ANNUAL REPORT

POWER PUBLIC CORPORATION S.A.

'17

JUNE 2018

Public Power Corporation S.A.-Hellas

ANNUAL REPORT

PUBLIC POWER CORPORATION

'17

JANNUARY 1st 2017
DECEMBER 31st 2017

Public Power Corporation S.A.-Hellas

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PART A

1
SELECTED FINANCIAL DATA

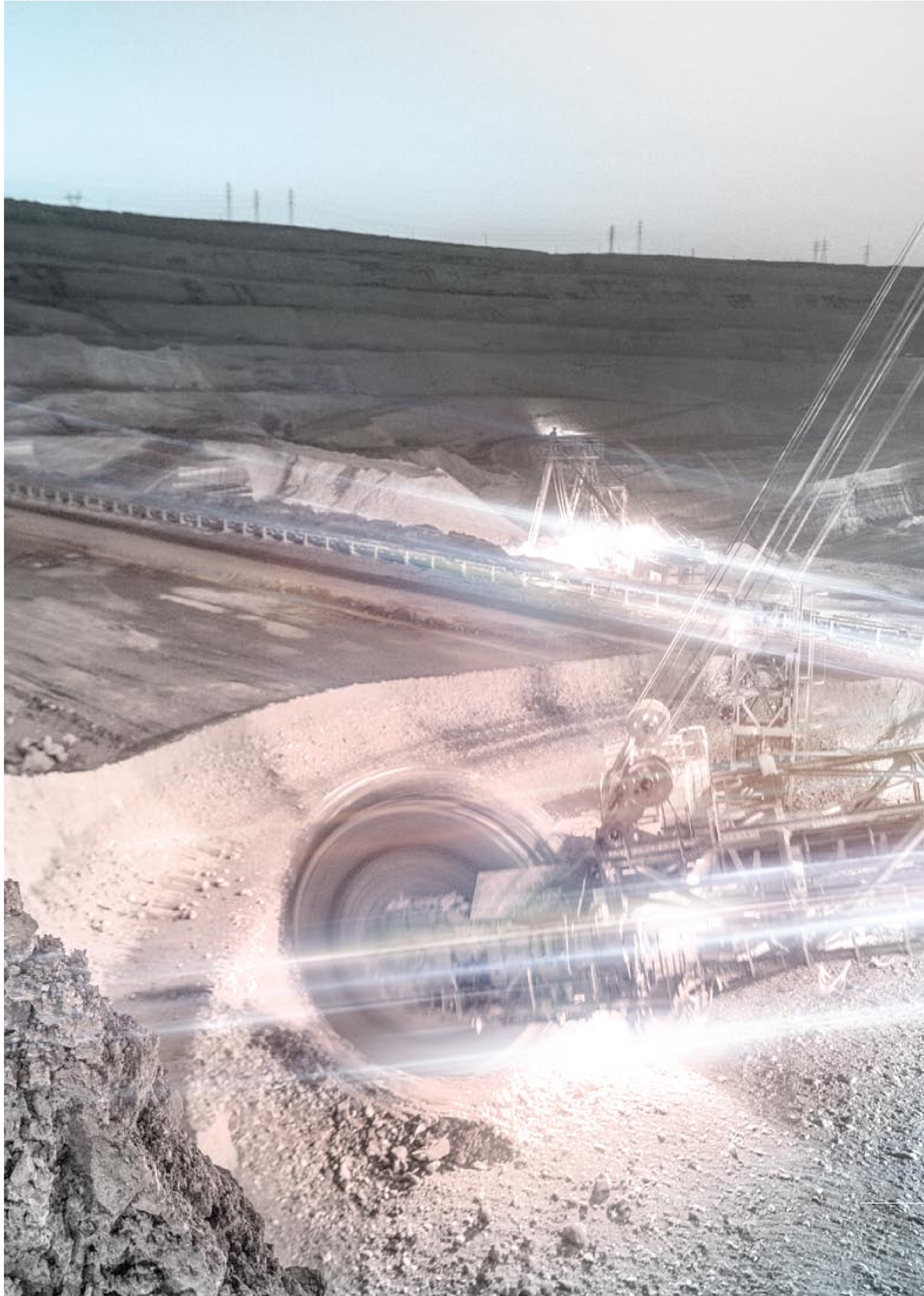
Summary financials (€ mil.)

	GROUP (excluding IPTO S.A.)			PARENT COMPANY		
	2017	2016 Restated	Δ%	2017	2016 Restated	Δ%
Total Revenues	4,943.9	5,130.1[1]	-3.6%	4,847.0	5,063.9[1]	-4.3%
EBITDA	804.7	811.3[1]	-0.8%	745.5	765.7[1]	-2.6%
EBITDA margin	16.3%	15.8%[1]		15.4%	15.1%[1]	
Profit/(Loss) Before Taxes and Fin. Expenses (EBIT)	151.2	142.2[1]	6.3%	111.0	110,4[1]	0.5%
EBIT margin	3.1%	2.8%[1]		2.3%	2.2%[1]	
Net Income/(loss)	88.7	170.2[1+2]	-47.9%	215.9	136.3[1+2]	58.4%
EPS/(loss) (in €)	0.38	0.73[1+2]	-47.9%	0.93	0.59[1+2]	57.6%
Number of shares (mil.)	232	232		232	232	

Summary Balance Sheet and Capex (€ mil.)

	GROUP (excluding IPTO S.A.)			PARENT COMPANY		
	2017	2016 Restated	Δ%	2017	2016 Restated	Δ%
Total Assets	15,358.3	16,832.4[1]	-8.8%	14,740.9	15,392.6[1]	-4.2%
Net Debt	3,957.2	4,322.8	-8.5%	4,046.2	4,380.8	-7.6%
Total Equity	5,610.5	5,859.7[1+2]	-4.3%	5,477.9	5,737.8[1+2]	-4.5%
Capital Expenditure	410.7	743.7	-44.8%	406.1	738.8	-45.0%

1. Restated figures due to the re-estimation of "Unbilled revenue".
2. Restated figures due to the recalculation of deferred tax on the lower electricity tariff provided to pensioners of PPC Group.



2
COMPANY INFORMATION

2.1 GENERAL INFORMATION

PPC was incorporated as a Societe Anonyme on January 1st 2001, under the Liberalisation Law (2773/1999). Until January 2001, PPC was wholly owned by the Hellenic Republic.

The corporate seat is in the Municipality of Athens, Greece. PPC's executive offices are at 30, Chalkokondyli Street, 104 32 Athens, Greece.

In accordance with article 3 of the Articles of Incorporation, as in effect on 31.12.2017, the objective of the Company is:

a. The engagement in commercial and industrial activities in the energy sector, in Greece and abroad. These activities shall include, but not be limited to:
   - the engagement in commercial and industrial activities in the electricity sector, in Greece and abroad,
   - the design, supervision, construction, exploitation, maintenance and operation of power plants,
   - the supply and sale of electricity as well as of energy products and services,
   - the extraction, production, supply and sale of energy raw materials,
   - the assignment to third parties, by virtue of contract, of any activity similar to those set forth herein above,
   - the operation or management of privately-owned vessels or vessels owned by third parties, under Greek or foreign flag having as sole objective the transportation of liquid fuels.

b. The engagement in commercial and industrial activities in the telecommunications sector, the provision of services to third parties related to Projects' design, management and supervision, the provision of services to third parties related to training and occupational health and safety, the provision of services to third-party Companies on organization and information technology issues, the design, construction, maintenance, management, exploitation and operation of waste treatment units, including power generation from or/and in relation to waste management, as well as the development of all kinds of assets held by the Company.

c. The establishment of companies, the participation in joint ventures, as well as the acquisition of shares of other companies, Greek or foreign, and, in general, the participation in enterprises pursuing aims similar to those under a) and b) of the present paragraph or the activities of which (enterprises) are directly or indirectly related to the objective of the company or whose objective is the profitable use of the movable or immovable assets of the company and the development of its resources, including the participation in public tendering procedures of Contracts for Public - Private Partnerships (PPPs), as well as the establishment or participation in the share capital of Special Purpose Companies within the framework and in execution of PPPs.

In order to attain the objectives referred to in the preceding paragraph, PPC S.A. may, in particular, a) sign any kind of contracts or agreements with domestic or foreign individuals or legal persons and inter-state organizations, b) participate in the share capital of existing companies or in the share capital of companies to be established in the future, grant loans to the said companies and provide guarantees in their favor, c) issue any bond loans of any type whatsoever and participate in the share capital of companies to which the company has granted loans through the conversion or not of the bonds of the aforesaid loans into shares.

The company may engage in any other action or activity in order to fulfill its objectives within the scope of the Articles of Incorporation and of the standing provisions, in any commercial or other activity and perform any material or legal act, directly or indirectly connected with its objectives.

The Company has secured the trademark No. 160076 "Public Power Corporation Societe Anonyme" and "PPC S.A."

In accordance with the classification of the Hellenic Statistical Authority (EL.STAT - STAKOD 08), the economic activity of PPC S.A. comes under:

BRANCH OF ECONOMIC ACTIVITY (STAKOD 08)	TOTAL REVENUES 01.01.2017 - 31.12.2017 (excluding IPTO S.A.)
«Generation, transmission and distribution of electricity», 35.1	€ 4,943.9 mil.

PPC S.A.'s updated Articles of Incorporation is posted on the company's website:
Home Page / PPC / Investor Relations / Company Profile / Articles of Incorporation of PPC S.A.

2.2 HISTORICAL BACKGROUND

PPC was established in 1950 having as purpose to generate, transmit and distribute electricity throughout the Greek territory. Prior to the establishment of PPC, the right to generate, transmit and distribute electricity had been assigned by the Greek Government to private and municipal electricity companies.

PPC started its operation in 1953 by generating and selling electricity to the abovementioned private and municipal electricity companies. During the period 1957-1963, the Company acquired the above electricity companies, including the Electric Company of Athens - Piraeus Ltd, which used to service the largest urban area of Greece and was generating a significant percentage of the total electricity consumed in the Greek market.

The Laws 1559 and 2244, which were enacted in the years 1985 and 1994 respectively, provided for a relevant exception from PPC's exclusive right in electricity generation mainly in order to give the right to industrial companies to generate electricity for their own consumption. Moreover, said legislation allowed individuals to generate electricity from renewable sources and cogeneration exclusively for commercial use.

By virtue of Law 2773/1999 concerning the liberalization of the electricity market and pursuant to the Presidential Decree 333/2000, PPC, as of January 1st 2001, was converted into a societe anonyme wholly owned by the Greek State having as main purpose the generation and supply of electricity.

In December 2001, following an increase of share capital and an offering of existing shares held by the Hellenic Republic, PPC's shares were listed on the Athens Stock Exchange. In parallel, Global Depository Receipts (GDRs) were admitted to London Stock Exchange. As of November 29, 2017, at the request of the Parent Company, GDRs were deleted and their trading on the London Stock Exchange ceased.

The Hellenic Republic further reduced its stake in PPC through secondary offerings in December 2002 and October 2003. As of 31.12.2017 the Hellenic Republic controled, directly (34.123%) or indirectly (17%) through the Hellenic Republic Asset Development Fund (HRADF), since the HRADF is 100% owned by the Hellenic Republic, thus the Hellenic Republic controled in total the 51.123% of the Company's share capital.

On March 20, 2018, a transfer of 79,165,114 PPC shares (namely 34.123%) by the Hellenic Republic to the Hellenic Corporation of Assets and Participations S.A. (HCAP S.A.) was completed by law and without consideration, according to para. 20, article 380 of L. 4512/2018, as amended para. 1 of article 197 of L. 4389/2016.

It is noted that, following the above change, the HCAP S.A. participates directly with 34.123% in PPC's share capital and indirectly with 17% through the Hellenic Republic Asset Development Fund (HRADF). The total voting rights of HCAP S.A. amount to 51.123%. The Greek State owns 100% of voting rights in HCAP S.A. The total percentage of the Hellenic Republic remains indirectly, as mentioned above, at 51.123%

After the spin-off of the Transmission and the Distribution segments, two 100% subsidiaries of PPC were created, namely IPTO S.A. (Independent Power Transmission Operator S.A.) and HEDNO S.A. (Hellenic Electricity Distribution Network Operator S.A.). IPTO S.A. is responsible for the management, operation, maintenance and development of the Hellenic Electricity Transmission System and its interconnections, while HEDNO S.A. is responsible for the management, operation, development and maintenance of the Hellenic Electricity Distribution Network.

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.

2.3 OVERVIEW OF COMPANY'S ACTIVITIES

PPC is Greece's largest electricity generator and the principal supplier of electricity in Greece.

PPC holds assets in lignite mines, power generation and distribution. Its power portfolio consists of conventional thermal plants (lignite, gas and oil fired), and hydroelectric power plants, as well as Renewable Energy Sources (RES) installations, accounting for approximately 60.6% of the total installed capacity in the country.

Specifically PPC is the first company in Greece to install RES (in 1982), and is active through its subsidiary company "PPC Renewables S.A." (PPCR), with a portfolio of wind farms, small scale hydroelectric plants and photovoltaics.

In 2017, PPC's generation of 32.6 TWh coupled with the 1.9 TWh that it imported, covered 56.7% of total demand. PPC's energy mix comprised of generation from lignite (50.3%), oil (14.8%), natural gas (23.5%), hydroelectric (10.6%) and renewable energy sources (0.8%).

The nearly 7.2 mil. customers of PPC, consumed 86.7% of the total electricity supplied to end-customers in Greece in 2017.

The Hellenic Electricity Transmission System, often referred to as the "Interconnected System", spreads over the mainland of Greece. The Ionian islands, along with certain Aegean islands in close proximity to the mainland, are also included in the Interconnected System, to which they are connected through submarine cables.

In the Interconnected System, aproximatelly one third of the generation capacity is located in northwestern Greece, in close proximity to the lignite mines, which are the primary fuel source. In the last 3 years, two new, state of the art gas-fired plants were constructed, namely Aliveri V and Megalopolis V, in the southern part of the Interconnected System as well as the new hydroelectric power plant of Ilarion.

All remaining islands, which are referred to as the"Non-Interconnected Islands", are served by autonomous oil-fired power plants. In most of the islands, demand is also covered by RES. The largest power plants in the Non-Interconnected Islands are located in Crete and Rhodes (with total thermal capacity exceeding 1,000 MW).

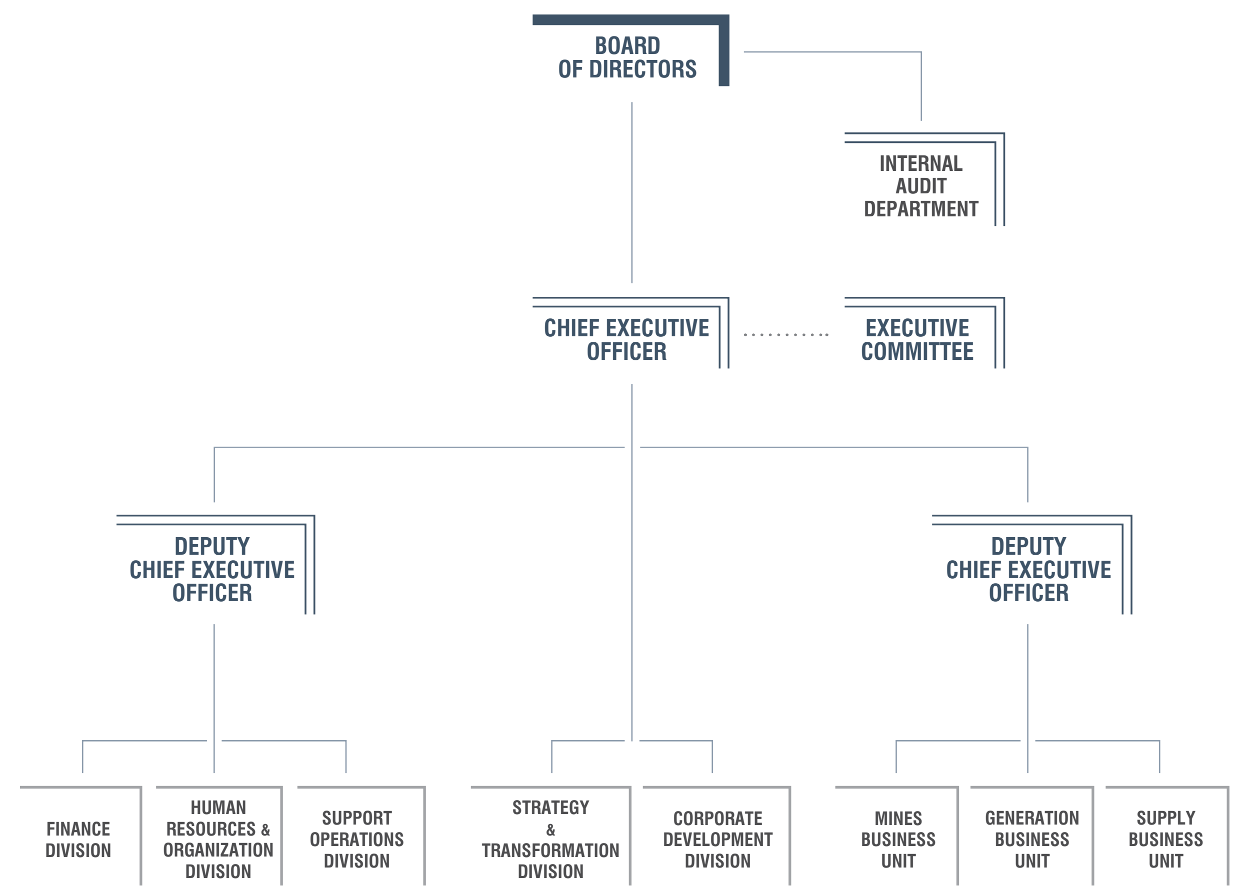
The following table shows selected PPC's operating data for the years 2015, 2016 and 2017:

YEAR ENDED 31st DECEMBER	2017	2016	2015
Installed Capacity (GW)	12.1	12.1	13.0
Percentage of Total Installed Capacity in Greece[1]	60.6%	61.4%	64.0%
Net Generation (TWh)[2]	32.6	30.3	34.1
Generation Market Share[3] (avarage annual)	63.0%	62.7%	71.9%
Electricity sold to end customers (TWh)[4]	43.8	45.6	49.2
Supply market share[5] (avarage annual)	86.7%	91.8%	96.4%
Customers (in mil.)	7.2	7.3	7.4
Number of employees on payroll	17,519[6]	18,902	18,356

1. If installed capacity of PVs household installations is taken into account the relevant figures are 59.5% for 2017, 60.3% for 2016 and 62.8% for 2015.
2. Net electricity generation equals gross generation of electricity less energy consumed internally in the generating process.
3. Generation market share is defined as the percentage of the electricity generated by PPC over the total electricity generated in Greece each year.
4. Including domestic sales and exports.
5. Supply market share is defined as the percentage of the electricity supplied by PPC to end-customers in Greece over the total electricity supplied to end-customers in Greece each year.
6. Number of permanent employees on payroll, following IPTO's ownership unbundling.

3
ORGANIZATIONAL STRUCTURE, MANAGEMENT - CORPORATE GOVERNANCE, EMPLOYEES

3.1 ORGANIZATIONAL STRUCTURE (ON 31.12.2017)



PPC S.A.'s updated detailed organizational chart is posted on the company's website:
Home Page / PPC / Company profile / Organizational Structure

3.2 MANAGEMENT - CORPORATE GOVERNANCE

The corporate governance is a system of principles, based on which the optimum organization, administration and operation of the société anonyme, as well as the transparency in its relations with the shareholders and in general the safeguarding of the corporate interest are pursued.

The observance of the principles of corporate governance constitutes an essential commitment and priority of PPC SA, in view of its important role in the Greek economy.

PPC has drawn up and implements of its own free will its Code of Corporate Governance. The main parts of the Code of Corporate Governance applicable to PPC are the following:

A. Administration

Composition, competences and operation of the Board of Directors and of other Administration bodies and committees of the Company.

B. Shareholders

Competences and operation of the General Meeting of shareholders, shareholders' rights, provision of information to the shareholders, as well as obligations of the Company to publish information, pursuant to article 10, paragraph 1 of the Directive 2004/25/EC of the European Parliament, as incorporated in Law 3461/2006 (article 30) and in force from time to time.

C. Internal audit, regulatory compliance and risk management

Main characteristics of the systems of internal audit, regulatory compliance and risk management of the Company with regard to the procedure of the preparation of financial statements.

The corporate governance code is posted on the web site of the Company:
Home Page / PPC / Company profile / Corporate Governance

The Board of Directors on 31.12.2017 consisted of:

Name	Position
PANAGIOTAKIS Emmanouil	CHAIRMAN BoD - CEO / EXECUTIVE MEMBER
ANDRIOTIS George	VICE CHAIRMAN BoD / INDEPENDENT - NON EXECUTIVE MEMBER
Members	
STATHAKIS Lazaros	EXECUTIVE MEMBER
ALEXAKIS Panagiotis	INDEPENDENT - NON EXECUTIVE MEMBER
VATALIS Aris	NON EXECUTIVE MEMBER
KARALEFTHERIS Pantelis	NON EXECUTIVE MEMBER / REPRESENTATIVE OF EMPLOYEES
PAPAGEORGIOU Christos	INDEPENDENT - NON EXECUTIVE MEMBER
VASSILAKIS Demetrios	INDEPENDENT - NON EXECUTIVE MEMBER
TOPALIS Frangiskos	INDEPENDENT - NON EXECUTIVE MEMBER
FOUNTI Maria	INDEPENDENT - NON EXECUTIVE MEMBER
FOTOPOULOS Nikolaos	NON EXECUTIVE MEMBER / REPRESENTATIVE OF EMPLOYEES

PPC S.A.'s updated Board of Directors composition is posted on the company's website:
Home Page / PPC / Investor Relations / Company Organization / PPC S.A. Board of Directors

3.3 EMPLOYEES

PPC's Group full time employees on the 31st of December of the years 2017 and 2016, are presented by company and activity on the following table:

	2017	2016
PPC S.A.		
Mines	3,445	3,433
Generation	4,731	4,671
Supply	968	971
Administration	1,513	1,515
TOTAL on the 31st of December	**10,657**	**10,590**
IPTO S.A.	-	1,395
HEDNO S.A.	6,795	6,854
PPC RENEWABLES S.A.	67	63
TOTAL on the 31st of December (GROUP)	**17,519[1]**	**18,902**

1. Number of permanent employees on payroll, following IPTO's ownership unbundling.

4
SHARE CAPITAL - DIVIDEND

4.1 SHARE CAPITAL

Until 16.01.2017 the Company's share capital amounted to € 1,067,200,000 divided into 232,000,000 common registered shares corresponding to 232,000,000 voting rights with a nominal value of € 4.60 each.

By resolution of the Shareholders' Extraordinary General Meeting on January 17, 2017, the company's share capital was decreased by four hundred ninety-one million eight hundred forty thousand euros (€ 491,840,000) along with a decrease of the nominal value of the share by two euros and twelve cents (€ 2.12) each and distribution in kind rather than in cash of one (1) share of the societe anonyme with company name "HOLDING COMPANY ENERGIAKI S.A." and the distinctive title "ENERGIAKI HOLDING S.A." of a nominal value of two euros and twelve cents (€ 2.12) for each share held in the company.

Following the aforementioned decrease, the share capital of the company currently amounts to five hundred seventy-five million three hundred sixty thousand euros (€ 575,360,000), divided into two hundred thirty-two million (232,000,000) common registered shares of a nominal value of two euros and forty-eight cents (€2.48) each.

The Company's shares are traded in the Main Market of the Athens Stock Exchange (ATHEX). From 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.

The company's shares are included in a number of indices such as: GD, DOM, FTSE, SAGD, FTSEA, DKO, FTSENTR, HELMSI.

4.2 SHAREHOLDING STRUCTURE

The Company's shareholding structure as of the 31st of December 2017 was as follows:

SHAREHOLDERS	PERCENTAGE
Greek State[1]	34.12%
Hellenic Republic Asset Development Fund (HRADF)	17.00%
IKA-ETAM/TAP-PPC and TAYTEKO/TEAPAP-PPC (PPC's Pension Funds)	3.81%
Institutional Investors & general public[2]	45.07%
TOTAL	100%

1. As of 31.12.2017, the Hellenic Republic controled, directly the 34.123% of ordinary registered shares of PPC S.A. and indirectly the 17% through HRADF since HRADF is wholly owned by the Hellenic Republic, thus the Hellenic Republic controled in total 51.123% of PPC S.A. ordinary registered shares. On April 8, 2014, the Greek ministerial committee for restructurings and privatizations decided the transfer, without consideration, of 39,440,000 ordinary shares with voting rights corresponding to 17% of the existing share capital of PPC S.A, by the Hellenic Republic to the HRADF, pursuant to the provisions of Law 3986/2011. On April 9, 2014, the transfer of said shares by the Hellenic Republic to the HRADF was effected, following execution of an over-the-counter transaction. On March 20, 2018 the automatic transfer of 79,165,144 PPC shares (34.123%) by the Hellenic Republic to the Hellenic Corporation of Assets and Participations S.A. (HCAP S.A.) was completed by law and without consideration, in accordance with the provisions of par. 20 of article 380 of Law 4512/2018, as amended by paragraph 1 of article 197 of Law 4389/2016. Consequently, HCAP holds directly 34.123% of PPC's shares and indirectly 17% through HRADF, which is a subsidiary of HCAP. The total percentage of voting rights of HCAP is 51,123% The Greek State holds 100% of the voting rights of HCAP. On the basis of the above, the total Greek government share in PPC remains indirectly at 51.123%.
2. Including the total holdings of the company "Silchester International Investors LLP" which according to its statement of December 8, 2011, amounted to 32,024,558 shares or 13.8% of PPC's voting rights, in its capacity as investment manager for its following clients:
   - Silchester International Investors International Value Equity Trust,
   - Silchester International Investors International Value Equity Taxable Trust,
   - Silchester International Investors International Value Equity Group Trust,
   - Silchester International Investors Tobacco Free International Value Equity Trust,
   - The Calleva Trust.

On 31.12.2017, the Company was not aware of any shareholders, other than the “Greek State”, “HRADF”, the “Silchester International Investors LLP”, the “Horizon Growth Fund N.V.” and jointly “IKA - ETAM/ TAP - PPC” and “TAYTEKO / TEAPAP - PPC” (PPC’s Pension Funds) and which held directly an amount greater than or equal to 3% of its share capital.

On 31.12.2017 the Members of the Board did not hold PPC shares.

4.3 DIVIDEND

Taking into account the capex plan and cash management of the Company, the BoD will propose to the Annual General Meeting of the Shareholders of PPC the non-distribution of dividend for 2017.

5
SUBSIDIARIES AND ASSOCIATES

The following table presents the participation of PPC S.A. in other companies as of 31.12.2017:

PPC S.A.	Ownership 31.12.2017
HEDNO S.A	100%
PPC RENEWABLES S.A.	100%
PPC FINANCE PLC	100%
PPC BULGARIA JSCo	85%
PPC ELEKTRIK TEDARIK VE TICARET A.S.	100%
PPC ALBANIA Sh.A	100%
WASTE SYCLO S.A.	49%
PPC SOLAR SOLUTIONS S.A.	49%

PPC RENEWABLES S.A.	Ownership 31.12.2017
ARKADIKOS ILIOS ENA S.A.	100%
ARKADIKOS ILIOS DIO S.A.	100%
ILIAKO VELOS ENA S.A.	100%
AMALTHIA ENERGEIAKI S.A.	100%
SOLARLAB S.A.	100%
ILIAKA PARKA DITIKIS MAKEDONIAS ENA S.A.	100%
ILIAKA PARKA DITIKIS MAKEDONIAS DIO S.A.	100%
PHOIBE ENERGIAKI S.A.	100%
GEOTHERMIKOS STOCHOS S.A.	100%
PPC RENEWABLES ROKAS S.A.	49%
PPC RENEWABLES TERNA ENERGIAKI S.A.	49%
PPC RENEWABLES NANKO ENERGY - MYHE GITANI S.A.	49%
PPC RENEWABLES MEK ENERGIAKI S.A.	49%
PPC RENEWABLES ELTEV S.A.	49%
PPC RENEWABLES EDF EN GREECE S.A.	49%
EEN VOIOTIA S.A.	46,6%
AIOLIKO PARKO LOUKO S.A.	49%
AIOLIKO PARKO MBAMBO VIGLIES S.A.	49%
AIOLIKO PARKO KILIZA S.A.	49%
AIOLIKO PARKO LEFKIVARI S.A.	49%
AIOLIKO PARKO AGIOS ONOUFRIOS S.A.	49%
RENEWABLE ENERGY APPLICATIONS LTD	49%
OROS ENERGIAKI S.A.	49%
ATTICA GREENESCO ENERGIAKI S.A.	49%

PART B

1
FINANCIAL REPORT

JANUARY 1st, 2017 - DECEMBER 31st, 2017

The attached Financial Report of the fiscal year 2017, has been established according to article 4 of Law 3556/2007, has been approved by the Board of Directors of "Public Power Corporation S.A." on April 27th, 2018, and is available for the investors, on the internet, at the web site address www.dei.gr.

PUBLIC POWER CORPORATION S.A.

General Commercial Registry: 786301000
Chalkokondyli 30 - 104 32 Athens

A

STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS
(according to article 4, par.2 of Law 3556/2007)

1. Emmanuel Panagiotakis, Chairman and C.E.O. of P.P.C. S.A.
2. Panagiotis Alexakis, Member of the Board of Directors,
3. Christos Papageorgiou, Member of the Board of Directors,

hereby

DECLARE

that, to the best of our knowledge:

α. the accompanying Financial Statements of the Parent Company and the Group, for the year ended December 31, 2017, which were prepared according to the International Accounting Standards - currently in effect-as adopted by the European Union, are truthfully depicting 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 article 4 of Law 3556/2007 and,

β. 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 April 27th, 2018

Chairman and C.E.O.	Member of the Board	Member of the Board
Emmanuel Panagiotakis	Panagiotis Alexakis	Christos Papageorgiou

B

EXECUTIVE SUMMARY OF THE BOARD OF DIRECTORS

EXECUTIVE SUMMARY OF THE BOARD OF DIRECTORS OF PUBLIC POWER CORPORATION S.A. (PPC S.A.) AND GROUP PPC FOR THE FISCAL YEAR 2017

Dear Shareholders,

Following the end of the Public Power Corporation's sixteenth fiscal year as a Société Anonyme, we have the honor to submit for approval, according to the Company's statutes, the financial statements for the year ended 31.12.2017, as well as, our comments on the respective statements. Furthermore, we submit for approval the unbundled financial statements for the year 2017 (Appendix I of the annual financial statements) according to the provisions of L. 4001/2011 art. 141 and the approved by the Regulatory Authority of Energy, methodology of accounting unbundling.

The Group's subsidiaries which are consolidated in the Group's financial statements are the following: "PPC Renewables S.A.", "Hellenic Distribution Network Operator SA or HEDNO SA" , "Arkadikos Ilios 1 S.A.", "Arkadikos Ilios 2 S.A.", "Iliako Velos Ena S.A.", "Amalthia Energiaki S.A..", "Solarlab S.A.", "Iliaka Parka Ditikis Makedonias 1 S.A.", "Iliaka Parka Ditikis Makedonias 2 S.A.", "PPC FINANCE PLC", "PPC Bulgaria JSCo", "PPC Elektrik Tedarik ve Ticaret Anonim Şirketi", "Phoibe Energiaki Photovoltaika S.A.", "PPC Albania" and "Geothermikos Stochos S.A.".

Based on L. 2190/1920 article 134, PPC S.A. prepared the financial statements for the year ended 31.12.2017 (sixteenth fiscal year), in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

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 annual Report of the main Subsidiaries for the year 2017, are available on the internet at the following web site addresses:

HEDNO S.A.	http://www.deddie.gr
PPC RENEWABLES S.A.	http://www.ppcr.gr

Amendments in the current legal framework during 2017

All detailed amendments in the current legal framework are presented in Note 2 to the Financial Statements.

PPC Group FY2017 financial results

Group Key Financial Results including IPTO S.A. until 15.6.2017

	FY2017	FY2016 (Restated*)	Δ (%)
Turnover (1)	€ 4,967.4 m.	€ 5,165.9 m.	-3.8%
Total Operating Expenses (excl. tax, depreciation, net financial expenses and share of profit/(losses) in associated companies) (2)	€ 4,080.1 m.	€ 4,203.2 m.	-2.9%
EBITDA (3) = (1) - (2)	€ 887.3 m.	€ 962.7 m.	-7.8%
EBITDA margin (4) = (3) / (1)	17.9%	18.6%	
Depreciation, total net financial expenses, share of profit/(losses) in associated companies (5)	€ 789.1 m.	€ 894.6 m.	-11.8%
Income from the sale of IPTO S.A. (6)*	€ 172.2 m.	-	
Pre-tax profits/(Losses) (7) = (3) - (5) + (6)	€ 270.4 m.	€ 68.1 m.	297.1%
Net income/(Loss)	€ 237.7 m.	€ 56.1 m.	323.7%

Group Key Financial Figures excluding IPTO S.A.

	FY2017	FY2016 (Restated*)	Δ (%)
Turnover (1)	€ 4,943.9 m.	€ 5,130.1 m.	-3.6%
Total Operating Expenses (excl. tax, depreciation, net financial expenses and share of profit/(losses) in associated companies) (2)	€ 4,139.2 m.	€ 4,318.8 m.	-4.2%
EBITDA (3) = (1) - (2)	€ 804.7 m.	€ 811.3 m.	-0.8%
EBITDA margin (4) = (3) / (1)	16.3%	15.8%	
Depreciation, total net financial expenses, share of profit/(losses) in associated companies (5)	€ 744.2 m.	€ 778.8 m.	-4.4%
Income from capital return from IPTO S.A. (6)	-	€92.9 m.	
Pre-tax profits/(Losses) (8) = (3) - (5) + (6) + (7)	€ 60.5 m.	€ 125.4 m.	-51.8%
Net income/(Loss)	€ 88.7 m.	€ 170.2 m.	-47.9%

* Restated figures for 2016 due to a) the re-estimation of "Unbilled revenue" and b) the recalculation of deferred tax on the lower electricity tariff provided to pensioners of PPC Group. The total negative impact of these restatements was € 11.4 m on Net income of 2016. In addition, 2015 figures were restated due to the re-estimation of "Unbilled revenue" with a negative impact of € 143.4 m on Net income of 2015. These restatements, both for 2015 and 2016, did not have a cash impact, whereas there was no dividend distributed for these years. For further information, please refer to 2017 Annual Financial Report (Note 36).

** This amount does not relate to the cash benefit for PPC from the sale of 49% of IPTO (24% to State Grid and 25% to the Greek State).

The Group's key financial and operating figures excluding IPTO S.A. are the following:

In 2017, EBITDA stood at € 804.7 m. The positive impact from the decrease of bad debt provisions by approximately € 400 m., and the revenue of € 359.8 m. recognized for PSOs for the period 2012 -2016 was offset mainly by factors, such as market share loss as well as additional costs due to the energy crisis during December 2016-January 2017 (€ 70 m.), the charge of electricity suppliers for the Special Account for Renewables (€ 325.2 m.), the net negative impact of "NOME" type auctions (€ 92.1 m.) and the increase in the unit charge of the Special Consumption Tax in diesel (€ 34.9 m.). On top of that, EBITDA was negatively impacted by increased prices of heavy fuel oil, diesel and natural gas.

Pre - tax profits in 2017, stood at € 60.5 m. (including PSOs for the period 2012-2016), compared to € 125.4 m. in 2016 (including the € 92.9 m. capital return from IPTO).

It is noted that on a cash basis, the amount for PSOs was received in the first quarter of 2018.

Revenues

Turnover decreased in 2017 by € 186.2 m. or 3.6% and amounted to € 4,943.9 m. compared to € 5,130.1 m. in 2016, mainly due to market share loss.

In detail:

- Domestic electricity demand increased by 1.5% in 2017 to 57,845 GWh compared to 56,972 GWh in 2016.

  Total electricity demand (including exports and pumping) increased by 2.7% in 2017 driven by increased exports from third parties through interconnections in northern Greece, especially during the last quarter of 2017, due to higher electricity prices in the Balkans and Central Europe electricity markets as well as due to the possibility of exports of quantities acquired by Third parties at competitive prices through "NOME".

  PPC sales declined in 2017 due to the reduction of its average supply market share. Specifically, PPC's average retail market share in the country declined to 86.7% in 2017 compared to 91.8% in 2016.

  In particular, PPC's average market share in the Interconnected System, was contained to 85.4% in December 2017 from 89.8% in December 2016, while PPC's average market share per Voltage was 97.3% in High Voltage, 71.5% in Medium Voltage and 88.5% in Low Voltage, compared to 98.6%, 77.1% and 93.1% in December 2016, respectively.

- PPC's electricity generation and imports covered 56.7% of total demand in 2017 (53.7% in the Interconnected System), while the corresponding percentage in 2016 was 54.5% (51.4% in the Interconnected System). PPC's market share in electricity generation, as a percentage of the total load of the Interconnected System was 50.2% compared to 47.6% in 2016.

- Specifically, PPC's electricity generation increased by 2,329 GWh (7.7%), as a result of the increased electricity generation of natural gas fired units by 36.6% (2,053 GWh), as well as lignite units by 10% (1,489 GWh).

  On the contrary, hydro generation decreased by 28.6% (1,387 GWh) since due to the overutilization of Hydro Power Plants in January 2017, there was a large reduction of hydro reserves in the reservoirs , which could not be replenished due to the extremely low hydro inflows during the following months of 2017. This situation has already been reversed in the first four months of 2018, providing secure evidence for an increase of hydro generation in 2018.

  The aforementioned developments in the energy mix contributed to the total increase of the relevant expenses by 32.9% compared to 2016.

Operating Expenses

The decrease of operating expenses before depreciation was significant and stood at € 179.6 m. (€ 4,139.2 m. in 2017 from € 4,318.8 m. in 2016). Key factors for this reduction was the drastic reduction of bad debt provisions as well as the revenue recognized for past years' PSOs. On the contrary, the additional impact from the charge for the Special Account for Renewables, from "NOME", the energy crisis and from the increase in the unit charge of the Special Consumption Tax in diesel, further increased expenses by € 522.2 m.

More specifically:

Energy mix expenditure

- Expenditure for liquid fuel, natural gas, third parties fossil fuel, CO_2 and energy purchases increased by € 712.6 m. (32.9%) compared to 2016.

  In detail:

  - Liquid fuel expense increased by € 181.4 m. (37.7%), from € 481.2 m. in 2016 to € 662.6 m. in 2017 and is attributed to:
    - the increase in the expense for the Special Consumption Tax, by € 67.6 m. from € 145.3 m. in 2016 to € 212.9 m. in 2017, due to the aforementioned increase in fuel quantities as well as the increase of the unit charge of the Special Consumption Tax in diesel from € 330/kL to € 410/kL as of 1.1.2017, which had a negative impact on the Company of € 34.9 m.
    - the increase of liquid fuel consumption due to higher electricity generation by 189 GWh, in order to meet higher demand in the Non Interconnected Islands as well as the consumption of diesel for the operation of the natural gas fired units of Komotini and Lavrio IV, in order to address the energy crisis at the beginning of the winter and
    - the increase of heavy fuel oil and diesel prices expressed in Euros (not including the Special Consumption Tax) by 22.6% and 16.6%, respectively.
  - Natural gas expense increased to € 409.1 m. (54%) from € 265.7 m. in 2016 due to the significant increase of natural gas electricity generation.
  - Energy purchases expense from the System and the Network increased by 30.6%, from € 1,158 m. in 2016 to € 1,512.9 m., despite the lower volume in energy purchases by 20.5%, due to:

- the negative impact of € 325.2 m. from the additional charge imposed on electricity suppliers for the Special Account for Renewables: € 353.6 m. in 2017 compared to € 28.4 m. in 2016,
- the significant increase of the average System Marginal Price (SMP) to € 54.7/MWh from € 42.8/MWh and
- the additional net expense of € 92.1 m.: € 96.6 m. in 2017 compared to € 4.5 m. in 2016, which is attributed to the negative effect from "NOME" electricity auctions at prices below SMP.

