,000,000.00	-	-	6,000,000.00
Short-term leases	68,507.93	-	-	68,507.93
Income tax	3,524,363.03	-	-	3,524,363.03
Accrued and other current liabilities	20,068,700.59	-	-	20,068,700.59
Total Current Liabilities	33,349,325.73	230,650.00	-	33,579,975.73
Total liabilities	178,022,274.24	230,650.00	-	178,252,924.24
TOTAL LIABILITIES AND EQUITY	363,921,713.97	-	(138,455.83)	363,783,258.14

IFRS 4 (Amendments) “Applying IFRS 9 *Financial instruments* with IFRS 4 *Insurance contracts*”

The amendments introduce two approaches. The amended standard: a) gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) gives companies, whose activities are predominantly connected with insurance, an optional temporary exemption from applying IFRS 9 until 2021. The entities that have elected to defer the application of IFRS 9 continue to apply the existing financial instruments standard—IAS 39. The IFRS 4 is not applicable for the Company.

IFRS 2 (Amendments) “Classification and measurement of Shared-based Payment transactions”

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The IFRS 2 is not applicable for the Company.

IAS 40 (Amendments) “Transfers of Investment Property”

The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence.

IFRIC 22 “Foreign currency transactions and advance consideration”

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The IFRIC 22 is not applicable for the Company.

Annual Improvements to IFRS 2014 (2014 – 2016 Cycle)

IAS 28 “Investments in associates and Joint ventures”

The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

Standards and Interpretations effective for subsequent periods

IFRS 9 (Amendments) “Prepayment Features with Negative Compensation” (effective for annual periods beginning on or after 1 January 2019). The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.

IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019). IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company will adopt the standard the date of its mandatory application on January 1, 2019, and will apply the standard on the basis of the simplified method without restating the comparatives amounts. The Company also will use the short and low-value leases exception provided by the standard. The Company access that will recognize the amount of approximately € 65.3 million as the right of use of asset with a corresponding liability due to its exclusive right of use and exploitation of port zone land, buildings and facilities of Piraeus Port granted to the Company by the Greek State until 2052, in exchange of an annual percentage payment based on Company’s income with a minimum annual fee of € 3.5 million. The incremental borrowing cost was calculated taking into account the reference rate plus an indebtedness and credit spread as well as sovereign risk margin. The effect on annual earnings before income taxes, interest and depreciation/amortisation of the application of the Standard will be positive by approximately € 3.5 million. In addition, the Company has assessed and will recognize on January 1, 2019 the right of use of finance lease motor vehicles which will have no significant impact on the Company's financial statements.

IFRS 17 “Insurance contracts” (effective for annual periods beginning on or after 1 January 2021). IFRS 17 has been issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

IAS 28 (Amendments) “Long term interests in associates and joint ventures” (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9. The amendments have not yet been endorsed by the EU.

IFRIC 23 “Uncertainty over income tax treatments” (effective for annual periods beginning on or after 1 January 2019). The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.

IAS 19 (Amendments) “Plan amendment, curtailment or settlement” (effective for annual periods beginning on or after 1 January 2019). The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

IFRS 3 (Amendments) “Definition of a business” (effective for annual periods beginning on or after 1 January 2020). The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not yet been endorsed by the EU.

IAS 1 and IAS 8 (Amendments) “Definition of a material” (effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRS (2015 – 2017 Cycle) (effective for annual periods beginning on or after 1 January 2019). The amendments set out below include changes to four IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 3 “Business combinations”

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 “Joint arrangements”

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 “Income taxes”

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 “Borrowing costs”

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are analysed as follows:

	Buildings	Machinery & equipment	Motor and floating vehicles	Furniture, fixtures and fittings	Advances & Assets under construction	Total
COST						
Balance January 1, 2017	226,054,079.93	165,014,047.17	16,359,617.27	7,083,597.91	6,705,137.93	421,216,480.20
Additions	738,954.46	125,538.00	2,266,628.98	361,570.88	14,300,396.04	17,793,088.36
Disposals/ write off	-	-	(262,634.53)	(13,266.47)	-	(275,901.00)
Transfers	18,498,261.16	-	-	-	(18,498,261.16)	-
Balance December 31, 2017	245,291,295.55	165,139,585.17	18,363,611.72	7,431,902.32	2,507,272.81	438,733,667.57
Additions	2,820,419.06	361,549.64	-	419,400.86	33,720,196.94	37,321,566.50
Disposals/ write off	-	(7,309,858.44)	-	(10,601.93)	-	(7,320,460.37)
Transfers	6,923,494.98	219,800.00	23,840,000.00	619,335.54	(31,602,630.52)	-
Balance December 31, 2018	255,035,209.59	158,411,076.37	42,203,611.72	8,460,036.79	4,624,839.23	468,734,773.70
DEPRECIATION						
Depreciation January 1, 2017	(66,154,419.32)	(85,972,401.73)	(7,725,341.99)	(5,468,163.63)	-	(165,320,326.67)
Depreciation (note 27)	(7,056,900.82)	(6,311,780.55)	(592,520.17)	(352,777.60)	-	(14,313,979.14)
Disposals/ write off	-	-	262,634.13	799.20	-	263,433.33
Depreciation December 31, 2017	(73,211,320.14)	(92,284,182.28)	(8,055,228.03)	(5,820,142.03)	-	(179,370,872.48)
Depreciation (Note 27)	(7,718,343.48)	(6,155,031.69)	(727,760.75)	(412,689.66)	-	(15,013,825.58)
Disposals/ write off	-	7,309,857.89	-	9,524.54	-	7,319,382.43
Depreciation December 31, 2018	(80,929,663.62)	(91,129,356.08)	(8,782,988.78)	(6,223,307.15)	-	(187,065,315.63)
NET BOOK VALUE						
January 1, 2017	159,899,660.61	79,041,645.44	8,634,275.28	1,615,434.28	6,705,137.93	255,896,153.54
December 31, 2017	172,079,975.41	72,855,402.89	10,308,383.69	1,611,760.29	2,507,272.81	259,362,795.09
December 31, 2018	174,105,545.97	67,281,720.29	33,420,622.94	2,236,729.64	4,624,839.23	281,669,458.07

Insurance cover of the Piraeus Port Authority (PPA S.A.) property, plant and equipment: The PPA S.A. property, plant and equipment are insured with various insurance companies. Insurance cover concerns civil liability of plant and machinery up to June 30, 2019, civil and employer cover for fire and machinery technical damages, up to March 31, 2019.

During the year ended December 31, 2018, the total investment in property, plant and equipment amounted to € 37,321,566.50 (2017: € 17,793,088.36) and related mainly to the improvement of port infrastructure and floating dock delivery which has been capitalized in the category floating vehicles. Total investment for the current year included an amount of € 2,227,919.15 (2017: € 11,358,816.08) which relates to the set off of the invoices received from the constructor of oil terminal with amounts claimed from PCT S.A. (Note 31). Current year's disposals refer to 39 machines fully depreciated, which were sold as scrap.

There is no property, plant and equipment that has been pledged as security. The title of the capitalized leased assets has been retained by the lessor.

5. INVESTMENT PROPERTY

For the year ended December 31, 2018:

	Land	Buildings	Total
<u>Net Book Value at January 1, 2018</u>	734,338.35	0.03	734,338.38
Additions	-	-	-
Depreciation	-	-	-
<u>Net Book Value at December 31, 2018</u>	734,338.35	0.03	734,338.38
 <u>January 1, 2018</u>			
Cost	734,338.35	0.03	734,338.38
Accumulated Depreciation	-	-	-
<u>Net Book Value</u>	734,338.35	0.03	734,338.38
 <u>December 31, 2018</u>			
Cost	734,338.35	0.03	734,338.38
Accumulated Depreciation	-	-	-
<u>Net Book Value</u>	734,338.35	0.03	734,338.38

For the year ended December 31, 2017:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Net Book Value at January 1, 2017</u>	734,338.35	0.03	734,338.38
Additions	-	-	-
Depreciation	-	-	-
<u>Net Book Value at December 31, 2017</u>	734,338.35	0.03	734,338.38
<u>January 1, 2017</u>			
Cost	734,338.35	0.03	734,338.38
Accumulated Depreciation	-	-	-
<u>Net Book Value</u>	734,338.35	0.03	734,338.38
<u>December 31, 2017</u>			
Cost	734,338.35	0.03	734,338.38
Accumulated Depreciation	-	-	-
<u>Net Book Value</u>	734,338.35	0.03	734,338.38

Investment property includes seven land plots and four buildings (commercial spaces and schools).

