



PIRAEUS PORT AUTHORITY S.A

**SIX-MONTH
FINANCIAL REPORT
FOR THE PERIOD**

JANUARY 1 – JUNE 30, 2019

IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
(AS ADOPTED BY THE EUROPEAN UNION)

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Statements of the Members of the Boards of Directors**(in accordance with article 5 par. 2 of L. 3556/2007)**

The following statements, which are effected in accordance with article 5 par. 2 of the L. 3556/2007, as applicable, are given by the following Members of the Board of Directors of the Company:

1. YU Zeng Gang , Chairman of the Board of Directors
2. FU Chengqiu, Chief Executive Officer
3. ZHU Jianhui, Member of the Board of Directors

The undersigned, in our above-mentioned capacity, and in particular the third as specifically appointed by the Board of Directors of the societe anonyme company under the name “Piraeus Port Authority Societe Anonyme” and trade title “PPA S.A.” (hereinafter referred to as “Company” or as “PPA”), we state and we assert that to the best of our knowledge:

- (a) the interim condensed financial information of the Company for the period from January 1, 2019 to June 30, 2019, which were compiled according to the applicable International Financial Reporting Standards as adopted by the EU, 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 5 of the L.3556/2007 and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.
- (b) the Report of the Board of Directors of the Company 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 they face and relevant information that is required according to paragraphs 6 of article 5 of the L. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Piraeus, September 26, 2019

YU ZENG GANG

FU CHENGQIU

ZHU JIANHUI

Chairman of the
Board of Directors
Passport No SE0235952

Chief Executive Officer
Passport No E92044606

Member of the
Board of Directors
Passport No PE0844394

BOARD OF DIRECTORS' REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION
of
«PIRAEUS PORT AUTHORITY S.A. -OLP S.A.»
(according to the regulations of par. 6 of article 5 of L. 3556/2007)

Regarding the Interim Condensed Financial information
for the six month period ended June 30, 2019

The Board of Directors report on the interim condensed financial information was compiled and is in accordance with the prevailing legislation (par. 6 art. 5 of L.3556/2007) and the administrative decisions of the Capital Market Commission's Board of Directors (1/434/3-7-2007, 7/448/11-10-2007).

The report aims to inform investors about:

- The financial status, results and the general prospects of the Company for the aforementioned period as well as changes that were made.
- The most important events that took place in the first semester of the current financial period and their effect on the half year financial reports.
- The risks and uncertainties that may arise for the company within the 2nd semester of 2019.
- The transactions and balances between the Company and any related parties, as well as the Board of Directors members' remuneration.

A. REPORT ON 1ST SEMESTER 2019

Period results:

Statement of comprehensive income

i. Revenues

Total revenue for the first half amounted to € 70.6 million and compared to the corresponding period of 2018 (€ 63.5 million) has increased by € 7.1 million or 11.2%. This increase was mainly due to the significant increase in revenue from the concession agreement of Pier II+III, cruise sector revenue, coasting sector revenue and a significant increase in ship repairing sector revenue by 18.6%, 14.6%, 6.8% and 41.2% or by € 5.0 million and € 0.6 million and € 0.3 million and € 1.9 million respectively. The increase was offset by a decrease in container terminal sector revenue by 9.7% or € 1.2m.

ii. Other income

Other operating income for the period amounted to € 2.9 million and compared to the corresponding period of 2018 (€ 2.5 million) has increased by € 0.4 million or 16.0%. The change was mainly due to an increase in rental income of € 0.2 million, as well as revenue from credit debtor's balances write-offs and confiscation of letters of guarantee by € 0.2 million and € 0.1 million respectively. The increase was mainly offset by a € 0.2 million decrease in EU program revenue.

iii. Expenses

The key operating costs were the staff costs which in the 1st semester of 2019 decreased to € 28.0 million from € 28.8 million in the 1st semester of 2018. The decrease was mainly due to the decrease of headcount relating to voluntary retirement incentives to those employees who have been entitled to retirement with any provisions and according to specific conditions set by the administration (Note 25).

As far as the other non-personnel costs are concerned, the largest increase being in the "Utilities" of € 0.5 million, mainly due to the increase in repairs and maintenance of buildings and floating vehicles. In addition, other expenses have increased by € 0.4 million of which € 0.2 million relates to promotion and advertising costs and € 0.2 million relates to port security costs.

The Greek State Concession Agreement Fee decreased significantly by € 1.6 million due to the application of IFRS 16 (Note 17).

There was a significant increase in the estimate for legal cases for which a provision of € 3.1 million was made during the current period compared to € 1.3 million for the corresponding six month period of 2018. In addition, a provision of € 0.5 million was reversed during the current period, whereas in the same period last year the amount was € 1.6 million.

Depreciation increased during the current period, amounting to € 8.5 million (30.06.2018: € 7.0 million), mainly due to the depreciation of the right-of-use assets by € 1.0 million from the application of IFRS 16 as well as additional depreciation on tangible fixed assets for the additions of the current period.

iv. Net impairment losses on financial assets

Provisions for trade and other receivables related to expected credit losses based on the Company's accounting policy in accordance with IFRS 9 were reduced by € 0.5 million.

v. Other Operating Expenses

Other operating expenses for the period amounted to € 0.6 million and compared to the corresponding period of 2018 (€ 0.4 million) have increased by € 0.2 million. The increase was mainly due to the increase in compensation paid to third parties.

Statement of financial position

i. Total Assets

Total assets as at 30.06.2019 amounted to € 467.1 million increased by 18.2% or € 72.0 million at (31.12.2018: € 395.1 million).

The increase in total assets was mainly due to the increase in the right-of-use assets of € 63.9 million due to IFRS 16 application as of 1.1.2019, trade and other receivables by € 5.8 million as well as cash and cash equivalents by € 7.6 million. This increase was offset by a € 5.1 million decrease in the unamortized tangible fixed assets.

ii. Total Liabilities

Total liabilities as at 30.06.2019 amounted to € 252.9 million (31.12.2018: € 186.2 million).

The change in total liabilities was mainly due to the following changes in the following sub-items, namely:

- Increase in lease liabilities by € 66.1 million due to application of IFRS 16.
- Increase of provisions by € 1.9 million (Note 13)
- Increase in income taxes payable by € 5.8 million.
- Reduction of bank debt by € 3.0 million due to the repayment of two installments of the long-term loan
- Reduction of suppliers by € 2.0 million
- Reduction of accrued and other liabilities by € 1.1 million.
- Reduction of grants by € 0.4 million.
- Reduction of provisions for staff compensation by € 0.2 million.

Alternative Performance Measures (APMs):

Financial Structure ratios			<u>30.06.2019</u>		<u>31/12/2018</u>
1. Current assets	1.		113,625,501.61		99,873,195.83
Current liabilities			52,996,803.67	2.14	49,267,425.57
2. Borrowings and lease liabilities	2.		125,609,194.47		62,499,999.99
Total equity			214,219,162.64	0.59	208,945,554.16
Performance and efficiency ratios			<u>30.06.2019</u>		<u>30.06.2018</u>
3. EBITDA	3.		31,697,678.46		25,729,711.88
Revenue			70,578,809.83	0.45	63,514,414.55

The Company uses as Alternative Performance Measures (“APMs”) the above ratios in the context of making decisions concerning its financial, operational and strategic planning, as well as assessing and publishing its performance. These APMs help to understand better 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. Highlights of the 1st semester 2019

- **Major achievements**

Signing of a Memorandum of Understanding between Piraeus and the Ports of Venice and Chioggia to strengthen the cargo flows.

The two parties commit themselves in establishing a stable and mutual cooperation, in order to develop their port services, aiming at fostering the commercial flows between Europe, the Mediterranean and the Far East via the two ports. The common target is to improve the performance of the two ports, which serve as fundamental networks in the upcoming international maritime connections along the new Silk Road.

Awarding special prize in the "Environment" category at the 4th Annual Sustainability Summit 2019

PPA S.A. has developed and implements a specific environmental policy, intending at the same time to the continuous improvement of its environmental performance, following the European and international standards, aiming at the environmental protection and conservation of natural resources.

Signing of New Collective Labor Agreement

New Collective Labor Agreements were signed with the representatives of the Dockworkers’ Union as well as the Union of Supervisors & Foremen of Piraeus Port Authority, after negotiations. After this, Collective Agreements with all categories of PPA employees have been signed. The good relationship between Management and employees is confirmed and we are all moving forward together as a family for the achievement of Company’s objectives.

Welcome to newly-built cruise ships at the port of Piraeus

Some of the biggest and most luxurious cruise ships of the world called at the port of Piraeus, such as the "SPECTRUM OF THE SEAS" (348 meters long and a capacity of 4,246 passengers), the "BOUGAINVILLE" (was built in April 2019), the "Mein Schiff 6" (300 meters long), the "Celebrity Infinity".

Completion of the PPA S.A. Corporate Responsibility Report 2018

The Corporate Responsibility Report of PPA S.A. presents in detail all the responsible actions and policies that the company implements, as well as its positive impact on the wider society, the environment, the local and national economy, adopting the most modern and strict standards of transparency in Sustainable Development and Corporate Responsibility. PPA S.A. presented its first Corporate Social Responsibility Report for 2018 in June 2019. This report is available on the Company's website www.olp.gr.

Significant award for PPA's Car Terminal

In June 2019, the European Safe Cargo Working Promotion Committee (SCWPC) of the Japanese company NYK awarded PPA's Car Terminal, certifying that it achieved zero damages in the year 2018.