Energy purchases expense includes an additional amount of € 24.1 m. which is the net impact from the Transitory Capacity Payment Mechanism, which was in effect until 30.4.2017.

- Expenditure for CO_2 emission rights remained practically stable at € 181.2 m. since the cost of increased emissions (31.7 m. tonnes compared to 28.4 m. tonnes) was offset by the lower average price of CO_2 emission allowances by 8.9% from € 6.27/tn to € 5.71/tn.

Payroll cost

The total payroll cost, including : capitalized payroll , payroll of seasonal personnel and other personnel related benefits, decreased by € 5.4 m. to € 891.7 m. in 2017 from € 897.1 m. in 2016. The number of permanent employees on payroll , following IPTO's ownership unbundling, stood at 17,519 employees on 31.12.2017 from 17,507 on 31.12.2016.

Provisions

Bad debt provisions in 2017 marked a significant improvement and impacted financial results only by € 28.9 mil. compared to € 417.3 m. in 2016, reflecting the actions of the Parent Company for the improvement of collections.

Adding provisions for litigation and slow moving materials, the increase of total provisions was € 77 mil. in 2017 compared to € 440.7 mil. in 2016.

Other Financial information

- Depreciation expense in 2017 marked a slight reduction settling at € 649.2 m. compared to € 669.1 m. in 2016.
- Net financial expenses, not taking into account the positive impact in 2016 from the € 92.9 m. cash upstream from IPTO, decreased by € 6.3 m. and settled at € 95.3 m. in 2017, due to the reduction of gross debt from € 4,642.1 m on 31.12.2016 to € 4,304.5 m on 31.12.2017.

Capex

Capital expenditure, amounted to € 410.7 m. in 2017 compared to € 743.7 m. in 2016.

Capital expenditure also includes customers' contributions for their connection to the network, which remained practically stable at € 55.6 m. in 2017.

Net capex of PPC Group, that is capital expenditure excluding aforementioned contributions, decreased by € 332.7 m. or 48.4% and amounted to € 355.1 m. in 2017 compared to € 687.8 m. in 2016.

The composition of the main net capex (in million euros) is as follows:

	2017	2016	Δ
Mining projects	83.8	225.7	(141.9)
Conventional Generation & RES projects	178.2	325.4	(147.2)
Distribution network	85.4	129.8	(44.4)

Net debt

- Net debt, excluding IPTO S.A., was € 3,957.2 m. on 31.12.2017, a reduction of € 365.6 m. compared to 31.12.2016, continuing its downward trend for another year.

Net Debt evolution

(in € m)	31.12.2017	31.12.2016
Gross Debt (1)	4,304.5	4,642.1
Cash and cash equivalents & Restricted cash (2)	345.8	318
Available for sale financial assets (3)	1.5	1.3
Net Debt (4) = (1) - (2) - (3)	3,957.2	4,322.8

Taking into account the capex plan and cash management of the Company, the BoD will propose to the forthcoming Annual General Meeting of the Shareholders of PPC the non-distribution of dividend for 2017.

Capital Expenditure Program of Business Units.

Total capital expenditure for the Parent Company amounted to € 406 mil and was allocated as follows: € 83.8 mil. to Mines, € 176.7 mil. to Generation, € 138 mil. to the Distribution Network, € 5.2 mil. to the Supply Division and € 2.4 mil. to activities of the Administrative Divisions. Capital expenditure for the Parent Company for the year 2017 has decreased by € 332.8 mil., compared to 2016, representing a decrease by 45%.

It is noted that the investments of the previous year 2016 were affected by the following two significant events:

The payment to the Contractor of the construction project of the Steam Power Plant, Ptolemaida V of the second advance payment amounting to €198 mil.

The payment of an amount of €144.1 mil. for the compensation of property owners for the relocation of Pontokomi in order to proceed to the exploitation of the lignite deposits for the supply of the Unit.

Total Capital expenditure of the Group for 2017 amounted to € 410.7 mil. and includes capital expenditure for PPC RENEWABLES S.A. amounting to € 1.5 mil. and HEDNO S.A. amounting to € 3.1 mil. Capital expenditure of the Group for the year 2017 decreased by € 333.1 mil., compared to 2016, representing a decrease by 45%.

Mines Business Unit

Capital expenditure for 2017 amounted to € 83.8 mil. approximately.

An amount of € 22.2 mil. has been expended in Megalopolis, out of which € 1 mil. was spent on retrofitting installations, € 2.5 mil. on belt conveyor´s extensions, € 0.6 mil. on technical projects and €18 mil. on land expropriations in Tripotamos village.

An amount of € 55.4 mil. has been expended in Western Macedonia, out of which € 6.2 mil. was spent on belt conveyor's extension and constructions, € 2.8 mil. on equipment upgrades, € 6.4 mil. on land expropriations, € 6.8 mil. on archaeological excavations costs, € 5.6 mil. on other technical projects (civil engineering projects, berm floor construction, road asphalting), € 4.3 mil. on new ash conveyor equipment in the South Field and € 21.1 mil. on pre-operational earthworks. An additional € 0.7 mil. was spent on the construction of the lignite belt conveyor system that will interconnect Main Field Mine and Kardia Field Mine.

Also, € 6.2 mil. was spent on the purchase of auxiliary equipment.

The remaining expenses relate to smaller projects.

Total excavations in PPC Mines amounted to 196.4 mil. cubic meters and lignite production to 35.4 mil. tones.

It is also noted:

- The continuation of the structural and electromechanical works for the operation of the new conveyors' belt distribution point took place in the South Field Mine of the West Macedonia Lignite Center. Three excavators and three spreaders have already been connected with it.
- The excavation works completed in the area of the new unit of Ptolemaida Power Plant (Unit V) in February 2017.
- A landslide of a great scale which occurred on the soil slope of the Aminteo Mine has caused the stoppage of PPC's excavation equipment operation. Mine operations have already restarted by using contractors' equipment. More information on this subject is given in Note 40 of the Financial Statements for the financial year 1.1.2017 - 31.12.2017.

Generation Business Unit

Exploitation

- During 2017 total net production of GD's Power Stations amounted to 32.33 TWh increased by 7.8% compared to that of 2016 (29.98 TWh). This increase relates to the increase of total demand by 2.7% as well as the natural gas availability crisis, during the first two months of the year, and the decrease of electricity imports, cumulatively for PPC and third parties, by 17.2%. PPC's share of production rose slightly from 62.7% to 63% from 2016 to 2017.
- The most notable change, in comparison with 2016, relates to natural gas Power Stations' increased electricity generation by 2.1 TWh (36.6%) accompanied by their availability factor increase by 13.5% (80.2% and 66.7% for the years 2017 and 2016 respectively). Lignite Power Stations had also increased electricity generation by 10% (1.49 GWh) though their availability factor was reduced by 9.9% (67.5% and 77.4% for the years 2017 and 2016 respectively, due mainly to the evironmental upgrade program of Aghios Dimitrios Power Station's Units), due to their increased load factor by 4.7% (49.4% and 44.7% for the years 2017 and 2016, respectively). On the contrary hydraulic electricity generation was reduced by 28.6% from 4.84 GWh to 3.46 GWh for the years 2016 and 2017 respectively.
- In order to cover the increased summer electricity demand in 2017, additional, non-permanent, power of 20 MW was used in Rhodes and approximately 21 MW in other Non-Interconnected Islands (NII).

Investment

Total Investments during 2017 amounted to € 176.7 million.

In the context of PPC S.A.'s Strategic Priorities Plan, the General Division of Generation (GD) has undertaken the implementation of Investment Projects in order to replace obsolete Units with new, environmentally friendly ones, of modern technology and higher performance. Concerning the progress of the Projects during 2017 it is noted that:

- Thermal Units:
  - Megalopoli Natural Gas Combined Cycle Unit No V, of 811 MW net capacity at reference conditions:

    The Unit was put into commercial operation on January 27th 2017. Performance tests of the Unit have already been executed and the relative evaluation report was submitted by the Third Party to PPC. Moreover, Unit's compliance tests with the Management Code of the Independent Power Transmission Operator (IPTO) have been completed.

    The Unit's Temporary Acceptance procedure as well as the one for registering the Unit in IPTO's Register are in progress.
  - Steam Electric Unit V, of Ptolemaida Station, of 660 MW (+ 140 MWth for District Heating) installed capacity, using pulverized lignite fuel:

    The Installation License of the Project was issued, by the Ministry of Reconstruction of Production Environment and Energy, on April 24th 2015 while the Building Permit was issued on July 1st 2015.

    PPC, in accordance with the contractual provisions, has already paid to the Contractor two advance payments, of approximately € 198 mil., each, against relevant Letters of Guarantee of Advance Payment, of approximately € 227 mil., each respectively.

    Currently, the submission to PPC for review of studies and drawings, for the procurement of Project's equipment as well as for the construction of civil engineer works, continues. At the same time the construction of all buildings and facilities of the Project, as well as the procurement and gradual arrival of the equipment at site, are in progress. For the fiscal year 2017 expenditure for the project amounted approximately to € 102 mil.
- Hydros:
  - Messochora Hydro-Electric Project (HEP) (160+1.6 MW):

    The Environmental Terms Ministerial Decision has been issued providing that PPC will undertake ground support and stabilization measures for the preservation of a section of the Messochora village. The procedure for the expropriation of estates in the wider area has been initiated starting with the estates that will be inundated by the reservoir and have not been already expropriated, as well as with those of the Sectors A, B and C of the Messochora village. Along with this, procedures for meeting the provisions introduced by the said Ministerial Decision as well as those for the preparation of Tender Call documents for the remaining construction works are under way. The operation of the Power Plant is estimated to begin in the year 2020.
  - Ilarionas HEP (157MW):

    Units' operation tests have been completed and the procedure for registering them in the IPTO Units Registry has been recently completed (as of February, 2018).
  - Metsovitiko HEP (29 MW):

    Civil works construction is in progress. The Contract for the procurement, installation and operation of Electromechanical Equipment was signed on 03.11.2017. The operation of the Project is estimated to begin within the first half of 2020. For the fiscal year 2017 expenditure for the project amounted approximately to € 6 mil.
- Non-Interconnected Islands (Crete, Rhodes, Other):
  - New South Rhodes Station, 115.4 MW, consisting of seven similar Generating Sets (G/S) with four – stroke Diesel engines:

    On December 2017 Civil engineer works had been completed at 96% and those of electromechanical equipment installation at 88%. The total progress of the project, as per December 2017, amounted to 78%.

    During the recent required technical inspection of the Machines before their gradual Commissioning, technical problems were found at their elements. Due to the need for restoration of the above mentioned Machines' elements the beginning of the Commissioning of the first Unit of the Project is expected in the second quarter of 2018. For the fiscal year 2017 expenditure for the project amounted approximately to € 25 mil.
  - Other Non-Interconnected Islands:
    - Ongoing Tender for the procurement and installation of 3 Generating Sets (G/S), of Nominal Power 3.5-4 MW each, at the Autonomous Power Station (APS) of Karpathos and another one for the procurement and installation of 2 Dual Fuel G/S, of Nominal Power 10-12 MW each, at the APS of Lesvos. Procurement of these G/S is reconsidered taking into account submitted Offers.
    - Installation of G/S for the Local Power Stations (LPS) of Othonoi (1G/S x 180 kW), Ereikousa (1G/S x 180 kW), Anafi (2 G/S x 250kW), Donousa (2 G/S x 250 kW) and Megisti (1G/S x 250 kW).
    - The Contract for the procurement and installation of G/S for the LPS of Ikaria, Skyros and Sifnos of 1.3 MW each has been signed. G/S of Skyros and Sifnos are already in commercial operation. G/S for Ikaria are expected to be installed by the end of 2018.

- Ongoing Tender for the procurement and installation of 5 G/S, of Nominal Power 1 MW each, at LPS of Kythnos (2 G/S), Serifos (2 G/S) and Astypalaia (1 G/S).
- Ongoing Tender for the procurement and installation of 1 G/S, of Nominal Power 2-2,5 MW, at the LPS of Ikaria.

Total investment expenditure for the NII for the fiscal year 2017 amounted approximately to € 6 mil.

Environmental Management / Health and Security

With regard to the improvement of GD's Power Generation Units environmental behavior, during 2017:

• A total of 20 Steam and Hydro Electric Stations (SES and HES) have maintained their certificates of Environmental Management Systems (EMS) following the successful completion of relative surveillance audits, by Independent Certification Bodies.

• A PPC executives working group was set up for the transition of power plants' Environmental Management Systems to the new version of ISO 14001: 2015. The process is in progress and is expected to be completed within 2018.

• The initial certification of the ISO 14001:2015 EMS of SES Rhodes was completed.

• Within the context of lignite Power Stations environmental adaptation according to the provisions of the above mentioned Directive 2010/75/EE as well as the compliance with the targets set in the Transitional National Emissions Reduction Plan (TNERP) set in JMD 34062/957/E1032017/2015 we note the following:

- Project "Upgrading Boiler of Unit V of Aghios Dimitrios SES to Reduce NOx Emissions by Primary Measures" (Contract DMKTH - 11 13 5251) (where DMKTH stands for Thermal Projects Engineering - Construction Department):

  The Unit, after the completion of the upgrading works, was put into commercial operation on December 19th 2016. Performance Tests of the Project have already been executed while the procedure for the Temporary Acceptance of the Project is in progress.

- Project "Upgrading Boilers of Units I and II of Aghios Dimitrios SES to Reduce NOx Emissions by Primary Measures" (Contract DMKTH – 11 14 5202):

  The implementation of the Contract is in progress. Project's works for Unit I are expected to commence in September 2018.

- Project "Upgrading Boilers of Units III and IV of Aghios Dimitrios SES to Reduce NOx Emissions by Primary Measures", Contract DMKTH - 11 14 5203):

  The implementation of the Contract is in progress. As it concerns Unit IV the Project is in the stage of commissioning.

- Project "Aghios Dimitrios SES Unit V "Procurement and Installation of Desulfurization Plant" (Contract DMKTH - 11 15 5251):

  Contract was signed on 30.06.2017. Project's licensing is in progress.

- "Desulfurization of Units I, II,III and IV of Aghios Dimitrios SES"

  In order Sulphur dioxide content of flue gases to be reduced techno economical evaluation of available desulphurization technics is in progress, aiming at finalizing schedule and proceeding at Project's Tender.

With regard to Health and Safety, during 2017:

• Recertification of Health and Safety Management Systems, by Independent Certification Bodies and according to OHSAS 18001(ELOT - 1801), was successfully completed for all our Thermoelectric Power Plants.

Supply Business Unit

The investments of the Supply Division arose to € 5.2 million for 2017.

In particular, these concern:

• The New Billing - Customer Care System (SAP-ISPU).

• Cost for additional licenses of the Customer Care System (SAP-ISU).

• PPC service offices design in accordance with a uniform visual identity.

• Customer Service offices are being designed in accordance with a unified visual identity aiming at developing a consistent corporate identity which matches the customer-oriented philosophy of the company, in a pleasant and modern environment.

The actions of the Supply Division within 2017 were focused on the following

• Energy Services:

- Promotion of the Greenpass certification of a total 1.000.000 to Corporate clients .
- Provision of energy saving information to all customers of the Company through PPC's energy services website and sending brochures.
- Providing Led lamps to upgrade the home lighting of the island residents of Ag. Efstratios, Agathanissi and Gavdos.
- Provide Led lamps to upgrade home lighting of 1367 Vulnerable and Large families living across the Country.

• Tariff policy:

- Expanding the Corporate Price List to Key Account Clients for the years 2017-2018.
- Implementing the «prepaid program» for the prepayment of all bills on an annual basis, with deduction of commission charges.

• Actions for liquidity improvement:

  The Supply Division implement a comprehensive program of complementary and escalating actions in order to improve the collectability of receivables. In 2017 these actions were intensified. The main actions to this end are:

- Sending disconnection orders to HEDNO and orders for immediate disconnection for customers with high debts.
- Flexible settlement programs with favorable terms for customers, in order to pay their bills and installments on time.
- Targeted legal action for customers with high and long-term debts.
- Telephone Notification Service (soft calls).
- Specific actions for government entities in order to settle their debts.
- The continuation of the extended incentive policy program to residential and business customers with 15% discount to their bills from July 1st 2016, if they pay their bills on time.
- A pilot program of prelegal and legal actions by law firms for the Attica customers with debts over € 3,000.
- Replacing of «e-Bill info» with the new «e-Bill» online platform and starting «Monthly bill» program for registered e-bill customers.
- Improving customer management, with emphasis on overdue debts, through co-operation with an external partner, to provide specialized support services.

Support Operations General Division

During 2017 investments of the Support Operations Division were of relatively small scale and primarily concerning construction works.

However, the following points are worth mentioning:

- Completion of the building at the corner of Ag. Konstantinou and Geraniou Streets in Athens and of the retail shop in Chalandri.
- Energy upgrade of the building at the corner of Skipi and Arapaki Streets in Kallithea, which was awarded the First Prize of Facilities Management for the year 2017.
- Energy upgrade of the Testing, Research, & Standards Center Building (KDEP).
- Completion of renovation Projects in leased properties according to PPC's Brand Image at retail shops.
- Completion of the Architectural Contest for the new Administration Building in the area of the Steam Power Station of N. Faliro and YSOF Complex.
- Tender for studying and consultation regarding the entrance in the market of natural gas.
- Conduct of a Request for Proposal for the sign of three years duration Master Sales Agreement for the purchase of LNG cargos.
- Implementation of PPC customers' electronic Bill.
- Study of PPC system deviations from GDPR.
- Pilot installation of a client documents' digitalization.
- Nineteen new accredited tests at the Testing, Research & Standards Center.

The challenges for 2018 include:

- Design for the renovation of the emblematic building at 5-7 Aristeidou Str.
- Application and support of the divestment process in all modules of SAP/ERP which are related to the supply chain.
- Optimization of PPC's natural gas supply cost, through transition to a portfolio of contracts, comprising of the basic bundled contract with DEPA and a number of unbundled contracts for the supply of pipeline gas and/or LNG.
- Optimization of the liquid fuels cost for transportation to PPC's island Power Plants, through a combination of Time-chartering Contracts, Contracts of Affreightment and/or spot chartering.
- Conduct of an International Tender for the supply of a spot diesel cargoes.
- Certification of Storage Tanks for Keeping Liquid Fuels Compulsory Stocks at SES Komotini, SES Meliti, SES Megalopoli, South Rhodes, updating of PPC's storage tanks list for keeping Liquid Fuels Compulsory Stocks.
- Fourteen new additional tests at the Testing, Research & Standards Center.
- Participation in 6 European and National Research Programs (of two and three years duration).

HEDNO S.A.

Development & Operation of Networks

In 2017, the length of distribution lines increased by 300 km in the medium voltage grids, by 562 km in the Low-Voltage grids, while an additional 658 Low/Medium transformers were installed and 2,659 commutations were made.

Therefore, the Medium Voltage network extends to 111,859 km and the Low Voltage network extends to 126,360 km while transformers stand at 163,738.

Active users of the Distribution network totaled 7,486,139 of which 11,536 in the medium voltage.

For the fiscal year 2017 total investment expenditure for the Distribution Network is lower by approximately €44 mil.compared to 2016.

The largest decrease (approximately € 26 mil.) concerned in iterative projects, of which € 21 mil. relate to reinforcements and € 5 million to network rerouting.

Turnaround Times of New Connections

In 2017, the average time for the design and construction of basic power supplies was 29 days, while for supplies requiring network construction it was 56 days and 40 days for commutation requests.

Environmental Issues

1,275km of twisted cables have been installed at the Low Voltage network under the generalized use in place of stripline, with positive effects on the environment.

Significant events for the period 01.01.2017 - 31.12.2017

Significant events for the year 2017are presented in detail in Note 40 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 condition or results of operations and cash flows. The risks described below are not the only risks 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 condition, business, results of operations and cash flows.

Macroeconomic conditions in Greece - Imposition of capital Controls

By the Legislative Act of 06/28/2015 (GG 65 A / 06.28.2015) a bank holiday was declared while capital controls were imposed. The bank holiday ended on 07.20.2015, while capital controls remain in effect, but gradually relaxing. Capital controls include limitations on cash withdrawals and restrictions on payments abroad. Due to the fact that the Group and the Parent Company are almost exclusively operating in Greece, any change and development at the macro and micro environment of the country, directly and very significantly affects their activities, operating results, financial condition and cash flows.

Credit Risk

The Group's and the Parent Company's business, results of operations, financial condition, cash flows and prospects depend highly on the social and macroeconomic conditions in Greece, as practically almost all of the Group's assets and economic activities are in Greece. Despite the fact that, electricity sales are dispersed over a large number of customers with a wide and diversified range of operations, the Group's and the Parent Company's business activities, results of operations and cash flows are highly dependent on their customers' ability to repay their obligations. The current economic environment, the imposition of capital controls and the recent intense recession had a material adverse impact on the Group's and the Parent Company's liquidity, mainly resulting from:

- Difficulties in payment and increases in delayed payments, by Low and Medium voltage customers as well as High voltage customers. Despite the fact that a large number of the Parent Company's customers have concluded favorable settlements for the payment of their overdue electricity bills and the granting of a uniform discount of 15% to all Low and Medium Voltage residential and business consumers, provided they timely pay their current bills and observe any settlement concluded or to be concluded, the number of customers that will observe the terms of their settlement in effect is uncertain. Already a significant percentage of settlements is canceled through an automated procedure by PPC's IT systems due to customers' non-compliance to the respective terms.

- A sizeable number of enterprises, especially small and medium sized which cease their operations due to the economic conjecture leaving teir electricity bills unpaid.
- The prospective increase of the Social Solidarity Tariff (SRT) beneficiaries along with the increased difficulty that these customers face in paying their electricity bills.
- The lack of the ability to transfer debts of the same customer between its various electricity bills for household use, which accounts for the majority of customers (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 are not fulfilling their obligations or delay their payments, despite the fact that they afford to do so.
- Customers not accepting charges that are not directly related to electricity consumption, but constitute a significant portion of the electricity bill (e.g. PSOs and Renewables levy).

The Group and the Parent Company may also face difficulties or delays in their ability to collect payments from their customers as a result of additional new measures that burden electricity bills with new or increased charges in favor of third parties, such as the Renewables levy (ETMEAR).

This might extend the delay of collecting electricity bills and create additional needs of working capital for the Parent Company, bearing also in mind that ETMEAR, amongst others, is paid to the competent authorities regardless of whether it has been collected from the Parent Company's customers.

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), which can adversely affect the Parent Company's business activities, results of operations, financial condition and cash flows.

Liquidity Risk

The current macroeconomic and financial environment in Greece, especially after the imposition of capital controls, which remains volatile, may have a considerable adverse effect on the Group's and the Parent Company's business activity, financial position and prospects. Currently, the economic situation in Greece has directly affected the capital levels, liquidity and financial position of the Greek financial system, which highly affects the Group's and the Parent Company's liquidity and access to credit as well as the liquidity of the Greek economy as a whole and the Group's as well as the Parent Company's customers' ability to access credit. In addition, access to foreign financial markets is affected. Liquidity risk is connected with the need to ensure adequate cash flows for the financing of the Group's and the Parent Company's operations, including working capital needs, capital expenditure, as well as the servicing of the Group's and the Parent Company's 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.
- 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 (new charges for the RES Account).
- 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 for accessing and finding liquidity (for refinancing 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 December 31st 2017 the Group's and the Parent Company's debt obligations towards the Greek banking sector amounted to 37,1% of its total loan obligations.

Interest Rate Risk and Foreign Currency Risk

The Group's and the Parent Company's debt obligations consist of bank loans, bonds and overdrafts. It is the Group's and the Parent Company's policy to have a balanced distribution of the 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 December 31 st 2017 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 a) any undertaken hedging transactions may not provide full or adequate protection against these risks and b) capital controls and Greece's as well as the greek banking sector's economic situation significantly limit the ability of the Parent Company in undertaking derivative hedging transactions to cover currency risk.

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.

Following the financial crisis, international rating agencies apply stricter criteria in the area of liquidity adequacy, and, as a result, even if a company has ensured, among other things, a reliable coverage plan for its capital needs, it faces the risk of a rating downgrade in the event that it does not fulfil the new stricter criteria.

In the event that the Group's and the Parent Company's credit or debt ratings are lowered by the rating agencies, the Group and the Parent Company may not be able to raise additional indebtedness on terms similar to their existing indebtedness 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, CO_2 emission rights as well as electricity prices of direct PPC imports. The Parent Company has established a policy of oil hedging transactions, based on which the implementation of specific hedging transactions is decided 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. The Parent Company has not established a hedging policy against the risk arising from the volatility of natural gas prices.

Currently, and taking into consideration that a large proportion of the Parent Company's supplier of natural gas (DEPA) imports are from GAZROM through a pipeline that passes through Ukraine, there is a potential risk that problems may arise for the continuation of natural gas' supply to power generating units using natural gas as a fuel, as well as increases in electricity production costs or/and increases in the SMT. These additional costs might not be fully recoverable through electricity bills, adversely affecting the Group's and the Parent Company's operational results and liquidity.

In terms of the risk arising from increased electricity purchase prices, it is hedged less and less by the Parent Company's vertical integration (internal hedge), since PPC's average share in the wholesale market as of December 31st 2017 amounted to 54.2%, while at the same period, PPC Supply's average share in the retail market amounted to 88.2%.

Additionally, prices of the main materials (metals, etc.), except 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.

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 CO_2 emission rights under the EU ETS (the "EU Allowances" or "EUAs") to cover CO_2 emissions.

Since 2013, PPC is no longer allocated free CO_2 emission rights (with the exception of small quantities corresponding to thermal power generation for district heating) and as it's thermal power plants currently emit 30 Mt of CO_2 approximately on an annual basis, increased prices of CO_2 emission rights will affect its operating costs. As PPC must acquire sufficient amounts of CO_2 emission rights per year, there can be no assurance on the price level that such CO_2 emission rights will be obtained in any future year. For the period from 2013 to 2020, the Parent Company expects to acquire the required CO_2 emission rights from both the European and international markets, either through exchange transactions or through bilateral agreements. Although the Parent Company attempts to manage the risk arising from potentially increasing CO_2 emission rights prices by monitoring markets and developments in Europe, as well as changes in the relevant regulatory framework, it is not possible to guarantee that this risk will be completely offset.

The exposure of the Parent Company to the risk of increasing CO_2 emission rights prices is linked to its ability to fully incorporate these increases in its electricity tariffs. Therefore, any increase in CO_2 emission rights prices could materially, directly or indirectly, affect the Group's and the Parent Company's financial condition, results of operations and cash flows.

It should also be noted that the process of reforming the EU Emissions Trading System (EU-ETS) for the period 2021-2030 is nearing its completion. CO_2 emission rights prices and the Company's compliance cost will be affected by this reform, as well as by the already adopted regulations amending the EU-ETS (i.e. the withdrawal of significant quantities from CO_2 rights auctions (backloading) in the early years of the period 2013-2020, and the Market Stability Reserve (MSR) which aims to actively control the supply of CO_2 rights from 2019 onwards).

Risk of Exposure in Competition

The Parent Company faces intense competition mainly in the wholesale market where share loss is due to IPPs' power plants and the increased penetration of Renewables units in the System and the Network, as well as to increased electricity imports from the neighboring countries. In the current situation of very low gas prices and very low wholesale electricity prices in most energy Exchanges in neighboring countries, competition in the wholesale market in Greece is very strong, with high loading of the gas fueled thermal units and a very high volume of electricity imports. Adverse changes in the competitive environment through the continuation of existing and/or creation of new regulatory or / and legislative mechanisms (i.e. after the completion of the second evaluation of the Greek Republic's Funding Program) in the electricity market which strengthen the Group's competitors may have a negative impact on its results of operations and cash flows.

For instance, RAE recently introduced into public consultations a new transitory Capacity Assurance Mechanism, as well as a proposed new Variable Cost Recovery Mechanism for electricity generation units. For the variable cost recovery, L. 4336/2015 provides that "Until September 2015 the Authorities shall modify the regulations of the electricity market in order to prevent the necessity of plants' operating below their variable cost", while for the Capacity Assurance Mechanism, the same Law provides that «Until September 2015 the Authorities will apply a regime for the temporary and permanent capacity payments' system». RAE put into effect a new "Variable Cost Recovery Mechanism" with its decision 392/2015 and specified the mechanism implementation details by its decision 468/2015.

Regarding the Capacity Assurance Mechanism (both temporary and permanent), final results and decisions on the permanent mechanism are pending (a set of RAE's proposals is under public consultation from July 27th 2016) while the temporary mechanism is already in effect. The transitory capacity assurance mechanism, which for the time being is called the "Transitional Flexibility Assurance Mechanism", was enacted with L. 4389/2016 and its implementation details were determined with RAE's decision 284/2016. Its duration was twelve (12) months at the most from the date of its enactment on May 1st 2016 and therefore expired on April 30st 2017. The temporary mechanism compensated only natural gas fueled thermal units and part of hydroelectric ones (lignite fueled units were excluded). This treatment created a competitive disadvantage for PPC's electricity generation portfolio (mainly lignite units) in relation to its competitors in the wholesale market (exclusively gas units). The Unique Compensation Price for the provision of flexible capacity was set to € 45/ kW for a twelve (12) month period, with an upper compensation limit of Euro fifteen (€ 15) mil. per production unit., while the total annual compensation amount of the mechanism has been set to Euro two hundred twenty five (€ 225) mil. All the above mentioned mechanisms (variable cost recovery, transitional flexibility assurance and permanent capacity assurance) may have a considerable impact on the Group's and the Parent Company's operation, cash flows and financial results.

RAE, in September 2017, put into Public Consultation the basic specifications of a new Capacity Mechanism («Transitional Flexibility Assurance Facility»), which is proposed to enter into force during the transition period until the new Target Model electricity markets are effectively implemented. The proposed mechanism, given its transitory nature, is similar in some of its basic parameters to the previous Transitional Flexibility Assurance Mechanism, in particular regarding the services to be compensated, the eligibility criteria of its providers and the establishment of a control procedure for their compliance with the imposed requirements. However, the introduction of tender procedures for the determination of unit compensation is an element of substantial diversification. The new Transitional Flexibility Assurance Mechanism is proposed to be effective until the implementation of the institutional framework under which the new electricity markets (futures, next day, intraday, balancing) will operate, in line with the EU framework «Target Model». PPC has the position that, on the one hand, there is no shortage of flexibility in the Electricity System (and therefore, there is no need for specific compensation of the service) and on the other hand that flexibility is mainly contributed both by the hydroelectric units and the lignite units, while at the same time the Greek system especially in the medium to short term, is more likely to face the risk of a lack of sufficient power than of the flexibility to provide power. Consequently, a permanent mechanism should be effected as soon as possible, which should compensate the availability of electricity in a fair manner, without discriminating between technologies and unit fuels, being as well a purchasing mechanism so that the compensation of the units to be freely derived from supply and demand. Also, suppliers of electricity should be able to participate in this mechanism from the side of electricity demand, in order to be taken into account in calculating the needs for adequate system power and the potential for border interconnections.

Tariff Risk for the Competitive Activities

Following the liberalization of High and Medium Voltage tariffs, Low Voltage tariffs are fully liberalized from July 1st 2013 for end customers, excluding vulnerable ones.

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

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

Concerning the HV customers:

There were several tariff disputes, between ALOUMINION of Greece (ALOUMINION) and PPC since the termination of the initial (dating back to 1960) electricity supply contract of the said customer. The dispute about electricity price between the two parties was submitted before the Arbitration Court at RAE, which issued its decision on October 31st, 2013, setting the sale price of the energy component of the electricity at € 36.6/MWh for the time period from July 1st 2010 to December 31st 2013. PPC has filed an appeal for the annulment of the Arbitration Decision and a complaint to the European Commission (Commission) for state aid due to the price set by the arbitration court. Regarding PPC's complaint to the European Commission, the Commission, by a letter / decision of June 12th 2014, informed PPC that it did not intend to further examine its complaint. The Commission subsequently issued on March 25th 2015 a decision which found that PPC's complaint required no further investigation because no state aid existed. PPC appealed (on June 29th 2015) before the General Court against this decision (as well as against the above mentioned first letter / decision). Subsequently, on August 23th 2017, the Commission notified PPC of its new Decision (number (2017) 5622 final), which, according to the text of this new Decision, revokes both the 2014 letter and its confirmatory decision of 2015, replacing them with the new Decision. With this new Decision, the Commission has accepted that the measure in question does not constitute state aid for the same reasons as it set out in its 2015 Decision, which it repealed. PPC has lawfully appealed against this Decision and the hearing of the case is expected.

Regarding PPC's petition for annulment, the Athens Court of Appeal issued on February 18th 2016 a decision, which did not accept PPC's petition. PPC has not appealed to the Supreme Court against the Court of Appeal's decision.

Despite the discount approved on HV tariffs by the Extraordinary General Meeting of PPC's Shareholders of February 28th 2014, ALOUMINION only paid part of the electricity bills amounts.

Given that PPC proceeded on January 2nd 2015 to an order for the deactivation of ALOUMINION's load meters and invited IPTO to proceed to all necessary actions, ALOUMINION has filed to RAE (on January 9th 2015) a complaint –application for interim measures PPC, which was notified to IPTO. RAE, by a letter addressed to all parties postponed the discussion and the taking of a decision on the application. On March 20th 2015 a document of the Competition Committee (CC) was notified to PPC, by which CC asked the submission of PPC's views on a memo submitted by ALOUMINION. At the set date of the hearing (September 25th 2015), CC interrupted the discussion of the case for October 14th 2015 (its next Meeting date) and granted to PPC a deadline for submitting a commitment proposal under the provisions of Law 3959/2011.

After the discussion of the case, PPC submitted the relevant commitments Note undertaking that : a) within ten (10) days of the notification of the CC's decision, PPC would proceed in recalling the order for the deactivation of ALOUMINION's load meters which has been sent by PPC to ALOUMINION and IPTO SA. and b) that It will continue to supply electricity to ALOUMINION under the current terms and conditions, until the issue of ALOUMINION's electricity tariffs, will be resolved through either direct negotiation between the parties or by any other means. The above mentioned PPC's commitments were accepted by the CC, which issued the relevant

decision (621/2015). Abiding by its commitments, PPC recalled the order for the deactivation of ALOUMINION's load meters. Negotiations between the two parties to reach an agreement on tariff policy for ALUMINION for the period from January 1st 2014 onwards had not yet been resolved when The «Electricity Supply Agreement between PPC S.A. and ALOUMINION OF GREECE S.A" agenda item was introduced at the 14th Annual General Meeting of PPC's Shareholders dated July 11th 2016, which decided to postpone its decision on the matter for the next General Meeting. On September 13th 2016 PPC's BoD decided to convene an Extraordinary General Meeting of PPC's Shareholders on October 5th 2016. On the latter's agenda the above mentioned matter was included.

The Extraordinary General Meeting of PPC's Shareholders approved on October 5th 2016 ALOUMINION's pricing terms for the period July 1st 2016 - December 31st 2020, as well as the pricing terms for the period January 1st 2014 - June 30th 2016. In accordance with the EGM's decisions, a Supply Agreement was signed on October 20th 2016 between ALUMINION and PPC. Under the signed agreement, ALOUMINION (currently "MYTILINEOS S.A. - GROUP OF COMPANIES") proceeded to a prepayment of € 100 mil for future electricity bills for the first contractual period July 1st 2016 to June 30th 2017, as well as to a prepayment of € 29.1 mil for the second contractual period of July 1st 2017 to June 30th 2018.

Furthermore, LARCO, the Parent Company's largest outstanding debtor, is liable for sums due and payable to PPC related to the consumption of electricity and was systematically paying only a small part of its electricity consumption bills. Given that LARCO has challenged electricity tariffs for the period from July 1st 2010 to December 31st 2013, both parties had resorted to arbitration to determine the price of electricity for the said period, as well as the settlement of LARCO's debts to PPC. The Arbitration Court with its Decision No 13/15.02.2017 the supply electricity price for LARCO to €43.41 / MWh plus the CO_2 emission rights charges, the regulated charges as well as other taxes and fees.

In the meantime, PPC' BoD added on the agenda of PPC's Shareholders Extraordinary General Meeting of January 12th 2017 for approval, LARCO's pricing terms, as well as the settlement of LARCO's debts from previous years. PPC's Shareholders EGM approved LARCO's with its Decision 12/09.01.2017 the pricing terms for the period January 1st 2016 to December 31th 2020, as well as the settlement of LARCO's debts for the period July 1st 2010 to December 31st 2016. LARCO's Shareholders General Meeting respectively, approved the aforementioned electricity supply contract in order to proceed to signing it. Moreover, in order for PPC to secure the payment of its receivables under the Electricity Supply Contract, it was decided to sign a pledge agreement on a LARCO's specific account for the sum of at least of €3 million monthly. After the approval of the terms by the General Shareholders Meetings of the two companies, they proceeded to signing the electricity supply contract as well as the pledge agreement on June 21st 2017. The new pricing terms for LARCO S.A., as provided in the 21.06.2017 June 21st 2017 electricity supply agreement, would allow LARCO S.A. to be consistent with its obligations to PPC and allow it to proceed with the preparation of its new strategic planning aiming at its long-term viability. Although actions of the Management of LARCO S.A. have taken place, that were supported by the Greek State for the preparation of a new business plan aimed at improving its financial situation, it can not be assertained that LARCO S.A. will honor in the future its obligations. PPC, in order to protect its interests, has already proceeded to the actions provided for in the above contracts due to the non-observance of the contractual obligations by LARCO S.A.

Similarly, other industrial customers do not fully pay their electricity consumption bills alleging either lack of liquidity due to the adverse economic environment or non – acceptance of the competitive charges of the relevant tariffs. Although LARCO's Management has implemented measures and actions (with the support of greek government) in order to prepare a new business plan, aiming to improve its economic situation, there is no assurance that LARCO or such other industrial customers will discharge their debts for the amounts billed in relation to their electricity consumption.

Any such events as described above may have a material adverse effect on the Parent Company's business, results of operations and financial condition.

PPC offers from January 1st 2016 to HV customers seven (7) new tariffs for Competitive Charges, which practically correspond to the distinct consumption profiles of these customers. These tariffs are applicable for electricity consumption for the period January 1st 2016 up to December 31st 2017 and customers are entitled to choose between a monthly and a ten day period billing.

These new tariffs are accompanied by incentives (discounts) to HV customers for high electricity consumption during the Minimum Load Zone (nights, weekends and holidays).

In addition to the above, the Extraordinary General Meeting of PPC's Shareholders of December 7th 2015 decided on the duration period for the new tariffs, on the provision of volume discounts for the competitive load and energy charges based on the total annual HV electricity consumption for individual Companies or Group of companies.

Risk from Regulated Rates of Return on Network Activities

The regulated rates of return on Network investments combined with the approved by the Regulator 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 changes in regulated charges that may affect the Group's revenues from electricity distribution could have a material adverse effect on the Group's business, results of operations and financial condition, as well as to hamper the Group's ability to raise equity or loans for funding its investment plans.

Risks from the implementation of Law 4412/08.08.2016 (integration of the EU Directives 2014/24/EU and 2014/25/EU provisions)

From August 8th 2016 Law 4412/2016 (Procurement Works, Supplies and Services), has come into effect, which applies, in accordance with the specific provisions in it, on the procurement and project implementation contract procedures of PPC.

