



**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**

**Interim Condensed Financial Statements for the period from 1 January 2017 to  
30 June 2017 in accordance with International Accounting Standard 34  
as adopted by the European Union**

(TRANSLATED FROM THE GREEK ORIGINAL)

**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
**Condensed Interim Financial Statements as at 30 June 2017**  
**(All amounts are expressed in EUR unless otherwise stated)**

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**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
**Condensed Interim Financial Statements as at 30 June 2017**  
**(All amounts are expressed in EUR unless otherwise stated)**

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	GROUP		COMPANY	
		30/06/2017	30/06/2016	30/06/2017	30/06/2016
Revenue		608,010,176	399,466,767	587,204,622	385,308,503
Cost of Sales		(488,767,178)	(333,104,298)	(545,972,277)	(339,534,678)
<b>Gross profit</b>		<b>119,242,998</b>	<b>66,362,469</b>	<b>41,232,345</b>	<b>45,773,825</b>
Administrative expenses		(15,281,297)	(13,716,526)	(7,988,636)	(8,001,354)
Distribution expenses		(4,058,702)	(2,372,221)	(3,923,781)	(2,251,606)
Other income/(expenses)		3,394,208	11,841,281	443,329	4,196,826
Amortization of grants		6,412,066	7,042,660	350,714	650,861
Share of profit/(loss) from equity-accounted investees		17,462,343	14,252,371		
Dividends				37,710,290	31,499,810
Gains/(Losses) from foreign currency translation differences		(1,241,138)	3,747,985	(1,225,295)	3,709,045
<b>Operating profit</b>		<b>125,930,478</b>	<b>87,158,019</b>	<b>66,598,966</b>	<b>75,577,407</b>
Finance costs		(5,563,074)	(7,881,481)	(560,052)	(2,306,907)
Finance income		10,859,708	7,923,789	10,053,818	7,374,905
<b>Profit before income tax</b>		<b>131,227,112</b>	<b>87,200,327</b>	<b>76,092,732</b>	<b>80,645,405</b>
Income tax	4	(30,489,501)	(20,626,588)	(8,298,751)	(13,231,849)
<b>Profit for the period</b>		<b>100,737,611</b>	<b>66,573,738</b>	<b>67,793,981</b>	<b>67,413,557</b>
<b>Total comprehensive income for the period</b>		<b>100,737,611</b>	<b>66,573,738</b>	<b>67,793,981</b>	<b>67,413,557</b>

The notes on pages 9 to 19 are an integral part of these condensed interim financial statements.

**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
**Condensed Interim Financial Statements as at 30 June 2017**  
**(All amounts are expressed in EUR unless otherwise stated)**

**INTERIM STATEMENT OF FINANCIAL POSITION**

	Note	GROUP	
		30/06/2017	31/12/2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,957,137,261	1,975,970,644
Intangible assets	5	16,760,256	17,191,249
Investment in joint ventures		296,576,455	300,071,945
Investment in associates		10,443,485	10,867,136
Other long-term receivables		438,074	428,152
Deferred tax assets		1,992,317	14,566,066
<b>Total non-current assets</b>		<b><u>2,283,347,848</u></b>	<b><u>2,319,095,192</u></b>
<b>Current assets</b>			
Inventories		28,051,484	26,662,785
Trade and other receivables	6	444,842,040	481,361,090
Cash and cash equivalents	7	434,188,231	321,043,831
<b>Total current assets</b>		<b><u>907,081,755</u></b>	<b><u>829,067,706</u></b>
<b>TOTAL ASSETS</b>		<b><u>3,190,429,603</u></b>	<b><u>3,148,162,898</u></b>
<b>LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		991,238,046	991,238,046
Reserves		188,544,108	151,010,561
Retained Earnings		671,163,865	660,539,102
<b>Total Equity</b>		<b><u>1,850,946,018</u></b>	<b><u>1,802,787,708</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	9	207,880,284	222,822,666
Provisions and other liabilities	10	46,880,436	47,142,881
Government grants		290,695,343	297,107,409
Employee benefits		6,413,094	7,158,962
Other long-term liabilities		528,901,960	537,000,154
<b>Total non-current liabilities</b>		<b><u>1,080,771,117</u></b>	<b><u>1,111,232,071</u></b>
<b>Current liabilities</b>			
Trade and other payables	11	204,852,463	195,486,969
Loans and borrowings	9	25,020,181	26,738,931
Short-term tax liabilities		28,839,824	11,917,219
<b>Total current liabilities</b>		<b><u>258,712,468</u></b>	<b><u>234,143,119</u></b>
<b>Total liabilities</b>		<b><u>1,339,483,585</u></b>	<b><u>1,345,375,190</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>3,190,429,603</u></b>	<b><u>3,148,162,898</u></b>

The notes on pages 9 to 19 are an integral part of these condensed interim financial statements.