C. Evolution of Business Activities.**Cruise**

Cruise passenger traffic in the first half of 2019 recorded an increase over the corresponding period of 2018, both for homeport passengers (+ 20.1%) and for transit passengers (+ 4.9%). As a result, total passenger traffic in the first half of 2019 increased by 10.7% over the corresponding period of 2018, from 336,712 to 372,622 passengers. The increase in passenger traffic and cruise arrivals is a result of the gradual increase in cruise ships in the Greek islands in combination with the aggressive attraction policy implemented by the Company over the last two years.

Coastal Shipping

The number of total passenger traffic increased by 3% from 6.58 to 6.78 million passengers compared to the previous year, while vehicle traffic increased by 1.7% from 1.20 million to 1.23 million vehicles. More specifically, the increase in passenger service was due to the increase in the number of domestic lines (+5.3%) and Argosaronic (+5.4%). The movement of the Salamis ferry line (+0.8%) and the economic unstained lines (+0.4%) did not show a significant change. Piraeus continues to be Europe's largest passenger port to this day and is a critical hub for islands of the Aegean archipelago with inland, helping to maintain the country's social cohesion.

Car Terminals

In the first half of 2019, traffic at the car terminals decreased by 11.0%. This decrease was due to a decrease in transshipment traffic (-15.9%) as the handling of import vehicles registered a marginal increase (+0.8%). Reduced cargo traffic is a result of the slowdown in sales in Europe as well as economic instability in Turkey, which is a large producer and consumer country. Domestic vehicle sales in the last three years have seen double-digit growth rates. The slowdown in terminal traffic growth in the first half of 2019 is estimated to be due to a postponement of consumer purchasing decisions and political elections in the country as car registrations are up 5.2% in the first half.

Container Terminal

Traffic at the Container Terminal of Pier I in the first half of 2019 reached 196,669 TEU, recording a 22.4% decrease over the corresponding period of 2018. This reduction is due to the decrease of transshipment cargo (-28.8%), despite the fact that the domestic (imports and exports) cargo increase by 5.6%. The overall reduction in cargo traffic relates to industry competition and to the terminal's reduced capacity due to extensive infrastructure maintenance projects.

Ship Repair

During the first half of 2019, drydock usage days recorded a +15% increase with drydocked ships up 13% over the corresponding period of 2018. It is noted that the comparison is not entirely accurate, as the "Piraeus II" drydock was under maintenance in 2019, whereas "Piraeus III" was not available in the first half of 2018. However, the overall increase in working days indicates that intensive efforts to attract work are yielding result and will gradually put Perama back on the list of shipping companies as a reliable and quality choice.

D. Environmental, Social, Working Issues

D.1. Care for the Environment

PPA S.A., as a member of the European EcoPorts Network, implements an environmental management program certified according to the European Environmental System focused in port sector: PERS (Port Environmental Review System), established by the European Sea Ports Organization (ESPO).

Within the framework of the PERS environmental management system, PPA S.A. has developed and implements a specific environmental policy and maintains an updated record of the environmental parameters related to the company's activities. In accordance with European and International standards, PPA S.A. aims at the continuous improvement of its environmental performance, by protecting the environment and preserving natural resources for future generations as follows:

- I. Environmental quality monitoring programs across the port area related to:
 - Audible environment: noise measurements twice a year.
 - Air pollution: Permanent air quality measurement station and 24-hour recording and use of computational simulations of emissions and dispersion of air pollutants.
 - Marine environment: sea water quality measurements twice a year.

- II. Integrated waste management system produced in areas of PPA, which includes:
 - Separate management of all generated waste streams,
 - Recycling of packaging (paper, aluminum, plastic, tetrapak) through the use of a dense network of collection points in passenger terminals and other areas of the port,
 - Segregation of waste in order to keep environmental indicators by activity.

- III. Ship-generated Waste Management Plan in accordance with the European Directive 2000/59 and the International Convention on Marine Pollution 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.
- IV. Contingency plans for the prevention and preparedness of response to marine and land pollution from petroleum products and harmful substances and daily monitoring of the purification of the marine and terrestrial area of the PPA S.A.

D.2. Social Responsibility

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 its society and especially the creation of added value for the communities that surround it.

PPA S.A. activities, with regards to aiding the community, are related with:

- Boosting employment and the local economy.
- Economic support of social groups through ongoing (monthly) support of social institutions of neighboring municipalities.
- Facilitating the charitable effort of the Holy Metropolis of Piraeus.
- Aiding orphanages, special schools, sports clubs and cultural associations of Piraeus Region.

D.3. Care for the employees

Health and Safety in the working environment

The Company attributes utmost importance to the provision of safe workplaces to employees, traders, passengers etc.

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

PPA S.A. 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, two (2) safety engineers, one of them exclusively for the needs of NEZ 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 taken in order for the accidents not to be repeated.

Additionally, at high-risk areas (Container Terminal and Perama Shipyards Zone) two ambulances with trained rescue personnel remain installed and available on a 24-hour basis, enforcing the contract (financial object of € 416,000) for the «provision of emergency pre-hospital care for two years through the staffing of the two (2) ambulances of the PPA AE».

Training

Education is PPA's development objective to improve the service and increase productivity.

PPA S.A. is planning employee training programs, in which they are invited to participate at the expense of the Company and is establishing an Annual Training Program which is formed by the Human Resources Dept. This Annual Training Program is either a result of the Department's call to all Departments to submit requests-proposals for training seminars' conduction for their staff or anytime throughout the year if it is considered necessary.

The approval for the implementation of the Annual Training Program is taken by Management. In cases where the conduct of a seminar can be integrated into subsidized programs by LAEK 0,24% the Human Resources Department carry out appropriate actions to take that grant.

In the 1stsemester of **2019**, we had **179** participations of PPA's employees in **14** in & out - house seminars (in total duration 706 hours).

Seminars involving staff training (employees , technicians and dockworkers) are related mainly on Safe Handling of Machinery and Heavy Vehicles, ISO Certification, Law - Economics – Taxes, Internal Audit Issues Information Technology, Inspection of Lifting Machines, ADR (transport of dangerous goods by truck), First Aid and Health & Safety in work.

58 officers participated in Chinese language courses – which continue for 2nd year-of which 12 - - gave exams for language's certifications (HSK1 and HSK2) at the expense of the Company.

In total, the above educational programs covered approximately **24, 35%** of the total budget approved for 2019.

Respectively the 1stsemester of **2018** we had **155** participations of PPA's staff in **15** in & out –house seminars and **1** In-house training for Safe Handling of Machinery and Heavy Vehicles.

The educational programs for the 1st semester of **2018** had covered approximately **39%** of the total year's budget.

D.4. Certifications & Implementation of Standards and other requirements

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

PPA SA 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 Container Terminal services
- Management of Logistics center
- Port Construction & Maintenance Projects Management

In 2019 the effectiveness of the applied Integrated Quality & Environmental Management System was evidenced during the certification audit performed by Lloyd's Register (LR) and both certifications were renewed for the next three (3) years.

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 SA 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 that emerge in daily operation activities.

PPA SA has adopted an Integrated Quality & Environmental Policy which is available for 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 SA 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 the assessment of the impact port activities pose or may pose to the environment.

Also, internal audits are 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)

2019 is the year of preparation for the implementation of an Energy Management System at all port activities as per the ISO 50001:2018 requirements. The aim is to achieve energy saving and reduce operational cost.

Global Reporting Initiative (GRI) Standards for Corporate Social Responsibility Reporting

The Corporate Social Responsibility Report has been prepared in accordance with GRI standards.

Preparation for AEO license

The preparation process for PPA to become an Authorized Economic Operator (AEO/ Customs Simplifications/Security and Safety) is in progress. The submission of the application has been scheduled for the 2nd Semester 2019.

D.5.Participation in European Financed Programs

In the 1st semester of 2019, PPA SA participates in ten (10) European R&D co-funded projects, which are under implementation process:

1	CEF	Poseidon MED II	Poseidon MED II
2	MED	PROTeuS	PROMoting security and safeTy by crEating a MED cluster on Maritime Surveillance
3	H2020	SAURON	Scalable multidimensionAl sitUation awaReness sOLution for protectiNg european ports
4		SSEE	Shielding South-East Europe from CBRN-E threats
5	ADRION	SUPAIR	SUstainable Ports in the Adriatic Ionian Region
6	ADRION	SUPER-LNG	SUstainability PERformance of LNG-based maritime mobility
7	ADRION	NEORION	Green ShipBuilding
8	ADRION	MultiAPPRO	Multidisciplinary approach and solutions to development of intermodal transport in region
9	H2020	TRESSPASS	robust Risk basEd Screening and alert System for PASSengers
10	H2020	PIXEL	Port IoT for Environmental Leverage

Within 2019, the following projects passed successfully the whole evaluation procedure and their development is going to start in the 2nd semester of 2019. PPA S.A. participates as a partner in both of them.

