PUBLIC POWER CORPORATION S.A.

FINANCIAL REPORT
for the six-month period ended June 30th 2019

The attached Financial Report for the six month period ended June 30th 2019, has been prepared **according to article 5 of Law 3556/2007**, has been approved by the Board of Directors of "Public Power Corporation S.A." on September 24th 2019, and is available on the internet, at the web site address www.dei.gr.

Public Power Corporation S.A.
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Chalkokondyli 30 - 104 32 Athens

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I. STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

(According to article 5, par.2 of Law 3556/2007)

1. Georgios Stassis, Chairman and C.E.O. of P.P.C. S.A.
2. Georgios Venieris, Member of the Board of Directors,
3. Stefanos Kardamakis, Member of the Board of Directors,

hereby

WE DECLARE

that, to the best of our knowledge:

a) the accompanying interim Condensed Financial Statements of the Parent Company and the Group, for the six month period ended June 30th 2019, which were prepared according to the International Accounting Standards – currently in effect- as adopted by the European Union, truthfully depict assets, liabilities, equity and the statement of income of Public Power Corporation S.A., as well as the companies included in the consolidation, according to the provisions of paragraphs 3 – 5, article 5 of Law 3556/2007 and,

b) the accompanying Board of Directors' Report truthfully depicts the evolution, performance and position of Public Power Corporation S.A. and the companies included in the consolidation, as well as a description of the major risks and uncertainties that they have to deal with.

Athens September 24th 2019

Chairman and C.E.O.	Member of the Board.	Member of the Board.
Georgios Stassis	George Venieris	Stefanos Kardamakis

II. REPORT OF THE BOARD OF DIRECTORS

PUBLIC POWER CORPORATION S.A.
SIX MONTH REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD 1.1.2019 - 30.6.2019

This is a condensed report of financial information of “Public Power Corporation S.A.” (the Parent Company) and its subsidiaries (the Group) for the first half of the current financial year, as well as, the major events of the period and their effect on the six month financial statements. There is, also, a description of the main risks and uncertainties that the Group might face in the second half of the financial year, the outlook for this semester, as well as, the balances and transactions between PPC and its related parties.

This report also refers to Alternative Performance Measures. For details on the purpose and calculations refer to ANNEX - Definitions and reconciliations of Alternative Performance Measures (“APMs”)

The six-month Report for the period ended on June 30th 2019 is available on the internet at the web site address http://www.dei.gr.

PPC Group 1H2019 financial results

Group Key Financial Results*

(in € m)	**1H2019**	**1H2018 (**)**	***Δ (%)***
Turnover (1)	2,305.2	2,211.2	*4.3*
Operating expenses (adjusted for the Special RES account and provision for personnel’s severance payment) (2)	2,295.9	1,845.2	*24.4*
EBITDA (adjusted for the Special RES account and provision for personnel’s severance payment) (3)=(1)-(2)	9.3	366	*(97.5)*
EBITDA margin (4)=(3)/(1)	0.4%	16.6%	
Special RES Account (5)	*(99.3)*	*108.2*	
Provision for personnel’s severance payment (one – off impact) (6)		*166.1*	
EBITDA (7)=(3)-(5)-(6)	108.6	91.7	*18.4*
EBITDA margin (8)=(7)/(1)	4.7%	4.1%	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (9)	362.1	369.2	*(1.9)*
Impairment loss of lignite subsidiaries (10)	*64.9*	*240.6*	
Pre-tax profits/(Losses) (adjusted for the Special RES account, provision for personnel’s severance payment and impairment loss of lignite subsidiaries) (11)=(3)-(9)	(352.8)	(3.2)	
Pre-tax profits/(Losses) (12)=(7)-(9)-(10)	(318.4)	(518.1)	*(38.5)*
Net income / (Loss) (13)	(274.8)	(533.9)	*(48.5)*

(*) Including “Lignitiki Melitis S.A.” and “Lignitiki Megalopolis S.A.”

(**)1H2018 figures have been restated due to the adoption, by the Parent Company and the Group, of the new standard IFRS 15 “Revenues from contracts with customers”. The total negative impact of the restatement on Pre - Tax profits/ (Losses) amounted to € 17.9 m.

For further information regarding definitions of ratios included in abovementioned figures, please refer to the Financial Report for the six - month period ended June 30, 2019 (Report of the Board of Directors – Appendix)

Group Key Financial Results (continuing operations)

(in € m)	**1H2019**	**1H2018 (*)**	***Δ (%)***
Turnover (1)	2,304.7	2,211.1	*4.2*
Operating expenses (adjusted for the Special RES account and provision for personnel's severance payment) (2)	2,261.2	1,807.6	*25.1*
EBITDA (adjusted for the Special RES account and provision for personnel's severance payment) (3)=(1)-(2)	43.5	403.5	*(89.2)*
EBITDA margin (4)=(3)/(1)	1.9%	18.2%	
Special RES Account (5)	*(99.3)*	*108.2*	
Provision for personnel's severance payment (6)		*151.2*	
EBITDA (7)=(3)-(5)-(6)	142.8	144.1	*(0.9)*
EBITDA margin (8)=(7)/(1)	6.2%	6.5%	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (9)	362.1	340.1	*6.5*
Pre-tax profits/(Losses) (adjusted for the Special RES account and provision for personnel's severance payment) (10)=(3)-(9)	(318.6)	63.4	
Pre-tax profits/(Losses) (11)=(7)-(9)	(219.3)	(196.0)	*11.9*
Net income / (Loss) (12)	(189.3)	(201.7)	*(6.1)*

(*) 1H2018 figures have been restated due to the adoption, by the Parent Company and the Group, of the new standard IFRS 15 "Revenues from contracts with customers". The total negative impact of the restatement on Pre -Tax profits/ (Losses) amounted to € 17.9 m.

EBITDA for 1H2019 were positively impacted by the rebate of € 99.3 m. from the surplus created in the Special Account for Renewables. Excluding this rebate, EBITDA amounts to € 9.3 m. For comparability reasons with 1H2018, EBITDA is adjusted for the electricity suppliers' charge for the cover of the deficit of the Special Account for Renewables of € 108.2 m. (which was abolished since 1.1.2019) and for the provision for personnel's severance payment of € 166.1 m. and amounts to € 366 m.

The significant deterioration of EBITDA is attributed to the following factors:

- higher expense for energy purchases (by € 275.3 m.) which is mainly attributed to higher System Marginal Price, higher volume of energy purchases, as well as to NOME auctions
- higher expense for the purchase of CO_2 emission rights (by € 122 m.) driven by higher prices, which more than doubled
- higher expense for natural gas (by € 80.9 m) due to higher volume and price increase and
- higher expense for liquid fuel (by € 30.3 m.) due to higher prices for diesel and heavy fuel oil.

On the other hand, EBITDA was positively impacted by the partial recovery of the higher expense for the purchase of CO_2 emission rights through the CO_2 clause in Medium and High Voltage tariffs as well as from the reduction of the discount provided to customers who pay on time from 15% to 10%.

The Company has proceeded to the update of the appraisal from an independent firm of the value of participation of the Group and the Parent Company to the two new Subsidiaries "Lignitiki Melitis S.A" and "Lignitiki Megalopolis S.A." (assets held for sale), which were created pursuant to the provisions of Law 4533/2018. Following this update, the financial results of the Group for 1H2019 include an additional impairment loss of € 64.9 m. so that the net value of the participation in the two subsidiaries is presented at the lower one between their book value and their fair value. It is noted that financial results for 1H2018 included an impairment loss of € 240.6 m. for the same reason.

Pre - tax losses for 1H2019 amounted to € 352.8 m compared to pre - tax losses of € 3.2 m in 1H2018 following the adjustments for the RES charge, provision for personnel's severance payment and impairment loss of the lignite subsidiaries.

ANALYSIS OF REVENUES – OPERATIONAL EXPENSES

Revenues

Turnover for 1H2019, despite the lower sales volume (by 921 GWh or 4.6%) due to market share loss, increased by € 94 m. or 4.3%, due to:

- increase of domestic demand by 3.8% (1,032 GWh) leading to higher sales to existing customers.
- partial recovery of the CO_2 expense from Medium and High Voltage tariffs
- reduction of the discount provided to customers who pay on time from 15% to 10% on the total energy component, effective as of April 1, 2019.

Operating Expenses

Operating expenses before depreciation increased to € 2,295.9 m. compared to € 1,845.2 m. in 1H2018, marking an increase by € 450.7 m. as presented below.
Operating expenses before depreciation do not include adjustments for the Special RES Account (ELAPE) and the provision for personnel's severance payment for 1H2018.

Operating data (generation – imports)

In 1H2019 domestic demand increased by 3.8% to 28,446 GWh compared to 27,414 GWh in 1H2018. Total electricity demand (including pumping and exports) marked a similar increase by 3.7%.

PPC's average retail market share in the country, declined to 77.1% in 1H2019, compared to 83.2% in 1H2018, while PPC sales declined by 4.6%.Specifically, the average retail market share in the Interconnected System was contained to 73.9% in June 2019 from 80.4% in June 2018, while PPC's average market share, per voltage, was 97.8% in High Voltage, 48.9% in Medium Voltage and 78.4% in Low Voltage compared to 98.5%, 61% and 85% in June 2018, respectively.

PPC's electricity generation and imports (including the lignite subsidiaries) covered 46.9% of total demand in 1H2019 (43.4% in the Interconnected System), while the corresponding percentage in 1H2018 was 53.8% (50.8% in the Interconnected System).

The Group's electricity generation decreased by 9.6% to 14,205 GWh compared to 15,705 GWh in 1H2018.
Specifically, generation:

- from lignite fired units decreased by 16.1% or by 1,106 GWh
- from natural gas fired units increased by 33.4% of by 861 GWh
- from hydro power plants decreased by 45.8% or by 1,386 GWh due to significantly low hydro inflows in the reservoirs of hydro power plants.

Electricity imports in the country increased by 24.7% or by 1,325 GWh, out of which 100 GWh by PPC and 1,225 GWh by Third Parties.
In conclusion, demand increase was covered, by RES, imports and natural gas generation since both hydro and lignite fired generation declined compared to 1H2018.

Energy mix expenditure

Expenditure for liquid fuel, natural gas, third parties fossil fuel, CO_2 energy purchases (excluding the charge / rebate for the Special RES account deficit) and for the Special Lignite Levy increased by € 494.1 m. (42.3%) compared to 1H2018.

In detail:

- Liquid fuel expense increased by € 30.3 m. (10.5%), from € 289.4 m. in 1H2018 to € 319.7 m. in 1H2019 mainly due to the increase of both heavy fuel oil and diesel prices by 14.9% and 5.3%, respectively.

- Natural gas expense, increased by 57.1% to € 222.5 m. from € 141.6 m. in 1H2018, due to the increase in its price by 21.8% and the increase of natural gas electricity generation.

- Energy purchases expense from the System (mainland) and the Network (non-interconnected islands), excluding the charge of electricity suppliers for the Special RES account increased by € 275.3 m. due to the increase of the System Marginal Price from € 52.8/MWh to € 66.7/MWh (negative impact by € 131 m.), higher energy purchases volume (negative effect by € 52.1 m.) and the NOME auctions. Specifically, the negative impact from NOME auctions increased by € 70.1 m. (€ 119.9 m compared to € 49.8 m.) while it is worth noting that in several cases the NOME quantities exceeded the sum of PPC's lignite and hydro generation, representing over 95% of said generation.

- Expenditure for CO_2 emission rights increased to € 251.1 m. compared to € 129.1 m. in 1H2018 due to the increase in the CO_2 emission rights' average price from € 9.69/tn to € 20.38/tn, despite lower emissions (from 13.3 m. tones to 12.3 m. tones). It is noted that for 1H2019, as a result of the acquisition in advance of certain CO_2 emission rights, the average price was contained to a lower level compared to the average spot price (€ 23.78/tn).

Payroll cost

Total payroll cost including capitalized expense decreased by € 21 m. to € 419.3 m. in 1H2019 from € 440.3 m. in 1H2018, as a result of natural attrition.

Provisions

In 1H2019, a € 17.8 m reversal of bad debt provisions for electricity customers was recorded compared to a € 80.1 m reversal in the respective period of 2018.

Provisions for litigation and slow moving materials, amounted to € 12 m. compared to € 42.6 m. in 1H2018, mainly due to the fact that in 1H2018 provisions for litigation were negatively impacted by an approximately € 30 m. provision, for overdue interest that IPTO claimed from PPC.

Financial expenses

In 1H2019, net financial expenses increased by € 10.9 m. and settled at € 47.2 m. compared to € 36.3 m. in 1H2018 mainly due to the decrease of the interest on overdue receivables from customers.
On the contrary, financial expenses decreased by € 8.4 m. despite the increase in total debt (from € 4,106.6 m. on 30.6.2018 to € 4,229.4 on 30.6.2019) due to the issuance of new debts with highly competitive interests from the European Investment Bank and Black Sea Trade and Development Bank.

CAPEX

Capital expenditure, amounted to € 378 m. in 1H2019 compared to € 340.6 m. in 1H2018.

The composition of main capex is as follows:

(in € m)	**1H2019**	**1H2018**	***Δ (%)***
Mining projects	64.4	27.4	*135*
Generation	228.1	214.9	*6.1*
RES projects	11.1	20.7	*(46.4)*
Distribution network	72.1	76.0	*(5.1)*

NET DEBT

Net debt stood at € 3,894.7 m. on 30.6.2019, an increase of € 202.3 m. compared to 31.12.2018. PPC is currently exploring its opportunities to access the international debt capital markets, all subject to prevailing market conditions.

Net Debt evolution

(in € m)	**30.6.2019**	**31.12.2018**	**30.6.2018**
Gross Debt (1)	4,229.4	4,023.7	4,106.6
Cash and cash equivalents / Restricted cash(*) / Other financial assets (2)	334.7	331.3	427.1
Net Debt (3) = (1) - (2)	3,894.7	3,692.4	3,679.5

(*) For the calculation of net debt, restricted cash related to debt is been deducted.

Financial Results of the Parent Company PPC S.A. (continuing operations)

(in € m)	**1H2019**	**1H2018 (*)**	***Δ (%)***
Turnover (1)	2,215,8	2,141.3	*3.5*
Operating expenses (adjusted for Special RES account and provision for personnel's severance payment) (2)	2,197.6	1,761.8	*24.7*
EBITDA (adjusted for Special RES account and provision for personnel's severance payment) (3)=(1)-(2)	18.2	379.5	*(95.2)*
EBITDA margin (4)=(3)/(1)	0.8%	17.7%	
Special RES Account (5)	*(99.3)*	*108.2*	
Provision for personnel's severance payment (6)		*88.4*	
EBITDA (7)=(3)-(5)-(6)	117.5	182.9	*(35.8)*
EBITDA margin (8)=(7)/(1)	5.3%	8.5%	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (9)	353.7	337.5	*4.8*
Pre-tax profits/(Losses) (adjusted for Special RES account and provision for personnel's severance payment) (10)=(3)-(9)	(335.5)	42.0	
Pre-tax profits/(Losses) (11)=(7)-(9)	(236.2)	(154.6)	*52.8*
Net income / (Loss) (12)	(204.0)	(162.8)	*25.3*

(*) 1H2018 figures have been restated due to the adoption, by the Parent Company and the Group, of the new standard IFRS 15 "Revenues from contracts with customers". The total negative impact of the restatement on Pre -Tax profits/ (Losses) amounted to € 17.9 m.

Financial Results of HEDNO S.A./DEDDIE
(Hellenic Electricity Distribution Network Operator)

(in € m)	**1H2019**	**1H2018 (*)**	***Δ (%)***
Turnover (1)	377.2	367.7	*2.6*
Operating expenses (adjusted for the provision for personnel's severance payment) (2)	352.4	346.4	*1.7*
EBITDA (adjusted for the provision for personnel's severance payment) (3)=(1)-(2)	24.8	21.3	*16.4*
EBITDA margin (4)=(3)/(1)	6.6%	5.8%	
Provision for personnel's severance payment (5)		*62.7*	
EBITDA (6)=(3)-(5)	24.8	(41.4)	
EBITDA margin (7)=(6)/(1)	6.6%	(11.3%)	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (8)	11.5	3	*283.3*
Pre-tax profits/(Losses) (adjusted for the provision for personnel's severance payment) (9)=(3)-(8)	13.3	18.3	*(27.3)*
Pre-tax profits/(Losses) (10)=(6)-(8)	13.3	(44.4)	
Net income / (Loss) (11)	8.8	(30.9)	

(*) For comparability reasons various reclassifications have been made to 1H2018 figures without any impact on the financial results.

Financial Results of PPC Renewables S.A.

(in € m)	**1H2019**	**1H2018**	***Δ (%)***
Turnover (1)	12.2	11.9	*2.5*
Operating expenses (2)	4.1	9.6	*(57.3)*
EBITDA (3)=(1)-(2)	8.1	2.3	*252.2*
EBITDA margin (4)=(3)/(1)	66.4%	19.3%	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (5)	0.7	(0.7)	
Pre-tax profits/(Losses) (6)=(3)-(5)	7.4	3.0	*146.7*
Net income / (Loss) (7)	6.1	1.0	*510*

Financial Results of Lignitiki Melitis S.A.

(in € m)	1H2019	1H2018	Δ (%)
Turnover (1)	39.7	30.4	*30.6*
Operating expenses (adjusted for the provision for personnel's severance payment) (2)	52.2	42.1	*24.0*
EBITDA (adjusted for the provision for personnel's severance payment) (3)=(1)-(2)	(12.5)	(11.7)	*6.8*
EBITDA margin (4)=(3)/(1)	(31.5%)	(38.5%)	
Provision for personnel's severance payment (5)		*2.3*	
EBITDA (6)=(3)-(5)	(12.5)	(14.0)	*(10.7)*
EBITDA margin (7)=(6)/(1)	(31.5%)	(46.1%)	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (8)	10.2	10.5	*(2.9)*
Pre-tax profits/(Losses) (adjusted for the provision for personnel's severance payment) (9)=(3)-(8)	(22.7)	(22.2)	*2.3*
Pre-tax profits/(Losses) (10)=(6)-(8)	(22.7)	(24.5)	*(7.3)*
Net income / (Loss) (11)	(20.4)	(26.0)	*(21.5)*

Financial Results of Lignitiki Megalopolis S.A.

(in € m)	1H2019	1H2018	Δ (%)
Turnover (1)	81.9	37.1	*120.8*
Operating expenses (adjusted for the provision for personnel's severance payment) (2)	110.6	62.8	*76.1*
EBITDA (adjusted for the provision for personnel's severance payment) (3)=(1)-(2)	(28.7)	(25.7)	*11.7*
EBITDA margin (4)=(3)/(1)	(35.0%)	(69.3%)	
Provision for personnel's severance payment (5)		*12.7*	
EBITDA (6)=(3)-(5)	(28.7)	(38.4)	*(25.3)*
EBITDA margin (7)=(6)/(1)	(35.0%)	(103.5%)	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies(8)	18.6	18.5	*0.5*
Pre-tax profits/(Losses) (adjusted for the provision for personnel's severance payment) (9)=(3)-(8)	(47.3)	(44.2)	*7.0*
Pre-tax profits/(Losses) (10)=(6)-(8)	(47.3)	(56.9)	*(16.9)*
Net income / (Loss) (11)	(45.6)	(60.3)	*(24.4)*

MAJOR EVENTS OF THE PERIOD

Significant events for the first six month period of 2019 are presented in detail in Note 15 of the Financial Statements.

MAJOR RISKS - UNCERTAINTIES

The Group's and the Parent Company's activities are subject to various risks. Any of the following risks could have a material adverse effect on the Group's and the Parent Company's business, financial position or operational results and liquidity. The risks described below are not the only ones that the Group and the Parent Company face. Additional risks and uncertainties not currently known to the Group and the Parent Company or that are currently deemed to be of minor importance may also have a materially adverse effect on the Group's and the Parent Company's financial position, business, operational results and liquidity.

Macroeconomic conditions in Greece

The Group's and Parent Company's operations, their operating results, their financial position and their prospects depend to a large extent on the macroeconomic and microeconomic environment in Greece, as virtually all their assets and activities are in Greece. Any negative change and development in the macro and micro-economic environment of the country that directly and to a significant extent affects consumer demand for electricity, the ability of customers to repay their debts, the ability of the company to pass on increases in its costs to invoices, or financing prospects from the domestic financial system, therefore affects the operating results, financial position and cash flows of the Group and the Parent Company.

Credit Risk.

Despite the fact that, electricity sales are dispersed over a large number of customers with a wide range of operations, spreading credit risk, the Group's and the Parent Company's business activities, operational results and cash flows are dependent on their customers' ability to repay their debts. The current economic environment and the wide and protracted recession of recent years have had a significant adverse impact on the Group's and the Parent Company's liquidity, mainly resulting from:

- Difficulties in payment by customers who continue to fail to meet their obligations.
- A sizeable number mainly of small and medium sized companies that cease their operations due to the economic conjecture, leaving their electricity bills unpaid.
- The prospective increase of the Social Residential Tariff (SRT) beneficiaries, due to the protracted recession, along with the increased difficulty that these customers face in paying their electricity bills.
- The inability (following RAE's Decision) to transfer debts of the same customer between their various electricity bills for household use, which accounts for 70% of the customers.
- Incidents where customers (both household and commercial) with debts due to electricity consumption or electricity theft, attempt to change their electricity supplier under a different name (or a different Tax Identification Number) in order to avoid restrictions that the Electricity Code imposes.
- The fact that some customers under the pretext of the current economic downturn do not fulfill their obligations or delay their payments, despite the fact that they afford to do so.
- Some (Medium and High Voltage) industrial customers do not fully pay their electricity bills, mainly claiming lack of liquidity due to the unfavorable economic climate.
- In addition, some of these industrial customers have questioned charges relating to HV tariffs. It cannot be guaranteed with certainty that these customers (natural and legal persons) will pay for invoiced amounts related to electricity consumption.

Additionally, the Parent Company's collection enforcement mechanisms may be affected by legislation or other administrative acts, (for example by restricting disconnections for non-payment of electricity bills for certain categories of customers or in areas that are declared to be in an emergency state, where customers benefiting from such decisions stop paying their bills).

In December 2017, through a tender process, the project of managing overdues was assigned to a specialized Agency. The project is in progress with satisfactory results. A plan of actions to be implemented with scaling, consistency and continuity has been proposed in order to ensure the effectiveness of the actions to reduce outstanding debts. However, credit risk persists, due to the financial difficulty of some of the customers to timely repay their obligations, and may adversely affect the Parent Company's operations, operating results, financial position and cash flows.

Liquidity Risk.

The macroeconomic and financial environment in Greece remains volatile and may have a considerable adverse effect on the Group's and the Parent Company's business activities, financial position and prospects. In addition, access to foreign financial markets is affected. Liquidity risk is connected with the need to ensure adequate cash flows to finance the Group's and the Parent Company's operations, including working capital needs, capital expenditure, as well as servicing their debt.

The Group's and the Parent Company's working capital needs may increase due to a number of factors, including:

- The increased delays in the payment or even non-payment of electricity bills, especially from customers that do not have an active electricity supply contract.
- The obligation to pay Renewables levy (ETMEAR), Special Consumption Tax on electricity as well as VAT when due, irrespective of whether relevant amounts have been collected from the Group's and the Parent Company's customers.
- The burden associated with the collection of taxes and levies that are not related to the sale of electricity, such as municipal taxes and levies that are currently collected through electricity bills and the inability to pay for the electricity consumption amounts without paying in the same time amounts due to third parties.
- The continuous increase in the number of disadvantaged citizens included in the register of vulnerable customers, that based on decisions of the State enjoy special privileges regarding (a) a longer period for paying their bills (40 days from the date of issue). b) the settlement of their debts in many installments and free of interest; c) limited penalties in the case of non-payment of bills and installments, since the supply of electricity cannot be disconnected due to debt, in their residence, almost throughout the year.
- Regulatory measures on the operation of the wholesale market, which burden the cost of purchasing electricity for PPC as a Supplier.
- The potential increase of commercial losses (non-technical losses), due to the non-suppression of incidents of electricity theft and arbitrary reconnection of electricity supply in cases of electricity disconnection due to debt.

The above factors may have a material adverse impact on the Group's and the Parent Company's liquidity as well as their ability to finance new or ongoing projects. It should also be noted that the Group's and the Parent Company's borrowing costs to access and find liquidity (to refinance existing debt and / or new liquidity) on both domestic and international level are affected by the state of the Greek economy in recent years.

Risk from exposure to the Banking Sector.

The Group and the Parent Company may be exposed to risks arising for the Greek banking sector (for example limitations effected by the Single Supervising Mechanism (SSM) of the ECB on loans for Public Entities).

It should be noted that as of June 30th 2019 the Group's and the Parent Company's debt obligations towards the Greek banking sector amounted to 36.7% of their total loan liabilities.

Interest rate risk and foreign currency risk.

The Group's and the Parent Company's debt liabilities consist of bank loans, bonds and overdrafts. It is the Group's and the Parent Company's policy to have a balanced distribution in their loan portfolio between fixed and variable interest rates according to the prevailing conditions and to hedge on a case by case basis through derivatives, solely to mitigate risk, against the fluctuation of floating interest rates and/or foreign currency exchange rates affecting their debt portfolio. As of June 30th 2019 no derivative transactions exist for loans or debt hedging.

Furthermore, the fluctuation of the Euro against the U.S. dollar exchange rate may adversely impact the prices of the Parent Company's liquid fuel purchases (diesel and heavy fuel oil). As oil prices are expressed in U.S. dollars, the Parent Company is exposed to foreign currency risk in the event of an appreciation of the U.S. dollar against the euro. In order to mitigate the foreign currency risk arising from liquid fuel purchases, the Parent Company examines the possibility of undertaking, on a case by case basis and according to the prevailing market liquidity circumstances, hedging transactions for this risk. It should be noted that any undertaken hedging transactions may not provide full or adequate protection against these risks.

Credit Rating Risk.

The Group's and the Parent Company's ability to access capital markets and other forms of financing (or refinancing), and the costs associated with such activities, depend in part on their credit rating witch is closely related to that of the Greek State as well as to the Greek banking sector's credit rating.

In the event that the Group's and the Parent Company's credit or debt ratings are not sustained or are lowered by the rating agencies, the Group and the Parent Company may not be able to raise additional capital on terms similar to their existing loan liabilities or at all, and their ability to access credit and bond markets as well as other forms of financing (or refinancing) could be limited or impossible.

Commodity price risk and risk from the Electricity Market.
The Parent Company is exposed to the risk of an increase in prices of oil, natural gas, electricity purchased from the System and the Network, as well as electricity prices of direct PPC imports. The Parent Company has established a policy of oil hedging transactions, based on which specific hedging transactions are undertaken on a case by case basis and according to the prevailing circumstances. It should be noted that any undertaken hedging transactions, may not provide full or adequate protection against this risk. Currently no derivative transactions exist to hedge against oil, gas and electricity price volatility. Moreover, the Parent Company has not established a hedging policy against the risk arising from the volatility of natural gas prices.

In terms of the risk arising from increased electricity purchase prices, exposure is hedged less and less by the Parent Company's vertical integration (internal hedge), i.e. the gap between the retail and wholesale market share increases. It is noted that PPC's average share in the wholesale market (Interconnected System) as of June 2019 amounted to 43%, while at the same period, PPC Supply's average share in the retail market amounted to 76.7%.

Additionally, prices of the main materials (metals, etc.), besides fuel, used by the Group and the Parent Company for their operation and development are determined on the international commodity markets, resulting to the Group's and the Parent Company's exposure to the risk of fluctuation of the relevant prices as well as to foreign currency risk, since no policy has been implemented to manage this risk.

CO_2 Emission Rights.
The Group's and Parent Company's generation business is subject to EU Directives 2003/87/EC and 2009/29/EC, which established the European Emissions Trading System (EU ETS). In order to operate its bound thermal power plants, PPC is required to acquire and deliver CO2 emission rights under the EU ETS (the "EU Allowances" or "EUAs") to cover CO2 emissions.

At European Union (EU) level, the European Emissions Trading Scheme (EU ETS) reform has now been completed for its next phase (2021-2030).
The results of this reform, as well as the already adopted regulatory changes in the second phase (2013-2020) of EU ETS (i.e. the backloading of a specific amount of CO_2 emission allowances at the beginning of the period 2013 - 2020 and the creation of a market stability reserve to control the supply of emission allowances applicable from 2019) affect the price of emission allowances.

The price of CO_2 emission allowances may be further affected by the probable adjustment of the European Union (EU) targets for pollutant emissions in 2030, which is part of its commitments under the Paris Agreement, the ongoing dialogue on the objectives of the EU's climate for 2050 as well as the proposed upgrading of the EU's renewable energy and energy efficiency targets for 2030 that have already been upgraded to 32% and 32.5% respectively.

The Group's and the Parent Company's thermal power plants currently emit 25 - 30 Mt of CO_2 approximately on an annual basis (of which about 6 Mt. concern the divestment of PPC's lignite capacity according to L. 4533/2018). In respect of managing risks arising from increased CO_2 emission allowances prices, as well as from regulatory framework changes, the Parent Company systematically monitors markets and developments at European level and has adopted a market policy that partly offsets the risk of price change, while an automatic mechanism (clause) for passing on increases in the price of CO_2 emission allowances to Low, Medium and High tariffs. However, an important part of the indirect risk (System Marginal Price (SMT) increases, decrease of lignite units share in the Wholesale Market) is not offset and therefore any increase of emission allowances prices may (directly or indirectly) affect the financial position, operating results and liquidity of the Group and the Parent Company.

Risk of exposure in competition in the wholesale market.
The Parent Company faces intense competition and share loss in the wholesale market, due to the increased penetration of Renewables units in the System and the Network, as well as due to increased electricity imports from the neighboring countries and intense competition by third-party independent electricity producers.

Taking into consideration the existing situation of gas prices and wholesale electricity prices of neighboring countries, the competition faced by the Group and the Company in the Wholesale Market is particularly intense, with high gas loads and high electricity imports.

In addition, due to CO_2 emission allowances rising prices and the rigid environmental regulatory framework, the competitiveness of lignite production is adversely affected.

Possible changes in the competitive environment, through the introduction of new laws and / or regulatory mechanisms in the electricity market that benefit the Group's competitors, may adversely affect its operating results and liquidity.

Finally, taking into account the Parent Company's position as a net purchaser in the Wholesale Market, its exposure in fluctuating market prices affected by the aforementioned factors is further intensified.