**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
**Condensed Interim Financial Statements as at 30 June 2017**  
**(All amounts are expressed in EUR unless otherwise stated)**

**INTERIM STATEMENT OF FINANCIAL POSITION**

	Note	COMPANY	
		30/06/2017	31/12/2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	626,956,811	723,408,480
Intangible assets	5	2,449,357	2,660,600
Investment in subsidiaries and joint ventures		955,534,502	886,203,977
Investment in associates		16,825,000	16,825,000
Other long-term receivables		161,432	164,879
Deferred tax assets		18,039,592	27,690,328
<b>Total non-current assets</b>		<b>1,619,966,694</b>	<b>1,656,953,264</b>
<b>Current assets</b>			
Inventories		10,402,018	8,811,076
Trade and other receivables	6	419,033,036	459,694,975
Cash and cash equivalents		255,230,769	175,149,506
<b>Total current assets</b>		<b>684,665,823</b>	<b>643,655,557</b>
<b>TOTAL ASSETS</b>		<b>2,304,632,517</b>	<b>2,300,608,821</b>
<b>LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		991,238,046	991,238,046
Reserves		167,766,370	130,232,823
Retained Earnings		399,467,600	421,786,467
<b>Total Equity</b>		<b>1,558,472,016</b>	<b>1,543,257,336</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions and other liabilities	10	2,297,924	2,562,924
Government grants		13,987,430	36,201,748
Employee benefits		1,115,387	1,244,822
Other long-term liabilities		528,711,840	536,810,034
<b>Total non-current liabilities</b>		<b>546,112,581</b>	<b>576,819,528</b>
<b>Current liabilities</b>			
Trade and other payables	11	200,047,920	179,353,059
Short-term tax liabilities		0	1,178,900
<b>Total current liabilities</b>		<b>200,047,920</b>	<b>180,531,959</b>
<b>Total liabilities</b>		<b>746,160,501</b>	<b>757,351,487</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,304,632,517</b>	<b>2,300,608,821</b>

The notes on pages 9 to 19 are an integral part of these condensed interim financial statements.

Chairman of the Board of Directors	Georgios Spanoudis
Chief Executive Officer	Theodoros Kitsakos
Executive Director Financial Activities	
Member of the Greek Economic Chamber – 750 – A' Class Signatory Right	Maria Fadridaki
Head of Costing, Balance Sheet and Consolidated Financial Statements	
Member of the Greek Economic Chamber – 14456– A' Class Signatory Right	Leonidas Mouzakitis

**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
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**(All amounts are expressed in EUR unless otherwise stated)**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Statutory Reserve	Other Reserves	Special Reserves	Tax free reserves	Retained Earnings	Total
Balance at 1 January 2016	991,238,046	55,893,084	5,230,339	81,376,695	1,459,942	539,349,694	1,674,547,801
Profit for the period 1/1-30/06/2016 after tax	-	-	-	-	-	66,573,738	66,573,738
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	<b>66,573,738</b>	<b>66,573,738</b>
<b>Transactions with owners of the Company, recognized directly in equity:</b>							
Transfer to reserves	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>991,238,046</b>	<b>55,893,084</b>	<b>5,230,339</b>	<b>81,376,695</b>	<b>1,459,942</b>	<b>605,923,432</b>	<b>1,741,121,539</b>
Balance at 1 January 2017	991,238,046	62,943,584	5,230,341	81,376,695	1,459,942	660,539,102	1,802,787,708
Profit for the period 1/1-30/06/2017 after tax	-	-	-	-	-	100,737,611	100,737,611
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	<b>100,737,611</b>	<b>100,737,611</b>
<b>Transactions with owners of the Company, recognized directly in equity:</b>							
Transfer to reserves	-	-	37,533,547	-	-	(37,533,547)	-
Dividends	-	-	-	-	-	(52,579,301)	(52,579,301)
Total transactions with the owners of the Company	-	-	37,533,547	-	-	(90,112,848)	(52,579,301)
<b>Balance at 30 June 2017</b>	<b>991,238,046</b>	<b>62,943,584</b>	<b>42,763,888</b>	<b>81,376,695</b>	<b>1,459,942</b>	<b>671,163,865</b>	<b>1,850,946,018</b>