1	H2020	D4Fly	Detecting Document frauD & iDentity on the fly
2	CEF	Green C Ports	Green and Connected Ports (GREEN C PORTS)

Within the 1st semester of 2019, the following proposals related with HORIZON2020 and MED programs and which PPA S.A. participates as a partner passed successfully the 1st phase of evaluation. The final evaluation is expected by the end of 2019

1	H2020	droNoesis	Intelligent Drones Network for Safety and Security Operations, Environmental Sensing and Asset Inspection in Ships and Ports
2	H2020	MDRONES	DRONE-based Socially-acceptable technologies and business models for enhancing safety and operations in a multimodal transport ecosystem
3	MED	CRUISE_TOURMED	Enhancing CRUISE sector to support sustainable TOURism in MED area

E. Prospects and expected developments, Main Risks and Uncertainties in the 2nd semester.

The nature of PPA's business activities depends on a wealth of domestic and external macroeconomic and geopolitical data with a focus on the countries of the Southeastern Mediterranean and the countries served through the port of Piraeus. It is further affected by developments in the global port industry in general, as well as the development of individual port activities that are largely related to both PPA's investment program and the level of service provided to port users.

In the commercial port (container and car terminals) in addition to further highlighting the strategic advantage of the port's geographical location as a transshipment hub at the crossroads of three continents, the main challenges come from the international trading environment. The impact of trade tension between the US and China, directly or indirectly, negatively impacts global growth¹. However, it mainly has a negative impact on the demand for durable consumer goods which negatively impacts container and car shipping lines. The overcapacity in the ship container sector is increasing the pressure to reduce port charges. At the same time, capacity consolidation through acquisitions and alliances is reducing potential port customers. In this context, Piraeus enjoys a privileged position as a transshipment hub for the largest shipping companies and alliances. An important advantage is also the fact that COSCO SHIPPING, whose subsidiary is COSCO SHIPPING LINES Company, the 3rd largest shipping company and member of the Ocean Alliance, holds the majority of shares in PPA. At the same time, however, the rapid growth in attraction of new customers over the last decade has created the need for new infrastructure expansion which will allow further strengthening of the port's leading role.

In the car terminal sector, vehicle sales in Europe declined by 3.1% in the first half of 2019² as a result of relatively modest economic growth. This adversely affects traffic volumes and increases the storage time at port terminals and the economic efficiency of port infrastructure. In this context, Piraeus records a reduction in cargo traffic without affecting the long-term positive outlook based on the strategic position of the port serving the coastal countries of three continents. On the other hand, as Greece gradually recovers after almost a decade of financial crisis, both vehicle registrations³ (+5.2%) and consumer spending⁴ are on the rise. Given the deferred demand following the end of the political elections, the outlook for domestic car traffic is estimated to be positive.

In the cruise sector, the geopolitical situation in the eastern Mediterranean continues to pose challenges. Economic instability and geopolitical developments in Turkey do not allow demand and supply of destinations to match. As a result, cruise liners have increased in the western Mediterranean and at the same time tonnage and itineraries have shifted between the Adriatic and the Aegean islands.

¹ IMF (2019). *Still Sluggish Global Growth*. WORLD ECONOMIC OUTLOOK REPORTS. [online] Available at: <https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEOupdateJuly2019> [Accessed 30 Jul. 2019].

² ACEA (2019). *Passenger car registrations*. [online] Available at: <https://www.acea.be/press-releases/article/passenger-car-registrations-3.1-first-half-of-2019-7.8-in-june> [Accessed 30 Jul. 2019].

³ ASSOCIATION OF MOTOR VEHICLE IMPORTERS-REPRESENTATIVES (2019). *PC and Taxi cars registrations per month*. [online] Available at: <https://www.seaa.gr/en/statistics/registrations> [Accessed 30 Jul. 2019].

⁴ EUROSTAT (2019) *GDP and main components (output, expenditure and income)*, [online] Available at: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10_gdp&lang=en [Accessed 30 Jul. 2019]

This rearrangement poses challenges for Piraeus in the short term which is tackled with an aggressive sales policy and coordination of actions within institutions at regional and Mediterranean levels. At the same time, however, this situation provides the time needed to develop the planned cruise infrastructure and restructure services so that Piraeus is in the centre of the eastern Mediterranean cruise at the normalization phase. The results of the Company's actions increased arrivals in 2019 versus 2018 and a further increase in cruise ship reservations is recorded for 2020.

In the field of ship repairing, figures for the first half of the year show an increase due to increased availability of drydocks and increased demand from ships. This trend is expected to continue in the second half of the year, driven by the demand for services that are now integrating Piraeus into potential options as well as the need for ships to adapt to the 2020 sulphur emissions regulations.

In the first half of the year, coastal traffic volumes recorded an increase, which is expected to be maintained during the peak months, contributing to the corresponding financial improvement. At the same time, however, the increase in fuel prices is expected to have a negative impact on both the cost of service of the ferry companies and the competitiveness of the fleet vis-à-vis the airline and therefore remains a challenge for the future.

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 placed in bank financial institutions in Greece with ratings Caa2 (Moody's credit rating).

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 fluctuations.

Interest rate risk: The Company's bank loans are in Euro at 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.

PIRAEUS PORT AUTHORITY S.A

Six-month Financial Report for the period ended June 30, 2019

(amounts in Euro, unless stated otherwise)

F. 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:

Related party	Relation with the Company	Period ended	Sales to related parties	Purchases from related parties
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	30.06.2018	26,833,105.23	1,169,212.07
		30.06.2019	31,824,912.58	-
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	30.06.2018	-	23,835,000.00
		30.06.2019	-	(145,000.00)
COSCO SHIPPING LINES GREECE S.A.	Related Party	30.06.2018	61,043.29	1,000.00
		30.06.2019	2,088.15	-
PCDC S.A.	Related Party	30.06.2018	20,044.93	-
		30.06.2019	17,749.47	-
COSCO SHIPPING TECHNOLOGY CO LTD.	Related Party	30.06.2018	-	-
		30.06.2019	-	37,099.25
COSCO SHIPPING AIR FREIGHT CO.	Related Party	30.06.2018	-	-
		30.06.2019	-	5,295.97
COSCO (HONG KONG) INSURANCE BROKERS L.T.D.	Related Party	30.06.2018	-	418,306.44
		30.06.2019	-	124,457.62
	Total	30.06.2018	26,914,193.45	25,423,518.51
	Total	30.06.2019	31,844,750.20	21,852.84

Related party	Relation with the Company	Year/Period ended	Amounts due from related parties	Amounts due to related parties
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	30.06.2019	10,152,927.64	-
		31.12.2018	6,037,259.55	6,475.62
COSCO SHIPPING LINES GREE S.A.	Related Party	30.06.2019	619.63	-
		31.12.2018	86,842.22	-
		30.06.2019	186.11	6,000.51
PCDC S.A.	Related Party	31.12.2018	140.18	6,000.51
		30.06.2019	-	-
COSCO (Shanghai) Shipyard Co LTD	Related Party	31.12.2018	-	2,383,500.00
	Total	30.06.2019	10,153,733.38	6,000.51
	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). 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 to invoices to PPA S.A. for the construction of the petroleum pier that has been undertaken by a contractor through PCT S.A. Additionally, PPA S.A. has received from PCT S.A. letters of guarantee for the concession agreement, the upgrade of PIER I and the construction of PIER II (Note 18).

The transaction with COSCO (HONG KONG) INSURANCE BROKERS L.T.D. relates to the 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 1.1-31.12.2019, according to article 17 of the Concession Agreement (Greek Law 4404/2016).

The transaction with COSCO (Shanghai) SHIPYARD Co LTD relates to a credit invoice issued to PPA SA. from the purchase of the floating dock. The balance with COSCO (Shanghai) SHIPYARD Co LTD of the previous year relates to the purchase of the floating dock for the Perama Shipbuilding Zone, which was paid in the current period.

Board of Directors Members' Remuneration: For the period ended on June 30, 2019, remuneration and attendance costs, amounting to 331,246.11 (June 30, 2018: € 288,286.78) were paid to the Board of Directors' members. Furthermore, during the period ended June 30, 2019 emoluments of € 291,448.20 (June 30, 2018: € 178,615.10) were paid to Managers/Directors for services rendered.

G. GOING CONCERN DISCLOSURE:

The Board of Directors having taken into account:

- the Company's financial position;
 - the risks facing the Company that could impact its business model and capital adequacy;
- and
- the fact that no uncertainties are identified to the Company's ability to continue as a going concern in the foreseeable future and in any event over a period of at least twelve months from the date of approval of the Interim Condensed Financial Information and states that it considers it appropriate for the Company to continue to adopt the going concern basis in preparing its Financial Statements and that no uncertainties are identified to the Company's ability to continue to adopt the going concern basis in preparing its Financial Information in the foreseeable future and in any event over a period of at least twelve months from the date of approval of Interim Condensed Financial Information.

Piraeus, September 26, 2019

THE CHAIRMAN OF THE BoD

YU Zeng Gang



[Translation from the original text in Greek]

Report on Review of Interim Financial Information

To the Board of directors of Piraeus Port Authority S.A.

Introduction

We have reviewed the accompanying condensed statement of financial position of Piraeus Port Authority S.A. (the "Company"), as of 30 June 2019 and the related condensed statements of comprehensive income, changes in equity and cash flow statements for the six-month period then ended, and the selected explanatory notes that comprise the interim condensed financial information and which form an integral part of the six-month financial report as required by L.3556/2007.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as they have been transposed into Greek Law and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on other legal and regulatory requirements

Our review has not revealed any material inconsistency or misstatement in the statements of the members of the Board of Directors and the information of the six-month Board of Directors Report, as defined in articles 5 and 5a of Law 3556/2007, in relation to the accompanying condensed interim financial information.