Since the forthcoming changes to the wholesale energy market model are not currently final,new regulatory decisions and other developments are expected, that may have an impact on PPC's activities and financial situation that cannot be determined at present.

Tariff risk for the competitive activities.
Excluding vulnerable customers, all end-user tariffs are fully liberalized.

However a number of factors affect the Parent Company's ability and freedom to formulate the competitive component of tariffs, such as the ability of customers to cope with new possibly increased tariffs, initiatives of the Authorities, decisions of RAE etc., especially in view of the current socioeconomic condition in Greece.

Therefore, the Parent Company may face difficulties incorporating a potentially increased commodity cost, as well as costs related to electricity and CO_2 emission allowances to electricity bills, through increased tariffs.

Despite the deregulation of tariffs, and also due to the fact that in the recent past there have been legal and administrative actions against the Parent Company by some High Voltage customers, both in terms of structure, value and terms of payment of its tariffs, the Parent Company's ability to determine its tariffs may continue to be limited in the future. If these ongoing petitions are not resolved in favor of the Parent Company, its failure to determine its tariff policy without further legal complaints could adversely affect its operations, financial position and operating results.

Risk from regulated rates of return on Network activities.
The regulated rates of return on Network investments combined with the approved by the RAE asset base on which depreciation and returns are calculated, may have a negative impact on the Groups' profitability and value, if they do not provide for a reasonable return on the invested capital and an adequate additional incentive for future strategic investments.

As a result, any RAE Decision on regulated tariffs that does not provide for a reasonable return may have a significant adverse effect on the Group's business, operating results and financial position, as well as making it difficult to raise capital (foreign or domestic) to finance its investment plans.

Finally, since recovery of regulated returns is based on unit charges for consumers, determined by decisions of the Regulatory Authority for Energy, there is a significant risk that part of the return may not be fully recoverable or be recovered with a delay of several years.

Regulatory Risk.
The legislative and regulatory framework of European and national energy and environmental policies, affect the business choices as well as the financial position and operating results of the Group and the Parent Company.

The Greek electricity system and the Greek electricity market are in the midst of broader developments due to the ongoing changes at European level, which are related to promoting the integration of European electricity markets, enhancing competition in energy markets, developing RES, limiting the use of solid fossil fuels in electricity generation, providing consumers with viable alternatives and generally promoting sustainable energy investment.

Therefore, a long period of continuous adjustment of the regulatory framework of the Greek energy market to the decisions and regulations of the national and European institutions is expected.

Possible modifications and adjustments to the regulatory and legislative framework governing energy markets and the environment, which would restrict business activities or lead to inadequate market liberalization, could have a significant adverse effect on the Group's and the Parent Company's business, financial position and operating results of.

Risk from providing Public Service Obligations (PSOs).

The PSOs for which the Parent Company and the other electricity providers are entitled to compensation relate to:

(a) the supply of electricity to the Non-Interconnected Islands (NII) at the same tariffs as those in the Interconnected System,
(b) the supply of electricity at a special tariff to families with more than three children,
(c) the supply of electricity to the beneficiaries of the Social Residential Tariff ("SRT") which is currently provided to persons of low income, families with three or more children, long-term unemployed, people with special needs and people on life support and
(d) the supply of electricity at special tariffs to public welfare entities.

PSO compensation is based on the relevant costs incurred by PPC and other electricity suppliers providing PSOs and is calculated according to a methodology published by RAE's Decisions.

Possible changes in the compensation rights for existing PSOs provided by PPC or changes in the methodology for calculating the compensation for the provision of PSOs that will not allow PPC to recover all of its costs, or any partial compensation, as well as delays in the payment of previous years' PSOs, or any possible adoption of new PSOs for which PPC will not be entitled to full compensation, will have an adverse impact on the Group's and the Parent Company's costs, financial position, operating results and cash flows.

Risk of a deficit in the Special Account for Renewables
The deficit of the DAPEEP RES Special Account as a result of the account's revenues being insufficient to cover payments for RES producers compensated at a regulated tariff has created for many years both uncertainty and market liquidity issues. The primary sources of income for this account are the amounts that electricity providers pay for electricity generated from Renewables, the Special Renewables levy paid by Customers (ETMEAR) -which as already mentioned limits their ability for the timely payment of their electricity bills- and various other smaller amounts according to the relevant legislation.

Due to the fact that a zero deficit was not achieved, despite regulatory interventions for the period 2012-2016 (special solidarity levy, reduction of RES sales prices, etc.) according to the provisions of Article 23 of Law 4414/2016 (New operating aid scheme for RES and CHP- Cogeneration Heat Power) a new charge was imposed on Load Representatives (electricity suppliers), in order for the deficit of the DAPEEP RES Special Account to be reduced to zero by the end of 2017.

The above charge significantly burdened the financial results and cash flows of the Parent Company and the Group through the years 2016, 2017 and 2018, while it has been already abolished as of January 1st 2019 by Law 4585/2018, since the increase in the marginal price and the CO_2 emission allowance prices (which affect the income of the Special Account) led to a surplus.

However, no assurance can be provided that this favorable momentum in the RES Special Account's revenues will be maintained, since the proportion of the special Renewables levy in electricity bills has been reduced, resulting in a future decrease in the RES Special Account's revenues, leading to a possible future increase of the cost of RES purchased electricity by the competent authorities, which may have a significant adverse effect on the Group's operating results and financial position.

Risk relating to Forward Electricity Products Auctions.
Under the provisions of Law 4336/2015, PPC's market share both in the wholesale electricity market as well as in the retail electricity market should be reduced, since from January 1st 2020 no entity will be allowed to either generate or import -directly or indirectly- electricity quantities greater than 50% of the total electricity quantity either generated or imported, annually in Greece.. The Competition Commission will assess the possibility of achieving the above mentioned objective by January 1st 2019 and in case of failure to achieve it, will propose appropriate measures. In case of the companies' non-compliance, fines amounting to 5% up to 10% on the annual turnover of the previous year will be imposed. The Group and the Parent Company cannot provide any assurance that the reduction to mandatory levels of both percentages will be achieved by the required deadline.

Laws 4389/2016 and 4472/2017 and Decisions 35/2016, 38/2016, 58/2017, 68/2017, 77/2018 and 85/2018 of the Government's Council for the Economic Policy determine PPC's annual market share levels in the retail market until 2019 (87.24% for 2016, 75.24% for 2017, 62.24% for 2018 and 49.24% for 2019), as well as the other key features of NOME auctions, including the cost elements to be taken into account for the calculation of the auction start price.

It should be pointed out that in the context of the changes in the Greek energy market and the transition from the current Mandatory Pool model to the Target Model it is contemplated by the aforementioned decisions of the Government's Council for the Economic Policy that the Special Purpose Regulatory Mechanism (NOME) will be designed in a way as to be applicable irrespective of the underlying regulatory framework. Beneficiaries of forward products are licensed suppliers (who should be registered in a special register solely for forward electricity products purposes) with the exception of PPC and other industrial electricity consumers. More specifically, industrial electricity consumers may not buy forward products unless they maintain or develop a separate electricity supply activity.

The quantities, the price and the other characteristics of regulated forward electricity products auctions may have a significant impact on the financial position, operating results, liquidity and prospects of the Parent Company. Especially in terms of quantities - and despite the fact that Law 4389/2016 provided for the quantities of forward electricity products to be auctioned each year to be a percentage of the annual demand of 8% for 2016, 12% for 2017, 13% for 2018 and 13% for 2019, Law 4472/2017 eventually establishes increased annual quantities of forward electricity products to be auctioned: 16% of the annual demand for 2017, 19% for 2018 and 22% for 2019. These increased quantities are valid provided that the annual target of PPC's market share decrease as provided by Law 4389/2016 is met, while if PPC's market share exceeds the annual target by more than two (2) percentage points, then the annual quantities to be auctioned will increase accordingly, which may have a particularly adverse effect on the liquidity, the financial results and the prospects of the Parent Company.

Already, additional quantities have been put up for auction in previous years, under a correction mechanism due to PPC's inability to reduce its market share in the desired levels. In June 2018 and on the basis of the correction mechanism for additional quantities of electricity to be auctioned, the additional quantities decreased by 50% due to the announcement of the international tender for the disinvestment of approximately 40% of the lignite capacity of PPC. If the procedures of the international tender result in the nomination of preferred investors and Sale and Purchase Agreements (SPAs) are signed with them, then the correction mechanism for additional quantities of electricity to be auctioned will be abolished (L. 4549/2018 as amended by Law 4602/2019).

Unless there are reforms in the regulatory framework to ensure the correction of existing distortions in the wholesale market, setting conditions of healthy competition and the balanced growth of suppliers in the market and promotion of competitive tariffs without cross-subsidization, a further increase of the competition in the supply electricity sector could have a material adverse effect on the Group's and the Parent Company's business, prospects, financial condition and results of operations.

Similarly, the Group and the Parent Company will be adversely affected if the price of forward products, as determined within the relevant auctions, does not cover the full cost of electricity generation but only part of these costs. This risk appears particularly high, since the already set starting auction price for auctions is based only on variable cost of lignite and hydroelectric production, and specifically only on the variable costs of lignite mines, so it is uncertain whether the remaining fixed costs can be recovered through auctions (capital costs, salaries, depreciation, etc. of electricity generating plants and lignite mines). Finally, if the sale price of forward products, as this will be set within the relevant actions, is lower than the System Marginal Price (as the latter is being set from the Day Ahead Schedule), the participating PPC will undergo significant revenue losses, and as a result the Group's and the Parent Company's business, financial condition, operating results and prospects will be adversely impacted.
On the July 17th 2019 auction, participants were awarded 549 MWh/h of Forward Products over 763 MWh/h auctioned.

According to the Decision 78/18.7.2019 of the Parent Company's Board of Directors, the repeat tender procedure of March 8th 2019 for the sale of 100% of PPC's participation in the share capital of its subsidiaries, "Lignitiki Melitis S.A." and / or "Lignitiki Megalopolis S.A.", which was announced pursuant to article 3A of Law 4533/2018, as in force, was declared barren, since no binding offer was submitted by any Eligible Participant.

Risk relating to structural measures for the divestment of lignite-fired units.

According to the Decision 57/19.05.2017 of the Government's Council for Economic Policy, on "The structural measures for PPC's access to lignite" and in compliance with the decisions C (2008) 824 and C (2009) 6244 of the European Commission on PPC's monopoly access to lignite, which became irreversible after the (2016) 733 and (2016) 748 decisions of the General Court of the European Union, the Hellenic Republic has undertaken the obligation to propose to the Commission's Directorate General for Competition (DG Comp.) binding remedial structural measures based on the following principles:

a. The measures will include PPC's disinvestment of lignite power generating units to existing or new alternative suppliers or other investors.

b. PPC S.A. will not have any involvement or connection with any element of disinvestment, including preferential electricity supply. The purchaser (s) :
   - shall be independent of and will not have any association with PPC S.A. and its affiliated companies,
   - shall have the financial resources, proven know-how and incentive to maintain and develop the disinvested portfolio of power generating stations as a viable and active competitive power in relation to PPC S.A. and other competitors,
   - on the basis of the information available, they shall not cause or threaten to cause prima facie competition concerns and they shall not create a risk of delay in the implementation of the structural measures.

c. The disinvestment will account for about 40% of PPC's lignite power generating capacity. The exact percentage will be determined during technical discussions with the European Commission in accordance with the abovementioned decisions (the disinvestment will include the associated lignite reserves).

d. The disinvestment will have equivalent economic characteristics to PPC's lignite power generating capacity, particularly in terms of efficiency and useful life, reflecting the start and end of lignite power generating capacity.

e. The measures will be designed and implemented in accordance with the applicable and substantive competition rules. They will be finalized through the formal submission of the agreed binding proposal by the Hellenic Republic to the European Commission's Directorate-General for Competition until November 2017 and will be implemented by June 2018.

This obligation of the Hellenic Republic was also included in the Supplementary Memorandum of Understanding agreed and signed in July 2017 by the Hellenic Republic and the European Commission on behalf of the European Stability Mechanism.

In this context, in January 2018, the Hellenic Republic proposed to the European Commission's Directorate-General for Competition as a binding structural measure the disinvestment of three (3) existing lignite units of PPC, namely Melitis 1 (330 MW installed capacity), Megalopolis 3 (300 MW) and Megalopolis 4 (300 MW), as well as the production license for a new lignite unit (Melitis 2, 450 MW), bundled with the exploration and exploitation rights of the respective lignite mines (Megalopolis mine for the units Megalopolis 3 and 4 and the mines Kleidi, Melitis hills and Vevi for Melitis).

The Directorate-General for Competition conducted a market test and subsequently definitively accepted and made the Hellenic Republic's proposal to adopt these structural measures legally binding. In addition, the Greek Parliament, on April 25th 2018 passed the legislative provisions entitled "Structural measures for access to lignite and the further opening of the wholesale electricity market and other provisions" (L.4533/2018, O.G. A 75/27.4.2018), which defines the process of the spin-off and contribution of two (2) lignite sectors of PPC SA in two (2) new companies (one in Melitis and one in Megalopolis), the framework of the international tender procedure for the sale of the shares that PPC SA will take over, the responsibility of PPC SA for the two (2) new companies and, the employment relations of the employees in the two (2) decommissioned branches. Following the relevant decisions of the Board of Directors and the Extraordinary General Meeting of the Shareholders of PPC on June 26th 2018, the two Notarial Acts for the formation of Sociétés Anonymes were signed by the contribution of the decommissioned PPC Branches, and on June 30th 2018 the registrations were announced in the General Commercial Registry (GEMI) of the establishment of the two new 100% subsidiary companies of PPC SA «LIGNITIKI MELITIS S.A.» and «LIGNITIKI MEGALOPOLIS S.A.».

The international tender provided by the Law was launched on May 31st 2018. The final deadline for the submission of tenders was set at February 6th 2019, the date on which 2 of the 3 interested parties submitted a binding bid. Of these offers, one was considered ineligible as it did not meet the criteria of the Call to Tender, while the second was judged to be economically unprofitable by PPC's Board of Directors. Following the above, the relevant tender process was declared barren.

On March 7th 2019 the Hellenic Parliament voted and on March 9th 2019 Law 4602/2019 was published (O.G. A' 45), which amended and supplemented the Law 4533/2018. With the new provisions, PPC is invited to call for a repeat competitive bidding process, inviting the candidates who participated in the previous tender procedure and other investors who wish to show interest in the acquisition within 7 days of the invitation of the shares of "Lignitiki Megalopolis S.A." and / or "Lignitiki Melitis S.A.". Pursuant to the aforementioned provisions of the Law, on the basis of a relevant decision of its Board of Directors, PPC on March 8th 2019 proceeded to post on its website the Joint Call for Expressions of Interest & Call to Submit Binding Tenders, inviting investors to initially express interest to take part in the tender procedure until March 15th 2019. The final deadline for the submission of binding tenders, after postponements, was set at July 15th 2019.

Moreover, Law 4602/2019 provides that the contract for the purchase of the shares of each new company is legally ratified, while the Parent Company cannot influence the price at which these assets will be sold.

According to the Decision 78/18.7.2019 of PPC Board of Directors, the repeated tender procedure of March 8th 2019 for the sale of 100% of PPC S.A.'s participation to the share capital of its subsidiaries, "Lignitiki Melitis S.A." and / or "Lignitiki Megalopolis S.A.", which was announced pursuant to article 3A of Law 4533/2018, as in force, was declared barren, since no binding offer was submitted by any Eligible Participant.

As of the date of approval of PPC's consolidated and separate financial statements for the six-month period ended June 30th 2019:

- Law 4533/2019 was in force as amended by Law 4602/2019, which provided for the disinvestment of PPC's lignite power through the sale of its two (2) lignite subsidiaries,
- The Hellenic Republic's commitments to the European Commission on the structural measures for PPC's access to lignite, which were both legally binding and resulted in the adoption of Law 4533/2019 by the Greek Parliament, remained in force.

Similar structural measures to be adopted in the future, may have a significant impact on the operation, contractual obligations, liquidity and financial results of the Group and the Parent Company.

Risk from the absence of Fixed Asset insurance.
Currently, the Group and the Parent Company do not maintain insurance against the usual risks associated with their power plants, distribution assets, property and equipment. Only major information technology equipment is insured. Moreover, materials and spare parts as well as liabilities against third parties are not insured. This has been primarily due to the high costs associated with obtaining insurance against these risks compared to the cost for remediating the damage should any of these risks occur, and the dispersed network of power plants.

Additionally, the Group does not insure third party liabilities with respect to distribution networks. During construction, major assets (except for networks) are insured by EPC contractors for their construction period. Cash in offices and agencies or in transfer is insured against theft and transports of liquid fuels are also insured.

Any severe damage to key power plants, distribution assets or mining equipment could have a significant adverse impact on the Group's and the Parent Company's business, financial condition or results of operations.

In addition, interruptions due to labor disputes, strikes, earthquakes, fires and adverse weather conditions, among other factors may, depending on their severity and duration, lead to a loss of revenue or an increase in operating costs.

Hydrologic Conditions.
The evolution of hydrologic conditions is an unpredictable factor that affects the Group's and the Parent Company's profitability.

Availability of lignite reserves.
Lignite mining is subject to inherent risks and is dependent upon a number of conditions beyond the Group's and the Parent Company's control that can affect costs and production schedules at particular mines.

While the Parent Company estimates that lignite reserves are adequate to cover long term levels of supply required for power generation by lignite-fired thermal power plants, such estimates may lack complete precision and depend to some extent on statistical and geological assumptions. Furthermore exploitable reserves are considered those that can be economically and legally extracted.

Increased production costs, increased stripping ratios, changes in the regulatory regime governing the Parent Company's mining operations, the adoption of political decisions both by the EU and Greece, contributing to the reduction of the country's carbon footprint and the reduction of the exploitation of fossil fuels to generate electricity, the significant decline in oil prices and consequently natural gas prices and the increase in the price of CO2 emission rights burdening lignite fired electricity plants costs may result from a periodic revision of reserve data or may render exploitable reserves uneconomical to exploit or unexploitable in the future.

Restrictions imposed by national legislation on the Parent Company's ability for new recruitments may result in the future in a shortage of skilled and qualified personnel in mining operations to operate and support its equipment and may adversely affect lignite production through the Parent Company's own resources.

Risk from the dependence on the Transmission System.
The transmission of electricity from the power plants to the distribution networks depends on the infrastructure of the electricity transmission system in Greece. Possible failures of the transmission system, including those due to natural disasters and inadequate maintenance or development, may hinder the distribution of electricity from the plants to final consumers and adversely affect the business activity, operating results and the financial position of the Group and the Parent Company.

Risk associated with the operation and production capacity of the Non-Interconnected Islands Network (NII).
The needs of Non-Interconnected Islands (NII) are met by stand-alone power plants using oil as fuel, although to a certain extent these needs are also covered by renewable energy installations.

In order to meet the demand for electricity in the NII, especially during the summer months that there is an increase in the consumption of electricity due to tourists, the Group and the Parent Company may lease or transfer production capacity (via generating sets) from one island to another, when required.

The same process, of leasing or transferring production capacity is also followed when demand in an NII cannot be met due to an unexpected, major damage and only for the time it takes to restore it.

The Group and the Parent Company are not in a position to guarantee that there will be no future damages or operational weaknesses in the Non-Interconnected Islands Network or that they will be able to meet the demand for electricity in the event of such events occurring.

Any failure to operate or reduced production capacity on the Non-Interconnected Islands Network may have an adverse impact on the Group's and the Parent Company's business activity, financial condition and operating results, as well as on their reputation.

EPC related risks.
The Group and the Parent Company face risks relating to the construction of electricity generation units, including risks relating to the availability of equipment from reliable suppliers, availability of building materials and key components, availability of key personnel, delays in construction timetables and completion of the projects within budget and to required specifications. They may also encounter various setbacks such as adverse weather conditions, difficulties in connecting to electricity transmission grids, construction defects, delivery failures by suppliers, unexpected delays in obtaining zoning and other permits and authorizations or legal actions brought by third parties.

Additionally, adverse macroeconomic developments, as well as financial or operating problems of main suppliers and contractors, may have an adverse impact on the Group's and the Parent Company's ability to purchase liquid fuels, spare parts and materials, as well as finding sufficiently competitive conditions in the domestic market and have engineering, procurement and construction ("EPC") contracts completed in a timely manner and may increase the Group's and the Parent Company's operating and maintenance costs as well as planning times.

Risk from Potential Undertaking of Social Security Liabilities.
Despite the fact that under the current legislation the Group and the Parent Company do not have any obligation to cover in the future any deficit whatsoever between income and expenses (deficit) to PPC's personnel Social Security Funds, there can be no assurance that this regime will not change in the future.

Litigations Risk.
The Group and the Parent Company are involved in several legal proceedings arising from their operations, and any adverse outcome against PPC or any other of the Group's companies may have a negative impact on their business, financial condition and reputation.

In addition, as a majority (ultimately) state owned utility, the Group is subject to laws, rules and regulations designed to protect the public interest, such as of public procurement or environmental protection. Violation of such legislation, entails, among others, criminal sanctions for the Board of Directors members and executive officers as well as the employees of the companies and utilities that are subject to those rules.

At the same time, PPC being one of the largest industrial groups in Greece, with wide and complex activity and operations throughout the country, in the ordinary course of business, from time to time, it is hit by competitors, suppliers, customers, landowners - the media, activists as well as ordinary citizens, who make complaints (even to prosecutors) about the activities and operations of the Group. Obviously the reason for these complaints is their belief (usually driven by modest springs) that the operations and activities of the Group cause or are likely to cause damage to their interests, their business or their properties. In this context, reports containing complaints and accusations of allegedly unlawful actions of executives against the Group usually entail further investigation by the Prosecuting Authorities in the so-called preliminary proceedings, which usually ends up in the dismissing of the investigated case due to lack of conclusive evidence.

These practices have intensified during the recent economic crisis, as public prosecutors and the general public have generally become more sensitive to similar allegations, especially against companies in which the Hellenic Republic is a major shareholder and are viewed as operating in the public interest.

As a result, the Group and the Parent Company, their Board of Directors members and directors, are at present and could be in the future, subject to various criminal or other investigations at various stages of procedural advancement on a variety of grounds arising in connection with their activities in the ordinary course of business. These investigations and legal proceedings may be disruptive to the Group's and the Parent Company's daily operations to the extent that the officers and directors involved need to spend time and resources in connection therewith. They may also adversely affect the Group's and the Parent Company's reputation, although to date, none of the proceedings initiated against the Group and the Group's officers or directors has resulted in any criminal convictions.

Risk from tax and other regulations.
The tax regime in Greece is subject to frequent revisions and although a reduction in corporate tax rates is anticipated, the Group may in the future face possible tax or other burdens. Changing the interpretation and application of tax provisions by the Tax Authorities may result in additional amounts payable by the Group and the Parent Company, which may have a significant adverse effect on their activities, operating results, financial position and financial position and liquidity.

The Parent Company paid a special levy for the development of areas where electricity is generated from lignite, equal to 0.5% of its annual turnover which from January 1st 2019 has been replaced by the special fee for lignite exploration and exploitation rights of 1.40 € / MWh of lignite energy produced.

Currently, the Group does not pay any royalty, concession fee or other fee for lignite extraction or for water used on its hydropower plants. The establishment of any new royalty regime may require the abolishment of the current regime and the Group cannot guarantee that any form of royalties, concession fees or other fees on its lignite or hydropower production will not be introduced by the Greek Government in the future.

Even if the effect of any new taxes, levies, etc. is passed onto the Group's and the Parent Company's customers, such taxes, levies, etc. may impact collection rates for PPC's electricity bills or result in a loss of market share due to competition. Conversely, if the Group and the Parent Company do not increase tariffs to match an increase in taxation and levies, a significant adverse impact on their financial results and liquidity may follow.

The Group and PPC are subject to certain laws and regulations generally applicable to companies of the broader public sector.
As long as the Hellenic Republic, directly or indirectly, holds 51% of its share capital, the Parent Company shall, in some respects, continue to be considered a public sector company in Greece. Therefore, its operations shall continue to be subject to certain laws and regulations generally applicable to public sector, affecting thus specific procedures, including but not limited to personnel salaries, maximum level of salaries, recruitments of employees, as well as the procurement policies etc.

The aforementioned laws and regulations, particularly within the framework of the current financial conjecture and the relevant decisions of the Central Administration, which are not applicable to the Parent Company's current and future competitors, may limit the Parent Company's operational flexibility and therefore have significant negative impact on its financial results, cash flow and on business risk management.

It should be noted that the Group has not have for several years (continuing today) the ability to recruit experienced personnel in the range of its business activities while, today's average personnel age is approximately 52 years. The Group's inability to recruit specialized personnel negatively affects the ability of the new PPC Group to elaborate and implement its strategy in the new competitive and financial environment, as well as to adequately staff basic supportive operations at the level of new subsidiaries. Finally, there is a risk of losing managers and experienced personnel to the competition mainly because of restrictions on remuneration policies.

The viability and development of PPC Group in the new business environment notably depend on the ability to attract and retain experienced and specialized personnel and executives. According to L. 3833/2010 and L.4057/2012, concerning the recruiting of permanent staff an approval of the Interministerial Committee is necessary (AIC 33/2006), as well as an allocative act of the Minister of the Interiors and Administrative Reorganization on a ratio of 1:4 (one recruitment for every four employees leaving) for the year 2017 and 1:3 for the year 2018 concerning all public sector entities. The aforementioned statutory recruitment process makes it difficult to meet the immediate needs of the Company with human resources, creates critical shortcomings in staff and executives and may have adverse effects on the Group's business.

Finally, since August 8th 2016, Law 4412/08.08.2016 (Public Works Contracts, Supplies and Services) entered into force and applies, in accordance with the procedures specifically provided for therein, to the procedures for entering into an agreement and implementing projects and for the procurement of PPC's supplies and services.

As the activities of PPC's Group fall within the scope of the activities covered by this law, PPC's "Regulation of Contracts, Supplies and Services (Decision of the Board of Directors 206/30.09.2008)" is included in its repealed provisions, some provisions remain to be clarified through New Ministerial Decisions, new procedures for the publication and implementation of tender procedures are established (for example, a Preliminary Appeal Review Authority has been established to hear preliminary rulings against PPC executives in relation to the competition procedures, and then in case of dispute by one of the parties to the decision of the Authority, the administrative courts are involved) there may be delays in the awarding of contracts, thus adversely affecting the smooth functioning of the Group and Parent Company and the performance of their activities.

The Group may face strikes.
Most of the Group's and the Parent Company's employees are members of labor unions. Extensive labor unrest may have a significant negative impact on the Group's business activity.

Health, Safety and Environmental Laws and Regulations.
The Group's and the Parent Company's operations are subject to National as well as European laws and regulations regarding their employees and the subcontractors employees' health and safety as well as environmental issues.

The cost for complying with such legislation and regulations may require major investments and/or significant expenses for actions regarding the environmental compliance, upgrade and rehabilitation. Changes in the environmental legislation may increase the compliance cost and eventually, may have an impact on the Group's and the Parent Company's profitability as well as its cash flow program, although compliance cost for health and safety rules is relatively low.

Furthermore, due to the nature of their operations, the Group and the Parent Company are involved in a number of environmental proceedings that arise in the ordinary course of business. These proceedings may not involve financial penalties and therefore cannot be quantified. The Group is also involved in court cases raised from victims of serious work-related accidents or from the families of deceased persons. Future related costs as a result of enforcement actions and/or third party claims for environmental damage and/or insurance cost for environmental liability could have a material adverse effect on the Group's and the Parent Company's business, results of operations and financial position.

The Group and the Parent Company are also required to obtain environmental and safety permits for their operations from various governmental authorities. Certain permits require periodic renewal or review of their environmental terms as well as continuous monitoring and reporting of compliance with such terms.

The Group and the Parent Company cannot give any assurance that they will be able to renew environmental permits or that material changes to their permits requiring significant expenditures on its end will not be imposed.

Environmental, health and safety laws are complex, change frequently and tend to become more stringent over time. As a result, the Group and the Parent Company may not at all times be in full compliance with all such applicable laws and regulations.

Additionally, as an owner and operator of generation and distribution facilities, the Group and the Parent Company may incur in the future costs and expenses in connection with the decommissioning of such facilities, which the Group and the Parent Company estimate to be to a large extent recoverable from the sale of decommissioned equipment, materials and scrap.

Information Technology (IT) security.
A large portion of the Group's and the Parent Company's operations are based on information systems; therefore they are exposed to the risk of non-availability, data integrity corruption and unauthorized access to these systems. In order to minimize these risks, the Group and the Parent Company take measures for the enhancement of their IT security.

The Group and the Parent Company believe that they currently have adequate security policies in place to cover risks associated with the operation and maintenance of their IT infrastructure and perform regular audits of their systems.

However, there can be no assurances that they will be able to prevent technology failures or IT security breaches in a timely manner or continue to have adequate insurance coverage to compensate for related losses (including litigation claims, liability and data loss), which could disrupt their operations or harm their reputation and have a materially adverse effect on their business.

In addition, with regard to the risk of cyber-attacks, the Group and the Parent Company take the appropriate measures that are constantly updated to avoid this risk, and so to this day there has not been anything wrong with their systems. However, it cannot be ruled out that a serious episode of cyber-attack will occur with adverse effects on the systems and operation of the Group and the Parent Company.

Risk of non-compliance with the European Union's General Data Protection Regulation ("GDPR")
The new GDPR has entered into force in the European Union on May 24th 2018. GDPR sets stricter operational requirements for the processing and management of personal data, including, for example, expanded disclosures on how to use personal information, restrictions on information retention, mandatory discloses in case of data breaches and higher standards for data controllers to be able to demonstrate that they have received valid consent for certain data processing activities. Although the Group and the Parent Company have taken all necessary steps to comply with the above guidelines, they are active in a sector where the processing of a significant amount of personal data is necessary and therefore inevitably are more exposed to the risk of being imposed with penalties for non-compliance with the above Regulation. Failure to comply with the applicable data collection and privacy provisions or other applicable data security standards may result in fines, penalties, limitations, and legal disputes.

Any failure to adequately address privacy concerns (even unfounded) or non-compliance with applicable laws, regulations and privacy policies or personal data may lead to additional costs and civil liability, damage to reputation and to negatively affect the business activities of the Group and the Parent Company.