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**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
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**COMPANY'S INTERIM STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Statutory Reserve	Other Reserves	Special Reserves	Tax free reserves	Retained Earnings	Total
Balance at 1 January 2016	991,238,046	37,287,584	4,781,483	81,376,695	1,504,062	321,259,623	1,437,447,492
Profit for the period 1/1-30/06/2016 after tax	-	-	-	-	-	67,413,557	67,413,557
Total comprehensive income for the period	-	-	-	-	-	67,413,557	67,413,557
<b>Transactions with owners of the Company, recognized directly in equity:</b>							
Transfer to reserves	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>991,238,046</b>	<b>37,287,584</b>	<b>4,781,483</b>	<b>81,376,695</b>	<b>1,504,062</b>	<b>388,673,178</b>	<b>1,504,861,047</b>
Balance at 1 January 2017	991,238,046	42,570,584	4,781,483	81,376,695	1,504,062	421,786,467	1,543,257,336
Profit for the period 1/1-30/06/2017 after tax	-	-	-	-	-	67,793,981	67,793,981
Total comprehensive income for the period	-	-	-	-	-	67,793,981	67,793,981
<b>Transactions with owners of the Company, recognized directly in equity:</b>							
Transfer to reserves	-	-	37,533,547	-	-	(37,533,547)	-
Dividends	-	-	-	-	-	(52,579,301)	(52,579,301)
Total transactions with the owners of the Company	-	-	37,533,547	-	-	(90,112,848)	(52,579,301)
<b>Balance at 30 June 2017</b>	<b>991,238,046</b>	<b>42,570,584</b>	<b>42,315,030</b>	<b>81,376,695</b>	<b>1,504,062</b>	<b>399,467,600</b>	<b>1,558,472,016</b>

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**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
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**STATEMENT OF CASH FLOWS**

	GROUP		COMPANY	
	1/1-30/06/2017	1/1-30/06/2016	1/1-30/06/2017	1/1-30/06/2016
<b>Cash flows from operating activities:</b>				
Profit before income tax	131,227,112	87,200,327	76,092,732	80,645,405
<b>Adjustments for:</b>				
Depreciation	40,055,216	41,019,446	11,017,200	12,250,496
Provisions	(3,353,704)	(1,437,919)	(2,332,386)	(3,890,911)
(Profit)/ losses on jointly controlled companies	(17,885,995)	(14,564,813)	-	-
(Profit)/ losses from associates	423,651	312,442	-	-
Income from dividends	-	-	(37,710,290)	(31,499,810)
(Profit)/ Losses on sale of property, plant and equipment	2,041	-	-	-
Amortization of grants	(6,412,066)	(7,042,660)	(350,714)	(650,861)
Foreign currency differences	694,213	893,638	694,213	893,638
Net finance costs	(5,296,634)	(42,308)	(9,493,766)	(5,067,997)
Amortization of rights of use	(17,074,887)	(20,278,498)	(17,074,887)	(20,278,498)
Other adjustments	3,144	-	3,144	-
	<u>122,382,091</u>	<u>86,059,654</u>	<u>20,845,246</u>	<u>32,401,461</u>
Adjustments for changes in working capital or changes related to operating activities:				
Decrease / (increase) in inventories	(1,388,699)	6,026,979	(3,026,845)	4,253,971
Decrease / (increase) in receivables	69,403,134	51,523,530	64,954,800	63,795,141
Decrease / (increase) in long-term receivables	(9,922)	667	-	432
(Decrease)/increase in liabilities (excluding banks)	(47,539,326)	(67,621,448)	(23,369,215)	(79,968,005)
Cash flows from operating activities	<u>142,847,278</u>	<u>75,989,381</u>	<u>59,403,986</u>	<u>20,482,999</u>
Interest and other related expenses paid	(5,563,074)	(6,075,563)	(560,052)	(500,990)
<b>Net cash from operating activities (a)</b>	<b><u>137,284,204</u></b>	<b><u>69,913,818</u></b>	<b><u>58,843,934</u></b>	<b><u>19,982,009</u></b>
<b>Cash flows from investing activities:</b>				
Acquisition of subsidiaries, associates, joint ventures and other investments	(105,922)	(125,000)	(105,922)	(125,000)
Acquisition of property, plant, equipment and intangible assets	(13,347,102)	(15,227,629)	(157,161)	(379,516)
Dividends received	-	25,910,654	16,331,949	25,910,654
Interest received	5,974,351	6,347,502	5,168,462	5,798,617
Proceeds from grants for investments in fixed assets	-	6,464,082	-	6,216,534
<b>Net cash from investing activities (b)</b>	<b><u>(7,478,673)</u></b>	<b><u>23,369,609</u></b>	<b><u>21,237,328</u></b>	<b><u>37,421,289</u></b>
<b>Cash flows from financing activities:</b>				
Repayment of borrowings	(16,661,132)	(16,390,299)	-	-
<b>Net cash from financing activities (c)</b>	<b><u>(16,661,132)</u></b>	<b><u>(16,390,299)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net increase/ (decrease) in cash and cash equivalents of the period (a)+(b)+(c)</b>	<b>113,144,399</b>	<b>76,893,128</b>	<b>80,081,262</b>	<b>57,403,298</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b><u>321,043,831</u></b>	<b><u>350,460,877</u></b>	<b><u>175,149,506</u></b>	<b><u>284,860,174</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>434,188,231</u></b>	<b><u>427,354,006</u></b>	<b><u>255,230,769</u></b>	<b><u>342,263,475</u></b>

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**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
**Notes to the Condensed Interim Financial Statements**  
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## 1. Description of the Group

The Public Gas Corporation and its subsidiaries, associates and joint ventures (the “Group”) operate in Greece and their principal activity is the transmission, distribution and sale of natural gas.

