



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

**Interim Condensed Financial Statements for the period from 1 January 2016 to
30 June 2016 in accordance with International Accounting Standard 34
as adopted by the European Union**

(TRANSLATED FROM THE GREEK ORIGINAL)

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Condensed Interim Financial Statements as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

TABLE OF CONTENTS

	Page
Interim Statement of Comprehensive Income	3
Interim Statement of Financial Position	4 - 5
Interim Statement of Changes in Equity	6 - 7
Interim Statement of Cash Flows	8
Notes to the Condensed Interim Financial Statements	9 - 18

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Condensed Interim Financial Statements as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Revenue	399,466,767	443,316,498	385,308,503	448,316,684
Cost of Sales	(333,104,298)	(409,347,375)	(339,534,678)	(426,287,005)
Gross profit	66,362,469	33,969,122	45,773,825	22,029,678
Administrative expenses	(13,716,526)	(13,303,092)	(8,001,354)	(7,388,393)
Distribution expenses	(2,372,221)	(4,758,379)	(2,251,606)	(4,562,153)
Other income/(expenses)	11,841,281	1,218,311	4,196,826	(5,024,835)
Amortization of grants	7,042,660	7,155,430	650,861	661,899
Share of profit/(loss) from equity-accounted investees	14,252,371	20,290,798		-
Dividends	-	-	31,499,810	24,448,954
Gains/(Losses) from foreign currency translation differences	3,747,985	(5,750,329)	3,709,045	(5,766,224)
Operating Profit	87,158,019	38,821,863	75,577,407	24,398,927
Finance costs	(7,881,481)	(9,503,213)	(2,306,907)	(1,339,971)
Finance income	7,923,789	10,574,887	7,374,905	9,677,399
Profit before income tax	87,200,327	39,893,536	80,645,405	32,736,355
Income tax	4 (20,626,588)	(4,153,776)	(13,231,849)	(568,287)
Profit for the period	66,573,738	35,739,760	67,413,557	32,168,068
Other Comprehensive Income				
Amounts classified in the Statement of Comprehensive Income				
Valuation of AFS portfolio	-	(2,501)	-	-
Income tax relating to the valuation of AFS portfolio	-	(650)	-	-
Other comprehensive income for the period, net of tax	-	(1,851)	-	-
Total comprehensive income for the period	66,573,738	35,737,909	67,413,557	32,168,068

The notes on pages 9 to 18 are an integral part of these condensed interim financial statements.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Condensed Interim Financial Statements as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

INTERIM STATEMENT OF FINANCIAL POSITION

	Note	GROUP	
		30/06/2016	31/12/2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,995,492,766	2,009,695,545
Intangible assets	5	17,113,302	18,689,802
Investment in joint ventures		296,983,927	308,329,769
Investment in associates		11,203,549	11,265,992
Other long-term receivables		429,214	429,879
Deferred tax assets		35,773,074	40,256,206
Total non-current assets		2,356,995,832	2,388,667,192
Current assets			
Inventories		27,328,921	33,355,900
Trade and other receivables	6	407,795,517	422,610,613
Cash and cash equivalents	7	427,354,006	350,460,877
Total current assets		862,478,444	806,427,390
TOTAL ASSETS		3,219,474,276	3,195,094,582
LIABILITIES			
EQUITY			
Share capital		991,238,046	991,238,046
Reserves		143,960,061	143,960,061
Retained Earnings		605,923,432	539,349,694
Total Equity		1,741,121,539	1,674,547,801
LIABILITIES			
Non-current liabilities			
Loans and borrowings	9	195,171,299	209,561,597
Provisions and other liabilities	10	46,779,704	48,401,970
Government grants		301,904,891	302,483,468
Employee benefits		12,959,859	12,562,074
Other long-term liabilities		548,697,955	560,128,330
Deferred tax liability		11,893,785	7,972,382
Total non-current liabilities		1,117,407,493	1,141,109,822
Current liabilities			
Trade and other payables	11	313,218,165	343,216,456
Loans and borrowings	9	30,697,264	32,697,264
Short-term tax liabilities		17,029,815	3,523,239
Total current liabilities		360,945,244	379,436,959
Total liabilities		1,478,352,737	1,520,546,781
TOTAL EQUITY AND LIABILITIES		3,219,474,276	3,195,094,582