Extraordinary events.
Unexpected events, including natural disasters, fires, war, terrorist activities, strikes, etc., may lead to a breakdown or the interruption of the operation of the Group's and the Parent Company's mines, the generation function and electricity transmission and distribution. Additionally, adverse macroeconomic developments, as well as financial and operating problems of basic suppliers, service providers and contractors may have a negative impact on the Group's and the Parent Company's ability to purchase liquid fuels, spare parts and materials and may increase their operating costs.

The Group's and the Parent Company's operations are susceptible to industrial accidents, and employees or third parties may suffer bodily injury or death as a result of such accidents. In particular, while the Group and the Parent Company believe that their equipment has been well designed and manufactured and is subject to rigorous quality control tests, quality assurance tests, and is in compliance with applicable health and safety standards and regulation, the design and manufacturing process is ultimately controlled by their equipment suppliers or manufacturers or EPC contractors rather than by the them, and there can be no assurance that accidents will not result during the installation or operation of this equipment. Furthermore, the consequences of these events may create significant and long-lasting environmental or health hazards and pollution and may be harmful or a nuisance to neighboring residents. The Group and the Parent Company may be required to pay damages or fines, clean up environmental damage or dismantle power plants in order to comply with environmental or health and safety regulations.

The Group and the Parent Company may also face civil liabilities or fines in the ordinary course of their business as a result of damages to third parties caused by the natural and man-made disasters mentioned above. These liabilities may result in the Group and the Parent Company being required to make indemnification payments in accordance with applicable laws.

Licensing Risk.
The procedures for obtaining and renewing authorizations and permits for the Group's and the Parent Company's activities can be protracted and complex. Obtaining these authorizations is not routine and the conditions attached to obtaining them are subject to change and may not be predictable. As a result, the Group and the Parent Company may incur significant expenses in order to comply with the requirements associated with obtaining or renewing these authorizations. Failure to obtain or renew the necessary licenses and permits might result in interruptions to some of the Group's and the Parent Company's operations, including also the ability to obtain funding for their activities.

Any failure to obtain, maintain, renew or extend all the administrative authorizations and licenses necessary for the operation of their business and execution of their strategy, could have a material adverse effect on the Group's and the Parent Company's business, strategic and financial planning, results of operations, financial position and liquidity.

Risk management
The Group has defined the risk as a set of uncertain and unpredictable conditions that may have an overall adverse effect on its activities, business performance, economic performance, and the implementation of the strategy and the achievement of its objectives.

The Risk Management, Planning and Control Division is organizationally provided in the Parent Company's organization chart but has not yet been staffed in the Risk Management Division as a result of a lack of appropriate staff due to a reduction in recruitment and other negative factors mentioned in the previous section. To date, executives are involved in the process of identifying and prioritizing risk, as appropriate, in order to advise the Board of Directors on the design and adoption of specific Risk Management processes and policies. The Group and the Parent Company are not in a position to guarantee that these procedures and policies provide full protection against the risks they face.

2H 2019 OUTLOOK

For the second half of 2019, the Parent Company expects that its market shares will further decrease, without a significant variation compared to the first half of 2019. Revenue, after the tariff increases from September 1st 2019 and the reduction of discounts from April 1st 2019 and September 1st 2019 is expected to slightly increase compared to the second half of 2018. This slight increase will also be due to the increase in revenue from the existing "CO_2 clause" in Medium and High Voltage tariffs and the increase in other sales that is due to the increase in the amount of PSO's collected by PPC from the competent Operator, as the overall market share held by other suppliers across the country increases and mainly, the increase in PPC's revenues from the sale of thermal generated electricity to other suppliers in the Non-Interconnected Islands, who further expand their activities in this market.

In relation to expenses, the net expense for the purchase of electricity is significantly reduced compared to the second half of 2018 as the Supplementary Charge of Load Representatives for the DAPEEP RES Special Account (RES SpAcct.) has been abolished since January 1st 2019. The reduction of the burden by the NOME auctions mechanism is also significant, as in this semester a reduced gap between the auction price and the SMP is expected. The increase in CO_2 emission allowances expenditure over the second half of 2018 is offset by the increase in the "CO_2 clause" in Medium and High Voltage cited above, while the expenditure for Natural Gas and Liquid Fuel is slightly reduced due to lower consumption of Liquid Fuel (Diesel), as well as payroll expense due to continued departures. There will also be a significant impact on the results of the second half of 2019 due to the (partial) return of PSOs for the year 2011 - which will be paid to the Company at the beginning of next year.

Provision for bad debts is expected to further decrease in the second half of 2019, as the Company's actions and measures to recover past due debts are in progress.

The Company has started updating its Business Plan with the assistance of a specialized consultant and aims to complete it by the end of the year. The impact on the Company's results of the envisaged decisions and measures to be taken is expected by the first half of 2020.

Balances and Transactions with Related Parties

PPC balances with its subsidiaries as of June 30th 2019 and December 31st 2018 are as follows:

	June 30th 2019 Amounts in '000 €		December 31st 2018 Amounts in '000 €	
	Receivables	(Payables)	Receivables	(Payables)
Subsidiaries				
PPC Renewables S.A.	698	-	886	-
HEDNO S.A.	585,733	(868,136)	770,720	(1,044,145)
LIGNITIKI MEGALOPOLIS S.A.	36,295	(868)	27,481	(343)
LIGNITIKI MELITIS S.A.	17,057	-	18,023	-
PPC Finance Plc.	-	(42)	-	(3,259)
PPC Elektrik	-	(741)	-	(62)
PPC Bulgaria JSCO	-	(1,573)	-	(1,863)
PPC Albania	230	-	160	-
EDS DOO Skopje	788	(320)	1,230	(131)
	640,801	**(871,680)**	**818,500**	**(1,049,803)**

The above mentioned balances of receivables and payables with the subsidiary PPC Finance Plc relate to its management costs which eventually burden the Parent Company.

PPC's transactions with its subsidiaries for the period ended June 30th 2019 and June 30th, 2018, respectively, are as follows:

	June 30th 2019 Amounts in '000 €		June 30th 2018 Amounts in '000 €	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
Subsidiaries				
PPC Renewables S.A.	1,015	-	1,385	-
HEDNO S.A.	923,262	(1,078,386)	720,050	(924,914)
LIGNITIKI MEGALOPOLIS S.A.	57,366	(463)	-	-
LIGNITIKI MELITIS S.A.	24,506	-	-	-
PPC Finance PLc	-	(6,418)	-	(12,928)
PPC Elektrik	-	(1,908)	1	(1,339)
PPC Bulgaria JSCO	-	(20,794)	-	(19,365)
PPC Albania	-	(31)	-	(140)
EDS DOO Skopje	962	(2,360)	-	-
	1,007,111	**(1,110,360)**	**721,436**	**(958,686)**

The above mentioned amounts of invoices from the subsidiary PPC Finance Plc relate to its management costs which eventually burden the Parent Company.

Guarantee in favor of the subsidiary PPC Renewables S.A.

As of June 30th 2019, the Parent Company has provided a guarantee for a total credit line of up to Euro 8 mil., through overdraft facilities, out of which PPC Renewables S.A. has used an amount of 538 thousands of Euro relating to letters of guarantee.

Guarantee in favor of the subsidiary Energy Delivery Solutions EDS Doo (EDS)

As of June 30th 2019 the Parent Company has provided a guarantee, for a total credit line for EDS Group's loans up to the amount of Euro 22 mil. concerning working capital. As of June 30th, 2019 EDS has used from the above mentioned credit line an amount of Euro 15.9 mil. approximately, concerning disbursed loan amounts.

Guarantee in favor of the subsidiary Energy Delivery Solutions EDS Doo (EDS), to Electricity Suppliers

As of June 30th 2019 the Parent Company has provided a guarantee for EDS's credit lines with the Electricity Suppliers, Grand Energy Distribution EOOD and Petrol D.D. up to an amount of Euro 5 mil.

Significant Transactions and balances with other companies in which the Greek State participates

The following table presents the transactions and balances with the companies Hellenic Petroleum (HELPE) and Hellenic Public Gas Company (DEPA), which are suppliers of liquid fuels and natural gas, respectively, and in which the Hellenic Republic participates. In addition, the transactions and balances are presented with DAPEEP SA (ex OEM), EnEx SA, IPTO SA, LARKO SA and ELTA SA.

	1.1.2019 – 30.06.2019 Amounts in '000€		1.1.2018 – 30.06.2018 Amounts in '000€	
	Invoiced to	**Invoiced from**	**Invoiced to**	**Invoiced from**
HELPE	-	(79,245)	-	(79,422)
DEPA	-	(216,845)	-	(133,362)
DAPEEP S.A. (former EMO S.A.)	91,199	(114,974)	716,384	(1,123,459)
EnEx SA	563,808	(1,315,402)	46,794	(76,743)
IPTO SA	88,863	(338,048)	46,244	(476,729)
LARCO SA	35,986	(2,481)	9,800	(1,347)
ELTA SA	-	(8,391)	-	(9,585)

	June 30th 2019 Amounts in '000€		December 31st 2018 Amounts in '000€	
	Receivables	**(Liabilities)**	**Receivables**	**(Liabilities)**
HELPE	-	(32,510)	-	(27,700)
DEPA	-	(39,199)	-	(77,068)
DAPEEP S.A. (former EMO S.A.)	78,016	(471,265)	155,477	(133,144)
EnEx SA	14,369	(53,097)	16,325	(70,034)
IPTO SA	199,144	(348,535)	126,919	(658,645)
LARCO SA	329,175	-	313,395	-
ELTA SA	-	(771)	-	(6,353)

PPC's total receivables from LARCO S.A. relating to electricity bills are fully covered by a provision.
In addition to the above mentioned transactions, PPC enters into commercial transactions with many state-owned entities, both profit and non for profit, within its normal course of business (sale of electricity, services received, etc.). All transactions with government owned entities are performed at arm's length terms and are not disclosed.

- On July 2nd, 2018 the Treasury of the State paid to PPC S.A., the amount of Euro 538,300. This amount is gradually reimbursed following the electricity bills payment by the General Government entities and was completed on April 30th, 2019. On March 12th, 2019, the State Treasury paid to PPC S.A. the amount of Euro 550,700 and it will be reimbursed in the same way until April 30th, 2020.
- For the collection of electricity bills, PPC cooperates with the Hellenic Post (ELTA S.A.), which possesses the license required by law.
  The balance of the amounts collected from electricity bills that ELTA S.A. had not timely paid to PPC until December 31st, 2018 amounted to Euro 15,686. The above amount includes all charges included in the electricity bills issued by PPC.
  At the beginning of 2019, PPC received part of the above amount and the remaining amount was offset with Parent Company's debts relating to the provision of Postal Services for the collection, sorting, transport and distribution of PPC's postal items throughout the Hellenic Territory by ELTA S.A. With reference date the 30.06.2019, there is no PPC's claim for the above reason.

Management remunerations

Management Members remuneration (Board of Directors and General Managers) for the six month period ended on June 30th, 2019 and June 30th, 2018 is as follows:

	GROUP Amounts in '000€		COMPANY Amounts in '000€	
	30.06.2019	**30.06.2018**	**30.06.2019**	**30.06.2018**
Remuneration of Board of Directors' members				
- Remuneration of executive members	178	129	29	29
- Remuneration of non-executive members	160	51	-	-
- Employer's Social Contributions	108	56	25	19
- Other Benefits	81	57	51	57
	527	**293**	**105**	**105**
Remuneration of Deputy Managing Directors and General Managers				
- Regular remuneration	343	324	259	241
- Employer's Social Contributions	91	90	69	67
- Compensation / Extraordinary fees	4	4	4	4
	438	**418**	**332**	**312**
	965	**711**	**437**	**417**

Remuneration to members of the Board of Directors does not include standard salaries and employer's social contribution, relating to the representatives of employees that participate in the Parent Company's Board of Directors. Also, it does not include the benefit of the electricity supply based on the PPC personnel tariff to the executive members of the Board of Directors, the Deputy Managing Directors and the General Managers.

APENDIX

Definitions and reconciliations of Alternative Performance Measures (“APMs”)

ALTERNATIVE PERFORMANCE MEASURES (“APMs”)
The Group and the Parent Company use Alternative Performance Measures ("APMs") in taking decisions concerning the financial, operational and strategic planning, as well as for the evaluation and reporting of their performance. These APMs serve to better understand the financial and operating results of the Group and the Parent Company, their financial position and cash flows. Alternative indicators (APMs) should always be read in conjunction with the financial results that have been prepared in accordance with IFRS and in no way replace them.

Alternative Performance Measures (“APMs”)
In discussing the Group’s and the Parent Company’s performance, “adjusted” measures are used such as: Adjusted EBITDA without one off effects, Adjusted EBITDA margin without one off effects and Pre-tax profits / (Losses) without one off effects. These adjusted measures are calculated by deducting from performance measures directly derived from amounts of the annual or interim Financial Statement the effect and costs arising from events which have occurred during the reporting period and which have not affected the amounts of previous periods.

EBITDA (Operating Income before depreciation and impairment, net financial expenses and taxes).
EBITDA serves to better analyze the operating results of the Group and the Parent Company and is calculated as follows: Total turnover minus total operating expenses before depreciation and impairment. The EBITDA margin (%) is calculated by dividing EBITDA by total turnover. Calculation of EBITDA and EBITDA margin is presented in Table A.

Operating Expenses before tax, depreciation, total net financial expenses and profits / (losses) from affiliated companies without one off effects
This measure is calculated by subtracting the one-off effects shown in the adjusted EBITDA note below by the operating expenses before tax, depreciation, total net financial expenses and profit / (loss) from affiliated companies as presented in the EBITDA table above. The calculations are presented in Table B.

Adjusted EBITDA (Operating Income before depreciation and impairment, net financial expenses and taxes).
Adjusted EBITDA serves to better analyze the Group's and the Parent Company’s operating income, excluding the impact of one-off effects. For the six-month period of 2019 the one-off effect that impacted EBITDA is the return of €99,301 th. against the surplus of the Special RES Account (RES SpAcct.). For the six-month period of 2018 the one-off effects that impacted EBITDA are the following: 1) a charge of €108,150 th. to cover the deficit of the RES SpAcct. (that was abolished since January 1st 2019) and 2) A total amount of €166,130 th. for the Group, €151,165 th. for the Group from Continuing Operations, €103,403 th. for the Parent Company and €88,439 for the Parent Company from Continuing Operations, being an one-off effect on the 2nd quarter’s results of 2018, due to the recognition by the Group and the Parent Company of the actuarial liability relating to the abolishment of the offsetting of employees’ severance payment with the one-off allowance to which employees are entitled by the relevant insurance organization when they retire according to the provisions of Law 4533/2018.
Adjusted EBITDA margin (%) is calculated by dividing adjusted EBITDA by total turnover. Calculation of adjusted EBITDA and adjusted EBITDA margin is presented in table C.

EBIT (Operating Income before net financial expenses and taxes)
EBIT serves to better analyze the operating results of the Group and the Parent Company and is calculated as follows: EBITDA minus depreciation, minus impairment if any. EBIT margin (%) is calculated by dividing EBIT with total turnover. Calculation of EBIT and EBIT margin is presented in table D.

Net amount of Depreciation, Financial Expense and Profit from Subsidiaries and Associates.
This measure is calculated as the net amount of depreciation expense, net financial expenses and profits / (losses) from the Group's subsidiaries and associates. The detailed calculation is presented in Table E.

Adjusted Profit / Loss before tax without one off effects
This measure also serves to better analyze the results and is calculated as follows: Profit / (Loss) before taxes as shown in the Financial Statements excluding one off effects as analyzed in the note above, minus impairment if any. for adjusted EBITDA. The detailed calculation is presented in Table F.

TABLE A - EBITDA (Operating Income before depreciation and amortization, net financial expenses and taxes)

	Total Group 01.01-30.06.2019 Amounts in '000€	Group Continuing operations 01.01-30.06.2019 Amounts in '000€	Total Group 01.01-30.06.2018 Amounts in '000€ (Restated)	Group Continuing operations 01.01-30.06.2018 Amounts in '000€ (Restated)	Company Continuing operations 01.01-30.06.2019 Amounts in '000€	Company Continuing operations01.01-30.06.2018 Amounts in '000€ (Restated)
Total Turnover (1)	2,305,202	2,304,705	2,211,241	2,211,140	2,215,771	2,141,340
less ::						
Operating expenses before depreciation and impairment (2)	2,196,479	2,161,937	2,119,482	2,067,061	2,098,261	1,958,475
Payroll cost	387,522	349,047	556,875	503,984	227,084	317,591
Lignite	1,417	(20,067)	7,837	(6,503)	(20,067)	(6,503)
Liquid Fuels	319,713	311,730	289,354	282,891	311,730	282,891
Natural Gaso	222,488	222,488	141,560	141,560	222,488	141,560
Energy purchases	750,268	871,350	696,368	761,019	867,652	757,915
Materials and consumables	62,619	55,184	57,089	47,136	33,415	31,388
Transmission system usage	78,525	78,525	81,715	81,715	78,525	81,715
Distribution system usage	-	-	-	-	138,992	159,437
Utilities and maintenance	105,453	97,656	115,578	105,734	69,621	76,221
Third party fees	37,936	36,751	29,857	29,246	26,436	20,658
CO2 emission rights	251,131	182,126	129,120	107,246	182,126	107,246
Risk allowances	7,382	7,382	35,850	35,649	9,495	33,164
Provisions for impairment of materials	4,594	4,065	6,711	6,745	4,289	6,883
Provisions for bad debt	(23,285)	(23,278)	(51,789)	(51,789)	(23,327)	(52,958)
Other Losses / (Gains), Net	(9,284)	(11,022)	23,357	22,428	(30,198)	1,267
EBITDA (A) = [(1) - (2)]	**108,723**	**142,768**	**91,759**	**144,079**	**117,510**	**182,865**
EBITDA MARGIN [(A) / (1)]	**4.7%**	**6.2%**	**4.1%**	**6.5%**	**5.3%**	**8.5%**

The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).

TABLE B- Operating Expenses before tax, depreciation, total net financial expenses and profits / (losses) from affiliated companies without one off effects

	Total Group 01.01-30.06.2019 Amounts in '000€	Group Continuing operations 01.01-30.06.2019 Amounts in '000€	Total Group 01.01-30.06.2018 Amounts in '000€ (Restated)	Group Continuing operations 01.01-30.06.2018 Amounts in '000€ (Restated)	Company Continuing operations 01.01-30.06.2019 Amounts in '000€	Company Continuing operations01.01-30.06.2018 Amounts in '000€ (Restated)	NOTES
Operating expenses before depreciation and impairment (2))	**2,196,479**	**2,161,937**	**2,119,482**	**2,067,061**	**2,098,261**	**1,958,475**	
Minus :							
Actuarial Expense for severance payment due to retirement	-	-	166,130	151,165	-	88,439	Note 15 Interim Report 2018
RES Special Account (RES SpAcct.)	(99,301)	(99,301)	108,150	108,150	(99,301)	108,150	Note 2 Interim Report 2019
Operating expenses before depreciation and impairment without one off effects	**2,295,780**	**2,261,238**	**1,845,202**	**1,807,746**	**2,197,562**	**1,761,886**	

The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).

TABLE C- Adjusted EBITDA (Operating Income before depreciation and amortization, net financial expenses and taxes).

	Total Group 01.01-30.06.2019 Amounts in '000€	Group Continuing operations 01.01-30.06.2019 Amounts in '000€	Total Group 01.01-30.06.2018 Amounts in '000€ (Restated)	Group Continuing operations 01.01-30.06.2018 Amounts in '000€ (Restated)	Company Continuing operations 01.01-30.06.2019 Amounts in '000€	Company Continuing operations01.01-30.06.2018 Amounts in '000€ (Restated)	NOTES
EBITDA (1)	**108,723**	**142,768**	**91,759**	**144,079**	**117,510**	**182,865**	
Plus one off effects (2):	**(99,301)**	**(99,301)**	**274,280**	**259,315**	**(99,301)**	**196,589**	
Actuarial Expense for severance payment due to retirement	-	-	166,130	151,165	-	88,439	Note 15 Interim Report 2018
RES Special Account (RES SpAcct.)	(99,301)	(99,301)	108,150	108,150	(99,301)	108,150	Note 2 Interim Report 2019
ADJUSTED EBITDA WITHOUT ONE OFF EFFECTS (3) = [(1)+(2)]	**9,422**	**43,467**	**366,039**	**403,394**	**18,209**	**379,454**	
TOTAL TURNOVER (4)	**2,305,202**	**2,304,705**	**2,211,241**	**2,211,140**	**2,215,771**	**2,141,340**	
ADJUSTED EBITDA MARGIN WITHOUT ONE OFF EFFECTS [(3)/(4)	**0.4%**	**1.9%**	**16.6%**	**18.2%**	**0.8%**	**17.7%**	

The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).

TABLE D - EBIT (Operating Income before net financial expenses and taxes)

	Total Group 01.01-30.06.2019 Amounts in '000€	Group Continuing operations 01.01-30.06.2019 Amounts in '000€	Total Group 01.01-30.06.2018 Amounts in '000€ (Restated)	Group Continuing operations 01.01-30.06.2018 Amounts in '000€ (Restated	Company Continuing operations 01.01-30.06.2019 Amounts in '000€	Company Continuing operations01.01-30.06.2018 Amounts in '000€ (Restated	NOTES
EBITDA	**108,723**	**142,768**	**91,759**	**144,079**	**117,510**	**182,865**	
less :							
Depreciation	316,260	316,260	336,153	307,087	307,170	300,777	
Impairment of assets Held for Sale	64,940	-	240,600	-	-	-	Note 6 Interim Report 2019
EBIT (A)	**(272,477)**	**(173,492)**	**(484,994)**	**(163,008)**	**(189,660)**	**(117,912)**	
Total Turnover (1)	**2,305,202**	**2,304,705**	**2,211,241**	**2,211,140**	**2,215,771**	**2,141,340**	
EBIT Margin [(A) / (1)]	**(11.8)%**	**(7.5)%**	**(21.9)%**	**(7.4)%**	**(8.6)%**	**(5.5)%**	

The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).

TABLE E - Net amount of Depreciation, Financial Expense and Profit from Subsidiaries and Associates.

	Total Group 01.01-30.06.2019 Amounts in '000€	Group Continuing operations 01.01-30.06.2019 Amounts in '000€	Total Group 01.01-30.06.2018 Amounts in '000€ (Restated)	Group Continuing operations 01.01-30.06.2018 Amounts in '000€ (Restated	Company Continuing operations 01.01-30.06.2018 Amounts in '000€	Company Continuing operations01.01-30.06.2017 Amounts in '000€ (Restated
Depreciation, Financial Expense and Profit from Subsidiaries and Associates	**362,145**	**362,080**	**369,162**	**340,104**	**353,664**	**337,469**
Depreciation	316,260	316,260	336,153	307,087	307,170	300,777
Financial expenses	86,363	86,351	94,789	94,775	85,103	94,234
Financial income	(39,149)	(39,130)	(58,458)	(58,458)	(39,169)	(56,524)
Net (profit)/loss from associates and joint ventures	(1,958)	(1,958)	(2,245)	(2,245)	-	-
Net loss/(profit) from FX differences	629	557	(1,077)	(1,055)	560	(1,018)

The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).

TABLE F - Adjusted Profit / Loss before tax without one off effects

	Total Group 01.01-30.06.2019 Amounts in '000€	Group Continuing operations 01.01-30.06.2019 Amounts in '000€	Total Group 01.01-30.06.2018 Amounts in '000€ (Restated)	Group Continuing operations 01.01-30.06.2018 Amounts in '000€ (Restated	Company Continuing operations 01.01-30.06.2019 Amounts in '000€	Company Continuing operations01.01-30.06.2018 Amounts in '000€ (Restated	NOTES
PROFIT/(LOSS) BEFORE TAX	**(318,362)**	**(219,312)**	**(518,003)**	**(196,025)**	**(236,154)**	**(154,604)**	
plus:							
One-off effects	(99,301)	(99,301)	274,280	259,315	(99,301)	196,589	
Impairment of assets Held for Sale	64,940	-	240,600	-	-	-	Note 6 Interim Report 2019
ADJUSTED PROFIT/(LOSS) BEFORE TAX WITHOUT ONE-OFF EFFECTS	**(352,723)**	**(318,613)**	**(3,123)**	**63,290**	**(335,455)**	**41,985**	

The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).

Net Debt

Net debt is an APM that Management uses to evaluate the capital structure of the Group and the Parent Company as well as leverage. Net debt is calculated by adding long-term loans, the current portion of long term loans and short term loans and subtracting from the total, available cash at hand and equivalents, including the Lignite subsidiaries, restricted cash related to loan agreements, and financial assets at fair value through comprehensive income and adding the unamortized portion of borrowing costs (see Note. 12 of the six - month Financial Statements). Calculation of Net Debt is presented in the following table:

	GROUP Amounts in '000€		**COMPANY** Amounts in '000€	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Long-term borrowing	3,689,847	3,190,506	3,643,421	3,190,506
Current portion of long term borrowing	398,905	714,757	398,915	714,767
Short term borrowing	45,871	46,483	30,000	30,000
Cash and cash equivalents	(236,199)	(251,015)	(135,317)	(112,330)
Restricted cash	(70,008)	(79,705)	(70,008)	(79,705)
Financial Assets at fair value through comprenhensive income	(1,484)	(571)	(1,018)	(466)
Unamortized portion of borrowing costs	94,788	71,945	94,788	71,945
TOTAL	**3,894,720**	**3,692,400**	**3,960,781**	**3,814,717**

Athens, September 24th 2019

For the Board of Directors

The President and CEO | **The Vice-President**

Georgios I. Stassis | **Pyrros D. Papadimitriou**

III. CERTIFIED AUDITORS’ ACCOUNTANTS’ REVIEW REPORT

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
8B Chimarras str., Maroussi
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THIS REPORT IS A FREE TRANSLATION OF THE GREEK ORIGINAL

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of Public Power Corporation S.A.

Introduction

We have reviewed the accompanying condensed separate and consolidated statement of financial position of Public Power Corporation S.A. (the "Company") and its subsidiaries ("the Group") as at 30 June 2019, and the related condensed separate and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes that comprise the interim financial information, which is an integral part of the six-month financial report of Law 3556/2007. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standards as 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 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 condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on other legal requirements

Our review has not identified any inconsistency between the other information contained in the six-month financial report prepared in accordance with article 5 Law 3556/2007 with the accompanying financial information.

Athens, 24 of September 2019

Vassilios Kaminaris
Certified Auditor SOEL R.N. 2041

ERNST & YOUNG (HELLAS)
Certified Auditors - Accountants S.A.
Chimarras 8B, 15125 Maroussi
SOEL R.N. 107

PUBLIC POWER CORPORATION S.A.