The parent Company **Public Gas Corporation** (hereinafter referred to as “DEPA” or “Company”) was established in Greece in 1988 as a state-owned Societe Anonyme for the purpose of trading natural gas in the Greek energy market. The Company is located at Iraklio Attikis, 92 Marinou Antipa Str., Athens, Greece.

According to article 3 of the Greek Law 2364/1995, amended by Law 2992/2002, the Parent Company of the Group, DEPA, was nominated as the Operator of the National System of Transmission of Natural Gas (E.S.F.A.). With this law, the scheduling, construction, ownership and operation of the National System of Transmission of Natural Gas was assigned to DEPA.

The construction of the main pipeline was completed in 1996, when, the first sales towards industrial clients started.

The National Natural Gas System Operator (DESFA A.E.) was established, following the provisions of article 7 of the law 3428/2005 on liberalization of the natural gas market. The sector of the National Natural Gas System was transferred from DEPA to DESFA A.E. by means of spin-off. With the new legal framework, DESFA A.E. takes over full control of the operation, management, exploitation and development of the E.S.F.A. The subsidiary’s share capital was 100% covered by the Parent Company DEPA.

Based on the above, the assets and liabilities that relate to high pressure Transmission System, were transferred as of June 30, 2006 (date of spinoff) from DEPA to the newly formed entity, DESFA A.E. The spin-off was completed with the Presidential Decrees 33/2007 and 34/2007 (Government Gazette A31/20.02.2007) and the establishment of DESFA A.E. on 30/3/2007.

In addition, article 21 of the same law, clarified that before the incorporation of DESFA A.E., the existing Gas Distribution Companies (EDA Thessaloniki A.E. and EDA Thessalia A.E.) would be merged with EDA Attiki A.E. The merger was completed under the Ministerial Decree K2 18211/29.12.06, issued by the Greek Ministry of Development and the decision No 39478/29.12.06 by the prefect of Athens. The geographical boundaries of operation of the new subsidiary “EDA A.E.” upon merger, consisted by the geographical area which was previously covered by the operations of the merged entities. By amending article 1 of the Articles of Association, EDA Attiki A.E., changed its legal name to EDA A.E.

According to article 32 of Law 2992/2002, the rights of use held by EDA companies were allowed to be transferred only to a Gas Supply Company (EPA A.E.). Therefore, for the distribution of gas to domestic, commercial and industrial consumers through medium and low pressure pipelines, owned by EDA A.E., three EPAs (EPA Attiki, EPA Thessaloniki and EPA Thessalia) operate in the geographical regions of Attica, Thessaloniki and Thessalia respectively.

The Board of Directors of DEPA and EDA A.E. decided to merge the wholly owned subsidiary EDA A.E. with the parent company DEPA, as of 31 March 2010. The merger was approved by the competent Prefecture on 23 December 2010.

According to law 4336/2015 issued pursuant to Law 4001/2011, a plan for the gradual and complete liberalization of the gas market was introduced. The overall liberalization process of the retail gas market included the separation of the activities of Distribution from the Supply activities and the creation of new entities for the activity of the Natural Gas Distribution up to 1 January 2017 (separation process).

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Within the framework of application of the existing legislation, the supply divisions of “THESSALONIKI GAS SUPPLY COMPANY A.E.” and “THESSALIA GAS SUPPLY COMPANY A.E.” were contributed to a new single gas supply company (“THESSALONIKI – THESSALIA SUPPLY COMPANY A.E.”), which was established on 27 December 2016.

Similarly, at EPA Attiki A.E., the supply division was contributed to a new gas supply company “EPA Attiki A.E.”, which was established on 2 January 2017.

The pre-existing companies EPA Attiki A.E. and EPA Thessaloniki A.E. were renamed to EDA Attiki A.E. and EDA Thessaloniki-Thessaly A.E.

Furthermore, the Extraordinary General Assembly of Shareholders of EPA Thessaloniki and EPA Thessaly, on 28 September 2016, decided the merger by the company “THESSALONIKI GAS SUPPLY COMPANY A.E.” of the affiliated company “THESSALIA GAS SUPPLY COMPANY A.E.” in order to establish a single Gas Distribution Company (EDA) of Thessaloniki – Thessalia A.E., which was approved by the Region of Central Macedonia.

Pursuant to the provisions of article 80A of Law 4001/2011, as introduced by article 4 of Law 4336/2015, and as amended and currently in force, on 2 January 2017 the spin-off of the gas Distribution division of DEPA (excluding the networks of the areas of Attica, Thessaly and Thessaloniki) and the establishment, through the contribution of the detached division, of a new company under the name Gas Distribution Company Rest of Greece A.E. (DEDA), was completed. In accordance to the provision of paragraph 6 of the above Article 80A of Law 4001/2011, DEDA automatically and legally subrogated to all rights, obligations and legal relations of DEPA concerning the contributed gas Distribution division, while this transfer is considered a quasi-universal succession.