Since according to the above mentioned Law the activities of PPC Group fall within its provisions, the «Regulation on Works, Supplies and Services acquired by PPC (Board Decision 206/30.09.2008)» are included in the repealed provisions of the said Law, some provisions of it need to be further clarified via ministerial decrees and new procedures concerning publications and implementation are coming into force (indicatively a new Body judges and issues awards on disputes arising during the bidding procedures, and following that, in case that a party questions the correctness of the above award, the administrative courts are competent to issue award on the dispute), there is a possibility that delays will occur concerning Procurement and Contract execution, resulting to an adverse impact on the Group's and the Parent Company's smooth running of their business activities.

Regulatory Risk

Potential modifications to the regulatory and legislative framework governing the electricity market, such as the implementation of EU legislation, the Memorandum of Economic and Financial Policy, as well as decisions by RAE concerning the regulation and functioning of the Greek electricity market in general, as well as any restructuring or other changes to the Group's business due to the compliance to the regulatory framework, may have a materially adverse effect on the Group's and the Parent Company's business, financial condition, results of operations and cash flows.

The Group's and the Parent Company's business and capital investment activity program are subject to decisions of numerous national, international and European Union institutions, as well as to regulatory and administrative authorities. Such authorities may issue decisions that restrict or significantly affect the Group's and the Parent Company's operations without taking into account and weigh all the relevant factors and interdependences which affect the Group's and the Parent Company's business and operations and may adversely impact the Group's and the Parent Company's business, results of operations and financial condition.

In addition, given the increased human, technical and financial resources needed to respond to decisions by the Regulator or other national or international institutions, the Group and the Parent Company cannot give any assurance that they will be at all times in a position to fully and timely satisfy the regulatory, environmental, financial, and any other requirements imposed by the above mentioned authorities.

Risk from providing Public Service Obligations (PSOs)

The PSOs for which the Parent Company is 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 special rates 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 rates 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.

Despite the fact that in 2017 with RAE's Decision 688/2017, the PSO compensation for the years 2014 - 2016 was determined (for the NII), unit charges per customer category established with Law 4067/2012 for the recovery by electricity Suppliers of the compensation, remained stable, resulting to under recovery of the approved by RAE compensation and a high cumulative deficit for the years 2012 - 2016.

In order for new unit charges per customer category to be determined and integrated to electricity bills a legislative act was required. Such legislative act has not been effected from the Ministry of Environment and Energy.

After the issuance of RAE's Decision 688/2017 PPC raised objections with RAE on the correctness of applying the methodology for calculating the PSO compensation for the Non-Interconnected Islands for the years 2014-2016, resulting in a lower compensation for the years in question of approximately €44mil. To this end, the PPC has initiated appropriate legal proceedings before the competent courts.

With RAE's opinion 10/2017 to the competent ministry, RAE in principle considers that with Law 4067/2012 there has been a change in the recovery period of the PSO compensation from the deferred refund system in force until then, according to which the annual compensation due for the provision of PSOs was recovered in the following calendar year, to a simultaneous recovery system according to which the annual compensation due is recovered in the same calendar year.

Based on the above mentioned opinion, the cumulative deficit as identified by RAE stands at € 359.8 million for the period 2012-2016.

After the amendment of Law 4067/2012 by Law 4501/2017, the possibility to cover (in whole or in part) the cost of providing PSO's from the state budget was established, provided that a Ministerial Decision from the part of the Minister of Finance was issued.

For the implementation of the above mentioned provision, an amount of € 476 mil. was paid from the state budget to the PSO special management account held by IPTO SA in order to be subsequently reimbursed to the recipients of the PSO compensation. From the above mentioned amount PPC received € 359,8 mil. In the first quarter of 2018.

Subsequently, by Law 4508 / 2017, effective 2018 new PSO unit costs were determined for the recovery of the PSO compensation, together with a procedure for revising them in order to avoid any cumulative deficits, in the future, in the PSO special management account.

Taking into consideration the above mentioned RAE's opinion 10/2017 and legislative changes, PPC is deprived of the PSO compensation for the year 2011 amounting to € 681.7 mil. which would have been normally recovered in 2012 with the deferral system which was applicable then. To this end, the Greek State should ensure that PPC also recovers the PSO compensation for the year 2011.

Potential changes in compensation rights for the existing PSOs that PPC provides, or changes in the calculation methodology of such PSO compensation, which do not allow the full recovery of PPC's costs, or partial recovery of PSO compensation for previous years, or a potential introduction of new PSOs for which PPC may not be entitled to full compensation may have an adverse effect on the Group's and the Parent Company's costs, financial position, results of operations and cash flows.

Other Regulatory Risks - Uncertainties

Given the fact that the wholesale energy market model and certain Decisions issued by RAE are transitional, the framework of the energy market remains volatile, with constantly new regulatory decisions and related developments, which may have an adverse impact on PPC's business and financial condition.

For example, the introduction of certain regulatory measures in the Greek wholesale electricity market in the past has benefited certain new power producers at the expense of existing market participants. These include measures such as the Variable Cost Recovery Mechanism (VCRM), the transitional and permanent Capacity Assurance Mechanism (CAM) and the introduction of measures to promote Renewables penetration mainly through the provision of fixed feed-in tariffs for Renewables, as well as the new methodology for calculating the price paid by suppliers to RES generators in the wholesale market.

Although some of these measures were transitional – like the transitional CAM (the "Transitional Flexibility Assurance Mechanism" according to L. 4389/2016) which expired on April 16th 2017, there can be no assurance that replacement regulatory measures which may create new distortions or market effects that are unfavourable to PPC will not be introduced. To the extent that such measures remain, or similar new measures are implemented, the Group's results of operations and profitability may be negatively affected.

Furthermore, the deficit of EMO for Renewables which is due to the fact that the total income of the relevant Renewables account with HEMO does not cover the regulated fixed feed-in tariff paid to Renewables producers creates uncertainty and related cash flow issues in the market. The primary sources of income for this account are the amounts that Suppliers pay for Renewables generated electricity, 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.

According to L. 4111/2013, the deficit should have been reduced to zero by the end of 2014 and since this was not possible, additional measures were put into effect.

More specifically according to Law.4152 / 2013, the price that Suppliers paid to purchase electricity generated from Renewables from the Pool, was determined in such a way as to reflect at the minimum the average variable cost of conventional thermal power plants, which had an adverse impact on the Parent Company's results of operations and cash flows.

Furthermore, additional measures have been taken under the provisions of L. 4254/2014 to reduce the deficit.

Because the above measures have not led to the achievement of a zero deficit, according to the provisions of Article 23 of Law 4414/2016 (New operating aid scheme for RES) a new charge was imposed on Load Representatives (electricity suppliers), in order for the deficit of HEMO's RES Account to be reduced to zero by the end of 2017.

In particular, Load Representatives are required to pay a charge on the total energy absorbed by them from the wholesale market for their customers (excluding exports) multiplied by the difference between the System Marginal Price (SMP) in the wholesale market and the SMP that would have existed if the RES did not enter to the system. Specifically, the Load Representatives will be charged gradually as follows: for the fourth quarter of 2016 the charge amounts to 50% of the charge resulting from the application of the above methodology and for 2017 and onwards the charge amounts to 100%. This charge has a material adverse impact on the Group's and the Parent Company's financial results and cash flows.

There is also no assurance that the Greek State will no further increase the cost of purchasing Renewables energy by Suppliers in the future, which could have a material adverse effect on the Group's results of operations and financial condition.

EMO is operating at a considerable deficit, in part caused by the due and unpaid obligations of two major alternative energy suppliers who exited the market in 2012. Following RAE's Decision 285/2013, the deficit created by the exit of the aforementioned electricity suppliers was allocated to wholesale conventional generators, proportionally to their market share.

EMO applying the transitional provisions of Article 92 of the Electricity Trade Code initially allocated the account deficit to electricity generators. The total amount of € 96.6 mil. .corresponding to PPC's generation activity was divided in seven monthly installments of € 13.8 mill each, starting in August 2013.

PPC considered that EMO's alleged claim violates fundamental principles of law, while simultaneously neither the amount nor the reasons for this claim are substantiated. In addition, the relevant RAE Decision was contested in court. In particular, PPC had already filed an application for annulment of RAE's Decision 285/2013, before the Council of State, as well as, an action for suspension of such Decision, until a final judgment is issued by the Council of State. The hearing for the application for the annulment took place on March 18, 2014. In the meantime, the Council of State had issued an interim Decision (n. 62/2014), which suspended the payment of

50% of the amount of € 96.6 mil., which is attributable to PPC.

At the same time, EMO has filed a lawsuit in the Multimember Court of First Instance for an amount of € 55 mil. which is the equivalent of four (4) equal installments out of the total amount of € 96.6 mil. The hearing of this lawsuit was scheduled after postponement for June 7, 2017 when it was canceled. The above mentioned case depended on the State Council's decision for the validity of RAE's Decision 285/2013, which constitutes the legal basis of the dispute at the First Instance Court.

PPC, following the State Council's interim decision, has recognized in its books since 2014 a provision of 50% of the amount of € 96.6 mil. due to the uncertainty of the recoverability of this amount in the future. In September 2016, PPC's application for annulment of RAE's Decision 285/2013 was rejected by the State Council (Section D', decision 1761/2016). As a consequence, PPC recognized the remaining 50% of the above amount in the results for the six month period ended on June 30th 2016.

However, after the issuance of such final decision of the State Council, EMO implementing the provisions of Article 61 of the Electricity Trade Code, allocated the whole deficit amounting to € 129.3 mil to Electricity Suppliers (Load Representatives) taking into account their share in the electricity supply market at the time the deficit arose. The allocated to PPC deficit amounted to € 126.4 mil. PPC reserving all its legal rights, approved the payment of the remaining deficit of € 71.8 mil. in 12 equal interest free installments starting in January 2017.

Furthermore in order to ensure it's legal and financial rights PPC filled with the Athens Multi-Member Court of First Instance a counterclaim against HEMO (LAGIE SA) claiming a compensation amount equal to the above-mentioned allocated deficit.

This or any similar decisions by RAE in the future, addressing electricity market deficits, through allocation of these obligations to other parties, for example by prohibiting setting off amounts the Group and the Parent Company owe to HEMO with amounts owed to the Group and the Parent Company by HEMO (for example the compensation for the photovoltaic on the roofs program) may have a material adverse effect on their financial condition, cash flows and cash.

Risk from the Potential Implementation of Measures Relating to the Electricity and Natural Gas Market Harmonization to the European legislation and Practices

Negotiation between the Hellenic Republic, the European Union, the European Central Bank, the European Stability Mechanism and the International Monetary Fund for reviewing the terms for Greece's financing program provides for decisions and relevant actions for the electricity market. The unsuccessful analytical planning and/or implementation of these actions may create significant risks for the Group and the Parent Company. Any potential modification or/and additions of the electricity market legislation and regulatory framework, in order to implement the European Union legislation as well as for the implementation of Law 4336/2015 (Pension provisions - Ratification of the Agreement Plan for the Financial Assistance from the European Stability Mechanism and Arrangements for the implementation of the Funding Agreement), of Law 4389/2016 (Urgent Provisions for the implementation of the Financial Targets and Structural Reforms Agreement and other provisions), of Law 4414/2016 (New operating aid scheme for RES) and Decision No. 57/19.5.2017 of the Government's Economic Policy Council (Structural measures for the access of PPC SA to lignite), as well as the amendments and / or supplements to Law 4512/2018 (Regulations for the implementation of the structural reforms of the Economic Adjustment Programme and other provisions) on issues relating to the establishment and operation of the Energy Exchange Market in the context of the reorganization of the Greek electricity market, thus implementing European and National legislation to complete the single European electricity market, may have a significant impact on the Group's and the Parent Company's activities, contractual commitments and financial results.

Similarly, the package of Directives, Regulatory Decisions, Guidelines, etc. announced by the European Commission on November 30th 2016 under the general title «Clean Energy Package», which concerns the period 2021- 2030 and is currently under consultation between the European Institutions (Parliament, Commission and Council), may have a significant impact on the Group and the Parent Company.

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 immediately reduced by 25%, while from January 1st 2020 no entity will be allowed to either generate or import - directly or indirectly- energy quantities greater than 50% of the total energy quantity either generated or imported, annually in the country. 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. Laws 4389/2016 and 4472/2017 as well as Decisions 35/2016, 38/2016, 58/2017, 68/2017 and 77/2018 of the Government's Council for the Economic Policy determine PPC's share market levels in the retail market for the period 2016 – 2019 (87.24% for 2016, 75.24% for 2017, 62.24% for 2018 and 49.25% for 2019) as well as other key features for Regulated Forward Electricity Products Auctions, including cost elements that should be taken into account for the calculation of the Auctions' starting 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) has been designed in a way as to be applicable irrespective of the underlying regulatory framework.

The first auction of forward electricity products was scheduled to take place by the end of September 2016 and the physical deliveries to start in the fourth quarter of 2016. Beneficiaries of forward products would be licensed suppliers (which would 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.

Eventually, the first auction took place on October 25th 2016 for 460 MW of electricity for a twelve (12) month period, from December 1st 2016 to November 30th 2017. The second auction took place on January 31st 2017 for 145 MW of electricity for a twelve (12) month period, from March 1st 2017 to February 28th 2018. The third auction took place on April 26th 2017 for 145 MW of electricity for a twelve (12) month period, from June 1st 2017 to May 31st 2018, on July 19th 2017 the fourth auction took place. for 145 MW of electricity for a twelve (12) month period, from September 1st 2017 to August 31st 2018, on October 25th 2017 the fifth auction took place for 718 MW of electricity for a twelve (12) month period from December 1st 2017 to November 30th 2017 and on February 7th 2018 the sixth auction took place for 400 MW of electricity for a twelve (12) month period from March 1st 2018 to February 28th 2019.

With the Joint Ministerial Decision FIN.182348 (OG B' 2848/07.09.16) the methodology for the determination of the starting forward products auction's prices was established as well as the therefrom resulting price for the first period of implementation of the mechanism, which amounted to €37.37 / MWh. The abovementioned price was set considering the total lignite and hydroelectric production for 2015 as well as PPC's variable costs as further defined in this Joint Ministerial Decision. The abovementioned starting price was applicable for the first three (3) forward products auctions. On July 2017, the above mentioned minimum price was updated using the same calculation methodology on the actual data for the year 2016 resulting in a new starting price of €32.05 / MWh. This price was used for the fourth, the fifth and the sixth auction and will be applicable for all prospective auctions until the end of June 2018.

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 218 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.

The Parent Company is already facing strong competition in the retail electricity market, after the liberization of tariffs for Low Voltage customers due to the operation of third party electricity suppliers, in the a situation of very low prices in the wholesale electricity market. Competition in the retail market is expected to intensify as a result of the implementation of forward electricity products auctions, as well as due to the other provisions of Laws 4336/2015, 4389/2016 and 4472/2017

More specifically the Parent Company is expected to face increasing competition in the retail electricity market if compelled to sell energy to its competitors (alternative suppliers) at low prices, in order for them to increase their share in the retail market and PPC reduce its own share respectively so that PPC has less than 50% of the Interconnected System by the end of 2019. Profit margins of alternative electricity suppliers are expected to increase due to the introduction of forward products regulated auctions, making them more aggressive in attracting new customers, since they will be able to secure a long term (1 – 4 years) low wholesale electricity price.

Should the alternative suppliers target the most trustworthy and profitable PPC's clients to develop their business, then PPC will suffer a substantial loss of revenue, profitability and additional cash flow pressures.

But the retail market's structure requires a serious analysis and assessment of the customer groups which objectively can be the object of competition and in any case requires the exclusion of SRT and HV customers when calculating PPC's market share.

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 balanced development of suppliers in the market and promotion of competitive tariffs without cross-subsidization, a further increase in 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 will be set 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 the production units and lignite mines).

Finally, if the sale price of forward products, as this will be set within the relevant actions, is less than the System Marginal Price (as the latter is being set from the Day Ahead Schedule), the participating PPC's power plants in forward products (lignite and hydro power units) 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.

If the resulting Forward Products Auction prices are substantially below the SMP, which will lead PPC generation to excessive losses, it will constitute a cross subsidization of alternative suppliers, with all that this entails for free competition

Indicatively, the final weighted average settlement price of the first six auctions was € 37.39/MWh, €41.06/MWh, € 39.68/MWh, € 43.04/MWh, €45.17/MWh and € 41.23/MWh respectively, namely the prices were significantly lower than both the System Marginal Price (monthly fluctuation between € 44.6/MWh and € 74.6/ MWh for the period December 2016 – February 2018, the average price being € 55.4/MWh) and PPC's production costs.

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, Greece will 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 will not have any involvement or connection with any element of disinvestment, including preferential electricity supply. The purchaser(s):

- will be independent of and will not have any association with PPC and its affiliated companies,

- will 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 and other competitors,
- on the basis of the information available, they would not cause or threaten to cause prima facie competition concerns and they would 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 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.

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 Meliti 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 (Meliti 2, 450 MW), together with the exploration and exploitation rights of the respective lignite mines (Megalopolis mine for the units Megalopoli 3 and 4 and the mines Kleidi, Meliti hills and Vevi for Meliti).

The Directorate-General for Competition conducted a market test for the aforementioned commitment of the Hellenic Republic. In addition, following the above, the Greek Parliament on 25/4/2018 passed the legislative provisions entitled «Structural measures for access to lignite and the further opening of the wholesale electricity market and other provisions», 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 Meliti 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) new companies.

The above mentioned structural measures may have a significant impact on the Group's and the Parent Company's operation, contractual obligations, liquidity and financial results.

Other Risks relating to Law 4336/14.08.2015

Apart from the above provisions, Law 4336/14.08.2015 introduces provisions for the energy and natural gas market in relation to the following:

- RAE's jurisdiction on monitoring the account of entities operating in the energy and the natural gas sectors as well as the account of the Transmission System and Distribution Network's Operators, ensuring that there will be no cross subsidies between generation, transmission, distribution and supply of electricity.
- The obligation of the Authorities to enact regulations concerning the offsetting of debts between PPC and the market operator. They will implement discontinuation contracts as adopted by the European Commission (intermittent load auctions have already been implemented following Ministerial Decision OG B' / 2861 / 28-12-2015). The obligation of the Authorities to introduce a new plan for the upgrade of electricity networks, in order to improve performance, enhance interoperability and reduce costs for consumers.
- The action map for the electricity market should be completed by December 2017. In this context, the balancing market should be completed by June 2017. Law 4425/2016 enacted the reorganization of the Greek electricity market, implementing the legislative framework for the integration of the European electricity market and in particular the transition to the European Target Model. Following Law 4425/2016, RAE on December 5th 2016 put into public consultation the Draft Guidelines and Instructions to the competent Market Operators, for the drafting up of those Markets Codes. The balancing market has not been completed by the end of June 2017. Moreover, the details of the operation of the individual markets of the Target Model (forward, pre-day, intraday and balancing) have not yet been enacted.
- The Authorities' obligation, by October 2015, to review energy's taxation as well as to reinforce RAE's financial and operational independence.
- The Authorities' obligation, by December 2015, to approve a new framework for the support of the Renewable Energy Sources, preserving their economic viability; establish a new scheme for the upgrading of the energy Networks and to initiate the implementation of the roadmap for the harmonization of the energy market with the European Target Model by December 2017. By Law 4414/2016 the new framework for the support of RES was enacted in line with the above mentioned provision of Law 4336/2015.

In Addition, by Law 4336/14.08.2015 the Greek State had committed to proceed with the ongoing privatization program. The Hellenic Republic Asset Development Fund's (HRADF) BoD has already approved the Asset Development Plan (ADP) which provides for the privatization of assets already held by HRADF by December 31st 2014. With Decision 33/2016 of the Government Counsil for Economic Policy, the Business Plan of HRADF was approved.

Currently and since the fourth evaluation of the Greek Republic Funding Program has not yet been completed, it is not possible to accurately assess the potential impact on the Greek economy and on the activities, the operating results, the financial condition and cash flows of the Group and the Parent Company from the application of the provisions of Law. 4336/2015.

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. Additionally, business interruptions due to labor disputes, strikes, earthquakes, fires, and adverse weather conditions, among other factors, could potentially, depending on their severity and duration, result in a loss of revenues or increased costs for the Group.

Hydrologic Conditions

The evolution of hydrologic conditions is a completely unpredictable factor and has a very significant impact on the Group's and the Parent Company's profitability, taking into account, of course, that PPC has an accumulated experience and expertise that allows managing in the best possible way the water resources in its reservoirs.

Lignite Mining Risks and 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 inferences. Furthermore exploitable reserves are not considered as such unless they 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

CO_2 emission rights burdening lignite fired electricity plants costs may result from time to time in a 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.

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 especially after the imposition of capital controls, 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 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.

Simultaneously, the Group is one of the largest industrial groups in Greece, with complex activities and operations across the country. In the ordinary course of its business, from time to time, competitors, suppliers, customers, owners of property adjacent to the Group's properties, the media, activists, and ordinary citizens, raise complaints (even to public prosecutors) about the Group's operations and activities, to the extent they feel that such activities and operations cause or are likely to cause economic damage to their views and/or interests, businesses or properties and, in the context of advancing those complaints, they often file criminal complaints against the Group. In this context, reports involving complaints and accusations for allegedly unlawful acts of executives against the Group usually involve their further investigation by the Prosecuting Authorities in the so-called preliminary proceedings, which usually ends up in the closing 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 taxation regime for corporations in Greece is frequently revised and the Group may be subject in the future to increased taxation rates. The imposition of any new taxes, or changing interpretations or application of tax regulations by the tax authorities as well as the harmonization of Greek and EU tax law and regulation may result in additional amounts being payable by the Group and the Parent Company, which could have a material adverse effect on their business, results of operations, financial condition and cash flows.

The Parent Company pays a special levy for the development of areas where electricity is generated from lignite, equal to 0.5% of its annual turnover.

Since 2012, the Parent Company has been subject to a special levy for lignite generated electricity equal to € 2.00 /MWh and a special tax on natural gas which was abolished from June 1st 2016.

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 application 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.

Due to the current recession in Greece, 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, an 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, as the major shareholder of PPC, holds 51% of its share capital, the 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 said laws and regulations, particularly within the framework of the current financial conjecture and the relevant decisions of the Central Administration, which are not expected to be applicable to the Parent Company's current and future competitors, may limit the Parent Company's operational flexibility and may also have significant negative impact on its financial results, cash flow and on business risk management.

It should be noted that the Group did not have for several years (till today) the ability to recruit experienced personnel in the range of its business activities while, today's average personnel age is approximately 49 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 maintain skilled 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 according to the 1:4 ratio (a recruitment for every four employees leaving) for the year 2017 and 1:3 for the year 2018 concerning all public sector entities .By the above mentioned and introduced by law hiring procedure, the Parent Company's recruitment needs are significantly hindered, creating critical lack of personnel and managers and may have a negative impact on the implementation of the Groups' activity.

Organization and Risk Management

The Group has defined risk as an occurrence of uncertain and non-predictable conditions that may negatively affect its overall operations, business activity, financial performance, as well as the execution of its strategy and the achievement of its goals.

The Parent Company has established the Risk Management, Planning and Control Department but Risk Management has not been staffed, as a result of the lack of experienced staff due to constraints in hiring, as well as due to other adverse factors mentioned in the previous section. Till today its line management, on a case by case basis, is engaged in identifying and primarily assessing risks in order to submit recommendations to the Board of Directors regarding the design and approval of specific risk management procedures and policies. The Group and the Parent Company can provide no assurance that such procedures and policies provide full protection against the risks that they face.

The Group may Face Strikes

Most of the Group's and the Parent Company's employees are members of labour unions. Extensive labour 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.

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 condition and cash flows.

Risk from Impairment of Assets

In relation to the value of their participation in the share capital of subsidiaries and associates and the value of their tangible assets, the Group and the Parent Company are exposed to the following risks:

- The risk from a significant change or/and the non-recoverability of the value of the Parent's Company, participation in the share capital of subsidiaries and associates.
- The risk from a significant change in the fair value of their tangible assets in the context of their periodic reassessment.

Provision of Guarantee to Subsidiaries

The Parent Company has a policy of reviewing on a case by case basis and only after the Decision of its Board of Directors to provide guarantees or intercompany loans only to subsidiaries or associates. It is noted that, pursuant to article 23a of L. 2190/1920, the provision of guarantees in favor of subsidiaries is subject to the (prior or subsequent) approval of the General Meeting of Shareholders.

Balances and Transactions with Related Parties

PPC balances with its subsidiaries as of December 31st, 2017 and 2016 are as follows:

	December 31st, 2017 Amounts in € 000		December 31st, 2016 Amounts in € 000	
	Receivables	(Payables)	Receivables	(Payables)
Subsidiaries				
PPC Renewables S.A.	1,416	-	1,260	-
HEDNO S.A.	694,473	(520,059)	599,981	(1,028,540)
PPC Finance PLc	-	(4,648)	-	(6,173)
PPC Elektrik	-	(164)	542	(86)
PPC Bulgaria JSCO	-	(1,016)	38	(1,524)
	695,889	(525,887)	601,821	(1,036,323)

PPC's transactions with its subsidiaries as of December 31, 2017 and 2016 are as follows:

	2017 Amounts in € 000		2016 Amounts in € 000	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
Subsidiaries				
PPC Renewables S.A.	3,191	(1)	3,280	-
HEDNO S.A.	1,826,373	(1,923,924)	1,144,839	(1,820,297)
PPC Finance PLc	-	(30,770)	-	(37,061)
PPC Elektrik	13	(3,665)	2,550	(833)
PPC Bulgaria JSCO	53	(21,425)	45	(32,532)
	1,829,630	(1,979,785)	1,150,714	(1,890,723)

Transactions and balances with subsidiaries and associates of the Group mainly concern the provision of electricity under terms of the Commercial Policy followed by the Parent Company, totaling to approximately € 100 thousand.

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

As of December 31st 2017, the Parent Company has guaranteed for a total credit line of € 3 mil., through overdraft agreements. As of December 31st 2017 PPC Renewables S.A. has used € 841 th., concerning letters of guarantee.

Interest bearing loan to ADMIE (IPTO) Holding S.A.

During the first half of 2017, the Parent Company granted an interest-bearing loan to the company ADMIE (IPTO) HOLDING SA up to a maximum of € 1,300, of which an amount of € 831 has been disbursed. Under the contract, the loan was repayable on November 30th 2018. It should be noted that in order to secure the

repayment of this loan, ADMIE (IPTO) HOLDING SA has granted to PPC a pledge on the dividends it is entitled to receive from IPTO S.A.. The aforementioned loan was fully paid up on capital and interest on October 12th, 2017 by ADMIE (IPTO) HOLDING SA.

Significant Transactions and balances with other entities in which the Greek State participates or whose activity the Greek State significantly affects

The following table presents transactions and balances with government owned entities 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 EMO, the Electricity Market Operator, are presented:

	Purchases Amounts in € 000		Balance Amounts in € 000	
	1.1.2017 - 31.12.2017	1.1.2016 - 31.12.2016	31.12.2017	31.12.2016
ELPE, purchases of liquid fuel	262,597	-	45,426	85
DEPA, purchases of natural gas	409.132	265,499	86,835	105,314
	671,729	265,499	132,261	105,399

	December 31, 2017 Amounts in € 000		December 31, 2016 Amounts in € 000	
	Receivables	(Payables)	Receivables	(Payables)
EMO S.A.	172,532	(124,905)	173,764	(128,312)

	1.1.2017-31.12.2017 Amounts in € 000		1.1.2016-31.12.2016 Amounts in € 000	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
EMO S.A.	1,808,238	(2,858,476)	1,384,468	(2,013,545)

	December 31, 2017 Amounts in € 000		December 31, 2016 Amounts in € 000	
	Receivables	(Payables)	Receivables	(Payables)
IPTO S.A.	117,463	(1,212,179)	152,844	(807,989)

	1.1.2017-31.12.2017 Amounts in € 000		1.1.2016-31.12.2016 Amounts in € 000	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
IPTO S.A.	162,259	(1,571,490)	204,939	(1,217,093)

	December 31, 2017 Amounts in € 000		December 31, 2016 Amounts in € 000	
	Receivables	(Payables)	Receivables	(Payables)
LARCO S.A.	280,372	-	242,709	-

	1.1.2017-31.12.2017 Amounts in € 000		1.1.2016-31.12.2016 Amounts in € 000	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
LARCO S.A.	(2,793)	(9,461)	61,767	(6,396)

Within 2017 a credit invoice of € 61,850 thousand was issued regarding the revision of electricity bills for the period 1/7/2010-31/12/2013 under the Decision No. 13/2017 of the Arbitration Decision

Further to the above, PPC enters into transactions with many government owned or- nonprofit entities 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.

Management Remunerations

Management's remunerations (Board of Directors and General Managers) for the year ended December 31, 2017 and 2016 are as follows:

	Group		Company	
	2017	2016	2017	2016
Remuneration of Board of Directors' members				
- Remuneration of executive members	245	346	57	57
- Remuneration of non-executive members	71	37	-	-
- Compensation / Extraordinary fees	-	80	-	-
- Employer's Social Contributions	92	95	41	19
- Other Benefits	123	108	120	106
	531	**666**	**218**	**182**
	2017	2016	2017	2016
Remuneration of Deputy Managing Directors and General Managers				
- Regular remuneration	686	638	519	492
- Employer's Social Contributions	204	184	155	137
- Compensation / Extraordinary fees	23	14	23	14
	913	**836**	**697**	**643**
	1,444	**1,502**	**915**	**825**

It is noted that the amounts relating to the Group, for the period ended on December 31st 2017, do not include IPTO S.A.

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 Director, the Deputy Managing Directors and the General Managers.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY
Non-financial Report

Sustainable Development Policy

PPC's strategic goal is to assure its sustainable operation and development satisfying, at the same time, the requests of all interested parties in a balanced way, providing integrated, innovative, high quality services and products to its customers, excellent work environment to its employees, mutual benefit relations to suppliers and collaborators, creation of new financial values to shareholders, respect and protection of the environment, as well as economic growth and social prosperity to society.

For the achievement of its strategic goal, PPC is committed to make constant efforts for the improvement of its economic, environmental and social performance.

For this purpose, PPC is aiming at long-term enhancement of its economic value, through good corporate governance, acting with transparency in all procedures and actions of its institutions. The Corporation's Administration participates in identifying hazards and substantial issues of sustainable growth with the aim to deal with them in time and efficiently, while the Corporate Affairs and Communications Department is responsible for the planning, coordination, monitoring and publication of Corporation's actions on sustainable growth.

PPC's environmental strategy is harmonized with EU and Greek goals on energy policy for 2020 (the goals for 2020 are 20% generation from RES, 20% energy saving and 20% reduction of greenhouse gas emissions), the institutional interventions on climate change and the protection of the environment. For the implementation of its strategy, the Corporation has established and updated the Environmental Business Plan, the implementation of which is assigned to the organizational units having as an object the management of the environment. For achieving constant environmental performance, PPC develops Environmental Management Systems and proceeds to the certification of its installations.

PPC applies responsible practices of personnel administration and cares for adopting a modern work environment based on equal opportunities. PPC is committed to the assurance of its employees' health and safety by applying relevant Health and Safety Management Systems at work, as well as by realizing relevant training programs.

PPC makes every effort to prevent and fight corruption not only in the way of its operation, but also in the selection of suppliers and collaborators. Additionally, it supports human rights and is clearly opposed to forced and compulsory child labor, as well as to every form of discrimination.

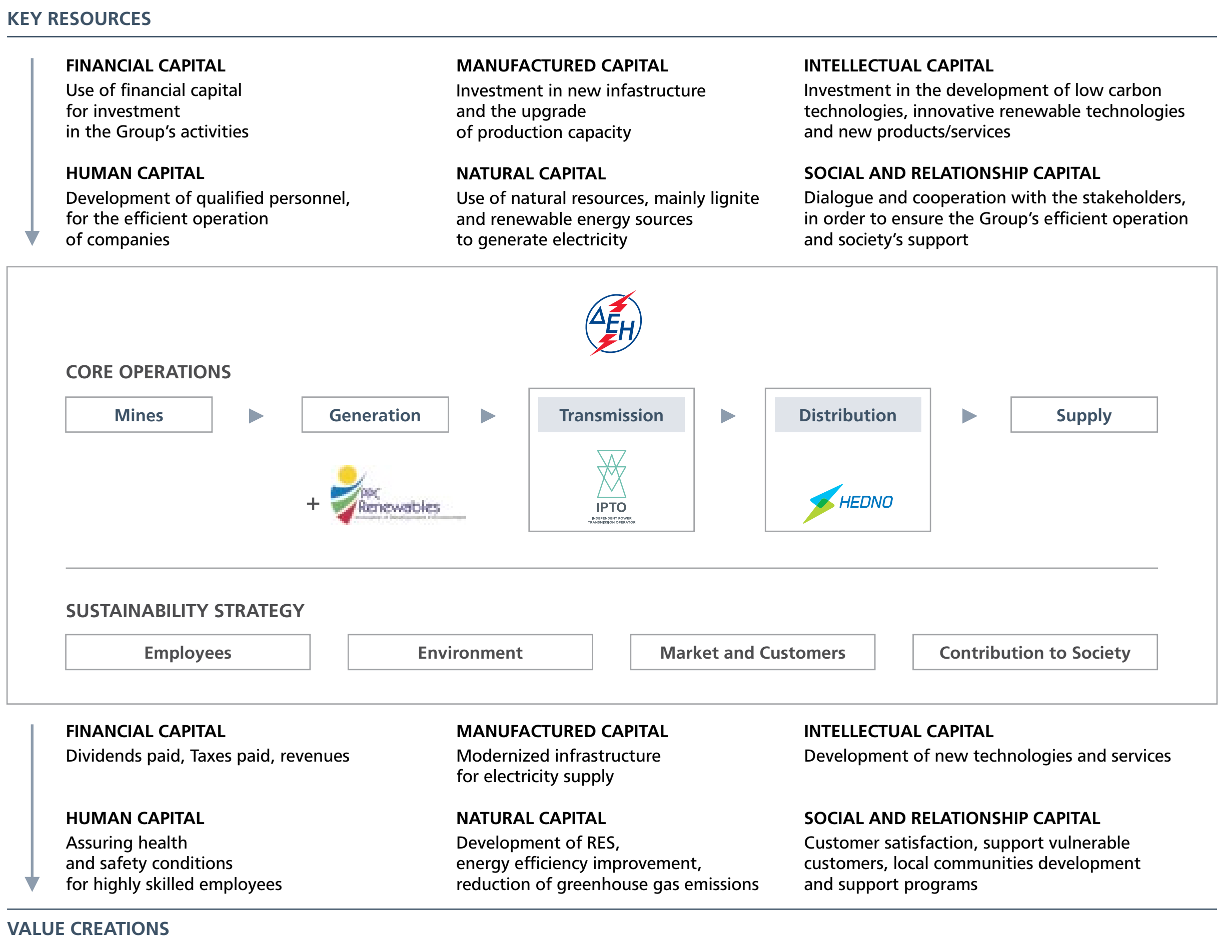
PPC provides its services to the Country's consumers with responsibility, quality services and high level of service provision applying practices that aim at the optimization of its customers' total benefit.

For the Corporation, offering to local communities is directly related to its business activity. For this purpose, PPC implements significant actions that are addressed not only to local societies in which it is activating, but also to the entire society. Its significant social work includes series of actions which are realized in time and refer to athleticism, civilization, health and education.

According to the present sustainable development policy, dealing with PPC's operation as a whole contributes to face not only environmental and social issues with responsibility but also to enhance the Corporation's economic value.

Business Model

PPC's Business Model aims to create value for its stakeholders. PPC invests on its employees, infrastructure, and the development of new technologies and services. The Company communicates with stakeholders, by all available means, both at national and local level, in order to identify its operational impacts and improve its performance, taking into account the opinion, concerns, needs and recommendations of all interested parties. PPC ensures the development, specialization, and health and safety of its employees, who contribute to the development of its operations. The Company supplies electricity all over Greece, contributes to the development of renewable energy sources and the achievement of national goals, and supports society.



Note: In 2017, the sale of the IPTO was finalised. As of June 20th 2017 IPTO follows the model of proprietary separated Administrator (Ownership Unbundling) and is fully harmonized with the Directive 2009/72/EC.

Sustainability Issues Governance and Operational Framework

The PPC Board of Directors has appointed two of its members to be in charge of managing sustainable development issues. In addition, it has set up the Corporate Social Responsibility Section as a part of the Corporate Affairs and Communications Department. Its mission is to establish, develop and implement a Corporate Social Responsibility strategy that aims to meet the needs of stakeholders in a balanced manner, while highlighting the actions and practices that show the Corporation's social face. In 2017, the Corporate Social Responsibility Section was transferred to the Corporate Affairs and Communications Department, encapsulating the intention of the Management to enhance the communication of its approach to all of its stakeholders.

The Code of Corporate Governance provides a framework of principles and procedures that the Corporate Governance System of the Corporation follows as regards management, shareholders, its Internal Audit System and risk management. The Internal Audit Department, in accordance with the Company's Articles of Association, inter alia, controls, evaluates and submits proposals regarding the Company's exposure to the risk of fraud and on the existing methods of fraud detection and prevention. In 2017, according to the PPC CEO's decision No. 147/2017, the position of Director of Regulatory Compliance was established. Its responsibilities include, among others, the following:

- Establishment of communication procedures for Regulatory Compliance and Business Code of Conduct issues, and management of an appropriate whistleblowing channel and non-compliance reported incidents in general.
- Determining the training needs and in collaboration with the Training Department, develop the training programs ensuring that employees are always informed and trained on the Regulatory Compliance and Business Code of Conduct issues.

The Staff Regulations of PPC (SR/ PPC) regulates, inter alia, the rights and obligations of employees, the terms of employment contracts, the relationships formed in the execution of work and the exercise of disciplinary power.

PPC implements a Training Management System for identifying and analyzing training needs, designing training courses, selecting trainees and instructors, running training courses, and evaluating training activities (the training cycle).

Furthermore, PPC has developed quality, health and safety, and environmental management systems, which have been certified respectively according to ISO 9001, OHSAS 18001 and ISO 14001, aiming at its optimal operation.

Case Study: Suppliers' and Contractors' Management

PPC signs contracts when purchasing materials and services to meet its needs and to carry out engineering works. Where possible, the Corporation makes agreements with local suppliers, contributing significantly to the development of the local economies.

PPC's procurement procedures are governed by Law 4412/2016 (Government Gazette 147/A). The Corporation posts tenders notices for works and supplies on its website, to encourage public dialogue in a totally transparent and objective manner.

The key procurement categories include materials and spare parts, support equipment, services, projects, liquid fuels, lignite (from third parties), natural gas, and the purchase of electricity and GHG (CO2) trading allowances.

To ensure contractors and any subcontractors comply with labour and insurance law for their own staff, PPC includes a general clause in all contracts it signs according to which the contract may be terminated and the contractor may be excluded from future tender procedures in case of recurrent non-compliance. When paying contractors, PPC requests proof that the contractor has complied with its obligations to its staff and paid its employer social security contributions. In doing so the Corporation ensures that it cooperates with contractors who adhere to labour law and have their staff insured in the manner specified by law.

To ensure the health and safety of the staff of PPC's contractors, those contractors are responsible for implementing occupational health and safety legislation and are subject to the legal sanctions involved. Contractors expressly undertake exclusive responsibility for designing and implementing safe working practices for persons employed on Project construction and for third parties.

Contractors/subcontractors are obliged to provide staff with suitable personal protective equipment (PPE) depending on the work being carried out, to take all health and safety at work measures required by law and to comply with the obligations for a safety engineer and occupational physician, to assess and prevent occupational risk, to protect against harmful agents and to keep employees informed about these issues.

Upon entering the worksite, contractors are obliged to provide the Corporation with a list of staff to be employed (number, area of specialisation) as well as all other information which the Corporation considers necessary about such staff. If the Corporation considers this necessary, the contractor's staff must undergo training relevant to specialised technical work tasks which are to be undertaken. That training is provided at the PPC Vocational Training Centre.