Interim Condensed Consolidated and Separate Financial Statements for the six month period ended June 30th 2019

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

The attached interim condensed separate and consolidated financial statements have been approved by the Board of Directors of Public Power Corporation S.A. **on September 24th 2019 and they are available on the web site of Public Power Corporation S.A. at** www.dei.gr.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER	**VICE CHAIRMAN**	**CHIEF FINANCIAL OFFICER**	**ACCOUNTING DEPARTMENT DIRECTOR**
GEORGIOS I. STASSIS	**PYRROS D. PAPADIMITRIOU**	**ALEXANDRA L. KONIDA**	**EFTHIMIOS A. KOUTROULIS**

Public Power Corporation S.A.
General Commercial Registry: 786301000
Chalkokondyli 30 - 104 32 Athens

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PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30th 2019

(All amounts in thousands of Euro – except share and per share data)

	Note	GROUP					
		01.01.2019 – 30.06.2019	**01.01.2019- 30.06.2019**	**01.01.2019- 30.06.2019**	**01.01.2018- 30.06.2018**	**01.01.2018- 30.06.2018**	***01.01.2017- 30.06.2017(restated)**
		Total Group	**Continuing Operations**	**Discontinued Operations LIGNITES**	**Total Group**	**Continuing Operations**	**Discontinued Operations LIGNITES**
REVENUES :						**(restated*)**	
Revenue from energy sales		2,059,526	2,059,526	-	2,025,843	2,025,843	-
Other sales		245,676	245,179	497	185,398	185,297	101
		2,305,202	**2,304,705**	**497**	**2,211,241**	**2,211,140**	**101**
EXPENSES :							
Payroll cost		387,522	349,047	38,475	556,875	503,984	52,891
Lignite		1,417	(20,067)	21,484	7,837	(6,503)	14,340
Liquid Fuels		319,713	311,730	7,983	289,354	282,891	6,463
Natural Gas		222,488	222,488	-	141,560	141,560	-
Depreciation and amortization		316,260	316,260	-	336,153	307,087	29,066
Energy purchases		750,268	871,350	(121,082)	696,368	761,019	(64,651)
Materials and consumables		62,619	55,184	7,435	57,089	47,136	9,953
Transmission system usage		78,525	78,525	-	81,715	81,715	-
Utilities and maintenance		105,453	97,656	7,797	115,578	105,734	9,844
Third party fees		37,936	36,751	1,185	29,857	29,246	611
Emission allowances		251,131	182,126	69,005	129,120	107,246	21,874
Risk Allowances		7,382	7,382	-	35,850	35,649	201
Provisions for impairment of materials		4,594	4,065	529	6,711	6,745	(34)
Provisions for bad debt		(23,285)	(23,278)	(7)	(51,789)	(51,789)	-
Financial expenses		86,363	86,351	12	94,789	94,775	14
Financial income		(39,149)	(39,130)	(19)	(58,458)	(58,458)	-
Impairment of Assets Held for Sale	6	64,940	-	64,940	240,600	-	240,600
Other (income) / expenses, net		(9,284)	(11,022)	1,738	23,357	22,428	929
Share of Loss / (gain) of associates and joint ventures, net		(1,958)	(1,958)	-	(2,245)	(2,245)	-
Foreign currency loss / (gain)		629	557	72	(1,077)	(1,055)	(22)
		2,623,564	**2,524,017**	**99,547**	**2,729,244**	**2,407,165**	**322,079**
PROFIT / (LOSS) BEFORE TAX		**(318,362)**	**(219,312)**	**(99,050)**	**(518,003)**	**(196,025)**	**(321,978)**
Income tax expense	7	43,517	30,046	13,471	(15,926)	(5,687)	(10,239)
NET PROFIT / (LOSS)		**(274,845)**	**(189,266)**	**(85,579)**	**(533,929)**	**(201,712)**	**(332,217)**
Attributable to :							
Owners of the Parent		(274,871)	(189,292)	(85,579)	(533,936)	(201,719)	(332,217)
Non – controlling interests		26	26	-	7	7	-
Earnings per share, basic and diluted		(1.18)	(0.82)	(0.37)	(2.30)	(0.87)	(1.43)
Weighted average number of shares		**232,000,000**	**232,000,000**	**232,000,000**	**232,000,000**	**232,000,000**	**232,000,000**

- The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).
- *Some amounts are restated and differ from the published amounts of interim condensed financial statements as of June 30th 2018 and represent adjustments, as described in Note 5 of these financial statements
- The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED SEPARATE STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30th 2019

(All amounts in thousands of Euro – except share and per share data)

		COMPANY					
	Note	**01.01.2019 – 30.06.2019**	**01.01.2019-30.06.2019**	**01.01.2019-30.06.2019**	**01.01.2018-30.06.2018**	**01.01.2018-30.06.2018**	***01.01.2017-30.06.2017(restated)**
		Total Company	**Continuing Operations**	**Discontinued Operations LIGNITES**	**Total Company**	**Continuing Operations**	**Discontinued Operations LIGNITES**
REVENUES :						**(restated*)**	
Revenue from energy sales		2,048,156	2,048,156	-	2,011,712	2,011,712	-
Other sales		167,615	167,615	-	129,729	129,628	101
		2,215,771	**2,215,771**	**-**	**2,141,441**	**2,141,340**	**101**
EXPENSES :							
Payroll cost		227,084	227,084	-	370,482	317,591	52,891
Lignite		(20,067)	(20,067)	-	7,837	(6,503)	14,340
Liquid Fuels		311,730	311,730	-	289,354	282,891	6,463
Natural Gas		222,488	222,488	-	141,560	141,560	-
Depreciation and amortization		307,170	307,170	-	329,843	300,777	29,066
Energy purchases		867,652	867,652	-	693,264	757,915	(64,651)
Materials and consumables		33,415	33,415	-	41,341	31,388	9,953
Transmission system usage		78,525	78,525	-	81,715	81,715	-
Distribution system usage		138,992	138,992	-	159,437	159,437	-
Utilities and maintenance		69,621	69,621	-	86,065	76,221	9,844
Third party fees		26,436	26,436	-	21,269	20,658	611
Emission allowances		182,126	182,126	-	129,120	107,246	21,874
Risk Allowances		9,495	9,495	-	33,365	33,164	201
Provisions for impairment of materials		4,289	4,289	-	6,849	6,883	(34)
Provisions for bad debt		(23,327)	(23,327)	-	(52,958)	(52,958)	-
Financial expenses		85,103	85,103	-	94,248	94,234	14
Financial income		(39,169)	(39,169)	-	(56,524)	(56,524)	-
Impairment of Assets Held for Sale	6	102,300	-	102,300	240,600	-	240,600
Other (income) / expenses, net		(30,198)	(30,198)	-	2,196	1,267	929
Foreign currency loss / (gain)		560	560	-	(1,040)	(1,018)	(22)
		2,554,225	**2,451,925**	**102,300**	**2,618,023**	**2,295,944**	**322,079**
PROFIT / (LOSS) BEFORE TAX		**(338,454)**	**(236,154)**	**(102,300)**	**(476,582)**	**(154,604)**	**(321,978)**
Income tax expense	7	45,929	32,119	13,810	(27,504)	(8,185)	(19,319)
NET PROFIT / (LOSS)		**(292,525)**	**(204,035)**	**(88,490)**	**(504,086)**	**(162,789)**	**(341,297)**

- The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).
- *Some amounts are restated and differ from the published amounts of interim condensed financial statements as of June 30th 2018 and represent adjustments, as described in Note 5 of these financial statements
- The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30th 2019
(All amounts in thousands of Euro)

GROUP

	01.01.2019-30.06.2019	01.01.2019-30.06.2019	01.01.2019-30.06.2019	01.01.2018-30.06.2018	01.01.2018-30.06.2018	01.01.2018-30.06.2018
	Total Group	**Continuing Operations**	**Discontinued Operations LIGNITES**	**Total Group**	**Continuing Operations (restated*)**	**Discontinued Operations**
Net Loss for the period	**(274,845)**	**(189,266)**	**(85,579)**	**(533,929)**	**(201,712)**	**(332,217)**
Other Comprehensive income / (loss)						
Other Comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods.						
Foreign currency translation	10	10	-	(121)	(156)	-
Net Other Comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods.	**10**	**10**	**-**	**(121)**	**(156)**	**-**
Other Comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods.						
Foreign currency translation						
Actuarial Profit	271	271	-	-	-	-
Profit/(Loss) from financial assets at fair value through comprehensive income	832	832	-	(602)	(217)	-
Net Other Comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods.	**1,103**	**1,103**	**-**	**(602)**	**(217)**	**-**
Other Comprehensive (loss) / income for the period after tax	**1,113**	**1,113**	**-**	**(723)**	**(373)**	**-**
Total Comprehensive loss for the period after tax	**(273,732)**	**(188,153)**	**(85,579)**	**(534,652)**	**(202,085)**	**(332,217)**
Attributable to:						
Owners of the Parent	**(273,758)**	**(188,179)**	**(85,579)**	**(534,659)**	**(202,092)**	**(332,217)**
Non-controlling interests	**26**	**26**	**-**	**7**	**7**	**-**

- The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).
- *Some amounts are restated and differ from the published amounts of interim condensed financial statements as of June 30th 2018 and represent adjustments, as described in Note 5 of these financial statements
- The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30th 2019
(All amounts in thousands of Euro)

COMPANY

	01.01.2019-30.06.2019	01.01.2019-30.06.2019	01.01.2019-30.06.2019	01.01.2018-30.06.2018	01.01.2018-30.06.2018	01.01.2018-30.06.2018
	Total Company	**Continuing Operations**	**Discontinued Operations LIGNITES**	**Total Company**	**Continuing Operations (restated*)**	**Discontinued Operations**
Net Loss for the period	**(292,525)**	**(204,035)**	**(88,490)**	**(504,086)**	**(162,789)**	**(341,297)**
Other Comprehensive income / (loss)						
Other Comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods.						
Net Other Comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods.						**-**
Other Comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods.						
Profit/(Loss) from financial assets at fair value through comprehensive income	551	551	-	(409)	(409)	-
Net Other Comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods.	**551**	**551**	**-**	**(409)**	**(409)**	**-**
Other Comprehensive (loss) / income for the period after tax	**551**	**551**	**-**	**(409)**	**(409)**	**-**
Total Comprehensive (loss) / income after tax	**(291,974)**	**(203,484)**	**(88,490)**	**(504,495)**	**(163,198)**	**(341,297)**

- The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).
- *Some amounts are restated and differ from the published amounts of interim condensed financial statements as of June 30th 2018 and represent adjustments, as described in Note 5 of these financial statements
- The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30th 2019
(All amounts in thousands of Euro)

		GROUP		COMPANY	
	Note	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**
ASSETS					
Non - Current Assets:					
Property, plant and equipment, net		10,824,317	10,758,014	10,576,443	10,521,257
Intangible assets, net		160,013	200,222	150,304	189,636
Right of use assets		55,814	-	35,012	-
Investments in subsidiaries	8	-	-	219,471	219,471
Investments in associates	9	22,092	20,049	997	997
Financial assets measured at fair value through other comprehensive income		1,484	571	1,018	466
Differed tax asset	7	203,783	159,487	143,243	97,314
Other non – current assets		43,010	72,139	42,369	71,513
Total non – current assets		**11,310,513**	**11,210,482**	**11,168,857**	**11,100,654**
Current Assets:					
Materials, spare parts and supplies, net		746,472	714,322	603,190	569,066
Trade receivables		778,352	723,688	685,978	639,907
Contract receivables		426,820	482,342	428,562	484,482
Other receivables		363,527	285,942	326,911	261,883
Income tax receivable	7	16,279	13,289	-	-
Cash and cash equivalents		236,036	198,576	135,303	112,330
Restricted cash		72,019	81,681	72,019	81,681
Total Assets from Discontinued Operations	6,8	321,870	402,399	149,000	232,400
Total current assets		**2,961,375**	**2,902,239**	**2,400,963**	**2,381,749**
Total Assets		**14,271,888**	**14,112,721**	**13,569,820**	**13,482,403**
EQUITY AND LIABILITIES					
Equity:					
Share capital		575,360	575,360	575,360	575,360
Share premium		106,679	106,679	106,679	106,679
Statutory reserve		128,317	128,317	128,317	128,317
Fixed assets' statutory revaluation surplus		(947,342)	(947,342)	(947,342)	(947,342)
Revaluation surplus		3,814,448	3,816,062	3,725,215	3,726,829
Other Reserves		15,138	13,926	56,039	55,391
Retained earnings		(23,880)	249,944	(111,118)	179,792
Total Equity attributable to the Owners of the Parent		**3,668,720**	**3,942,946**	**3,533,150**	**3,825,026**
Non – controlling interests		**160**	**134**	**-**	**-**
Total equity		**3,668,880**	**3,943,080**	**3,533,150**	**3,825,026**
Non – Current Liabilities:					
Long - term borrowings	12	3,689,847	3,190,506	3,643,421	3,190,506
Employee benefits		474,153	483,401	292,042	297,995
Provisions		337,468	328,304	304,026	292,766
Financial lease liability		55,887	-	35,468	-
Contract liabilities		2,366,163	2,376,124	2,366,163	2,376,124
Subsidies		166,108	172,240	162,720	168,754
Other non – current liabilities		10,890	8,677	39	39
Total non – current liabilities		**7,100,516**	**6,559,252**	**6,802,879**	**6,326,184**
Current Liabilities:					
Trade and other payables and other current liabilities		1,669,410	1,643,977	1,622,352	1,521,495
Short – term borrowings	12	45,871	46,483	30,000	30,000
Current portion of long - term borrowings	12	398,905	714,757	398,915	714,767
Dividends payable		13	17	13	17
Income tax payable	7	79,033	78,590	62,881	62,908
Accrued and other current liabilities		641,993	787,278	571,136	785,313
Short-term contract liabilities		547,494	216,693	547,494	216,693
Total Liabilities from Discontinued Operations	6	119,773	122,594	-	-
Total current liabilities		**3,502,492**	**3,610,389**	**3,232,791**	**3,331,193**
Total Equity and Liabilities		**14,271,888**	**14,112,721**	**13,569,373**	**13,482,403**

- The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).
- The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30th 2019
(All amounts in thousands of Euro)

GROUP

	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Fixed Assets Statutory Revaluation Surplus	Other Reserves: Fair Value of financial assets through compr. income	Other Reserves: Foreign exchange, tax-free and other reserves	Other Reserves: Other reserves total	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance, December 31st 2017	**575,360**	**106,679**	**128,317**	**4,046,717**	**(947,342)**	**157**	**(34,496)**	**(34,339)**	**1,735,039**	**5,610,431**	**108**	**5,610,539**
IFRS 9 effect	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(37,068)**	**(37,068)**	**-**	**(37,068)**
IFRS 15 effect	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(584,259)**	**(584,259)**	**-**	**(584,259)**
Balance, January 1st 2018 (restated)	**575,360**	**106,679**	**128,317**	**4,046,717**	**(947,342)**	**157**	**(34,496)**	**(34,339)**	**1,113,712**	**4,989,104**	**108**	**4,989,212**
- Net profit for the period	-	-	-	-	-	-	-	-	(533,936)	(533,936)	7	(533,929)
- Other comprehensive income / (loss) for the period after tax	-	-	-	-	-	(602)	(121)	(723)	-	(723)	-	(723)
Total Comprehensive income / (loss) for the period, after tax	**-**	**-**	**-**	**-**	**-**	**(602)**	**(121)**	**(723)**	**(533,936)**	**(534,659)**	**7**	**(534,652)**
- Impairment of assets held for sale				(190,579)	-	-	-	-	-	(190,579)	-	(190,579)
- Other movements	-	-	-	-	-	-	-	-	(522)	(522)	9	(513)
Balance, June 30th 2018	**575,360**	**106,679**	**128,317**	**3,856,138**	**(947,342)**	**(445)**	**(34,617)**	**(35,062)**	**579,254**	**4,263,344**	**124**	**4,263,468**
Balance, January 1, 2019	**575,360**	**106,679**	**128,317**	**3,816,062**	**(947,342)**	**(543)**	**14,469**	**13,926**	**249,944**	**3,942,946**	**134**	**3,943,080**
- Net profit for the period	-	-	-	-	-	-	-	-	(274,871)	(274,871)	26	(274,845)
- Other comprehensive income / (loss) for the period after tax	-	-	-	-	-	832	281	1,113	-	1,113	-	1,113
Total Comprehensive income / (loss) for the period, after tax	**-**	**-**	**-**	**-**	**-**	**832**	**281**	**1,113**	**(274,871)**	**(273,758)**	**26**	**(273,732)**
- Transfers from retirements of fixed assets	-	-	-	(1,614)	-	-	-	-	1,614	-	-	-
- Other movements	-	-	-	-	-	-	99	99	(567)	(468)	-	(468)
Balance, June 30th 2019	**575,360**	**106,679**	**128,317**	**3,814,448**	**(947,342)**	**289**	**14,849**	**15,138**	**(23,880)**	**3,668,720**	**160**	**3,668,880**

- The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).
- The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30th 2019
(All amounts in thousands of Euro)

COMPANY

						Other Reserves				
	Share Capital	**Share Premium**	**Legal Reserve**	**Revaluation Surplus**	**Fixed Assets Statutory Revaluation Surplus**	**Fair Value of financial assets through compr. income**	**Foreign exchange, tax-free and other reserves**	**Other reserves total**	**Retained Earnings**	**Total Equity**
Balance, December 31st 2017	**575,360**	**106,679**	**128,317**	**3,956,266**	**(947,342)**	**155**	**21,247**	**21,402**	**1,637,172**	**5,477,854**
IFRS 9 effect	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(37,314)**	**(37,314)**
IFRS 15 effect	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(584,259)**	**(584,259)**
Balance, January 1st 2018 (restated)	**575,360**	**106,679**	**128,317**	**3,956,266**	**(947,342)**	**155**	**21,247**	**21,402**	**1,015,599**	**4,856,281**
- Net profit for the period	-	-	-	-	-	-	-	-	**(504,086)**	**(504,086)**
- Other comprehensive income / (loss) for the period after tax	-	-	-	-	-	**(409)**	**-**	**(409)**	**-**	**(409)**
Total Comprehensive income / (loss) for the period, after tax	**-**	**-**	**-**	**-**	**-**	**(409)**	**-**	**(409)**	**(504,086)**	**(504,495)**
- Impairment of assets held for sale				(190,579)	-	-	-	-	-	(190,579)
- Other movements	-	-	-	-	-	-	-	(1)	15	14
Balance, June 30th 2018	**575,360**	**106,679**	**128,317**	**3,765,687**	**(947,342)**	**(254)**	**21,247**	**20,992**	**511,528**	**4,161,221**
Balance, January 1, 2019	**575,360**	**106,679**	**128,317**	**3,726,829**	**(947,342)**	**(263)**	**55,654**	**55,391**	**179,792**	**3,825,026**
- Net profit for the period	-	-	-	-	-	-	-	-	(292,525)	(292,525)
- Other comprehensive income / (loss) for the period after tax	-	-	-	-	-	551	-	551	-	551
Total Comprehensive income / (loss) for the period, after tax	**-**	**-**	**-**	**-**	**-**	**551**	**-**	**551**	**(292,525)**	**(292,974)**
- Transfers from retirements of fixed assets	-	-	-	(1,614)	-	-	-	-	1,614	-
- Other movements	-	-	-	-	-	-	97	97	-	98
Balance, June 30th 2019	**575,360**	**106,679**	**128,317**	**3,725,215**	**(947,342)**	**288**	**55,751**	**56,039**	**(111,118)**	**3,533,150**

- The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).
- The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30th 2019
(All amounts in thousands of Euro)

	GROUP		COMPANY	
	01.01.2019-30.06.2019	**01.01.2018-30.06.2018 (restated*)**	**01.01.2019-30.06.2019**	**01.01.2018-30.06.2018 (restated*)**
Cash flows from operating activities				
Profit / (Loss) before tax from continuing operations	(219,312)	(196,025)	(236,154)	(154.604)
Profit / (Loss) before tax from discontinuing operations	(99,050)	(321,978)	(102,300)	(321.978)
Profit / (Loss) before tax	**(318,362)**	**(518,003)**	**(338,454)**	**(476.582)**
Adjustments:				
Depreciation and amortization	316,045	343,276	309.601	336.868
Impairment of fixed assets held for sale	64,940	240,600	102.300	240.600
Amortization of customers' subsidies	(6,132)	(7,123)	(6.034)	(7.025)
Income from long-term contract liabilities	(43,223)	(42,340)	(43.223)	(42.340)
Income from PSOs	(21,955)	-	(21.955)	-
Share of loss (profit) of associates	(1,958)	(2,245)	-	-
Interest income and dividends	(39,149)	(58,458)	(39.169)	(56.524)
Sundry provisions	(18,286)	136,111	(12.677)	71.853
Unrealized foreign exchange (gains)/ losses on loans and borrowings	(560)	1,040	(560)	1.040
Accrued Income	53,602	93,270	53.999	93.270
Retirements of fixed assets and software	4,788	3,878	4.788	3.858
Amortization of loan origination fees	1,011	3,476	1.011	3.476
Interest expense	80,627	82,886	80.332	82.849
Operating profit before working capital changes	**71,388**	**276,368**	**89.959**	**251.343**
(Increase)/decrease in :				
Trade receivables	(97,235)	418,032	(96.337)	245.135
Income from PSOs	-	359,773	-	359.773
Other receivables	37,801	46,956	61.418	7.173
Materials, spare parts and supplies	(36,216)	50,969	(38.413)	54.298
Increase/(decrease) in :				
Trade payables	25,433	(597,615)	100.857	(411.221)
Other non – current liabilities	392,021	1,633	369.389	(1.760)
Accrued/ other liabilities excluding interest	(205,584)	179,658	(256.188)	146.922
Discontinued operations	12,768	(69,820)	-	(69.820)
Net Cash from Operating Activities	**200.376**	**665,954**	**230,685**	**581,843**
Cash Flows from Investing Activities				
Interest and dividends received	39,149	58,458	39.169	56.524
Capital expenditure for tangible and intangible assets	(340,041)	(371,146)	(323.671)	(345.919)
Proceeds from long-term contract liabilities	30,143	24,161	30.143	24.161
Investments in subsidiaries and associates	(2,043)	789	(18.900)	(3.830)
Net Cash used in Investing Activities	**(272.792)**	**(287,738)**	**(273,259)**	**(269,064)**
Cash Flows from Financing Activities				
Net change in short-term borrowings	(612)	13,984	-	-
Proceeds from long-term borrowing	700,763	146,460	654.337	146.460
Principal payments of long-term borrowing	(495,043)	(358,258)	(494.431)	(358.258)
Interest paid and loans' issuance fees	(95,228)	(94,125)	(94.355)	(93.583)
Dividends paid	(4)	-	(4)	-
Net Cash used in Financing Activities	**109.876**	**(291,939)**	**65,547**	**(305,381)**
Net increase / (decrease) in cash and cash equivalents	37.460	86,277	22,973	7,398
Cash and cash equivalents at beginning of the year	198.576	251,596	112,330	163,136
Cash and cash equivalents at the end of the year	**236.036**	**337,873**	**135,303**	**170,534**

- The Group and the Parent Company initially applied IFRS 16 on January 1st 2019 using the modified retrospective approach. According to this approach, comparative information is not restated (Note 3).
- *Some amounts are restated and differ from the published amounts of interim condensed financial statements as of June 30th 2018 and represent adjustments, as described in Note 5 of these financial statements
- The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

SELECTED DISCLOSURE NOTES

1. CORPORATE INFORMATION

Public Power Corporation S.A. ("PPC" or the "Parent Company") was established in 1950 in Greece for an unlimited duration as a State owned and managed corporation for electricity generation, transmission and distribution throughout Greece.

In 1999, the Hellenic Republic enacted Law 2773/1999 ("the Liberalization Law"), which provided for, among other provisions, the transformation of PPC into a société anonyme. PPC's transformation to a société anonyme was effected on January 1, 2001, by virtue of Presidential Decree 333/2000 and its duration was set for 100 years.

Effective December 2001, PPC's shares are listed on the Athens Stock Exchange.

Since November 29th 2017 at the request of the Parent Company, the deletion of the Company's Global Depository Receipts (GDRs) and the cessation of their trading on the London Stock Exchange took place.

On June 15th 2017 the Parent Company lost control of the subsidiary IPTO SA while on June 20th 2017 the full ownership unbundling of IPTO SA was completed as provided for in articles 142 et seq. of Law 4389/2016.

Pursuant to Law 4533/2018, on June 30th 2018 the Parent Company completed the spin-off of the two lignite power generation branches of Melitis and Megalopolis and their contribution to two newly established 100% subsidiary companies under the name "LIGNITIKI MELITIS S.A." and "LIGNITIKI MEGALOPOLIS S.A.", respectively.

The accompanying financial statements include the separate financial statements of PPC and the consolidated financial statements of PPC and its subsidiaries ("the Group").

PPC headquarters are located at 30, Chalkokondili Street, Athens, 104 32 Greece.

On June 30th 2019, the number of personnel employed by the Group was 15,907 (2018: 17,354). On June 30th 2019, 92 employees of the Group (2018: 88), have been transferred to several State agencies (ministries, organizations, etc.), out of which, 89 were compensated by PPC (2018: 85). The total payroll cost of such employees, for the six month period ended June 30th 2019 amounted to Euro 1,830 (2018: Euro 1,718). Additionally, PPC's transferred employees in EFKA (Greek Single Social Security Institution) amounted to 213 on June 30th 2019, for which payroll cost amounted to Euro 4,490.

PPC Group generates electricity in its own 60 main power generating stations of the Parent Company, from 3 belonging to its wholly owned subsidiaries "LIGITIKI MELITIS SA" and "LIGNITIKI MEGALOPOLIS SA", and from the additional stations which belong to its wholly owned subsidiary PPC Renewables and distributes electricity to consumers through its own distribution lines for Medium and Low voltage of 239,605 kilometres and 989 kilometres Network of High Voltage lines pertaining to Distribution facilities that are managed by its wholly owned subsidiary "Hellenic Distribution Network Operator (HEDNO S.A.)".

PPC Group has also developed an urban fibre optics network with a length of 162 kilometres.

Lignite consumed by the Group's lignite-fired power stations is extracted, mainly, from its own lignite mines.

2. LEGAL FRAMEWORK

CHANGES IN THE LEGAL FRAMEWORK OF THE ELECTRICITY MARKET FOR THE 1ST SIX MONTHS OF 2019.

Auctions of Regulated Forward Products (NOME)

- RAE Decision 1248/2018 established the annual quantities of electricity available through auctions for the sale of forward electricity products with physical delivery to 1,444 MWh/h, the allocation of these quantities in separate forward products, as well as the auction timetable for the year 2019.
- RAE, with its Decision 164/2019, amending Decision 1248/2018, adjusted the annual quantities of electricity available through auctions for the sale of forward electricity products with physical delivery for the year 2019, due to the deviation from the six month target of PPC's share decrease. Taking into account the provisions of L. 4549/2019 the annual quantity of electricity to be auctioned was set to 1,972 MWh/h.
- On February 8th 2019, the 1st Auction for a quantity of 350 MWh/h took place with a minimum starting price of 36.34 €/MWh and a maximum bid price of 54.04 €/MWh. On April 17th 2019, the 2nd Auction for 500 MWh/h was launched with a minimum starting price of 36.34 €/MWh and a maximum bid price of 58.74 €/MWh. On July 17th 2019, the 3rd Auction took place for 763 MWh h with a minimum starting price of 58.12 €/MWh and a maximum bid price of 58.12 €/MWh, but the quantity finally allocated was 549 MWh/h pursuant to the bids of the participants, leaving an unused quantity equal to 214 MWh/h (28%).
  It is noted that the Special Purpose Regulatory Mechanism for the sale of electricity by PPC through auctions of forward electricity products ("NOME mechanism") with physical delivery through the Daily Ahead Schedule and with a regulated starting price was established by Law 4336/2015. Laws 4389/2016 and 4472/2017 and Resolutions 35/2016, 38/2016, 58/2017, 68/2017 77/2018 and 85/2018 of the Government's Council for the Economic Policy determine PPC's annual market share levels in the retail market until 2019, as well as the other key features of NOME auctions, including the cost elements to be taken into account for the calculation of the auction start price. Through the "NOME mechanism", the Parent Company is under a contractual obligation to deliver specified quantities of electricity to third parties for a period of 12 months, through auctions, the prices of which are ultimately determined below the System Marginal Price ("SMP"). The Parent Company considers the "NOME mechanism" to be an onerous contract, as defined in IAS 37, but since the inevitable costs of fulfilling its obligations under this mechanism cannot be reliably quantified, no financial provision has been established on the financial statements of June 30th 2019.

Structural measures on access to lignite and the further opening of the wholesale electricity market

- By L. 4602 / 2019 (OG A' 45/09.03.2019) entitled "Research, exploitation and management of the geothermal potential of the Country, establishment of the Hellenic Authority of Geological and Mineral Research, ownership unbundling of gas distribution networks and other provisions ", the following arrangements were also introduced regarding the divestment of PPC's Lignite Production Units:
- A new tender for PPC's Lignite Production Units is expected to take place. According to this new tender procedure, PPC SA will issue an Invitation setting out the process, the pre-selection and the final selection criteria for participants (such as, but not limited to, the purchase price, the experience in the management and operation of fossil fuel power plants, the experience in research and exploitation of solid fossil fuels such as lignite, the financial, technical and legal suitability and adequacy of the participants, their independence from PPC SA in terms of company law, regulatory framework in the field of energy and competition law), the deadlines for the submission of binding offers, etc. In this Invitation, prospective investors which participated in the previous tender procedure, as well as new interested ones, are invited to express their interest within seven (7) days from the publication of the Invitation.
- It was provided that each company's Share Purchase Agreement should be ratified through a legislative act. In relation to the appraisal of the two companies' value, the provisions of Law 4533/2018 were amended, and PPC may appoint a valuator who will determine a fair value range of the commercial value of each of the sectors contributed. In this case, the valuator shall take into account relevant transactions on the European market as well as the outcome of the previous tender. On the other hand, PPC SA is required to appoint a valuator in order to obtain a fairness opinion on the offer, but this valuator shall not take into account any assessment made under the preceding paragraph.

2. LEGAL FRAMEWORK (CONTINUED)

- Labor and wage issues of personnel transferred to the new companies were regulated.
- The reduction percentage of the annual quantity of electricity provided by PPC through Auctions for the sale of forward electricity products for the year 2019 was set to 9 percentage points (9%), a decrease which will occur after the implementation of the necessary prerequisites for each Contracting Party with a view to completing the corresponding disinvestment transactions.

In compliance with the aforementioned provisions of the Law, on the basis of a relevant Decision of its Board of Directors, PPC on March 3rd 2019 proceeded with posting on its website a Joint Invitation for the Expression of Interest & an Invitation for the submission of Binding Offers, inviting investors to initially express an interest to take part in the tender procedure until March 15th 2019. They will then sign a Confidentiality Agreement, gaining access to the Virtual Data Room (VDR), to conduct a due diligence in order to submit binding offers, while in the meantime they will be required to provide the necessary supporting documents to prove the fulfillment of the technical, financial and legal criteria set out, which are the same as those set out in the previous procedure.

In the aforementioned Joint Invitation for the Expression of Interest and the Invitation for the Submission of Binding Offers, on March 15th 2019 six (6) interested parties responded, five (5) of whom had expressed their interest also in the previous tender procedure, and one (1) appeared for the first time. All the above interested parties were considered eligible to participate in the tender procedure.

On July 15th 2019, which was finally set as the closing date for the submission of binding tenders, no tenders were submitted. For this reason the PPC Board of Directors declared this tender procedure barren.

Energy Exchange

By Law 4425/2016 (OG A’ 185/30.09.2016) the reorganization of the electricity market was introduced with the establishment of Electricity Markets - Forward Market, Day Ahead Market, Intraday and Balancing Market- as well as the jurisdiction and the responsibilities of Market Operators and subsequently with Law 4512/2018 (OG A’ 5/17.01.2018) issues concerning the establishment and operation of the Energy Exchange were regulated. Also, the Energy Exchange Clearing House SA was established under the distinctive title EnExClear, for the settlement of transactions in the Day Ahead and Intraday markets of the Energy Exchange SA as well as any other related activity.

Regarding the operation of the Electricity Markets, the Regulations of the Balancing Market, the Day Ahead Market and the Intraday Market were approved by RAE Decisions 1090/2018 and 1116/2018.

RAE in February 2018 submitted to public consultation the recommendation of the Energy Exchange Clearing House SA on the Settlement Regulation for Day Ahead and Intraday Market transactions as per L.4425/2016 (as amended and in force by Law 4512/2018 and Law 4546 / (OG A’ 101/12.6.2018)) .

The Transitional Flexibility Compensation Mechanism

- Law 4559/2018 established and implemented the Transitional Flexibility Compensation Mechanism, namely the availability of the Flexibility Service to the HELLENIC ELECTRICITY TRANSMISSION SYSTEM (HETS) for the provision of which the HETS Operator pays a compensation to the eligible allocated generation units (eligible Flexibility Providers) which are capable of rapidly increasing or decreasing their power capacity, in order to meet the demand of HETS, following the Allocation Orders of the HETS Operator.
- The Transitional Flexibility Compensation Mechanism expires on December 31st 2019, or until the implementation of the Permanent Flexibility Compensation Mechanism, if this occurs earlier.

  IPTO initially announced an Invitation for the expression of interest to participate in the Auction for the Provision of Flexibility Service for the period April 1st 2019 until June 30th 2019, but with a newer announcement made on March 19th 2019, IPTO notified that due to a modification of the regulatory framework on the conduct of the Auction for the provision of the Flexibility Service, the auction that was scheduled for March 20th 2019 was temporally postponed.