The notes on pages 9 to 18 are an integral part of these condensed interim financial statements.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Condensed Interim Financial Statements as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

INTERIM STATEMENT OF FINANCIAL POSITION

	Note	COMPANY	
		30/06/2016	31/12/2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	726,204,384	727,958,573
Intangible assets	5	2,722,039	2,826,294
Investment in subsidiaries and joint ventures		891,303,979	891,303,979
Investment in associates		16,825,000	16,575,000
Other long-term receivables		165,943	166,372
Deferred tax assets		35,729,919	40,213,050
Total non-current assets		1,672,951,264	1,679,043,268
Current assets			
Inventories		7,624,250	11,878,221
Trade and other receivables	6	379,294,964	400,802,371
Cash and cash equivalents	7	342,263,475	284,860,174
Total current assets		729,182,689	697,540,766
TOTAL ASSETS		2,402,133,953	2,376,584,034
LIABILITIES			
EQUITY			
Share capital		991,238,046	991,238,046
Reserves		124,949,823	124,949,823
Retained earnings		388,673,178	321,259,623
Total Equity		1,504,861,047	1,437,447,492
LIABILITIES			
Non-current liabilities			
Provisions and other liabilities	10	2,842,911	6,540,295
Government grants		37,831,867	32,266,193
Employee benefits		1,262,403	1,242,491
Other long-term liabilities		548,507,835	559,938,211
Total non-current liabilities		590,445,016	599,987,190
Current liabilities			
Trade and other payables	11	298,079,172	339,149,352
Short-term tax liabilities		8,748,718	-
Total current liabilities		306,827,890	339,149,352
Total liabilities		897,272,906	939,136,542
TOTAL EQUITY AND LIABILITIES		2,402,133,953	2,376,584,034

The notes on pages 9 to 18 are an integral part of these condensed interim financial statements.

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

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Condensed Interim Financial Statements as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Statutory Reserve	Other Reserves	Special Reserves	Available for sale securities reserve	Tax free reserves	Retained Earnings	Total
Balance at 1 January 2015	991,238,046	53,812,084	461,085	81,376,695	5,014	1,459,942	563,268,740	1,691,621,606
Profit for the period 1/1-30/06/2015 after tax	-	-	-	-	-	-	35,739,760	35,739,760
Other comprehensive income	-	-	-	-	(1,851)	-	-	(1,851)
Total comprehensive income for the period	-	-	-	-	(1,851)	-	35,739,760	35,737,909
Transactions with owners of the Company, recognized directly in equity:								
Transfer to reserves	-	-	4,769,254	-	-	-	(4,769,254)	-
Dividends for 2014	-	-	-	-	-	-	(50,102,332)	(50,102,332)
Total transactions with the owners of the Company	-	-	4,769,254	-	-	-	(54,871,586)	(50,102,332)
Balance at 30 June 2015	991,238,046	53,812,084	5,230,339	81,376,695	3,163	1,459,942	544,136,914	1,677,257,184
Balance at 1 January 2016	991,238,046	55,893,084	5,230,339	81,376,695	-	1,459,942	539,349,694	1,674,547,801
Profit for the period 1/1-30/06/2016 after tax	-	-	-	-	-	-	66,573,738	66,573,738
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	66,573,738	66,573,738
Transactions with owners of the Company, recognized directly in equity :								
Transfer to reserves	-	-	-	-	-	-	-	-
Dividends for 2015	-	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	-	-	-	-	-	-
Balance at 30 June 2016	991,238,046	55,893,084	5,230,339	81,376,695	-	1,459,942	605,923,432	1,741,121,539