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

Athens, 26 September 2019
The Certified Auditor

Despina Marinou
SOEL Reg. No. 17681

PIRAEUS PORT AUTHORITY S.A

Interim Condensed Financial Information for the period ended June 30, 2019
(amounts in Euro, unless stated otherwise)

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2019

	<u>Notes</u>	<u>01.01-30.06.2019</u>	<u>01.01-30.06.2018</u>
Revenue	20	70,578,809.83	63,514,414.55
Cost of sales	21	(36,543,944.48)	(36,758,352.38)
Gross profit		34,034,865.35	26,756,062.17
Administrative expenses	21	(12,855,080.08)	(9,298,190.47)
Net impairment losses on financial assets	8	(300,000.00)	(818,010.36)
Other operating expenses	22	(622,359.74)	(420,607.04)
Other operating income	22	2,907,917.43	2,548,999.87
Financial income	23	428,586.91	401,034.76
Financial expenses	23	(1,721,115.60)	(470,687.43)
Profit before income taxes		21,872,814.27	18,698,601.50
Income taxes	6	(5,998,141.00)	(5,438,991.84)
Net profit after taxes (A)		15,874,673.27	13,259,609.66
Net other comprehensive income not to be reclassified in profit or loss in subsequent period:			
Actuarial losses	14	(1,438.90)	(30,571.98)
Income taxes	6	374.11	8,865.87
Other total comprehensive income after tax (B)		(1,064.79)	(21,706.11)
Total comprehensive income after tax (A)+(B)		15,873,608.48	13,237,903.55
Profit per share (Basic and diluted)	26	0.6350	0.5304
Weighted Average Number of Shares (Basic)	26	25,000,000	25,000,000
Weighted Average Number of Shares (Diluted)	26	25,000,000	25,000,000

The accompanying notes are an integral part of the Interim Condensed Financial Information

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	<u>Notes</u>	<u>30.06.2019</u>	<u>31.12.2018</u>
ASSETS			
Non current assets			
Property, Plant and Equipment	4	276,605,779.58	281,669,458.07
Right-of-use assets	3	63,919,675.75	-
Investment property		734,338.38	734,338.38
Intangible assets		94,707.32	93,925.91
Other non-current assets	5	3,945,660.32	4,230,103.64
Deferred tax assets	6	8,219,644.36	8,531,222.40
Total non current assets		<u>353,519,805.71</u>	<u>295,259,048.40</u>
Current assets			
Inventories	7	2,942,294.21	2,628,799.47
Trade Receivables and other receivables	8	21,936,602.92	16,093,947.48
Restricted cash	9	213,267.48	213,267.48
Cash and cash equivalents	9	88,533,337.00	80,937,181.40
Total Current Assets		<u>113,625,501.61</u>	<u>99,873,195.83</u>
TOTAL ASSETS		<u>467,145,307.32</u>	<u>395,132,244.23</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	50,000,000.00	50,000,000.00
Other reserves	11	79,290,219.65	79,290,219.65
Retained earnings		84,928,942.99	79,655,334.51
Total equity		<u>214,219,162.64</u>	<u>208,945,554.16</u>
Non-current liabilities			
Long-term borrowings	15	53,499,999.99	56,499,999.99
Lease liabilities	3	65,013,608.82	-
Government grants	12	16,617,498.85	17,049,861.32
Reserve for staff retirement indemnities	14	11,419,957.79	11,637,337.02
Provisions	13	16,827,380.28	14,881,101.00
Deferred income	18	36,550,895.28	36,850,965.17
Total Non-Current Liabilities		<u>199,929,341.01</u>	<u>136,919,264.50</u>
Current Liabilities			
Trade accounts payable		5,108,773.39	7,089,266.76
Short term of long term borrowings	15	6,000,000.00	6,000,000.00
Lease liabilities	3	1,095,585.66	-
Income tax		14,348,613.15	8,596,350.41
Accrued and other current liabilities	17	26,443,831.47	27,581,808.40
Total Current Liabilities		<u>52,996,803.67</u>	<u>49,267,425.57</u>
Total liabilities		<u>252,926,144.68</u>	<u>186,186,690.07</u>
TOTAL LIABILITIES AND EQUITY		<u>467,145,307.32</u>	<u>395,132,244.23</u>

The accompanying notes are an integral part of the Interim Condensed Financial Information

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2019

	Notes	Share capital	Statutory reserve (Note 11)	Other reserves (Note 11)	Retained earnings	Total
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)		-	-	-	(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
Net profit after taxes		-	-	-	13,259,609.66	13,259,609.66
Total comprehensive income after income taxes of the period		-	-	-	(21,706.11)	(21,706.11)
Total comprehensive income after income taxes		-	-	-	13,237,903.55	13,237,903.55
Dividends 2017	16	-	-	-	(4,280,000.00)	(4,280,000.00)
Total Equity at June 30, 2018		50,000,000.00	9,609,052.09	68,287,029.53	66,592,155.84	194,488,237.46
Total Equity at January 1, 2019		50,000,000.00	11,003,190.12	68,287,029.53	79,655,334.51	208,945,554.16
Profit after income taxes		-	-	-	15,874,673.27	15,874,673.27
Other comprehensive loss after income taxes		-	-	-	(1,064.79)	(1,064.79)
Total comprehensive income after income taxes		-	-	-	15,873,608.48	15,873,608.48
Dividends 2018	16	-	-	-	(10,600,000.00)	(10,600,000.00)
Total Equity at June 30, 2019		50,000,000.00	11,003,190.12	68,287,029.53	84,928,942.99	214,219,162.64

The accompanying notes are an integral part of the Interim Condensed Financial Information

CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2019

	<u>Notes</u>	<u>01.01-30.06.2019</u>	<u>01.01-30.06.2018</u>
Cash flows from Operating Activities			
Profit before income taxes		21,872,814.27	18,698,601.50
Adjustments for:			
Depreciation and amortisation	24	7,950,655.64	7,400,654.56
Amortisation of subsidies	24	(432,362.47)	(439,196.85)
Depreciation right-of-use assets	24	1,014,042.33	-
Finance cost for lease liabilities	23	1,216,151.01	-
Gain on disposal of property, plant & equipment		-	(2,500.00)
Financial income ,net		76,377.68	69,652.67
Provision for staff retirement indemnities	14	386,975.10	367,985.02
Other Provisions		2,214,382.80	268,492.70
		<u>34,299,036.36</u>	<u>26,363,689.60</u>
Operating profit before working capital changes			
(Increase)/Decrease in:			
Inventories		(313,494.74)	(169,580.88)
Trade and other receivables		(5,971,448.27)	(13,828,423.21)
Other long term assets		252,546.84	309,534.91
Increase/(Decrease) in:			
Trade accounts payable		(183,893.35)	(830,635.78)
Accrued and other current liabilities		(11,607,029.35)	(4,417,391.52)
Deferred income		(300,069.89)	(578,202.54)
Interest paid		(176,767.11)	(376,683.87)
Cash receipt from municipality	5	-	4,608,844.90
Payments for staff leaving indemnities	14	(605,793.23)	(240,000.00)
Interest on debtors late payments		41,908.73	179,716.42
		<u>15,434,995.99</u>	<u>11,020,868.03</u>
Net cash from Operating Activities			
Cash flow from Investing activities			
Proceeds from the sale of property, plant and equipment		-	2,500.00
Capital expenditure for property, plant and equipment		(4,684,358.57)	(21,842,565.84)
Interest and related income received		386,678.18	224,385.01
		<u>(4,297,680.39)</u>	<u>(21,615,680.83)</u>
Net cash used in Investing Activities			
Cash flows from Financing Activities			
Net change in long-term borrowings		(3,000,000.00)	(3,000,000.00)
Interest paid		(500,485.39)	(82,494.84)
Lease payments		(40,674.61)	(31,023.70)
		<u>(3,541,160.00)</u>	<u>(3,113,518.54)</u>
Net cash used in Financing Activities			
		<u>7,596,155.60</u>	<u>(13,708,331.34)</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	9	80,937,181.40	61,862,169.21
Cash and cash equivalents of the end of the period	9	88,533,337.00	48,153,837.87

The accompanying notes are an integral part of the Interim Condensed Financial Information

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2019**

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY:

“Piraeus Port Authority S.A” (“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 the Municipality of Piraeus, at 10 Akti Miaouli Street.

The Company’s main objective based on its article 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:

- a. 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;
- 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 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 service. 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% 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 at June 30, 2019 amounted to 1,013. At December 31, 2018, the respective number of employees was 1,016.

2. BASIS OF PREPERATION OF FINANCIAL INFORMATION:

(a) Basis of Preparation of Financial information:

The accompanying interim condensed financial information that refer to the period ended on June 30, 2019, have been prepared in accordance with the International Financial Reporting Standard (IFRS) 34 "Interim Financial Reporting".

The accompanying interim condensed financial information do not include all the information required in the annual financial information and therefore should be examined in combination with the published annual financial information for the year ended 2018, which are available on the internet in the address www.olp.gr.

(b) Approval of Financial information:

The Board of Directors of Piraeus Port Authority S.A. approved the six-month financial report for the period ended at June 30, 2019, on September 26, 2019.

(c) Significant Accounting Judgments and Estimates:

The Company makes estimates and judgments concerning the future. Estimates and judgments adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2018, except for the assumptions used in applying IFRS 16 on 1 January 2019, which are disclosed in note 3.

(d) Reclassifications of comprehensive income for the previous period:

In order for the statement of comprehensive income of June 30, 2018 to be comparable to the corresponding period of 2019, the following reclassifications were made to the items: 1) "Administrative expenses" decrease by € 3,791,322.86, 2) "Net impairment loss on financial assets" increase by € 818,010.36; and 3) "Other operating income" decrease by € 2,973,312.50, without any change in profit before taxes.