2. LEGAL FRAMEWORK (CONTINUED)

Long Term Power Capacity Compensation Mechanism

- With Article 15 of Law 4618/2019 which superseded Article 95 of Law 4001/2011 the establishment of a Permanent Power Capacity Compensation Mechanism is provided for. The main service of the Mechanism will be the provision of availability by the selected providers, which is determined by the level of the power required to meet in the long term the reliability criterion of the HELLENIC ELECTRICITY TRANSMISSION SYSTEM (HETS). The availability service is provided on the basis of a competitive process, through the auctioning by the HETS Administrator of reliability rights for a predetermined period. The selected providers will be reimbursed for the power availability service at a fee paid by the HETS Administrator. The Power Availability Compensation Mechanism will be funded by charges that the HETS Administrator will impose on the Electricity Suppliers. A decision of the Ministry of Energy will be issued, setting out the basic principles for the implementation of the Mechanism, such as the duration of the measure, the procedure and the rate of compensation of the selected Providers, the duration of the Contracts of the Selected Providers with the HETS Administrator, as well as any other relevant issue. The Code of the Permanent Power Capacity Mechanism will be approved by a RAE's decision, which will determine the rules for the participation of Power Providers in the Mechanism, their obligations and the consequences in case of a breach of these obligations, the methodology of allocating the charges to the Suppliers of electricity, as well as specific issues concerning the basic parameters of the design and operation of the Mechanism. At the end of the first four (4) years of implementation of the Mechanism and every two (2) years thereafter, RAE will examine the Mechanism's implementation results and its impact on the Greek electricity market and will issue to the Minister of Environment and Energy relevant proposals for the modification of the Mechanism's design and operating parameters.

HELLENIC ELECTRICITY DISTRIBUTION NETWORK (HEDN)

- With RAE's Decision 1242/2018, the new numerical values of the network's loss coefficients, which correspond to the MV and LV consumption increase coefficients due to losses, were approved effective from February 1st 2019, so that the quantities of electricity consumed per voltage category to be bound to the boundary between the System and the Network as follows: energy loss coefficient on the MV Network equal to 1.0360 and on the LV Network equal to 1.1274.

SPECIAL FEE FOR THE REDUCTION OF CO2 EMISSIONS (ETMEAR - ex RES Fee) and RES Special Account (ELAPE)

- By Law 4585/2018, "Emergency Regulations of the Ministry of Environment and Energy etc. - (OG A' 216/24.12.2018), some provisions of L. 4001/2011 regarding ETEMAR and the RES Special Account have been amended and were set in effect from January 1st 2019. More specifically:
- From April 1st 2019 the clearing and collection of ETMEAR as well as of the weighted variable cost of thermal units is in the responsibility of DAPEEP SA that substituted IPTO in all its rights, obligations and legal relations relating to the responsibilities of revenue management of the RES and CHP Special Account.
- By a Decision of the Minister of Environment and Energy, the rates of reduced fees of ETEMAR. per customer category as of January 1st 2019, as well as any other implementation detail (e.g. maximum and minimum charge for an individual consumer) were determined. More specifically for the year 2019 and up to the adoption of the ministerial decision, the unit charges continue to be imposed as determined by RAE's Decision 1101/2017 (OG B 4670 / 29.12.2017) for the year 2018.
- From January 1st 2019 the Additional Charge on Load Representatives (income of the special account of RES and CHP) is abolished and any annual cumulative accounting surplus amount that may arise from the special RES and CHP Account, after the establishment of the Special Safety Reserve for extraordinary expenses amounting to seventy million (70,000,000) Euro and based on the December 2018 clearing, will be refunded to the Load Representatives in 2019. The return to PPC amounted to € 99.3 mil.
- From January 1st 2019 the Special Lignite Production Fee (€ 2/MWh of electricity produced from lignite) which constituted an income element of the Special Account for RES and CHP was abolished.

2. LEGAL FRAMEWORK (CONTINUED)

- Law 4625/2019 amended article 143 of Law 4001/2011, which relates to the Special RES and CHP Account and its amendment to the income of the Aid Subaccount of the Special Account for the Interconnected System and Network, by imposing a Special Levy for Emissions Reduction (ETMEAR). The amendment imposes from January 1st 2019 a single ETMEAR charge for all electricity consumers, on the electricity consumed by the Network or the System, designated as Base Charge and provides for categories of consumers who are beneficiaries of reduced tariffs, and DAPEEP SA is designated as the entity responsible for the process of assigning beneficiaries to reduced tariffs through the implementation and management of an appropriate information system for receiving potential beneficiary applications.
- With its Decision no. ΥΠΕΝ/ΓΔΕ/76979/4917 (OG B 3373/31.08.2019) the Ministry of Energy set out the procedure for applying for beneficiaries of reduced tariffs, the procedure for checking the eligibility criteria, the amount of the fee for examining applications, the obligations of the beneficiaries of the reduced tariffs, the fines and the manner in which they are imposed in the event of breach of those obligations, as well as any other applicable details. Until the reduced tariffs are implemented, ETMEAR unit charges under RAE Decision 1101/2017 continue to apply for those beneficiaries.

PUBLIC SERVICE OBLIGATIONS (PSOs)

- RAE issued Opinion 10/2017 to the Ministry of Energy on the cumulative deficit of the PSO account for the period 2012-2016 resulting from the fact that the revenues of the Account remained unchanged since 2012 on the basis of Law 4067/2012.
- In this context, a compensation (income) for the provision of PSOs was recognized to PPC for the years 2012-2016 amounting to Euro 359.773 thousand, which was collected in the first quarter of 2018.
- Law 4549/2018 which amended Law 4067/2012 introduced a provision for the subsidy by the State Budget of part of the cost for the provision of PSO's up to an amount of €59 mil. for the year 2019 and up to an amount of €68 mil for the year 2020.
- In order to avoid the creation of new cumulative deficits in the PSO Special Account, PSO compensation unit charges will be adjusted in June and December of each year.
- As early as 2017, the Parent Company has raised with the Ministry of Environment & Energy and RAE its objections to the fact that, in the aforementioned opinion of RAE, the payment to PPC of the compensation due for the provision of PSOs for the year 2011 amounting to € 681.7 million which was established by RAE's Decision 1526/2011 and is still in force, was not taken into consideration.
- Taking into consideration the fact that the relevant State bodies did not respond to the above request, the Parent Company, in order to safeguard its interests, filed before the Athens Administrative Court of First Instance an action for damages against the Greek State for the recovery of the full due amount of €681.7 mil. for the year 2011.
- In the context of providing PSOs and covering the costs of the Social Residential Tariff (SRT) and the Special Tariff for beneficiaries with many children for the year 2017, RAE Decision 435/2019 approved an annual repayment of PSOs to all Suppliers of € 55,217,144, of which € 55,056,661 are accounted for PPC and € 6,760,942 for beneficiaries with many children, which is wholly accounted for PPC.
- By its Decision ΥΠΕΝ/ΔΗΕ/72919/1459 the Ministry of Energy amended the procedure of PSOs integration.

OTHER ISSUES

- RAE with its Decision 1299/2018 amended the Management Codes of the Hellenic Electricity Transmission System and Electricity Transactions, for the implementation of Action D6 of the Preventive Action Plan, in order to optimize the cost-effectiveness of the alternative fuel utilization by thermoelectric units running on natural gas.
- By the Joint Ministerial Decision ΥΠΕΝ/ΥΠΡΓ/1085/87 (OG B'49/18.01.2019), the Joint Ministerial Decision ΥΠΕΝ/ΥΠΡΓ/7408/1228 was amended, relating to the provision of an one-off special allowance to low-income consumers, who have been disconnected from the electricity distribution network, due to overdue debts, as determined by Law 4508/2017.

2. LEGAL FRAMEWORK (CONTINUED)

- RAE, with its Decision 57/2019, issued an invitation for the expression of interest for the selection of an Energy Supplier of Last Resort for a period of three (3) years starting on March 23rd 2019. RAE with its Decision 595/2019 assigned PPC as the Energy Supplier of Last Resort for the period of June 26th 2019 to 28th June 2020.
- Also, RAE with its Decision 59/2019, issued an invitation for the expression of interest for the selection of a Universal Energy Service Supplier for the period of three (3) years starting on March 23rd 2019 and then by its Decision 339/2019 appointed PPC as the Universal Energy Service Supplier from March 23rd 2019 to June 22nd 2019 under the terms of the Authority's decision 241/2018. RAE with its Decision 594/2019 assigned PPC as the Universal Energy Service Supplier for the period of June 23rd 2019 to 22nd June 2020.
- With the Decision of The Ministry of Finance No. 2/18754/ΔΛΓΚ, (OG B' 843/08.03.2019) "Determination of the procedure, terms, conditions and other issues related to the provision of financial advances to PPC SA against the total annual obligation of the current year for expenditures of electricity bills of the General Government entities ", PPC SA received a financial advance of five hundred and fifty million seven hundred thousand (550,700,000) euros, against the total obligation for the year 2019 stemming from electricity bills of the General Government entities.
- By the Joint Ministerial Decision No. ΥΠΕΝ/ΔΝΕΠ/6517/425, (OG B'390/13.02.2019), the JMDs ΑΠΕΗΛ/οικ. 21906/2014 (B 3304) and 181478/965/2017 (B' 3763) are amended, in compliance with Articles 3 (par.1, l. 3) and 1 (paragraph 14, el. 6) of Directive 2018/410 EU 'amending Directive 2003/87/EC to promote cost-effective emission reductions and to promote low-carbon investments and Decision (EU) 2015/1814' of the European Parliament and of the Council of March 14th 2018 on the amount of greenhouse gas emission allowance auctioned by DAPEEP for the aid of sectors and sub-sectors exposed to a real risk of carbon leakage due to significant indirect greenhouse gas emission costs passed on to electricity prices.
- The European Commission has informed Member States that due to the revision of the European Emissions Trading Scheme (ETS) Directive for the period 2021-2030 (Directive EU 2018/410 amending Directive 2003/87/EC on introducing a scheme for greenhouse gas emission allowance trading within the Union and amending Directive 96/61/EC), will also review the attached 2012 Guidelines on State aid measures under the emissions trading scheme of greenhouse gases after 2012 (EU 2012/C 158/04 on June 5th 2012). To this end, two online consultations were launched:
  - 1. A public online consultation (based on a questionnaire) which will be open until May 16th 2019 and
  - 2. A targeted web-based consultation specifically designed to collect data on specific sectors that are likely to be exposed to carbon leakage, which will be open until April 9th 2019.
- DAPEEP SA announced the commencement of the Annual Compensation Clearing for the year 2018 according to the provisions of Article 9 of the Joint Ministerial Decision. ΑΠΕΗΛ/ οικ. 21906, (OG B' 3304/09.12.2014 (establishing the grant procedure, the beneficiaries, the maximum amount and the methodology for granting aid to sectors and subsectors of companies exposed to a significant risk of carbon leakage due to the costs of the trading system of EU greenhouse gas emission allowances passed on to electricity prices.
- RAE, with its Decision 175/2019, established the Methodology for estimating the Conversion Rate of the Maximum Daily Natural Gas Consumption by the Power Generation Units during the implementation of Action D6 of the Preventive Action Plan.
- By the Ministerial Decision No. ΥΠΕΝ/ΔΑΠΕΕΚ/25512/883, (OG B 1020/27.03.2019), "Determination of the Last Resort Representative Body and establishment of its obligations, its operating framework and the charges it imposes for the provision of its services in accordance with paragraph 5 of Article 5 of Law 4414/2016", the RES and Guarantee of Origin (DAPEEP SA) was appointed as the Last Resort Representative Body from July 1st 2019 to December 31st 2022.

2. LEGAL FRAMEWORK (CONTINUED)

- By Law No.4602/2019, as published (OG A' 45/09.03.2019) entitled "Research, exploitation and management of the geothermal potential of the Country, establishment of the Hellenic Authority of Geological and Mineral Research, ownership unbundling of gas distribution networks and other provisions" except for the issues concerning the Repetition of the tender procedure for the completion of PPC's sectors divestment, the following were also introduced:
    - The ability until December 31st 2019 for the transportation, installation and operation of power plants in Crete in order to ensure the island's energy sufficiency and to cover emergencies,
    - issues related to RES stations that have signed an Operational Assistance Contract,
    - Installation of RES stations and CHP by Local Authorities of a' and b' degree to meet the energy needs of utility companies by applying energy and virtual energy netting,
    - Ownership separation of Natural Gas Distribution Networks,
    - Research, exploitation and management of the geothermal potential of the country,
    - Establishment of the Hellenic Authority for Geological and Mineral Exploration (EAGME).
- By the Joint Ministerial Decision No. 42863/438 the terms, conditions and technical specifications are set for the installation of chargers for electric vehicle batteries (recharging points) at publicly accessible urban and off-road vehicle service facilities and recharge points, as well as public and private parking spaces.
- By RAE Decision 520/2019, the annual fees in favor of RAE for the year 2019 were adjusted, levied on companies operating in the energy sector, to be paid in the course of 2019. Regarding the electricity and gas sector: 1) the amount of the annual fee charged to licensed electricity suppliers, depending on the total amount of electricity consumed by the System or the Network for the year 2018, is set at € 0.068765, rounded to seven cents (€ 0.07) per MWh, 2) the annual fee charged to licensed electricity generators is set at € 8.0901, rounded up to eight euro and nine cents (€ 8.09) per MWatt of maximum net voltage, 3) The annual fee charged to natural gas importers is set at € 0.24268, rounded to Twenty-Four Cents (0.24 €) per thousand cubic meters
- DAPEEP announced the Residual Energy Mix of the country for the year 2018 and informed PPC SA of the total energy mix as a Supplier.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

Basis of preparation of financial statements

The accompanying interim condensed consolidated and separate financial statements for the six month period ended June 30th 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting" which determines the form and the content of the interim financial statements. The accompanying financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the latest annual financial statements as at December 31st, 2018 made publicly available. The accompanying financial statements have been prepared under the historical cost convention (except for tangible assets that are measured under the revaluation model, assets held for sale that are measured at the lower amount between their carrying value and the fair value less cost to sale and financial assets measured at fair value through other comprehensive income), assuming that PPC and its subsidiaries will continue as a going concern. The financial statements are presented in thousands of Euro and all values are rounded to the nearest thousands, except when otherwise indicated.

During the six-month period ended June 30th 2019, the Group and the Company recorded losses before tax of Euro 318.4 million and Euro 338.4 million that are mainly attributable to the costs for: a) purchases of energy b) purchases of CO_2 emission rights and c) purchases of natural gas and fuels.

At the same time, on June 30th 2019, total short-term liabilities of both the Group and the Parent Company continued to exceed the total of short-term assets by approximately Euro 541.1 million and Euro 831.8 million, respectively (2018: €708 million and €949 million for the Group and the Parent Company respectively). It should be noted that the total short-term liabilities of both the Group and the Parent Company include the short-term assets and liabilities from discontinued operations. In more detail, the short term assets of both the Group and the Parent Company as of June 30th 2019 include Euro 321.9 million and Euro 149 million respectively, while the short term liabilities of the Group include €119.8 million (no such liabilities exist for the Parent Company). As of December 31st 2018, the short term assets of both the Group and the Parent Company amounted to Euro 402.4 million and Euro 232.4 million respectively, while the short term liabilities of the Group amounted Euro 122.6 million (no such liabilities exist for the Parent Company).

In order for the Group and the Parent Company to meet their liabilities towards financial institutions and suppliers, the following actions have been undertaken:

- Securing long term borrowings totaling € 231.1 million.
- Increase on electricity bills prices, decrease of the discount for the timely payment of electricity bills, decrease of the discounts for payments in advance and use of "Clause for CO_2" in Low Voltage invoices (Decision of the Board of Directors 90/30.09.2019). From the above adjustments, an annual profitability growth of a) €120 million up to 31.12.2019 and b) €532 million for fiscal year 2020 is expected. Additionally, with the respective decision, the President and CEO of the Company was authorized to resolve any issue that may arise from the implementation of the decision and for the determination of the commercial and tariff policy assisted by the competent business units.

In addition to the above, in the projected cash flows of the Group and the Parent Company the below have been taken into account:

- Collection from the Greek State in the first quarter of 2020 a prepayment for electricity consumption of its entities for the year 2020. This prepayment by the Greek State has also taken place in the last two years (2018 and 2019) based on a five-year agreement signed with the Greek State on 14.6.2018.
- Additional revenue recognized for the Public Service Obligations (PSO) of past years of € 200 million approximately, that after a written confirmation received by the Ministry of Environment and Energy and the Ministry of Finance, will be included in the State Budget and will be drawn down no later than January 2020 and after the required legislation passing through, that will permanently resolve this issue.

The above actions are expected to result in a significant improvement in the cash flows and operational profits of both the Group and the Parent Company, while based on sensitivity analysis of the most significant assumptions made (emission rights for CO2 price, System Marginal Price and market share), a not significant effect on the Group's and the Parent's Company's projected cash flows and operational profits is expected.
It should be noted that the Group and the Parent Company as of June 30th 2019 are in compliance with all loan covenants.

3.1 BASIS OF PREPARATION (CONTINUED)

Additionally, despite the above, it is expected that the short term liabilities will continue to exceed the short term assets.

Future actions that are expected to further improve the financial position of the Group and the Parent Company, that for now, have not been taken into account in the projected cash flows of both the Group and the Parent Company are:

1. The Parent Company has assigned to Financial Institutions the task of finding a prospective investor for the securitization of its overdue receivables expecting to further improve its cash flows, in case of realizing the transaction.
2. The Parent Company will continue to explore its ability to issue an international bond, a process that has already been initiated from 2018 and was postponed due to the deterioration of its financial metrics and the lack of a mechanism to adjust its LV tariffs in case of a potentially significant increase in the CO2 emission rights prices in Low Voltage invoices. If this action takes place, the Parent Company will further improve its cash flows.
3. Continued emphasis in the reduction of overdue receivables from Customers with the assistance of consultants. If this action takes place, the Parent Company will further improve its cash flows.

The above (1) to (3) have not been, for the moment, taken into account in the Management's estimates.

Based on the above and by assessing the projected cash flows up to 31.12.2020 and all the available information for the foreseeable future, Management considers that the Group and the Parent Company have ensured that they will continue to operate as a going concern. In particular, their consolidated and separate financial statements were prepared on the basis of the going concern principle.

Consequently, Management concluded that the basis of the going concern is the correct one for preparing the Group's and the Parent Company's financial statements, after having taken into consideration a broad range of factors and that the substantial uncertainty that existed as of 31.12.2018 have been removed.

Approval of Financial Statements
The Parent Company's Board of Directors approved the accompanying financial statements on September 24th 2019.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

A) Changes in accounting policies and disclosures

The accounting principles on the basis of which the interim separate and consolidated financial statements were prepared were consistent with those used in the preparation of the annual separate and consolidated financial statements for the year ended December 31st 2018 with the exception of the following amendments and standards, which were adopted by the Group and the Parent Company on the January 1, 2019.

- **IFRS 16 : Leases**

  IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to the contract, namely the customer ("lessee"), and the supplier ("lessor"). The new standard requires lessees to recognize most leases in their financial statements. Lessees will have a single accounting framework for all leases, with some exceptions. Lessor's accounting treatment of leases remains virtually unchanged. The standard mainly affects the accounting treatment of the Group's and the Parent Company's operating leases.

  The Group and the Parent Company initially adopted IFRS 16 on January 1, 2019 using the modified retrospective approach, whereby the retrospective effect of applying the standard was recognized at that date. The comparative figures have not been restated.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The Group and the Parent Company applied the practical expedient provided for the definition of a lease. This means that they applied IFRS 16 to all contracts entered into before January 1st 2019 that were identified as leases in accordance with IAS 17 and IFRIC 4. Furthermore, the Group and the Parent Company use the exemptions of the standard for lease contracts that have a lease term of 12 months or less and lease contracts of low value.

On the Standard's initial application date, there was an impact on the Group's and the Parent Company's total assets and liabilities, due to the capitalization of operating leases as assets and the recognition of their respective liabilities.

The impact on the Group's and the Parent Company's financial statements from the adoption of IFRS 16 is as follows:

Impact on the statement of financial position on January 1, 2019

- An initial recognition of Right of Use assets amounting to €62,240 and €38,615 for the Group and the Parent Company respectively.
- An initial recognition of financial lease liabilities amounting to € 61,622 for the Group and € 38,615 for the Parent Company respectively

Impact on the statement of financial position on June 30, 2019

- A Right of Use assets balance amounting to € 55,814 for the Group and € 35,012 for the Parent Company respectively.
- A financial lease liability balance amounting to € 55,766 for the Group and € 35,468 for the Parent Company respectively.

Impact on the Income Statement on June 30, 2019

- A Depreciation charge increase amounting to € 6,457 for the Group and € 3,603 for the Parent Company respectively.
- A financial expenses (interest) increase amounting to € 1,256 for the Group and € 855 for the Parent Company respectively.
- An operating lease expense reduction amounting to € 7,112 for the Group and € 4,002 for the Parent Company respectively.

a) Nature of the effect of adoption of IFRS 16

The Group and the Parent Company have lease contracts for commercial property and buildings, plant & machinery and motor vehicles. Before the adoption of IFRS 16, the Group and the Parent Company classified their leases (as lessees) either as a finance lease (where the Group and the Parent Company maintained substantially all of the risks and rewards incidental to ownership), or as an operating lease. Finance leases were capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. The part of the finance cost of the lease corresponding to interest was recognized in the income statement during the lease, while the corresponding lease liabilities were reflected in "Borrowings". Leases where a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases and were not capitalized, while payments for operating leases were recognized in the income statement proportionately during the lease. Any prepaid rents were included in "Other receivables", while accrued leases were included in "Accrued and other liabilities.
Upon adoption of IFRS 16, the Group and the Parent Company applied a single recognition and measurement approach for all leases, except for leases of low-value assets and leases where the lease term is lower or equal to 12 months. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Parent Company.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- Leases previously classified as finance leases

The Group and the Parent Company had no finance leases on January 1, 2019

- Leases previously accounted for as operating leases

The Group and the Parent Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for leases of low-value assets and leases where the lease term is lower or equal to 12 months. The right-of-use assets were recognized as equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Lease liabilities were recognized at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group and the Parent Company also applied the available practical expedients whereby they:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on their assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Set out below are the Group's and the Parent Company's new accounting policies upon adoption of IFRS 16, which have been applied from the date of initial application:

b) Summary of new accounting policies

- Right-of-use assets

The Group and the Parent Company recognize right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized (see below), initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group and the Parent Company are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group and the Parent Company recognize lease liabilities measured at the present value of lease payments to be paid over the lease term. Lease payments include fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Parent Company and amounts of penalties for terminating a lease, if the lease contract reasonably reflects that the Group and the Parent Company will exercise the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Parent Company use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease contract is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification in the lease contract or a change in the lease term, a change in fixed lease payments or a change in the assessment to purchase the underlying asset. The result of this re-measurement is disclosed in a line of the right-of-use assets note as modifications.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- Short-term leases and leases of low-value assets

The Group and the Parent Company apply the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below €5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

- Significant judgment in determining the lease term of contracts with renewal options

The Group and the Parent Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by a) an option to extend the lease if it is reasonably certain to be exercised, or b) an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Parent Company have the option, under some of their leases to lease the assets for additional terms. The Group and the Parent Company apply judgement in evaluating whether it is reasonably certain to exercise the option to renew, taking into consideration all relevant factors that create an economic incentive for them to exercise the renewal. After the commencement date, the Group and the Parent Company reassess the lease term if there is a significant event or change in circumstances that is within their control and affects their ability to exercise (or not to exercise) the option to renew (as a change in the Group's and the Parent Company's business strategy)

- **IFRS 9: Prepayment with Negative Compensation (Amendment)**

The amendment clarifies that financial assets allowing or requiring a party to either pay or receive fair compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be a negative compensation) may be measured at amortized cost or at fair value through the statement of other comprehensive income. The amendment does not have a material effect on the financial statements of the Group and the Parent Company.

- **IAS 28 Investments in Associates and Joint Ventures (Amendments)**

The amendments relate to whether the measurement (and especially the impairment) of long-term investments in associates and joint ventures, which are in essence part of the net investment in the associate or joint venture, is governed by IFRS 9, IAS 28, or a combination of the two standards. The amendments clarify that an entity applies IFRS 9 before applying IAS 28 to those long-term investments for which the equity method does not apply. When applying IFRS 9, an entity does not take into account any adjustments in the carrying amount of long-term investments that arise from the application of IAS 28. These amendments have no material effect on the Group's and the Parent Company's financial statements.

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation provides guidance for addressing the uncertainty involved in tax treatments when accounting for income taxes. The interpretation provides additional clarification regarding the examination of uncertain tax assumptions individually or collectively, the examination of tax assumptions by the tax authorities, the appropriate method to reflect the uncertainty of the acceptance of the assumption by the tax authorities, as well as the examination of the consequences of changes in facts and circumstances. This interpretation does not have a material effect on the financial statements of the Group and the Parent Company.

- **IAS 19: Changes, Cuts or Settlement of a Defined Benefit Plan (Amendments)**

The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a change, cut or settlement of the defined benefit plan is made. The amendments also clarify how the application of asset ceiling requirements is affected by the accounting treatment of a change, cut or settlement of the defined benefit plan. These amendments do not have a material effect on the financial statements of the Group and the Parent Company.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. The following amendments are not expected to have material impact on the Company's (and / or the Group's) financial statements unless otherwise stated.
  - ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*****:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.
  - ***IAS 12 Income Taxes*****:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
  - ***IAS 23 Borrowing Costs*****:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

B) Standards that have been issued but are not effective in the current accounting period and the Group and The Parent Company have not applied early.

- **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Group is in the process of assessing the effect of applying the amendments to its financial statements.

- **Conceptual Framework for Financial Reporting 2018**

The IASB issued the revised Conceptual Framework for Financial Reporting on March 29th 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**

The IASB issued amendments regarding the definition of a business (amendments to IFRS 3) in order to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments apply to business combinations for which the acquisition date is determined in the first annual accounting period commencing on or after January 1, 2020 and for the acquisition of assets that occur at or after the beginning of that period, while earlier application is permitted. The amendments have not yet been adopted by the European Union. The Group is in the process of assessing the effect of applying the amendments to its financial statements.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(All amounts in thousands of Euro, unless otherwise stated)

- **IAS 1 Presentation of Financial Statements and IAS Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Materiality (Amendments)**

The amendments are effective for annual accounting periods beginning on or after January 1, 2020, while earlier adoption is permitted. The amendments clarify the definition of materiality and the way it should be applied. The new definition states that «Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". In addition, the interpretations accompanying the definition of materiality have improved. The amendments ensure that the definition of materiality is consistent across all IFRS standards. The amendments have not yet been adopted by the European Union. The Group is in the process of assessing the effect of applying the amendments to its financial statements.

4. SEASONALITY OF OPERATIONS

PPC's operation is subject to seasonality due to the increased demand for electricity during the summer and winter months, a trend which is not reflected in its operating results as these are affected by external factors (e.g. fuel prices, hydrological conditions etc.).

5. AMENDMENTS

In the context of the initial application of IFRS 15 "Revenue from Contracts with Customers", the Group and the Parent Company re-assessed the accounting treatment of "Consumers Contributions" during the annual financial statements preparation and adjusted the relevant amounts in the income statement for the period 01.01.-30.06.2018, as shown in the table below. In addition, the balance of Retained Earnings for the Group and the Parent Company was revised (reduced) by Euro 602,138. As of 30.06.2018 the restated balance of Retained Earnings amounted to Euro 616.322 for the Group and Euro 548.842 for the Parent Company. These restatements did not have a cash flow effect.

Effect on the Income Statement for the period 01.01 – 30.06.2018 due to their finalization in the preparation of the annual financial statements for the year 2018

	GROUP (continuing operations)			COMPANY (continuing operations)		
	30.06.2018 Published	Adjusting effect	30.06.2018 Restated	30.06.2018 Published	Adjusting effect	30.06.2018 Restated
Other sales	174,352	10,945	185,297	118,683	10,945	129,628
Depreciation	278,263	28,824	307,087	271,953	28,824	300,777
PROFIT / (LOSS) BEFORE TAX	(178,146)	(17,879)	(196,025)	(136,725)	(17,879)	(154,604)
Income tax expense	(5,687)	-	(5,687)	(8,185)	-	(8,185)
NET PROFIT / (LOSS)	(183,833)	(17,879)	(201,712)	(144,910)	(17,879)	(162,789)

6. DISCONTINUED OPERATIONS

Spin-off of the lignite power generation sectors

Following the disclosures made in Note 2 under the heading "Structural measures on access to lignite and the further opening of the wholesale electricity market", pursuant to Law 4533/2018, on May 23rd 2018, the Parent Company's Board of Directors decided the spin-off of two of PPC's lignite power generation sectors and their related assets, liabilities and human resources and their contribution to two new companies.
Moreover, the Board of Directors' proposal to the Extraordinary General Meeting of PPC's shareholders, which was convened on June 26th 2018, inter alia, for this purpose and approved the above, as well as any other relevant issue with the spin-off the two PPC's lignite power generation sectors, was approved.

6. DISCONTINUED OPERATIONS (CONTINUED)

On June 30th 2018 the spin-off and contribution process of the two lignite sectors of PPC SA to the two new companies with the sole shareholder being PPC SA and with the main purpose being the extraction of lignite and the production of electricity using lignite, according to the provisions of the above mentioned Law was completed. (for more details please refer to Note 2)
On June 30th 2018 and on December 31st 2019, the Group's and Parent Company's Management classified the value of the participation in the two subsidiaries, which were created on the basis of the provisions of Law 4533/2018, as Held-for-sale Assets (Discontinued Operations), as the IFRS 5 criteria were met.
In January 2019, the Board of Directors of the Parent Company decided to increase the share capital of the wholly owned subsidiary companies "Lignitiki Megalopolis SA" and "Lignitiki Melitis SA" by € 11.6 million and € 7.3 million respectively by issuing € 2.9 million and € 1.8 million of common shares respectively, with a nominal value of four (4) euros per share and an issue price of four (4) euros per share for both subsidiaries. The Parent Company paid the aforementioned amounts on April 18th 2019.

The closing date for the submission of tenders, following extensions given with the consent of the European Commission, was finally set on 6 February 2019, on which date two (2) of the interested parties submitted a binding offer. One of those was deemed inadmissible as it did not meet the criteria of the Invitation to tender, while the second one was deemed not economically advantageous by the Board of Directors of PPC SA, (due to the low price offered). As a result of the above, the relevant tender procedure was declared barren.