PPC inspects contractor work crews and examines:

The PPE, the group protective equipment and tools, to check that they are adequate, what condition they are in and whether the contractor's staff are using them.

Whether the contractor's staff hold the necessary licenses and permits.

Whether the provisions of contracts and the PPC CEO's decision No. 96/2010 are being implemented, to ensure that PPC's contractors implement labour and social security law.

Materiality Analysis

PPC monitors international trends on how sustainable development is being managed and strives to improve its own performance, to ensure greater transparency in procedures and to ensure accountability. With that in mind, given that the heart of revisions to the GRI Guidelines is that each company must identify and evaluate its material aspects, in December 2016 the Corporation's divisions, Legal Services and the Strategy Department carried out a sustainability materiality analysis for the third time.

Material aspects identified by Management

PPC has developed a sustainability materiality analysis process as part of its risk identification and assessment process. However, here it does not identify operational or financial risks, but sustainability risks / impacts.

The materiality heatmaps emerged from this process show the estimated impacts/risks together with the likelihood of them occurring. The heatmaps, the findings and conclusions derived from them and the dynamic tool used to formulate and process the results of this process were then evaluated by the Corporation's Management team to devise policies and take decisions.

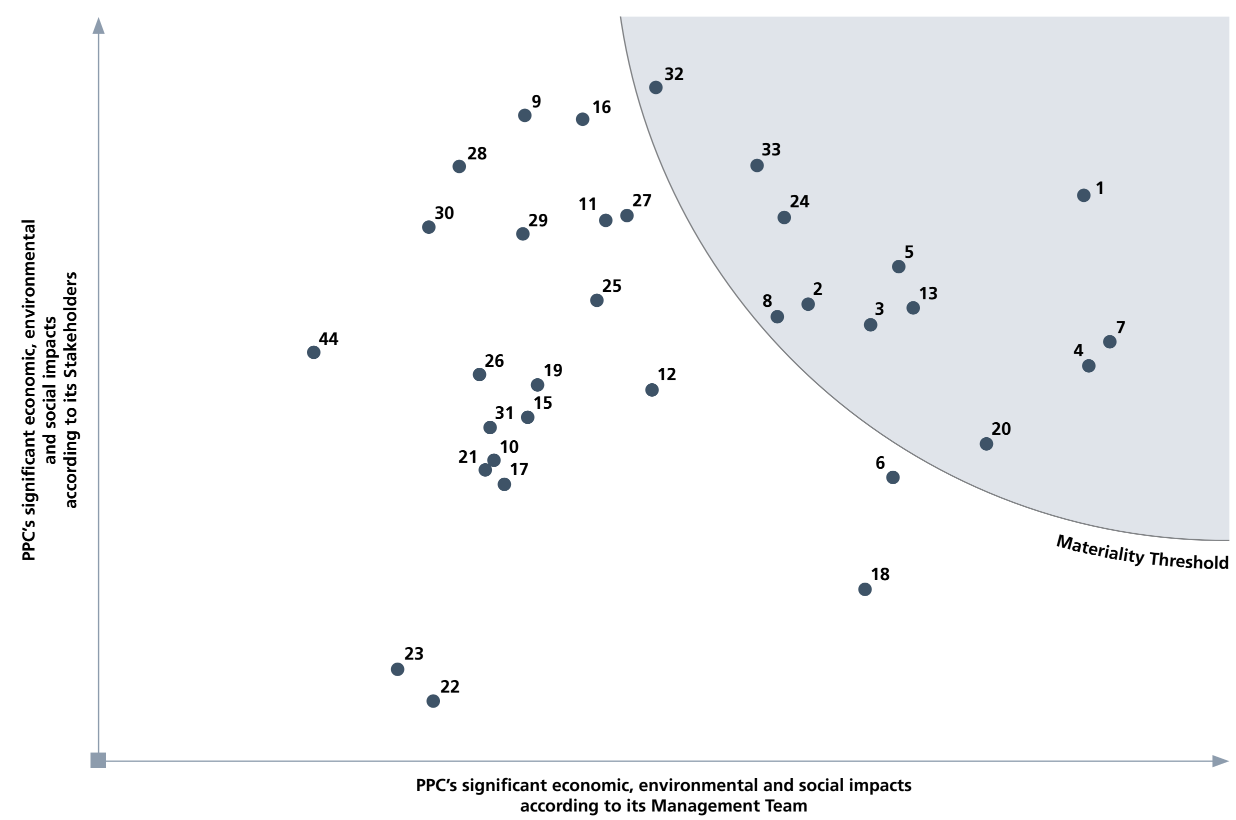
Material aspects identified by stakeholders

PPC acknowledges that its business operations and decision affect and are affected by different groups of stakeholders. PPC contacted its stakeholders using an online questionnaire, asking them to evaluate/score what were in their opinion the PPC's sustainability material aspects. After a period of around 1 month when the questionnaire was open, PPC had collected 1,034 responses from all stakeholder groups from all regions of Greece.

Presentation of the material aspects

The results presented in the following diagram illustrate the issues identified in the period 2016-2017.

PPC Sustainability Material Issues



Economy

- **1** Financial position/performance
- **2** Procurement and supply chain management
- **3** New markets and investments
- **4** Regulatory issues
- **5** Risk/crisis management
- **6** Managing relations with subsidiaries
- **7** Management of new energy market conditions

Society

- **8** Corporate governance, ethics and values
- **9** Employee and third party health and safety
- **10** Job security
- **11** Staff Training
- **12** Work advancement/job satisfaction
- **13** Lack of personnel
- **14** Equality in the workplace
- **15** Employee/management relations
- **16** Customer Satisfaction/products and service assurance
- **17** Shaping the public's consumer behavior
- **18** Extroversion/PR
- **19** Relationship/dialogue with local communities
- **20** Engagement in public policy in Greece on energy issues
- **21** Contractors/suppliers' Management
- **22** Sponsorship
- **23** Volunteerism among PPC staff

Environment

- **24** Climate change and greenhouse gas/particle emissions
- **25** Dust
- **26** Noise
- **27** Waste
- **28** Raw materials/fuel/water
- **29** Ecosystems/biodiversity
- **30** Rehabilitation of degraded land
- **31** Visual/aesthetic nuisance
- **32** Energy efficiency/new technologies
- **33** RES development

PPC's approach to material aspects

Material aspect: 1. Financial position/performance

PPC's financial performance was indicated as a material aspect primarily by Management, shareholders and investors, employees and competitors. It is a key priority for Management. The Corporation's financial data is available in the 2017 Annual Report.

Material aspect: 2. Procurement and logistics management

Both PPC's management team and employees have recognised procurement and logistics management as a material aspect; a reflection of the added interest in developing transparent, effective relationships and partnerships with the Corporation's suppliers and contractors. PPC complies with Law 4412/2016 on procurement and attaches particular importance to labour and health and safety issues in its contracts with contractors.

Material aspect: 3. New markets and investments

Both PPC and stakeholders have identified and agreed that key material aspects for the Corporation's sustainable development are the investments made and expansion into new markets. Generally speaking, PPC's strategic goal (which it is working intensively on) is to offset domestic losses due to the market liberalisation measures imposed on it, by expanding into fresh markets and capitalising on business partnerships.

Material aspect: 4. Regulatory issues

Management and Company competitors have recognised PPC's involvement in managing regulatory issues as a material aspect of its operations. Further market deregulation has created uncertainties and challenges for PPC, and the Corporation considers that the need to generate results when it comes to regulatory issues will intensify.

Material aspect: 5. Risk/crisis management

Risk/crisis management was primarily selected as a material aspect by Company Management, employees, customers, associates and suppliers, the State, regulatory authorities and public agencies, and by nongovernmental/non-profit organisations. PPC's Management has made concerted efforts to recognise, prevent and manage risks and crises in good time. PPC's Board of Directors then examines the key risks PPC faces and refers to them in detail in the Board of Directors' Annual Financial Report.

Material aspect: 7. Managing new energy market issues

Management and employees at PPC identify managing new energy market conditions as a material aspect. Rapid developments in the energy market in Greece, coupled with the country's commitments under the MoUs which are bringing about changes in Greece's energy landscape, have made Management and employees more interested in the role the Corporation will play in the emerging energy and economic environment. PPC's goal continues to be to ensure a competitive environment, where the key concern is benefit for customers.

Material aspect: 8. Corporate governance, ethics and values

Corporate governance, ethics and values have been recognised as material aspects by Management and the corporation's very own employees, customers, associates and suppliers, non-Governmental/Non-Profit Organisations, by the State, regulatory authorities and by public agencies. With the Board of Directors' approval PPC implements a Code of Corporate Governance which sets out the corporate Governance framework and guidelines.

Material aspect: 13. Staffing the Corporation

Staffing the Corporation was indicated as a material aspect primarily by Management, shareholders and investors, employees and competitors. An ageing staff coupled with restrictions on new recruitments because of legal provisions applicable to companies in the Greek public sector, are aspects of this topic which directly impact on the Corporation's operations.

Material aspect: 20. Involvement in public policy on energy issues in Greece

PPC's involvement in Greece's public policy on energy issues is recognised as a material aspect by the Corporation's Management team and employees, and by the State, regulatory authorities and public agencies. PPC is actively involved in shaping public policy, expressing its views on a range of issues relating to its operation, and more generally the modernisation of the domestic electricity market.

Material aspect: 24. Climate change and greenhouse gas/particle emissions

Climate change is a global environmental problem, whose impacts affect all aspects of human life (the environment, health, the food chain, infrastructure, the economy and politics). According to the 5th IPCC assessment report, it is extremely likely that man-made GHG emissions (CO_2, methane, nitrogen oxide and fluoride gases) are the main cause of climate change. When generating electricity from fossil fuels, GHGs and atmospheric pollutants are released into the air. In this regard, climate change and gas / particle emissions have been recognised as material matters by the Corporation's Management team, customers, associates and suppliers, the State, regulatory authorities and public agencies, regions, local government authorities and local communities, as well as by non-governmental and non-profit organisations. Keeping the rise in the average global temperature sufficiently below 2°C and the attempt to bring it even lower, to 1.5°C compared to pre-industrial age levels (targets which were agreed at the 21st Conference of Parties to the United Nations Framework Convention on Climate Change in Paris) require measures to be taken to curtail GHGs in the power generation sector.

Material aspects: 32. Energy efficiency/new technologies and 33. Promotion of renewable energy sources

Investments in new technologies to improve energy efficiency, and promotion of renewable energy sources are aspects which are deemed material by Company management as well as by all stakeholders. Improving energy efficiency makes a positive contribution to the Company's financial results, while further promoting RES reduces the Corporation's exposure to fluctuations in carbon prices in the EU's ETS. At the same time PPC recognises its own responsibility for GHG emissions resulting from its operations and helps effectively limit such emissions and thereby combat climate change.

Performance 2017

Selective indices for the Company's and Group's 2017 performance are presented in the following table. The indicators have been selected in accordance with the GRI guidelines. Detailed data as well as further PPC performance indicators are presented in the Corporate Social Responsibility and Sustainability Report 2017.

Indices	PPC Group[1]	PPC S.A.
Total no. of employees (number of employees 31 December 2017)	17,519	10,672[2]
Female employees (%)	22%	21%
No. of employees with a collective labor agreement (%)	99%	100%
Total no. of accidents[3] (number of employees)	134	50[4]
Total no. of fatal accidents[5] (number of employees)	1	0[6]
Final court decisions on incidents of human rights violation in the workplace (number of incidents)	0	0[7]
Final convictions of criminal courts on matters falling within the criminal offenses of corruption, abuse of power, embezzlement, theft, infidelity, corruption, bribery, fraud, forgery, false testimony or falsification of documents, use of false testimonies and official secrecy violation (number of court decisions)	0	0[8]
Social contribution (donations and sponsorships[9], support of local communities and institutions / organizations etc.) (€ '000)	1,606	1,446
Total amount of lignite levy payable to local communities (€ '000)	24,235	24,235
Power outage frequency (SAIFI) (number of power outages per customer)	2	-
Average power outage duration (SAIDI) (annual power outage duration in minutes per customer)	98	-
Number of Power Plants (lignite centers, thermal power generation units, hydroelectric units, etc.) with certified Environmental Management Systems	20	20
CO_2 emissions from electricity generation[10] (in thousands of tons)	31,740	31,740
Greenhouse gas (CO_2) trading rights (mil. €)	181	181

1. Data refer to the companies PPC, HEDNO and PPC Renewables.
2. Full time employees - number of employees of PPC Renewables S.A. is included.
3. The methodology taken into account to calculate the indicators is the "European statistics on accidents at work (ESAW) - Methodology - 2001 edition", which is also followed by the European Agency for Safety and Health at Work (EU-OSHA) and EURELECTRIC. The number of accidents includes all accidents occurring during employment of the permanent and seasonal/ temporary staff, which caused absence from work for more than 3 calendar days. Accidents occurring while travelling to and from work or cases of sickness, which are analyzed separately (from a statistical viewpoint), are not included.
4. Includes accidents that have been reported to the Occupational Health and Safety Department of PPC, by March 15th, 2018.
5. Total number of worker fatalities in consonance with the «European statistics on accidents at work (ESAW) - Methodology - 2001 edition».
6. Includes accidents that have been reported to the Occupational Health and Safety Department of PPC, by March 15th, 2018.
7. Final judgements of civil and criminal courts. The indicator relates to employees of PPC S.A., in the context of exercising their duties by virtue of their status as employees of the Company. The indicator relates to full-time, temporary or seasonal employees excluding seconded employees, contractors and their staff.
8. The indicator relates to employees of PPC S.A., in the context of exercising their duties by virtue of their status as employees of the Company. The indicator relates to full-time, temporary or seasonal employees excluding seconded employees, contractors and their staff.
9. The amount of donations/sponsorships concerns already accounted amounts from January 1st to December 31st 2017.
10. Emissions from facilities participating in the European Union Emissions Trading Scheme.

STATEMENT OF CORPORATE GOVERNANCE

1. INTRODUCTION

1. Code of Corporate Governance applying to the Company

Corporate Governance is a system of principles, based on which the optimal organization, administration and operation of a société anonyme, as well as the transparency in its relations with the shareholders and the safeguarding in general of corporate interests are pursued.

The observance of the principles of corporate governance constitutes an essential commitment and priority of "Public Power Corporation S.A." (herein PPC S.A. or the Company) due to its important role in the Greek economy, and the public interest services it provides.

It is to be noted that the Company is governed by specific laws and regulations applicable to the corporations of the wider public sector, as long as the Hellenic Republic, as the main shareholder, holds 51% of its share capital. Consequently, its operations shall continue to be subject to the laws and regulations applicable to the companies of the Greek public sector affecting specific procedures, as those concerning, indicatively but not limited to, personnel remuneration policy. The said laws and regulations, to which the current competitors of the Company are not expected to be subject, are likely to limit its operational flexibility and the implementation of the relevant "best practices" of corporate governance.

Specifically, the Hellenic Republic holds directly and indirectly, through the Hellenic Republic Asset Development Fund (TAIPED[1]), 51.12% of PPC S.A. common registered shares. TAIPED holds 17% of the Company's share capital, which is included in the aforementioned percentage held by the Hellenic Republic, since TAIPED is 100% owned by the Hellenic Republic. In accordance with the Act of Legislative Content dated 7.9.2012, which was ratified by article 2 of Law 4092/2012 (OG A' 220/8.11.2012), the obligatory participation of the Hellenic Republic by at least 51% in the share capital was abolished and the Company's Articles of Incorporation were adapted accordingly.

PPC prepares the current statement of Corporate Governance pursuant to the provisions of Article 43bb of Codified Law 2190/1920, as added with Article 2 of L. 4403/2016 (OG A' 125/07.07.2016) as applicable and appropriate, in accordance with the International Accounting Standards which have been established under the Regulation (EC)1606/2002.

PPC has drawn up and implements its own Code of Corporate Governance. Said Code was updated in February 2018 and is posted on the Company's website (www.dei.gr).

The main axes of the Code of Corporate Governance implemented by PPC are the following:

Administration

Composition of the Governing Bodies, jurisdiction and functioning.

Committees of the Board of Directors (herein BoD) and jurisdiction thereof.

Shareholders

Jurisdiction and operation of the General Meeting of Shareholders, shareholders' rights, briefing of the shareholders, as well as reference to the information data required pursuant to article 10 par. 1 of Directive 2004/25/EC of the European Parliament, as incorporated in Law 3461/2006.

Internal audit and risk management

Main characteristics of the Company's internal audit and risk management systems, regarding the procedure of preparing its financial statements.

1. TAIPED or HRADF is a Societé Anonyme under the name "HELLENIC REPUBLIC ASSET DEVELOPMENT FUND S.A." which was established by Law 3986/2011 (O.G. A' 152/2011) as amended and in effect.

2. Corporate Governance Practices implemented by PPC in addition to Law (article 43bb par. 1 item a. sub item cc. of CL 2190/1920, as applicable[2])

1) The prohibition applied to the members of the Board of Directors concerning the conduct of competitive acts applied for a period of two years following termination for any reason whatsoever of the term of office of the Board member or his retirement from the Board of Directors (article 13 par.2 of Articles of Incorporation, Code of Corporate Governance "Prohibition of competition - Participation in the Board of Directors of subsidiary companies").

2) The Board of Directors consists of different categories of members: nine (9) members, including the Chief Executive Officer, elected by the General Meeting of shareholders of the company and two (2) members representing the Company's employees are elected by direct and universal ballot (article 9 of Articles of Incorporation, Code of Corporate Governance "Composition of the Board of Directors").

   The nominations for membership on the Board of Directors, along with the curriculum vitae of the nominees, shall be submitted to the company at least three (3) working days prior to the convocation date of the General Meeting called for their election, in order to be examined with regard to any impediments or incompatibilities, as well as to the criteria of their independence (especially in the case of appointment of independent members) by a Committee to be established by the Board of Directors (art. 9 para. 5 of the Articles of Incorporation, Code of Corporate Governance "Composition of the Board of Directors").

3) In case both positions of Chairman and CEO coincide to the same person, the Board of Directors shall also elect a Vice Chairman (article 14 of Articles of Incorporation, Code of Corporate Governance "Chairman and Vice Chairman of the Board of Directors").

4) Apart from the Board of Directors and the CEO, the Governing Bodies of the Company include the Executive Committee (article 8 of Articles of Incorporation, article 3 of Rules of Operation, Code of Corporate Governance "Governing Bodies").

5) There are Deputy CEOs reporting to the CEO (article 15a of Articles of Incorporation, Code of Corporate Governance "Deputy Chief Executive Officers").

6) A Remuneration Committee has been established, consisting of three (3) non-executive members of the Board of Directors, at least two (2) of them independent (article 17 of Articles of Incorporation, Code of Corporate Governance "Remuneration and Compensation of Members").

7) A Management Contract is signed between PPC and the CEO (article 16 of Articles of Incorporation, Code of Corporate Governance "Management Contract and follow-up of its implementation").

8) Persons of recognized standing or with specialized experience or expertise in specific areas may be employed as Special Consultants, in order to support the CEO or the Deputy CEOs or the General Managers in carrying out their duties. The number of special consultants shall not exceed ten (10). The employment/assignment contracts with the Special Consultants are signed by the Chief Executive Officer, that decides upon the nature of their relationship with the Company as well as upon the terms of such contracts, indicatively the duration of the contract, remuneration/fees and other benefits (article 21 Rules of Operation of the Company, see below under 9).

9) Based on the Company's Rules of Operation as applicable which were approved by the Resolutions of the BoD no 136 and no 137 dated 21.11.2017, the Members of the Board of Directors as well as any third person to whom any competencies of the Board have been assigned by the latter, shall not be allowed to pursue own interests that are contrary to those of the Company. Members of the Board as well as any third person to whom any competencies of the Board have been assigned, are required to disclose promptly and adequately to the rest of the Board Members their own interests, that may arise from any transactions of the Company which fall within the scope of their duties, as well as any conflict of own interests with those of the Company or of any associated company, which may arise during the performance of their duties. In the event that such conflict of interests is reported or occurs in accordance with the aforementioned, such Member of the Board shall have no voting right during the relevant meeting of the Board. Any vote cast by such Member of the Board shall not be counted toward a quorum and majority.

2. Article 43bb was added to CL 2190/1920 by article 2 of L. 4403/2016 (Official Gazette volume A issue 125/ 7.7.2016).

3. Description of internal audit, regulatory compliance and risk management systems in relation to the procedure of financial statements' preparation

3.1 Safeguards at corporate level

The corporate safeguards concern the internal audit and the regulatory compliance.

1. The internal audit, in accordance with L 3016/2002 as applicable, and the Decision no 5/204/2000 of the EC, constitutes an independent, objective, safeguard and advisory activity, designed to add value and improve the operations of the Company, enabling it to fulfill its objectives through the adoption of a systematic and professional approach with regard to the evaluation and improvement of the effectiveness of the risk management procedures, of the internal audit systems and of the corporate governance. The Internal Audit of the Company is performed by a special Service, the Internal Audit Department, which is established by decision of the Board of Directors and supervised by the Audit Committee of the Board of Directors.

   The mission of the Internal Audit Department (IAD), its organization, staffing, competencies and relations with the Supervisory Authorities, as well as the competencies of its Director, the rules of its Operation and its Code of Conduct are detailed in its charters which constitute an integral part of the Operating Rules of the company.

   The annual audit plan of the IAD shall be elaborated based on the determination, updating and assessment of the corporate risks of the Group and taking into consideration the strategic goals of the Company and all developments concerning the Company and its business environment. The audit plan shall be submitted for approval to the BoD through the Audit Committee.

2. The Regulatory Compliance constitutes a safeguard of the good repute and credibility of the company, through compliance with the applicable legal, regulatory and statutory provisions, as well as with its internal regulatory framework, and through consolidation and reinforcement of the business ethics. All matters related to regulatory compliance are being handled by the Director of Compliance who has the following competences:

- Ongoing monitoring of the external institutional framework (legal, regulatory, statutory) and the internal regulations governing the business operations of the company, in collaboration with the competent Services of the company.
- Participation in the strategic planning and the annual compliance risk assessment in collaboration with the competent Department for risk management and the Internal Audit Department.
- Elaboration of a "Business Ethics & Compliance Program", in accordance with the international best practices, principles and rules, and follow-up of its implementation.
- Timely briefing of the company's competent Services on matters of Regulatory Compliance and Business Ethics in order to achieve uniformity and implement common practices.
- Submission of proposals for performing the necessary adaptations of the internal operations in order to ensure efficient separation of tasks and avoid conflict of interests.
- Establishment of communication procedures in matters of Regulatory Compliance and Business Ethics and management of a suitable channel for the submission of complaints and in general of non-compliance reports.
- Ongoing monitoring in order to prevent any violations of the institutional framework.
- Timely scheduling of the procedures of assessment, investigation and resolution of issues of non-compliance which may arise, in cooperation with the Legal Department and the Internal Audit Department, as required.
- Determination of training needs and elaboration, in cooperation with the Training Department, of training programs aiming at informing and training the personnel in matters of Regulatory Compliance and Business Code of Conduct.

- Preparation of the six-month activity reports, the annual report and other reports on issues falling within its competence to be submitted to the Board of Directors via the Audit Committee.

3. The obligations of the Audit Committee of the BoD as detailed in paragraph 1 of Chapter A13 of the Code for Corporate Governance, involve supervising the Internal Audit Department and intervening in the procedure of submission of the Compliance Director's reports to the BoD. The Audit Committee constitutes the highest safeguard of the company, through actions such as:

- Preparation of the meetings with the Top Management or/and the competent managers during the preparation of the financial reports, as well as with the chartered auditor-accountant at the stages of audit planning and conducting and at the stage of preparation of the audit reports.
- Monitoring the course of the statutory audit of the individual and consolidated financial statements and informing the Board of Directors of the results, explaining its contribution to the quality and integrity of the financial information and the role of the Audit Committee in the process.
- Reviewing and monitoring issues related to the existence and preservation of the objectivity and independence of the statutory auditors or audit firms, particularly regarding the provision by them, to the Company and its Subsidiaries, of other non-audit services.
- The responsibility of the selection procedure for the statutory auditors or audit firms
- Collection of the available information and data on the internal audit and the main risks and uncertainties of the company, in relation to the financial information.
- Follow-up of the procedure of financial information preparation and dissemination, focusing on the mechanisms and systems of generation, flow and dissemination of the financial information generated by the involved bodies of the company, including financial information published in any way whatsoever (e.g. stock exchange announcements, press releases etc.).
- Follow-up of all policies, procedures and safeguards of the company in relation to both the internal audit system and the risk assessment and management, as well as collection of the relevant results.
- Follow-up of the process of addressing problems identified by the Internal Audit Department, and especially those related to financial information.
- Submission of relevant reports to the Board of Directors, as well as submission of its activity report to the shareholders at the annual General Meeting.

3.2 Safeguards for information systems

The Company has developed a Framework of Information Systems Security within which the policies concerning Information Systems Security are defined in regard with information classification, security in matters of personal data, physical and environmental security, management of communications and information systems operations, access control, development and maintenance of information systems, coping with vulnerabilities and risks, protection against malicious software, business continuity management and in general compliance with the obligations deriving from the regulatory-legislative framework. Moreover, the roles and competencies concerning the information systems security are defined.

3.3 Safeguards for the procedure of preparation financial statements and reports

The basic areas where safeguards concerning the preparation of the Company's financial statements and reports are implemented are the following:

<u>Allocation of Competencies</u>

The executives involved have clearly defined roles and areas of responsibility, reinforcing, thus, the performance of the Internal Audit System.

<u>Procedures for accounting monitoring and preparation of financial statements</u>

- Integrated policy principles for the operation of the Accounting Services of the Group.
- Procedures in relation to the issuing of financial statements and their consolidation at Group level.
- Regular follow-up of the International Financial Reporting Standards, as these are adopted by the European Union, and corresponding compliance of the accounting principles and policies of the Group, as required.
- A special approval by the top executives of the Company is required for the posting of accounting entries, which concern specialized, non-recurrent accounting events.
- Audits are being carried out by the Information Technology Department on the information subsystems' data, before being integrated into the General Accounting.
- Regular communication of the executives of the Finance Division with the Top Management and the Audit Committee for the ratification and recording of important events that influence financial statements.
- Regular communication of the Chartered Auditors with the Top Management and the Audit Committee with regard to the progress and the results of the Company's compulsory audit.

<u>Procedures for property safekeeping</u>

Implementation of safeguards for the information systems in place for managing fixed assets, reserves, cash and cash equivalents and client management information systems. Indicatively, we mention the existence of analytical procedures and audit mechanisms for carrying out the annual materials inventory.

<u>Transaction approval limits</u>

The operation of the Services, at all management levels, as well as of the Company Bodies is governed by the Financial and Administrative Jurisdictions System by which the jurisdictions in matters of approvals by the Management Bodies and the executives of the Company are defined.

4. Information required in accordance with article 10 par. 1 items c), d), f), g) and h) of Directive 2004/25/EC of the European Parliament and of the Council, dated April 21st, 2004 concerning Takeover Bids - EXPLANATORY REPORT OF BOARD OF DIRECTORS (Article 4, paragraph 7 & 8 of L. 3556/2007))

4.1 Share Capital Structure

Until 16.01.2017 the Company's share capital amounted to € 1,067,200,000 divided into 232,000,000 common registered shares corresponding to 232,000,000 voting rights with a nominal value of € 4.60 each.

By resolution of the Shareholders' Extraordinary General Meeting on January 17, 2017, the company's share capital was decreased by four hundred ninety-one million eight hundred forty thousand euros (€ 491,840,000) along with a decrease of the nominal value of the share by two euros and twelve cents (€ 2.12) each and distribution in kind rather than in cash of one (1) share of the societe anonyme with company name "HOLDING COMPANY ENERGIAKI S.A." and the distinctive title "ENERGIAKI HOLDING S.A." of a nominal value of two euros and twelve cents (€ 2.12) for each share held in the company.

Following the aforementioned decrease, the share capital of the company currently amounts to five hundred seventy-five million three hundred sixty thousand euros (€ 575,360,000), divided into two hundred thirty-two million (232,000,000) common registered shares of a nominal value of two euros and forty-eight cents (€ 2.48) each.

4.2 Restrictions in transferring Company shares

Article 8 of PPC's Articles of Incorporation which provided that the percentage of the Hellenic Republic in the PPC's share capital could not be less than 51% of the shares with voting rights of the Company following any increase of the share capital, was abolished pursuant to the Act of Legislative Content dated 7.9.2012 (which was ratified by article 2 of L 4092/2012).

4.3 Significant direct or indirect participations within the meaning of articles 9 to 11 of L. 3556/2007

As of December 31, 2017, the Hellenic Republic, HRADF and Silchester International Investors LLP have a significant participation (over 5%).

11/4/2014	Hellenic Republic[1]	**34.12%**
11/4/2014	Hellenic Republic Asset Development Fund (HRADF)[1]	**17.00%**
13/9/2011	"Silchester International Investors LLP" acting as investment manager for its client. - Silchester International Investors International Value Equity Trust.	**5.01%**
8/12/2011	"Silchester International Investors LLP" acting as investment manager for the following clients: - Silchester International Investors International Value Equity Trust, - Silchester International Investors International Value Equity Taxable Trust, - Silchester International Investors International Value Equity Group Trust, - Silchester International Investors Tobacco Free International Value Equity Trust, - The Calleva Trust.	**13.80%**

1. The Hellenic Republic controls, directly and indirectly through HRADF (which is wholly owned by the Hellenic Republic), 51.12% of common registered shares of PPC S.A.

   On April 8, 2014, the Greek ministerial committee for restructurings and privatizations decided the transfer, without consideration, of 39,440,000 ordinary shares with voting rights corresponding to 17% of the existing share capital of PPC S.A, by the Hellenic Republic to the HRADF, pursuant to the provisions of Law 3986/2011. On April 9, 2014, the transfer of said shares by the Hellenic Republic to the HRADF was effected, following execution of an over-the-counter transaction.

   It is noted that on 20.3.2018 the automatic transfer of 79,165,144 PPC shares (34.12%) by the Hellenic Republic to the Hellenic Corporation of Assets and Participations (HCAP) SA, in accordance with the provisions of par. 20 of article 380 of Law 4512/2018, as amended by paragraph 1 of article 197 of Law 4389/2016, was completed.

   Consequently, HCAP holds directly 34.12% of PPC's shares and indirectly 17% through HRADF, which is a subsidiary of HCAP. The total percentage of voting rights of HCAP is 51.12%.

   The Greek State holds 100% of the voting rights of HCAP.

   On the basis of the above, the total Greek government share in PPC remains indirectly at 51.12%.

4.4 Shares with special control rights

There are no shares granting special control rights, stricto sensu.

4.5 Voting rights restrictions

There are no restrictions on voting rights.

4.6 Agreements between Company's shareholders

The Company has no knowledge of agreements existing between its shareholders.

4.7 Regulations on appointing and replacing members of the Board of Directors

According to article 9 of the Company's Articles of Incorporation, the Company's Board of Directors is composed of eleven (11) members, divided into executive and non-executive members (independent and non-independent) for a three year term, among which:

a) Nine (9) members, including the Chief Executive Officer, elected by the General Meeting of shareholders of the Company. The Board of Directors shall elect from among the said members its Chairman and Vice Chairman, pursuant to article 14 of the Articles of Incorporation.

b) Two (2) members representing the employees of the company. These members shall be elected by direct, general ballot and by means of the proportional representation system within a time period of two (2) months from the relevant notification to the most representative trade union (ASOP). The election of the representatives of the employees to the Board of Directors shall be conducted by an election committee appointed by the most representative trade union of the company, in which (committee) at least one representative from the remaining trade unions of the company shall participate. The procedure of the said election, the appointment of the local election committees, the time and the details of the polling, as well as the counting of the votes and the announcement of the results thereof, shall be the job of said committee, which shall be presided over by a judicial functionary pursuant to the provision of article 11 of Law 1264/1982 concerning "Democratization of the Trade-union Movement – The Rights of the Unions" (Official Gazette, volume A, issue no. 79). The same procedure shall also apply to the appointment of the substitute members in replacement of the members of the Board elected in accordance with the procedure set forth in the paragraph herein. In case the substitute member resigns or leaves his office vacant, for any reason whatsoever, his position shall be occupied by the substitute member who follows next in order.

In the event of non-election or non-prompt filling of any vacancy or non-substitution of the members of the Board, for any reason whatsoever, this shall not impede the constitution and functioning of the Board of Directors without these members, provided that the remaining members are not less than six (6).

In case that for any reason whatsoever there shall be a vacancy in the office of a Board Member elected in accordance with the procedure set forth in paragraph 2 case a) of the article 9 of the Company's Articles of Incorporation, the remaining members of the Board shall elect another member for the remaining term of the member in the office of whom a vacancy has occurred, and such election is posted on the websites of the company and of the General Electronic Commercial Registry (GEMI) and is announced by the Board of Directors at the next meeting of the General Meeting.

4.8 Duties of the Board of Directors with regard to the issuance of new or the purchase of own shares

According to article 6 par.2 case a) of the Company's Articles of Incorporation, the Company may, increase the share capital through the issuance of new shares. The amount of the increase cannot exceed the amount of the original share capital or of the share capital which shall have been paid up on the date of the decision by the General Meeting on the renewal of the relevant power of the Board of Directors.

The above mentioned authority of the BoD can be renewed by the General Meeting for a period that cannot exceed 5 years for each renewal.

The provisions of article 16 and 16a of Codified Law 2190/1920, as amended and currently in effect, provide for the Company's ability to purchase own shares, with the Board of Directors responsibility following an approval of the General Meeting of Shareholders, under the requirements specifically indicated by the above article.

There is no such provision in the Company's Articles of Incorporation, concerning specifically the Board of Directors' competence for the purchase of own shares.

4.9 Significant agreements that become effective, are amended or are terminated in the event of change in control

A significant part of loan agreements provide that in case the Greek State's participation in the share capital of the Company falls below 34% or 51%, or in case the State ceases to control the Company, it may lead to Mandatory Prepayment of these loans or constitute an Event of Default.

In addition, the change in PPC's shareholders' structure, which will lead to a change in control over the Company is a reason for an "Accelerated Put/Call Event" according to the Shareholders Agreement between PPC S.A. and TERNA ENERGY relating to WASTE SYCLO S.A. This fact initiates the procedure of the "Accelerated Put/Call Notice". The Non Defaulting Party may require to purchase all the shares of the Defaulting Party, or may proceed to the disposal of its shares to the Defaulting Party, according to the foreseen procedure in the Shareholders Agreement.

With regard to the shareholders agreement with ALPIQ, based on which the subsidiary company under the trade name PPC Bulgaria was established in Bulgaria, in the event of any change in the shareholder structure of one out of the two shareholders which leads in a change of control over the company, the other shareholder may exercise his right to sell his shares to the first shareholder, within 30 working days, pursuant to the procedure provided for in the shareholders agreement.

4.10 Agreements with members of the Board of Directors or Company Personnel

There are no share distribution plans to the members of the Board of Directors and/ or employees of the Company.

PPC has signed contracts for the provision of independent services with the Chairman and Chief Executive Officer Mr. E. Panagiotakis, and with the Deputy CEO Mr. S. Goutsos.

5. Information on the functioning of the General Meeting of the shareholders and its main powers, as well as description of the shareholders' rights and of their exercise

5.1 Shareholders' General Meeting competence

1. The Shareholders' General Meeting is the supreme authority of the Company and shall have the right to make decisions on all matters concerning the Company, unless otherwise stipulated in the Articles of Incorporation, and more particularly to decide regarding:

   a) The amendment of the Articles of Incorporation. Such amendments are also deemed to include the increase or decrease of the share capital, subject to the provisions of article 6 of the Articles of Incorporation and article 34 par. 2 of Codified Law 2190/1920, as applicable. The decisions concerning amendments to the Articles of Incorporation shall be valid, provided that the relevant amendment is not prohibited by an expressed provision of the Articles of Incorporation or by law.

   b) The election of Board Members, pursuant to article 9 of the Articles of Incorporation, of the Chief Executive Officer and of the regular auditors.

   c) The approval of the balance sheet of the Company.

   d) The distribution of the annual profits.

   e) The issuance of loan through bonds convertible into shares, subject to the provisions of article 6 of the Articles of Incorporation. The issuance of bond loans non-convertible into shares shall be permitted also by virtue of a resolution of the Board of Directors.

   f) The merger, demerger, transformation, revival, extension of term or dissolution of the Company and

   g) the appointment of liquidators.

2. Any holder of fully-paid up voting shares shall participate in the General Meeting of shareholders of the Company only to the extent of the number of shares which he holds.

5.2 Convocation of the General Meeting

1. The Shareholders' General Meeting of the Company shall be convened by the Board of Directors and shall meet at the seat of the Company and/or at any other place outside such seat, in accordance with the provisions of article 25 of Codified Law 2190/1920, at least once a year, always within the first six months following the end of the financial year. The Board of Directors may convene an Extraordinary Shareholders' General Meeting, whenever this is prescribed by special provisions or whenever the Board considers it appropriate.

2. Within ten (10) days from the submission by the auditors of a request to the Chairman of the Board of Directors, the Board of Directors shall be bound to convene the Shareholders' General Meeting having for items on the agenda those listed in the submitted request.

5.3 Invitation to the General Meeting

1. The Invitation to the General Meeting, with the exception of repeat General Meetings and of meetings regarded as such, shall clearly state at least the venue, date and time of the meeting, the items on the agenda, the shareholders entitled to participate, as well as precise instructions about the way the shareholders shall be able to participate in the meeting and exercise their rights in person or by proxy, or potentially through remote attendance (from a distance), shall be available in a prominent place at the registered office of the Company and shall be published by posting on the website of the Company and of the GEMI, and in any case, as provided for by the law each time.

2. The General Meeting shall be convened at least twenty (20) days prior to the date set for the meeting, inclusive of days legally excluded (holidays). The invitation shall be posted on the website of the company twenty (20) days prior to the date set for the General Meeting and at the same time the company shall announce to the G.E.MI such posting on the website, pursuant to the law. In the event of repeat General Meetings, the time limits set forth herein shall be reduced by one half.

3. The day of publication of the notice of invitation to attend a General Meeting and the day on which such meeting shall be held are not counted.

4. Besides the information of par. 1 herein, the invitation shall also:

   a) include at least the following information:

      aa) shareholders rights of par. 2, 3, 6 and 7 of article 28 of the Articles of Incorporation, stating the time period within which each right may be exercised, by the respective deadlines specified in the above paragraphs of article 28 of the Articles of Incorporation or alternatively the closing date by which such rights may be exercised, on condition that the detailed information is posted, with an explicit reference in the invitation, on the Company's website www.dei.gr, and

      bb) the procedure for the exercise of the voting rights by proxy and more in particular the printed forms used by the Company to this end, as well as the means and methods provided for in article 22 of the Articles of Incorporation, in order that the Company receives electronic notifications of any appointment and revocation of proxy holders,

   b) the record date as provided for in article 22 par. 2 of the Articles of Incorporation in accordance with article 28a par. 4 of Codified Law 2190/1920, as applicable, pointing out that only those persons having the shareholding capacity on such date shall have the participation and voting right at the General Meeting,

   c) the location where the full text of documents and draft resolutions provided for in cases c) and d) of par. 5 of article 22 of the Articles of Incorporation are made available, as well as their reception mode,

   d) the Company's website address where the information of par. 5 of article 22 of the Articles of Incorporation is posted.

5. The company publishes in the media mentioned in par. 1 herein a summary of the invitation containing at least the precise address of the venue, the time and the hour of the meeting, the shareholders entitled to participate, as well as an explicit reference to the address of the company's website where the full text of the invitation and the information provided for in par. 3 of article 27 of Codified Law 2190/1920 are posted.