3. PRINCIPAL ACCOUNTING POLICIES:

The accounting policies adopted in the preparation of the interim condensed financial information, are consistent with those used in the preparation of the annual financial statements of the Company for the year ended December 31, 2018, except for the adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2019

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, 2019. 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 16 “Leases”

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 has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

There is no impact from the adoption of IFRS 16 in respect of the arrangements where the Company acts as a lessor, while the effect of this standard for the arrangements where the Company acts as a lessee is disclosed in detail below.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. Right-of use assets were measured at the amount equal to the lease liability.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by € 64,912,464.13
- lease liabilities – increase by € 64,912,464.13

The lease liabilities on 1 January 2019 can be reconciled to the operating lease commitments on 31.12.2018 as follows:

Operating lease commitments disclosed as at 31 December 2018	119,324,549.72
Weighted average incremental borrowing rate on 1.1.2019	3.80%
Discounted commitments using the lessee's incremental borrowing rate at the date of initial application	64,994,611.34
(Less): short-term leases recognised on a straight-line basis as expense	(51,454.54)
(Less): adjustments as a result of a different treatment of extension and termination options	(30,692.67)
Lease liability recognized on 1.1.2019	64,912,464.13
Of which:	
<u>Long-term lease liabilities</u>	<u>64,843,310.99</u>
<u>Short-term lease liabilities</u>	<u>69,153.14</u>

The recognised right-of-use assets as at June 30, 2019 and January 1, 2019 are analysed as follows:

	<u>30.06.2019</u>	<u>1.1.2019</u>
Concession agreement with Greek State	63,711,668.52	64,688,092.55
Motor vehicles	208,007.23	224,371.58
	<u>63,919,675.75</u>	<u>64,912,464.13</u>

(i) Impact on EBITDA and earnings per share

As a result of the change in accounting policy, EBITDA has increased by € 1,790,674.62, while earnings per share increased by € 0.0041 per share for the six months to 30 June 2019.

(ii) Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- reliance on its assessment made by applying IAS 17 and IFRIC 4 to determine whether an arrangement contains a lease at the date of initial application
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) Main leasing activities and new accounting policy

The major contract for the Company is with the Greek State for the concession to the exclusive right of use and exploitation of port zone land, buildings and facilities of Piraeus Port ("Concession agreement with the Greek State") granted to the Company until 13/2/2052, in exchange of an annual percentage payment based on Company's income with a minimum annual fee of € 3.5 million.

Additionally, the Company has various lease contracts for motor vehicles, executive houses and other equipment. Rental contracts are typically made for fixed periods of 1 to 3 years, but may have extension or termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There are leases with fixed increases and others where the increase is based on changes in price indices.

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Entity. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate can not be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. When the right-of-use asset meets the definition of investment property, it is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policy.

Moreover, the Company elected to use the on-going recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Finally, the Company chose not to separate the non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component for all classes of underlying assets to which the right of use relates.

The Company presents right-of-use assets that do not meet the definition of investment property in the account "Right-of-use assets".

(c) Amounts recognised in connection with the adoption of IFRS 16

The amounts recognized in the statement of comprehensive income as at 30 June 2019 as well as the movement of the Right-of-use assets and lease liability from 1 January 2019 to 30 June 2019 are analysed as follows:

	Right-of-use assets			Lease liability
	Concession Agreement with Greek State	Motor vehicles	Total	
Balance 1.1.2019	64,688,092.55	224,371.58	64,912,464.13	64,912,464.13
Additions	-	21,253.95	21,253.95	21,253.95
Depreciation	(976,424.04)	(37,618.29)	(1,014,042.33)	-
Finance cost	-	-	-	1,216,151.01
Payments	-	-	-	(40,674.61)
Balance 30.06.2019	63,711,668.51	208,007.24	63,919,675.75	66,109,194.48

(d) Estimates made

The Company has made estimates for the elements that determine a lease and for the appropriate incremental borrowing cost that it will use, mainly due to the specific nature of its concession agreement with the Greek State. Additionally, the Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

IFRS 9 (Amendments) “Prepayment Features with Negative Compensation”

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.

IAS 28 (Amendments) “Long term interests in associates and joint ventures”

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.

IFRIC 23 “Uncertainty over income tax treatments”

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.

IAS 19 (Amendments) “Plan amendment, curtailment or settlement”

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

Annual Improvements to IFRS (2015 – 2017 Cycle)

The amendments set out below include changes to four IFRSs.

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.

Standards and Interpretations effective for subsequent periods

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.

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.

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

4. PROPERTY, PLANT AND 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
<u>COST</u>						
Balance January 1, 2018	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
Additions	56,584.45	406,582.55	39,470.60	76,147.26	2,433,866.61	3,012,651.47
Other movements	-	-	(145,000.00)	-	-	(145,000.00)
Disposals/ write off	-	-	-	(2,074.00)	-	(2,074.00)
Transfers	60,300.00	594.72	-	5,097.24	(65,991.96)	-
Balance June 30, 2019	255,152,094.04	158,818,253.64	42,098,082.32	8,539,207.29	6,992,713.88	471,600,351.17
<u>DEPRECIATION</u>						
Depreciation January 1, 2018	(73,211,320.14)	(92,284,182.28)	(8,055,228.03)	(5,820,142.03)	-	(179,370,872.48)
Depreciation	(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)
Depreciation (Note 24)	(3,918,144.12)	(3,116,650.93)	(669,786.09)	(226,748.81)	-	(7,931,329.95)
Disposals/ write off	-	-	-	2,073.99	-	2,073.99
Depreciation June 30, 2019	(84,847,807.74)	(94,246,007.01)	(9,452,774.87)	(6,447,981.97)	-	(194,994,571.59)
<u>NET BOOK VALUE</u>						
January 1, 2018	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
June 30, 2019	170,304,286.30	64,572,246.63	32,645,307.45	2,091,225.32	6,992,713.88	276,605,779.58

During the period ended June 30, 2019, the total investments of the Company's property, plant and equipment amounted to € 3,012,651.47 and referred mainly to the improvement of port infrastructure under construction and delivery of a floating dock (at 01.01-30.06.2018 amounted to € 32,525,905.79).

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

5. OTHER NON-CURRENT ASSETS

This account consists of the following:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Guarantees to third parties	325,687.75	325,767.75
Car leases guarantees	65,263.00	62,558.00
Receivable from project contractor of Pier I	2,259,579.11	2,578,543.91
Less: Allowance for project contractor of Pier I	(225,957.91)	(257,854.39)
Receivable from compulsory seizure of municipality	1,521,088.37	1,521,088.37
Total	<u>3,945,660.32</u>	<u>4,230,103.64</u>

The movement of the allowance for project contractor of Pier I is analyzed as follows:

	<u>30/06/2019</u>	<u>30/06/2018</u>
Beginning balance	257,854.39	353,544.23
Provision reversal	(31,896.48)	(38,275.90)
Ending balance	<u>225,957.91</u>	<u>315,268.33</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 September 24, 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, which concerns to municipal charges of cleaning and lighting as well as electrified land taxes over the past years that were imposed to 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. On January 29 2018, the Municipality of Piraeus deposited in favour of PPA the amount of € 4,608,844.90 (Note 8). The Company's Legal Department estimates that the total remaining amount of € 1,521,088.37 will be received by the end of the year 2020. During the current period, a final decision was issued by the Administrative Court of Appeal of Piraeus under which the Municipality of Piraeus is obliged to pay to the Company the amount of € 1,437,680.56, which is not yet received at the date of approval of the interim condensed financial information.

6. INCOME TAX (CURRENT AND DEFERRED)

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 amounts of income taxes which are analysed as follows:

	<u>30/06/2019</u>	<u>30/06/2018</u>
Current income tax	5,686,188.85	5,023,358.51
Deferred income tax	311,952.15	415,633.33
Total	<u>5,998,141.00</u>	<u>5,438,991.84</u>
<u>Other Comprehensive Income</u>		
Deferred income taxes	(374.11)	(8,865.87)
Total	<u>(374.11)</u>	<u>(8,865.87)</u>

Deferred taxes are defined as timing differences that exist in assets and liabilities between the accounting records and tax records (mainly provisions and differences in depreciation rates of fixed assets) and are calculated by applying the official tax rates.

The movement of deferred tax asset is analyzed as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Opening balance	8,531,222.40	8,609,824.57
Income taxes credit	(311,952.15)	(144,494.70)
Income taxes debit– Other Comprehensive Income	374.11	65,892.53
Closing balance	<u>8,219,644.36</u>	<u>8,531,222.40</u>

The tax audit for the financial years 2011 to 2017 was performed by the statutory auditors of the Company. The tax audit for 2018 financial year is in progress by the Company's statutory auditors. The tax certificate will be granted after the publication of the interim financial information.

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 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.

7. INVENTORIES

This is analysed as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Consumable materials	1,221,491.76	1,154,650.01
Fixed assets spare parts	1,720,802.45	1,474,149.46
Total	<u>2,942,294.21</u>	<u>2,628,799.47</u>

The total cost of inventory consumption for the period ended June 30,2019 amounted to € 1,075,428.56 while that of the respective period ended June 30,2018 amounted to € 900,878.76(Note 21). There was no inventory devaluation to their net realizable value.