The notes on pages 9 to 18 are an integral part of these condensed interim financial statements.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Condensed Interim Financial Statements as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

COMPANY'S INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital	Statutory Reserve	Other Reserves	Special Reserves	Tax free reserves	Retained Earnings	Total
Balance at 1 January 2015	991,238,046	36,099,584	12,228	81,376,695	1,504,062	363,159,701	1,473,390,316
Profit for the period 1/1-30/06/2015 after tax	-	-	-	-	-	32,168,068	32,168,068
Total comprehensive income for the period	-	-	-	-	-	32,168,068	32,168,068
Transactions with owners of the Company, recognized directly in equity:							
Transfer to reserves	-	-	4,769,254	-	-	(4,769,254)	-
Dividends for 2014	-	-	-	-	-	(50,102,332)	(50,102,332)
Total transactions with the owners of the Company	-	-	4,769,254	-	-	(54,871,586)	(50,102,332)
Balance at 30 June 2015	991,238,046	36,099,584	4,781,482	81,376,695	1,504,062	340,456,183	1,455,456,052
Balance at 1 January 2016	991,238,046	37,287,584	4,781,482	81,376,695	1,504,062	321,259,623	1,437,447,492
Profit for the period 1/1-30/06/2016 after tax	-	-	-	-	-	67,413,557	67,413,557
Total comprehensive income for the period	-	-	-	-	-	67,413,557	67,413,557
Transactions with owners of the Company, recognized directly in equity :							
Dividends for 2015	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	-	-	-	-	-
Balance at 30 June 2016	991,238,046	37,287,584	4,781,482	81,376,695	1,504,062	388,673,178	1,504,861,047

The notes on pages 9 to 18 are an integral part of these condensed interim financial statements.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Condensed Interim Financial Statements as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	1/1-30/06/2016	1/1-30/06/2015	1/1-30/06/2016	1/1-30/06/2015
Cash Flows from operating activities:				
Profit before income tax	87,200,327	39,893,536	80,645,405	32,736,355
Adjustments for:				
Depreciation	41,019,446	39,928,922	12,250,496	11,945,930
Provisions	(1,437,919)	6,728,155	(3,890,911)	5,281,418
(Profit)/ losses on jointly controlled companies	(14,564,813)	(20,614,041)	-	-
(Profit)/ losses from associates	312,442	323,242	-	-
Gain on sale of investment in associate	-	1,374,691	-	-
Write offs from sale of property, plant and equipment	-	-	-	796,066
Income from dividends	-	-	(31,499,810)	(24,448,954)
(Profit)/ Losses on sale of property, plant and equipment	-	271	-	-
Amortization of grants	(7,042,660)	(7,155,430)	(650,861)	(661,899)
Foreign currency differences	893,638	32,586	893,638	29,514
Net finance costs	(42,308)	(1,845,059)	(5,067,997)	(9,110,796)
Amortization of rights of use	(20,278,498)	(19,495,813)	(20,278,498)	(19,495,813)
	86,059,654	39,171,061	32,401,461	(2,928,179)
Adjustments for changes in working capital or changes related to operating activities:				
Decrease / (increase) in inventories	6,026,979	4,382,823	4,253,971	4,136,930
Decrease / (increase) in receivables	51,523,530	107,735,142	63,795,141	121,362,347
Decrease / (increase) in long-term receivables	667	(409)	432	906
(Decrease)/increase in liabilities (excluding banks)	(67,621,448)	(65,351,759)	(79,968,005)	(71,076,770)
Cash flows from operating activities	75,989,381	85,936,857	20,482,999	51,495,234
Interest and other related expenses paid	(6,075,563)	(8,729,846)	(500,990)	(566,603)
Taxes paid	-	(2,933,067)	-	-
Net cash from operating activities (a)	69,913,818	74,273,944	19,982,009	50,928,631
Cash flows from investing activities:				
Acquisition of subsidiaries, associates, joint ventures and other investments	(125,000)	-	(125,000)	(2,062,500)
Acquisition of property, plant, equipment and intangible assets	(15,227,629)	(18,278,051)	(379,516)	(1,030,120)
Dividends received	25,910,654	17,843,588	25,910,654	24,448,954
Interest received	6,347,502	9,257,272	5,798,617	8,359,784
Proceeds from grants for investments in fixed assets	6,464,082	-	6,216,534	-
Net cash from investing activities (b)	23,369,609	8,822,809	37,421,289	29,716,118
Cash flows from financing activities:				
Repayment of borrowings	(16,390,299)	(16,390,298)	-	-
Dividends paid	-	(51,263,122)	-	(51,263,122)
Net cash from financing activities (c)	(16,390,299)	(67,653,420)	-	(51,263,122)
Net increase/ (decrease) in cash and cash equivalents of the year (a)+(b)+(c)	76,893,128	15,443,333	57,403,298	29,381,627
Cash and cash equivalents at the beginning of the period	350,460,877	303,240,849	284,860,174	238,972,599
Cash and cash equivalents at the end of the period	427,354,006	318,684,182	342,263,475	268,354,226