There is no investment property that has been pledged as security.

The fair value of investment property as at December 31, 2018 amounted to € 5.4 million (December 31, 2017: € 4.4 million) according to the valuation of the independent appraiser 'Mavrakis Certified Appraisers'. The valuation, as a Level 3 fair value measurement is based on comparative assessment method, residual replacement cost method and cost approach depending on the particular characteristics of each property.

Income from rent for the above investment property for the year ended December 31, 2018 and December 31, 2017 amounted to € 1,200.00 and is included in other operating income (Note 25). For the years ended December 31, 2018 and 2017 there were no repair and maintenance costs for investment property.

6. INTANGIBLE ASSETS

For the year ended December 31, 2018:

	Software
<u>Net Book Value January 1, 2018</u>	<u>20,276.35</u>
Additions	88,321.02
Amortisation of the year (Note 27)	(14,671.46)
<u>Net Book Value December 31, 2018</u>	<u>93,925.91</u>
<u>January 1, 2018</u>	
Cost	8,420,501.59
Accumulated amortisation	(8,400,225.24)
Net Book Value	<u>20,276.35</u>
<u>December 31, 2018</u>	
Cost	8,508,822.61
Accumulated amortisation	(8,414,896.70)
Net Book Value	<u>93,925.91</u>

For the year ended December 31, 2017:

	Software
<u>Net Book Value January 1, 2017</u>	<u>19,129.51</u>
Additions	20,874.25
Amortisation of the year (Note 27)	(19,727.41)
<u>Net Book Value December 31, 2017</u>	<u>20,276.35</u>
<u>January 1, 2017</u>	
Cost	8,399,627.34
Accumulated amortisation	(8,380,497.83)
Net Book Value	<u>19,129.51</u>
<u>December 31, 2017</u>	
Cost	8,420,501.59
Accumulated amortisation	(8,400,225.24)
Net Book Value	<u>20,276.35</u>

7. OTHER NON-CURRENT ASSETS

This account consists of the following:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Guarantees to third parties	325,767.75	319,987.75
Car leases guarantees	62,558.00	71,429.75
Receivable from project contractor of Pier I	2,578,543.91	3,535,442.31
Less: Allowance for project contractor of Pier I	(257,854.39)	(353,544.23)
Receivable from compulsory seizure of municipality	1,521,088.37	1,521,088.37
Total	<u>4,230,103.64</u>	<u>5,094,403.95</u>

The movement of the allowance for project contractor of PIER I is analysed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Beginning balance	353,544.23	416,852.02
Provision reversal	(95,689.84)	(63,307.79)
Ending balance	<u>257,854.39</u>	<u>353,544.23</u>

Receivables from project contractor of Pier I: This claim represents the difference found in incorrect data application on some review rates of the Ministry (IPEXODE) and was recognized by the project contractor of Pier I. At March 9, 2012 the Company and the project contractor of Pier I consigned an "extrajudicial agreement of debt acknowledgment", under which the requirement from the later will be paid in seven (7) instalments up to December 31, 2012. Then on the 24th of September, 2012, the request of the contractor of the project "Pier I" was partially approved and the debt settled in fourteen (14) monthly instalments starting from September 30, 2012 onwards until October 31, 2013.

Due to non-compliance of settlement, the PPA held in October 2013 in forfeiture contractor's guarantee letters for accrued interest of € 1.5 million and is expected to debate the re-settlement agreement instalments.

Furthermore, due to this non-compliance of settlement, the Company, through its Board of Directors, decided on the 24th of February 2014 to exercise any remedy and recourse to any procedure for the forced recovery of its claim.

Receivable from compulsory seizure of municipality: The Municipality of Piraeus proceeded to the compulsory seizure of the amount of € 6,285,940.08 against the Company, for municipal charges of cleaning and lighting as well as electrified land taxes over the past years that were imposed on the Company. After the final court decisions issued during 2017, the Municipality of Piraeus was forced to return immediately (within 2018) the amount of € 4,764,851.71 (Note 10). For the remaining withheld amount of € 1,521,088.37, the final decision by the court is expected. According to the Company's Legal Department, the cancellation of all charges against the Company is expected considering the virtual certainty. On January 29 2018, the Municipality of Piraeus deposited in favour of PPA the amount of € 4,608,844.90.

8. INCOME TAX (CURRENT AND DEFERRED)

According to the Greek tax law L.4334/GG A' 80/16.07.2015, the tax rate for the Societies Anonymes in Greece, is 29% (2017: 29%).

Based on the article 23 of L.4579/2018 starting from 2019, the corporate income tax rate in Greece will gradually decrease to 25% by 2022. The rate will decrease by 1% each year (i.e. 28% in 2019, 27% in 2020, 26% in 2021 and 25% in 2022 and thereafter).

The amount of income taxes which are reflected in the statements of comprehensive income are analysed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Current income taxes	14,305,258.33	5,667,415.77
Deferred income taxes	144,494.70	4,230,012.99
Total	<u>14,449,753.03</u>	<u>9,897,428.76</u>
<u>Other Comprehensive Income</u>		
Deferred income taxes	(65,892.53)	(306,898.04)
Total	<u>(65,892.53)</u>	<u>(306,898.04)</u>

The reconciliation of income taxes reflected in statements of income and the amount of income taxes determined by the application of the Greek statutory tax rate to pretax income is summarized as follows:

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Profit pre-tax income	<u>42,332,513.56</u>	<u>21,186,804.06</u>
Income tax calculated at the nominal applicable tax rate in effect (2018 and 2017: 29%)	12,276,428.93	6,144,173.18
Reversing/ originating temporary differences	396,579.45	(1,303,396.25)
Tax effect of non-taxable income and expenses not deductible for tax purposes	478,500.00	1,417,375.00
Impairment of deferred tax assets	-	3,639,276.83
Change in tax rates	1,298,244.65	-
Income tax reported in the statements of comprehensive income	<u>14,449,753.03</u>	<u>9,897,428.76</u>

Greek tax laws and regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

Tax Compliance certificate:

From the financial year 2011 and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an “Annual Tax Certificate” as provided by Article 65A of L.4174/2013. This “Annual Tax Certificate” must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. For tax years commencing from 1/1/2016 onwards, the tax compliance report becomes optional according to the provisions of Law 4410/2016.

An audit from the tax authorities for the years 2009 to 2010 was completed on 2/5/2017 and the final tax report notified to the Company on 9/6/2017. As a result of the tax audit, an additional tax amount of € 534,665.95 and € 260,699.41 was imposed for the years 2009 and 2010 respectively which the Company has adequately provided for in the past.

For the Company, the tax audit for the financial years 2011 to 2017 was performed by their statutory auditors. The tax audit for the current financial year is in progress by the company’s statutory auditors. The tax certificate will be granted after the publication of the Financial Statements.

The movement of the deferred tax asset is as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Opening balance	8,609,824.57	12,532,939.52
Income taxes (debit)	(144,494.70)	(4,230,012.99)
Income taxes credit – Other Comprehensive Income	65,892.53	306,898.04
Closing balance	<u>8,531,222.40</u>	<u>8,609,824.57</u>

The movement of deferred tax assets/liabilities as at December 31, 2018 and 2017 is as follows:

	<u>Statement of financial position</u>		<u>Statement of comprehensive income</u>	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>31/12/2018</u>	<u>31/12/2017</u>
Deferred tax assets:				
Investment property	164,556.95	190,886.04	(26,329.09)	-
Staff retirement indemnities	2,909,334.26	3,303,476.14	(394,141.89)	(65,803.90)
Provision for bad debts	7,156,834.85	8,384,535.89	(1,227,701.04)	(2,647,398.58)
Provision for workers' compensation L. 4331/2015	-	-	-	(128,268.79)
Provision/Write off for disputed claims by third parties	246,252.36	(1,822,922.62)	2,069,174.98	-
Accrued expenses	109,900.00	228,758.20	(118,858.20)	228,758.20
Other	781,747.74	855,325.09	(73,577.35)	(71,291.77)
Deferred tax asset	<u>11,368,626.15</u>	<u>11,140,058.74</u>	<u>228,567.41</u>	<u>(2,684,004.84)</u>
Deferred tax liabilities:				
Depreciation based on useful life	(2,176,799.14)	(1,447,973.34)	(728,825.80)	(707,873.89)
Accrued income	(278,866.34)	(606,775.13)	327,908.79	(606,775.13)
Finance lease	(381,738.26)	(475,485.70)	93,747.44	75,538.91
Deferred tax liability	<u>(2,837,403.75)</u>	<u>(2,530,234.17)</u>	<u>(307,169.58)</u>	<u>(1,239,110.11)</u>
Deferred tax asset	<u>8,531,222.40</u>	<u>8,609,824.57</u>		
Deferred tax recognized in the statement of comprehensive income			<u>(78,602.17)</u>	<u>(3,923,114.95)</u>

During the prior year, the Company reassessed the deferred tax assets and proceeded with impairment by the amount of € 3,639,276.83 which relates to a deferred tax asset from a write-off of bad debts that is not expected to be offset in the future. An additional amount of deferred tax asset of € 991,878.25 on prior year provision for bad debts was recognized by the Company.