   In case of enforcement of par. 2 article 39 of Codified Law 2190/1920 the publication in the media in accordance with the above par. 1 herein shall contain at least a clear indication that any revised agenda shall be posted on the company's website and in the media mentioned in the following section. Besides the publication in the media of par. 1 herein including the company's website, the full text of the invitation shall also be published within the prescribed deadline of par. 2, in such a way as to ensure rapid and non-discriminatory access to it, in the media that the Board of Directors considers reasonably reliable for the effective diffusion of information to the investors, in particular at print and electronic media with national and Europe-wide circulation.

5.4 Participation in the General Meeting

1. Any shareholder shall be entitled to attend and vote at the General Meeting.
2. Any person appearing as a shareholder in the registry of the entity where the securities of the Company are being kept, shall be entitled to participate in the General Meeting without being required to block his shares.

   The shareholding capacity shall be evidenced by providing a relative written certificate from the above entity or alternatively a confirmation through direct online connection of the Company with the records of the latter. The shareholdings capacity shall be valid on the commencement of the fifth (5th) day prior to the date of the General Meeting (Record Date) and the relative written or electronic certificate with regard to the shareholding capacity shall be serviced to the Company at the latest the third (3rd) day prior to the date of the General Meeting.

   Shareholders may attend the repeat General Meeting in accordance with the same formal requirements set out above. The shareholding capacity shall be valid on the commencement of the fourth (4th) day prior to the holding of the repeat General Meeting (Record Date of repeat General Meetings), while the relative written or electronic certificate with regard to the shareholding capacity shall be serviced to the Company at the latest the third (3rd) day prior to the General Meeting. Only those holding the shareholding capacity on the above Record Date shall be considered vis-à-vis the Company to be entitled to participate and vote at the General Meeting. In case of non -compliance with the provisions of Article 28a of Codified Law 2190/1920, as applicable, the said shareholders may attend the General Meeting only upon authorization of the General Meeting.

   Shareholders shall participate and vote at the General Meeting either in person or by proxy. Each shareholder may appoint up to three (3) proxy holders. A proxy holder holding proxies by several shareholders may cast votes differently for each shareholder. The appointment and revocation of proxy holders shall be made in writing or by mail and shall be notified to the Company in accordance with the same procedure as above at least three (3) days prior to the date set for such General Meeting. Legal entities participating in the General Meeting may appoint up to three (3) natural persons as proxies.
3. Ten (10) days prior to the ordinary General Meeting, every shareholder may obtain from the Company the annual financial statements thereof, together with the relevant reports of the Board of Directors and of the auditors.
4. Twenty-four (24) hours prior to each General Meeting, a list of shareholders with voting right at the said meeting shall be posted in a prominent place at the registered office of the Company. The said list shall indicate any proxies of the shareholders, in compliance with article 28a of Codified Law 2190/1920, as applicable, and paragraph 2 herein, the number of shares and votes of each shareholder, as well as the addresses of the shareholders and of their proxies.
5. As of the date of publication of the invitation to the General Meeting and until the date of the General Meeting, at least the following information shall be posted on the Company's website:

   a) the notice of invitation to the General Meeting,

   b) the total number of shares and voting rights on the date of such invitation,

   c) the documents to be submitted at the General Meeting,

   d) a draft resolution for each item on the agenda or in case no resolution has been submitted for approval, a comment by the Board of Directors on each item on the agenda and any draft resolutions submitted by the shareholders, right after being received by the Company,

   e) the printed forms to be used for the exercise of voting rights by proxy.

5.5 Ordinary Quorum and Majority

1. A quorum of the General Meeting shall be deemed to be achieved for the proper discussion of the issues on the agenda, when shareholders representing at least one fifth (1/5) of the paid-up share capital are present or represented thereat.
2. If the quorum referred to in the preceding paragraph is not obtained, the General Meeting shall be held again within twenty (20) days from the date of the postponed meeting, following invitation being notified at least ten (10) days prior to the meeting date. At such repeat meeting a quorum shall be deemed to be obtained in order to duly discuss the items set out in the original agenda, independently of the proportion of the paid-up share capital represented thereat.

   A new notice of invitation is not required, in the event that the original notice of invitation states the venue and date of the repeat meetings provided for by the law, in case a quorum has not been reached, on condition that at least ten (10) full days intervene between the postponed meeting and the repeat one.
3. The resolutions of the General Meeting shall be made by absolute majority of the votes represented thereat.

5.6 Extraordinary Quorum and Majority

1. As an exception, for resolutions involving:

   a) change in the nationality of the Company,

   b) modification of the object of the Company,

   c) issuance of bonds convertible into shares, as stipulated by article 19 par. 1(e) of the Articles of Incorporation,

   d) increase of the shareholders' obligations,

   e) increase of the share capital subject to the provisions of article 6 of the Articles of Incorporation, or unless it is imposed by law or is effected by capitalization of reserves,

   f) decrease of the share capital, with the exception of the case of par. 6 article 16 of Codified Law 2190/1920, as applicable, or with the exception of those cases which are regulated in a different manner, according to a special law or to the Articles of Incorporation,

   g) change in the manner of profits' distribution,

   h) restriction or abolition of the pre-emption right of the old shareholders in all cases of increase of the share capital not effected by transfers in kind or by the issuance of convertible bonds,

   i) merger, demerger, transformation, revival, extension of term or dissolution of the Company,

   j) granting or renewing of powers to the Board of Directors for the increase of the share capital or the issuance of bond loan in accordance with the provisions of article 6 par. 2(b) of the Articles of Incorporation, and

   k) any amendment to the section herein and in any other case provided for by the law, a quorum shall be deemed to be obtained for the proper transaction of the business set out in the agenda, when shareholders representing two thirds (2/3) of the paid-up share capital are present or represented at the relevant meeting.
2. If the said quorum is not obtained, a second General Meeting shall be held in accordance with the provisions of paragraph 2, article 23 of the Articles of Incorporation, a quorum of which shall be obtained for the proper transaction of the business set out in the original agenda when at least one half (1/2) of the paid-up share capital is represented thereat. If such quorum is still not obtained, the General Meeting shall be held upon notice of invitation and convened as stipulated above, a quorum of which shall be obtained when shareholders representing at least one fifth (1/5) of the paid-up

capital are present or represented at said meeting.

In the event that quorum has not been obtained, a new notice of invitation is not required on condition that the venue and time of the repeat meetings, as provided for by law, are set in the initial invitation, and that at least ten (10) full days intervene between each postponed meeting and each repeat one.

3. The resolutions stipulated in par. 1 herein shall be made by a two-thirds (2/3) majority of the votes represented at the General Meeting.

5.7 Chairmanship of the General Meeting

1. The Chairman of the Board of Directors shall preside, provisionally, as chairman at the General Meetings. If unable to perform his/her duties, he/she shall be replaced by his/her substitute. Secretarial duties at the meetings shall be performed, provisionally, by a person appointed by the Chairman.
2. Following approval of the final list of shareholders with voting rights, the General Meeting shall proceed to the election of its Chairman and of one (1) Secretary, who shall also act as scrutineer.

5.8 Agenda - Minutes of the Meetings

1. The discussions and the resolutions of the General Meeting shall be limited to the items on the agenda published in accordance with article 21 of the Articles of Incorporation.
2. A summary of all the items discussed and resolved at the General Meeting shall be entered in a minute book signed by the Chairman and the Secretary. Following request, if any, by any shareholder, the Chairman shall record an exact summary of the said shareholder's opinion in the minutes. In the same minute book shall also be recorded a list of shareholders who attended the General Meeting in person or by proxy, drawn up in accordance with par. 2 of article 27 of Codified Law 2190/1920, as applicable. The results of the voting shall be posted on the Company's website under the responsibility of the Board of Directors within five (5) days at the latest from the date of the General Meeting, indicating for each resolution at least the number of shares for which valid votes were cast, the proportion of the share capital represented by such votes, the total number of valid votes as well as the number of votes cast in favour and against each resolution and the number of abstentions.
3. Copies of and excerpts from the minutes of the General Meeting shall be certified by the Chairman of the Board of Directors or his/her substitute.
4. If only one shareholder is present at a meeting of the General Meeting, then a representative of the Supervising Ministry - Section of Supervision of Sociétés Anonymes or a notary public authorized to do business in the district where the seat of the Company is located, shall attend the said General Meeting and countersign the minutes thereof.

5.9 Discharge from Liability of the Members of the Board of Directors and of the Auditors

1. Following the approval of the annual financial statements, the General Meeting shall decide by a special vote taken by roll call, regarding the discharge of the members of the Board of Directors and of the auditors from any liability for damages. The said discharge shall be null and void in those instances provided by article 22a of Codified Law 2190/1920, as applicable.
2. Shareholders shall be entitled to participate in the voting for the discharge of the members of the Board of Directors only with the shares they own or as proxy holders of other shareholders, provided that they have obtained a relative authorization with clear and specific voting instructions. The same also applies for the employees of the Company.

5.10 Minority Rights

1. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall be bound to convene an extraordinary General Meeting, setting the date of such a meeting, which shall not be later than forty five (45) days from the date of service of such request to the Chairman of the Board of Directors. The agenda items shall be stated in detail in the said request. If the General Meeting is not convened by the Board of Directors within twenty (20) days from the service of the said request, the meeting shall be convened by the requesting shareholders at the expense of the Company, upon decision of the Single-Member Court of First Instance at the Company's registered seat, issued following the procedure of interim measures. The place and date of the meeting, as well as the items on the agenda, shall be defined by the said decision.
2. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall be obliged to insert additional items in the agenda of a General Meeting already convened, if the relative request has been submitted to the Board of Directors at least fifteen (15) days prior to the General Meeting. The request for the insertion of additional items in the agenda shall be accompanied by the reasoning or a draft resolution to be approved by the General Meeting. The revised agenda shall be published or notified under the responsibility of the Board of Directors, pursuant to article 26 of Codified Law 2190/1920, as applicable, according to the same procedure as above, thirteen (13) days prior to the date of the General Meeting; at the same time it shall be made available to the shareholders on the Company's website along with the reasoning or the draft decision submitted by the shareholders in accordance with the provisions of par. 5 of article 22 of the Articles of Incorporation.
3. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall make available to the shareholders in accordance with the provisions of par. 5 article 22 of the Articles of Incorporation, at least six (6) days prior to the General Meeting any draft resolutions on items included in the initial or the revised agenda, provided that such request is submitted to the Board of Directors at least seven (7) days prior to the date of the General Meeting.
4. The Board of Directors shall have no obligation to proceed to the insertion of items in the agenda nor to publish or notify such items along with the reasoning and the draft resolutions submitted by the shareholders in accordance with the above par. 2 and 3 respectively, if their content is obviously contrary to Law and morality.
5. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Chairman of the General Meeting shall be obliged to postpone, only once, the procedure of decision taking by the ordinary or the extraordinary General Meeting for all or for specific items, setting at the same time, as date for the continuation of the meeting, the one specified in the request of the shareholders, which may not be later than thirty (30) days from the date of postponement.

   The General Meeting, which follows the postponed one, is deemed to be in continuation of the previous one and no repetition of the formalities for the publication of the shareholders' invitation is required. New shareholders may also attend this meeting, by complying with the provisions of article 22 of the Articles of Incorporation.
6. a) At the request of shareholders representing one twentieth (1/20) of the paid-up share capital submitted to the Company, the Board of Directors shall be bound to announce to the General Meeting of shareholders, provided it is an ordinary General Meeting, the amounts paid by the Company for any reason whatsoever, within the last two (2) years, to members of the Board of Directors, to the Chief Officers, to the Managers or other employees of the Company, as well as any other benefit paid to the said persons or any contract the Company has entered into with the above mentioned persons for any reason whatsoever.

   b) At the request of any of the shareholders, submitted to the Company within at least five (5) full days prior to the General Meeting, the Board of Directors shall be obliged to provide the requested information with respect to the Company's affairs, to the extent that such information is useful for the actual evaluation of the agenda items. The Board of Directors may give a common reply to all shareholders' requests having the same content. There shall be no obligation to provide information, on condition that such information is already posted on the Company's website,

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especially in question and answer form.

In both cases a) and b) above, the Board of Directors may refuse to provide the requested information, if sufficient material grounds exist, recording the reasons for such refusal in the minutes.

7. At the request of shareholders representing one fifth (1/5) of the paid-up share capital submitted to the Company within the time limit referred to in the preceding paragraph, the Board of Directors shall be obliged to provide during the General Meeting to the said shareholders information on the progress of the affairs and on the financial condition of the Company. The Board of Directors may refuse to provide the requested information, if sufficient material grounds exist, recording the reasons for such refusal in the minutes.
8. In the cases referred to in paragraphs 6 a) and 7 herein, any issue in dispute over the validity of the reasons for such refusal by the Board of Directors shall be resolved by the Single-Member Court of First Instance at the Company's registered seat, following the procedure of interim measures.
9. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, a resolution concerning any item on the agenda of the General Meeting shall be made by roll call.
10. In all cases referred to in paragraphs 1 up to 7 of the article herein, the shareholders submitting such a request shall be obliged to provide evidence of their shareholding capacity, in accordance with article 22 of the Articles of Incorporation, as well as of the number of their shares granting them the above rights, whether by providing a relative certificate by the entity where the respective securities are being kept or by confirmation of their shareholding capacity through direct online connection between the above-mentioned entity and the Company.
11. Shareholders of the Company representing one twentieth (1/20) of the paid-up share capital shall have the right to request by the Single-Member Court of First Instance of the Company's registered seat the performance of an audit of the Company. Such audit shall be ordered, in the event it is assumed that certain acts reported against the Company violate the provisions of the law, of the Articles of Incorporation, or of the resolutions of the General Meeting. In all cases, the petitions requesting an audit shall be filed within three (3) years from the date of approval of the annual financial statements of the financial year within which such reported acts took place.
12. Shareholders of the Company representing one fifth (1/5) of the paid-up share capital shall have the right to request from the court referred to in the preceding paragraph the performance of an audit of the Company, provided that it is assumed from the general progress of the Company's affairs, that the management thereof is not carried out in accordance with the principles of honesty and prudence. The last subparagraph of paragraph 3 article 40 of Codified Law 2190/1920 shall not be applicable.
13. Shareholders who make a request in accordance with paragraphs 11 and 12 of the article herein, must provide evidence to the Court that they are in possession of the shares, as stipulated in article 22 of the Articles of Incorporation, granting them the right to request the audit of the Company.

6. Composition and operation of the Governing Bodies

6.1 Governing Bodies

The Governing Bodies of the Company (Article 8 of PPC Articles of Incorporation) shall be:

a) the Board of Directors,

b) the Chief Executive Officer and

c) the Executive Committee.

1. a) The Board of Directors (or BoD) shall consist of eleven (11) members divided into executive and non-executive members (independent or non – independent) and elected for a three-year term. In order to ensure continuity in the administration of the corporate affairs and the representation of the Company, the term of office of each member is extended ipso jure until the first Ordinary General Meeting to be held after its expiration.

   b) At least 5 out of the 11 members of the Board of Directors shall be independent non-executive members. The participation of the independent non-executive members to the BoD shall not exceed 3 consecutive terms of office, in other words nine (9) years in total.

   c) The number of the non-executive members of the Board linked by any type of employment relation to the company or to any of its associated companies cannot exceed at maximum the number of three (3) out of the total number of its members.

2. The Board of Directors shall consist of:

   a) Nine (9) members, including the Chief Executive Officer, elected by the General Meeting of the shareholders of the Company. The Board of Directors shall elect from among the said members its Chairman and Vice Chairman, pursuant to article 14 of the Articles of Incorporation.

   b) Two (2) members representing the employees of the Company. These members shall be elected by direct, general ballot and by means of the proportional representation system within a time period of two (2) months from the relevant notification to the most representative trade union (ASOP). The election of the representatives of the employees to the Board of Directors shall be conducted by an election committee appointed by the most representative trade union of the Company, in which (committee) at least one representative from the remaining trade unions of the Company shall participate. The procedure of the said election, the appointment of the local election committees, the time and the details of the polling, as well as the counting of the votes and the announcement of the results thereof, shall be the job of said committee, which shall be presided over by a judicial functionary pursuant to the provision of article 11 of Law 1264/1982 concerning "Democratization of the Trade-union Movement – The Rights of the Unions" (Official Gazette, volume A, issue no. 79). The same procedure shall also apply to the appointment of the substitute members in replacement of the members of the Board elected in accordance with the procedure set forth in the paragraph herein. In case the substitute member resigns or leaves his office vacant, for any reason whatsoever, his position shall be occupied by the substitute member who follows next in order.

3. In the event of non-election or non-prompt filling of any vacancy or non-substitution of the members of the Board, for any reason whatsoever, this shall not impede the constitution and functioning of the Board of Directors without these members, provided that the remaining members are not less than six (6).

4. a) In case that for any reason whatsoever there shall be a vacancy in the office of a Board Member elected in accordance with the procedure set forth in paragraph 2a herein, the remaining members of the Board shall elect another member for the remaining term of the member in the office of whom a vacancy has occurred, and such election shall be posted on the websites of the company and the General Electronic Commercial Registry (GECR or G.E.M.I.) and shall be announced by the Board of Directors at the next meeting of the General Meeting.

   b) In the event of a vacancy in the office of the Chief Executive Officer for any reason whatsoever the Chairman of the Board of Directors shall temporarily act as Chief Executive Officer or if the posts of Chairman of the Board of Directors and of Chief Executive Officer coincide to the same person, the Vice Chairman of the Board of Directors and if there is no Vice Chairman, a person designated by the Board of Directors among its nine (9) members, and by priority among its executive members, who have been elected by the General Meeting, shall act as Chief Executive Officer. In such instances, the Board of Directors shall call a meeting of the General Meeting of shareholders within the shortest possible time for the election of the new Chief Executive Officer.

   c) In the event of a vacancy in the office of the Chairman of the Board of Directors for any reason whatsoever the Chief Executive Officer of the company shall temporarily act as Chairman or if the posts of Chairman of the Board of Directors and of Chief Executive Officer coincide to the same person, the Vice Chairman of the Board of Directors shall act as Chairman. In the event of a vacancy in the office of both the Chairman and the Chief Executive Officer, and should no Vice Chairman of the Board of Directors have been elected, the Chairman shall be substituted by the senior member of the Board of Directors from among its nine (9) members who have been elected by the General Meeting.

d) In the event that the Chief Executive Officer or the Chairman are absent or temporarily unable to perform their functions, the Vice Chairman and, if there is no Vice Chairman, a person designated by the Board of Directors among its nine (9) members, and by priority among its executive members, who have been elected by the General Meeting, shall substitute for them.

5. The nominations for membership on the Board of Directors, along with the curriculum vitae of the nominees, shall be submitted to the company at least three (3) working days prior to the convocation date of the General Meeting called for their election, in order to be examined with regard to any impediments or incompatibilities, as well as to the criteria of their independence (especially in the case of appointment of independent members) by a Committee to be established by the Board of Directors.

6. Failure to post on the websites of the company and of the GECR and to announce the election or the substitution of a Board Member by the General Meeting shall not invalidate the resolutions of the Board of Directors taken with the participation of the said member.

6.2 Competence of the Board of Directors

1. The Board of Directors is the supreme governing body of the Company which shall primarily formulate its strategy and development policy, as well as supervise and exercise control over the management of its property. The Board of Directors shall approve, upon recommendation of the Chief Executive Officer: a) the Strategic Plan, which determines the strategic goals for the attainment of the purpose of the Company, b) the Business Plan of the Company of a duration between three (3) and five (5) years, which specifies the goals of the Strategic Plan for each year of its duration, c) the methods for the implementation of the Strategic Plan and the Business Plan for each year of their duration. The Board of Directors shall also follow up the implementation of both the Strategic and the Business Plan.

2. The Board of Directors shall represent the Company and shall be vested with unlimited authority to decide on any act and to exercise full power concerning the management of the Company, the management of its property and in general the fulfillment of its object, with the exception of those issues which either by law or by the Articles of Incorporation, expressly fall within the jurisdiction of the General Meeting.

3. The Board of Directors shall, upon recommendation of the Chief Executive Officer, approve the annual budget of the Company, prepare, approve and submit to the General Meeting for approval the annual financial statements of the Company and prepare and submit to the General Meeting the annual report.

4. The Board of Directors shall, upon the recommendation of the Chief Executive Officer decide on: a) the necessity of creating positions of Deputy Chief Executive Officers, as well as on their number and competences thereof, b) the basic organization of the Company divided into Divisions and Business Units, which constitute the highest administrative level of its organizational structure, c) the creation of positions of Chief Officers and their competences.

5. The Board of Directors may, upon recommendation of the Chief Executive Officer delegate part of its competences, except for those which, pursuant to Codified Law 2190/1920 and to the Articles of Incorporation, require collective action or fall within the exclusive jurisdiction of the Chief Executive Officer in accordance with Article 15 of the articles of Incorporation, as well as the administration, management or supervision of the affairs or the representation of the Company, to the Chairman, to the Chief Executive Officer, to the Deputy Chief Executive Officers, to one or more of its members, to the Executive Committee, to the Chief Officers, to the Managers or the employees of the Company. The aforesaid persons to whom the competences of the paragraph herein are delegated and who have not the capacity of Board Member carry the same responsibility towards the Company as the members of the Board of Directors, pursuant to par. 6, article 22a of Codified Law 2190/1920, as applicable and to article 12 of the Articles of Incorporation.

6.3 Convocation and Functioning of the Board of Directors

1. The Board of Directors shall meet at the seat of the Company and/or outside its seat at the facilities of PPC at Kozani, Megalopolis and Aliveri, upon the call of the Chairman or his substitute on such day and hour as determined by him, whenever required following the needs of the Company.

2. The Board of Directors may lawfully meet by way of teleconference upon invitation to the members of the Board of Directors, which includes all necessary information with respect to their participation in the meeting.

3. Upon application by two (2) members, the Chairman or his substitute shall be obliged to convoke the Board of Directors, setting the date of the meeting, which shall not be later than seven (7) days from the submission of the relevant application, in which (application) the Chairman or his substitute shall be obliged to include any proposed item on the agenda of the first meeting held following submission of the relevant application.

4. The agenda of the meetings shall be determined by the Chairman and its items shall be included in the notice sent to the members of the Board at least two (2) working days prior to the date of the meeting, otherwise the decision taking is permitted only if all members of the Board of Directors are present or represented at the meeting and none of them objects to the decision taking.

5. A quorum of the Board shall be deemed to be present and the meeting shall be deemed valid if, pursuant to paragraph 6 herein, one more than half the number of members are present or represented. In no case, however, shall the number of members physically present be less than three (3). In determining the number required to form a quorum, fractions, if any, shall be ignored.

6. The Board of Directors shall take its decisions by absolute majority of the members present or represented. In case of equality in votes, the Chairman's vote shall prevail.

7. Each Board Member may, following written authorization, validly represent only one member thereof. The representation to the Board of Directors may not be assigned to a person who is not a member of the Board of Directors.

8. Minutes of the proceedings and decisions of the Board of Directors shall be kept in accordance with the Law (Article 20, par. 6 of Codified Law 2190/1920, as applicable). The minutes are signed by the Chairman and the members of the Board present at the relevant meeting and are certified at the next meeting of the Board of Directors.

9. The copies of and the excerpts from the minutes of the Board of Directors shall be signed by the Chairman or, in the event he is absent or unable to perform his duties, by his substitute without any other validation being necessary.

10. The General Counsel may attend the meetings of the Board of Directors, except as otherwise decided by the Board of Directors, without having the right to vote.

11. The drawing up and the signing of the minutes by all the members of the Board of Directors or their representatives is equal to a resolution of the Board of Directors, even if no meeting has proceeded.

6.4 Liability of the Board Members

1. The Board Members shall be liable to the Company for any fault committed by them during the performance of their duties, as specifically provided for under articles 22a and 22b of Codified Law 2190/1920, as applicable.

2. The Board Members shall be bound to keep absolute secrecy with regard to all confidential information in respect of the affairs of the Company coming to their knowledge in their capacity as Board Members.

3. The appointment and the dismissal for any reason whatsoever of the Board Members and of the persons empowered to represent the Company jointly or individually shall be subject to publicity, as stipulated by articles 7a and 7b of Codified Law 2190/1920, as applicable, together with their identity particulars and in any case, as provided for by the law each time.

6.5 Prohibition of competition - Participation in the Board of Directors of subsidiary companies

1. The members of the Board of Directors, the Deputy Chief Executive Officers, the Chief Officers, the Managers, as well as the employees of the Company shall not be permitted to perform on occasion or by profession without the authorization of the General Meeting of shareholders of the Company, either on their own behalf or on behalf of third parties, acts falling within the object of the Company or be members of Boards of Directors, executives, employees or representatives of companies pursuing aims similar to those of the Company. In addition, all the aforementioned are not allowed to participate in all types of companies or joint ventures with an object similar to the one of the Company. The subsidiary companies of the Company or the companies in the capital of which the Company participates shall not be subject to the abovementioned prohibition.

2. The prohibition referred to above shall be valid for a period of two years following expiry for any reason whatsoever of the term of office of the Board Member or following his/her retirement from the Board or following retirement from the Company of an officer or employee, who had participated in the Executive Committee of the Company or in the Board of Directors.

6.6 Chairman and Vice Chairman of the Board of Directors

1. The Board of Directors upon completion of the procedure of article 49 A of the Hellenic Parliament Standing Orders, shall elect its Chairman, whose position may coincide with that of the Chief Executive Officer. In the event that the aforesaid positions shall coincide to the same person, the Board shall elect a Vice Chairman also.

2. The Chairman shall represent the Company and follow up the implementation of the decisions of the Board of Directors. He / She shall convene the Board, preside at the meetings thereof, determine the items on the agenda, conduct the meetings and put said items under vote. The Chairman shall also submit, at regular intervals, the reports regarding the conduct of business and the activities of the Company stipulated by the standing provisions and the Articles of Incorporation.

6.7 Chief Executive Officer

1. The Chief Executive Officer of the company shall be elected by the General Meeting of shareholders, upon completion of the procedure of article 49 A of the Hellenic Parliament Standing Orders, for a three-year term of office.

2. The Chief Executive Officer shall be the highest-ranking executive officer of the company, he/she shall be at the head of all the services thereof, conduct their activities, decide on the further organization of the company within the scope of these Articles of Incorporation and the relevant resolutions of the Board of Directors, make the necessary decisions within the framework of the provisions governing the operation of the company, of the approved plans and budgets, of the Strategic Plan (S.P.), of the Business Plan (B.P.) and of the terms of the Management Contract he/she has entered into with the company pursuant to Article 16 hereof. The Chief Executive Officer shall represent the company within the limits of his duties on the basis of these Articles of Incorporation or of the resolutions of the Board of Directors and may authorize or empower other persons, members of the Board, low-ranking or high-ranking executives of the company, as well as any kind of PPC employees, to represent him/her.

3. The Chief Executive Officer shall have the following duties under the Articles of Incorporation, as well as all other duties, which shall be delegated to him/her upon resolution of the Board of Directors. He/she shall:

   a) Submit to the Board of Directors of the company the proposals and recommendations required for the attainment of the company's objects, as specified in the Strategic Plan and the Business Plan.

   b) Make decisions on the awarding of contracts of a value to be determined on each occasion by decision of the Board of Directors.

4. The Chief Executive Officer agrees on rights and obligations in the name and on behalf of the company, within its scope of competence based on the company's Articles of Incorporation or the decisions of the Board of Directors, furthermore regardless of any limits of material competence with regard to the conclusion initially of cooperation agreements of non-binding for the company nature.

6.8 Deputy Chief Executive Officers

1. The Deputy Chief Executive Officers shall report to the Chief Executive Officer and shall be at the head of wider business activities structured into Divisions and Business Units. Deputy Chief Executive Officers may be members of the Board of Directors among those elected by the General Meeting of the shareholders of the Company.

2. The number and duties of the Deputy Chief Executive Officers shall be determined by the Board of Directors upon recommendation of the Chief Executive Officer.

3. The Deputy Chief Executive Officers shall be selected through open competition, unless otherwise decided by the Board of Directors in special cases. The Deputy Chief Executive Officers shall be appointed by decision of the Chairman of the Board of Directors, upon the recommendation of the Chief Executive Officer. In the event that the positions of the Chairman and of the Chief Executive Officer coincide to the same person, the decision for their appointment shall be made by the Board of Directors. The Deputy Chief Executive Officers, in case they are also members of the Board of Directors elected by the Shareholders' General Meeting, shall be appointed by decision of the Board of Directors and upon recommendation by the Chief Executive Officer. Their term of office shall be for three years; their remuneration and other benefits shall be decided by the Chief Executive Officer, who shall sign the relevant contract subject to article 17 of the Articles of Incorporation and the Unit A10 of the Corporate Governance Code. The contract shall refer among others to their evaluation as provided for by the Rules of Operation of the Company.

6.9 Management Contract and follow-up of its implementation

1. A Management Contract shall be entered into by and between the company, represented by the Chairman and, in the event that the positions of Chairman of the Board and Chief Executive Officer shall coincide, by a specially authorized member of the Board of Directors designated by decision of the latter, and the Chief Executive Officer. By virtue of the said Management Contract, which shall be signed within six (6) months from the entry into office of the Chief Executive Officer, the goals which the Chief Executive Officer undertakes to achieve during his term of office shall be specified.

2. The Management Contract shall be terminated by the Board of Directors on the grounds stipulated therein, in the event that there is a substantial deviation from the financial figures or from the deadlines set for the achievement of its goals that cannot be sufficiently justified as well as for any other important reason. The Chief Executive Officer shall have no voting right in the meeting for the adoption by the Board of Directors of the decision authorizing termination of the Management Contract. Upon termination of the Management Contract, the Chief Executive Officer shall be ipso jure removed from office and relieved from his/her capacity as member of the Board of Directors. As regards his/her substitution up until the election of a new Chief Executive Officer by the General Meeting, the provisions of par. 4 b) of unit A1 hereof shall be applicable.

6.10 Remuneration and Compensation of Members

Any remuneration or compensation paid for any reason whatsoever to members of the Board of

Directors shall be deemed to be borne by the Company, only if the relevant amount pertaining to each Board Member is approved by special resolution of the Ordinary Shareholders' General Meeting and is proportional to the time that the members of the Board of Directors devote to either the meetings of the Board of Directors or any meetings of Committees except for the Board of Directors and in general to the performance of their assigned duties, in accordance with the provisions of Codified Law 2190/1920 and Law 3016/2002 regarding corporate governance, as applicable. All remunerations and compensations of the non-executive Board Members shall be stated in a separate category in the Appendix of the annual financial statements and the annual report of the Company (remuneration report), which shall be also posted on the Company website.

The study and submission for approval of proposals to the Board of Directors regarding the determination of any kind of remunerations and compensations: a) of the Board Members and b) of the top executives of the Company, in this case in cooperation with the Chief Executive Officer, are effected by the Remuneration Committee of the Company (R.C.) which consists of three (3) non-executive Board Members, among which two (2) at least are independent.

6.11 Chief Officers

1. The Chief Officers shall be high-ranking executives of the company at the head of independent sectors of the company's business activities. They shall report to the Chief Executive Officer or/and to the Deputy Executive Officers. In the event that there is a vacancy in the office of a Chief Officer or the latter is temporarily unable to execute his duties or is absent for any reason whatsoever, he shall be temporarily substituted by another Chief Officer or Director of the company upon decision of the Chief Executive Officer.
2. The number and duties of the Chief Officers, as well as of the Divisions and Business Units shall be determined by the Board of Directors upon recommendation of the Chief Executive Officer. The Chief Officers, who may or may not be employees of the company, shall be selected through open competition, unless otherwise decided by the Board of Directors in special cases. The Chief Officers are appointed for a three (3) up to five (5)-year term of office by the Chief Executive Officer upon the recommendation of the competent Deputy Chief Executive Officer and shall be revoked upon decision of the Board of Directors upon a reasoned recommendation of the Chief Executive Officer.
3. The Chief Officers shall conclude a special contract with the Chief Executive Officer, by which among others their remuneration, any benefits and matters related to their evaluation shall be determined. More specifically, their evaluation is regulated by the Rules of Operation of the company.

6.12 Executive Committee

1. An Executive Committee (EC) shall be formed within the Company.
2. The EC shall be composed of the Chief Executive Officer who acts as its Chairman, the Deputy Chief Executive Officers, if any, and the Chief Officers.

   The General Counsel of the Company may attend its meetings at the discretion of the Chief Executive Officer.
3. The EC shall operate in conformity with the decisions of the Board of Directors, ensuring the necessary collective handling of administrative and operational issues of the company, as well as the consistency in its operation. Within this framework, the EC shall be responsible for important matters concerning inter alia the productivity, the performance of the company units, the organization and operation of activities of the company, as well as for the budget and the Strategic and the Business Planning.

   The EC shall decide on the awarding of contracts concerning supplies, assignment of projects, furnishing of services and generally any kind of financial contract up to an amount fixed as per case by the Board of Directors, and decides on and settles any matter related to the execution of such contracts.

4. The EC shall operate in accordance with its Rule of Operation, as approved by the Board of Directors upon recommendation by the Chief Executive Officer.
5. The absence or temporary inability to attend or vacancy in the office of up to two (2) members of the Executive Committee, without being represented, shall not impede the constitution, meeting and functioning of the EC, without the aforementioned members, with the exception of the Chief Executive Officer.
6. Each of the members of the EC may, upon written order, lawfully represent only one other member of the EC. The representation to the EC may not be assigned to any person, who is not member of the EC.

6.13 Board of Directors' Committees

In compliance with the applicable legislation for Corporate Governance as well as in line with the best practices of corporate governance, an Audit Committee and a Remunerations Committee have been set up by the Board of Directors of the company.

The **Audit Committee** consists, in general, of at least three (3) non-executive members of the Board of Directors, the majority of which are independent. Non Board members may participate in the said committee. In general, any combination shall be accepted, as long as there is at least one Board member. The members of the Audit Committee in their totality shall have proven knowledge of the activities of the company, while at least one (1) of them shall be inactive or retired chartered auditor-accountant or shall have sufficient knowledge of accountancy and auditing. The members of the Audit Committee are elected by the General Meeting of the Shareholders. The Chairman of the Audit Committee is appointed by the Committee itself from among its independent members or is elected by the General Meeting and shall be independent of the Company.

The members of the Audit Committee, without altering or restricting their obligations as members of the Board of Directors, shall undertake the obligations provided for by the applicable law on corporate governance, which include:

- The follow up of the financial information procedure and the submission of recommendations or proposals for ensuring its integrity.
- The follow up of the efficient operation of the internal audit system, the quality assurance system and the risk management system, as well as the follow up of the proper operation of the Internal Audit Department, in particular with regard to the company's financial information, while preserving its independence.
- The follow up of the process of compulsory audit of stand - alone and consolidated financial statements and the process of informing the Board of Directors on its results, by means of explaining its contribution to the quality and integrity of the financial information and the role of the Audit Committee in the said process.
- The review and follow up of issues related to the objectivity and independence of chartered auditors-accountants or the audit firms, particularly with regard to other non-audit services they provide to the Company and its subsidiaries.
- The responsibility for the selection process of chartered auditors-accountants or audit firms.

The recommendation of the Board of Directors to the General Meeting for the appointment of chartered auditors-accountant or audit firms shall be submitted following proposal of the Audit Committee.

The chartered auditors-accountants shall be obliged to report to the Audit Committee any issue regarding the process and results of the compulsory audit, as well as to submit a separate additional report on the weaknesses of the internal audit system, and in particular the weaknesses in the procedures concerning financial information and the preparation of financial statements.

The Audit Committee shall operate pursuant to its Operating Rules, which are approved by the Board of Directors following its proposal. It shall meet on a regular basis as well as on a non-regular basis whenever circumstances so require, with all its members participating. Minutes shall be kept at all meetings recording its actions and the results thereof with regard to the implementation of its work. It may invite, when deemed appropriate, managers participating in the administration of the company, including the Chief Executive Officer, the Chief Financial Officer and the Director of the Internal Audit Department, in order to attend specific meetings or specific items on the agenda of its meetings.

On 31.12.2017 the Audit Committee consisted of Mr. G. Andriotis (Vice Chairman of the BoD - Independent - Non Executive Member of the BoD), Mr. P. Alexakis (Independent - Non Executive Member of the BoD), and Mr. Ch. Papageorgiou (Independent - Non Executive Member of the BoD).

In 2017, the Audit Committee, within the framework of its competencies related to the monitoring of IAD's smooth operation, met 10 times with executives of the said Department. The aim of these meetings was to brief the Audit Committee about the findings and the results of the audits performed by the IAD, as well as issues regarding the operation of the IAD. In addition, the Audit Committee met 7 times to discuss issues concerning the Finance Division.

Mr. Andriotis participated in 15 meetings, Mr. Alexakis in 13 meetings and Mr. Papageorgiou in 12 meetings.

The **Remunerations Committee** of the Company consists of three (3) non-executive members of the Board of Directors, out of which two (2) at least are independent. They are responsible for the study and submission of proposals to the Board of Directors on the determination of any remunerations and emoluments whatsoever: a) of the members of the Board of Directors and b) of the managers of the Company, with the collaboration of the Chief Executive Officer.

On 31.12.2017 the Remunerations Committee consisted of Mr. G. Andriotis (Vice Chairman of the BoD - Independent - Non Executive Member of the BoD), Mr. P. Alexakis (Independent - Non Executive Member of the BoD) and Mr. Ch. Papageorgiou (Independent - Non Executive Member of the BoD).

Messrs P. Alexakis (in replacement of Mr. V. Hatziathanasiou who resigned) and G. Andriotis were appointed as members of the Committee on 09.01.2017 while Ch. Papageorgiou was appointed on 27.06.2017 in replacement of Mr. K. Maggos.

The Remunerations Committee did not convene in 2017.

The Company is subject to specific laws and regulations which apply to the wider public sector companies. As long as the Hellenic Republic, as the main shareholder, holds 51% of its share capital, PPC shall continue to be considered as a Public Sector Company in certain areas. Consequently, its business shall continue to be subject to the laws and provisions which are applicable to the Greek Public Sector companies and shall affect specific procedures.

By virtue of L.3833/2010, L.3845/2010, 4092/2012 and 4354/2015, the remunerations of the collective governing bodies and of the members of the Board of Directors were reduced by 50% per meeting. In parallel, the remunerations of the executives may in no case exceed the ceiling set forth by the said laws.

By virue of L. 4354/2015 (article 28), since 01.01.2016, the remuneration of the Chairmen, Vice –Chairmen, Chief Executive Officers and Members of the Board of Directors of the legal entities as defined by Chapter B' of L. 3429/2005, are exempted from the above mentioned ceiling.

In spite of that, the Chairman and Chief Executive Officer of the company, the Executive Member of the BoD as well as the members of the BoD that are employees of the Company, receive salaries that do not exceed the ceiling established per month (equal to the salary of the General Secretary of a Ministry) and in addition they receive a remuneration for their participation in committees and in the meetings of the BoD.

6.14 Board of Directors' Composition (Members)

PPC S.A. BOARD OF DIRECTORS (31/12/2017)

PANAGIOTAKIS Emmanouil	CHAIRMAN OF THE BoD & C.E.O. EXECUTIVE MEMBER	As of 07.04.2015	Until 07.04.2018
ANDRIOTIS Georgios	VICE CHAIRMAN OF THE BoD INDEPENDENT NON EXECUTIVE MEMBER	As of 11.07.2016	Until 10.07.2019
Members			
STATHAKIS Lazaros	EXECUTIVE MEMBER	As of 11.07.2016	Until 10.07.2019
ALEXAKIS Panagiotis	INDEPENDENT - NON EXECUTIVE MEMBER	As of 18.12.2015	Until 17.12.2018
VATALIS Aris	NON EXECUTIVE MEMBER	As of 18.12.2015	Until 17.12.2018
KARALEFTHERIS Pantelis	NON EXECUTIVE MEMBER/ REPRESENTATIVE OF EMPLOYEES	As of 06.06.2016	Until 05.06.2019
PAPAGEORGIOU Christos	INDEPENDENT - NON EXECUTIVE MEMBER	As of 11.07.2016	Until 10.07.2019
VASSILAKIS Demetrios	INDEPENDENT - NON EXECUTIVE MEMBER	As of 09.01.2017	Until 10.07.2019
TOPALIS Frangiskos	INDEPENDENT - NON EXECUTIVE MEMBER	As of 26.09.2017	Until 10.07.2019
FOUNTI Maria	INDEPENDENT - NON EXECUTIVE MEMBER	As of 26.09.2017	Until 10.07.2019
FOTOPOULOS Nikolaos	NON EXECUTIVE MEMBER/ REPRESENTATIVE OF EMPLOYEES	As of 06.06.2016	Until 05.06.2019

PPC's Board of Directors on 09.01.2017 elected Mr. Demetrios Vassilakis in replacement of Mr. Vassilios Chatziathanasiou who resigned on 23.12.2016, as Independent Non – Executive Member of the Board and for the remainder of its term, until 10.07.2019.