The notes on pages 9 to 18 are an integral part of these condensed interim financial statements.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

1. Description of the Group

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

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

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

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

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

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

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

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

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

Approval of Financial Statements

These condensed consolidated interim financial statements (“Condensed Financial Statements”) were authorized for issue by the Company’s Board of Directors on 19 September 2016.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

2. Basis of preparation and summary of Significant Accounting Policies

Statement of compliance

These condensed interim financial statements for the six-month period ended 30 June 2016 (hereinafter referred to as “financial statements”) have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for annual financial statements and should be read in conjunction with the financial statements of the Group and the Company as at and for the year ended 31 December 2015.

Significant accounting policies

The financial statements have been prepared on a historical cost basis (except for specific financial assets measured at fair value) and on a going concern basis. The financial statements are presented in Euro, unless otherwise stated.

The accounting policies applied for the preparation of the condensed interim financial statements are the same with those applied in the published financial statements of the Group for the year ended 31 December 2015. A number of standards, amendments and interpretations have been issued that are required to be applied by an entity with an annual reporting period beginning on or after 1 January 2016 but they are not expected to have a material impact on the Group financial statements.

Judgments and estimates

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

The significant judgments and estimates made by management in applying Group’s accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

Financial Risk Management

Group’s financial risk management policies are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2015 with the exception of the risk related to the macroeconomic and business environment in Greece.

Developments in Greece during the second half of 2015 (referendum and capital controls) had a negative effect on the Greek economy. The economy slipped back into recession after growing in late 2014 and during the first half of 2015. GDP declined by -0,2% in 2015 compared to an increase of +0,8% in 2014. Inflation is expected to remain low due to the pressures that the economy is faced at the moment while unemployment is expected to gradually decline. Despite the deterioration of the Greek economy in 2015, the approval of a EUR 86 billion bailout program and the successful recapitalization of the four systemic banks during December 2015, were key steps towards the stabilization of the macroeconomic and financial environment in Greece.

The bailout program was approved to be disbursed in installments following the adoption of a series of agreed changes and austerity measures. The disbursement of installments commenced in 2015, and on June 2016 the second installment was received upon completion of the first review of the bailout program by the representatives of the international creditors. The Greek Government was committed to implement additional reforms in the future.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

While the bailout program has reduced the risk of economic instability in Greece, concerns around its implementation remain, a factor reflected in capital market pricing and the risk assessment. These factors are beyond the Group's control but management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Group's operations.