The deferred tax asset balance has been built mainly in previous years (before 2016) when the Company was operating under specific legislation Law 1559/1950 and Law 2688/1999. According to these the Company believes that they have taken the ultimate possible measure for collecting a long outstanding receivable balance which is to assign those balances to tax department for collection. For such balances of € 25 million for which the company has recorded € 6.3 million deferred tax asset the Company intends to utilize this deferred asset when they will write off these balances in the future. That intention was declared in a notice letter to the Ministry of Finance but no response has been received yet. A response is critical for any future action to be determined by the Company.

9. INVENTORIES

Inventories are analysed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Consumable materials	1,154,650.01	986,554.71
Spare parts and equipment	1,474,149.46	1,326,825.83
Total	<u>2,628,799.47</u>	<u>2,313,380.54</u>

Inventory consumption cost for the year ended December 31, 2018 and 2017 amounted to € 2,004,559.45 and € 1,681,953.74 respectively (Note 24). There was no inventory devaluation to their net realisable value.

10. TRADE AND OTHER RECEIVABLES

This account is analysed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Trade Debtors	53,399,639.79	50,129,181.41
Minus: Provision for doubtful debts	(39,218,306.27)	(39,698,921.72)
Total trade receivables	<u>14,181,333.52</u>	<u>10,430,259.69</u>
Personnel loans	384,471.27	282,194.09
Prepaid Expenses	314,549.14	787,898.14
Advances to suppliers	1,435,447.46	8,455,698.00
Other receivable	1,982,189.63	6,625,283.24
Minus: Provision for other receivables and advances to suppliers	(2,204,043.54)	(870,074.76)
Total other receivables	<u>1,912,613.96</u>	<u>15,280,998.71</u>
Total trade and other receivables	<u>16,093,947.48</u>	<u>25,711,258.40</u>

The Company receives payments in advance for services rendered on an ordinary basis. Customer payments in advance of € 5,392,755.38 are included in "Accrued and other current liabilities" (2017: € 4,550,351.40) (Note 20).

On 1 January 2018, the Company applied the IFRS 9 simplified approach to measure expected credit losses (ECLs) on the trade and other receivables balances at the date of initial application. The result of the new requirements was an increase in the Company's impairment allowances of € 138,455.83 with a corresponding impact in the opening retained earnings.

Personnel loans: The Company provides interest-free loans to its personnel. The loan amount per employee does not exceed approximately € 3,000.00 and loan repayments are made by withholding monthly instalments from the employee salaries.

Other receivable: Other receivable includes the short term of the compulsory seizure of Piraeus municipality amounted to € 156,006.81 (2017: € 4,764,851.71), following the receipt of € 4,608,844.90 on January 29, 2018 from the Municipality of Piraeus (Note 7) as well as receivable from third parties and municipality of Drapetsona amounted to € 1,826,182.82 (2017: € 1,860,431.53).

Advances to suppliers: The balance receivable from advances to suppliers as at December 31, 2017 mainly relates to an advance of € 7,150,500.00 for the purchase of floating dock (Note 31). The floating dock has been delivered during 2018 (Note 4).

The movement of the allowance for doubtful trade receivables is analysed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Beginning balance	39,698,921.72	38,122,054.71
Increase in allowance for doubtful accounts receivables -Change in accounting policy (IFRS 9)	138,455.83	-
Provision for the year	1,023,338.08	3,048,540.21
Reversal of provision	(1,601,292.57)	-
Provision used	(41,116.80)	(1,471,673.20)
Ending balance	<u>39,218,306.26</u>	<u>39,698,921.72</u>

The reversal of the provision of € 1,473,250.14 concerns two customers who, during the current period, repaid part of their debt and for which provision for doubtful debts had been made in prior years. The provision utilized for the current period of € 41,116.80 relates to the write-off of a customer's debt for which a provision for doubtful debts had been made in previous years.

During the year ended December 31, 2017 the Company negotiated with Ship Repair Zone users in order to reassess and settle outstanding debts and set the basis of new contracts for the extension of ship repair zone space utilization. The outcome of the negotiations has been ratified through the Annual General Assembly of June 28, 2017. The Company has written off outstanding debts of € 1,609,760,00 and reversed the related provision of € 1,471,673.20, while the remaining balance is included in "Other operating expenses" (Note 25).

For trade receivables and other receivables, the Company has calculated estimated credit losses (ECLs) based on lifetime expected credit losses. Taking into consideration that trade receivables are normally settled within 10 days from the issuance of the invoice, the risk of default and the expected loss rate of 0.5% has been determined by management whereas for all balances that are outstanding for more than 10 days, the Company has considered the risk of default, the days past due and the historical credit losses experienced adjusted to reflect current and forward-looking information per debtor to measure the expected credit losses for each individual trade receivable balance.

The ageing analysis of trade receivables (net of ECLs) is as follows:

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
0-10 days	11,677,752.40	7,104,378.73
10-90 days	181,473.34	271,791.68
91-180 days	167,413.81	154,373.65
181-365 days	195,888.81	189,950.04
>365 days	1,958,805.16	2,709,765.59
Total	<u>14,181,333.52</u>	<u>10,430,259.69</u>

Trade receivables are normally settled on 10 days' terms. One single customer represents 42% of the Company's total revenue (Note 31) (2017: 39%). The outstanding amount of this customer as at December 31, 2018 amounted to € 6.0 million (2017: € 2.5 million).

The ageing analysis of receivables past due more than 365 days applies to claims for which the Company has filed appeals or taken actions for their collectability. Management and Legal Department estimate that the final court decisions will be in favour of the Company and the other actions for the collectability of these claims will finally thrive.

The movement of the allowance for doubtful other receivables and advances to suppliers is analysed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Beginning balance	870,074.76	435,037.38
Provision for the year	1,333,968.78	435,037.38
Ending balance	<u>2,204,043.54</u>	<u>870,074.76</u>

During the current period and according to the assessment of the likely outcome of the claim from the Company's Legal Department, an additional provision of € 1,333,968.78 was recorded, of which € 870,074.76 concerns the claim from the Municipality of Drapetsona and the remaining amount of € 463,894.02 concerns advances to suppliers.

The net impairment losses on financial assets are analysed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Impairment losses		
-movement in loss allowance for trade receivables	1,023,338.08	3,048,540.21
-movement in loss allowance for other receivables and advances to suppliers	1,333,968.78	435,037.38
Reversal of previous impairment losses	(1,601,292.57)	-
Net impairment losses on financial assets	<u>756,014.29</u>	<u>3,483,577.59</u>

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the accompanying financial statements is analyzed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Cash in hand	112,577.52	96,576.52
Cash at banks and time deposits	80,824,603.88	61,765,592.69
Total	<u>80,937,181.40</u>	<u>61,862,169.21</u>
Restricted cash	213,267.48	213,267.48
Total	<u>81,150,448.88</u>	<u>62,075,436.69</u>

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended December 31, 2018, amounted to € 509,233.03 (2017: € 293,760.19) and is included in the financial income (Note 26).

The remaining restricted cash of € 213,267.48 relates to Company's frozen deposits, in favor of a municipality against which there are pending trials.

12. SHARE CAPITAL

Share capital amounts to € 50,000,000.00 is fully paid up and consists of 25,000,000 ordinary shares, of nominal value € 2.00 each. There are neither shares which do not represent Company's capital nor bond acquisition rights.