8. TRADE AND OTHER RECEIVABLES

This is analysed as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Trade Debtors	59,247,792.30	53,399,639.79
Less: Provision for doubtful debts	(39,391,583.66)	(39,218,306.27)
Total trade receivables	<u>19,856,208.64</u>	<u>14,181,333.52</u>
Personnel loans	346,515.41	384,471.27
Prepaid Expenses	410,579.22	314,549.14
Advances to suppliers	1,493,545.54	1,435,447.46
Other receivable	2,033,797.65	1,982,189.63
Less: Provision for other receivables and advances to suppliers	(2,204,043.54)	(2,204,043.54)
Total other receivables	<u>2,080,394.28</u>	<u>1,912,613.96</u>
Total trade and other receivables	<u>21,936,602.92</u>	<u>16,093,947.48</u>

Trade receivables are interest bearing and are normally settled on 10 days' terms. One single customer represents 45% of the Company's total revenue (Note 20) (December 31, 2018: 42%). The outstanding amount of this customer as at June 30, 2019 amounted to € 10,152,927.64 (Note 28) (December 31, 2018: € 6,037,259.55).

The movement in the allowance for doubtful accounts receivable is analyzed as follows:

	<u>30/06/2019</u>	<u>30/06/2018</u>
Beginning balance	<u>39,218,306.26</u>	<u>39,698,921.72</u>
Increase in allowance for doubtful accounts receivables -Change in accounting policy (IFRS 9)	-	138,455.83
Provision for the period (Note 21)	300,000.00	885,063.53
Reversal of provision (Note 22)	-	(1,401,021.95)
Utilisation of provision	(126,722.60)	(41,116.80)
Ending balance	<u>39,391,583.66</u>	<u>39,280,302.33</u>

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.

The reversal of the provision of € 1,401,021.95 in prior year concerns two customers who, during the prior 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 € 126,722.60 and € 41,116.80 (in prior period) relates to the write-off of a customer's debt based on a decision of the Board of Directors and Managing Director respectively and for which a provision for doubtful debts had been made in a previous year.

The movement in the allowance for doubtful other receivable is analyzed as follows:

	<u>30/06/2019</u>	<u>30/06/2018</u>
Beginning balance	2,204,043.54	870,074.76
Provision for the period (Note 21)	-	1,333,968.78
Ending balance	2,204,043.54	2,204,043.54

During the prior 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.

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 installments from the employee salaries.

Other receivable: Other receivable includes the short term of the compulsory seizure of Piraeus municipality amounted to € 156,006.81 (31.12.2018: €156,006.81), following the receipt of € 4,608,844.90 on January 29, 2018 from the Municipality of Piraeus (Note 5) as well as other receivable and receivable from Municipality of Drapetsona € 1,924,387.47 (31.12.2018: € 1,826,182.82)

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

	<u>30/06/2019</u>	<u>30/06/2018</u>
Impairment losses		
-movement in loss allowance for trade receivables	300,000.00	885,063.53
-movement in loss allowance for other receivables and advances to suppliers	-	1,333,968.78
Reversal of previous impairment losses	-	(1,401,021.95)
Net impairment losses on financial assets	300,000.00	818,010.36

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Cash in hand	83,320.28	112,577.52
Cash at banks and time deposits	88,450,016.72	80,824,603.88
Total	88,533,337.00	80,937,181.40
Restricted cash	213,267.48	213,267.48
Total	88,746,604.48	81,150,448.88

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 period ended June 30, 2019, amounted to € 386,677.34 (for the period ended June 30, 2018, amounted to € 221,318.34) and is included to financial income in the statement of comprehensive income (Note 23).

Furthermore restricted cash of € 213,267.48 refers to compulsory seizure of Company's deposits, in favor of a municipality against which there are pending trials.

10. SHARE CAPITAL

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

11. RESERVES

Reserves are analyzed as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Statutory reserve	11,003,190.12	11,003,190.12
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. 4171/2013 art. 72	6,087,915.56	6,087,915.56
Taxed reserve based on general provisions	188,760.09	188,760.09
Total	79,290,219.65	79,290,219.65

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 PPA S.A. conversion to a Société Anonyme. The total Company 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 proceed to the taxation of those reserves which amounted to € 1,428,029.58. After the tax deduction 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 were created.

12. GOVERNMENT GRANTS

The movement of government grants is analyzed as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Initial value	28,094,773.09	28,641,523.86
Return of grant	-	(546,750.77)
Closing value	28,094,773.09	28,094,773.09
Accumulated amortisation	(11,477,274.24)	(11,044,911.77)
Net Book Value	<u>16,617,498.85</u>	<u>17,049,861.32</u>

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.

13. PROVISIONS

The Company has made provisions for various pending court cases as at June 30, 2019 amounting to € 16,827,380.28 (31.12.2018: € 14,881,101.00) for lawsuits from personnel and other third party.

The movement of the provision is as follows:

	<u>30/06/2019</u>	<u>30/06/2018</u>
Opening balance	14,881,101.00	14,211,380.65
Provision for the period (Note 21)	3,105,905.89	1,283,209.17
Reversal of provision (Note 21)	(500,000.00)	(1,572,290.55)
Provision used	(659,626.61)	(222,160.37)
Closing balance	<u>16,827,380.28</u>	<u>13,700,138.90</u>

The current's year provision relates to legal cases of employees and other third parties amounting to € 2,402,095.75 and € 703,810.14 respectively. The provision used relates to legal cases which have been finalised against the Company and a provision has been made in prior years. The current and prior year 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.

14. RESERVE FOR STAFF RETIREMENT INDEMNITIES

The relevant provision movement for the period ended on June 30, 2019 and the financial year ended December 31, 2018 is as follows:

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	(780,000.00)
Liability in Statement of Financial Position 31.12.2018	<u>11,637,337.02</u>
Current cost of Employment	269,438.00
Interest cost on liability	117,537.10
Loss from financial assumption change-OCI	1,438.90
Benefits paid	(605,793.23)
Liability in Statement of Financial Position 30.06.2019	<u>11,419,957.79</u>

The principal actuarial assumptions used are as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Discount Rate	2,02%	2,02%
Salaries increase	0,00%	0,00%
Average annual growth rate of long-term inflation	2,00%	2,00%

15. LONG AND SHORT-TERM BORROWINGS
a) Long-term borrowings

The Long term borrowings as at June 30, 2019 and December 31, 2018 respectively, are as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Total of Long-term borrowings	59,499,999.99	62,499,999.99
Less: Short term portion of long-term borrowings	6,000,000.00	6,000,000.00
Long term portion	<u>53,499,999.99</u>	<u>56,499,999.99</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 [Profit / (loss) before interest, taxes, depreciation and amortization] / Interest ≥ 3.00
2. Total net bank debt / EBITDA [Profit / (loss) before interest, taxes, depreciation, amortization] ≤ 9.80
3. Current assets / current liabilities ≥ 1.2
4. Total shareholders' equity ≥ 140 million.

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 period ended June 30, 2019 amounted to € 228,809.83 (31 December 2018 € 457,619.66) and is included in financial expenses (Note 23).

Total interest expenses on long-term loans for the periods ended June 30, 2019 and 2018, amounted to € 99,337.65 and € 102,936.40 respectively and are included in financial expenses (Note 23).

b) Short-term loans:

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.

16. DIVIDENDS

Proposal for distribution of dividend for the year 2018: The Company's General Assembly of the Shareholders approved on June 28, 2019 the proposal of the Board of Directors for a dividend distribution, for the fiscal year 2018, amounted to € 10,600,000.00 or € 0.4240 per share (2017: € 4,280,000.00 or € 0.1712 per share). A withholding tax will be calculated according to the relevant tax rate. The dividend for the year 2018 was paid on July 26, 2019.

17. ACCRUED AND OTHER CURRENT LIABILITIES

This account is analyzed as follows:

	<u>30/06/2019</u>	<u>31/12/2018</u>
Taxes payable (except Income taxes)	2,431,871.46	6,551,901.97
National insurance and other contribution	1,800,636.22	2,552,055.74
Salaries Payable	1,316,013.87	389,068.17
Concession Agreement Payment	822,035.45	4,836,573.06
Other Creditors	893,456.58	1,126,768.39
Other Third Party Short-term obligations	809,460.33	1,228,392.96
Regulatory Authority for Ports	638,817.76	417,071.82
Greek State committed dividends	804,000.00	804,000.00
Liability to "Loan and Consignment Fund"	77,271.48	1,346,450.35
Customer advance payments	2,921,133.67	5,666,629.38
Provision for employee's voluntary retirement incentives (Note 25)	315,000.00	540,000.00
Dividends payable (Note 16)	10,600,000.00	-
Accrued expenses	3,014,134.65	2,122,896.56
Total	<u>26,443,831.47</u>	<u>27,581,808.40</u>

Taxes Payable: Current period amount consists of: a) Value Added Tax € 910,167.58 (December 31, 2018: € 5,105,565.59), b) Employee withheld income tax € 1,415,967.48 (December 31, 2018: € 1,281,368.08 and c) other third party taxes € 105,736.40 (December 31, 2018: € 164,968.30).

Concession Agreement Liability: The prior year amount was calculated as 3.5% on total revenues of the year excluding finance income. From the adoption of IFRS 16 (Note 3), this liability excludes the minimum annual fee regarding the current period of € 1,750,000.00 with a corresponding decrease in the expense account "Concession agreement fee" (Note 21).

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 € 2,921,133.27 (2018: € 5,666,629.38). Customer advances include an amount of € 204,102.00 (2018: € 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 prior year, which was repaid in the current period.