Under the new provisions of Law 4602/2019 (OG A 45/09.03.2019), amending and supplementing Law 4533/2018, PPC was required to launch an repeat bidding process, inviting prospective bidders which participated in the previous bidding process, as well as other investors wishing to express their interest in the bid for the shares issued by "Lignitiki Megalopolis S.A." and / or "Lignitiki Melitis S.A.", within 7 days of the call. Pursuant to the above provisions of the Law, following a decision of its Board of Directors, PPC posted on March 8th 2019 on its website a Joint Call for Proposals & Invitation to Bid, with which investors were invited to express initially their interest to participate in the bidding process by March 15th 2019.

At the same time, PPC’s management took additional measures to further improve the financial position of the two (2) lignite power generation subsidiaries for sale. The above mentioned measures included the announcement of additional incentives for early retirement of employees (mainly in the lignite subsidiary of Megalopolis), and also the launch of negotiations to reduce Meliti’s purchasing cost of lignite from the Achlada mine, aiming to reduce their operating costs.

Furthermore, the date of submission of the binding offers, following postponements extensions, was set to July 15th 2019 to give investors an opportunity to evaluate in detail the effects of the measures taken on the financial position of the two (2) lignite power generation subsidiaries.
Given the fact that on June 30th 2019:

- Law 4533/2019 as amended by Law 4602/2019 was still in force, providing for PPC's lignite power disinvestment through the sale of its two (2) lignite power generation subsidiaries,
- The Hellenic Republic's commitments to the European Commission on the structural measures for PPC's access to lignite, which were legally binding and resulted in the adoption of Law 4533/2019 by the Greek Parliament, were still in force,
- PPC’s Management was determined to sale the two (2) lignite power generation subsidiaries and therefore these subsidiaries were actively offered for sale in their current state,

the Group’s and the Parent Company’s Management concluded that as of June 30th 2019 the IFRS 5 criteria for the classification of the value of the two (2) lignite power generation subsidiaries as Assets Held for Sale (Discontinued Operations) continued to be met.

In the Consolidated Income Statement, the results of Discontinued Operations include the results of the branches that were contributed on June 30th 2018 to the two new 100% PPC’s subsidiaries both for the period 01.01 - 30.06.2019 and 01.01 - 30.06.2018

On July 18th 2019, the repeated bidding procedure for the sale of the lignite subsidiaries has been declared barren by the Parent Company’s Board of Directors, as no binding offer was submitted by any eligible participant. Subsequently, on July 18th 2019, the criteria of IFRS 5 for the classification of lignite subsidiaries as Assets Held for Sale were not met.

(All amounts in thousands of Euro, unless otherwise stated)

6. DISCONTINUED OPERATIONS (CONTINUED)

The following table presents the analysis of the Group's Assets and Liabilities from Discontinued Operations as of June 30th 2019:

	LIGNITIKI MELITIS S.A. 30.06.2019	LIGNITIKI MEGALOPOLIS S.A. 30.06.2019	Total 30.06.2019
ASSETS			
Non – Current Assets			
Tangible assets	137,656	77,065	214,721
Intangible assets	4	270	274
Other non – current assets	832	2,075	2,907
	138,492	**79,410**	**217,902**
Current Assets			
Materials, spare parts & supplies net	17,885	39,395	57,280
Trade receivables	2,068	6,348	8,416
Cash and cash equivalents	15,792	11,357	27,149
Other receivables	7,027	4,096	11,123
	42,772	**61,196**	**103,968**
Total Assets	**181,264**	**140,606**	**321,870**
Non – Current Liabilities			
Provisions	4,150	21,606	25,756
Other non – current liabilities	23,204	13,272	36,476
	27,354	**34,878**	**62,232**
Current Liabilities			
Trade and other payables	23,767	33,774	57,541
Total Liabilities	**51,121**	**68,652**	**119,773**
Net Assets	**130,143**	**71,954**	**202,097**

The cash flows of assets held for sale are presented in the following table:

	01.01.2019-30.06.2019
Cash flows from operating activities	12,768
Cash Flows from Investing Activities	-
Cash Flows from Financing Activities	-
Total	**12,768**

On the basis of the provisions of IFRS 5, the Group and the Parent Company proceeded on June 30th 2018 to the valuation of their participation in the two (2) new Subsidiaries, which were created on the basis of the provisions of Law 4533/2018, so that the net value of the assets held for sale to be stated at the lower between their carrying amount and their fair value less costs to sell. The valuation was carried out by an independent valuator using the discounted cash flow method. The above valuation resulted in a total impairment amounting to Euro 240.6 mil., which was recognized in the Income Statement for the first half of 2018.

Furthermore, on December 31, 2018, an appraisal of the value of the of the Group's and the Parent Company's shareholding in the two (2) Subsidiaries was carried out again by an independent valuator using the discounted cash flow method, resulting in an additional impairment. The total impairment amounting to €243 mil. for the Group and €236 mil. for the Parent Company respectively, was recognized in the 2018 Income Statement.

Finally, on June 30, 2019, a new valuation was carried out on the value of the Group’s and the Parent Company’s participation in these two (2) Subsidiaries by an independent valuator using the discounted cash flow method and resulted in an additional impairment. The total impairment amounting to €64.9 mil. for the Group and €102.3 mil. for the Parent Company respectively, was recognized in the Income Statement for the first half of 2019.

7. INCOME TAXES (CURRENT AND DEFERRED)

(All amounts in thousands of Euro, unless otherwise stated)

	Group		Company	
	30.06.2019	**30.06.2018**	**30.06.2019**	**30.06.2018**
Current income taxes	4,915	17,453	-	13,396
Deferred income tax	(34,961)	(11,766)	(32,119)	(5,211)
Total Continuing Operations	**(30,046)**	**5,687**	**(32,119)**	**8,185**
Discontinued Operations	(13,471)	10,239	(13,810)	19,319
Total income tax	**(43,517)**	**15,926**	**(45,929)**	**27,504**

According to the current Income Tax Code (L.4172/2013), as amended by the recent Law 4579/2018, the income tax rate for the legal entities residing in Greece for the income of the year 2019 is set at 28% and is reduced by 1% annually, up to the tax year 2022. As such, the income tax rate for the year 2020 is set at 27%, for the year 2021 at 26% and for the year 2022 and thereafter at 25%. The prepayment of income tax remains at 100%.

Tax returns for companies residing in Greece are filed annually but profits or losses declared remain provisional, until the tax authorities audit the Company's returns and records and a final tax audit report is issued. The Group establishes a provision, if deemed necessary, on a case by case basis and per company, against any possible additional taxes being imposed by the tax authorities.

Based on the applicable Income Tax Code, since the fiscal year 2011, the Statutory Auditors issue an "Annual Tax Compliance Report" after conducting a tax audit at the same time with the financial audit. The tax audit is conducted on particular tax areas, specified by an audit program, according to the provisions of the tax law. Audit matters which are not covered by the above mentioned decision are dealt with in accordance to the ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information". From January 1st, 2016 onwards, pursuant to Law 4410/2016, the issuance of the tax certificate became optional, however, the Company continues to apply the procedure for its issuance by the Statutory Auditors.
The tax audit of the Parent Company for the issuance of the tax certificate for the fiscal year 2018 is still in progress by its Statutory Auditors and no significant charges are expected in relation to the amounts disclosed. Tax unaudited years for the Parent Company and the subsidiaries of the Group are presented in the following table:

Company	**Country**	**Unaudited years since**
PPC S.A. (Parent Company)	Greece	2013
PPC Renewables S.A.	Greece	2013
HEDNO S.A.	Greece	2013
Arkadikos Ilios Ena S.A.	Greece	2013
Arkadikos Ilios Dio S.A.	Greece	2013
Iliako Velos Ena S.A.	Greece	2013
Amalthia Energiaki S.A.	Greece	2013
SOLARLAB S.A.	Greece	2013
Iliaka Parka Ditikis Makedonias Ena S.A.	Greece	2013
Iliaka Parka Ditikis Makedonias Dio S.A.	Greece	2013
PPC FINANCE PLC	United Kingdom	2009
PPC BULGARIA JSCo	Bulgaria	2014
PPC Elektrik Tedarik ve Ticaret A.S.	Turkey	2014
PHOIBE ENERGIAKH S.A.	Greece	2013
Geothermikos Stochos S.A.	Greece	2017
WINDARROW MOUZAKI ENERGY S.A.	Greece	2018
EDS DOO Skopje	Republic of North Macedonia	2012
EDS DOO Belgrade	Serbia	2016
EDS International SK SRO	Slovakia	2013
EDS International KS LLC	Kosovo	2016
LIGNITIKI MELITIS S.A.	Greece	2018
LIGNITIKI MEGALOPOLIS S.A.	Greece	2018

8. INVESTMENTS IN SUBSIDIARIES

Direct subsidiaries of the Parent Company and the value of the investment are as follows:

(All amounts in thousands of Euro, unless otherwise stated)

	Company	
	30.06.2019	**31.12.2018**
HEDNO S.A.	56,982	56,982
PPC Renewables S.A.	155,608	155,608
PPC FINANCE PLC	59	59
PPC BULGARIA JSCo	522	522
PPC ELEKTRIK TEDARIK VE TICARET AS	1,350	1,350
PPC ALBANIA	150	150
EDS DOO Skopje	4,800	4,800
LIGNITIKI MELITIS S.A.	36,000	117,200
LIGNITIKI MEGALOPOLIS S.A.	113,000	115,200
	368,471	**451,871**

The consolidated financial statements include the financial statements of PPC and its subsidiaries (full consolidation):

In January 2019, the Parent Company's Board of Directors decided to increase the share capital of its 100% subsidiaries under the name "Lignitiki Megalopolis S.A." and "Lignitiki Melitis S.A." by Euro 11.6 mil. and Euro 7.3 mil. respectively with the issuance of Euro 2.9 mil. and Euro 1.8 mil. respectively of common shares with a nominal value of four (4) Euros per share and an issue price of four (4) Euros per share for both subsidiaries. The Parent Company paid the above amounts on 18/4/2019.

Additionally, on 30.06.2019, an impairment of the two abovementioned subsidiaries was made amounting to Euro 102.3 mil. (See Note 6).

	Ownership Interest			
Subsidiaries	**30.06.2019**	**31.12.2018**	**Country and Year of Incorporation**	**Principal Activities**
PPC Renewables S.A.	100%	100%	Greece, 1998	RES
HEDNO S.A.	100%	100%	Greece, 1999	HEDN
Arkadikos Ilios Ena S.A.	100%	100%	Greece, 2007	RES
Arkadikos Ilios Dio S.A.	100%	100%	Greece, 2007	RES
Iliako Velos Ena S.A.	100%	100%	Greece, 2007	RES
Amalthia Energiaki S.A.	100%	100%	Greece, 2007	RES
SOLARLAB S.A.	100%	100%	Greece, 2007	RES
Iliaka Parka Ditikis Makedonias Ena S.A.	100%	100%	Greece, 2007	RES
Iliaka Parka Ditikis Makedonias Dio S.A.	100%	100%	Greece, 2007	RES
PPC FINANCE PLC	100%	100%	UK, 2009	Financing Services
PPC Bulgaria JSCo	85%	85%	Bulgaria, 2014	Supply of power
PPC Elektrik Tedarik Ve Ticaret A.S.	100%	100%	Turkey, 2014	Supply of power
PHOIBE ENERGIAKI S.A	100%	100%	Greece, 2007	RES
PPC ALBANIA	100%	100%	Albania, 2017	Supply of power
Geothermikos Stochos S.A.	100%	100%	Greece, 2017	RES
WINDARROW MOUZAKI ENERGY S.A.	100%	100%	Greece, 2018	RES
EDS DOO Skopje	100%	100%	Republic of North Macedonia, 2012	Supply of power
EDS DOO Belgrade	100%	100%	Serbia, 2016	Supply of power
EDS International SK SRO	100%	100%	Slovakia, 2012	Supply of power
EDS International KS LLC	100%	100%	Kosovo, 2016	Supply of power
LIGNITIKI MELITIS S.A.	100%	100%	Greece, 2018	Generation of power
LIGNITIKI MEGALOPOLIS S.A.	100%	100%	Greece, 2018	Generation of power

(All amounts in thousands of Euro, unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES

The Group's and the Parent Company's associates as of June 30th, 2019 and December 31st, 2018 are as follows (equity method):

	Group		Company	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
PPC Renewables ROKAS S.A.	3,056	2,540	-	-
PPC Renewables TERNA Energiaki S.A.	3,437	3,245	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	2,270	2,075	-	-
PPC Renewables MEK Energiaki S.A.	1,931	248	-	-
PPC Renewables ELTEV AIFOROS S.A.	2,979	2,820	-	-
PPC Renewables EDF EN GREECE S.A.	7,062	7,754	-	-
Aioliko Parko LOYKO S.A.	14	15	-	-
Aioliko Parko MBAMBO VIGLIES S.A.	16	17	-	-
Aioliko Parko KILIZA S.A.	21	22	-	-
Aioliko Parko LEFKIVARI S.A.	19	20	-	-
Aioliko Parko AGIOS ONOUFRIOS S.A.	23	23	-	-
Renewable Energy Applications LTD	5	-	-	-
OROS ENERGIAKI L.T.D.	224	193	-	-
ATTIKA GREENESCO ENERGIAKI S.A.	39	80	-	-
WASTE SYCLO S.A.	34	37	37	37
PPC Solar Solutions S.A.	962	960	960	960
	22,092	**20,049**	**997**	**997**

The full list of the Group's and the Parent Company's associates are as follows:

Associates	Note	Ownership Interest 30.06.2019	Ownership Interest 31.12.2018	Country and year of Incorporation	Principal Activities
PPC Renewables ROKAS S.A.		49,00%	49,00%	Greece, 2000	RES
PPC Renewables TERNA Energiaki S.A.		49,00%	49,00%	Greece, 2000	RES
PPC Renewables NANKO Energy – MYHE Gitani S.A.		49,00%	49,00%	Greece, 2000	RES
PPC Renewables MEK Energiaki S.A.		49,00%	49,00%	Greece, 2001	RES
PPC Renewables ELTEV AIFOROS S.A.		49,00%	49,00%	Greece, 2004	RES
PPC Renewables EDF EN GREECE S.A.		49,00%	49,00%	Greece, 2007	RES
EEN VOIOTIA S.A.	1	46,60%	46,60%	Greece, 2007	RES
Aioliko Parko LOYKO S.A.		49,00%	49,00%	Greece, 2008	RES
Aioliko Parko BAMBO VIGLIES S.A.		49,00%	49,00%	Greece, 2008	RES
Aioliko Parko KILIZA S.A.		49,00%	49,00%	Greece, 2008	RES
Aioliko Parko LEFKIVARI S.A.		49,00%	49,00%	Greece, 2008	RES
Aioliko Parko AGIOS ONOUFRIOS S.A.		49,00%	49,00%	Greece, 2008	RES
Waste Syclo S.A.		49,00%	49,00%	Greece, 2011	Waste Management
PPC Solar Solutions S.A.		49,00%	49,00%	Greece, 2014	RES
OROS ENERGIAKI S.A.		49,00%	49,00%	Greece, 2017	RES
ATTIKA GREENESCO ENERGIAKI S.A.	2	49,00%	49,00%	Greece, 2017	En. Serv.

1. It is consolidated from the associate company PPC Renewables EDF EN GREECE S.A. as it participates by 95% in its share capital.
2. Amalthia Energiaki S.A., PPC Renewable's subsidiary, acquired 49% of this entity.

(All amounts in thousands of Euro, unless otherwise stated)

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES

PPC balances with its subsidiaries as of June 30th, 2019 and December 31st, 2018 are as follows:

	June 30, 2019		December 31, 2018	
	Receivables	**(Payables)**	**Receivables**	**(Payables)**
Subsidiaries				
PPC Renewables S.A.	698	-	886	-
HEDNO S.A.	585,733	(868,136)	770,720	(1,044,145)
LIGNITIKI MEGALOPOLIS S.A.	36,295	(868)	27,481	(343)
LIGNITIKI MELITIS S.A.	17,057	-	18,023	-
PPC Finance Plc.	-	(42)	-	(3,259)
PPC Elektrik	-	(741)	-	(62)
PPC Bulgaria JSCO	-	(1,573)	-	(1,863)
PPC Albania	230	-	160	-
EDS DOO Skopje	788	(320)	1,230	(131)
	640,801	**(871,680)**	**818,500**	**(1,049,803)**

The above mentioned balances of receivables and payables with the subsidiary PPC Finance Plc relate to its management costs which eventually burden the Parent Company.

PPC's transactions with its subsidiaries for the period ended June 30th, 2019 and June 30th, 2018, respectively, are as follows:

	June 30, 2019		June 30, 2018	
	Invoiced to	**Invoiced from**	**Invoiced to**	**Invoiced from**
Subsidiaries				
PPC Renewables S.A.	1,015	-	1,385	-
HEDNO S.A.	923,262	(1,078,386)	720,050	(924,914)
LIGNITIKI MEGALOPOLIS S.A.	57,366	(463)	-	-
LIGNITIKI MELITIS S.A.	24,506	-	-	-
PPC Finance Plc	-	(6,418)	-	(12,928)
PPC Elektrik	-	(1,908)	1	(1,339)
PPC Bulgaria JSCO	-	(20,794)	-	(19,365)
PPC Albania	-	(31)	-	(140)
EDS DOO Skopje	962	(2,360)	-	-
	1,007,111	**(1,110,360)**	**721,436**	**(958,686)**

The above mentioned amounts of invoices from the subsidiary PPC Finance Plc relate to its management costs which eventually burden the Parent Company.

Guarantee in favor of the subsidiary PPC Renewables S.A.
As of June 30th 2019, the Parent Company has provided a guarantee for a total credit line of up to Euro 8 mil., through overdraft facilities, out of which PPC Renewables S.A. has used an amount of 538 thousands of Euro relating to letters of guarantee.

Guarantee in favor of the subsidiary Energy Delivery Solutions EDS Doo (EDS)
As of June 30th 2019 the Parent Company has provided a guarantee, for a total credit line for EDS Group's loans up to the amount of Euro 22 mil. concerning working capital. As of June 30th, 2019 EDS has used from the above mentioned credit line an amount of Euro 15.9 mil. approximately, concerning disbursed loan amounts.

Guarantee in favor of the subsidiary Energy Delivery Solutions EDS Doo (EDS), to Electricity Suppliers
As of June 30th 2019 the Parent Company has provided a guarantee for EDS's credit lines with the Electricity Suppliers, Grand Energy Distribution EOOD and Petrol D.D. up to an amount of Euro 5 mil.

(All amounts in thousands of Euro, unless otherwise stated)

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES (CONTINUED)

Transactions and balances with other companies into which the Greek State participates

The following table presents transactions and balances with companies Hellenic Petroleum ("ELPE") and National Gas Company ("DEPA"), which are PPC's liquid fuel and natural gas suppliers, respectively and into which the Hellenic Republic participates. Additionally, purchases and balances with DAPEEP S.A. (former EMO S.A.), HEnEx S.A., IPTO S.A., LARCO S.A. and ELTA S.A. are presented.

	1.1.2019 – 30.06.2019		1.1.2018 – 30.06.2018	
	Invoiced to	**Invoiced from**	**Invoiced to**	**Invoiced from**
ELPE	-	(79,245)	-	(79,422)
DEPA	-	(216,845)	-	(133,362)
DAPEEP S.A. (former EMO S.A.)	91,199	(114,974)	716,384	(1,123,459)
HEnEx S.A.	563,808	(1,315,402)	46,794	(76,743)
IPTO S.A.	88,863	(338,048)	46,244	(476,729)
LARCO S.A.	35,986	(2,481)	9,800	(1,347)
ELTA S.A.	-	(8,391)	-	(9,585)

	June 30, 2019		December 31, 2018	
	Receivables	**(Payables)**	**Receivables**	**(Payables)**
ELPE	-	(32,510)	-	(27,700)
DEPA	-	(39,199)	-	(77,068)
DAPEEP S.A. (former EMO S.A.)	78,016	(471,265)	155,477	(133,144)
HEnEx S.A.	14,369	(53,097)	16,325	(70,034)
IPTO S.A.	199,144	(348,535)	126,919	(658,645)
LARCO S.A.	329,175	-	313,395	-
ELTA S.A.	-	(771)	-	(6,353)

(All amounts in thousands of Euro, unless otherwise stated)

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES (CONTINUED)

PPC's total receivables from LARCO S.A. relating to electricity bills are fully covered by a provision.
In addition to the above mentioned transactions, PPC enters into commercial transactions with many state-owned entities, both profit and non for profit, within its normal course of business (sale of electricity, services received, etc.). All transactions with government owned entities are performed at arm's length terms and are not disclosed.
-On July 2nd, 2018 the Treasury of the State paid to PPC S.A., the amount of Euro 538,300. This amount is gradually reimbursed following the electricity bills payment by the General Government entities and was completed on April 30th, 2019. On March 12th, 2019, the State Treasury paid to PPC S.A. the amount of Euro 550,700 and it will be reimbursed in the same way until April 30th, 2020.
-For the collection of electricity bills, PPC cooperates with the Hellenic Post (ELTA S.A.), which possesses the license required by law.
The balance of the amounts collected from electricity bills that ELTA S.A. had not timely paid to PPC until December 31st, 2018 amounted to Euro 15,686. The above amount includes all charges included in the electricity bills issued by PPC.
At the beginning of 2019, PPC received part of the above amount and the remaining amount was offset with Parent Company's debts relating to the provision of Postal Services for the collection, sorting, transport and distribution of PPC's postal items throughout the Hellenic Territory by ELTA S.A. With reference date the 30.06.2019, there is no PPC's claim for the above reason.

Management remuneration

Management Members remuneration (Board of Directors and General Managers) for the six month period ended on June 30th, 2019 and June 30th, 2018 is as follows:

	GROUP		COMPANY	
	30.06.2019	**30.06.2018**	**30.06.2019**	**30.06.2018**
Remuneration of the Board of Directors' members				
- Remuneration of executive members	178	129	29	29
- Remuneration of non-executive members	160	51	-	-
- Employer's Social Contributions	108	56	25	19
- Other Benefits	81	57	51	57
	527	**293**	**105**	**105**
Remuneration of the Deputy Managing Directors and General Managers				
- Regular remuneration	343	324	259	241
- Employer's Social Contributions	91	90	69	67
-Compensation / Extraordinary fees	4	4	4	4
	438	**418**	**332**	**312**
Total	**965**	**711**	**437**	**417**

Remuneration to members of the Board of Directors does not include standard salaries and employer's social contribution, relating to the representatives of employees that participate in the Parent Company's Board of Directors. Also, it does not include the benefit of the electricity supply based on the PPC personnel tariff to the executive members of the Board of Directors, the Deputy Managing Directors and the General Managers.

11. SHARE CAPITAL

Under Law 2773/1999 and P.D. 333/2000 PPC was transformed, into a société anonyme.
By the Legislative Act of 07.09.2012, which was ratified by art. 2 of L. 4092/2012, the obligatory participation of the Greek State with at least 51% of the company's share capital was abolished. The Extraordinary General Shareholders' Meeting, which was convened on November 30th, 2012 decided to abolish the article of incorporation which provided for the participation of the Greek State by at least 51% to the company's share capital. This amendment of the Articles of Incorporation on one hand harmonizes the articles with the legislation in effect, and on the other hand renders possible the reduction of the current participation percentage of the Greek State to the company's share capital.

At December 31st, 2016, PPC's share capital (fully authorised and issued) amounted to Euro 1,067,200 divided into 232,000,000 common shares of Euro four and sixty cents (Euro 4.60) per value each.

The Extraordinary General Shareholders' Meeting with its decision on 17.01.2017 and in the context of the distribution to the existing PPC's shareholders of the shares held by PPC in the "Holding Company ENERGIAKI S.A."(ENERGIAKI HOLDING S.A., and then ADMIE HOLDING) according to Law 4389/2016 (carve out), approved (a) the decrease of PPC's share capital by Euro 491,840 "with the purpose of the distribution in Kind to its shareholders" and (b) as a consequence of the above mentioned distribution in Kind, the transfer to its existing shareholders of the shares held by PPC in the "ENERGIAKI HOLDING S.A." in proportion to their participation in PPC's share capital.
This decrease achieved by means of decreasing the nominal value of the PPC's shares from Euro four and sixty cents (Euro 4.60) per value each to Euro two and forty-eight cents (Euro 2.48).
After this decrease, on 31.12.2017 PPC's share capital amounted to Euro 575,360 divided into 232,000,000 common shares of Euro two and forty-eight cents (Euro 2.48) per value each.

On March 20th, 2018, the automatic and free of charge transfer of 79,165,114 PPC's shares (34,123%) by the Greek State to Hellenic Corporation of Assets and Participations S.A. (HCAP) was completed, in implementing the provisions of par. 20 of Article 380 of L.4512 / 2018, as amended the paragraph 1 of Article 197 of Law 4389/2016.
It is noted that, following the above change, HCAP S.A. holds directly the 34.123% of PPC's shares and indirectly the 17% through HRADF. The total percentage of voting rights of HCAP S.A. is 51.123%.
The total percentage of the Greek State, remains indirectly as above 51.123%.

12. LOANS AND BORROWINGS

During the period January 1st, 2019 – June 30th, 2019, the Parent Company proceeded to debt repayments of loan installments amounting to Euro 494.43 mil. including repayment in May 2019 of the International Bond, amounting to Euro 350 mil.

From 01/01/2019 till 30/06/2019, the Parent Company drew an amount of Euro 139.34 mil. from a Bond Loan of a total amount of Euro 739 mil., with a consortium of foreign banks supported by the German Export Credit Insurance Organization ''Euler Hermes'', for financing part of the construction cost of the new Lignite Unit Ptolemaida V.

In January 2019, the Parent Company signed a loan agreement with the European Investment Bank (EIB) and then drew an amount of Euro 155 mil. to carry out investments relating to the modernization and strengthening of the Mainland's and Islands' Distribution Network in Greece for the period 2017-2020, under a total funding of Euro 255 mil., bearing the Greek State's guarantee.

In February 2019, a loan in the form of a Revolving Credit Facility (RCF) (initial amount of Euro 65 mil.), was extended by one year, i.e. until February 2020 with interim repayments.

(All amounts in thousands of Euro, unless otherwise stated)

12. LOANS AND BORROWINGS (CONTINUED)

In March 2019, PPC Renewables S.A. drew an amount of Euro 12.2 mil. from a financing line of up to Euro 17.5 mil. In April 2019, PPC Renewables S.A. drew an amount of Euro 34 mil. from the European Investment Bank (EIB), (from a total financing line of Euro 85 mil.) for the financing of 18 RES projects (wind and hydroelectric), of a total capacity of 87MW. Of these projects, 12 are old and will be rebuilt, and the remaining 6 are new projects. The decommissioning of old Wind Parks has been almost completed and the installation works of new wind turbines are in progress.

In April 2019, the Parent Company drew a Secured Common Bond Loan, in the form of credit in readiness (standby), with a consortium of Greek Banks, amounting to Euro 200 mil., of three years duration with the option of one year extension under conditions, which was used to repay the international bond maturing in May 2019.

In June 2019, the Parent Company drew a new loan amounting to Euro 160 mil. from the Black Sea Trade and Development Bank, of five years duration, with a balloon repayment at the loan's maturity bearing the Greek Republic's guarantee. The loan will be used to fund PPC's investment plan.

The Company is exploring possible opportunities to access the international capital markets, depending on market conditions.

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
- Bank Loans	2,075,684	1,819,182	2,029,258	1,819,182
- Bonds Payable	2,107,856	2,158,026	2,107,866	2,158,036
Unamortized portion of loan issuance fees	(94,788)	(71,945)	(94,788)	(71,945)
Total long term borrowings	**4,088,752**	**3,905,263**	**4,042,336**	**3,905,273**
Less current portion:				
- Bank Loans	223,182	223,182	223,182	223,182
- Bonds Payable	189,997	502,546	190,007	502,556
Unamortized portion of loan issuance fees	(14,274)	(10,971)	(14,274)	(10,971)
Total current portion of borrowings	**398,905**	**714,757**	**398,915**	**714,767**
Total Non-current portion of borrowings	**3,689,847**	**3,190,506**	**3,643,421**	**3,190,506**
Short term borrowings	45,871	46,483	30,000	30,000
Total loans and borrowings	**4,134,623**	**3,951,746**	**4,072,336**	**3,935,273**

Credit rating of PPC from rating agencies
On June 30th 2019, PPC's credit rating from S&P and ICAP credit houses is set to "CCC+" with positive outlook and "F" respectively.

On June 30th 2019, the Group is in compliance with the financial ratios included in its loan agreements.

(All amounts in thousands of Euro, unless otherwise stated)

13. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair value and fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

The following tables compare the carrying amount of the Group's and the Parent Company's financial instruments that are carried at amortized cost and their fair value:

	Carrying amount		**Fair value**	
Group	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**
Financial Assets				
Trade receivables	778,352	723,688	778,352	723,688
Restricted cash	72,019	81,681	72,019	81,681
Cash and cash equivalents	236,036	198,576	236,036	198,576
Financial Liabilities				
Long-term borrowings	4,088,752	3,905,263	4,088,752	3,900,733
Trade payables	1,669,410	1,643,977	1,669,410	1,643,977
Short term borrowings	45,871	46,483	45,871	46,483

	Carrying amount		**Fair value**	
Parent Company	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**
Financial Assets				
Trade receivables	685,978	639,907	685,978	639,907
Restricted cash	72,019	81,681	72,019	81,681
Cash and cash equivalents	135,303	112,330	135,303	112,330
Financial Liabilities				
Long-term borrowings	4,042,336	3,905,273	4,042,336	3,900,743
Trade payables	1,622,352	1,521,495	1,622,352	1,521,495
Short term borrowings	30,000	30,000	30,000	30,000

The fair value of financial assets at fair value through other comprehensive income, of restricted cash, as well as of cash and cash equivalents, equals their carrying amounts.

The fair value of trade receivables and trade accounts payable approximates their carrying amounts.

(All amounts in thousands of Euro, unless otherwise stated)

13. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The fair value of the remaining financial assets and financial liabilities is based on future cash flows discounted using either direct or indirect observable inputs and are within the Level 2 of the fair value hierarchy.

As of June 30th 2019, the Group and the Parent Company held the following financial instruments measured at fair value:

	Fair value		Fair value Hierarchy
Financial Assets	**30.06.2019**	**31.12.2018**	
Group			
Financial Assets at fair value through other comprehensive income	1,484	571	Level 1
Company			
Financial Assets at fair value through other comprehensive income	1,018	466	Level 1

The valuation of the Group's and the Parent Company's tangible fixed assets as of 31.12.2019 is in progress by an independent firm of appraisers (Level 3 of fair value hierarchy).