13. RESERVES

Reserves are analysed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Statutory reserve	11,003,190.12	9,609,052.09
Special tax free reserve L. 2881/2001	61,282,225.52	61,282,225.52
Specially taxed income reserve	728,128.36	728,128.36
Taxed reserve L. 4172/2013 art. 72	6,087,915.56	6,087,915.56
Taxed reserve based on general provisions	188,760.09	188,760.09
Total	<u>79,290,219.65</u>	<u>77,896,081.62</u>

Statutory reserve: Under the provisions of Greek corporate Law, companies are obliged to transfer at least 5% of their annual net profit, as defined, to a statutory reserve, until the reserve equals the 1/3 of the issued share capital. The reserve is not available for distribution throughout the Company activity.

Special tax free reserve Law 2881/2001: This reserve was created during the conversion of the Company to a Société Anonyme. The total Company's net shareholder funds (Equity) was valued, by the article 9 Committee of the Codified Law 2190/1920, at € 111,282,225.52, € 50,000,000.00 out of which was decided by Law 2881/2001 to form the Company share capital and the remaining € 61,282,225.52 to form this special reserve.

Untaxed or specially taxed income reserve: This is interest income which was either not taxed or taxed by withholding 15% tax at source. In case these reserves are distributed, they are subject to tax on the general income tax provision basis. Based on Article 72 par.11 of Law 4172/2013 those reserves are subject (from 1 January 2014) to an independent taxation at a rate of 19%.

On December 30th, 2014, the Company proceeded to the taxation of those reserves which amounted to € 1,428,029.58. After the tax deduction created the taxed reserves of Article 72 N.4172 / 2013 and the taxed reserve with the general provisions amounting to € 6,087,915.56 and € 188,760.09 respectively.

14. GOVERNMENT GRANTS

The movement of the account is analyzed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Opening	28,641,523.86	28,655,259.25
Return of grant	(546,750.77)	(13,735.39)
Closing	28,094,773.09	28,641,523.86
Accumulated amortization	(11,044,911.77)	(10,198,388.67)
Net Book Value	17,049,861.32	18,443,135.19

Grants received up to December 31, 2016 relate to the requirements of the Olympic Games of 2004 (€ 11,400,000.00) and on the construction of infrastructure for the OSE S.A. port station (€ 3,700,000.00).

Also, a grant of € 3,653,518.80 has been received in 2012 and is divided in a) € 2,536,168.80, which relates to the widening of the quay Port Alon and b) € 1,117,350.00 for the construction of new dock at the area of Agios Nikolaos in the central port of Piraeus, under the operational program "Improvement of accessibility-energy" of the Attica region. Finally, a grant amounted to € 9,901,740.45 has been received in December 2013 and relates to the operational program "Support Accessibility" of the Ministry of Infrastructure, Transport and Network and in particular, in two projects which have been completed. According to a decision of Attica Region issued during 2017, it was decided to return the amount of € 13,735.39 for the correction of the subsidy for the project "Widening of the quay Port Alon".

Moreover, according to a decision of Attica Region issued during 2018, it was decided to return the amount of € 546,750.77 for the correction of the subsidy for the project "Construction of new dock of Ag. Nikolaos».

There are no other obligations regarding the received grants.

15. PROVISIONS

The Company has made provisions for various pending legal cases as at December 31, 2018 amounting to € 14,881,101.00 (2017: € 14,211,380.65) relating mainly to claims from personnel and other third party.

The movement of the provision for legal claims by third parties is as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Opening balance	14,211,380.65	15,861,054.00
Charge of the year (Note 24)	2,753,226.98	150,326.65
Provision used	(419,171.34)	(573,681.20)
Reversal of provision	(1,664,335.29)	(1,226,318.80)
Closing balance	14,881,101.00	14,211,380.65

The current's year provision relates to legal cases of employees, former senior executives and other third parties amounting to € 1,332,218.17, € 81,703.13 and € 1,339,305.68 respectively. The reversal of the provision relates to legal cases which have been reassessed by the Company's legal department based on current developments or finalized in favor of the Company. The provision used relates to legal cases which have been finalized against the Company and a provision has been made in prior years.

16. RESERVE FOR STAFF LEAVING INDEMNITIES

The relevant provision movement for the financial year ended on December 31, 2018 and the financial year ended on December 31, 2017 is as follows:

Liability in Statement of Financial Position 1.1.2017	<u>11,618,207.02</u>
Current cost of Employment	522,200.00
Interest cost on liability	224,231.40
Gain from financial assumption change-OCI	(155,851.00)
Experience loss-OCI	1,214,120.10
Benefits paid	<u>(2,031,610.50)</u>
Liability in Statement of Financial Position 31.12.2017	<u>11,391,297.02</u>
Current cost of Employment	542,503.00
Interest cost on liability	230,104.20
Gain from financial assumption change-OCI	(62,618.40)
Experience loss-OCI	316,051.20
Benefits paid	<u>(780,000.00)</u>
Liability in Statement of Financial Position 31.12.2018	<u>11,637,337.02</u>

The principal actuarial assumptions used are as follows:

	<u>2018</u>	<u>2017</u>
Discount Rate	2.02%	1.93%
Salaries increase	0.00%	0.00%
Average annual growth rate of long-term inflation	2.00%	2.00%

A quantitative sensitivity analysis for significant assumption as at December 31, 2018 and December 31, 2017 is as shown below:

<u>2018</u>	<u>Discount rate</u>		<u>Future salary increases</u>
Sensitivity Level	0,5% increase	0,5% decrease	0,5% increase
Impact on defined benefit obligation	<u>(347,880.00)</u>	<u>350,243.00</u>	<u>212,332.00</u>
<u>2017</u>	<u>Discount rate</u>		<u>Future salary increases</u>
Sensitivity Level	0,5% increase	0,5% decrease	0,5% increase
Impact on defined benefit obligation	<u>(368,993.00)</u>	<u>371,633.00</u>	<u>241,470.00</u>

The following contributions are expected to the defined benefit plan obligation in future years:

	2018	2017
Within the next 12 months (next annual reporting period)	740,556.00	180,000.00
Between 2 and 5 years	1,960,214.00	1,845,000.00
Between 5 and 10 years	8,058,284.00	6,449,023.00
Beyond 10 years	14,967,777.00	17,371,720.00
Total expected payments	25,726,831.00	25,845,743.00

The average duration of the defined benefit plan obligation at the end of the year is 13.4 years (2017: 14.1 years).

17. FINANCE LEASE OBLIGATIONS

In 2013, the PPA acquired through finance lease 15 commercial trucks VAN type value € 355,620.00. The lease duration was five years and expired within the year. The PPA exercised the right to purchase the fixed assets at the price of € 25,500.00.

The finance lease obligations are analyzed as follows:

	31/12/2018	31/12/2017
Finance lease obligations	-	68,507.93
Minus: Short term	-	(68,507.93)
Long term	-	-

Future minimum lease payments, compared to the present value of net minimum payments at December 31, 2018 and 2017 are as follows:

	December 31, 2018		December 31, 2017	
	Minimum Payments	Present Value of Payments	Minimum Payments	Present Value of Payments
Up to the a year	-	-	69,516.00	68,507.93
From one year up to five years	-	-	-	-
More than five years	-	-	-	-
Total minimum lease payments	-	-	69,516.00	68,507.93
Minus:				
Financial costs	-	-	(1,008.07)	-
Present Value of minimum lease payments	-	-	68,507.93	68,507.93

18. LONG-TERM & SHORT TERM BORROWINGS
a) Long-term borrowings:

The long term portion of borrowings as at December 31, 2018 and December 31, 2017 respectively is as follows:

	December 31,	
	2018	2017
Total of Long term borrowings	<u>62,499,999.99</u>	<u>68,499,999.99</u>
Minus:		
Short term portion of Long term borrowings	<u>6,000,000.00</u>	<u>6,000,000.00</u>
Long term portion	<u>56,499,999.99</u>	<u>62,499,999.99</u>

Balance included in the following loans between the Company and the European Investment Bank:

1. Loan of € 35,000,000.00 for the construction of Container Terminal Pier I, issued on 30/7/2008.

The repayment of the loan will be in thirty (30) semi-annual installments, payable from December 15, 2013 up to and including June 15, 2028. As amended in October 2, 2017 the loan bears an annual interest rate, that is the sum of a variable interest rate and a margin of 0.25% which is payable quarterly.