18. 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 guarantee of € 61.4 million was replaced and came into force on 26.8.2019 (note 30). The guarantee of € 21.0 million has been returned. The initial concession period was thirty (30) years, which increased to thirty five (35) years, after the completion the construction of the port infrastructure on the east side of Pier III. In addition, the Company has received from PCT S.A. letter of guarantee for the construction of the petroleum pier of € 475,000.00.

Following the transfer of the cumulative amount € 13,784,723.78 on revenue of the years 2009 until June 30, 2019 the new balance at June 30, 2019 amounted to € 33,957,490.34 (December 31, 2018: € 34,629,915.91).

- 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 a deferred revenue of € 2,267,791.30 and € 2,210,308.45 as at June 30, 2018 and December 31, 2017 respectively.

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
Less: Amortization of the year – Initial concession (1.7.2019-31.12.2019)	(672,425.55)
Less: Deferred Fixed Annual Consideration for the period 1.1.2019-31.3.2019 realized	(2,210,308.45)
Plus: Deferred Fixed Annual Consideration for the period 1.7.2019-30.9.2019	2,267,791.30
Balance June 30, 2019	36,225,281.66

- c) Additionally as at June 30, 2019, deferred income includes an amount of € 325,613.62 which relates to the deferred income from rentals (€ 67,667.97) and deferred income for the use of petroleum pier (€ 257,945.65).

19. 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 activities, putting work in many areas of port activity , such as containers Car-terminal, coasting, 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.

The PPA SA 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 SA 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 period ended June 30, 2019 and June 30, 2018, 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							
30.06.2019									
Revenues	11,095,550.77	31,824,912.59	7,753,422.58	4,787,936.12	4,430,096.27	6,651,399.92	4,035,491.58	-	70,578,809.83
Cost of sales	(15,636,927.22)	(2,026,241.76)	(4,253,217.10)	(2,811,619.79)	(3,307,739.35)	(4,846,009.87)	(3,662,189.39)	-	(36,543,944.48)
Gross profit/(loss)	(4,541,376.45)	29,798,670.83	3,500,205.48	1,976,316.33	1,122,356.92	1,805,390.05	373,302.19	-	34,034,865.35
Other expenses	(1,481,671.26)	(4,309,778.85)	(1,041,195.90)	(628,257.05)	(544,651.30)	(964,109.37)	(712,535.26)	(4,095,240.83)	(13,777,439.82)
Other income	-	-	-	-	-	435,172.14	1,656,432.63	816,312.66	2,907,917.43
Financial income	-	-	-	-	-	-	-	428,586.91	428,586.91
Financial expenses	(521,392.83)	(556,345.19)	(136,800.81)	(81,894.97)	(68,297.67)	(117,280.98)	(62,336.05)	(176,767.10)	(1,721,115.60)
Profit / (loss) before income taxes	(6,544,440.54)	24,932,546.79	2,322,208.77	1,266,164.31	509,407.95	1,159,171.84	1,254,863.51	(3,027,108.36)	21,872,814.27
Income taxes	-	-	-	-	-	-	-	(5,998,141.00)	(5,998,141.00)
Net profit/(loss) after taxes	(6,544,440.54)	24,932,546.79	2,322,208.77	1,266,164.31	509,407.95	1,159,171.84	1,254,863.51	(9,025,249.36)	15,874,673.27
Depreciation and amortisation (including right-of-use assets depreciation)	3,362,123.59	1,654,781.07	380,703.27	594,458.20	703,838.79	1,116,289.55	720,141.03	-	8,532,335.50
Earnings/ (Losses) before income taxes, interest, depreciation and amortisation	(2,660,924.12)	27,143,673.05	2,839,712.85	1,942,517.48	1,281,544.41	2,392,742.37	2,037,340.59	(3,278,928.17)	31,697,678.46

	CONTAINER TERMINAL		CAR TERMINAL	COASTING	CRUISE	SHIP REPAIRING (TANKS AND DOCK)	OTHER SEGMENTS	COMPANY	TOTAL
	CONTAINER TERMINAL OPERATION	CONSESSION ARRANGEMENT PIER II&III							
30.06.2018									
Revenues	12,293,230.25	26,833,105.24	7,900,570.35	4,481,951.20	3,866,643.47	4,710,621.02	3,428,293.02	-	63,514,414.55
Cost of sales	(16,975,360.54)	(2,214,509.19)	(4,574,599.45)	(3,329,935.59)	(3,099,408.98)	(2,881,145.68)	(3,683,392.95)	-	(36,758,352.38)
Gross profit/(loss)	(4,682,130.29)	24,618,596.05	3,325,970.90	1,152,015.61	767,234.49	1,829,475.34	(255,099.93)	-	26,756,062.17
Other expenses	(1,707,732.11)	(3,744,247.34)	(1,095,317.05)	(612,085.07)	(484,347.26)	(721,643.29)	(628,914.75)	(1,542,521.00)	(10,536,807.87)
Other income	-	-	-	-	-	445,571.00	1,399,416.31	704,012.56	2,548,999.87
Financial income	-	-	-	-	-	-	-	401,034.76	401,034.76
Financial expenses	(331,746.24)	-	-	-	-	-	-	(138,941.19)	(470,687.43)
Profit / (loss) before income taxes	(6,721,608.64)	20,874,348.71	2,230,653.85	539,930.54	282,887.23	1,553,403.05	515,401.63	(576,414.87)	18,698,601.50
Income taxes	-	-	-	-	-	-	-	(5,438,991.84)	(5,438,991.84)
Net profit/(loss) after taxes	(6,721,608.64)	20,874,348.71	2,230,653.85	539,930.54	282,887.23	1,553,403.05	515,401.63	(6,015,406.71)	13,259,609.66
Depreciation and amortisation	2,763,591.81	1,326,737.74	298,352.89	601,467.79	709,186.58	554,067.96	708,052.94	-	6,961,457.71
Earnings/ (Losses) before income taxes, interest, depreciation and amortisation	(3,626,270.59)	22,201,086.45	2,529,006.74	1,141,398.33	992,073.82	2,107,471.02	1,223,454.57	(838,508.47)	25,729,711.88

20. REVENUES

Revenues are analyzed as follows:

	<u>1/1-30/06/2019</u>	<u>1/1-30/06/2018</u>
Revenue from:		
Loading and Unloading	14,065,871.07	15,378,118.32
Storage	1,884,916.68	1,851,541.36
Supply of water	1,179,518.52	1,141,930.19
Dry docking services	3,714,715.31	2,472,381.85
Cruise services	2,833,668.21	2,450,415.98
Ferry services	3,652,475.40	3,362,502.96
Environmental services	1,341,618.50	1,172,134.95
Mooring services	4,334,989.80	4,281,090.54
Ship repair zone services	2,936,684.61	2,238,239.17
Other supporting services	2,683,925.21	2,210,441.62
Revenue from concession of liquid wastes' collection and transportation	125,513.94	122,512.38
Total	<u>38,753,897.25</u>	<u>36,681,309.32</u>
Revenue from Fixed and Variable Consideration:		
Revenue from concession agreement Pier II+III	31,122,007.03	26,134,167.68
Other income from concession agreement Pier II+III	702,905.55	698,937.55
Total	<u>70,578,809.83</u>	<u>63,514,414.55</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.

21. ANALYSIS OF EXPENSES

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

	<u>01/01-30/06/2019</u>	<u>01/01-30/06/2018</u>
Payroll and related costs (Note 25)	28,068,925.22	28,779,140.61
Third party fees	371,630.32	326,474.58
Third party services	5,064,347.13	4,557,943.41
Concession agreement fee (Note 17)	822,035.45	2,416,285.44
Depreciation- Amortisation (Note 24)	8,532,335.50	6,961,457.71
Taxes and duties	430,872.88	384,446.04
General expenses	2,427,543.61	2,018,997.68
Provision for pending lawsuits (Note 13)	2,605,905.89	(289,081.38)
Cost of sales of inventory and consumables	1,075,428.56	900,878.76
Total	<u>49,399,024.56</u>	<u>46,056,542.85</u>

The above expenses are analyzed as follows:

	<u>01/01-30/06/2019</u>	<u>01/01-30/06/2018</u>
Cost of sales	36,543,944.48	36,758,352.38
Administrative expenses	12,855,080.08	9,298,190.47
Total	<u>49,399,024.56</u>	<u>46,056,542.85</u>

22. OTHER OPERATING INCOME / EXPENSES
OTHER OPERATING INCOME

	<u>01/01-30/06/2019</u>	<u>01/01-30/06/2018</u>
Rental income	1,931,011.17	1,691,297.94
Income from European Union's programs	142,469.61	305,239.13
Debtor's credit balances write off	198,414.55	-
Income from the confiscation of letters of guarantees	118,958.61	-
Various other operating income	517,063.49	552,462.80
Total	<u>2,907,917.43</u>	<u>2,548,999.87</u>

Rental income concerns land and building rents.