3. Seasonality of operations

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

4. Income Tax

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

	GROUP		COMPANY	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Current tax	(3,473,336)	(1,553,471)	-	-
Prior periods taxes	(8,748,718)	-	(8,748,718)	-
Deferred tax	(8,404,534)	(2,600,305)	(4,483,131)	(568,287)
Total taxes recognized in the Statement of Comprehensive Income	(20,626,588)	(4,153,776)	(13,231,849)	(568,287)

The effective tax rate for the first half of 2016 is approximately 24% and 16% for the Group and the Company. The corresponding figures for the first half of 2015 were approximately 10% and 2% respectively. The difference in the percentage of the effective tax rate is mainly due to the tax losses of the Company in the first semester of 2016 that accordingly affect the Group. The corporate income tax rate of the Group is 26% for the period ending 30 June 2015. The corporate income tax rate for the period ending 30 June 2016 is 29%.

Had the new tax rate been used on temporary differences for the period ending 30 June 2015, the net deferred tax asset of the Company and the Group would be EUR 29,793,697 and EUR 24,814,068 respectively, while current total net income for the Company and the Group would increase by EUR 3,058,005 and EUR 2,156,821.

5. Tangible and Intangible Assets

Purchases and depreciation/amortization of tangible and intangible assets of the Group for the six months period of 2016 was EUR 15,227,629 (2015: EUR 18,278,051) and EUR 41,019,446 (2015: EUR 39,928,922) respectively. Purchases and depreciation/amortization of tangible and intangible assets of the Company was EUR 379,516 (2015: EUR 1,030,120) and EUR 12,250,495 (2015: EUR 11,945,930) respectively. Tangible and intangible assets in the Statement of Financial Position of the Company, except from the above tangible and intangible assets, include networks constructed by EPA.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

6. Trade and other receivables

Trade and other receivables are analyzed as follows:

	GROUP		COMPANY	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Trade Debtors	237,079,934	233,470,318	241,721,944	241,727,745
Less : Provisions	<u>(89,613,892)</u>	<u>(89,613,892)</u>	<u>(89,613,892)</u>	<u>(89,613,892)</u>
Total	147,466,042	143,856,426	152,108,052	152,113,853
Other Receivables	<u>260,329,475</u>	<u>278,754,187</u>	<u>227,186,912</u>	<u>248,688,518</u>
Total	407,795,517	422,610,613	379,294,964	400,802,371

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

7. Cash and Cash Equivalents

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

	GROUP		COMPANY	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Cash on hand	11,558	12,612	5,915	5,636
Sight deposits	19,669,826	9,532,752	1,563,579	4,371,121
Time deposits	<u>407,672,622</u>	<u>340,915,513</u>	<u>340,693,981</u>	<u>280,483,417</u>
Balance	<u>427,354,006</u>	<u>350,460,877</u>	<u>342,263,475</u>	<u>284,860,174</u>

Cash is deposited in Greek Banks.

8. Dividends

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

The Company for the year 2015 did not distribute any dividend.

9. Loans and Borrowings

The Group's borrowings were granted by Greek (National Bank of Greece EUR 28,3 million) and foreign banks (European Investment Bank EUR 197,5 million). Amounts payable within a year from the date of the statement of financial position are classified as current, while amounts payable after one year are classified as long-term. The Group accrues for interest that is recognized in the period's profit and loss. DESFA has not signed any new loan agreements after 31/12/2015.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

The fair value of existing borrowings as at 30 June 2016 that has been calculated based on the discounted cash flows, amounts to EUR 209,4 million and is analyzed as follows:

LOAN	BALANCE 30/06/2016	FAIR VALUE 30/6/2016
LOAN € 40,000,000- EUROPEAN INVESTMENT BANK 2	4,000,000,00	4,003,506,71
LOAN € 40,000,000- EUROPEAN INVESTMENT BANK 3	2,000,000,00	2,001,444,61
LOAN € 50,000,000- EUROPEAN INVESTMENT BANK 4	5,000,000,00	5,009,193,53
LOAN € 70,000,000- EUROPEAN INVESTMENT BANK 5	14,000,000,00	14,335,020,54
LOAN € 12,000,000- EUROPEAN INVESTMENT BANK 6	8,727,272,73	8,971,280,61
LOAN € 13,000,000- EUROPEAN INVESTMENT BANK 7	6,500,000,00	6,510,512,75
LOAN € 10,000,000- EUROPEAN INVESTMENT BANK 8	5,833,333,33	6,045,610,24
LOAN € 10,000,000- EUROPEAN INVESTMENT BANK 9	7,727,272,73	8,625,075,83
LOAN € 30,000,000- EUROPEAN INVESTMENT BANK 10	22,173,913,04	23,397,315,41
LOAN € 85,000,000- NATIONAL BANK	28,333,333,44	29,066,169,93
LOAN € 35,000,000- EUROPEAN INVESTMENT BANK 11	26,600,000,00	24,566,614,44
LOAN € 30,000,000- EUROPEAN INVESTMENT BANK 12	30,000,000,00	25,324,734,67
LOAN € 25,000,000- EUROPEAN INVESTMENT BANK 13	25,000,000,00	22,396,257,22
LOAN € 40,000,000- EUROPEAN INVESTMENT BANK 14	40,000,000,00	29,133,490,19
	225,895,125,27	209,386,226,67

The above mentioned loans include covenants concerning the fulfillment of financial obligations and information on the work in progress. These covenants have not been breached during the first semester of 2016.

10. Provisions and other liabilities

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

	GROUP		COMPANY	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Provisions for legal disputes and claims	19,403,539	19,403,539	2,602,924	2,602,924
Provisions for prior years commission to Greek State	17,800,000	17,800,000	-	-
Provisions for interest on overdue liabilities	239,987	3,937,371	239,987	3,937,371
Provision for users compensations and supply security duties	9,336,178	7,261,060	-	-
Total	46,779,704	48,401,970	2,842,911	6,540,295

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

11. Trade and other payables

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

	GROUP		COMPANY	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Suppliers	198,268,899	76,159,686	186,401,681	69,267,275
Cheques payables	190,012	84,273		
Customer advances	12,999,989	22,722,568	6,143,330	6,695,756
Tax payables	22,465,053	20,946,727	22,465,053	20,946,727
Social security	364,849	443,230	139,632	97,268
Liabilities to subsidiaries and related parties	470,526	166,643	1,740,381	1,384,612
Other creditors	4,366,424	4,359,517	716,820	940,883
Other accrued liabilities	28,281,217	172,837,237	31,924,079	188,169,149
Deferred income	40,556,997	39,398,431	40,556,997	39,398,431
Accrued expenses	5,254,201	6,098,144	7,991,200	12,249,252
Total	313,218,165	343,216,456	298,079,172	339,149,352

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements as at 30 June 2015
(All amounts are expressed in EUR unless otherwise stated)

12. Related party transactions and balances

The Company considers as related parties:

- i) Associates and Joint Ventures of the Group consolidated with the equity method as well as
ii) Associates that are not consolidated but are under common control with the group due to the joint participation of the Greek State and have significant transactions with the Group. The transactions and balances with consolidated and unconsolidated associates and jointly controlled entities are stated at 100%. The Group's and the Company's related party transactions and balances during the periods 1/1-30/06/2015 and 1/1-30/06/2016, respectively, are as follows:

	GROUP		GROUP		COMPANY		COMPANY	
	1/1-30/06/2015		31/12/2015		1/1-30/06/2015		31/12/2015	
	Sales to related parties	Purchases from related parties	Due from related parties	Due to related parties	Sales to related parties	Purchases from related parties	Due from related parties	Due to related parties
Transactions with consolidated entities	170,622,247	240,331	29,936,472	1,838,304	185,154,884	59,933,557	55,946,409	17,777,233
Transactions with unconsolidated entities	115,385,358	148,136	122,863,782	49,595	115,385,358	148,136	122,863,782	49,595
	GROUP		GROUP		COMPANY		COMPANY	
	1/1-30/06/2016		30/06/2016		1/1-30/06/2016		30/06/2016	
	Sales to related parties	Purchases from related parties	Due from related parties	Due to related parties	Sales to related parties	Purchases from related parties	Due from related parties	Due to related parties
Transactions with consolidated entities	94,815,547	400,323	5,488,769	961,020	95,474,758	51,348,518	23,132,120	11,873,004
Transactions with unconsolidated entities	151,338,071	18,721	105,706,759	22,677	151,338,071	18,721	105,706,759	22,677