From this contract there are obligations and restrictions for the Company, the most important of which are summarized as follows: (i) to submit the annual financial statements within 1 month of publication along with a Certificate of Compliance audited by a recognized firm of certified auditors, and (ii) to hold throughout the duration of the loan and until fully repaid, the following financial ratios, calculated on annual financial statements, audited by certified auditors, for each financial year:

1. EBITDA [Profit / (loss) before interest, taxes, depreciation and amortization] / Interest ≥ 3.00
2. Total net bank debt / EBITDA [Profit / (loss) before interest, tax, depreciation, amortization] ≤ 9.80
3. Total shareholders' equity ≥ 140 million

2. Loan of € 55,000,000.00 for the construction of Container Terminal Pier I issued on the 10/02/2010.

The repayment of the loan will be in thirty (30) semi-annual installments, payable from 15 June 2015 up to and including 15 December 2029. As amended in October 2, 2017 the loan bears an annual interest rate, that is the sum of a variable interest rate and a margin of 0.25% which is payable quarterly.

From this contract there are obligations and restrictions for the company, the most important of which are summarized as follows: (i) to submit the annual financial statements within 1 month of publication along with a Certificate of Compliance audited by a recognized firm of certified auditors, and (ii) to hold throughout the duration of the loan and until fully repaid, the following financial ratios, calculated on annual financial statements, audited by certified auditors, for each financial year:

1. EBITDA [Earnings before interest, taxes, depreciation and amortization] / Interest ≥ 3.00
2. Total net bank debt / EBITDA [Earnings before interest, taxes, depreciation, amortization] ≤ 9.80
3. Current assets / current liabilities ≥ 1.2
4. Total shareholders' equity ≥ 140 million.

As at 31 December 2018 the Company was in compliance with the above financial ratios.

On September 26, 2017 a Guarantee Issuance Facility Agreement was signed between the Company and the "Export Import Bank of China", in respect of the issuance of guarantees of an initial amount of € 75,074,999.99 to support the loans from the European Investment Bank outstanding debt. The amount of guarantee is variable and is based on an amortization table linked to the total outstanding balance of both loans agreements. The guarantee bears an issuance fee of zero point six per cent (0.6%) of the relevant maximum guarantee amount. This fee paid for the year ended December 31, 2018 amounted to € 457,619.66 (31 December 2017 € 66,448.66) and is included in financial expenses (Note 26).

For the year ended December 31, 2018 and 2017, total interest expense on long-term borrowings, amounted to € 205,895.14 and € 105,887.60 respectively and is also included in financial expenses (Note 26).

b) Short-term borrowings:

The Company has a credit line available for € 50,000,000.00 with National Bank of Greece valid until September 30, 2019. The credit line bears annual variable interest rates of Euribor, plus margin 3.10%. The Company has not utilised any amount under the overdraft agreement.

19. DIVIDENDS

Dividends paid in 2018 related to fiscal year 2017: The Annual General Assembly of the Company which was held on June 22, 2018 decided the distribution of a dividend related to fiscal year 2017 amounted to € 4,280,000.00 or € 0.1712 per share (31.12.2016: € 2,230,000.00 or 0.0892 per share). The dividend is subject to withholding tax in accordance with the relevant tax rate. The dividend was fully paid on July 25, 2018.

Dividends proposed for the fiscal year 2018: On February 14, 2019 the Board of Directors proposed the distribution of a dividend amounted to € 10,600,000.00 or € 0.424 per share. The final authorization is subject to approval by the Annual General Assembly.

20. ACCRUED AND OTHER CURRENT LIABILITIES

This account is analyzed as follows:

	<u>31/12/2018</u>	<u>31/12/2017</u>
Taxes payable (except Income taxes)	6,551,901.97	2,281,593.35
National insurance and other contribution	2,552,055.74	2,392,501.33
Salaries Payable	389,068.17	294,757.41
Concession Agreement Liability	4,836,573.06	4,138,881.92
Other creditors	1,126,768.39	1,514,693.48
Other Short Term Obligations	1,228,392.96	1,525,889.26
Regulatory Authority for Ports	417,071.82	356,858.84
Greek State committed dividends	804,000.00	804,000.00
Liability to "Loan and Consignment Fund"	1,346,450.35	77,271.48
Customers' payment in advance	5,666,629.38	4,550,351.40
Provision for employee's voluntary retirement incentives	540,000.00	787,500.00
Accrued expenses	<u>2,122,896.56</u>	<u>1,344,402.12</u>
Total	<u>27,581,808.40</u>	<u>20,068,700.59</u>

Taxes Payable: Current period's amount consists of: a) Value Added Tax € 5,105,565.59 (2017: € 961,534.39, b) Employee withheld income tax € 1,281,368.08 (2017: € 1,095,321.01 and c) other third party taxes € 164,968.30 (2017: € 224,737.95).

Concession Agreement Liability: The amount is calculated as 3.5% on total revenues of the year excluding finance income.

Payment in advance: The Company receives payments in advance for services rendered on an ordinary basis, which are then settled on a regular basis. Customer payments in advance amounted to € 5,666,629.38 (2017: € 4,550,351.40). Customer advances include an amount of € 273,874.00 as a liability arising from contracts with customers in the application of the IFRS 15.

Obligation to the Deposits and Loans Fund: The balance relates mainly to the Company's obligation to the Deposits and Loans Fund from the sale of four damaging ships from the port of Piraeus in the current year.

21. DEFERRED INCOME

a) On April 27, 2009 "PCT S.A." paid € 50,000,000.00 as a one-off consideration for the use of port facilities of Piers II and III of SEMPO of PPA (N.3755/2009). From the aforementioned amount, € 2,930,211.41 was offset with the cost of supplies and parts provided by PCT S.A., while the remaining amount of € 47,069,788.59 is amortized over the concession period.

On August 2009, PPA S.A received from PCT S.A. three letters of guarantee amounted to € 61.4 million, € 21.0 million and € 42.0 million respectively for the concession agreement, the upgrade of PIER I and the construction of PIER II respectively. On September 2016, the last letter of guarantee reduced by 50% upon completion of the project construction of the eastern side of PIER III.

The initial concession period is thirty (30) years, which may be increased to thirty five (35) years, provided that PCT S.A. completes the construction of the port infrastructure on the east side of Pier III. Following the transfer of the cumulative amount € 12,439,872.68 on revenue of the years 2009-2018, the new balance at December 31, 2018 amounted to € 34,629,915.91 (2017: € 35,974,767.01).

- b) The Company receives Fixed Annual Consideration from PCT S.A based on the length and surface of conceded land. Fixed Annual Considerations is invoiced in advance in April and October of each fiscal year. As a result the company has recognized as deferred revenue of € 2,210,308.45 and € 2,152,368.65 as at December 31, 2018 and 2017 respectively.

Balance December 31, 2016	39,430,497.87
Less: Amortization of the year – Initial concession	(1,344,851.10)
Less: Deferred Fixed Annual Consideration for the period 1.1.2017-31.3.2017 realized	(2,110,879.76)
Plus: Deferred Fixed Annual Consideration for the period 1.1.2018-31.3.2018	2,152,368.65
Balance December 31, 2017	38,127,135.66
Less: Amortization of the year – Initial concession	(1,344,851.10)
Less: Deferred Fixed Annual Consideration for the period 1.1.2018-31.3.2018 realized	(2,152,368.65)
Plus: Deferred Fixed Annual Consideration for the period 1.1.2019-31.3.2019	2,210,308.45
Balance December 31, 2018	36,840,224.36

- c) Additionally as at December 31, 2018, deferred income includes an amount of € 10,741.81 which relates to the deferred income from rentals.

22. SEGMENT INFORMATION

The Company operates in Greece, regardless of the fact that its clientele includes international companies. Additionally, the Company has no other commercial or industrial activities other than the provision of services solely in the Port area and does not have income or assets from foreign customers (based on the geographical area in which they operate).

The port of Piraeus is a port complex activity, putting work in many areas of port activity, such as containers Car-terminal, shipping, cruise, Ro-Ro, ship repairing, environmental and logistics services.

It is the main port of coastal connecting mainland Greece and the islands, the main cruise port service in the country, the main port container, the main car – terminal port of the country.

PPA S.A. provides all the requested port services: water, fuel oil, solid and liquid slot tankers, jack residual oil, electricity, fiber optics and internet, victuals, repairs, environmental services and is fully connected to all activities with modern computer systems.

The management of PPA S.A. monitors at the level of results of the above activities and takes business decisions based on the implemented internal management information system.

Based on the above and in accordance with the provisions of IFRS 8, the Company has determined to disclose the following segments:

- Container Terminal
- Handling Car
- Coasting
- Cruise
- Ship repairing
- Other segments (water supply, space management, merchandise management)

The other segments include activities representing less than 10 % of total revenue and profit in all segments and therefore are not disclosed as separate operating segments.