DEPA is an associate of Hellenic Petroleum S.A and is consolidated in the Financial Statements of Hellenic Petroleum SA with the equity method.

The Company’s supplies of natural gas are secured until 2026 from Russia, through the state owned gas company “GAZPROM EXPORT” and until 2021 from Turkey through the company “Botas”. Liquefied natural gas (LNG) is mainly obtained from the Algerian state owned company “SONATRACH” under a long term agreement expiring in 2021.

### **Approval of Financial Statements**

These condensed consolidated interim financial statements (“Condensed Financial Statements”) were authorized for issue by the Company’s Board of Directors on 14 September 2017.

## **2. Basis of preparation and summary of Significant Accounting Policies**

### **Statement of compliance**

These condensed interim financial statements for the six-month period ended 30 June 2017 (hereinafter referred to as “financial statements”) have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for annual financial statements and should be read in conjunction with the financial statements of the Group and the Company as at and for the year ended 31 December 2016.

### **Significant accounting policies**

**PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)**  
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The financial statements have been prepared on a historical cost basis (except for specific financial assets measured at fair value) and on a going concern basis. The financial statements are presented in Euro, unless otherwise stated.

The accounting policies applied for the preparation of the condensed interim financial statements are the same with those applied in the published financial statements of the Group for the year ended 31 December 2016. A number of standards, amendments and interpretations have been issued that are required to be applied by an entity with an annual reporting period beginning on or after 1 January 2017 but they are not expected to have a material impact on the Group financial statements.

### **Judgments and estimates**

The preparation of interim financial statements in accordance with IFRS as adopted by the European Union requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments and estimates made by management in applying Group's accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

### **Financial Risk Management**

Group's financial risk management policies are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2016 with the exception of the risk related to the macroeconomic and business environment in Greece.

The approval of the EUR 86 billion bailout program and the recapitalization of the 4 systemic banks during December 2015 were key steps towards the stabilization of the macroeconomic and financial environment in Greece. The improvement in the labor market has supported household consumption however the unemployment rate remains high despite a moderate decline since 2013. Tax and benefit reforms have materially improved the Greek state budget position, but public debt remains high. Despite signs of a turnaround and the slower pace of fiscal consolidation agreed in the context of the ESM program, the macroeconomic and financial situation is still fragile. As stipulated in the August 2015 bailout program, in order to achieve the fiscal targets agreed, the fiscal position requires additional measures to deliver medium-term sustainability, amounting to around 3.5% of GDP for 2018. Following completion of the program, the primary surplus targets are expected to be sustained and closely monitored. Addressing these measures will be necessary for a stronger recovery and a faster reduction of unemployment. The bailout program was approved to be disbursed in allotments/tranches following the adoption of a series of agreed upon changes and austerity measures. The degree of implementation of the above reforms is assessed by the creditors prior to the disbursement of each tranche. To date, the disbursement of two tranches has been approved. All of the above are beyond the Group's control but management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's operations.

### **3. Seasonality of operations**

Consumption of natural gas from domestic customers for heating purposes is subject to fluctuations due to seasonality, with increased demand at the first and fourth quarter of the year. This is mainly attributable to the seasonal weather conditions with no need to adjust the accounting policies due to seasonality.

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#### 4. Income Tax

The income tax expense presented in the statement of comprehensive income for the Group and the Company is analyzed as follows:

	GROUP		COMPANY	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Current tax	(19,882,054)	(3,473,336)	-	-
Prior year taxes	1,966,302	(8,748,718)	1,966,302	(8,748,718)
Deferred tax	(12,573,749)	(8,404,534)	(10,265,053)	(4,483,131)
<b>Total taxes recognized in the Statement of Comprehensive Income</b>	<b>(30,489,501)</b>	<b>(20,626,588)</b>	<b>(8,298,751)</b>	<b>(13,231,849)</b>

The effective tax rate for the first half of 2017 is approximately 23% and 11% for the Group and the Company. The corresponding rates for the first half of 2016 were approximately 24% and 16% respectively.