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

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

	30/06/2016	30/06/2015
Fees of the Company's Chairman and BoD members	201,460	156,399
Fees of the consolidated Subsidiaries' Chairman, BoD members and supervisory board	170,934	160,823
Fees of the BoD members	372,394	317,222

13. Commitments and Contingent Liabilities

13.1 Contingent Liabilities from cases under dispute or under arbitration

For DESFA A.E.:

- a) Outstanding lawsuits against the company amount to EUR 48,709 thousand, and are analyzed as follows: i) amount of EUR 8,913 thousand relates to construction contractors' lawsuits. According to the company's accounting policy, compensations paid as a result of such cases, are included in the cost value of tangible assets and therefore no amount has been provided for, ii) amount of EUR 39,796 thousand relates to other lawsuits against the company for which the company estimates that it will not pay more than EUR 16,801 thousand.
- b) There are pending lawsuits against the company concerning compensation for expropriation of property amounting to EUR 8,460 thousand and are directly related to the construction and expansion of the pipeline and other tangible assets. It is noted that according to the company's accounting policy, compensations paid as a result of such cases, are included in the cost value of tangible and intangible assets and therefore no amount has been provided for.
- c) There are pending lawsuits of the company against third parties amounting to EUR 37,780 thousand.

13.2 Other contingent liabilities

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

COMPANY	COUNTRY	OPEN TAX YEARS
DEPA A.E.	GREECE	2015
DESFA A.E.	GREECE	2015
EPA ATTIKI A.E.	GREECE	2009-2010 & 2015
EPA THESSALONIKI A.E.	GREECE	2015
EPA THESSALIA A.E.	GREECE	2015
Y.A.F.A. POSEIDON A.E.	GREECE	2010 & 2015
SOUTH STREAM A.E.	GREECE	2015
IGB AD	BULGARIA	2011-2015

The tax audit for 2015 from the statutory auditors is in progress for all the Companies of the Group, according to article 65A of Law 4174/2013 and no material charges are expected for the Company and the Group.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

According to the provisions of Article 82 paragraph 5 of L.2238/94 the Company and Group for the unaudited tax years 2011 to 2014 have received a tax certificate with unqualified opinion by the auditors.

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

On June 2015 the tax audit for unaudited tax years 2007-2010 as well as audit of the year 2011 of EPA Thessaloniki A.E. was completed. According to the tax audit report additional taxes were imposed of EUR 204,546 that were charged to the profit and loss of the comparative period.

On June 2015 the tax audit for unaudited tax years 2007-2010 of EPA Thessalia A.E. was completed. According to the tax audit report additional taxes were imposed of EUR 95,133 that were charged to the profit and loss of the comparative period.

14. Fair value disclosures

Financial assets and liabilities are measured at amortized cost. There is no obligation to disclose the levels 1, 2, 3 as the fair value of these assets and liabilities carried at amortized cost is not materially different from their respective book value. There are no transfers between levels, compared to 31 December 2015.

15. Other disclosures

- **Sale of DESFA**

On 01/08/2013 the Board of Directors of TAIPED (holder of 65% of DEPA) and on 02/08/2013 the Board of Directors of Hellenic Petroleum (holder of 35% of DEPA SA) approved the sale of 66% of DESFA (i.e. 31% by the Greek State and 35% by HELPE) to the Azeri company Socar which submitted an offer of EURO 400 million. The board of directors of Hellenic Petroleum A.E. recommended the approval of the transaction to the Extraordinary General Assembly of its shareholders, which was convened for this purpose, on 2 September 2013.