14. COMMITMENTS, CONTINGENCIES AND LITIGATION

OWNERSHIP OF PROPERTY

Major matters relating to the ownership of the Group's assets, are as follows:

1. The Parent Company has completed the registration of its property. These assets (almost entirely) are registered at the relevant land registries over the country and the cadastral application is monitored. The update of Parent Company's existing integrated information system for fixed assets management is in progress.
2. In a number of cases, expropriated land, as presented in the expropriation statements, differs (in quantitative terms), with what the Parent Company considers as its property.
3. Agricultural land acquired by the Parent Company through expropriation in order to be used for the construction of hydroelectric power plants, must be transferred to the State at no charge, following a decision of the Parent Company's Board of Directors and a related approval by the Ministry of Development, if such land is no longer needed by the Parent Company for the fulfilment of its purposes according to article 9, of Law 2941/01.
4. According to article 15 of Law 4273/14 (O.G./A/146), the compulsory expropriation of real estate in areas where exclusive research and exploitation rights have been granted to PPC S.A., is declared in favour of the Greek State with expenses of the applicant who declared the expropriation. Following the completion of expropriation, the aforementioned areas are transferred to the Greek State's ownership and PPC (which pays the compensations) uses them for the mining of the lignite deposit.

The property, plant and equipment of the Group are located all over Greece. The Group does not carry any form of insurance coverage on its fixed assets in operation (except for its information technology equipment), resulting to the fact that if a sizable damage is incurred to its property, it might affect its profitability. Materials, spare parts as well as liabilities against third parties are not insured.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

LITIGATION AND CLAIMS

The Group is a defendant in several legal proceedings arising from its operations. The total amount claimed as at June 30th, 2019, amounts to Euro 882 mil. as further detailed below:

1. ***Claims with contractors, suppliers and other claims:*** A number of contractors and suppliers have raised claims against the Group. These claims are either pending before courts or under arbitration and mediation proceedings. The total amount involved is Euro 325 mil. In most cases the Group has raised counter claims, which are not reflected in the accounting records, until the time of collection.

2. ***Fire incidents and floods:*** A number of individuals have raised claims against the Group for damages incurred as a result of alleged electricity-generated fires and floods. The total amount involved is Euro 52 mil.

3. ***Claims by employees:*** Employees are claiming the amount of Euro 197 mil., for allowances and other benefits that according to the employees should have been paid by PPC.

4. **PPC's lawsuit against ETAA (former TSMEDE)**
   ETAA (former TSMEDE) by its Decision 7/2012 has imposed on PPC the amount of Euro 27.4 mil. applying article 4 of L. 3518/2006, relating to employer contributions due to the Main pension Branch for the period 01.01.2007 – 30.04.2012 and pertaining to the engineers insured before 01.01.1993 to the above mentioned Insurance Fund, that have been employed by PPC for the above mentioned period.
   Against the above mentioned 7/2012 decision of the Insurance Fund in question, PPC has filed legally and timely the 05.09.2012 appeal to the Athens Administrative Court of First Instance. The discussion of the appeal took place on 03.11.2014. The preliminary ruling 11872/2016 was issued, which obliges TSMEDE to produce to the Court the documents referred to the judgment and then the case will be discussed again in order to issue a final decision. Already the case was determined to be discussed at the hearing on 9.4.2019 and was postponed for October 8th, 2019. Since its employees – who are engineers- are insured mandatorily to PPC's Insurance Fund based on L. 4491/1966, thus resulting to PPC paying on their behalf to the above mentioned Insurance Fund the corresponding employer contributions while insurance for the above mentioned engineers in ETAA is optional and is done by choice, with them paying the corresponding insurance contributions provided for engineers that are independently employed, the Parent Company considers that the possibilities of a negative outcome of its appeal are minimal and therefore has not established a provision.

5. ***Lawsuits and extrajudicial documents of IPTO against PPC S.A.***
   In February 2015, IPTO filed against PPC, two lawsuits for a total amount of Euro 540 mil. for amounts due from the Parent Company's participation in the wholesale electricity market. In particular:
   - By its first lawsuit IPTO is asking for an amount of Euro 242.7 mil. (with interest) for amounts due which the Parent Company collects from supply bills and conveys to IPTO, that in turn conveys them to EMO. Interest for the above mentioned overdue sums amounts to Euro 22 mil.

   - By its second lawsuit, IPTO is asking for the payment of Euro 232.6 mil. (with interest) for amounts due which the Parent Company collects from supply bills and conveys to IPTO. Interest for the above mentioned overdue sums amounts to Euro 40 mil.

   The hearing of these lawsuits took place on 28.2.2019 before the Multimember Court of First Instance in Athens and a decision is pending.

   On its side, PPC has served an extrajudicial document to IPTO, requesting the payment of a total amount of Euro 14 mil. The above mentioned amount corresponds to overdue interest of invoices which incorporate debts to PPC from March 2012 until the 02.02.2015. IPTO, up to this date, has not answered to this extrajudicial document.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

In December 2016, IPTO filed against PPC a new lawsuit by which IPTO asks the Parent Company to be obliged to pay an amount of Euro 406.4 mil. (with interest) for overdue receivables arising from the Company's participation in the wholesale electricity market and relate to specific non-competitive charges of IPTO´s invoices. Moreover, IPTO asks the Parent Company to be obliged to pay an amount of Euro 59 mil. corresponding to interest litigation plus the relevant stamp duty. In this lawsuit, the Company submitted proposals within the given time limit and a decision is pending.

All of the above lawsuits' principal amounts have been paid and in any case are being recorded in the Company's liabilities, so there is no reason to establish a provision.
On November 29th 2018, IPTO S.A. served an extrajudicial document to PPC S.A. with which IPTO S.A. asks the Parent Company:
- to pay-off debts of Euro 495.3 mil. from PPC's participation in the wholesale electricity market for the period January 2018 to August 2018, which have become overdue, plus overdue interest amounting to Euro 8.8 mil.
- to pay overdue interest amounting to Euro 83.4 mil, arising from the overdue payment of the Parent Company's debts from its participation in the wholesale electricity market for the period August 2016 to September 2018.

6. ***Alleged claims of former EMO (LAGIE), against PPC S.A. due to deficits of the Day Ahead Schedule (DAS)***

Due to the deficits created by the suppliers ENERGA POWER TRADING S.A. and HELLAS POWER S.A. during 2011 and 2012, RAE's Decision 285/2013 was issued and according to this (and to the Power Exchange Code for Electricity) EMO sent a letter to PPC, according to which an amount of Euro 96.6 mil. was allocated to PPC after a temporary clearing, based on the methodology by RAE regarding the fair allocation of deficits in the Day Ahead Schedule (DAS) between electricity suppliers participating in DAS.
Following the State Council's rejective decision 1761/2016, to which PPC had filed, EMO in November 2016 sent an "Information Note on the allocation of the monthly deficits of the Day Ahead Schedule (DAS)", which allocated to PPC, after a final clearing according to Article 61 of the Power Exchange Code for Electricity, a total amount of Euro 126.3 mil. Subtracting the already paid amount of Euro 48.3 mil., PPC's final debt amounted to Euro 78 mil.

Following the above mentioned EMO's Information Notes, PPC's BoD with its decision 146/21.12.2016, approved the payment of the debt as follows: an one-off payment of Euro 6.2 mil. and the payment of the residual amount of Euro 71.8 mil., in twelve (12) equal monthly interest-free installments starting from January 1st 2017. The abovementioned BoD's decision was fully implemented and within 2017 the debt was paid. PPC, of course, maintained claims for the above deficits against EMO.

A. Although EMO explicitly accepted the proposed debt settlement, on December 23th 2016 filed a lawsuit against PPC asking approximately the amount of Euro 78 mil., plus interest, which is the residual amount that PPC owes as a registered Load Representative from the DAS settlement and pursuant to the aforementioned State Council's decision 1761/2016, including also the amounts of 746 thousands of Euro and 17 thousands of Euro that PPC owes to EMO as the Last Resort Supplier and as the Universal Service Supplier respectively.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

PPC filed on February 20th 2017 a counter lawsuit claiming EMO to be ordered to pay the amount of Euro 126 mil. as a compensation for PPC's equivalent material damage and also to pay an amount of 100 thousands of Euro as a compensation for PPC's moral damage. On November 9th 2017, the two above mentioned lawsuits were discussed before the Multimember Court of First Instance in Athens which issued the decision 4810/2018. With this decision, on the one hand the EMO's lawsuit was accepted and on the other hand the PPC's counterclaim was rejected. An appeal against the final decision of the Multimember Court of First Instance in Athens is examined by PPC.

B. In December 2017, EMO sent to PPC two new "Information Notes on the allocation of the monthly deficits of the Day Ahead Schedule (DAS), totaling 833 thousands of Euro. With the attached letters, EMO claimed that its two new claims arose from the second settlement of the Deficit in 2011 and 2012. PPC sent the two invoices to EMO, expressly contesting the legality and methodology of calculating those retrospective charges and EMO returned them by attaching them to its letter of Nr. 301/16-1-2018. Following this, on 05.03.2018, PPC filed before the Multimember Court of First Instance in Athens its lawsuit against EMO, requesting a declaration that it does not owe the above-mentioned amount of Euro 833 thousand and EMO to be condemned to pay an amount of Euro 50 thousand as a compensation due to PPC's moral damage. On 03.05.2018 EMO filed its counterclaim, asking PPC to be condemned to pay the above total amount of Euro 833 thousand, plus interest from 23-1-2018. The two lawsuits were essentially judged (in the sense that there is no need for further action on our part, although there will be heard together before the Multimember Court of First Instance in Athens in a typical trial) and the hearing of the two lawsuits has not yet been scheduled. The Parent Company has established an adequate provision.

For the above amounts, the Group and the Parent Company have established provisions from continuing operations which as of June 30th, 2019 amounted to Euro 307 mil. and Euro 273 mil., respectively (2018: Group: Euro 227 mil. and Parent Company: Euro 187 mil.), which are considered adequate for the expected losses arising from the final judgment.

Lawsuit of former EMO against HEDNO in which a notice was served to PPC
On June 19th 2017, HEDNO S.A. served a notice to PPC on EMO's lawsuit against HEDNO S.A. With this notice HEDNO S.A. asks PPC S.A. to intervene in favor of HEDNO S.A. in the trial in which EMO claims from HEDNO S.A. overdue amounts from invoices issued. In particular, EMO S.A. with its lawsuit claims amounts with interest from partially paid and unpaid invoices which incorporate receivables from the RES Special Account in the Non-Interconnected Islands (mainly debts from ETMEAR, PVs on rooftops, RES Generation in the Non-Interconnected Islands and balancing of the Special Account in the Non-Interconnected Islands). The claim from EMO's part amounts to approximately Euro 140 mil. while interest due for late payment amounts to Euro 3.9 mil.
The Multimember Court of First Instance in Athens, with its decision 1302/2019, rejected in favor of PPC HEDNO's notice to PPC as unlawful considering that there is no relationship of procedural guarantee between HEDNO and PPC, and that, on the contrary, the only relationship that connects them is conventional. In particular, the Court considered that according to the NII Code there is no obligation of PPC to pay-off HEDNO's lenders other than PPC's contractual obligations towards HEDNO regarding the timely payment of invoices under the NII Load Representatives contract.
The decision has not yet been served on PPC. HEDNO is likely to file an appeal.

Corrective settlements of IPTO, concerning the Special Account of art. 143, of Law 4001/2011
According to L.4152/2013, RES energy purchases in the Interconnected System are paid through the market operation, on the higher amount of either their revenue from DAS plus Imbalance settlements or the value of energy they inject to the system multiplied by the weighted average variable cost of the conventional thermal power plants. This amendment started being applied from August 14th 2013, when RAE's Decision 366/2013 was published in the O.G., amending the relevant articles of the Power Exchange Code and specifying the methodology of calculations, with which the provision of the law was implemented. In October 2013, IPTO sent to PPC S.A. corrective clearing statements for May, June, July and part of August of 2013, totaling to an amount of Euro 48.2 mil., which was derived from the

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

retrospective application of the relevant methodology. PPC's lawsuit against IPTO for the invoices in question was accepted by the Multimember Court of First Instance in Athens (Decision 2260/2016) and is considered that PPC does not have to pay the invoices issued totaling Euro 54.4 mil., which incorporate claims for the weighted average variable cost of the conventional thermal power plants for months May to August 2013. IPTO has filed an appeal which will be heard on 19.03.2020 following a postponement from 04.04.2019 requested by DAPEEP.
However, other decisions have been issued (Athens Court of Appeal 5413/2017 and Multimember Court of First Instance in Athens 702/2016 as well as professors Ant.Metaxa and kyr.Papanikolaou opinions) in corresponding cases that justify our point of view and are against IPTO. According to a new regulatory framework, the relevant claims now concern DAPEEP.

Old Bank of Crete
The dispute with the old "Bank of Crete" is dating back to 1989, when the bank was under liquidation. More precisely, by a mandatory action of the then trustee of the Bank, PPC's deposits were mandatorily converted to stake-holding in the share capital of the Bank and to obligatory credit to the Bank. PPC by its July 22nd, 1991 lawsuit against the bank asked to be compensated for GRD 2.2 billion approximately, (Euro 6.5 mil.) for the reason that the above mentioned Act of the trustee of the Bank was held invalid.
Moreover, PPC had outstanding loan balances, received under six (6) loan agreements for which it was agreed upon to be repaid gradually through installments. On June 10th, 1991, although PPC has paid the overdue installments, the Bank has terminated all of the above mentioned loan agreements and thus on that date the claim against PPC became overdue for the whole amount of the loans. For that reason, against PPC's above mentioned lawsuit, the Bank has proposed an offset of its claim resulting by the above mentioned loans, amounting to GRD 4 billion approximately, and furthermore has asked the payment of this amount by PPC by its lawsuit dated 28.12.1995.
The Court of First Instance postponed the hearing of the Bank's lawsuit against PPC until the final outcome of the hearing, which started with PPC's lawsuit against the Bank.
PPC's lawsuit against the Bank was rejected by the Court of First Instance and PPC appealed against the said Decision of the Court which was also rejected by the Appeal Court. The above mentioned decision was brought to review by PPC before the Supreme Court, which accepted it and in consequence the case was again brought to trial before the Court of Appeals, which ordered that an expert report should take place. After the said expert report the Court's decision was held partially in PPC's favor (Court of Appeals decision 2005).However, a petition for review before the Supreme Court was filed against the aforementioned Decision which was then accepted by the Supreme Court and then was resubmitted to the Court of Appeals which by its inconclusive decision (Nr 4093/2009) ordered the completion of the expert report.

The official expert report was completed in May 2012. The hearing of the case would have taken place on October 25th, 2012, but it was postponed for September 26th, 2013, due to the strike of both judges and lawyers. The case was heard on the latter date.

Decision 3680/2014 of the Athens Court of Appeals was issued, which only partially accepts PPC's lawsuit while essentially accepting the results of the ordered by the Court above mentioned official expert report, as following : a) the amount due by the Bank of Crete to PPC at the time of the filing of the lawsuit by PPC on 22.07.1991 amounted to GRD 1,268,027,987 and b) The amount due by PPC to the Bank of Crete on 01.07.1991 due to the termination of the above loan agreements by the Bank and after the suggested by the Bank set off of its counterclaim against the above-mentioned PPC's claim, amounted to GRD 2,532,936,698.

On June 19th 2017, PPC appealed against the above mentioned decision (Decision 3680/2014 of the Court of Appeals in Athens), the hearing date of which had been scheduled on 18.03.2019 before the Supreme Court. This hearing was postponed for March 9th, 2020. It is noted that until the final judgment on the appeal, the discussion of the aforementioned (December 28th, 1995) lawsuit of the Bank of Crete against PPC remains suspended. In case that the Supreme Court accepts PPC's appeal, then it will judge the case again and the decision which will issue will be irrevocable.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

CONTINGENCIES AND COMMITMENTS

Pricing terms of "MYTILINEOS S.A. GROUP OF COMPANIES".
By the October 5th, 2016 Decision of the EGM of PPC's Shareholders the customer's ALOUMINION (now MYTILINEOS S.A. - GROUP OF COMPANIES) pricing terms for the period 1.7.2016 - 31.12.2020 as well as the pricing for the clearing of the period 1.1.2014 - 30.6.2016 were approved. Based on the Decision of the EGM, a Supply Agreement was signed on October 20th 2016 between ALOUMINION and PPC. Under the signed agreement, ALOUMINION proceeded to a prepayment of Euro 100 mil. for electricity bills for the first contractual period (July 1st 2016 to June 30th 2017), as well as to a prepayment of the estimated amounts for the second and the third contractual period.

PPC's relation to its personnel's Social Security Funds
Despite the fact that under the current legislation the Group does not have any obligation to cover in the future any deficit between revenues and expenses to PPC's personnel Social Security Funds, there can be no assurance that this regime will not change in the future.

PPC's audit by the European Commission's Directorate-General for Competition
Since February 2017, a European Commission's Directorate-General for Competition audit of the Parent Company is in progress in accordance with Article 20 of the Regulation 1/2003 of the European Union. The audit is carried out pursuant to a relevant Commission's decision dated February 1st 2017 for alleged abuse of a dominant position on the wholesale market for the production of electricity from 2010 onwards. This audit is in progress.

ENVIRONMENTAL OBLIGATIONS

Key uncertainties that may impact the final level of environmental investment which the Group will be required to undertake, over the forthcoming decade, include:

1. **HPP Messochora (161.6 MW)**
   During 2017, the Joint Ministerial Decision regarding the Environmental Terms for HPP Messochora was issued under which PPC is obliged to undertake protection projects for the preservation of part of the Messochora Village (Sector D). Along with the procedure for the expropriation (a) of the remaining areas which will be flooded by the Reservoir and the Sectors A, B, and C of Messochora Village in favor of PPC, (b) the expropriation of the expansion area - relocation area of the village in favor of the Municipality of Pyli, and (c) the fulfillment of the remaining obligations introduced by the new Joint Ministerial Decision, the preparation of Tender Documents for the remaining projects, is planned, with a slight transfer of the estimated operation of the Project from 2022 to the first months of 2023. This transfer is due to unexpected delays in the expropriation procedures in favor of PPC and in favor of Municipality of Pyli.
   On 30.06.2019 the aggregate expenditure amount for HPP Messochora amounted to Euro 281 mil., while an estimated additional amount of Euro 67 mil. will be required in order to complete the project.

2. In December 2010, the new Directive (2010/75/ EU) was issued for industrial emissions (Industrial Emissions Directive – IED), revising Directives IPPC and 2001/80/ EC, which is effective from January 6th 2011. Following the provisions of Article 32 of Directive 2010/75/EU, a Transitional National Emissions Reduction Plan (TNERP) for the period 2016-2020 was elaborated and officially submitted by Greece to the EU at the end of 2012. The TNERP was approved by the EU on November 26th, 2013. In December 2013, PPC submitted to the Ministry of Environment and Energy an application for limited changes to the TNERP, along with its declaration to use the limited life-time derogation (Article 33) for certain Power Plants. After the approval from the Ministry of Environment and Energy the revised TNERP was resubmitted on March 18th, 2014 by the Greek authorities and was approved by the EU on July 7th , 2014. The Joint Ministerial Decision for TNERP was issued in August 2015 (Nr. 34062/957/E103/2015). Finally, according to the above, SES Agios Dimitrios, as well as the disinvested Units of Meliti and Megalopolis 3 and 4 are included in the TNERP, while SES Amyntaion and Kardia will use the limited life-time derogation.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

3. In 2011 began the process of revising the Reference Document on Best Available Techniques Manual for Large Combustion Plants within the framework of Directive 2010/75/EU, and is coordinated by the EIPPCB (European IPPC Bureau). With the European Commission's decision 2017/1442 on 31.07.2017, the Conclusions on Best Available Techniques for Large Combustion Plants – BREF LCP were determined under Directive 2010/75/EU. The Decision was published in the Official Journal of the European Union on August 17th 2017. Following the adoption, of the legally binding, conclusions of the revised Manual, additional investments in PPC's major thermal stations may be required.

4. On November 28th 2015 Directive 2015/2193 of the European Parliament and the Council's of November 25th 2015 was published in the Official Journal of the European Union, on the limitation of emissions of certain pollutants into the air from Medium Combustion Units, regardless of the type of fuel used. As Medium Combustion Units, are defined units with a rated thermal input equal to or greater than 1 MWth and less than 50 MWth. Pollutants in question are sulfur dioxide (SO2), Nitrogen oxides (NOx) and dust, while rules for the monitoring of emissions of carbon monoxide (CO) are defined. Production units of such a size, operate mainly in the islands (engines and turbines). Also, in many of PPC's SES, there are many G/S and auxiliary boilers, but with limited operating time.
The provisions of the new Directive should be thoroughly examined by the competent departments of PPC, so as together with the competent Greek authorities to timely promote the appropriate strategies for the electrification of the islands with technically and economically viable solutions which should also be promptly implemented, and in any case before the expiry of the deadline laid down by the Directive. Indicatively, major projects such as the islands' interconnection, should be planned and implemented in such a way as to fully cover the needs of all islands in electricity, while any remaining production units will be used as a backup solution and will be operating only in an emergency, not exceeding 500 hours of operation per year.

5. The extent of land contamination has to be assessed for many of PPC's installations, following the provisions of art. 22 of Directive 2010/75/EU. At present, there appears to be no requirement for remediation projects at PPC's sites for the foreseeable future, and it is unlikely that this will be required at the mining sites or at the lignite-fired power stations. Remediation, however, may be required, at some of the company's oil-fired power stations in the future. In the context of the decommissioning of the Unit Agios Georgios in Keratsini, a remediation study for the land and the underground water in the Unit was submitted in November 2016 and was approved by the Competent Authorities on July 2017. The remediation cost is estimated at Euro 213.

6. PPC has performed limited studies on the presence of asbestos-containing materials, at its premises. Upon submission by PPC of a full environmental impact assessment study, the Ministry of Environment issued in May 2004 the environmental permit for the construction and operation by PPC, in its premises in Ptolemaida area of an environmentally – controlled Industrial Waste Management Area for the management and final disposal of asbestos containing construction materials, from the plants of the Northern System. With the real estate transfer contract no. 37244 / 05.06.2015, which is legally transcribed, PPC transferred full ownership of the Industrial Waste Management Area, located at the Kardia Mine of the Western Macedonia Lignite Centre, in DIADYMA S.A. From the date of signing the contract, DIADYMA S.A. is responsible for the Area's management.

7. In April 2018 the Environmental Terms for Klidi and Megalopolis Mines were issued.
In the context of the divestment of the assets of PPC S.A., Klidi Mine and Megalopolis Mine were included in the assets contributed by PPC S.A. to the two newly established companies LIGNITIKI MELITIS S.A. and LIGNITIKI MEGALOPOLIS S.A. (See Notes 2 & 6)

8. The Environmental Terms for Amyntaio Mine are expected to be issued.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

9. During March and May 2013, CO_2 emission licenses were issued for all 31 PPC installations, for the 3rd implementation phase of the European Union Emissions Trading System (EU ETS phase III, from January 1st 2013 to December 31st 2020). In November 2015 the license of the Lignite Centre of Western Macedonia thermal station was revoked due to its decommissioning. In May 2017 the licenses of Ptolemaida and Agios Georgios thermal stations were revoked due to their decommissioning. In February 2018 the CO_2 emission license of the Power Plant in South Rhodes was issued. Following the establishment of subsidiaries LIGNITIKI MELITIS S.A. and LIGNITIKI MEGALOPOLIS S.A. in the context of the divestment, SES Melitis belongs now to LIGNITIKI MELITIS S.A. SES Megalopolis A belongs to LIGNITIKI MEGALOPOLIS S.A. while SES Megalopolis B was separated in SES Megalopolis Unit IV, belonging to LIGNITIKI MEGALOPOLIS S.A. and in SES Megalopolis Unit V, belonging to the Parent Company PPC S.A. As a result of these modifications, PPC's bound installations (including the aforementioned installations of subsidiaries) amount to thirty (30).
   On 31.03.2019, the verification of the annual emissions reports of 30 bound plants of PPC for 2018 by accredited third party verifiers was completed and the reports were promptly submitted to the Competent Authority, according to the current legislation. The total verified emissions for 2018 amounted to 29.52 Mt CO_2.
   According to the current European and National legislation, during the 3rd implementation phase of the EU-ETS (period 2013-2020), PPC is not entitled to free allocation of emission allowances for its bound stations, with the exception of allowances allocated for emissions corresponding to the generation of thermal power for district heating.
   In accordance with its verified CO_2 emissions for 2018, the total emission allowances that PPC delivered for the period January 1st 2018 to December 31st 2018 amounted to 29.52 Mt., including the installations of subsidiaries. During 2018, PPC has been allocated with about 53.04 thousands emission allowances corresponding to the generation of thermal power for district heating.
   Based on provisional ex-post data for the second quarter of 2019, the total CO_2 emissions of the Parent Company's bound plants as well as of the two disinvested subsidiaries "LIGNITIKI MELITIS S.A." and "LIGNITIKI MEGALOPOLIS S.A." for the period 01.01.2019 – 30.06.2019 amount to 12.36 Mt.
   Moreover, according to updated forecasted data, the total CO_2 emissions of the Group's bound plants from 01.07.2019 up to 31.12.2019 are estimated at about 12.82 Mt. It should be noted that the emissions of 2019 will be considered final by the end of March 2020, when the verification of the annual emissions reports (for the year 2019) by accredited third party verifiers will be completed. Consequently, the total CO_2 emissions that PPC will have to deliver for the period 01.01.2019 – 31.12.2019 are estimated at 25.18 Mt.

INVESTMENTS

A new Steam Electric unit 660 MW in Ptolemaida
The construction of the new Steam Electric unit 660 MW in Ptolemaida is in progress.
PPC has already paid the two advance payments of Euro 197.88 mil. each against relevant Letters of Guarantee of Advance Payment amounting to Euro 226.77 mil. each.
On 05.04.2017, following the relevant decision of the Board of Directors of the Company, the Supplement No 1 of the Convention 11 09 5052 of Thermal Projects Engineering – Construction Department was issued. With this Supplement, the Conventional Table of Materials and Prices was replaced with a new Table of Materials and Prices which includes a further analysis of the prices in accordance with a relevant conventional term.
Additionally, for the needs of testing the equipment of the Project (commissioning), PPC S.A. and the Contractor signed on 04.07.2019 the Supplement No 2 of the Convention, according to which the Contractor undertakes the construction and the commissioning of a Temporary Interconnection of the 150 kV transmission line with the Backup Unit Auxiliary Transformer.
On June 30th 2019 the total expenditure for the Project amounts to Euro 1,234 mil.

A new diesel engine Power Plant 115.4 MW in South Rhodos burning of heavy fuel oil with low sulphur content
The construction of the new diesel engine Power Plant 115.4MW in South Rhodos burning of heavy fuel oil with low sulphur content is in the stage of completion and all Units have been put into Commercial Operation.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Performance tests were executed and the Evaluation Report for the said tests is expected to be submitted by the Third Party.
On June 30th 2019 the total expenditure for the project amounts to Euro 210 mil.

A new combined cycle unit at Megalopolis 811MW
The Unit was put into commercial operation in January 2016. Performance tests of the Unit have already been executed and the evaluation report for the said tests was submitted. Moreover, the compliance tests of the Unit with the Management Code of the Greek Transmission System were completed.
The Unit's Temporary Acceptance Procedure has been completed, and the Final Acceptance Procedure is in progress.
On June 30th 2019 the total expenditure for the Project amounted to Euro 517 mil.

Hybrid Project in Ikaria
The Hybrid Energy Project in Ikaria "Naeras", of 6.85 MW total capacity, is an innovative project which was inaugurated on June 5th 2019. Naeras combines the utilization of two renewable energy sources, Wind and Hydroelectric. The construction of the project started in 2009. The delay in the completion of the project is due to contractual dissents with the contractor. In 2018, at the request of the contractor the two parties proceeded to a "friendly settlement procedure". The entire project has been connected to HEDNO's electricity network and operates since the beginning of 2019. The automated operation of the Project is expected to be completed during the second half of 2019.

The Hybrid Energy Project Naeras consists of the following sectors:

- The Wind Park in the area of Stravokountoura hill with three (3) wind turbines. The Wind Park was put into trial operation in November 2018 and it was put into commercial operation in the first half of 2019.

- The Small Hydropower Plant (SHPP) of Proespera, with a hydroelectric turbine of 1.05 MW capacity, which utilizes only the overflowing water of the Reservoir of the Dam in Pezi (after first meeting the obligations for the water supply and irrigation). SHPP of Proespera was put into trial operation in February 2019 and its commercial operation will be completed within 2019.

- The Small Hydropower Plant (SHPP) of Lower Proespera, with two hydroelectric turbines of 3.1 MW total capacity which utilizes both the overflowing water of the Reservoir of the Dam in Pezi and the water from pumping (hybrid energy).

- Two water tanks with a capacity of 80,000 m³ each in the areas of Proespera and Lower Proespera, which meet the needs of pumping and storage for the absorption of wind energy and a water Reservoir totaling approximately 910,000 m³ in Pezi.

- The Pumping Station of Lower Proespera with 12 pumps of 250 KW nominal capacity each, 4 of which are of variable bends.

- The Centre for the Control of Energy and Load Distribution of Naera and Ikaria which will be installed in an area within the Local Power Station in Agios Kirikos, ensuring the communication between the individual sectors of the Project, the energy security of the island as well as the improvement of the reliability of the electrical system.

It is estimated that "Naeras" will produce clean energy of about 9.8 GWh/year. The expected submarine energy interconnection of Ikaria with Samos, will enable us to make greater use of the "Naeras" energy produced. Finally, "Naeras" generates significant economic, environmental and social benefits to the island of Ikaria.

Research, Development and Exploitation of Geothermal potential
PPC Renewables has leased from the Greek State the geothermal potential Research and Management rights of four (4) public mining sites: a) Milos-Kimolos-Polyagos, b) Nisyros, c) Lesvos and d) Methana.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

While maintaining the exclusive Research and Management rights, the subsidiary PPC Renewables S.A. sought a Strategic Partner to co-exploit the geothermal potential of the above areas through an international tender. The submission of binding offers was completed in August 2018 and the Highest Bidder and the Reserved Bidder were announced in September 2018. The final qualification of the "Preferred Partner" will take place once the procedures for the necessary approvals as provided by the law and corporate structure of PPC Renewables S.A. are completed.