#### 5. Tangible and Intangible Assets

Purchases and depreciation/amortization of tangible and intangible assets of the Group for the six months period of 2017 was EUR 13,347,102 (2016: EUR 15,227,629) and EUR 40,055,216 (2016: EUR 41,019,446) respectively. Purchases and depreciation/amortization of tangible and intangible assets of the Company was EUR 157,161 (2016: EUR 379,516) and EUR 11,017,200 (2016: EUR 12,250,495) respectively. Tangible and intangible assets in the Statement of Financial Position of the Company, except from the above tangible and intangible assets, include networks constructed by EPA. Furthermore, the spin-off of DEDA was completed on 2 January 2017, where the following assets were contributed

	DEDA Spin-off				
	Land	Machinery	Furniture and fixtures	Assets under Construction	Total
Cost	99,422	110,302,012	35,690	627,902	111,065,025
Accumulated Depreciation	-	(23,074,457)	(35,690)	-	(23,110,147)
Net Book Value	<b>99,422</b>	<b>87,227,555</b>	<b>-</b>	<b>627,902</b>	<b>87,954,878</b>

	DEDA Spin-off		
	Software	Rights of use	Total
Cost	7,997	114,600	122,597
Accumulated Amortization	(3,563)	(15,267)	(18,830)
Net Book Value	<b>4,434</b>	<b>99,333</b>	<b>103,767</b>

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## 6. Trade and other receivables

Trade and other receivables of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Trade Debtors	340,997,162	340,835,589	339,592,551	351,506,880
Less : Provisions	<u>(95,768,501)</u>	<u>(98,113,892)</u>	<u>(95,768,501)</u>	<u>(98,113,892)</u>
<b>Total</b>	245,228,661	242,721,697	243,824,050	253,392,988
Other Receivables	<u>199,613,379</u>	<u>238,639,391</u>	<u>175,208,985</u>	<u>206,301,988</u>
<b>Total</b>	444,842,040	481,361,090	419,033,036	459,694,975

It should be noted that Trade Debtors also include the short term receivables from related parties (see note 12).

## 7. Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and bank deposits available on demand. In particular:

	GROUP		COMPANY	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Cash on hand	12,261	9,692	5,188	6,365
Sight deposits	12,951,898	10,334,398	2,361,303	4,646,572
Time deposits	<u>421,224,073</u>	<u>310,699,741</u>	<u>252,864,279</u>	<u>170,496,569</u>
<b>Balance</b>	<b><u>434,188,231</u></b>	<b><u>321,043,831</u></b>	<b><u>255,230,769</u></b>	<b><u>175,149,506</u></b>

Cash is deposited in Greek Banks.

## 8. Dividends

According to the provisions of Greek corporate legislation, Societe Anonymes are required to distribute each year, as a dividend, an amount that equals to 35% of the profits after taxes and after the establishment of the statutory reserve. According to article 30 of Law 2579/98 companies and organizations whose exclusive shareholder or owner with a majority over 60% of its share capital is the Greek State, either directly or through another company or organization whose exclusive or major shareholder is the Greek State and operate as a Societe Anonyme, are required to distribute, from the fiscal year 1997 and thereafter, the total dividend to the Shareholder as determined by the company's articles of association or by law provisions.

On 30 June 2017, the annual General Assembly of shareholders approved the distribution of profits after tax amounting to EUR 52,579,301.17. The payment of the dividends was made on 14 July 2017.

## 9. Loans and Borrowings

The Group's borrowings were granted by Greek (National Bank of Greece EUR 21.2 million) and foreign bank (European Investment Bank EUR 211.7 million). Amounts payable within a year from the date of the statement of financial position are classified as current, while amounts payable after one year are

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classified as long-term. The Group accrues for interest that is recognized in the period's profit and loss. DESFA has not signed any new loan agreements after 31 December 2016.

The fair value of existing borrowings as at 30 June 2017 that has been calculated based on the discounted cash flows, amounts to EUR 210.4 million and is analyzed as follows:

LOAN	BALANCE 30/06/2017	FAIR VALUE 30/6/2017
LOAN € 70,000,000- EUROPEAN INVESTMENT BANK 5	7,000,000	7,095,090
LOAN € 12,000,000- EUROPEAN INVESTMENT BANK 6	8,181,818	8,730,798
LOAN € 13,000,000- EUROPEAN INVESTMENT BANK 7	5,416,667	5,485,197
LOAN € 10,000,000- EUROPEAN INVESTMENT BANK 8	5,000,000	5,224,405
LOAN € 10,000,000- EUROPEAN INVESTMENT BANK 9	7,272,727	8,409,389
LOAN € 30,000,000- EUROPEAN INVESTMENT BANK 10	20,869,565	22,927,355
LOAN € 85,000,000- NATIONAL BANK	21,230,521	21,808,982
LOAN € 35,000,000- EUROPEAN INVESTMENT BANK 11	25,200,000	24,562,581
LOAN € 30,000,000- EUROPEAN INVESTMENT BANK 12	29,062,500	25,867,221
LOAN € 25,000,000- EUROPEAN INVESTMENT BANK 13	25,000,000	23,579,790
LOAN € 40,000,000- EUROPEAN INVESTMENT BANK 14	40,000,000	30,855,936
LOAN € 40,000,000- EUROPEAN INVESTMENT BANK 15	38,666,667	25,875,613
<b>TOTAL</b>	<b>232,900,465</b>	<b>210,422,356</b>

The above mentioned loans include covenants concerning the fulfillment of financial obligations and information on the work in progress. These covenants have not been breached during the first semester of 2017.