The Company level includes revenues and expenses that are not allocated by operating segment because management monitors them at entity level.

Management does not make business decisions and does not monitor periodically the assets and liabilities of the business sectors and for this reason does not make the relevant disclosures as required by the provisions of IFRS 8.

The segment information for the years ended December 31, 2018 and 2017 is analysed as follows:

	CONTAINER TERMINAL		CAR TERMINAL	COASTING	CRUISE	SHIP REPAIRING (TANKS AND DOCK)	OTHER SEGMENTS	COMPANY	TOTAL
	CONTAINER TERMINAL OPERATION	CONSESSION ARRANGEMENT PIER II&III							
31.12.2018									
Revenues	25,119,317.36	56,156,249.05	13,673,252.02	10,675,703.18	10,565,255.12	9,463,939.14	7,277,325.56	-	132,931,041.43
Cost of sales	(33,583,844.20)	(4,432,549.76)	(8,483,092.68)	(6,443,981.25)	(6,664,595.58)	(6,547,676.65)	(7,451,234.56)	-	(73,606,974.66)
Gross profit/(loss)	(8,464,526.84)	51,723,699.29	5,190,159.34	4,231,721.93	3,900,659.54	2,916,262.49	(173,909.00)	-	59,324,066.77
Other expenses	(3,366,107.19)	(7,602,792.41)	(1,860,161.26)	(1,398,185.20)	(1,290,576.10)	(1,460,777.96)	(1,279,899.06)	(3,826,468.04)	(22,084,967.24)
Other income	-	-	-	-	-	1,021,970.19	2,841,724.01	1,393,066.82	5,256,761.02
Financial income	-	-	-	-	-	-	-	836,138.14	836,138.14
Financial expenses	(663,514.81)	-	-	-	-	-	-	(335,970.32)	(999,485.13)
Profit/ (loss) before income taxes	(12,494,148.84)	44,120,906.88	3,329,998.07	2,833,536.73	2,610,083.44	2,477,454.72	1,387,915.95	(1,933,233.40)	42,332,513.56
Income taxes	-	-	-	-	-	-	-	(14,449,753.03)	(14,449,753.03)
Net profit / (loss) after taxes	(12,494,148.84)	44,120,906.88	3,329,998.07	2,833,536.73	2,610,083.44	2,477,454.72	1,387,915.95	(16,382,986.43)	27,882,760.53
Depreciation and amortisation	6,191,443.78	2,433,579.82	526,753.78	1,105,575.92	1,395,735.47	1,196,939.26	1,331,945.91	-	14,181,973.94
(Losses)/Earnings before Interest, Taxes, Depreciation and Amortisation	(5,639,190.25)	46,554,486.70	3,856,751.85	3,939,112.65	4,005,818.31	3,674,393.98	2,719,863.57	(2,433,402.33)	56,677,834.49

	CONTAINER TERMINAL		CAR TERMINAL	COASTING	CRUISE	SHIP REPAIRING (TANKS AND DOCK)	OTHER SEGMENTS	COMPANY	TOTAL
	CONTAINER TERMINAL OPERATION	CONSESSION ARRANGEMENT PIER II&III							
31.12.2017									
Revenues	20,054,626.72	43,940,318.82	12,074,224.07	10,131,386.56	11,443,030.18	6,886,976.78	7,000,273.83	-	111,530,836.96
Cost of sales	(32,372,168.56)	(4,224,792.74)	(8,634,004.63)	(6,810,109.58)	(7,886,793.56)	(5,347,464.08)	(7,500,055.86)	-	(72,775,389.01)
Gross profit/(loss)	(12,317,541.84)	39,715,526.08	3,440,219.44	3,321,276.98	3,556,236.62	1,539,512.70	(499,782.03)	-	38,755,447.95
Other expenses	(2,961,516.33)	(6,354,171.41)	(1,792,914.62)	(1,443,421.59)	(1,603,445.11)	(1,079,440.42)	(1,393,864.34)	(6,406,017.95)	(23,034,791.78)
Other income	-	-	-	-	-	554,900.52	3,127,254.43	1,814,458.36	5,496,613.31
Financial income	-	-	-	-	-	-	-	699,177.13	699,177.13
Financial expenses	(172,884.31)	-	-	-	-	-	-	(556,758.24)	(729,642.55)
Profit/ (loss) before income taxes	(15,451,942.48)	33,361,354.67	1,647,304.82	1,877,855.39	1,952,791.51	1,014,972.80	1,233,608.06	(4,449,140.70)	21,186,804.06
Income taxes	-	-	-	-	-	-	-	(9,897,428.76)	(9,897,428.76)
Net profit / (loss) after taxes	(15,451,942.48)	33,361,354.67	1,647,304.82	1,877,855.39	1,952,791.51	1,014,972.80	1,233,608.06	(14,346,569.46)	11,289,375.30
Depreciation and amortisation	4,735,951.06	3,181,637.59	612,768.41	1,236,618.90	1,645,916.43	1,022,457.27	1,019,963.18	-	13,455,312.84
(Losses)/Earnings before Interest, Taxes, Depreciation and Amortisation	(10,543,107.12)	36,542,992.25	2,260,073.23	3,114,474.29	3,598,707.94	2,037,430.07	2,253,571.24	(4,591,559.59)	34,672,582.32

23. REVENUES

Revenues are analyzed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Revenue from:		
Loading and Unloading	29,675,134.58	24,950,440.21
Storage	3,427,207.63	2,647,269.60
Supply of water	2,492,221.45	2,586,375.57
Dry docking services	5,024,033.69	2,941,501.59
Cruise services	6,610,047.72	6,883,741.55
Ferry services	8,129,724.93	7,631,149.01
Environmental services	2,439,138.66	2,487,216.23
Mooring	9,783,580.32	10,284,548.50
Shipbuilding Repair Zone services	4,439,905.45	3,945,475.41
Other supporting services	4,506,772.21	2,991,682.07
Revenue from concession of liquid wastes' collection and transportation	247,025.80	241,118.44
Total	<u>76,774,792.44</u>	<u>67,590,518.18</u>
Revenue from Fixed and Variable Consideration:		
Revenue from concession agreement Pier II+III	54,751,723.34	42,546,177.13
Other income from concession agreement Pier II+III	1,404,525.65	1,394,141.65
Total	<u>132,931,041.43</u>	<u>111,530,836.96</u>

The increase in revenue from the concession Piers II + III is due to the increase in Consolidated Income of PCT S.A. of the prior contractual year which forms the basis of variable consideration received.

24. ANALYSIS OF EXPENSES

Expenses (cost of sales and administrative expenses) are analyzed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Payroll and employee related costs (Note 28)	55,372,089.74	57,837,060.52
Third party fees	760,790.67	810,940.20
Third party services	15,247,640.43	12,688,604.65
Depreciation- Amortization (Note 27)	14,181,973.94	13,455,312.84
Taxes and duties	926,359.66	820,716.01
General expenses	4,555,367.88	3,944,009.25
Cost of sales of inventory and consumables (Note 9)	2,004,559.45	1,681,953.74
Provision for pending lawsuits (Note 15)	1,088,891.69	(1,075,992.15)
Total	<u>94,137,673.46</u>	<u>90,162,605.06</u>

The above expenses are analyzed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Cost of sales	73,606,974.66	72,775,389.01
Administrative expenses	20,530,698.80	17,387,216.05
Total	<u>94,137,673.46</u>	<u>90,162,605.06</u>

Third party services: For the year ended December 31, 2018 third party services include electricity charges of € 2,397,610.98 (2017: € 2,026,606.92), water supply charges of € 1,473,850.87 (2017: € 1,486,789.32), telecommunication charges of € 313,006.40 (2017: € 363,901.27), rental expenses of € 5,016,153.83 (2017: € 4,327,432.56), insurance expenses of € 1,008,280.11 (2017: € 665,207.19), repair and maintenance costs of € 2,130,350.86 (2017: € 1,287,092.21) and other expenses of € 2,908,387.38 (2017: € 2,531,575.18). Additionally, third party services include the fees of the company "PricewaterhouseCoopers" in Greece for the services provided related to statutory audit fees for the financial statements (€ 117,000.00), tax audit certificate in accordance with article 65A of L. 4174/2013 and the POL 1124/18.06.2015 decision of the General Secretary of Public Revenue of the Ministry of Finance (€ 25,000.00) as well as other non – audit services (€ 66,750.00).