Biomass project in Amyntaio, Florina
The tender for the selection of a Strategic Partner for the project "Installation and Operation of a Biomass Combustion Plant for the production of electricity and thermal energy" in Amyntaio, Florina is in progress.
The first phase of the international tender was completed in 2018. The organization of the second phase of the tender is pending.

Repowering of SHPP Louros
The works for the repowering of the SHPP Louros are in progress. Civil Engineer Works were completed by 64% approximately whereas Electrical Engineer Works (Equipment) were completed by 94% approximately.
The new renovated Station will be put into Semi-Commercial Operation in mid-September 2019.
The Contract for the Interconnection of SHPP with the Medium Voltage Network of HEDNO S.A. has been completed.

Repowering of 9 Wind Parks in Aegean Sea and Construction of a new Wind Park in Tigani of Mykonos
In 2018 the old Wind Parks were decommissioned and the execution of a Contract concerning the Study, Supply, Transportation, Installation and Operation of Ten (10) Wind Parks in Aegean Sea of 19.80 MW total capacity with a total budget of Euro 28.1 mil. was started. These Wind Parks are: Sigri of Lesvos, Ag. Ioannis of Karpathos, Vigla of Lemnos, Potamia of Chios, Prophet Elias of Psarra, Melanios of Chios, Pythagorio of Samos, Perdiki of Ikaria, Marmari of Evia and Tigani of Mykonos. Moreover, the Contract for the Study and Construction of Infrastructure Projects of Wind Parks, with a total budget of Euro 5.9 mil. is executed.
During the first half of 2019 the Wind Parks Ag. Ioannis of Karpathos, Perdiki of Ikaria and Pythagorio of Samos have been repowered and electrified. Moreover, the Wind Parks in Mykonos, Marmari (5 out of 6 Wind Turbines) and in Psarra were electrified in July and August 2019.
The Wind Parks Sigri, Potamia and Melanios are expected to be completed within the next few months. The wind park in Lemnos is in the licensing phase.

Repowering of Wind Park in Monis Toplou Sitia Crete
The decommissioning of the Wind Park in Monis Toplou Sitia Crete at the location Palaiopyrgos - Perdikes was completed.
The Contracts a) for the Infrastructure Projects b) for the Study, Supply, Transportation, Installation and Operation of a new Wind Park of 7.50 MW total capacity are in progress. There is a delay in the licensing process.

Wind Park in Aera of Karditsa
During 2018, a tender for the Study, Supply, Transportation, Installation and Operation of One (1) Wind Park at the locations of "Aera" of the Municipality of Mouzaki and "Afentiko" of the Municipality of Argithea and One (1) High Voltage Center 400 / 20 KV, Power 100 MVA of closed type with gas insulated equipment, at the location "Diaselo-Pr. Elias" of the Municipality of Mouzaki, Regional Unit of Karditsa, was completed. The project is of 27.6 MW total capacity. The construction began in February 2019, but there were significant delays in its implementation.

Tenders for new Wind Parks

Wind Park in Xerakia, Kefalonia
The tender for the “Study, Supply, Transportation, Installation and Operation of One (1) Wind Park of 10 MW total capacity at the location of Xerakia-Dilinata of the Municipality of Kefalonia, region of Ionian Islands was completed”. The Supply has been contracted.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Wind Park in Mamados Tinos

During 2019, the tender for the Wind Park in Mamados Tinos is expected to be launched again, as the tender which was launched in August 2017 was declared barren.

Construction of SHPP Smokovo II
The Tender 0039/18/5200 - Construction of SHPP Smokovo II, of 3.2 MW capacity with a budget of Euro 4.55 mil. was completed and a temporary contractor has been appointed.

Repowering of SHPP Vermio
The tender for the renovation of SHPP Vermio, of 1.96 MW total capacity has been completed and the committee is in the phase of evaluating the bids of the potential contractors.

BUSINESS COLLABORATION

Memorandum of Cooperation between PPC and DEPA
On September 8th 2016, PPC and DEPA signed a memorandum of cooperation according to which they will jointly explore the possibility of cooperation in the supply of power generation units in the Non-Interconnected system with liquefied natural gas, together with the development of natural gas distribution systems in neighboring and / or remote areas that are not covered by DEPA's network, as well as in providing combined energy products in a regional level. Possible cooperation was examined for Crete, Rhodes, Patra, Lesvos and Samos, while it may expand to other areas. The two companies set up Working Groups and recruited a specialized Consultant for the preparation of a Relevant Feasibility Study for the purpose of implementing the Memorandum of Cooperation. The Feasibility Study, in the context of the Memorandum was completed in July 2017.

Recruitment of Consultant for Updating Business Plan
On August 23rd 2019, the assignment of the task for updating PPC's Business Plan to McKinsey & Company was approved by the Chief Executive Officer.
McKINSEY will identify the new strategic directions and will proceed to their integration into the Updated Plan by setting ambitious but realistic goals for the next 3-5 years.
Upon completion of the project, PPC will announce the new goals of its Business Plan.

Memorandum of Cooperation PPC - Archirodon Group NV
In October 2017, PPC SA and Archirodon Group N.V. signed a five-year Memorandum of Cooperation with a view to exploring their ability to cooperate in the construction of Energy Projects in Africa, the Middle East and furthermore in any other areas the parties will agree to. In this context, a six-member Steering Committee was set up, in which several candidate projects are examined for collaboration. Already, by decision of PPC's BoD on 06.02.2018 the Company's participation as Head of Consortium with Archirodon Construction Overseas United for the project "Hatta Dam Pumped Storage Plant" in Dubai (UAE) was approved.
Following the submission of the relevant file by the consortium, the above mentioned consortium was pre-selected to submit a binding offer with a deadline on 13.02.2019. The offer was not submitted due to the failure of the manufacturer of the equipment to comply with the commercial terms of the Tender.
The Cooperation with Archirodon Group NV in the context of the above mentioned Memorandum continues.

Memorandum of Cooperation PPC - Hellenic Aviation Industry
In October 2017, PPC SA and the Hellenic Aviation Industry signed a Memorandum of Cooperation with a view to jointly consider the possibility and sustainability of developing activities in the field of specialized gas turbine maintenance and general maintenance of power plant equipment as well as high-tech diesel engine assistive equipment.
Already, the two parties work together to draft a relevant business plan.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Memorandum of Cooperation between PPC and the Polish company Solaris Bus & Coach S.A.

In November 2017, PPC SA and Solaris Bus & Coach S.A. signed a three-year Memorandum of Cooperation with the aim of exploring the possibility of co-operating in the provision of integrated transport solutions in the field of electric transports in Greece and further in other areas agreed by the parties.
Solaris Bus & Coach S.A. is a well-established European manufacturer of eco-friendly city buses, trolleys and trams that has adopted the most advanced propulsion technologies on electric transportation.

Project for PPC's Penetration in the Natural Gas Market
In December 2017, PPC hired a technical-economic consultant for the preparation of a feasibility study and business plan for the penetration of PPC S.A. in the natural gas market in Greece. The project was completed within 2018 and the Parent Company is planning its commercial procedures to become active in the natural gas market.

Memorandum of Cooperation between PPC and General Electric
On 14.12.2017, PPC S.A. and GE Power (through GE Power Services Business, based in Baden, Switzerland) signed a Cooperation Agreement to explore cooperation between them to provide services of operation, maintenance, rental, training, fault diagnosis and repair of gas turbine, steam generators, generators, boilers and other equipment used in power stations or for industrial use, to companies in Greece and Europe, with the option of extending this cooperation to other areas.

15. SIGNIFICANT EVENTS

LARCO Tariffs
On 21.06.2017, the Electricity Supply and Pledge on Receivables Contracts between PPC S.A. and LARCO S.A. were signed.
Due to non-compliance with the contractual obligations of the above-mentioned Contracts on the part of LARCO, PPC, in order to defend its interests, has already proceeded with the actions provided for by the contracts and the regulatory framework. In particular:

- Due to inadequate compliance with the terms of the Pledged Contract on LARCO's bank account, PPC sent in February 2018 a relevant extrajudicial letter, immediately exercising all the rights of the pledge.
- Due to inadequate compliance with the terms of the Electricity Supply Contract, PPC sent in April 2018 an extrajudicial document to LARCO and the Members of its Board of Directors, with a 30-day extension period for the payment by LARCO of its current – in accordance with the contractual terms - overdue debts amounting to Euro 50 mil. In May 2018, an amount of Euro 15 mil. was paid by LARCO against the debts concerned.
- Due to the breach of the essential terms of the Supply Contract and in accordance with the provisions of the Electricity Code, PPC sent in October 2018 a relevant extrajudicial document and protest, with a 30-day extension period for the payment by LARCO of its current – in accordance with the contractual terms - overdue debts amounting to Euro 69 mil., otherwise PPC would proceed to the deactivation of the load meter towards IPTO S.A.
- Due to the fact that LARCO did not meet its above mentioned obligations, by depositing in October 2018 only the amount of Euro 3 mil. against its current overdue debts, PPC proceeded in November 2018, as provided for in the Contract and the Electricity Code, to an order for the deactivation of the load meter towards IPTO S.A., giving a 10-day deadline to LARCO for the repayment of its current debts amounting to Euro 72.5 mil.
- As the new deadline to LARCO expired with no effect, PPC, taking into account the provisions of the Electricity Code and the contractual terms, on 27.11.2018 sent to LARCO and IPTO S.A. an extrajudicial document with a termination of contract and a declaration of the deactivation of LARCO's load meter, without prejudice to any of PPC's rights arising from the legislation and relating to the lawful fulfillment of its legal and overdue receivables against LARCO.

Following the above PPC's actions, LARCO filed an application for interim measures requesting a temporary injunction against PPC and IPTO for non-disconnection of the electricity supply of its facilities. Following the
15. SIGNIFICANT EVENTS (CONTINUED)

hearing of this application, on December 7th 2018, a decision was taken by which the President of the Single-Member Court of First Instance in Athens rejected the above mentioned LARCO's application since it was not possible that the application for interim measures would have a positive outcome, the hearing of which was determined on 06/02/2019.

Subsequently, following the Minister's of Environment and Energy announcement, as published in the press release of the Ministry on 12.12.18, attempting to resolve the issue along three distinct directions, namely: firstly, the procedures for the signing of a new contract between PPC and LARCO should proceed, secondly, LARCO should adjust production levels to lower levels dictated by low nickel prices, transfer additional cash flows to PPC and rationalize its payroll cost and thirdly, PPC should accept the consequences of the cessation of the representation to be postponed to the start of the new year.
On 13.12.2018, PPC with its extrajudicial letter to LARCO and IPTO suspended the consequences of the deactivation of LARCO's load meters and the termination of LARCO's Contract in order to find a solution. However, PPC with the above mentioned extrajudicial letter, made absolutely clear, that prerequisites for the signing of a new Electricity Supply Contract were a) the creation of the conditions and the establishment of special clauses so that LARCO can pay PPC for the electricity consumed fully and timely and b) the preparation of a plan for the repayment of LARCO's debts to PPC and its immediate implementation, starting with the debts accumulated under the contract of 21.06.2017.

Following PPC's aforementioned extrajudicial statement and LARCO's related letter to begin negotiations by the Parties for finding a mutually acceptable settlement for LARCO's debts to PPC and after strenuous negotiations, the parties jointly agreed on a framework agreement, which meets the prerequisites set by PPC so as to allow the parties to sign a relevant supply contract for the period from 11.1.2019 to 31.12.2020.
The framework agreement, the terms of which have been agreed by the parties as essential and any breach of even one of them by LARCO, constitutes a reason for immediate termination of the contractual relationship by PPC, was approved by the Boards of Directors of both companies.

This framework agreement is currently being applied to the LARCO's tariffs and the latter has fulfilled its obligations to repay the bills for the energy consumed in January (expiring at the end of March) and in February (expiring at the end of April). Following a delay on the part of LARCO to pay a bill amounting to Euro 2.5 mil., for the energy consumed in March (expiring at the end of May), PPC served a letter to LARCO notifying it that PPC would proceed immediately to a declaration of the deactivation of LARCO's load meter in its facilities in Larymna without any further notice. LARCO sent a written confirmation to PPC that it would pay the amount that it should have paid by June 24th and that on June 28th, LARCO would timely pay the bill relating to the energy consumed in April (expiring at the end of June). Indeed, on June 21th, LARCO paid the overdue amount to PPC. However, on 31.7.2019, LARCO did not pay the amounts due from the bills for the energy consumed in May and PPC sent again a letter to LARCO. LARCO, citing reasons of force majeure (accidents at work, strikes and fires in central Evia where its mines are located), replied that it would pay the amounts due on 31.7.2019, 31.8.2019 and 30.9.2019 with 1 month delay. PPC did not accept the LARCO's proposals and on 30.8.2019, proceeded to an order to IPTO and LARCO for a cessation of the representation. On 04.09.2019 LARCO paid the amounts due on 31.7.2019 and PPC with extrajudicial document on 06.09.2019 suspended the results of the deactivation of LARCO's load meter until 30.09.2019.

It is noted that as of 30.06.2019, a provision against LARCO has been established, amounting to Euro 323.2 mil.

15. SIGNIFICANT EVENTS (CONTINUED)

Commercial policy and Management of overdue debts

Concerning the commercial policy and the management of overdue debts, PPC proceeded in 2019 to the following:

- PPC applies the revised Debt Settlements Regulation as of 01.05.2018 in order to provide personalized settlements, depending on customer's behavior and the number of outstanding bills, so as to limit the creation of new bad debt from its customers.
- PPC, since December 2017, has been cooperating with a specialized support service company in terms of more efficient management of PPC's customer base, with emphasis on overdue debts. The company proposes new strategies for the management of overdue debts and has designed the framework for their implementation. Since March 2018 the Company began the management of selected customer segment with overdue debts through debtor information companies and law firms. Since June 2018 actions have been systemized improving PPC's collections.
- The actions in PPC's Sales Stores for the collection of debts (telephone notifications to debtors, sending letters of formal notice through PPC's Legal Department etc.) have been intensified.
- Moreover, Sales Departments, by applying the Supply Code, stop massively to represent customers who did not pay their debts for many months and did not respond to PPC's calls to settle their debts.
- PPC continued throughout the year 2018 and until 31.3.2019 to provide a 15% consistency discount to residential and business customers. From 1.4.2019, all customers who pay in full their estimated and actual bills until the bill's due date, receive a refund (credit) on their next bill, standing at 10% of the value of the electricity consumption in their previous actual bill. From 01.09.2019 the aforementioned discount is set to 5%. PPC continues the discount due to the prepayment of the electricity bill and it is set to 4% from 1.4.2019.
- Customer registration efforts to e-bill are intensified and in addition, these customers are given the option of choosing an electronic "Monthly Billing". This improves the time and quality of customer service, saving human and financial resources and substantially enhances PPC's environmental footprint. From 1.12.2018, as a disincentive it was decided that all printed bills should be charged with Euro 1, about as much as their issuing and sending costs.
  It was also decided as an incentive, the refund of Euro 1 for bimonthly customers who choose to receive an electronic bill and respectively Euro 0.50 for monthly customers.

Other High Voltage Tariffs

However, given the fact that the supply contracts with the High Voltage customers for the energy consumed in the period 2016-2017 expired on 31.12.17, PPC, in December 2017, sent letters to all High Voltage customers, with a proposal to extend the existing Supply Contract for the period 2016 - 2017, until 28.02.2018, in the framework of the Electricity Code and contractual relationships.

Subsequently, PPC's Board of Directors, by its related decision, approved the extension of the High Voltage Tariffs until 28.2.2019 and on 26.6.18 PPC's EGM approved the extension of the discounts, which were approved by EGM's decision on 7.12.2015, until 28.2.2019. In this context, a new round of meetings with High Voltage customers was held to inform them on the above issues. Out of the total of 91 supplies that electrify installations of 58 High Voltage customers, electricity supply contracts relating to 72 supplies of 48 High Voltage customers were signed, while for one customer with one supply, namely HALYVOURGIKI S.A., a cessation of the representation has taken place on 17.12.2018 due to debts.

PPC's BoD, with its decision no. 34/19.3.2019 approved the submission of proposals to High Voltage customers (except MYTILINEOS S.A.-GROUP OF COMPANIES and LARCO S.A. whose pricing terms were approved by the competent bodies to be valid until 31.12.2020) for the adjustment of the existing tariffs by + 10%, in order for supply contracts to be signed for the period 1.3.2019 - 31.12.2020. Already, on 4.4.2019, an agreement to sign a High Voltage supply contract with the companies of VIOHALKO Group by the end of 2020 has been reached. Furthermore, in July 2019 PPC announced the agreement to sign a High Voltage supply contract with AGET HERACLES, member of the Lafarge Holcim Group, for its installations which are connected to High Voltage. Key features are, among other things, the supply contract of 3 years duration until the end of 2020 and the increase in tariffs by 10%. Cooperation with AGET HERACLES also expands to the grant of sign for the guarantee of origin of electricity from renewable energy sources **(GREENPASS)**, the use of which is part of the Group's strategy and commitment for sustainable development and responsible entrepreneurship.

15. SIGNIFICANT EVENTS (CONTINUED)

PPC's claims from HALYVOURGIKI S.A.

- PPC filed an application for a payment order before the Court of First Instance in Athens against the company under the name "HALYVOURGIKI S.A.", in which PPC claimed from HALYVOURGIKI to pay the total amount of Euro 30,473,320.80 plus interest from the day following the expiry of the final bill issued after the termination of the Electricity Supply Contract between PPC S.A. and HALYVOURGIKI S.A. and until repayment, plus the amount of Euro 15,237 for court costs.
  The payment order No. 1769/2019 of the Single-Member Court of First Instance in Athens was issued which orders "HALYVOURGIKI S.A." to pay to PPC the above total amount. PPC notified the payment order in question to "HALYVOURGIKI S.A." and further, on 15.3.2019 proceeded to serve the writ of garnishment for conservative seizure in the banks under the above payment order against "HALYVOURGIKI S.A."
  Subsequently, on 22.3.2019, an application for suspension of "HALYVOURGIKI S.A." against PPC S.A. was served to PPC, following a request for a temporary injunction, the hearing of which took place on 26.03.2019. Following the discussion of the case, the application in question was rejected by the competent President of the Court of First Instance in Athens. PPC, upon expiry of the deadline of the statements of a third party on behalf of the banks to whom proceeded to conservative seizure, at the request of "HALYVOURGIKI S.A.", proceeded to the bank EUROBANK in a partial withdrawal of imposed conservative seizure up to the amount corresponding to the payroll cost of that company's employees. The company in question filed a caveat, which will be discussed in early October 2019.
- Furthermore, on 15.2.2019, "HALYVOURGIKI S.A." filed against PPC an appeal for arbitration before the ICC (INTERNATIONAL COURT OF ARBITRATION) "due to PPC's failure to comply with the obligations under the Shareholders Agreement of 2009" between PPC S.A. and "HALYVOURGIKI S.A.", requesting PPC to be condemned to pay the amount of two hundred and seventy million (270,000,000) Euro for consequential damage, which according to the appeal in question, "HALYVOURGIKI S.A." suffered with interest from the service of this appeal, plus one million (1,000,000) Euro for moral damage which according to "HALYVOURGIKI S.A." suffered. (Case 24270/AYZ).
  Both "HALYVOURGIKI S.A." and PPC S.A. appointed their arbitrators (each party appointed its arbitrator). Deadline for PPC's reply in order to define the group of its legal representatives as well as to collect the data needed to defend its positions, was set by the ICC on April 25th, 2019. On April 23rd, PPC submitted its Reply to the above Appeal of "HALYVOURGIKI S.A." and requested the rejection of the Appeal entirely and "HALYVOURGIKI S.A." to be obliged with the guarantee measure for the amount of Euro 1,000,000 and to be condemned to pay the total court costs of the Arbitration. Subsequently, following the exemption requests against the appointment of the proposed arbitrators, the two appointed Arbitrators, in their joint letter to the Arbitration Court dated 14.5.2019, stated that they were unable to appoint a Third Arbitrator jointly and requested from the Arbitration Court to appoint the Third Arbitrator, pursuant to Article 12 par. 5 of the International Arbitration Rules ICC Rules 2017. Furthermore, (on 10.8.2019) the Parties submitted their comments on the appointment of Third Arbitrator in the trial in question.
- Finally, the Arbitration Court sent to the Parties a proposal for the appointment of an Arbitrator, who has lawfully submitted to the Parties her Independence Declaration citing the cases in which she has been involved in relevant legal proceedings and the Court invited the Parties, until 10.9.2019, to submit any objections to the appointment of the said Arbitrator. Neither PPC nor the defendant raised any objections. Therefore, ICC is expected to ratify the appointment of the said Third Arbitrator and then submit the TERMS OF REFERENCE of the Arbitration.

Reorganization of PPC S.A.

In January 2019, PPC's Board of Directors approved the reorganization of PPC SA, the widest since 2001, when it was transformed into a Société Anonyme. The goals of the reorganization are as follows:

- Creating conditions for upgrading corporate governance.
- Creating conditions for the implementation of a business plan for the development of Renewable Energy Sources, including changing the supply of islands with optimal utilization of RES.
- Development of PPC's sales potential for the substantial upgrading of its customer service and creating conditions for the promotion of new products such as Natural Gas and energy services.

15. SIGNIFICANT EVENTS (CONTINUED)

- Support PPC’s expansion into new markets abroad and the effective supervision of subsidiaries and business partnerships.
- Upgrading the Company's Research & Development (R&D) and its participation in research programs.
- Upgrading the monitoring and elaboration of regulatory issues and relations with the European Union.

Share Capital Increase of PPC's 100% subsidiaries under the name "Lignitiki Megalopolis S.A." and "Lignitiki Melitis S.A."

In January 2019, the Parent Company’s Board of Directors decided to increase the share capital of its 100% subsidiaries under the name "Lignitiki Megalopolis S.A." and "Lignitiki Melitis S.A." by Euro 11.6 mil. and Euro 7.3 mil. respectively with the issuance of Euro 2.9 mil. and Euro 1.8 mil. respectively of common shares with a nominal value of four (4) Euros per share and an issue price of four (4) Euros per share for both subsidiaries. The Parent Company paid the above amounts on 18/4/2019.

Grant of an interest bearing loan to "Lignitiki Melitis S.A."

In May 2019, the Parent Company’s Board of Directors approved the grant of an interest bearing loan to its subsidiary "Lignitiki Melitis S.A." with a maximum limit up to Euro 5.5 mil., and in any case up to the amount of the price fixed by the competent Court of Appeals to carry out expropriations in Giourouki village. Partial payments will be made at the request of the Borrower to the Lender until 31.12.2024.

The subsidiary is burdened by 50% with the applicable contributions and charges in favor of third parties while the Parent Company is burdened with the other 50%. The interest rate will be determined according to the outcome of a relevant study taking into account the arm’s length principle and the Parent Company will receive the appropriate collateral which will be agreed.

Memorandum of Cooperation PPC S.A. - AKUO ENERGY SAS

In May 2019 the Parent Company signed a Memorandum of Cooperation with the company AKUO ENERGY SAS in order to explore the possibility of cooperation in the development of RES projects in Greece and in other geographical areas where the parties will agree to.

AKUO ENERGY SAS is an RES company and owns assets under construction or in operation around the world. It has strong know-how for the development, financing, construction and operation of projects exploiting wind, solar and hydroelectric energy as well as biomass.

It has established its presence in Greece through its subsidiary "Akuo Energy Greece S.A." with the aim of implementing innovative solutions in the development, construction and operation of a large portfolio of RES projects in Greece while already constructs and operates similar projects in the Balkan region.

VAT refund

Within 2019, requests for VAT refund were submitted due to credit balances in VAT for tax periods 01/10/2018 to 31/03/2019 and 01/04/2019 to 30/04/2019 of Euro 90 mil. and Euro 20 mil. respectively. The above credit balances have resulted mainly from outflows subject to a tax rate lower than the input tax. The VAT refund was received by the Athens Tax Office for Commercial Companies after conducting corresponding partial tax audits. Along with the submission of the periodic VAT return 06/2019, a new request for VAT refund of Euro 25 mil. was submitted, from the remaining credit balance until 30/06/2019.

Reduction of VAT rate

The Appendix III of the VAT Code was replaced by the paragraph 1 of article 121 of L.4611/2019 and electricity is subject to the reduced VAT rate of 6%.

The effective date of the provision was set on May 20th, 2019.

15. SIGNIFICANT EVENTS (CONTINUED)

PPC and VOLTERRA cooperation agreement

On July 4th, 2019, the Parent Company announced that the acquisition by PPC, (through its 100% subsidiary of PPC Renewables) of 45% of wind parks of 69.7 MW total capacity of VOLTERRA S.A., a subsidiary of AVAX Group was completed. Specifically, PPC acquired 45% of the shares of the two companies (SPV) of VOLTERRA. The first company (VOLTERRA K-R SINGLE MEMBER S.A.) owns two wind parks of 16 MW capacity in Etoloakarnania which are already operational at a Feed – in Premium (FiP) of 98 €/MWh and the second one (VOLTERRA LYKOVOUNI SINGLE MEMBER S.A.), owns two wind parks in Viotia one of 42.9 MW capacity with a FiP of 98€/MWh and another one of 10.8 MW capacity with a FiP of 56.45 €/MWh, whose construction has already begun.
The specific business initiative of PPC's collaboration with VOLTERRA company for the joint development and operation of Wind Parks, is part of PPC's strategic plan for the development of RES.

16. SUBSEQUENT EVENTS

In addition to those presented in other notes, the following events occurred from June 30th 2019 until the date of approval of the Financial Statements:

Repayment of loans and new loans

Within the period 01.07.2019 - 23.09.2019, the Parent Company proceeded to debt repayments of loan installments amounting to Euro 69.7 mil.
Within the period 01.07.2019 - 23.09.2019, the Parent Company drew an amount of Euro 10.1 mil. from a Bond Loan of an amount of Euro 739 mil., for financing part of the construction cost of the new Lignite Unit Ptolemaida V with a consortium of foreign banks supported by the German Export Credit Insurance Organization ''Euler Hermes''.

Refund of an imposed fine

The Three-Member Athens Administrative Court of Appeal (5th Section), with its decision No. 2566/2019 annulled our appeal's rejection No. 1606/26.01.2018 of the Dispute Resolution Division, which was filed against the Final Acts of Fines Imposed on our Company from the Centre for Auditing Big Companies, during the tax audit for the period 2009-2011.
According to the aforementioned decision of the Athens Administrative Court of Appeal, PPC's appeal was accepted, since it was judged that the right of the Greek State to audit the disputed year was time-barred, while at the same time the Company had a tax certificate with "unqualified conclusions" by independent Certified Auditors.
Following the above and in compliance with the aforementioned decision of August 9th, 2019 a request was submitted to the Centre for Auditing Big Companies and we received a refund, through offsetting with withholding taxes, the imposed amounts totaling Euro 10,318,003.80 which the Company paid to the Greek State.

Corporate transformation of the subsidiary Energy Delivery Solutions EDS Doo (EDS)

In July 2019, the Parent Company's Board of Directors approved the corporate transformation of the subsidiary EDS DOOEL Skopje from Single-Member LTD to a Société Anonyme (JSC).
It also approved the payment of Euro 1,800,000 as initial capital in order to cover the company's negative equity for the year 2018, to pay the amount required by the Law of Northern Macedonia for the transformation of the company into a Societe Anonyme and to create positive equity for the commencement of its operation as S.A.
The above payment took place on 7.8.2019.

16. SUBSEQUENT EVENTS (CONTINUED)

Readjustment of PPC's Tariff and Commercial Policy
The Parent Company's BoD at its meeting on August 30th, 2019 decided:

1. The readjustment of MV and HV tariffs taking into account the reduction in ETMEAR (see note 2) and VAT (see note 15).
2. The reduction of the consistency discount from 10% to 5%.
3. The introduction of the clause regarding CO2 in LV customers of zero impact according to the current data.
4. The abolition of the discount on the CO2 readjustment clause applied to MV tariffs.
5. The discount 50% in the non-subsidized part of the competitive component of SRT (Social Residential Tariff) for people with mechanical support.

17. SEGMENT INFORMATION

There are no changes in the methodology followed for the preparation of the Unbundled Financial Statements and the determination of the operating segments of the Company in relation to 31.12.2018. Additionally, it should be noted that there has been no significant change in total assets from the amount disclosed in the financial statements as of 31.12.2018. Sales and inter segment results are as follows:

SUMMARY FINANCIAL RESULTS OF THE GROUP

JUNE 2019

AMOUNTS IN THOUSANDS OF EURO

	Sales		Profit (Loss) Before Tax	
	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018
Company	2,215,771	2,141,441	(338,454)	(476,582)
HEDNO S.A.	1,385,281	1,134,089	13,263	(44,438)
Group other Companies	113,860	78,451	(91,718)	3,192
Eliminations (Group)	(1,409,710)	(1,142,740)	98,547	(175)
Grand total (Group)	**2,305,202**	**2,211,241**	**(318,362)**	**(518,003)**

SUMMARY FINANCIAL RESULTS OF THE PARENT COMPANY

JUNE 2019

AMOUNTS IN THOUSANDS OF EURO

	Sales to Third Parties		Internal Sales		Profit (Loss) Before Tax	
	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018
Interconnected system						
Mines	13,264	7,008	166,404	236,178	(79,986)	(140,990)
Generation	576,653	653,030	-	-	(273,848)	(467,192)
Distribution Network	173,263	164,584	-	-	37,116	61,158
Supply	2,160,565	2,099,352	34,167	35,355	(34,044)	15,322
	2,923,745	**2,923,974**	**200,571**	**271,533**	**(350,762)**	**(531,702)**
Creta Network						
Generation	247,175	126,128	-	-	11,091	(69,810)
Distribution Network	11,906	11,050	-	-	(2,254)	2,860
Supply	284,041	267,745	615	581	13,615	90,151
	543,122	**404,923**	**615**	**581**	**22,452**	**23,201**
Non-Interconnected Islands System						
Generation	202,185	113,866	-	-	(16,044)	(75,963)
Distribution Network	10,769	12,667	-	-	(578)	4,185
Supply	227,690	272,883	374	163	(2,857)	102,753
	440,644	**399,416**	**374**	**163**	**(19,479)**	**30,975**
Eliminations	(1,691,740)	(1,586,872)	(201,560)	(272,277)	9,335	944
Company	**2,215,771**	**2,141,441**	**-**	**-**	**(338,454)**	**(476,582)**