## 10. Provisions & Other liabilities

Provisions for contingent risks and expenses for the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Provisions for legal disputes and claims	18,381,944	19,363,539	2,297,924	2,562,924
Provisions for prior years commission to Greek State	17,800,000	17,800,000	-	-
Provision for users compensations and supply security duties	10,698,492	9,979,342	-	-
<b>Total</b>	<b>46,880,436</b>	<b>47,142,881</b>	<b>2,297,924</b>	<b>2,562,924</b>

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## 11. Trade and other payables

The total liabilities of the Group and the Company towards suppliers and others creditors are analyzed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>30/06/2017</b>	<b>31/12/2016</b>
Suppliers	44,259,670	66,737,762	30,046,137	56,381,439
Cheques payables	86,374	3,720	-	-
Customer advances	21,203,836	34,669,061	9,015,504	8,920,447
Tax payables	4,394,938	10,370,093	4,394,938	10,370,093
Social security	517,009	505,683	149,433	101,980
Liabilities to subsidiaries and related parties	485,106	530,878	15,533,937	1,988,615
Dividends paid	52,579,301	-	52,579,301	-
Other creditors	4,066,330	3,872,020	296,008	535,586
Other accrued liabilities	37,110,978	31,153,682	41,621,780	50,867,422
Deferred income	34,149,775	40,875,297	34,149,775	40,875,297
Accrued expenses	5,999,146	6,768,774	12,261,106	9,312,180
<b>Total</b>	<b>204,852,463</b>	<b>195,486,969</b>	<b>200,047,920</b>	<b>179,353,059</b>

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## 12. Related party transactions and balances

The Company considers as related parties:

a) Associates and Joint Ventures of the Group consolidated with the equity method as well as

b) Associates that are not consolidated but are under common control with the group due to the joint participation of the Greek State and have significant transactions with the Group. The transactions and balances with consolidated and unconsolidated associates and jointly controlled entities are stated at 100%. The Group's and the Company's related party transactions and balances during the periods 1/1-30/06/2016 and 1/1-30/06/2017, respectively, are as follows:

	GROUP		GROUP		COMPANY		COMPANY	
	1/1-30/06/2016		31/12/2016		1/1-30/06/2016		31/12/2016	
	Sales to related parties	Purchases from related parties	Due from related parties	Due to related parties	Sales to related parties	Purchases from related parties	Due from related parties	Due to related parties
Transactions with consolidated entities	94,815,547	400,323	42,981,434	5,104,082	95,474,758	51,348,518	67,955,653	19,825,436
Transactions with unconsolidated entities	151,338,071	18,721	156,902,500	972,712	151,338,071	18,721	156,902,500	972,712

	GROUP		GROUP		COMPANY		COMPANY	
	1/1-30/06/2017		30/06/2017		1/1-30/06/2017		30/06/2017	
	Sales to related parties	Purchases from related parties	Due from related parties	Due to related parties	Sales to related parties	Purchases from related parties	Due from related parties	Due to related parties
Transactions with consolidated entities	129,413,011	247,601	4,502,381	472,352	138,198,790	102,178,470	15,372,372	28,686,774
Transactions with unconsolidated entities	277,416,080	63,289	156,003,668	3,201,494	277,416,080	63,289	156,003,668	3,201,494

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The Company considers as related parties the members of the Board of Directors (including their related parties). Fees to the president and Board of Directors' members of the Group and the Company are as follows:

	<b>30/06/2017</b>	<b>30/06/2016</b>
Fees of the Company's Chairman and BoD members	272,401	201,460
Fees of the consolidated Subsidiaries' Chairman, BoD members and supervisory board	232,047	170,934
<b>Fees of the BoD members</b>	<b>504,448</b>	<b>372,394</b>

### **13. Commitments and Contingent Liabilities**

#### **13.1 Contingent Liabilities from cases under dispute or under arbitration**

1) For DESFA A.E.:

- a) Outstanding lawsuits against the company amount to EUR 49,850 thousand, and are analyzed as follows: i) amount of EUR 8,913 thousand relates to construction contractors' lawsuits. According to the company's accounting policy, compensations paid as a result of such cases, are included in the cost value of tangible assets and therefore no amount has been provided for, ii) amount of EUR 40,937 thousand relates to other lawsuits against the company for which the company estimates that it will not pay more than EUR 15,820 thousand.
- b) There are outstanding liabilities from Greek government guarantees of EUR 17,800 million for which the Company has recorded an equal provision.
- c) There are pending lawsuits against the company concerning compensation for expropriation of property amounting to EUR 7,664 thousand and are directly related to the construction and expansion of the pipeline and other tangible assets. It is noted that according to the company's accounting policy, compensations paid as a result of such cases, are included in the cost value of tangible and intangible assets and therefore no amount has been provided for.
- d) The Company has recorded a provision for users' compensations for supply security levy of EUR 10,698 thousand.
- e) There are pending lawsuits of the company against third parties amounting to EUR 40,942 thousand.