25. OTHER OPERATING INCOME / EXPENSES

OTHER OPERATING INCOME

The amounts are analyzed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Rental income	3,585,525.28	3,426,324.81
Income from European Union programs	343,911.87	644,561.60
Income from disposal of tangible assets	291,633.92	-
Various other operating income	1,035,689.95	1,425,726.90
Total	<u>5,256,761.02</u>	<u>5,496,613.31</u>

Rental income concerns land and building rents as well as the investment properties rent (Note 5).

OTHER OPERATING EXPENSES

The amounts are analyzed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Third parties compensation	396,925.89	792,583.17
Third party fees for development plan	94,411.09	673,900.00
Other expenses	298,284.23	676,414.98
Losses on sale/ write off of fixed assets	8,632.94	21,099.99
Total	<u>798,254.15</u>	<u>2,163,998.14</u>

The prior year third parties compensations relates mainly to several compensations according to court decisions amounted to € 1,366,264.37 for which a provision of € 573,681.20 was utilized.

26. FINANCIAL INCOME/EXPENSES

The amounts are analyzed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Interest income and related financial income	509,233.03	293,760.19
Interest expense and related financial expenses	(999,485.13)	(729,642.55)
	(490,252.10)	(435,882.36)
Interest on debtors late payments	326,905.11	405,416.94
Total	<u>(163,346.99)</u>	<u>(30,465.42)</u>

27. DEPRECIATION AND AMORTISATION

The amounts are analyzed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Depreciation of property, plant and equipment	15,013,825.58	14,313,979.14
Software depreciation	14,671.46	19,727.41
Fixed assets subsidies depreciation (Note 14)	(846,523.10)	(878,393.71)
Total	<u>14,181,973.94</u>	<u>13,455,312.84</u>

28. PAYROLL AND EMPLOYEE RELATED COST

The amounts are analyzed as follows:

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Wages and salaries	42,449,218.30	42,766,456.37
Social security costs	10,531,409.75	10,762,328.46
Other staff costs	1,113,854.49	1,058,587.17
Provision for staff leaving indemnities (Note 16)	772,607.20	746,431.40
Employee retirement incentives	405,000.00	2,503,257.12
Provision for employees bonus	100,000.00	-
Total	<u>55,372,089.74</u>	<u>57,837,060.52</u>

The Company announced during the year the offer of voluntary retirement incentives to those employees who are close to retirement date. Until December 31, 2017, 75 employees have used the incentives (€ 1,715,757.12) and a provision was made for another 35 who announced their intention to use the incentive in 2018 (€ 787,500.00).

During the current year, an additional provision of € 405,000.00 was made for 14 employees and 4 workers, of which 4 employees and 1 worker use the incentives in 2018. In addition, incentives were used by 20 employees and 4 workers for whom the provision was made as of 31 December 2017. The provision for retirement incentives as at 31 December 2018 amounts to € 540,000.00 (note 20).

29. EARNINGS PER SHARE

	<u>1/1-31/12/2018</u>	<u>1/1-31/12/2017</u>
Profit for the year	27,882,760.53	11,289,375.30
Weighted number of shares	25,000,000	25,000,000
Basic Earnings per share	<u>1.1153</u>	<u>0.4516</u>

30. COMMITMENTS AND CONTINGENT LIABILITIES

(a) **Litigation and Claims:** The Company is currently involved in a number of legal proceedings and has various claims of a total amount of approximately € 196.4 million concerning mainly labour disputes and legal proceedings with municipalities around the port, arising in the ordinary course of business. Based on currently available information, management and its legal department believe that the outcome of these proceedings will not have a significant effect on the Company's operating results or financial position, except of the recorded provisions in note 15.

(b) **Liabilities arising from letters of Guarantee:** The Company has issued letters of guarantee amounting to € 20,019,696.51 (December 31, 2017: € 24,919,042.25), of which € 4,546,581.01 (December 31, 2017: € 9,854,530.25) in favor of the General Directorate of Customs (E 'and F' Customs Office) of the Ministry of Economy for the operation of all warehouses for temporary storage of goods PPA S.A.

Under the current concession agreement of 24.06.2016 between the PPA and the Greek Government, has issued a letter of guarantee in favor of the Ministry of Finance General Secretariat of Public Property amounted to € 15,000,000.00.

(c) **Operating leases:**

i) The Company has entered into commercial operating lease agreements for the lease of transportation means. These lease agreements have an average life of 3 to 5 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancellable operating leases as at December 31, 2018 is as follows:

	<u>December 31</u> <u>2018</u>
Within one year	159,182.52
2-5 years	165,367.20
Total	<u>324,549.72</u>

- ii) The Greek State transfers its exclusive right of use and exploitation of port zone land, buildings and facilities of Piraeus Port to the Company until 2052, in exchange of an annual percentage payment based on Company's income . Based on the new Concession Agreement signed on 24.6.2016 the percentage to Greek State increased to 3.5% of the Company's consolidated annual income (except financial income) and the annual minimum payment is € 3.5 million annually. Future minimum concession agreement payable as at December 31, 2018 is as follows:

	<u>December 31</u> <u>2018</u>
Within 1 year	3,500,000.00
Between 1-5 years	14,000,000.00
Over 5 years	101,500,000.00
Total	<u>119,000,000.00</u>

Minimum Future Rents: The minimum future rental income receivable, arising from the existing rental agreements are as follows:

	<u>December 31 2018</u>
Within 1 year	11,370,829.89
Between 1-5 years	40,496,440.94
Over 5 years	200,875,527.32
Total	<u>252.742.798,15</u>

- (d) **Contractual commitments with creditors:** The outstanding balance of the contractual commitments with creditors on significant infrastructure projects (construction, maintenance, improvements, etc.) at December 31, 2018 amounted to approximately € 8.6 million (2017: approximately € 17.9 million).
- (e) **Special Contribution to Social Security Institute (IKA – ETAM):** On November 7, 2011 the Company notified the management of IKA its intention to stop paying the special contribution in favor of the supplementary fund of Company's employees, since after the merger of IKA with IKA – TEAM management of the Company considers that there is no further obligation. From October 2013, The Company decided to cease the payments to those institutions. If the payment of the contribution had not been ceased, then as at December 31, 2018, this liability would have been approximately € 4.9 million (December 31, 2017: approximately € 3.8 million). The management of the Company believes that this contingent liability could be settled without significant adverse effects on its financial position.

(f) Commitments for investments based on concession arrangement: Based on the concession arrangement signed on June 24, 2016 between the Company and Hellenic Republic derives the commitment of the Company to invest in projects into for the port infrastructure within the next five years of a total amount of € 293.8 million. By December 31, 2018, mandatory investments totaling € 51.9 million have been completed.

31. RELATED PARTIES

The Company provides services to certain related parties in the normal course of business. The Company's transactions and account balances with related companies are as follows:

<u>Related party</u>	<u>Relation with the Company</u>	<u>Year ended</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	31.12.2017	43,940,318.78	12,383,475.65
		31.12.2018	56,156,248.99	2,227,919.15
COSCO SHIPPING LINES GREECE S.A.	Related Party	31.12.2017	89,161.90	-
		31.12.2018	122,523.95	2,040.78
PCDC S.A.	Related Party	31.12.2017	-	-
		31.12.2018	37,754.30	-
CHINA COSCO SHIPPING CORPORATION LIMITED	Related Party	31.12.2017	-	-
		31.12.2018	5,850.00	-
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	31.12.2017	-	-
		31.12.2018	-	23,835,000.00
COSCO SHIPPING TECHNOLOGY Co LTD	Related Party	31.12.2017	-	-
		31.12.2018	-	387,400.00
COSCO (HONG KONG) INSURANCE BROKERS L.T.D.	Related Party	31.12.2017	-	385,736.25
		31.12.2018	-	418,306.44
COSCO SHIPPING AIR FREIGHT CO	Related Party	31.12.2017	-	12,976.00
		31.12.2018	-	51,238.78
	Total	31.12.2017	44,029,480.68	12,782,187.90
	Total	31.12.2018	56,322,377.24	26,921,905.15

<u>Related Party</u>	<u>Relation with the Company</u>	<u>Year ended</u>	<u>Amounts due from related parties</u>	<u>Amounts due to related parties</u>
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	31.12.2017	2,530,385.67	5,890.33
		31.12.2018	6,037,259.55	6,475.62
COSCO SHIPPING LINES GREECE S.A.	Related Party	31.12.2017	-	94,616.63
		31.12.2018	86,842.22	-
PCDC S.A.	Related Party	31.12.2017	-	-
		31.12.2018	140.18	6,000.51
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	31.12.2017	7,150,500.00	-
		31.12.2018	-	2,383,500.00
COSCO SHIPPING AIR FREIGHT CO	Related Party	31.12.2017	-	12,976.00
		31.12.2018	-	-
	Total	31.12.2017	9,680,885.67	113,482.96
	Total	31.12.2018	6,124,241.95	2,395,976.13

The revenues and receivables from Piraeus Container Terminal S.A. (PCT S.A.) are related to the fixed and variable revenue from the concession agreement (PIER II & III). The Company PCT S.A. is considered as a related party after the acquisition of the majority stake of PPA S.A. by the COSCO SHIPPING (Hong Kong) Limited on August 10, 2016. Expenses from PCT S.A. related mainly to invoices to PPA S.A. for the construction of the petroleum pier that has been undertaken by a contractor through PCT S.A. (Note 4).