The Board of Directors of Public Power Corporation S.A., at its meeting held on September 26, 2017 , according to paragraph 4, article 9 of the Articles of Incorporation of PPC S.A., as in effect, and following the abolition of subparagraph c', paragraph 2 of article 9 of PPC's Articles of Incorporation, which referred to the representation of the Economic and Social Committee (ESC) in PPC's BoD, decided a) the election of Mr. Frangiskos Topalis as Non-Executive Member of the Board of Directors, following the resignation, on 07.06.2017, and in effect since 13.06.2017 of Mr. Kyriakos Maggos (Non-Executive Member) and for the remaining term of office of the abovementioned resigned Member of the Board , namely until 10.07.2019 and b) the election of Ms. Maria Founti as Non-Executive Member of the Board of Directors for a term of office until 10.07.2019.

It is noted that for both new Members the conditions and independence criteria as specified in article 4, paragraph 1 of L. 3016/2002, as in effect, are observed and therefore both members are described as "Independent".

According to the second subparagraph, of paragraph 1(a) of article 9 of the currently in effect Articles of Incorporation of the Company, the term of the Chairman and CEO of the Board, Mr. Emmanouil Panagiotakis, which ended on April 7, 2018, was extended ipso jure, until the date of convention of the next General Shareholders' Meeting of the Company.

The total number of the Board of Directors meetings in 2017 was 28.

The participation frequency of each member at the BoD meetings is as follows:

	MEMBERS	BoD MEETINGS 2017
1	PANAGIOTAKIS EMMANOUIL	28
2	ANDRIOTIS GEORGIOS	28
3	STATHAKIS LAZAROS	26
4	ALEXAKIS PANAGIOTIS	26
5	VATALIS ARIS	28
6	KARALEFTHERIS PANTELIS	28
7	PAPAGEORGIOU CHRISTOS	28
8	VASSILAKIS DEMETRIOS	27
9	TOPALIS FRANGISKOS	6
10	FOUNTI MARIA	5
11	FOTOPOULOS NIKOLAOS	27
12	MAGGOS KYRIAKOS	15
13	BITZAS GEORGIOS	14

CVs of the Board Members

Emmanouil M. Panagiotakis, Chairman & CEO

Mr Emmanouil Panagiotakis is the Chairman and CEO of PPC S.A since April 2015. He has been working in the Corporation since 1974, while for the past 20 years he is an executive in the top management of the Organization. He is a Mechanical-Electrical Engineer from NTUA since 1972 and holder of the Diploma in Management from Henley Management College.

He has worked as a self-employed professional on studies and constructions of electromechanical building installations.

At the beginning of his career in PPC, he elaborated studies on transmission substations, as well as studies and inspections on distribution centers.

As an administrative executive in the Organization Department, he was responsible for all the studies referring to PPC's organization and operation including the internal organizational structure of the departments, the transition to the new Corporation's organization, in view of its transformation into a Société Anonyme and, within the framework of the unbundling activities in 2001, the composition and organization of the Supply Division, the systems of financial and administrative jurisdiction, the regulations governing works, supplies and services, as well as the institutional framework of corporate governance.

He has been member of the executives committee that executed the separation of the Distribution sector from PPC and implemented HEDNO's basic organization and composition, as well as its operation systems.

Also, he has been an Assistant Director and Director of the Organization Department, Director of the Distribution Planning & Performance Department, Director of Distribution Human Resources, Director of Human Resources Training, Occupational Health & Safety, Housing and General Services of HEDNO.

From managerial positions, he has participated actively in all PPC's modernization and reorganization projects, among which the "THALES" Agreement with Électricité de France (EDF).

He participated as Member in the Board of Directors of the Organization of Mediation and Arbitration, where he planned among others the systems for recruitment and selection by employers and syndicates, as well as for the remunerations of Mediators-Arbitrators.

He served as Member of the Social Security Council under the presidency of the General Secretary of the relevant Ministry, as well as Member of the first Board of Directors of PPC Employees' Insurance Organization with active and substantial role in the formation of the legal and institutional framework of its operation.

Until the beginning of the 90's, he had intense political, social and unionist activity as member in the administration of GENOP (PPC's workers union), in the Engineers' Association of PPC and in TEE (Technical Chamber of Greece) Representation. He has been Secretary of the GSEE (Greek General Confederation of Labour) Social Policy and active member of the movement for peace in Greece.

He has elaborated multiple studies regarding energy issues, the operation and strategy of PPC and of Public sector bodies in general, as well as the Electricity Market in Greece.

He has organized many Conferences referring to issues such as human resources, Government Owned Organizations, Energy and has participated in many others in Greece and abroad.

He speaks English and French.

He is married and has two children who are holders of Diplomas from the N.T.U.A.

Georgios Andriotis, Vice Chairman

Civil Engineer, pensioner of Public Power Corporation (PPC), with 45 years of experience (1970-2015) in design, supervision, construction contract management and coordination of the implementation of Large and Small Hydropower projects, as well as in providing Consulting and Engineering Services for large hydraulic projects. Furthermore, he has 6 years of experience (1986-1992) in PPC administration operations, as elected member of the Representative Assembly of Social Audit. He was a member of the Energy Committee (2008-2011) of the Technical Chamber of Greece (TEE) representing TEE at evaluation committees for PPC's large projects tendering procedures, member of the Greek Committee for Large Dams.

He was born in Lesvos in 1944. He holds a diploma in Civil Engineering from Thessaloniki University (1962-1967). Self employed hydraulic engineering (1970-1974), specialized in hydraulic project designs.

Public Power Corporation employee from 1974 to 1997 (Hydro Projects Development Department), with experience in designing and construction of hydroelectric projects (Assomata and Giona HPP). As Head of the Small Hydro Section (1990-1997) he was responsible for the coordination and supervision of designs for Makrochori and Glafkos HEP as well as for engineering reports for Eleoussa, Gitani, Vorino HEPs, Ikaria hybrid project, etc.

Consulting Engineer specializing in small hydro and large hydraulic projects (1998-2015). General Coordinator of consulting engineering services in various projects such as "Construction of Acheloos-Thessaly Diversion Tunnel", "Implementation and Impoundment of Smokovo Dam", "Patras Water Supply Project from Peiros and Parapeiros Rivers", etc.

Vice Chairman of P.P.C.S.A. Board of Directors (2015-today).

Panagiotis Alexakis, Member

Mr Panagiotis Alexakis, has studied Economics in Greece, (B.A., 1975) and in Great Britain, (M.SC., 1977 in Economics and Finance and Ph.D. in International Money and Finance, 1981). He has been a scholar of the "Alexander S. Onassis Public Benefit Foundation". He has also taught at the Department of Business Administration of the University of the Aegean and at the Hellenic Open University. His scientific work is recognized worldwide. He has worked as financial consultant and has held managerial posts in various companies. Indicatively: He was responsible for the organization and functioning of the organized derivative exchange market, May 1998-June 2004 (Athens Derivatives Exchange and Athens Derivatives Clearing House S.A.). He was appointed Chairman and CEO of the Athens Stock Exchange S.A. (August 2000-June 2004) as well as Chairman (2000-2003) and CEO (2000-2004) of the Hellenic Exchanges S.A.

He was member of the Board of Directors of the Hellenic Capital Market Commission (August 2000-September 2004), member of the Scientific Council of the Hellenic Banks Association (1994-2004), Member of the Corporate Advisory Committee of the Cyprus Stock Exchange (Sept. 2004-Sept. 2007). He was Advisor to the Board and member of the Board of Directors for various companies of the financial and non financial sector.

Aris Ch. Vatalis, Member

He was born in Kozani in 1966, and in Kozani he lives till today. He is married and has two daughters. He graduated from the General Lyceum and then attended a Secondary Technical School with direction in engineering. He has been working for PPC SA as a technician, in the Western Macedonia's Lignite Center, since September 1993. Since 1995 he has developed a strong trade union activity and has also participated in sports and cultural organizations. He is currently the Deputy Secretary at the Union of workers of PPC SA ¨SPARTAKOS¨. He has participated in international conferences on matters that refer to Energy and the Environment. For a long time he was the President of the largest and most historic sports club in Kozani, and has also been a member of the Board at Greek Handball Federation (where he was in charge of the women's National Groups).

Pantelis Karaleftheris, Representative of the Employees

Mr. Pantelis Karaleftheris was born in 1962 in Ardassa of Ptolemaida. He is qualified electrical foreman and works for PPC SA Mines.

From 1984 to 1987 he worked as electrical technician at the project construction companies PPC ASPATE - ALSTHOM and BIOKAT.

In 1987 he was hired at the Main Field Mine of PPC as electrician of fixed equipment maintenance and failure restoration.

He has served as President of the Coordination Body of Students of the Democritos and the Professional and Technical School of Thessaloniki (KETE).

He is very interested in folklore and has made many research trips in Asia Minor, Pontus and the Black Sea. He has been a founding member of the 1st administration of Pontian Greek Youth and member of the Board of Directors of the International Confederation of Pontian Greeks.

Since 1994 he is senior member of PPC trade union and has participated in many European and Word Conferences on carbon, energy and the Environment.

For six years he has served as General Secretary of the SPARTAKOS trade union, while he was Deputy Secretary of GENOP/PPC for six years (2008-2013). Later he was elected representative of the employees on the Board of Directors of PPC S.A. He has graduated the Academy of KANEP of the GGCL and trains trainers in lifelong learning.

He is married and has two children.

Demetrios Vassilakis, Member

Born in Athens in 1964. Studied Mechanical Engineering (MSc) at the National Technical University of Athens. Postgraduate studies in Regional Development at the Regional Development Institute in Athens. Works in the Construction sector for more than 20 years and has been involved in the realization of many significant projects (Olympic Airways Hangar, Aesthetic Integration of the Athens Olympic Sports Center, Navarino Dunes/Costa Navarino, Olympia Odos) acting especially as design coordinator, estimator, procurement manager, contract administrator. Fluent in English, also speaks moderately French and Spanish.

Christos Papageorgiou, Member

Christos Papageorgiou has served as a Director of the West Macedonia Lignite Center (WMLC) of Public Power Corporation S.A. (PPC S.A.) from Sep 2000 to Mar 2006. He then moved on to assume the position of the Director of the Project Team of Mines Development in WMLC, from Apr 2006 to Dec 2010.

He was recruited in PPC S.A., in WMLC, in Jul 1979 as a Mining & Metallurgical Engineer, serving thus WMLC for 31 ½ years in total. He was occupied with the opening, operation and development of the South Field Mine, which is the biggest lignite surface mine in the Balkans region and one of the biggest of this kind globally, for 21 years, out of which 14 as the South Field Mine Director (Sep 1986 - Aug 2000).

During the period 2001 – 2005 of his service as the WMLC Director, the personnel of WMLC consisted of approximately 5.150 employees. Moreover, during the same period, the biggest average annual total volume of excavations in history with the use of own (WMLC) equipment (217.4 mil bcm / year), the highest lignite production (53.7 mil tons / year), as well as the biggest quantity of electricity produced from lignite by the 4 power plants of PPC in Ptolemaida – Amyntaio region, which covered 55.5% of the total electricity to the country's linked grid was recorded.

During his service in the WMLC lignite mines, Christos developed intense professional activity, characterized by the development, submission and implementation of technical suggestions for the solution of the problems related to the development and the formation of the overall mines' excavations and exploitation strategy (MINE MASTER PLAN). He has also contributed significantly to the elaboration of the operational plans of the PPC S.A. Mines Division, as well as through translating articles about mining issues and editing manuals with instructions regarding personnel training. Moreover, he has participated into many business trips and missions abroad (mine visits, conferences, exhibitions, consultancy services, visit to mines' equipment production plants), as well as to national events (scientific – technical seminars, business re – engineering and management seminars etc).

Christos was born in Mikrovalto, Kozani (1953). He graduated from Valtadorio high school of Kozani (1971) and from the faculty of Mining and Metallurgical Engineering of the National Technical University of Athens (1971 – 1976).

He served his 30 – month military duty as a Reservist Lieutenant Captain – and more specifically as the Head of Worksites (quarries – road construction) of the Composite Reconstruction Unit in the prefectures of Kilkis and Evros in northern Greece, as well as of the Technical Office of the 113th Battle Wing of the Greek Military Air Force. Furthermore, he has worked as a professor of mining courses in the Mines Gaffer Department of the Euclid Technical School of Thessaloniki (Jan 1978 – Jun 1979).

Christos was elected as a member of the Local Managing Committee (1985) and of the Delegation of the regional department of the Technical Chamber of Greece in Western Macedonia (2000 and 2003). He has also served, after his retirement, as a member of the Permanent Energy Commission of the regional department of the Technical Chamber in Western Macedonia.

He speaks English. He is married and has two children and three grandchildren.

Lazaros Stathakis, Member

Chemical Engineer NTUA, aged 67. Professional experience: Attaché for 5 years in the Perm. Repr. of Greece to the EU in Brussels, including the Greek Presidency of 2003 and 4 years in DG Energy of the E. Commission on R&D demonstration projects.

For 15 years he was working in the Ministry of Public Works for the design and the construction of the sludge disposal facility in Psyttalia Waste water Treatment Plant of Attica.

He has worked as a free-lance Engineer, as advisor to Local Authorities and as Gen. Secr. of the Municipality of Piraeus, participated the Board of private companies and the Board of H.R.A.D.F.

He has been an active member of the student movement against the Dictatorship and participated in the democratic political struggles after 1974.

Frangiskos Topalis, Member

Frangiskos V. Topalis, Dipl. Mechanical and Electrical Engineer from National Technical University of Athens (NTUA), is Professor at the School of Electrical and Computer Engineering of NTUA. He teaches the courses "Lighting Technology", "Production of high voltages", "Measurement and applications of high voltages", Installations and networks" and "Quality assurance systems-Certification-Accreditation". He is responsible of the activities of the Lighting Lab which are, mainly, the education of the students and the implementation of R&D projects in the area of lighting. He coordinates projects in the lighting sector, mainly: human vision, lighting design, photometric tests of lighting equipment, photometrics of roads and tunnels, rational use of energy in indoor and outdoor lighting installations, lighting control systems, imaging sensors for control of indoor lighting systems and for luminance measurements, power quality in lighting systems and quality assurance systems. He represents Greece in the organization LUX EUROPA and in the Balkan Lighting Committee.

Maria Founti, Member

Ms. Maria Founti was born in Piraeus in 1955. She is a Faculty member at the School of Mechanical Engineering of NTUA since 1987. She has been the Director of the Laboratory of Heterogeneous Mixtures and Combustion Systems since 2002 and Professor in the Thermal Engineering Section since 2007. She holds a B.Sc. degree in Nuclear Engineering from the University of London, MSc. and D.I.C. in Heat Transfer Engineering and Ph.D. (1983) in Combustion Technology from Imperial College London. She has worked as research associate at the Chair of Fluid Mechanics of the University of Erlangen-Nuremberg, Germany (1983-1987). Her current interests focus on energy saving and storage in buildings combined with advanced energy systems and materials, combustion systems and processes and heterogeneous mixtures, fire engineering and compartment fires, multicriteria assessment and Life Cycle Analysis for techno-economic, social and environmental impact of energy systems. She has 250 publications in international journals and conferences. She has participated and coordinated 40 funded research projects. Prof. Founti was a member and chair of the E.C.'s External Advisory Board (1998-2006) for FP5 and FP6 for research on Materials, Products and Production Processes. She is a member of the Steering Committee of the European and Greek «Technological Platform for Research and Technology in Construction» and a member of the European Public-Private-Partnership «Energy Efficiency in Buildings». She served as a member of the Committee for Building Materials of the Ministry of Development (2009-2010) and external expert on energy saving issues of the Central Committee for Evaluation and Coordination of the "EXOIKONOMO" Program of the Ministry of Environment and Energy. She has served as chairman of the examination Committee of Building Energy Inspectors (2012-2014). She speaks English, German, French and elementary Portuguese.

Nikos Fotopoulos, Representative of the Employees

Mr. Nikos Fotopoulos was born in Agnata at the Prefecture of Ilia in 1962. He is Electrical Technician (Technical School of PPC). From the age of 16 he has been involved in politics and community affairs. For 10 years he served as Secretary of the Energy Domain Committee of the Socialist Party (PASOK).

In 1998 he was elected at the Board of Directors of the Association of PPC's Technicians and served as Press Officer.

Since 2007 until July 2013, he was president of the General Federation of Employees at PPC-Electricity Sector (GENOP/DEI) and member of the Executive Committee of EMCF.

From 2010 he is member of the Administration of the Greek General Confederation of Labour (GSEE) and as of April 2013 he is member of the Executive Committee.

6.15 Other Professional Engagements of the Members of the Board of Directors (2017)

NAME	PROFESSION	Participation as member in the BoD of other companies and non-profit Organizations (in any capacity e.g. Independent member, Executive member, Independent Non Executive member etc.)
PANAGIOTAKIS EMMANOUIL	Mechanical Electrical Engineer	PPC Renewables S.A./ BoD Chairman
ANDRIOTIS GEORGIOS	Civil Engineer – PPC pensioner	-
STATHAKIS LAZAROS	Chemical Engineer	-
ALEXAKIS PANAGIOTIS	Professor at the University of Athens	TA.NE.O S.A. Independent Non Executive Member AGROTIKI ASFALISTIKI SA Independent Non Executive Member DECA INVESTMENTS S.A. Independent Non Executive Member SILENT SEAS S.A. Independent Non Executive Member TSAGARIS S.A. Independent Non Executive Member GREEK SUGAR INDUSTRY Executive Member (Chairman)
VATALIS ARIS	PPC S.A. employee	-
KARALEFTHERIS PANTELIS	PPC S.A. employee	-
PAPAGEORGIOU CHRISTOS	Mining Engineer Metallurgist	-
VASSILAKIS DEMETRIOS	Mechanical Engineer	Contract for the provision of independent services with "Construction J/P APION KLEOS" Member of the Board of the School Committee for the Secondary Education of the Halandri Municipality
TOPALIS FRANGISKOS	Mechanical - Electrical Engineer Professor at National Technical University of Athens	Institute of Communication and Computer Systems Independent Non Executive Member
FOUNTI MARIA	Mechanical Engineer Professor at National Technical University of Athes	-
FOTOPOULOS NIKOLAOS	PPC S.A. employee	-
MAGGOS KYRIAKOS	Mechanical Engineer	-
BITZAS GEORGIOS	PPC S.A. employee	-

6.16 Contracts with Members of the Board of Directors

There is no provision for the granting of shares, call options on the Company's stocks or other similar securities for the members of the Board.

Nevertheless, there are other contractual provisions regarding executive members of the Board of Directors, such as expense benefits during the performance of their duties (travel expenses, mobile phone, restaurant bills, etc.) provided that these expenses are accompanied by the necessary receipts and are approved by the Company based on its policy.

In the past according to the policy of the Company, the remunerations of the executive members and the members of the Board were as follows: a) firm part (basic fees-salary) and b) variable performance-related part (variable part of the remuneration). An annual bonus was provided for in the past, valid only for a short period.

By virtue of L. 4354/2015 (article 28), since 01.01.2016 the executive members of the Board of Directors receive a salary that does not exceed the ceiling established per month (equal to the salary of the General Secretary of a Ministry) and in addition they receive a remuneration for their participation in committees and in the meetings of the BoD.

6.17 Diversity applied for the administrative, managerial and supervisory bodies of the company

As already mentioned in paragraph 6.1 herein, nine out of the eleven members of the BoD of the Company, are elected by the General Meeting of the shareholders of the Company and two members representing the employees of the Company are elected by direct, general ballot.

For the selection of administrative, managerial and supervisory bodies of the Company, their qualifications such as academic credentials and professional experience are taken under consideration whereas age or other personality characteristics, which could be considered sensitive personal data, do not constitute criteria for selection.

The shareholders of the Company, which is an entity related to the public sector, take under consideration every requirement of the law for the selection of the BoD members that are nominated in the Shareholders' Meeting.

The Company is continuously working towards the direction of adapting to the principles of corporate governance, as stipulated by the Greek legislation.

6.18 Information on the Deputy CEOs and the Chief Officers

On December 31st, 2017, the Deputy CEOs and the Chief Officers of PPC S.A. were as follows:

Goutsos, Stavros
Deputy CEO supervising the Finance Division, Human Resources and Organization Division and the Support Operations Division.

Konida Alexandra
Chief Financial Officer, Electrical Engineer.

Damaskos George
Chief Human Resources and Organization Officer, Electrical Engineer - Economist.

Aravantinos Nikolaos
Chief Support Operations Officer, Mechanical - Electrical Engineer.

Karalazos Lazaros
Chief Strategy and Transformation Officer, Electrical Engineer.

Kopanakis Ioannis
Chief Corporate Development Officer, Electrical Engineer.

Kouridou Olga
Chief Mining Officer, Mining - Metallurgical Engineer.

Metikanis Dimitrios
Chief Generation Officer, Chemical Engineer.

Katakis Ioannis
Chief Commercial Officer, Electronic Engineer.

APENDIX
Definitions and reconciliations of Alternative Performance Measures ("APMs")

ALTERNATIVE PERFORMANCE MEASURES ("APMs")

The Group and the Parent Company using Alternative Performance Measures («APMs») in taking decisions concerning the financial, operational and strategic planning, as well as for the evaluation and publication 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 and Adjusted EBITDA margin without one off effects. These adjusted measures are calculated by deducting from performance measures directly derived from amounts of the annual 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 the following table:

	Total Group 2017 Amounts in '000 €	Continuing operations 2017 Amounts in '000 €	Total Group 2016 Amounts in '000 € (Restated)	Continuing Operations 2016 Amounts in '000 € (Restated)	Company 2017 Amounts in '000 €	Company 2016 Amounts in '000 € (Restated)
Total Turnover (1)	**4,967,456**	**4,943,946**	**5,165,889**	**5,129,996**	**4,847,036**	**5,063,942**
less:						
Operating Expenses before Depreciation and Impairment (2)	**4,080,094**	**4,139,091**	**4,203,288**	**4,318,714**	**4,101,623**	**4,298,153**
Payroll cost	847,919	821,064	884,441	822,653	559,396	557,936
Lignite	55,412	55,412	57,049	57,049	55,412	57,049
Liquid fuel	662,619	662,619	481,228	481,228	662,619	481,228
Natural gas	409,141	409,141	265,673	265,673	409,141	265,673
Energy purchases	1,598,191	1,600,327	1,227,562	1,240,328	1,614,723	1,255,576
Materials and consumables	133,933	132,213	145,831	142,873	97,930	109,327
Transmission system usage	89,335	173,681	-	177,911	173,681	177,911
Distribution system usage	-	-	-	-	354,771	376,613
Utilities and maintenance	231,714	235,780	246,441	251,906	178,277	190,545
Third party fees	63,941	61,453	49,302	45,434	46,956	34,252
CO_2 emmission rights	181,215	181,215	178,172	178,172	181,215	178,172

	Total Group 2017 Amounts in '000 €	Continuing Operations 2017 Amounts in '000 €	Total Group 2016 Amounts in '000 € (Restated)	Continuing Operations 2016 Amounts in '000 € (Restated)	Company 2017 Amounts in '000 €	Company 2016 Amounts in '000 € (Restated)
Provision for risks	46,277	43,318	23,054	11,286	41,818	12,232
Provision for slow-moving materials	4,943	8,454	753	547	7,357	832
Allowance for doubtful balances	25,306	25,210	424,138	428,845	24,706	427,723
Other (income)/expense, net	(269,852)	(270,796)	219,644	214,809	(306,379)	173,084
EBITDA (A) = [(1) - (2)]	887,362	804,855	962,601	811,282	745,413	765,789
EBITDA Margin [(A) / (1)]	17.9%	16.3%	18.6%	15.8%	15.4%	15.1%

Adjusted EBITDA (Operating Income before depreciation and impairment, net financial expenses and taxes)

Adjusted EBITDA serves to better analyze the Group's operating income, excluding the impact of one-off effects. For 2017 there were no one-off effects that impacted EBITDA, while one off effects that affected adjusted EBITDA for 2016 are as follows: (1) An amount of € 63,522 thousand, concerning an additional expense to cover deficits of the Day Ahead Schedule for previous years and (2) An amount of € 22,567 thousand, which concerns an one-off cost element due to the revision of the gas supply costs of DEPA from BOTAS for the years 2012-2015. Adjusted EBITDA margin (%) is calculated by dividing adjusted EBITDA by total adjusted turnover. Calculation of adjusted EBITDA and adjusted EBITDA margin is presented in the following table:

	Total Group 2017 Amounts in '000 €	Continuing Operations 2017 Amounts in '000 €	Total Group 2016 Amounts in '000 € (Restated)	Continuing Operations 2016 Amounts in '000 € (Restated)	Company 2017 Amounts in '000 €	Company 2017 Amounts in '000 € (Restated)	COMMENTS
EBITDA (1)	887,362	804,855	962,601	811,282	745,413	765,789	-
Plus one-of effects (2)	-	-	86,089	86,089	-	86,089	-
Additional expense to cover deficits of the Day Ahead Schedule for previous years	-	-	63,522	63,522	-	63,522	Notes 11 & 37 of the 2016 Annual Report
One-off expense due to the revision of the gas supply costs of DEPA from BOTAS for the years 2012-2015	-	-	22,567	22,567	-	22,567	Notes 11 & 37 of the 2016 Annual Report
ADJUSTED EBITDA (3) = [(1)+(2)]	887,362	804,855	1,048,690	897,371	745,413	851,878	-
TOTAL TURNOVER (4)	4,967,456	4,943,946	5,165,889	5,129,996	4,847,036	5,063,942	-
ADJUSTED EBITDA MARGIN (%) [(3)/(4)	17.9%	16.3%	20.3%	17.5%	15.4%	16.8%	-

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: Total turnover minus total operating expenses. EBIT margin (%) is calculated by dividing EBIT with total turnover. Calculation of EBIT and EBIT margin is presented in the following table:

	Total Group 2017 Amounts in '000 €	Continuing Operations 2017 Amounts in '000 €	Total Group 2016 Amounts in '000 € (Restated)	Continuing Operations 2016 Amounts in '000 € (Restated)	Company 2017 Amounts in '000 €	Company 2016 Amounts in '000 € (Restated)
EBITDA	887,362	804,855	962,601	811,282	745,413	765,789
less:						
Depreciation (4)	678,377	649,159	732,297	669,090	634,451	655,347
Value decrease of fixed assets	4,272	4,272	-	-	-	-
EBIT (B)	204,713	151,424	230,304	142,192	110,962	110,442
Total turnover (1)	4,967,456	4,943,946	5,165,889	5,129,996	4,847,036	5,063,942
EBIT MARGIN [(B) / (1)]	4.1%	3.1%	4.5%	2.8%	2.3%	2.2%

Net amount of Depreciation, Financial Expense and Profit from Subsidiaries and Associates

This Index is calculated as the net amount of depreciation expense, net financial expenses and profits / (losses) from the Group's subsidiaries and associates. In the following table the detailed calculation is presented:

	Note	Total Group 2017 Amounts in '000 €	Continuing Operations 2017 Amounts in '000 €	Total Group 2016 Amounts in '000 € (Restated)	Continuing Operations 2016 Amounts in '000 € (Restated)	Company 2017 Amounts in '000 €	Company 2016 Amounts in '000 € (Restated)
DEPRECIATION, FINANCIAL EXPENSE AND PROFIT FROM SUBSIDIARIES AND ASSOCIATES		789,040	744,176	894,525	778,862	720,589	666,827
Depreciation		678,377	649,159	732,297	669,090	634,451	655,347
Fixed assets value decrease		4,272	4,272	-	-	-	-
Financial expenses		216,112	205,214	250,906	223,031	200,450	220,704
Financial income		(105,078)	(109,826)	(96,740)	(214,265)	(110,223)	(215,055)
Cash upstream from IPTO S.A.	10	-	-	-	92,944	-	-
Net (profit)/loss from associates and joint ventures		(507)	(507)	(1,241)	(1,241)	-	-
Loss from financial assets revaluation		-	-	9,040	9,040	-	5,427
Net loss/(profit) from FX differences		(4,136)	(4,136)	263	263	(4,089)	404

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 for adjusted EBITDA. In the following table the detailed calculation is presented:

	Total Group 2017 Amounts n '000 €	Continuing Operations 2017 Amounts in '000 €	Total Group 2016 Amounts in '000 € (Restated)	Continuing Operations 2016 Amounts in '000 € (Restated)	Company 2017 Amounts in '000 €	Company 2016 Amounts in '000€ (Restated)
PROFIT/(LOSS) BEFORE TAX	270,558	60,679	68,076	125,364	223,423	98,962
plus: One-off effects:	-	-	86,089	86,089	-	86,089
ADJUSTED PROFIT/(LOSS) BEFORE TAX WITHOUT ONE-OFF EFFECTS	270,558	60,679	154,165	211,453	223,423	185,051

Adjusted Net Profit / Loss without one off effects

This measure also serves to better analyze the results and is calculated as follows: Net Profit / (Loss) as shown in the Financial Statements excluding one off effects after taxes as analyzed in the note above for adjusted EBITDA. In the following table the detailed calculation is presented:

	Total Group 2017 Amounts in '000 €	Continuing Operations 2017 Amounts in '000 €	Total Group 2016 Amounts in '000 € (Restated)	Continuing Operations 2016 Amounts in '000 € (Restated)	Company 2017 Amounts in '000 €	Company 2016 Amounts in '000 € (Restated)
NET PROFIT/(LOSS)	237,717	88,703	56,086	170,155	215,876	136,281
Plus: Tax Adjusted one-off effects :	-	-	68,010	68,010	-	68,010
ADJUSTED NET PROFIT/(LOSS) WITHOUT ONE-OFF EFFECTS	237,717	88,703	124,096	238,165	215,876	204,291

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, cash and cash equivalents, restricted cash and financial assets available for sale and adding the unamortized portion of borrowing costs (see. Note. 28 annual Financial Statements). Calculation of Net Debt is presented in the following table:

	Group Amounts in '000 €		Company Amounts in '000 €	
	2017	2016	2017	2016
Long-term borrowing	3,738,854	3,950,902	3,738,864	3,950,912
Current portion of long term borrowing	500,378	631,102	500,378	631,102
Short term borrowing	30,000	30,000	30,000	30,000
Cash and cash equivalents	(251,596)	(207,034)	(163,136)	(149,414)
Restricted cash	(94,084)	(110,963)	(94,084)	(110,963)
Available for sale financial assets	(1,531)	(1,276)	(1,044)	(889)
Unamortized portion of borrowing costs	35,243	30,039	35,243	30,039
TOTAL	3,957,264	4,322,770	4,046,221	4,380,787

Athens, April 27, 2018

For the Board of Directors
The Chairman and CEO

Emmanuel Panagiotakis

C
AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of "Public Power Corporation S.A. (PPC)"

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of "Public Power Corporation S.A. (PPC)" (the Company), which comprise the separate and consolidated balance sheet as at 31st of December 2017, the separate and consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of "Public Power Corporation S.A. (PPC)" and its subsidiaries (the Group) as at 31st of December 2017, and their financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries throughout our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek Legislation and the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 36 to the financial statements, which describes the matter of adjustments of the previous years' items, according to the provisions of IAS 8, in which is referred among other: a) the retrospective restatement of the deferred tax assets, the income tax in the statements of income and the group's equity for the period ended 31st of December 2016 and for the first six-months of the year 2017, which concern error in previous periods calculation on the deferred tax assets for the obligation to supply electric power at a reduced tariff in the periods under restatement and b) the retrospective restatement of receivables of disposed but non invoiced power, trade receivables and deferred tax liabilities as at 31st of December 2015 and 2016 and the six-month periods ended 30th of June 2016 and 2017 as well as the revenue and the results per share of the years then ended and concern error of previous periods on the estimation of revenue from low voltage customers for the periods under restatement. The above corrections had no cash effect. Our opinion is not qualified in respect of this matter.

Key Audit Matters

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

Correct Valuation of Property, Plant and Equipment (PPE)

KEY AUDIT MATTER	ADDRESSING THE AUDIT MATTER
At 31.12.2017, the Group has recognised PPE assets amounting € 11,57 billion. Given the significance of the value of the above PPE assets and the use of management's assumptions and estimates for the determination of the recoverable amounts, we consider the assessment of the valuation of the above assets as one of most significance area. The disclosures regarding the accounting policy, the assumptions and estimates used and the analysis of these assets are included in notes 3.3, 3.4 and 14 to the financial statements.	Our audit approach included, among other, the following procedures: • We assessed the Management's procedures for the identification of any material changes in the fair value of the PPE assets. • We received and assessed the Management's estimate about the existence or non-existence of material changes in the fair value of the PPE assets. • Also, we assessed the adequacy and appropriateness of the related disclosures in the notes 3.3, 3.4 and 14 to the financial statements.

Inventories

KEY AUDIT MATTER	ADDRESSING THE AUDIT MATTER
At 31.12.2017, the Group's inventory value amounts to € 731,4 million and € 832 million respectively in the previous year. As described in notes 3.4 and 19 to the financial statements, inventories include consumables, spare parts, lignite and liquid fuel inventories. Inventory items are measured at the per kind lower of cost and net realizable value, which is determined by reference to the price of the final product in which these are embedded. The acquisition cost is determined using the weighted average cost method. The production/purchase cost comprises mainly all costs incurred in bringing the inventories to their present location and condition of consumption. In 2017 the Group recognised additional impairment losses for the value of materials and spare parts amounting € 8,5 million. We consider the assessment of the valuation of the Company's inventories to be one of most significance matter, on the one hand because of the amount and the nature of inventories and secondly because of the Management's critical estimates and judgments for the determination of their net realizable value.	We assessed the reasonableness of the Management's assumptions used for the inventories valuation including: • Understanding the procedures and internal control for inventory management designed by Management. • Monitoring the physical inventory at the warehouses of the greatest audit interest, in conjunction with the assessment of the findings of the inventory report for 2016 that was made available to us. • Examining a sample of materials for confirmation of the correct calculation of the acquisition cost of inventories according to the purchase invoices and the correct allocation of purchase costs. • Examining the valuation of classified materials based on a percentage on the price of the respective new material. • Examining the warehouse trial balance with the use of data analysis software for identifying idle and slow-moving inventories. • Also, we assessed the adequacy and appropriateness of the disclosures in note 19 to the financial statements.

Recoverability of trade receivables

KEY AUDIT MATTER	ADDRESSING THE AUDIT MATTER
At 31.12.2017, the Group's trade receivables amount to € 4,63 billion while the related accumulated impairment amounts to € 2,85 billion, as referred to in note 20 to the financial statements. The balances of high voltage customers concern large industries and customers abroad. Medium voltage customers concern mainly industrial and commercial companies. Low voltage customers are mainly customers of domestic use and small commercial companies. The parent company recognizes impairment loss for receivables on specific customer balances. Due to the significance of the matter and the level of judgment and the estimates required, we consider this to be one of most significance matter.	Our audit approach included, among other, also the following procedures: • We understood the Group's process with respect to monitoring the trade receivables and the factors taken into account for the estimate of the assumptions and the methodology used for the determination of the recoverability of its trade receivables or their classification as doubtful. • We received third party confirmation letters for a representative sample of trade receivables and we also carried out alternative procedures, which consist of the review of collection of trade receivables against the year-end balances. • Examining the maturity of trade receivable year-end balances and identification of any debtors in financial difficulty. • Discussion with Management and examining the recent correspondence with its customers. • We carried out recalculation of the impairment of trade receivables taking into account specific parameters for debtors, such as the maturity of balances, large debtors and high-risk debtors. • We assessed the customers' aging analysis. • We assessed the adequacy and appropriateness of the disclosures in Note 20 to the financial statements.

Revenue recognition

KEY AUDIT MATTER	ADDRESSING THE AUDIT MATTER
The revenue of the Group derives from diversified activity sectors. Revenue recognition has been determined as an audit area of particular interest since it involves complexity associated with the volume of the transactions, the use of IT systems as well as the management's estimates and judgments containing a degree of uncertainty. In particular, the revenue associated with the retail sale of electric power is determined using IT systems and includes judgments and calculations in areas such as the consumed but not invoice power. The disclosures regarding the accounting policy, the judgments and estimates used for the revenue are included in the notes 3.3, 3.4 and 4 to the financial statements.	Our main audit approach included, among other the following procedures: • We assessed the IT system environment that supports the significant categories of revenue, including the internal procedures and control associated with them. • We assessed the correct data transfer from the separate IT systems to the general accounting trial balance. • We assessed the assumptions for the recognition of non invoiced revenue at the end of the year ended 31st of December 2017. • In the above procedures, where deemed necessary, was used a professional IT system auditor. • We assessed the adequacy of the related disclosures included in the notes 3.3, 3.4 and 4 to the financial statements.

Other Matter

The separate and consolidate financial statements of the Company for the year ended on December 31st, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on April 7th, 2017.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report for which reference is made to the "Report on Other Legal and Regulatory Requirements", to the Statements of the Members of the Board of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee (art. 44 L. 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

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

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement included in this report, according to the provisions of paragraph 5 of article 2 (part B') of L. 4336/2015, we note that:

a) The Board of Directors' Report includes the Corporate Governance Statement that provides the data and information defined under article 43bb of cod. L. 2190/1920.

b) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the articles 43a and 107A and the paragraph 1 (cases c' and d') of the article 43bb of cod. L. 2190/1920 and its content corresponds with the accompanying financial statements for the year ended on 31/12/2017.

c) Based on the knowledge we obtained during our audit of "Public Power Corporation S.A. (PPC)" and its environment, we have not identified any material misstatements in the Board of Directors' Report.

2. Separate Financial Statements

Management is responsible for the preparation of separate financial statements of the Company and the Group in accordance with the arrangements of the provisions of article 141, L. 4001/2011 and the decision 266/2014 of the Regulatory Authority for Energy (RAE) and for such internal control as management determines is necessary to enable the preparation of the separate statements of the Company and the Group as at the 31st of December 2017 and the separate statement of income before tax for the period from the 1st of January 2017 to the 31st of December 2017 that are free from material misstatement, whether due to fraud or error. The methodology for the preparation of the separate financial statements is laid down in paragraph 2 of the Annex.

In our opinion, the separate financial statements of the Company and the Group at the 31st of December 2017, as presented in the related Annex of explanatory information, have been prepared in accordance with the arrangements of the provisions of article 141, L. 4001/2011 and the decision 266/2014 of the Regulatory Authority for Energy (RAE). As a result, these financial statements may not be appropriate for any other purpose.

3. Additional Report to the Audit Committee

Our audit opinion on the accompanying separate and consolidated financial statements is consistent with the Additional Report to the Company's Audit Committee referred to in Article 11 of European Union (EU) Regulation 537/2014.

4. Provision of Non-Audit Services

We have not provided to the Company and its subsidiaries the prohibited non-audit services referred to in Article 5 of EU Regulation 537/2014.