The share purchase agreement for the sale of 66% of DESFA's share capital was signed by TAIPED, Hellenic Petroleum A.E. and SOCAR on December 21, 2013. The finalization of the transaction is conditional upon the occurrence of certain events such as the approval of the transaction by the EU or national competition authorities (as applicable) and the certification of DESFA by the Regulatory Authority for Energy of the Hellenic Republic ("RAE") in accordance with article 65 of L. 4001/2011 ("Energy Law"). It should be noted that, as there is no precedent regarding the Certification of an Operator of the gas transportation system that is owned/controlled by a company outside the European Union, the process is not predetermined. Consequently, parameters and criteria for the evaluation conducted by the authorities or the extent of commitments which may be required to be undertaken by SOCAR, cannot be predicted or controlled by the counterparties. On 29 September 2014, RAE issued DESFA's certification and on 1 October 2014, DG for Competition of the European Commission was notified of the transaction. On 5 November 2014, the European Commission opened an in depth investigation. The extent of commitments which may be required to be undertaken by SOCAR and the exact time required for the European Commission to issue a clearance decision cannot be controlled by the parties. On 27 July 2015, TAIPED, Hellenic Petroleum A.E. and SOCAR executed Addendum No 2, of the Share Purchased Agreement (SPA) by virtue of which, the long stop date of the SPA has been further extended to 21 December 2015 and on 16 December 2015 the SPA was further extended up to 30 September 2016. Further to such agreement, the validity of the SOCAR performance guarantee has been extended accordingly.

Although the parties have signed the share purchase agreement, the finalization of the transaction remains subject to conditions, some of which lie beyond the control of the parties and, consequently, the completion of the transaction remains suspended and depends on the satisfaction of such conditions.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

The Group fully consolidates DESFA. DESFA's amounts have been evaluated as at 31 December 2015 in compliance with IAS 36 and no impairment indications have been resulted concerning the value of the investment.

Given that the transaction can only be completed upon receiving the approval of the relevant competent authorities, and given the timing of such approvals is still to be concluded, Group's management considers it appropriate to maintain as at 30 June 2016 the policy of not classifying investment in DESFA as held for sale. If the transaction is finalized, the Group's equity will be reduced by approximately € 231 million.

- **Changes in the domestic natural gas market**

According to L.4336/2015 which came into force in August 2015, EPA Attiki, Thessalia and Thessaloniki and DEPA are required to proceed to the legal and operational separation of the Network Distribution Management activity from other activities up to 1 January 2017.

- **Y.A.F.A Poseidon share capital increase**

On 8 December 2015, the Extraordinary General Assembly of the shareholders of Poseidon approved the increase of the share capital by EUR 500,000 (DEPA: EUR 250,000) therefore DEPA paid EUR 125,000 on 7 April 2016.

The remaining amount of EUR 250,000 (DEPA: 125,000) will be paid by the shareholders in proportion to their shareholding in the company's share capital, in one installment at the latest by 7 December 2020 or on such other date determined by decision of the Board of Directors within the above mentioned deadline.

16. Subsequent events after the date of the Financial Statements

According to the decision of the Extraordinary General Meeting, No. 42/07.01.2016, of EPA Attikis the share capital will be decreased by EUR 10,000,015.

There were no other events subsequent to the condensed interim financial statements as of 30 June 2016 that materially impact the understanding of these Interim Financial Statements and would need to be disclosed or adjust the amounts presented in these interim financial statements.

PUBLIC GAS CORPORATION OF GREECE (DEPA A.E.)
Notes to the Condensed Interim Financial Statements
as at 30 June 2016
(All amounts are expressed in EUR unless otherwise stated)

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

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

Introduction

We have reviewed the accompanying standalone and consolidated statement of financial position of PUBLIC GAS COMPANY (DEPA) S.A. (the "Company") as of 30 June 2016 and the related standalone and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, which comprise the interim financial information. Company's management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the International Financial Reporting Standards adopted by the European Union and specifically with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Athens, 19 September 2016

KPMG Certified Auditors A.E.

AM SOEL 114

Anastasios Kyriacoulis, Certified Auditor Accountant

AM SOEL 39291