The transaction with COSCO (HONG KONG) INSURANCE BROKERS L.T.D. relates to the sufficient insurance coverage of PPA S.A. regarding third party liability, employer's liability, property and business interruption and directors and officers' liability for the period 1.1-31.12.2018, according to article 17 of the Concession Agreement (Greek Law 4404/2016).

The balance of 2017 with COSCO (Shanghai) SHIPYARD Co LTD relates to a payment in advance for the purchase of a floating dock intended to locate at Perama Ship Repair Yard based on a contract signed on September 4, 2017. The transaction of 2018 with COSCO (Shanghai) SHIPYARD Co concerns the invoicing of the floating dock which was delivered in the current year (Note 4).

Board of Directors Members Remuneration: During the year 2018, remuneration and attendance costs, amounting to € 649,392.61 (2017: € 935,053.17) were paid to the Board of Directors members. Furthermore during the year ended December 31, 2018 emoluments of € 421,635.64 (December 31, 2017: € 434,328.91) were paid to Managers / Directors for services rendered.

32. FINANCIAL INSTRUMENTS

Fair Value: The carrying amounts reflected in the accompanying sheets of financial position for cash and cash equivalents, trade and other accounts receivable, prepayments, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of variable rate loans and borrowings approximate the amounts appearing in the statements of financial position.

The Company categorized its financial instruments carried at fair value in three categories, defined as follows:

Level 1: Quoted (unadjusted) values from active financial markets for identical negotiable assets or liabilities.

Level 2: Other techniques for which all inflows that have a significant impact on the recorded fair value are identified or determined directly or indirectly from active financial markets.

Level 3: Techniques that use inflows that have a significant impact on the recorded fair value and are not based on quoted prices from active financial markets.

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at December 31, 2018 and 2017, the Company held the following financial instruments:

2018	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	62,499,999.99	-	62,499,999.99
2017	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	68,499,999.99	-	68,499,999.99

Credit Risk: There is no significant credit risk for the Company towards the contracting parties, since it receives advance payments or letters of guarantee from customers. In addition, the Company's deposits are lined in bank financial institutions in Greece with the following ratings (Moody's credit rating):

	December 31	
	2018	2017
Caa2	81,037,871.36	20,035,155.87
Caa3	-	41,943,704.30
Total	81,037,871.36	61,978,860.17

Foreign Exchange Risk: The Company is neither involved in international trade nor has any long term loans in foreign currency and therefore is not exposed to foreign exchange risk resulting from foreign currency rate variations.

Interest rate risk: The Company bank loans are expressed in Euro and are subject to floating interest rates. The Company does not use derivatives in financial instruments in order to reduce its exposure to interest rate risk fluctuation as at the balance-sheet date. The Company management believes that there is no significant risk resulting from a possible interest rate fluctuation.

The table below presents and analyses the sensitivity of the result in relation to financial assets (cash on hand and in banks) and financial liabilities (loans) of the Company to the interest rate risk changes assuming a simultaneous change in interest rates by ± 100 basis points.

2018	Accounting values	Interest rate risk	
		+100bips(Euribor)	-100bips(Euribor)
Financial assets			
Cash and cash equivalents	80,937,181.40	809,371.81	(809,371.81)
Effect before income tax		809,371.81	(809,371.81)
Income tax 29%		(234,717.83)	234,717.83
Net effect		574,653.99	(574,653.99)
Financial liabilities			
Long term loans	(62,499,999.99)	(624,999.99)	624,999.99
Effect before income tax		(624,999.99)	624,999.99
Income tax 29%		181,250.00	(181,250.00)
Net effect		(443,749.99)	443,749.99
Total net effect		130,904.00	(130,904.00)

2017	Accounting values	Interest rate risk	
		+100bips(Euribor)	-100bips(Euribor)
Financial assets			
Cash and cash equivalents	61,862,169.21	618,621.69	(618,621.69)
Effect before income tax		618,621.69	(618,621.69)
Income tax 29%		(179,400.29)	179,400.29
Net effect		439,221.40	(439,221.40)
Financial liabilities			
Long term loans	(68,568,507.92)	(685,685.08)	685,685.08
Effect before income tax		(685,685.08)	685,685.08
Income tax 29%		198,848.67	(198,848.67)
Net effect		(486,836.41)	486,836.41
Total net effect		(47,615.01)	47,615.01

Liquidity risk: The effective management of liquidity risk is secured by ensuring maintenance of adequate cash reserves and a possibility for funding if necessary. Corporate liquidity risk management is based on rationale management of working capital and cash flows.

The following table summarizes the maturities of financial liabilities December 31, 2018 and 2017, respectively, under the relevant contracts to non-discounted prices.

Amounts of fiscal year 2018	Current portion	Less than 6 months	6-12 months	1 to 5 years	>5 years	Total
Borrowings	-	3,095,904.79	3,092,357.92	24,574,553.33	32,815,941.24	63,578,757.28
Trade and other payables*	9,299,870.25	14,755,198.65	10,616,006.27	-	-	34,671,075.17
Total	9,299,870.25	17,851,103.44	13,708,364.19	24,574,553.33	32,815,941.24	98,249,832.45

Amounts of fiscal year 2017	Current portion	Less than 6 months	6-12 months	1 to 5 years	>5 years	Total
Borrowings	-	3,100,020.42	3,095,726.25	24,611,220.00	38,909,672.08	69,716,638.75
Leases	5,502.00	27,510.00	36,504.00	-	-	69,516.00
Trade and other payables*	5,852,730.91	10,214,718.93	7,688,995.91	-	-	23,756,445.75
Total	5,858,232.91	13,342,249.35	10,821,226.16	24,611,220.00	38,909,672.08	93,542,600.50

* Trade payables do not have interest and are settled in up to 60 days. Other payables also do not bear any interest and are settled in up to 12 months.

Capital Management

The primary objective of the Company's capital management is to ensure the maintenance of high credit rating, and healthy capital ratios in order to support and expand the Company's operations and maximize shareholder value. The Company's policy is to maintain leverage targets, according to an investment grade profile. The Company monitors capital adequacy using the ratio of net debt to operating profits, which should be lower than 9.80 based on the loan agreements (Note 18). The net debt includes interest-bearing loans, less cash and cash equivalents, while the operating profit including profit/ (loss) before taxes, financing costs and depreciation.

	December, 31	
	2018	2017
Long-term borrowings	56,499,999.99	62,499,999.99
Short-term borrowings	6,000,000.00	6,000,000.00
Leases	-	68,507.93
Total Debt	62,499,999.99	68,568,507.92
Earnings before interest, tax, depreciation and amortization (EBITDA)	56,677,834.49	34,672,582.32
- Total Debt / EBITDA	1.10	1.98

33. SUBSEQUENT EVENTS

There are no other significant events subsequent to December 31, 2018 which would influence materially the Company's financial position.

Piraeus, February 14, 2019

CHAIRMAN OF THE BOARD OF
DIRECTORS
And
MANAGING DIRECTOR

MEMBER OF THE BOARD OF
DIRECTORS

FINANCIAL MANAGER

FU CHENGQIU
Passport No E92044606

FENG BOMING
Passport No PE0484459

IOANNIS KOUKIS
License No. O.E.E. 0007437
A' Class



PIRAEUS PORT AUTHORITY S.A

Annual Financial Report for the year ended December 31, 2018

(amounts in Euro unless stated otherwise)

WEBSITE PLACE OF UPLOADING THE FINANCIAL REPORT

The annual financial report of the Company, the independent auditor's report and the Management Reports are available to the website www.olp.gr.