5. Auditor's Appointment

We have been appointed for the first time statutory auditors of the Company by the dated 68/7.7.2017 decision of the annual ordinary general meeting of shareholders.

Athens, April 27th 2018

Konstantinos Evangelinos
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 13151

Panagiotis Preventis
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 14501

SOL Crowe SOL
CERTIFIED PUBLIC ACCOUNTANTS

Associated Certified Public Accountants s.a.
Member of Crowe Horwath International
3, Fok. Negri Street - 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

PUBLIC POWER CORPORATION S.A.

Consolidated and Separate
Financial Statements
December 31st, 2017

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

The attached separate and consolidated financial statements have been approved by the Board of Directors of Public Power Corporation S.A. on April 27th, 2018 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
EMMANUEL M. PANAGIOTAKIS	GEORGE A. ANDRIOTIS	ALEXANDRA L. KONIDA	EFTHIMIOS A. KOUTROULIS

CONSOLIDATED AND SEPARATE STATEMENT OF INCOME

FOR THE YEAR ENDED ON DECEMBER 31st, 2017

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

		Group			Group			Company	
	Note	01.01.2017 - 31.12.2017	01.01.2017 - 15.06.2017	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016 (Restated)*	01.01.2016 - 31.12.2016	01.01.2016 - 31.12.2016 (Restated)*	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016 (Restated)*
		Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group		
Revenues									
Revenue from energy sales	4	4,593,645	-	4,593,645	4,906,769	(383)	4,906,386	4,584,138	4,893,200
Other sales	4	350,301	23,510	373,811	223,227	36,276	259,503	262,898	170,742
		4,943,946	**23,510**	**4,967,456**	**5,129,996**	**35,893**	**5,165,889**	**4,847,036**	**5,063,942**
Expenses									
Payroll cost	5	821,064	26,855	847,919	822,653	61,788	884,441	559,396	557,936
Fuel		1,127,172	-	1,127,172	803,950	-	803,950	1,127,172	803,950
Depreciation and Amortization	7	649,159	29,218	678,377	669,090	63,207	732,297	634,451	655,347
Energy Purchases	6	1,600,327	(2,136)	1,598,191	1,240,328	(12,766)	1,227,562	1,614,723	1,255,576
Materials and consumables		132,213	1,720	133,933	142,873	2,958	145,831	97,930	109,327
Transmission system usage		173,681	(84,346)	89,335	177,911	(177,911)	-	173,681	177,911
Distribution system usage		-	-	-	-	-	-	354,771	376,613
Utilities and maintenance		235,780	(4,066)	231,714	251,906	(5,465)	246,441	178,277	190,545
Third party fees		61,453	2,488	63,941	45,434	3,868	49,302	46,956	34,252
CO2 emission rights	8	181,215	-	181,215	178,172	-	178,172	181,215	178,172
Provisions & allowances		76,982	(456)	76,526	440,678	7,267	447,945	73,881	440,787
Financial expenses	9	205,214	10,898	216,112	223,031	27,875	250,906	200,450	220,704
Financial income	10	(109,826)	4,748	(105,078)	(214,265)	117,525	(96,740)	(110,223)	(215,055)
Loss / (Gain) from the sale of the IPTO subsidiary	12	-	(172,236)	(172,236)	-	-	-	(198,602)	-
PSOs’ Income	2	(359,773)	-	(359,773)	-	-	-	(359,773)	-
Other Losses / (Gains), Net	11	88,977	944	89,921	214,809	4,835	219,644	53,397	173,084
Impairment loss /(gain) of tanglible assets		4,272	-	4,272	-	-	-	-	-
Loss / (Gain) of associates and joint ventures		(507)	-	(507)	(1,241)	-	(1,241)	-	-
Loss / (Gain) from securities’ valuation		-	-	-	9,040	-	9,040	-	5,427
Foreign currency (gain)/loss, net		(4,136)	-	(4,136)	263	-	263	(4,089)	404
		4,883,267	**(186,369)**	**4,696,898**	**5,004,632**	**93,181**	**5,097,813**	**4,623,613**	**4,964,980**
Profit / (loss) before tax		**60,679**	**209,879**	**270,558**	**125,364**	**(57,288)**	**68,076**	**223,423**	**98,962**
Income Tax	13	28,024	(60,865)	(32,841)	44,791	(56,781)	(11,990)	(7,547)	37,319
Net profit / (loss)		**88,703**	**149,014**	**237,717**	**170,155**	**(114,069)**	**56,086**	**215,876**	**136,281**
Attributable to:									
Owners of the Parent		88,690	149,014	237,704	170,152	(114,069)	56,083		
Non-controlling interests		13	-	13	3	-	3		
Earnings per share, basic and diluted		0.38	-	1.02	0.73	-	0.24		
Weighted average number of shares		232,000,000	-	232,000,000	232,000,000	-	232,000,000		

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The accompanying notes are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED ON DECEMBER 31st, 2017

(All amounts in thousands of Euro)

	Group			Group			Company	
	01.01.2017 - 31.12.2017	01.01.2017 - 15.06.2017	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016 (Restated)*	01.01.2016 - 31.12.2016	01.01.2016 - 31.12.2016 (Restated)*	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016 (Restated)*
	Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group		
Profit/(loss) for the year	88,703	149,014	237,717	170,155	(114,069)	56,086	215,876	136,281
Other Comprehensive income / (loss) for the year.								
Other Comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods.	-	-	-	-	-	-	-	-
Profit/(Loss) from change of fair values of available for sale financial assets during the year.	157	-	157	619	-	619	155	420
Foreign Exchange Differences.	(203)	-	(203)	(182)	-	(182)	-	-
Net Other Comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods.	**(46)**	**-**	**(46)**	**437**	**-**	**437**	**155**	**420**
Items not to be reclassified to profit or loss in subsequent periods.	-	-	-	-	-	-	-	-
Correction of fixed asset revaluation and related tax	7,250	-	7,250	-	-	-	-	-
Actuarial gains/(losses)	35,142	-	35,142	(31,592)	(2,498)	(34,090)	21,967	(18,473)
Deferred taxes due to the change of the income tax rate of fixed assets' revaluation surplus	(10,191)	-	(10,191)	69,099	-	69,099	(6,370)	39,746
Net Other Comprehensive income / (loss) not being reclassified to profit or loss in subsequent periods.	**32,201**	**-**	**32,201**	**37,507**	**(2,498)**	**35,009**	**15,597**	**21,273**
Other Comprehensive income / (loss) for the year after tax.	**32,155**	**-**	**32,155**	**37,944**	**(2,498)**	**35,446**	**15,752**	**21,693**
Total Comprehensive income / (loss) after tax	**120,858**	**149,014**	**269,872**	**208,099**	**(116,567)**	**91,532**	**231,628**	**157,974**
Attributable to:								
Owners of the Parent	120,845	149,014	269,859	208,096	(116,567)	91,529		
Non controlling interests	13	-	13	3	-	3		

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CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31st, 2017

(All amounts in thousands of Euro)

		Group			Company		
	Note	31.12.2017	31.12.2016 (Restated)*	01.01.2016 (Restated)*	31.12.2017	31.12.2016 (Restated)*	01.01.2016 (Restated)*
ASSETS							
Non – Current Assets:							
Tangible assets	14	11,560,928	11,936,838	13,590,247	11,351,536	11,714,407	11,751,414
Intangible assets, net	15	76,625	58,037	78,558	71,424	54,967	74,330
Investments in subsidiaries	16	-	-	-	214,501	214,351	1,130,727
Investments in associates	17	20,959	21,017	23,616	1,201	1,201	1,201
Available for sale financial assets	22	1,531	1,276	316	1,044	889	316
Other non- current assets		95,202	104,589	119,732	94,687	104,076	119,204
Total non-current assets		**11,755,245**	**12,121,757**	**13,812,469**	**11,734,393**	**12,089,891**	**13,077,192**
Current Assets:							
Materials, spare parts & supplies net	19	731,395	659,613	747,370	610,281	544,150	569,811
Trade receivables	20	1,325,746	1,294,971	1,642,262	1,300,090	1,263,832	1,497,859
Other receivables	21	1,082,345	213,319	245,875	811,642	274,147	221,843
Income tax receivable		6,605	2,559	22,533	-	-	-
Other current receivables		111,225	58,591	62,622	27,263	43,781	41,206
Restricted Cash		94,084	110,963	127,842	94,084	110,963	127,842
Cash and cash equivalents	23	251,596	207,034	451,670	163,136	149,414	197,592
Total Assets from Discontinued Operations		-	2,163,564	-	-	916,376	-
Total Current Assets		**3,602,996**	**4,710,614**	**3,300,174**	**3,006,496**	**3,302,663**	**2,656,153**
Total Assets		**15,358,241**	**16,832,371**	**17,112,643**	**14,740,889**	**15,392,554**	**15,733,345**
EQUITY AND LIABILITIES							
EQUITY:							
Share capital	24	575,360	1,067,200	1,067,200	575,360	1,067,200	1,067,200
Share premium		106,679	106,679	106,679	106,679	106,679	106,679
Legal reserve	25	128,317	117,524	109,203	128,317	117,524	109,203
Fixed assets' statutory revaluation surplus included in share capital		(947,342)	(947,342)	(947,342)	(947,342)	(947,342)	(947,342)
Revaluation surplus		4,046,717	4,748,192	4,752,277	3,956,266	4,016,613	4,020,016
Other Reserves	26	(34,339)	(84,273)	(119,718)	21,402	5,650	(16,043)
Retained earnings		1,735,039	851,600	799,784	1,637,172	1,371,473	1,240,101
		5,610,431	**5,859,580**	**5,768,083**	**5,477,854**	**5,737,797**	**5,579,814**
Non-Controlling interests		**108**	**95**	**92**	**-**	**-**	**-**
Total Equity		**5,610,539**	**5,859,675**	**5,768,175**	**5,477,854**	**5,737,797**	**5,579,814**

		Group			Company		
	Note	31.12.2017	31.12.2016 (Restated)*	01.01.2016 (Restated)*	31.12.2017	31.12.2016 (Restated)*	01.01.2016 (Restated)*
EQUITY AND LIABILITIES							
Non-Current Liabilities:							
Long-term borrowing	28	3,738,854	3,950,902	4,491,174	3,738,864	3,950,912	4,365,184
Post retirement benefits	29	405,999	446,326	446,821	255,805	280,623	264,644
Provisions	30	224,550	227,420	280,635	185,731	189,568	196,541
Deferred tax liabilities	13	142,791	342,788	658,690	205,855	152,398	546,445
Deferred customers' contributions and subsidies	31	1,335,807	1,405,987	1,611,897	1,331,698	1,401,682	1,472,461
Other non-current liabilities	32	521,175	583,695	562,591	514,867	558,319	529,969
Total Non-Current Liabilities		**6,369,176**	**6,957,118**	**8,051,808**	**6,232,820**	**6,533,502**	**7,375,244**
Current Liabilities:							
Trade and other payables	33	2,191,734	1,283,795	1,848,740	1,910,528	1,864,956	1,830,239
Dividends payable		17	63	149	17	63	149
Income tax payable		221,169	22,129	198,810	207,985	15,411	176,129
Short – term borrowings	34	30,000	30,000	127,016	30,000	30,000	80,000
Current portion of long – term borrowing	28	500,378	631,102	713,787	500,378	631,102	396,652
Accrued and other current liabilities	35	435,228	263,510	403,469	381,307	325,123	294,429
Derivative liability		-	-	689	-	-	689
Total Liabilities from Discontinued Operations		-	1,784,979	-	-	254,600	-
Total Current Liabilities		**3,378,526**	**4,015,578**	**3,292,660**	**3,030,215**	**3,121,255**	**2,778,287**
Total Liabilities and Equity		**15,358,241**	**16,832,371**	**17,112,643**	**14,740,889**	**15,392,554**	**15,733,345**

* Some amounts are restated and differ from those published on the financial statements of December 31st, 2016 and represent adjustmets, as described in the note 36 of these financial statemets.

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED ON DECEMBER 31st, 2017

(All amounts in thousands of Euro)

	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Fixed Assets Statutory Revaluation Surplus	Fair value of financial assets available for sale	Foreign Exchange Differences, Tax-free and Other Reserve	Other Reserves Total	Retained Earnings	Total	Non Controlling Interest	Total Equity
Balance, January 1st, 2016	**1,067,200**	**106,679**	**109,203**	**4,752,277**	**(947,342)**	**-**	**(119,718)**	**(119,718)**	**943,165**	**5,911,464**	**92**	**5,911,556**
Changes in accounting policies and restatements	-	-	-	-	-	-	-	-	(143,381)	(143,381)	-	(143,381)
Balance, January 1st, 2016 (Restated)*	**1,067,200**	**106,679**	**109,203**	**4,752,277**	**(947,342)**	**-**	**(119,718)**	**(119,718)**	**799,784**	**5,768,083**	**92**	**5,768,175**
- Net profit for the year	-	-	-	-	-	-	-	-	56,083	56,083	3	56,086
- Other comprehensive income / (loss) for the year after tax	-	-	-	-	-	-	35,446	35,446	-	35,446	-	35,446
Total Comprehensive income/ (loss) for the year after tax	**-**	**-**	**-**	**-**	**-**	**-**	**35,446**	**35,446**	**56,083**	**91,529**	**3**	**91,532**
- Transfers from retirements of fixed assets	-	-	-	(4,085)	-	-	-	-	4,085	-	-	-
- Legal Reserve Formation	-	-	8,321	-	-	-	-	-	(8,321)	-	-	-
- Other movements	-	-	-	-	-	-	(1)	(1)	(31)	(32)	-	(32)
Balance, December 31st, 2016	**1,067,200**	**106,679**	**117,524**	**4,748,192**	**(947,342)**	**-**	**(84,273)**	**(84,273)**	**851,600**	**5,859,580**	**95**	**5,859,675**
Balance, January 1st, 2017	**1,067,200**	**106,679**	**117,524**	**4,748,192**	**(947,342)**	**-**	**(84,273)**	**(84,273)**	**851,600**	**5,859,580**	**95**	**5,859,675**
- Net profit for the year	-	-	-	-	-	-	-	-	237,704	237,704	13	237,717
- Other comprehensive income / (loss) for the year after tax	-	-	-	-	-	157	31,998	32,155	-	32,155	-	32,155
Total Comprehensive income/ (loss) for the year after tax	**-**	**-**	**-**	**-**	**-**	**157**	**31,998**	**32,155**	**237,704**	**269,859**	**13**	**269,872**
- Transfers from retirements of fixed assets	-	-	-	(61,763)	-	-	-	-	61,763	-	-	-
- Subsidiary Sale IPTO (N. 2&12)	(491,840)	-	-	(639,712)	-	-	17,779	17,779	595,567	(518,206)	-	(518,206)
- Legal Reserve formation	-	-	10,793	-	-	-	-	-	(10,793)	-	-	-
- Other movements	-	-	-	-	-	-	-	-	(802)	(802)	-	(802)
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**

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The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED ON DECEMBER 31st, 2017

(All amounts in thousands of Euro)

	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Fixed Assets Statutory Revaluation Surplus	Fair value of financial assets available for sale	Tax-free and Other Reserve	Other Reserves Total	Retained Earnings	Total Equity
Balance, January 1st, 2016	**1,067,200**	**106,679**	**109,203**	**4,020,016**	**(947,342)**	**-**	**(16,043)**	**(16,043)**	**1,383,482**	**5,723,195**
Changes in accounting policies and restatements	-	-	-	-	-	-	-	-	(143,381)	(143,381)
Balance, January 1st, 2016 (Restated)*	**1,067,200**	**106,679**	**109,203**	**4,020,016**	**(947,342)**	**-**	**(16,043)**	**(16,043)**	**1,240,101**	**5,579,814**
- Net profits for the year	-	-	-	-	-	-	-	-	136,281	136,281
- Other comprehensive income/(loss) for the year after tax	-	-	-	-	-	-	21,693	21,693	-	21,693
Total Comprehensive income/ (loss) for the year after tax	**-**	**-**	**-**	**-**	**-**	**-**	**21,693**	**21,693**	**136,281**	**157,974**
- Transfers from retirements of fixed assets	-	-	-	(3,403)	-	-	-	-	3,403	-
- Legal reserve formation	-	-	8,321	-	-	-	-	-	(8,321)	-
- Other movements	-	-	-	-	-	-	-	-	9	9
Balance, December 31st, 2016	**1,067,200**	**106,679**	**117,524**	**4,016,613**	**(947,342)**	**-**	**5,650**	**5,650**	**1,371,473**	**5,737,797**
Balance, January 1st, 2017	**1,067,200**	**106,679**	**117,524**	**4,016,613**	**(947,342)**	**-**	**5,650**	**5,650**	**1,371,473**	**5,737,797**
- Net profit for the year	-	-	-	-	-	-	-	-	215,876	215,876
- Other comprehensive income / (loss) for the year after tax	-	-	-	-	-	155	15,597	15,752	-	15,752
Total Comprehensive income/(loss) for the year after tax	**-**	**-**	**-**	**-**	**-**	**155**	**15,597**	**15,752**	**215,876**	**231,628**
- Transfers from retirements of fixed assets	-	-	-	(60,347)	-	-	-	-	60,347	-
- Share Capital Decrease from the sale of IPTO	(491,840)	-	-	-	-	-	-	-	-	(491,840)
- Legal Reserve formation	-	-	10,793	-	-	-	-	-	(10,793)	-
- Other movements	-	-	-	-	-	-	-	-	269	269
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**

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CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED ON DECEMBER 31st, 2017

(All amounts in thousands of Euro)

	Group		Company	
	2017	2016 (Restated)*	2017	2016 (Restated)*
Cash flows from operating activities				
Profit / (Loss) before tax from continuing operations	60,679	125,364	223,423	98,962
Adjustments :				
Depreciation and amortization	721,138	744,959	706,234	731,007
Impairment of fixed assets	4,272	-	-	-
Amortisation of customers' contributions and subsidies	(71,979)	(75,868)	(71,783)	(75,660)
Income from PSOs	(359,773)	-	(359,773)	-
Impairment loss of marketable securities	-	9,040	-	5,427
Fair value (gain)/loss of derivative instruments	-	(689)	-	(689)
Profit from IPTO's sale	-	-	(198,602)	-
Share of loss (profit) of associates	(507)	(1,241)	-	-
Interest income and dividends	(109,826)	(93,434)	(110,223)	(214,366)
Sundry provisions	76,982	417,908	73,882	422,307
Unrealised foreign exchange (gains)/ losses on loans and borrowings	4,089	(404)	4,089	(404)
Retirements of fixed assets and software	54,693	11,192	54,693	11,075
Amortization of loan origination fees	7,079	7,181	7,079	7,181
Accrued Income	31,093	85,235	31,093	85,235
Interest expense	175,023	191,984	175,023	191,984
Operating profit before working capital changes	**592,963**	**1,421,227**	**535,135**	**1,262,059**
(Increase) / decrease in :				
Trade receivables	(754,384)	(262,838)	(423,850)	(241,510)
Other receivables	(38,044)	(3,659)	31,109	5,331
Materials, spare parts and supplies	(80,236)	47,228	(73,489)	24,829
Increase/(decrease) in :				
Trade payables	907,939	177,920	45,572	34,717
Other non – current liabilities	(62,520)	27,711	(43,452)	28,350
Accrued / other liabilities excluding interest	170,614	92,707	74,111	107,414
Income tax paid	(8,698)	(252,014)	(8,698)	(223,232)
Discontinued operations (note 12)	(550,821)	(57,607)	-	-
Net Cash from Operating Activities	**176,813**	**1,190,675**	**136,438**	**997,958**

	Group		Company	
	2017	2016 (Restated)*	2017	2016 (Restated)*
Cash Flows from Investing Activities				
Interest and dividends received	202,770	93,434	203,167	121,422
Capital expenditure for tangible and intangible assets	(427,470)	(727,465)	(422,885)	(722,531)
Proceeds from customers' contributions and subsidies	1,799	4,881	1,799	4,881
Investments in subsidiaries and associates	58	2,599	(150)	-
Proceeds from the sale of subsidiary	623,208	-	623,208	-
Discontinued operations	-	(40,592)	-	-
Net Cash used in Investing Activities	**400,365**	**(667,143)**	**405,139**	**(596,228)**
Cash Flows from Financing Activities				
Net change in short-term borrowings	-	(50,000)	-	(50,000)
Proceeds from long-term borrowing	352,601	145,000	352,601	145,000
Principal payments of long-term borrowing	(690,170)	(332,044)	(690,170)	(332,044)
Interest paid and loans' issuance fees	(195,001)	(207,796)	(190,240)	(212,778)
Dividends paid	(46)	(86)	(46)	(86)
Discontinued operations	-	(29,158)	-	-
Net Cash used in Financing Activities	**532,616**	**(474,084)**	**(527,855)**	**(449,908)**
Net increase / (decrease) in cash and cash equivalents	**44,562**	**49,448**	**13,722**	**(48,178)**
Cash and cash equivalents at beginning of the year	**207,034**	**451,670**	**149,414**	**197,592**
Cash and cash equivalents from discontinued operations	**-**	**(294,084)**	**-**	**-**
Cash and cash equivalents at the end of the year	**251,596**	**207,034**	**163,136**	**149,414**

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NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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. It is noted that, from 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.

In 2007 the Parent Company proceeded to the spin - off of its RES activity and its contribution to its wholly owned subsidiary PPC Renewables S.A.

On December 1st 2011, the Parent Company proceeded to the spin – off of its General Division of Transmission and the contribution to its wholly owned subsidiary "Independent Power Transmission Operator" (IPTO S.A.).

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.

On May 1st 2012 the spin –off of the General Division of Distribution was completed by its contribution to PPC's wholly owned subsidiary "Hellenic Electricity Distribution Network Operator" (HEDNO S.A.).

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.

At December 31st 2017, the number of staff employed by the Group was 17,519 (2016: 18,902 including 1,395 employees of IPTO SA). At December 31st 2017, 89 employees of the Group (2016: 97 including 5 employees of IPTO SA), have been transferred to several State agencies (ministries, organizations, etc.), out of which, 88 were compensated by PPC (2016: 92 including 4 employees of IPTO SA). The total payroll cost of such employees, for the twelve month period ended on December 31st 2017 amounted to € 3,527 (2016: € 3,460 including € 144 relating to IPTO SA). Additionally, PPC's transferred employees in EFKA (Greek Single Social Security Institution) amounted to 245 on December 31st 2017, for which payroll amounted to € 10,117.

PPC Group generates electricity in its own 61 power generating stations of the Parent Company 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 238,219 kilometres which are managed by its wholly owned subsidiary "Hellenic Distribution Network Operator (HEDNO S.A.)". PPC Group has also constructed a 989 kilometres Network of High Voltage lines pertaining to Distribution facilities and approximately 164 kilometres of urban fibre optics network.

Lignite consumed by the Parent Company'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 2017

General Provisions for the Domestic Electricity Market

- According to the Decision 33 of the Government's Council for Economic Policy (OG B' 1472/25.05.2016) the HRADF's Asset Development Plan (ADP) was approved. Specifically, for PPC, the potential sale of 17%

of its shares is included in the Asset Development Plan (ADP).

According to Law 4425/2016, the transfer of 34% of PPC's shares which the Greek State owns, to the Public Holding Company under establishment is provided.

Pursuant to Article 380 of Law 4512/2018 (O.G. A 5/17.01.2018), amendments were made to Law 4389/2016 concerning the Hellenic Corporation of Assets and Participations S.A. (HCAP S.A.) and the retroactive from January 1st 2018 automatic transfer of shares, among others PPC's is provided, together with the obligation of the Management of HCAP S.A. to proceed with any action for the registration of the relevant share transfer in the Dematerialized Securities System of the Athens Stock Exchange (Articles 1 & 2 of Law 4389/2016) (Note 41).

- Law 4389/2016 ("Urgent Provisions for the implementation of the Financial Targets and Structural Reforms Agreement and other provisions") provides, among others, the following:
  - The procedures and details of the full ownership unbundling of IPTO from PPC S.A. are set (articles 142-149 and 152). According to the specific articles, PPC must:

    (a) Sell, through an international tender (Invitation to Submit an Expression of Interest), at least 20% of IPTO's shares to a strategic investor which will be either (a) a Transmission System Operator, member of the ENTSO-E, or a Transmission System Operator participating in a Transmission System Operator being a member of ENTSO-E or (b) a consortium in which a Transmission System Operator of case (a) will be participating.

    (b) Establish a holding company, to which it will transfer in kind 51% of IPTO's Shares. PPC will be initially the sole shareholder of that company and later on PPC will transfer all shares of the company to its shareholders, through a share capital decrease and a distribution in kind.

    (c) Sell at least 25% of IPTO's shares in a Greek public company (named Public Holding Company ADMIE (IPTO) S.A. – P.H.C ADMIE (IPTO) S.A.). The price per share for that sale will be equal to the price to be paid by the strategic investor as above.

    Following the amendment of Law 4389/2016, by Law 4447/2016, the share price was deemed to be determined after the valuation of 25% of the share capital of IPTO as an independent total. The valuation will be carried out by an independent valuator, which will be jointly selected by P.H.C. ADMIE (IPTO) S.A. and PPC S.A.

    The Share Purchase Agreement («SPA») should have been concluded by February 28th 2017, following the earlier transfer of PPC's shares held in the Holding Company to its shareholders, while according to Law 4393/2016 the deadline for selecting the Preferred Strategic Investor was shortened by one month and should have been be concluded until October 31st 2016.

    In compliance with Law 4389/2016, the Invitation to Submit an Expression of Interest was issued and published following the July 11th 2016 decision of the General Meeting of PPC S.A. Shareholders, which set and the percentage of sale of IPTO's shares to a strategic investor to 24%.

    China State Grid International Development Ltd was selected as the Preferred Strategic Investor offering a bid of € 320 mil. The sale of 24% of IPTO's shares to the preferred investor was approved by PPC's Shareholders General Meeting on November 24th 2016, while the SPA was signed on December 16th 2016.

    On January 17th 2017, the PPC's Shareholders General Meeting approved (a) the establishment of a 100% subsidiary company under the name "Holding Company ENERGIAKI S.A. - (EN.SYM)", b) the contribution in kind of the 51% of IPTO's shares held by PPC to EN.SYM as the initial share capital plus € 70 in cash and c) the reduction of PPC's share capital by an amount equivalent to the initial share capital of EN.SYM and the distribution in kind of the shares of EN.SYM to existing shareholders of PPC at their proportionate interest in the share capital of PPC.

    Furthermore, with a subsequent amendment of Law 4389/2016 by Law 4467/2017, it was stipulated that immediately after PPC's carve out to its shareholders of the shares that it holds in ADMIE (IPTO) Holding S.A. (former Holding Company ENERGIAKI S.A.), P.H.C. ADMIE (IPTO) S.A. will acquire all the Shares of ADMIE (IPTO) Holding S.A. to be held by the Greek State and HRADF.

    In May 2017, PPC's General Shareholders Meeting approved the transfer of 25% of the share capital of IPTO to P.H.C. ADMIE (IPTO) S.A. for a price determined by an independent valuator (€ 295.6 million) as well as the Share Purchase Agreement - SPA which was signed.

    The aforementioned corporate actions were completed within the stipulated timeframes, while the introduction of ADMIE (IPTO) Holding S.A. in the main securities market of the Athens Stock Exchange (ATHEX) was carried out.

    More specifically, on June 15th 2017 PPC's shares were traded without the right to return in kind to the shareholders of PPC of the shares of ADMIE (IPTO) HOLDING S.A. (51% of the share capital of IPTO S.A.), while on June 20th 2017, the transfer of the 25% and 24% of the share capital of IPTO to P.H.C. ADMIE (IPTO) S.A. and to the Strategic Investor (State Grid Europe Limited) respectively was completed.

- According to the Decision 35 (OG B' 1473/25.5.2016) of the Government's Council for Economic Policy for the introduction of forward electricity products, the annual quantity of electricity for the future products to be auctioned in 2017 will amount to 681 MWh/h (Volume: 5,966,056 MWh) (RAE Decision 619/2016). The allocation of that annual quantity in individual future products with physical delivery will be effected through four auctions, as follows: 145 MWh/h on January 31st 2017, 145 MWh/h on April 26th 2017, 145 MWh/h on July 19th 2017 (According to an announcement by EMO) and 246 MWh/h on October 18th 2017. By RAE's Decision 817/2017 the forward product to be auctioned at the last auction of 2017 was increased to 718 MW. Within 2017 four (4) auctions have been completed for a total 1,153 MW, with the product price ranging between €37.37/MWh and €45.25/MWh. with the mid-price being at €43.70/MWh.

  Up to this date and during the mechanism's implementation, a significant variation between the total quantity of use declarations and load declarations, especially in low load hours was observed and therefore RAE made regulatory interventions (Amendment of the relevant Code of Transactions) to ensure the proper use of those products, as base products, discouraging the submission of extremely high declarations covering peak loads, to increase the secondary market liquidity and to further strengthen the usage purpose of the forward products (RAE Decision 184/2017).

- Law 4472/2017 was passed, amending the provisions of L. 4389/2016 concerning:

  a) Arrangements for the establishment of an Electricity Sale Mechanism by PPC, pursuant to auctions of forward electricity products with physical delivery and

  b) arrangements for the implementation of the full ownership unbundling of IPTO S.A., pursuant to Directive 2009/72/EC.

  In particular, the following amendments are introduced:

  a) The annual rates of decrease of PPC's share in the retail market of the interconnected system, until the year 2019 in relation to its share in August 2015 shall be as follows:
     - For the year 2016: Eight percentage points (8%), with PPC's share standing at 87.24%.
     - For the year 2017: Twelve percentage points (12%), with PPC's share standing at 75.24%.
     - For the year 2018: Thirteen percentage points (13%), with PPC's share standing at 62.24%.
     - For the year 2019: Thirteen percentage points (13%), with PPC's share standing at 49.24%.

  b) The annual quantity of electricity that will be auctioned per year will be equal with the following percentages on the total electricity quantity for the Interconnected System of the previous year:
     - For the year 2016: Eight percentage points (8%).
     - For the year 2017 : Sixteen percentage points (16%). Physical deliveries of four percentage points (4%) from the quantity for the year 2017 will begin on December 1st 2017.
     - For the year 2018 : Nineteen percentage points (19%). Physical deliveries of six percentage points (6%) from the quantity for the year 2018 will begin on December 1st 2018.

- For the year 2019 : Twenty two percentage points (22%). Physical deliveries of nine percentage points (9%) from the quantity for the year 2019 will begin on December 1st 2019.

The aforementioned were approved with Decision 58 of the Government's Council for Economic Policy (OG B' 1690/16.05.2017), which includes the updated Implementation Plan for NOME Auctions which was updated subsequently by Decision 68 of the Government's Council for Economic Policy (O.G. B 2276/4.7.2017 Amendment of the draft of NOME tender procedures).

The mechanism to be applied in the first sub-period will be a Special Purpose Regulated Mechanism, with the annual quantities of electricity auctioned to be equal to the above-mentioned percentages multiplied by the total quantity of electricity for the interconnected system of the previous year.

The joint ministerial decision setting the minimum price of the forward products to be auctioned (starting auction price) will be reviewed in June of each year, taking into account the published financial statements of PPC SA. for the previous year and the revised cost of CO_2 emission rights prevailing in December of the previous year. It is noted that PPC's market share reduction target until 2019 remain unchanged.

Concerning the methodology for determining the quantity for the forward electricity products, to be auctioned, RAE's Impact Report on the six – month implementation of NOME Auctions to be published on July 2017 will be taken into account. In the event that the decrease of PPC's retail market share in the Interconnected System falls short of at least two (2) percentage points of the reduction target for the corresponding semester, as determined by the aportionment of the annual target in the corresponding semesters, RAE will increase the quantities to be auctioned for the first (and not the third, as was applicable) six month - period after the end of the six month reference period, by an equivalent increase in the quantities to be auctioned during that six-month period. At the same time, an additional Joint Semi-Annual Impact Report issued by the Greek Authorities and the Institutions is introduced in December 2017 and every six months thereafter, which, taking into account the introduction of the Target Model in the electricity market and the full implementation of structural measures for lignite, will evaluate (a) a possible adjustment of the NOME mechanism, including the modification of forward electricity product quantities to be auctioned after the implementation of structural measures for lignite, and (b) the possible need to adopt additional structural measures in line with the characteristics of PPC's power generating stations portfolio.

Following the above, based on the Joint Ministerial Decision ΑΠΕΗΛ/Γ/Φ1/οικ.178634 (Official Gazette B2278/04.07.2017), the resulting minimum bid price for the auctioned forward electricity products (starting price) for June 2017 is set to thirty-two euros and five cents per MWh (32.05 €/MWh) (compared to 37.37 €/MWh set in O.G. B2848/07.09.2016).

Taking into account the fact that in the determination of the starting bid-price substantial variable and fixed costs are omitted and consequently PPC suffers significant financial loss, the Parent Company filed before the State Counsil a request for the annulment of this Decision.

Also, based on Decision 68 of the Government's Council for Economic Policy, PPC's prepayment rate which is paid after the primary auction, was set at 3% on the valuation of the distributed product.

- With Decision No. 77 of the Government's Council for Economic Policy (O.G. B58/18.01.2018) the NOME Auction Implementation Scheme was approved, concerning:

1. Agreement with the provisions of Law 4512/2018 on:

- The introduction of new Eligibility Criteria for the participation of Eligible electricity suppliers in auctions, namely to maintain or develop a retail supply activity, submitting a business plan for their growth and development in the retail market upon registration in the Eligible Suppliers Register and with a new control mechanism during the month of conducting the auction based on load declarations or the business plan submitted for new Eligible Suppliers.
- The Modification of the procedure for the adjustment of the annual quantity to be auctioned due to the deviation of PPC's share in the retail market of the interconnected system, with an increase/ decrease in the next two auctions following the relevant RAE Decision.

2. Adjustment of the deadline regarding the transition period of the Greek energy market model from the current mandatory pool model to the Target Model, setting August 2018 (instead of December 2017) as the date of implementation.
3. Change in the time limit for resale of sub-products by Alternative Suppliers, from two (2) to three (3) business days prior to the Monthly sub-product Declaration Process, within the secondary market.
4. The additional Semi-annual Impact Report from February 2018 and thereafter every semester, jointly undertaken by the Greek Authorities and the Institutions, which takes into account, among others:
"…(a) the introduction of the Target Model in the Electricity Market and the Forward Energy Market,
(b) the timely adaptation of the NOME mechanism in order to compensate for the lignite structural measures. This adaptation will include the gradual decrease of the quantities to be auctioned along with the implementation of the lignite structural measures, the decrease ultimately being proportionate to the lignite potential that will be divested upon completion of the divestment from PPC's part, and
(c) the possible need to adopt additional structural measures in line with the characteristics of PPC's productive portfolio."

- In accordance with RAE's Decision 850/2017, and with respect to the Code of Transactions for the Sale of Forward Electricity Products, the following are now applicable:

  - For the year 2017, the Administratively set Minimum Use Rate of Distributed Quantities for Forward Electricity Products is set at 30%.
  - For the first half of 2018 and for gradual adjustment purposes, the Administratively set Minimum Use Rate of Distributed Quantities of Forward Electricity Products is set at 50%.
  - For the second half of 2018 and up to the submission of the proposed Impact Report by the Market Operator, the Administratively set Minimum Use Rate of Distributed Quantities of Forward Electricity Products is set at 70%.
  - Specifically for new Eligible Suppliers which have not yet submitted load declarations within the DAS, the Administratively set Minimum Use Rate of Distributed Quantities of Forward Electricity Products is set at 30% for 2018 and will be revised according to the recommendation of the Market Operator (EMO).

  The Market Operator's (EMO's) recommendation for setting the Administratively set Minimum Use Rate of Distributed Quantities of Forward Electricity Products will be submitted to RAE in December each year.

  Additionally, the possibility of submitting purchase orders under the condition of satisfying the quantity requested as a whole by the participants, is restored and it is stipulated that in the case of the zero provisionally allocated quantity of a current valid purchase order, the submitted new purchase order is considered valid in the following cases:

  i) It increases the price and the numerical value of the quantity requested is greater than zero.

  ii) It maintains the price level and increases the numerical value of the quantity requested.

Decision 57/2017 (O.G. 72/A/19.5.2017) of the Government's Council for Economic Policy, on the structural measures for PPC's access to lignite was published, which concerns the binding remedial structural measures, which Greece will propose to the Commission's Directorate General for Competition (DG Comp.) until November 2017 and to be implemented by June 2018 in compliance with Decisions C (2008) 824 and C (2009) 6244 of the European Commission on PPC's access to lignite, which became irreversible after the (2016) 733 and (2016) 748 decisions of the General Court of the European Union. The binding remedial structural remedies will be designed in accordance with the following principles :

- The measures will include PPC's disinvestment of lignite power generating units to existing or new alternative suppliers and other investors.
- PPC will have no involvement or connection with any element of disinvestment, including preferential electricity supply. In line with the Commission's communication on structural measures acceptable under Regulation 139/2004 and Regulation 802/2004, the purchaser(s) a) will be independent of and will not

have any association with PPC and its affiliated companies; b) should possess the financial resources, proven know-how and incentive to maintain and develop the disinvested portfolio of power generating units as a viable and active competitive power in relation to PPC and other competitors, and c) on the basis of the information available, they would not cause or threaten to cause prima facie competition concerns and they would not create a risk of delay in the implementation of the structural measures.

- 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, in accordance with paragraph 248.1 of the Commission's Decision C (2008) 824, which states that "the Hellenic Republic could reallocate some of the rights currently enjoyed by PPC in this case and given that the lignite reserves are connected to the nearby electricity generating units, access to the lignite reserves should be combined with the transfer of the ownership or the franchise of the respective unit.
- 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 PPC lignite units, namely Meliti 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 (Meliti 2, 450 MW), together with the exploration and exploitation rights of the lignite mines (Megalopolis mine for the units Megalopolis 3 and 4 and Kleidi mine, Meliti hills and Vevi for Meliti). The Directorate-General for Competition conducted a market test for the abovementioned commitment by the Hellenic Republic.

  On September 6th 2017, RAE put into public consultation a proposal for a new Transitory Flexible Compensation Mechanism following the expiration on April 30th 2017 of the Transitional Flexibility Compensation Mechanism. The new proposed transitional mechanism differs from the previous one in that it will be purchasing and will concern two (2) flexibility products, a three-hour and a one-hour one, the cost of which will be derived from supply and demand, but will not exceed the maximum of € 25,000/MW. The new mechanism is similar to the old one, since it entirely excludes lignite fired units from the flexibility option and also discriminates against hydro power plants and benefits open and combined cycle gas plants. RAE's consultation ended on September 22nd 2017.
- Law 4512/2018 (O.G. A5/17.01.2018) entitled "Regulations for the implementation of the structural reforms of the Economic Adjustment Program and other provisions" and in particular Articles 73-99 regulates issues related to the Establishment and Operation of the Energy Exchange through amendments to various Laws and in particular:
  - Law 4425/2016 (O.G. A185/30.09.2016), which includes provisions regarding the reorganization of the Greek electricity market in accordance with the legislation for the completion of the single European electricity market (establishment of Electricity Markets - Purchase of Future Electricity Products, Next Day Market, Intraday Market and Balancing Market - and their characteristics, the jurisdiction and the responsibilities of Market Operators, as well as issues relating to Market Codes as well as to Clearing / Transactions within these).
  - Law 4001/2011 (O.G A179/22.08.2011) entitled "Operation of Electricity and Natural Gas Markets, for Hydrocarbon Research, Production and Networks and other regulations".