2) For DEDA A.E.:

DEDA has recorded a provision for lawsuits against third parties, amounting to EUR 265 thousand.

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### 13.2 Other contingent liabilities

13.2.1 The Group's companies have not yet been audited by the tax authorities for the following years:

COMPANY	COUNTRY	OPEN TAX YEARS
DEPA A.E.	GREECE	2016
DESFA A.E.	GREECE	-
NATURAL GAS DISTRIBUTION COMPANY A.E. (D.E.D.A.)	GREECE	-
EDA ATTIKIS A.E.	GREECE	2009-2010 & 2016
EPA ATTIKIS A.E.	GREECE	-
EDA THESSALONIKIS A.E.	GREECE	2016
EPA THESSALONIKIS A.E.	GREECE	2016
Y.A.F.A. POSEIDON A.E.	GREECE	2010 & 2016
SOUTH STREAM A.E	GREECE	2016
IGB AD	BULGARIA	2011-2016

The tax audit for 2016 from the statutory auditors is in progress for all the Companies of the Group except for DESFA, for which the tax audit has been completed, according to article 65A of Law 4174/2013 and no material charges are expected for the Company and the Group.

According to the provisions of Article 82 paragraph 5 of L.2238/94 the Company and Group for the unaudited tax years 2011 to 2015 have received a tax certificate with unqualified opinion by the auditors.

The unaudited tax years up to 2010 under the current provisions will be audited by the tax authorities under the rules and procedures applicable up to the implementation of the above mentioned law. Because the tax audit may not recognize certain expenses, it is likely that additional taxes will be imposed for these unaudited years.

### 14. Fair value disclosures

Financial assets and liabilities are measured at amortized cost. There is no obligation to disclose the levels 1, 2, 3 as the fair value of these assets and liabilities carried at amortized cost is not materially different from their respective book value. There are no transfers between levels, compared to 31 December 2016.

### 15. Other disclosures

- **Sale of DESFA**

On 2012, the HRADF and Hellenic Petroleum S.A. agreed to launch a joint sale process of the 66% of their shareholding in the high pressure transmission network (DESFA S.A., a 100% subsidiary of DEPA S.A.).

The sale process resulted in the submission of a binding offer of EUR 400 million by SOCAR (Azerbaijan's Oil and Gas National Company) for the purchase of the 66% of DESFA. On 21 December

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2013, the Share Purchase Agreement (SPA) for the above sale was signed, while the completion of the transaction was agreed to be subject to the clearance of EU's responsible competition authorities.

On 30 November 2016, the deadline for the fulfilment of all prerequisites for the finalization of the transaction expired without the desired outcome.

According to Law 4772/2017 up to 31 December 2017, 66% of DESFA's shares owned by DEPA A.E. will be sold and transferred through an international tender procedure to be carried out by the Hellenic Republic Asset Development Fund (HRADF A.E.) and the remaining 34% will be transferred to the Greek State. The aforementioned 66% of share capital which is for sale correspond to the 35% of ELPE's shareholding and 31% of HRADF shareholding on DESFA A.E.

For the implementation of the above, the Invitation for the Non-Binding Statement of Intent was published on 26 June 2017.

Investment in DESFA continues to be accounted for and included in the consolidated financial statements of DEPA Group as a subsidiary.

## **16. Subsequent events after the date of the Financial Statements**

Pursuant to the decision No. 26/28.07.2017 of the Extraordinary General Assembly of Poseidon, a share capital increase was decided amounting to EUR 28,000,000 (DEPA: EUR 14,000,000) with the issuance of twenty eight million new ordinary shares of nominal value of EUR (1), paid by the shareholders proportionally accounting their participation rate in the share capital of Poseidon, in partial payments.

There were no other events subsequent to the condensed interim financial statements as of 30 June 2017 that materially impact these Interim Financial Statements and would need to be disclosed or adjust the amounts presented in these interim financial statements.

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**Independent Auditors' Report on Review of Condensed  
Interim Financial Information**  
**(Translated from the original in Greek)**

To the Shareholders of  
PUBLIC GAS COMPANY (DEPA) S.A.

Introduction

We have reviewed the accompanying standalone and consolidated statement of financial position of PUBLIC GAS COMPANY (DEPA) S.A. (the "Company") as of 30 June 2017 and the related standalone and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, which comprise the interim financial information. Company's management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the International Financial Reporting Standards adopted by the European Union and specifically with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Athens, 14 September 2017  
KPMG Certified Auditors AE  
AM SOEL 114

Anastasios Kyriacoulis, Certified Auditor Accountant  
AM SOEL 39291