OTHER OPERATING EXPENSES

	<u>01/01-30/06/2019</u>	<u>01/01-30/06/2018</u>
Third parties compensation	425,076.29	105,705.98
Research and development cost	7,200.00	29,875.00
Other expenses	190,083.45	285,026.06
Total	<u>622,359.74</u>	<u>420,607.04</u>

23. FINANCIAL INCOME/ (EXPENSES)

The amounts are analyzed as follows:

	<u>01/01-30/06/2019</u>	<u>01/01-30/06/2018</u>
Interest income and related financial income	386,677.34	221,318.34
Finance cost for lease liabilities	(1,216,151.01)	-
Interest expense and related financial expenses	(504,964.59)	(470,687.43)
Total	<u>(1,334,438.26)</u>	<u>(249,369.09)</u>
Interest income from overdue balances	41,909.57	179,716.42
Total	<u>(1,292,528.69)</u>	<u>(69,652.67)</u>

24. DEPRECIATION- AMORTISATION

The amounts are analyzed as follows:

	<u>01/01-30/06/2019</u>	<u>01/01-30/06/2018</u>
Depreciation of property, plant and equipment	7,931,329.95	7,395,624.84
Amortisation of intangible assets	19,325.69	5,029.72
Amortisation of right-of-use assets(Note 3)	1,014,042.33	-
Amortization grants (Note 12)	(432,362.47)	(439,196.85)
Total	<u>8,532,335.50</u>	<u>6,961,457.71</u>

PIRAEUS PORT AUTHORITY S.A

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(amounts in Euro, unless stated otherwise)

25. PAYROLL AND RELATED COSTS

The amounts are analyzed as follows:

	<u>01/01-30/06/2019</u>	<u>01/01-30/06/2018</u>
Wages and salaries	21,410,204.66	22,212,327.09
Social security costs	5,240,971.50	5,444,090.33
Other staff costs	621,009.96	507,238.17
Employee retirement incentives	382,500.00	247,500.00
Dismissal compensation	27,264.00	-
Provision for staff leaving indemnities	386,975.10	367,985.02
Total	<u>28,068,925.22</u>	<u>28,779,140.61</u>

The Company announced the offer of voluntary retirement incentives to those employees who are close to retirement date. During the previous period an additional provision of € 225,000.00 was made for 9 additional employees and 1 worker and incentives were used by 1 employee.

During the current period the Company made an additional provision of € 180,000.00 for retirement incentives for 4 additional employees and 4 employees who have announced their intention to use the incentives within 2019. In addition, 13 employees and 5 employees have used incentives for which part of the forecast for the prior years was used and the additional amount of € 202,500.00 was registered in "Employee retirement incentives". During the current period, an additional 3 employees and 6 workers announced and used incentives.

The balance of the provision for retirement incentives at June 30, 2019 and December 31, 2018 amounts to € 315,000.00 and € 540,000.00 respectively (Note 17).

26. EARNINGS PER SHARE

The amounts are analyzed as follows:

	<u>01/01-30/06/2019</u>	<u>01/01-30/06/2018</u>
Profit for the period	15,874,673.27	13,259,609.66
Weighted number of shares	25,000,000.00	25,000,000.00
Earnings per share	<u>0.6350</u>	<u>0.5304</u>

27. COMMITMENTS AND CONTIGENCIES

(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 € 199.9 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 for the recorded provisions in Note 13.

PIRAEUS PORT AUTHORITY S.A

Interim Condensed Financial Information for the period ended June 30, 2019
(amounts in Euro, unless stated otherwise)

(b) Liabilities arising from letters of Guarantee: The Company has issued letters of guarantee amounting to € 20,019,969.51 (December 31, 2018: € 20,019,969.51), of which € 4,546,581.01 (December 31, 2018: € 4,546,581.01) 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, PPA 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:

The Company has entered into commercial operating lease agreements for the lease of transportation means. These lease agreements have an average life of 1 to 3 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancellable operating leases as at June 30, 2018 are as follows:

	<u>June 30</u> <u>2019</u>
Within one year	41,820.41
Total	<u>41,820.41</u>

Future minimum rentals receivable: Future minimum rentals receivable, under non-cancellable operating leases as at June 30, 2019 are as follows:

	<u>June 30</u> <u>2019</u>
Within one year	14,702,708.25
2-5 years	53,658,038.92
Over 5 years	263,556,299.93
Total	<u>331,917,047.10</u>

(d) Contractual commitments: The outstanding balance of the contractual commitments with suppliers on significant infrastructure projects (construction, maintenance, improvements, etc.) at June 30, 2019 amounted to approximately € 14.0 million (December 31, 2018: approximately € 8.6 million).

(e) Special Contribution to Social Insurance Institute (IKA – TEAM): On November 7, 2011 the Company notified the management of IKA its intention to stop paying the special contribution in favour of the assistant fund of PPA's S.A. employees, since after the merger of IKA with IKA – TEAM the management of the Company considers that there is no further obligation. After not getting any official answer, the Company decided to cease the payments of those contributions, starting October 2013. If the payment of the contribution has not been ceased, then as at June 30, 2019, this contribution will amount to around € 5.4 millions (December 31, 2018: around € 4.9 millions). Since the approval date of the condensed financial information, there were no official reply from the management of the Social Insurance Institute. 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 PPA and the Greek Government derives the commitment to invest the PPA in projects into the Port within the next five years an amount of € 293.8 million. By June 30, 2019, mandatory investments totaling € 52.5 million have been completed.

28. RELATED PARTY TRANSACTIONS

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:

Related party	Relation with the Company	Period ended	Sales to related parties	Purchases from related parties
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	30.06.2018	26,833,105.23	1,169,212.07
		30.06.2019	31,824,912.58	-
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	30.06.2018	-	23,835,000.00
		30.06.2019	-	(145,000.00)
COSCO SHIPPING LINES GREECE S.A.	Related Party	30.06.2018	61,043.29	1,000.00
		30.06.2019	2,088.15	-
PCDC S.A.	Related Party	30.06.2018	20,044.93	-
		30.06.2019	17,749.47	-
COSCO SHIPPING TECHNOLOGY Co LTD	Related Party	30.06.2018	-	-
		30.06.2019	-	37,099.25
COSCO SHIPPING AIR FREIGHT CO	Related Party	30.06.2018	-	-
		30.06.2019	-	5,295.97
COSCO (HONG KONG) INSURANCE BROKERS L.T.D.	Related Party	30.06.2018	-	418,306.44
		30.06.2019	-	124,457.62
	Total	30.06.2018	26,914,193.45	25,423,518.51
	Total	30.06.2019	31,844,750.20	21,852.84

Related party	Relation with the Company	Year/Period ended	Amounts due from related parties	Amounts due to related parties
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	30.06.2019	10,152,927.64	-
		31.12.2018	6,037,259.55	6,475.62
COSCO SHIPPING LINES GREE S.A.	Related Party	30.06.2019	619.63	-
		31.12.2018	86,842.22	-
		30.06.2019	186.11	6,000.51
PCDC S.A.	Related Party	31.12.2018	140.18	6,000.51
		30.06.2019	-	-
COSCO (Shanghai) Shipyard Co LTD	Related Party	31.12.2018	-	2,383,500.00
	Total	30.06.2019	10,153,733.38	6,000.51
	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). 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 to invoices to PPA S.A. for the construction of the petroleum pier that has been undertaken by a contractor through PCT S.A. Additionally, PPA S.A has received from PCT S.A. letters of guarantee for the concession agreement, the upgrade of PIER I and the construction of PIER II (Note 18).

The transaction with COSCO (HONG KONG) INSURANCE BROKERS L.T.D. relates to the 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 1.1-31.12.2019, according to article 17 of the Concession Agreement (Greek Law 4404/2016).

The transaction with COSCO (Shanghai) SHIPYARD Co LTD relates to a credit invoice issued to PPA SA. from the purchase of the floating dock. The balance with COSCO (Shanghai) SHIPYARD Co LTD of the previous year relates to the purchase of the floating dock for the Perama Shipbuilding Zone, which was paid in the current period.

Board of Directors Members Remuneration: For the period ended on June 30, 2019, remuneration and attendance costs, amounting to € 331,246.11 (June 30, 2018: € 288,286.78) were paid to the Board of Directors members. Furthermore, during the period ended June 30, 2019 emoluments of € 291,448.20 (June 30, 2018: € 178,615.10) were paid to Managers/Directors for services rendered.

29. 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 period ended June 30, 2019, 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.

PIRAEUS PORT AUTHORITY S.A

Interim Condensed Financial Information for the period ended June 30, 2019
(amounts in Euro, unless stated otherwise)

As at June 30, 2019 and December 31, 2018, the Company held the following financial instruments:

June 30, 2019	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	59,499,999.99	-	59,499,999.99
Investment property	-	-	734,338.38	734,338.38
December 31, 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
Investment property	-	-	734,338.38	734,338.38

30. SUBSEQUENT EVENTS

On August 26, 2019 the letter of guarantee from “China Development Bank” filed by PCT S.A. in favor of PPA S.A. of € 61.4 million was replaced on the same terms by a corresponding letter of guarantee from “COSCO SHIPPING Ports Limited” (Note 18).

The Extraordinary General Meeting of the Company's Shareholders on September 23, 2019, following the submission of respective PPA S.A. Board of Directors proposal and taking into account the business strategy, the long-term objectives and sustainability of the Company, approved the Company's long-term incentive bonus plan program for its management team and consequently the amendment of the existing (ratified by General Meeting of June 28th, 2019) remuneration policy of the Company, due to the addition of the Long - Term Incentive Bonus Plan, in accordance with article 110 par. 2 of Law 4548/2018

Except the above, there are no other subsequent events after June 30, 2019 that may significantly affect the Company's financial position.

Piraeus, September 26, 2019

CHAIRMAN OF THE BOARD OF
DIRECTORS

CHIEF EXECUTIVE OFFICER

FINANCIAL MANAGER

YU ZENG GANG

FU CHENGQIU

IOANNIS KOUKIS

Passport No SE0235952

Passport No PE0484459

License No. O.E.E. 0007437
A' Class