HELLENIC ELECTRICITY TRANSMISSION SYSTEM (HETS)

- RAE by its Decision 404/2016, approved the Required Revenue of the HETS Operator for 2017 to the amount of € 202.6 mil. Based on the required revenue of 2017, the new use of transmission system charges were determined (RAE Decision 456/2016). Moreover, RAE by its Decision 253/2015 amended the provisions of the Grid Control Code and of the methodology for the determination of the Required Revenue so that interconnection rights auction costs (clause Π3) are taken into account.
- With its 394/2016 Decision (Use of Congestion Income, from the country's international interconnections access rights, for the year 2017), RAE approved the use of € 46 mil., from the Reserve Account (Interconnections Transfer Capacity Allocation according to article 178 of the Greek Grid Control Code For Electricity) that IPTO keeps, for the reduction of the Annual Cost for the use of the Transmission System, for the year 2017.
- Following RAE's Decision 67/2017 (OG B 774/13.03.2017) RAE monitors and oversees the progress of the implementation of the Markets and the elaboration on the individual Codes by the Market Operators and, within the framework of its responsibilities, decides on the issuance of directions to the relevant Operators for the preparation of the Market Codes provided for in Law 4425/2016, distinctively for each of these Markets and communicates them to IPTO and EMO for their respective actions.
- According to RAE's Decision 346/2017, the coefficients for the penalty calculation of the Transitory Flexibility Compensation Mechanism as well as the Deviation Clearing Schedule were determined with appropriate modifications to the Greek Electricity Transmission System Management Code and the Market Clearing Manual.
- IPTO S.A. was certified as an Ownership Unbundled Transmission Operator in the context of its full ownership unbundling from PPC S.A. and in compliance with the fact that it is now under the control of a person or persons from a third country or third countries (RAE Decision 475/2017).
- For the year 2017 in the context of the Mechanism of Settlement between the Operators of the Transmission System, the System Marginal Price was approved as the basis for calculating the cost of losses and the unit cost of losses at €48.70/MWh, according to IPTO's recommendation (RAE Decision 514/2016).
- By RAE Decision 1021/2017, (O.G. B 4690/29.12.2017), entitled "Amendment of the provisions of the Greek Electricity Transmission System Management Code (O.G. B 103/31.01.2012)", Articles 230, 232, 238, 268, 270 and 273 of the HETS Management Code of Conduct on issues related to the design and implementation of the necessary extension projects of the System for the connection of the HEDN were amended.
- With its 1023/2017 Decision (Use of Congestion Income, from the country's international interconnections access rights, for the year 2018), RAE approved the use of € 35.6 mil., from the Reserve Account (Interconnections Transfer Capacity Allocation according to article 178 of the Greek Grid Control Code For Electricity) that IPTO keeps, for the reduction of the Annual Cost for the use of the Transmission System, for the year 2018.
- By RAE Decision 1083/2017 (O.G B 4581/27.12.2017), the terms, rules and procedures for conducting tenders for the concession, on a long-term basis (annualy, monthly) and on a short-term basis(daily) , of natural rights to import and export electricity for the year 2018 via the Greece - Bulgaria interconnection line were aproved.
- According to the Decision of the Minister of Environment & Energy ΗΛ/ΒΦ8/2954 οικ. 184578 (O.G. B 4450/18.12.2017), the total project of the Interconnection of Crete, Phase I and Phase II, which has been included in the Ten Year Development plan of the Electricity Transmission System (2017 – 2026), has been classified as a project of high importance to the country's economy, since it aims at securing electricity supply of the islands, reducing the cost of producing electricity in the islands, the decrease of the charges that consumers pay (PSOs) and therefore every effort should be made for the timely licensing and implementation of both Phases I and II of the Interconnection project.
- In Law 4495/2017 Article 134 amends Article 134 of Law 4495/2017 and introduces statutory amendments to IPTO S.A. after the completion of the process of the full ownership unbundling and in connection with the selection and the existence of the strategic investor. More specifically, IPTO S.A. should make the necessary modifications in its Articles of Association, in order to ensure, inter alia, that: a) The Board of Directors of IPTO S.A. is composed of nine members, from which five (5) members will be nominated by the Greek State and at least three (3) members from the strategic investor, b) The President of IPTO S.A. will be nominated by the Greek State; c) The Managing Director of IPTO S.A.; will be nominated by the Greek State, following the written consent of the strategic investor and d) The Greek State may determine and modify the business plan upon the written consent of the strategic investor.

HELLENIC ELECTRICITY DISTRIBUTION NETWORK (HEDN)

- The Annual Cost and the Required Revenue for the use of HEDN were approved by RAE for 2017 by its Decision 454/2016, amounting to € 753.7 mil. and € 741.8 mil. respectively. Based on the required revenue of 2017, the new use of distribution network charges were set (RAE Decision 455/2016).
- HEDNO published the announcement for the market opening in Rhodes island on January 2nd 2017, following the adoption of all the necessary methodologies for the market operation in the NII (RAE Decisions 46/2016, 47/2016 and 238/2016) and pursuant to L.4414/2016, according to which Rhodes island is no more integrated in the derogation regime for the supply of electricity from January 1st 2017.

  It should be noted that the derogation (Decision 2015/536/EU) has been granted till the full installation of the necessary infrastructure in the NII and, in any case, it expires on February 17th 2019.
- By RAE Decision 908/2017 (O.G. B4461/19.12.2017), it was decided to disengage all Non-Interconnected Islands (NII) from the derogation regime of the European Commission's Decision 2014/536 and to open the Market from January 1, 2018, concerning the supply of electricity, while the infrastructure will be the one provided for the transitional period of applying the NII Code, in the same way as it is already done in the systems of Crete and Rhodes
- With RAE's Decision 236/2017 (O.G. B 1871/30.05.2017) the Electricity Theft Manual was approved in accordance with paragraph 23 of article 95 of the Electricity Distribution Network Code, which specifies the framework of locating electricity thefts, the estimation methodology of the non-recorded energy and the procedure for collecting the corresponding amounts. Then with RAE's Decision 237/2017 (O.G. B 1946/07.06.2017), the framework, the general directions, the implementation rules and any other necessary issues for the implementation of the provisions on the issue of electricity theft were determined.

  In particular, it was determined:
  - The administratively determined price, the increment rate and the charges for the Network Operator's compensation for the costs of tracking and managing the electricity thefts,
  - the revenue allocation keys from established electricity thefts and the allocation of collected sums from electricity thefts.
- With RAE's Decision 1019/2017 the Electricity Theft Manual issued by RAE's Decision 236/2017 (O.G. B 1871/30.5.2017) of the HEDN Management Code was amended, and in particular the amendments concern the last subparagraph of Case B, of par. 1 of Article 5 and the last subparagraph of par. 2 of Article 6 of the Manual, on the presence of a representative of an independent body during the controls that HEDNO performs.
- By RAE's Decision 1020/2017 (O.G. B 1946/7.6.2017), RAE's Decision 237/2017 is amended regarding the determination of the parameters of the HETS Code for electricity theft.
- In Law 4508/2017 entitled "Licensing of space activities registration in the National Register of Space Objects - Establishment of a Hellenic Space Organization and other provisions", (O.G. A 200/22.12.2017) Article 36 provides for the creation of a special account with will be managed by HEDNO, for the reconnection of electricity meters. In this account an amount of € 10 mil. will be transferred from the State Budget in 2017 as a one-off special aid to support low-income consumers which have been disconnected from the electricity distribution network due to overdue debts, in order to address their energy needs. The beneficiaries, the criteria, the amount and the allocation of the amount of the special aid, the procedure, the time and method of payment, the controls on the beneficiaries and their arrears, the public departments involved and their individual responsibilities, as well as any other necessary detail will be determined by a joint decision of the Ministers of Finance and Environment and Energy.
- With the Decision of RAE 1022/2017, the new numerical values of the network loss coefficients, which correspond to the MV and LV consumption increase factors due to losses, were approved with effect from January 1st 2018, so that the quantities of electricity consumed per voltage category to be bound to the boundary between the System and the Network.

- In Law 4495/2017 entitled "Control and Protection of the Structured Environment and Other Provisions", (O.G. A 167/03.11.2017), Article 135 brings about an amendment of Article 125, par. 4, entitled "Personnel of the HEDNO S.A." of Law 4001/2011, as amended by paragraph 10 of Article 15 of Law 4425/2016 (A 185), on the ability of PPC to support the operation of the HEDNO by providing services, at a reasonable price covering the costs involved, until the end of the year 2019 in order to facilitate the full development of HEDNO's Services. Specifically, for NIIs till the end of the year 2019, in order to facilitate the full development and support of the operation of the local power management infrastructures of the NII electrical systems, PPC may provide to HEDNO (a) supportive services relating to the operation and management of such systems, without this entailing responsibility or jurisdiction for such management and (b) services for contingencies.

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

- Under the new RES operational support scheme (L. 4414/2016) and the provision for a new source of revenues for the RES Special Account, electricity suppliers will be compelled to pay (from October 1st 2016) an additional compensation, to the revenues of the RES Special Account and is calculated as the product of the energy absorbed (in MWh) for each load representative multiplied by the difference between the System Marginal Price (SMP) in the wholesale market and the SMP that would have existed if the RES did not enter to the system (virtual SMP).

  Specifically, for this extra charge, it was decided that the amount will be charged gradually to the Load Representatives (Load Representatives Uplift Charge for RES Special Account) for the additional value of energy from RES stations, as the latter is determined, based on the above methodology for the year 2016, will equal fifty percent (50%) of the charge arising from the implementation of the methodology while for the year 2017 and then after will equal one hundred percent (100%) of the charge (L. 4427/2016).

  Due to the fact that from the implementation of this mechanism the resulting charges where very high, RAE, after the load representatives' protests issued Decision 149/2017 establishing a maximum value for the hourly difference between the SMP and the virtual SMP in order to lower the level of charges arising. RAE also established by the same Decision the retroactive application of this threshold to all calculations from the date of the application of this mechanism. By Decision 150/2017 RAE set a ceiling for this numerical difference at 15 €/MWh.
- RAE published the new charges for ETMEAR which are applicable from January 1st 2017 (RAE Decision 621/2016). In specifying the allocation coefficients for the charges, the levels specified in the EU Guidelines on State Aid for the environmental and energy sectors 2014 - 2020, as well as the provisions of Law 4414/2016 have been taken into account.

  With its announcement of July 5th 2017, RAE announced that it had considered the necessity of adjusting ETMEAR's charges at its plenary meeting on 29 June 2017 and decided that there was no need to review them in the present circumstances.

  RAE reached this Decision:
  - after examining the evolution of revenues and expenses of ELAPE according to the "Monthly Report on the Special Account of RES and CHP of the Interconnected System and Network - May 2017 - settlement of April 2017" and found that ELAPE continues to be in surplus and its cumulative debt will be eliminated by the end of 2017.

    Considering that ELAPE will remain in surplus throughout the year 2018.

    Considering that the sharp and sudden fluctuations in ETMEAR charges bring a significant and multidimensional financial burden on all final consumers and hence on the liquidity of the market.

    With a recent announcement on September 26th 2017, RAE informed that there is still no need to update ETMEAR. The same announcement states that the evolution of ELAPE's inflows/outflows will be monitored, in particular by examining the level of critical parameters on the basis of accountable and reliable budget data, as well as the results of the ongoing consultation between the Greek authorities and the European Commission in the context of the submission of an "Adaptation Plan" in accordance with the "Guidelines for State Aid in the Environment and Energy sectors 2014 - 2020" on determining ETMEAR's unit charges.

It should be noted that the cumulative accounting debt of the RES Account of the Interconnected System and Network according to Law 4414/2016 should have been eliminated by the end of December 2017.

- By RAE's Decision 1101/2017, (O.G. B 4670/29.12.2017), entitled "Numerical values of the coefficients for the allocation of the Special Fee of Article 143 par. 3 of Law 4001/2011, as in force, for the calendar year 2018", the unit charges of the SPECIAL FEE FOR THE REDUCTION OF CO_2 EMISSIONS (ETMEAR) as of 01.01.2018 are determined by customer category.

PUBLIC SERVICE OBLIGATIONS (PSOs)

- The maximum annual charge for electricity customers for covering Public Service Obligations (PSOs) was adjusted for 2017 amounting to € 773.795, according to the average annual change in the consumer price index, as published by the Hellenic Statistical Authority (ELSTAT) (RAE Decision 241/2017).

  The total consumptions of the beneficiaries of the Multi member family Tariff and of the Social Solidarity Tariff up to the four-month consumption limits applicable to each category of beneficiaries are exempted from PSO charges, as well as the four - month daylight consumption of 10,000 kWh for recipients of the Solidarity Service Invoice (Laws 4296/2014 and 4467/2017).
- By RAE's Decision 640/2017 (O.G. B 3057/6.9.2017), the consideration due for the years 2015 – 2016 to each electricity Supplier to cover the cost of the SRT and of the Tariff for families with more than three children was approved.
- Respectively, with RAE's Decision 688/2017 (O.G. B 3058/6.9.2017), the temporary consideration to cover the costs of providing PSOs in the Non-Interconnected Islands for the years 2014, 2015 and 2016 was approved.
- In order to calculate the full unit cost of electricity production from conventional units in the NII the interest rate on the regulated asset base of HEDN was determined as a temporary reasonable return on invested capital in electricity production (2014: 8.5%, 2015: 7.7%, 2016: 7%).
- Finally, with RAE's opinion 10/2017, the Authority issued an opinion to the Ministry of Environment and Energy on the cumulative deficit of the PSO account created in the period 2012 - 2016, due to the fact that revenue remained stable from 2012 onwards according to Law 4067/2012.

  The Authority also submitted its proposals for the coverage of this deficit until the year 2022, in which, inter alia, it is stated that the coverage of part of the amount of the total debt from the expenses paid by PPC for Public Utilities (PSOs) (€ 360 million) will be given to PPC from the state budget.

  By Law 4501/2017 OG A' 178/22.11.2017 - Distribution of Social Dividends and other provisions, Law 4067/2011 was amended by adding a new paragraph to Article 36 as follows:

  "By decision of the Minister of Finance, the public budget may fully or partly cover the cost of providing Public Service Obligations, with a corresponding credit as an inflow to the special management account for Public Service Obligations held by the competent operator, in accordance with paragraph 8 of Article 55 of Law 4001/2011 (A '179)."
- According to the above provision of article 36 of Law 4067/2012 (as amended by article 3 of Law 4501/2017) the Decision of the Minister of Finance under the number ΔΟΔ 0002445 ΕΞ 2017 (O.G. B 4487/19.12.2017) was issued, which provides for the payment of an amount of €476 mil. from the state budget to the Special Management Account for Public Service Obligations Utilities managed by IPTO S.A., so that it will then be allocated to the beneficiaries of the consideration without affecting the financial and accounting position as well and the tax obligations of both IPTO S.A. and of the recipients of the consideration, any other tax provision not withstanding.
- In Law 4508/2017 entitled "Licensing of space activities Registration in the National Register of Space Objects - Establishment of Hellenic Space Organization and other provisions" (O.G. A 200/22.12.2017) the following are provided regarding PSOs:

  - In Article 55 the provisions of Law 4067/2012 (A79) (Article 36) are amended on:

    a) The calculation of the PSO compensation as of 01.01.2018. New unit charges are introduced and a provision is introduced to the effect that if the four-month electricity consumption exceeds the consumption thresholds of a certain scale in the LV household categories, only the excess consumption is charged according to the unit charge of the next scale.

    b) The persons responsible for the payment of the PSO compensation, the determination of the consumption of each consumer, the payment of the PSO compensation to the special PSO account, the case of an annual deficit or surplus of the PSO special account and the full or partial state budget subsidy of the cost for providing PSOs.
  - Article 56 amends the provisions of Law 4001/2011 (A179) regarding assignment to HEDNO of the function of the sole Administrator of the PSO special account in the Greek territory from January 1st 2018.
  - Article 57 regulates the substitution of the management of the PSO special account by HEDNO from January 1st 2018.
- In accordance with Article 400 of Law 4512/2018 (O.G. A 5/17.01.2018), issues concerning the annual financial result of the Public Service Obligations (PSO) Special Account and the treatment of a possible deficit/surplus are regulated through amending Law 4067/2012 (O.G. A 79/09.04.2012), which regulates the provision of PSOs in the electricity sector, and provides, in particular, that in the event of a deficit or surplus of the annual economic outturn of the PSO special account, unit charges for PSOs are readjusted in December each year as part of the special account monitoring, following RAE's recommendation. The adjustment will eliminate the projected deficit for the current year, in which any deficit for the previous year will be incorporated.

OTHER ISSUES

- As part of the actions required to ensure the security of the country's natural gas supply as specified in the Natural Gas Safety Regulation (EU Regulation 2017/1938) and in accordance with the provisions of Law 4001/2011 for dealing with such crisis, RAE announced that it intends to proceed to the ex-works modifications of the relevant PPC Generation Licenses for the NG thermal units of Lavrion IV, Komotini and Lavrion V, introducing the following special conditions: a) The owner must have an independent Gas Discharge Facility supplied by ESFA with the required metering or metering and regulating devices b) To ensure the uninterrupted operation of the Units in the event of an unplanned interruption of natural gas supply, and in particular in the event of an emergency, the owner must take all necessary measures to ensure the uninterrupted operation of the Unit for at least five (5) days in full load.
- The supply tariffs of PPC SA, as a Last Resort Electricity Supplier, were approved, for the fifth year of the service (RAE Decision 225/2017) and uplift rates are as follows:

  (a) 5% for the HV customers on the wholesale market cost,

  (b) 10% for MV customers on the current PPC's MV customer tariffs and

  (c) 10% for LV customers on the current PPC's LV customer tariffs.
- The supply tariffs of PPC SA, as a Universal Service Electricity Supplier, were approved, for the fifth year of the service (RAE Decision 226/2017) as follows:

  The uplift rate amounts to 10% on the current PPC's LV customer tariffs (residential customers, as well as small businesses with power not greater than 25kVA).
- RAE, after its Decision 573/2017, by which it issued a call for expression of interest and after the amendment of the relevant terms and of the procedure applied for the selection of the Last Resort Electricity Supplier for the period of three (3) years starting from March 23rd 2018 and its Decision 1089/2017 announcing that there was no expression of interest for the particular tender, decided by its Decision 240/2018 (O.G. B 1148/29.03.2018) the appointment of PPC as the Last Resort Electricity Supplier from March 23rd 2018

to March 22nd 2019. According to this Decision, PPC is required to publish the tariffs that will be applied by customer category or the methodology for calculating the charge applied if there is no published tariff for a particular customer category for the provision of the Last Resort Electricity Supplier service. RAE also approved the following uplift rates on PPC's tariffs (competitive charges), as the Last Resort Electricity Supplier: a) 5% for the HV customers on the wholesale market cost and b) 10% for MV and LV customers on the current PPC's customer tariffs.

- RAE, after its Decision 574/2017, by which it issued a call for expression of interest and after the amendment of the relevant terms and of the procedure applied for the selection of the Universal Service Electricity Supplier for the period of three (3) years starting from March 23rd 2018 and its Decision 1090/2017 announcing that there was no expression of interest for the particular tender, decided by its Decision 241/2018 (O.G. B 1148/29.03.2018) the appointment of PPC as the Universal Service Electricity Supplier from March 23rd 2018 to March 22nd 2019. According to this Decision, PPC is required to publish the tariffs that will be applied for the particular LV customers (residential customers, as well as small businesses with power not greater than 25kVA for the provision of the Universal Service Electricity Supplier service. RAE also approved the uplift rate of 12% on PPC's tariffs (competitive charges), for the particular LV customers for the provision of the service.
- The Regulation on the Operation of the Energy Efficiency Obligation Scheme was approved, following Law 4342/2015 (Harmonization of the Greek legislation with the Energy Efficiency Directive 2012/27/EU for the energy efficiency (OG B' 1242/11.04.2017). According to the Regulation, from January 1st 2017, an energy efficiency obligation scheme has been introduced to ensure that energy distributors and/or energy suppliers in the retail market, which were designated as obligated parties, achieve a cumulative energy savings target in the end-use by December 31st 2020. PPC SA, as an electricity supplier, undertook a savings target of 30 Ktoe (tonne of oil equivalent) for the year 2017.
- With a Decision of the Minister of Environment and Energy (OG B' 1547/05.05.2017) the terms and conditions for the development of photovoltaic plants by self-producers with energy and virtual energy offset were set out. With virtual clearing, it is possible to offset the electricity produced with the total electricity consumed by self-producers, irrespective of the area it is produced and consumed. Also, the type and content of the Energy and Virtual Energy Clearing Conventions have been determined. The implementation of energy netting or virtual energy netting will be extended in the future, covering other renewable technologies also.
- The advance payments to the electricity suppliers in respect to the arrears of debts or other debts of the General Government entities were approved (Decision of the Ministry of the Economy No.2/16456/DLD of Law 4455/23.02.2017). On March 8th 2017 an amount of € 50 mil. was paid by the State Treasury to PPC. Subsequently, the granting of a cash advance to the Public Power Corporation SA was approved, amounting to € 80 mil. against the total annual liabilities of the central administration bodies for the payment of electricity bills for the fiscal year 2017.
- According to Article 352 of Law 4512/2018 (O.G. A 5/17.01.2018) entitled "Regulations for the implementation of the structural reforms of the Economic Adjustment Program and other provisions" by a decision of the Minister of Finance the Greek State may grant financial advances to electricity suppliers in relation to the total annual liabilities of each current year for the payment of electricity bills of General Government entities and up to the amount of the corresponding total expense (cost) for the previous year. These advances are reimbursed after the obligations have been repaid by the entities, through a deposit in a special account.
- Law 4495/2017 entitled "Control and Protection of the Structured Environment and Other Provisions", (Government Gazette A167/03.11.2017), regulates various issues and in particular:
  - Article 131 concerns the amendment of the provisions of Law 4414/2016. Namely: Article 3 - New support scheme for RES (Renewable Energy Systems) power stations and, Article 4 - Reference Prices for Compensation of Power Plants from RES and CHP (Combined Heat Power), Article 5 - Participation of power plants from RES and CHP that have signed Contracts of Operational Differential Enhancement in the electricity market, Article 7: Conducting competitive bidding procedures for power plants from RES and CHP and Article 8: Power Plants from RES and CHP in Non-Interconnected Islands.
  - Article 132 relating to the duration of validity of Installation and Final Offering Licenses for the connection of power plants from RES and CHP and permits the execution of projects for the utilization of water resources of small hydropower plants.
- With Law 4513/2018 (O.G. A 9/21.01.2018) the Energy Communities are established. The Energy Community is a fully-fledged urban cooperative society with the aim of promoting the social and solidarity economy, innovation in the energy sector, the fight against climate change, energy poverty and the promotion of energy sustainability, production, storage, own consumption, distribution and supply of energy, strengthening energy self-sufficiency and security in island municipalities, as well as improving energy efficiency end-use at local and regional level, through its activities in the fields of Renewable Energy Sources (RES), High Efficiency Combined Heat and Electricity, rational use of energy, energy efficiency, sustainable transport , management of demand and production, distribution and supply of energy. The members of the Energy Community, the purpose, the object of activity, the financial incentives, the supporting measures and other elements of its operation are defined by this Law. Laws 3468/2006, 4001/2011, 4067/2012, 4178/2013, 4203/2013, 4414/2016 and 4447/2016 are also amended by the provisions of this Law.
- By the Decision of the Ministry of Environment and Energy No. 32920/9181 (O.G.B 4546/21-12-2017) regarding the "Interruptible Load Service, type and content of Interruptible Load Contracts, according to the provisions of article 17 of Law 4203/2013 ", the modalities for the application of the Interruptible Load Service are regulated, the categories of consumers entitled to establish Interruptible Load Contracts, the conditions for their establishment, the reasons for activating the Interruptible Load Service, the manner of identification, as well as the manner, the time and the conditions for payment of the financial compensation to the contracting parties, the recovery by the Transmission System Operator of the amounts paid as financial compensation are established, as well as the type and minimum content of the Interruptible Load Contracts which the Independent Transmission System Operator (IPTO) (the "Transmission System Operator") concludes with the Consumers.

3. Basis of Preparation and Principal Accounting Policies

3.1 Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Approval of Financial Statements

The Board of Directors of the Parent Company approved the accompanying financial statements for the year ended on December 31st, 2017 on April 27th, 2018. These financial statements are subject to approval by the Parent Company's General Shareholders Meeting.

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention (except for tangible assets and financial assets "held – for – sale", that have been measured at fair value), assuming that PPC will continue as a going concern. The financial statements are presented in thousands of Euro and all values are rounded to the nearest thousand, except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, drawn up to December 31st, each year. Subsidiaries (companies in which the Group directly or indirectly or through other subsidiaries has an interest of more than one half of the voting rights or otherwise has power to exercise control over their operations) have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Losses within a subsidiary are apportioned to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary is accounted for as an equity transaction. All inter-company balances and transactions have been fully eliminated as well as unrealized intra – group gains and losses.

Where necessary, the accounting policies of subsidiaries have been revised to ensure consistency with the policies adopted by the Group. It is noted that certain of the abovementioned requirements have not a retrospective effect, and due to this reason the following differences are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to January 1st, 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of net assets acquired were recognized as goodwill.
- Losses incurred by the Group were not attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the Parent Company, unless the non-controlling interest had a biding obligation to cover these.

In case that the Group loses control of a subsidiary then the following are :

Derecognized:

- The assets (including the surplus value) and liabilities of the subsidiary.
- The book value of the non-controlling interest.
- The accumulated exchange differences, which have been recorded in Equity.

Recognized:

- The fair value of the price obtained.
- The fair value of the remaining participation.
- Any surplus or deficit in the income statement.
- The Parent Company's share in the elements previously recognized in the comprehensive income statement, in the income statement or the retained earnings where that is judged necessary.

3.2 Changes in Accounting Policies and Disclosures

The accounting policies applied to the separate and consolidated financial statements are the same as those applied to the annual separate and consolidated financial statements for the year ended December 31st, 2016 with the exception of the following revised Standards and Interpretations, that are effective for accounting periods beginning on or after January 1st 2017.

- **IAS 12 (Amendments) "Recognition of deferred tax assets on unrealized losses"**

  The amendments clarify the accounting treatment for the recognition of deferred tax assets on unrealized losses arising from debt securities measured at fair value.

- **IAS 7 Statement of Cash Flows (Amendment) "Disclosures"**

  The amendment introduces mandatory disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. Based on the amendment to IAS 7, an entity is required to provide disclosures that assist investors to evaluate changes in those liabilities from financing activities including changes in the cash flow statement as well as changes from non-cash items.

- **Annual improvements to IFRS – Cycle 2014-2016**

  The amendments of the 2014 – 2016 cycle have been issued by the IASB on December 8th 2016. The below mentioned amendment is effective for annual periods beginning on or after January 1st 2017.

  - **IFRS 12 Disclosures of participations in other entities: Clarification of the purpose of the standard.**

    The amendment clarified the scope of the standard by specifying that the disclosure requirements of the standard other than those in paragraphs B10-B16 apply to the entity's investments mentioned in Paragraph 5, that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Standards and Interpretations mandatory for subsequent periods, with no early adoption by the Parent Company or the Group.

The below mentioned new Standards, Amendments and Interpretations have been issued but their adoption is mandatory for subsequent periods. The Parent Company and the Group have not adopted them earlier.

- **IFRS 9 Financial Instruments and subsequent adjustments to IFRS 9 – Classification and measurement**

  On July 24th 2014 IASB issued the final version of IFRS 9, which includes the classification and measurement, the impairment and hedge accounting. The Standard will replace IAS 39 and all earlier versions of IFRS 9. Financial assets are measured at amortized cost, at fair value through profit or loss, or at fair value through other comprehensive income based on the business model of the entity for the management of financial assets and contractual cash flows of financial assets. With the exception for the entity's credit risk, the classification and measurement of financial liabilities has not changed in relation to the existing requirements.

  The application of IFRS 9 is mandatory for annual periods beginning on or after January 1st 2018 and has been endorsed by the European Union on November 22nd 2016.

  Based on Management's current estimates, IFRS 9, in its initial application, as well as in subsequent periods, is not expected to have a material impact on the Group's and the Parent Company's financial statements. The Group will apply the new standard in the year 2018 by adjusting the opening balance of Retained Earnings and will not proceed to readjust the comparative figures for 2017. According to the current business model, the financial assets held by the Group (shares) will be classified in a similar portfolio in accordance with IFRS 9 and therefore no significant impact on their measurement is expected. With respect to the new impairment model for receivables, the Group will apply the simplified approach for recognizing credit losses. The Group has proceeded to grouping customers based on common credit ratings and is in the process of calculating historical default rates. The provision for impairment amount is not expected to differ significantly from the current one. The Group is in the process of finalizing the impact of IFRS 9 on its Financial Statements through additional support material which will be available in 2018.

- **IFRS 15 Revenue from contracts with customers**

  IASB issued on May 28th 2014 IFRS 15 "Revenues from contracts with customers" and together with amendments issued on September 11th 2015 is effective for annual periods beginning on or after January 1st 2018. It is the new Standard applied for revenue recondition.

  IFRS 15 replaces IAS 18, IAS 11 and IFRIC13, IFRIC 15, IFRIC 18 and SIC – 31.

  The new standard establishes a five-step model that will apply to revenue recognition arising from a single customer contract (with limited exceptions), to improve comparability within industries, across industries, and across capital markets.

  The requirements of the Standard will also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not produced by the entity's ordinary activities (eg, sales of property, plant and equipment or intangible assets). Extensive disclosures, including the analysis of total revenue, information on performance obligations, changes in contract asset balances and contractual obligations between periods and key judgments and estimates will be required. IFRS 15 was adopted by the European Union on September 22nd 2016.

The Group will fully apply the Standard for the year 2018, recognizing the cumulative effect of the transition on the opening balance of equity on January 1st 2018, providing comparative figures for the previous year.

The Group proceeded to assess the relevant revenues by applying the five steps outlined in the standard in order to identify areas that may be affected. Based on the Management's current estimate, IFRS 15 during its initial application, as well as in subsequent periods is not expected to have a material impact on the Group's and the Parent Company's financial statements.

- **Clarifications to IFRS 15 - Revenue from Contracts with Customers**

  In April 2016, IASB issued clarifications to IFRS 15. The amendments to IFRS 15 do not alter the basic principles of the Standard but provide clarifications as to the application of these principles. The amendments clarify how a performance obligation is recognized in a contract, how it is determined whether an entity is the originator or the trustee, and how it is determined whether the income from the grant of a license should be recognized at a particular time or over time. The amendment is effective for annual periods beginning on or after January 1st, 2018 and has been endorsed by the European Union on October 31st 2017. The amendments are not expected to have a material impact on the Group's and the Parent Company's financial statements.

- **IFRS 4 (Amendment) - Applying the new IFRS 9 together with IFRS 4.**

  IASB issued in September 12th 2016 amendments to IFRS 4 to address the concerns arising from the application of the new IFRS 9 before applying the new amended by the Board IFRS 4. The amendments introduce two approaches: overlapping and postponement. The modified standard will:

  - Allow insurance companies to recognize in other comprehensive income, rather than profit or loss, the volatility that may arise when IFRS 9 is applied before the issuance of the new standard for insurance contracts.
  - Provide to insurance companies, an optional temporary exemption from the application of IFRS 9 until 2021. Entities that will not adopt IFRS 9 will continue to apply IAS 39 for financial instruments.

  The amendment is effective for annual periods beginning on or after January 1st, 2018 and has been endorsed by the European Union on November 3rd 2017.

- **IFRS 16 "Leases"**

  On January 13th 2016 IASB issued IFRS 16 which replaces IAS 17. The purpose of the Standard is to ensure that lessees and lessors provide useful information that reasonably discloses the substance of transactions in leases. IFRS 16 introduces a single model for the accounting treatment on the part of the lessee requiring the lessee to recognize assets and liabilities for all lease agreements with a duration of more than 12 months, unless the underline asset is of non – significant value. Regarding the accounting treatment by the lessor, IFRS 16 effectively intergrades the requirements of IAS 17. Therefore, the lessor continues to categorize leases as operating or finance leases and to follow a different accounting treatment for each type of contract. IFRS 16 is effective for annual periods beginning on or after January 1st 2019 and has been endorsed by the European Union on October 31st 2017.

  The Group is in the process of assessing the impact of applying IFRS 16 on its financial statements and the choice of the method of application. The standard will mainly affect the accounting treatment of the Group's and Parents Company's operating leases. At 31 December 2017, the Group's existing commitments for minimum future lease payments under non-cancellable operating leases amounted to € 20.1 mil (Note 39).

<u>**Standards and Interpretations not yet endorsed by the European Union**</u>

- **IFRS 17 "Insurance Contracts"**

  On May 18th 2017 IASB issued IFRS 17, which replaces IFRS 4.

  IFRS 17 establishes the principles for the registration, valuation, presentation and disclosure of insurance contracts, in order to provide a more uniform valuation and presentation approach for all insurance contracts.

  IFRS 17 requires the measurement/valuation of insurance liabilities at current value using:

  - unbiased expected weighted estimates of future cash flows based on updated assumptions,
  - discount rates reflecting the cash flow characteristics of contracts and estimates of the financial and non-financial risks arising from the issuance of insurance contracts.

  The new Standard is effective for annual periods beginning on or after January 1st 2021 and it has not yet been endorsed by the European Union.

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

  The main consequence of the amendment adopted by the Council on 11 September 2014 is that the full profit or loss is recognized when a transaction includes a business (whether it is hosted in a subsidiary or not). A partial gain or loss is recognized when a transaction includes assets that do not constitute a business, even if those assets are housed in a subsidiary. The amendment is effective for annual periods beginning on or after January 1st 2016 and it has not yet been endorsed by the European Union. The Group is in the process of assessing the impact of applying the amendment to its financial statements.

- **IFRS 2: Share – based Payments (Amendment) "Classification and measurement of Shared-based payment transactions"**

  The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting treatment for modifications on terms that change an award that is cash-settled or equity-settled. It also introduces an exception to the principles of IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendment is effective for annual periods beginning on or after January 1st 2018 and has not yet been endorsed by the European Union. The Group is in the process of assessing the effect of applying the amendment to its financial statements.

- **Annual Improvements to IFRS, 2014 – 2016 Cycle**

  The following amendments of the 2014 - 2016 cycle, were issued by the Council on December 8th 2016, are effective for annual periods beginning on or after January 1st 2018 and have not yet been endorsed by the European Union. The following amendments are not expected to have a material impact on the Company's (and/or the Group's) financial statements unless otherwise stated.

- **IAS 28 (Amendment) "Measurement of investments in associates and Joint ventures at fair value"**

  The amendment clarifies that the option given, for investments in associates or joint ventures held by an entity that is a qualifying asset management entity or other qualifying entity, to be measured at fair value through profit or loss is available for each investment to an associate or joint venture separately at initial recognition.

- **IAS 40 Investment Property (Amendment) "Transfers of Investment Property"**

  The amendment to IAS 40 which was issued by IASB on December 8th 2016, clarifies that an entity may transfer a property to or from investment property when and only when there is evidence of change in use. A change in use occurs if the property meets or ceases to meet, the definition of investment property. A change in management's intentions to use the property is not in itself an indication of a change in use.

The amendment is effective for annual periods beginning on or after January 1st, 2018 and has not yet been endorsed by the European Union. The Group is in the process of assessing the effect of applying the amendment to its financial statements.

- **IFRIC 22: Foreign currency transactions and advance consideration**

  IFRIC 22 clarifies the accounting treatment for transactions involving the collection or payment of foreign currency advances. In particular, it applies to foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary obligation arising from the payment or receipt of advances before the entity recognizes the related asset, expense or income. According to the Interpretation, the date of the transaction for the purpose of determining the exchange rate is the date of the initial recognition of the non-monetary prepayments for the asset or the obligation to receive an advance. If there are multiple payments or receipts in advance, the transaction date is determined separately for each payment or collection.

  The interpretation is effective for annual periods beginning on or after January 1st, 2018 and has not yet been endorsed by the European Union. The Group is in the process of assessing the effect of applying this interpretation to its financial statements.

- **IFRIC 23 (Interpretation) "Uncertainty over Income Tax Treatments"**

  IFRIC 23 applies to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty as to the correctness of the tax treatment in accordance with IAS 12. In this the case should be considered:

  - whether tax treatments should be considered collectively or individually and under the assumption that audits will be carried out by the tax authorities having full knowledge of the relevant information,
  - the possibility that tax Authorities will accept the way taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined and
  - reassessing judgments and assessments if circumstances change.

  The interpretation is effective for annual periods beginning on or after January 1st, 2019 and has not yet been endorsed by the European Union. The Group is in the process of assessing the effect of applying this interpretation to its financial statements.

- **Annual Improvements to IFRS, 2015 – 2017 Cycle**

  The following amendments of the 2015 - 2017 cycle, were issued by the Council on December 2017, are effective for annual periods beginning on or after January 1st 2019 and have not yet been endorsed by the European Union. The following amendments are not expected to have a material impact on the Company's (and / or the Group's) financial statements unless otherwise stated.

- **IFRS 3 Business Combinations and IFRS 11 Common Agreements**

  The amendments to IFRS 3 specify that when an entity acquires control of a company that was one of its joint ventures, it should proceed with an appreciation of the interests previously held in that undertaking.

  Amendments to IFRS 11 specify that an entity that is a member but does not jointly controls a joint venture may acquire joint control over the joint venture whose business is an enterprise as defined in IFRS 3. In such cases, interests previously held in that undertaking are not revalued.

- **IAS 12 Income Taxes**

  IASB by amending IAS 12, has specified that an entity should recognize all tax effects arising from the distribution of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recorded the original transaction from which it derived the distributed profits and then the dividend.

- **IAS 23 Borrowing costs**

  The amendments clarify that if a borrowing specifically received for the acquisition of an asset remains pending and the relevant asset becomes ready for its intended use or sale, then the balance of such borrowing should be included in the general borrowing for the calculation of the capitalization rate.

- **IFRS 9 (Amendment) "Financial Instruments - Prepayment characteristics with negative remuneration"**

  IASB adopted on October 12th 2017 amendments to IFRS 9 to enable for prepaid financial assets that allow or require a counterparty to a contract either to repay or to receive compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

  The amendment applies to annual accounting periods beginning on or after January 1st 2019 and it has not yet been adopted by the European Union. It is not expected that the amendment will have a material impact on the Group's financial statements.

- **IAS 28 (Amendment) "Long-term Investments in Associates and Joint Ventures"**

  IASB, in October 2017, issued amendments to IAS 28 "Investments in Associates and Joint Ventures". With this amendment, the IASB clarified that the exemption in IFRS 9 applies only to participations that are accounted for using the equity method. Entities should apply IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method does not apply and which are, in essence, part of the net investment in these associates and joint ventures.

  The amendment applies to annual accounting periods beginning on or after 1 January 2019 and it has not yet been adopted by the European Union. The amendment is not expected to have a material impact on the Group's financial statements.

3.3 Significant Accounting Judgments and Estimates

The preparation of financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates. The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming twelve month period are as follows:

Post-retirement Benefits

The Parent Company provides to employees and pensioners of the Group electricity at a reduced tariff. The reduced invoice to pensioners is recognized as a liability and is calculated as the present value of future retirement benefits deemed accrued by the end of the year on the basis of the rights of employees accumulated during their service and are calculated on the basis of an actuarial model on the basis of economic and actuarial assumptions (Note 29).

Fair Value and Useful Lives of Property, Plant and Equipment

The Group carries its property, plant and equipment at revalued amounts (estimated fair values) as determined by an independent firm of appraisers. Revaluation is performed periodically (every three to five years). The determination of the fair values of property, plant and equipment requires from management to make assumptions, estimates and judgements with respect to the ownership, the value in use and the existence of any economic, functional and physical obsolescence of property, plant and equipment. On December 31st, 2014, the Group has conducted its latest revaluation of property, plant and equipment. The management of the Group believe that any change in the fair value of tangible fixed assets will not have a significant impact on the accompanying separate and consolidated financial statements of December 31st, 2017. Furthermore, the management makes estimates regarding the total and the remaining useful live of fixed assets which are subject to periodic review. Useful lives as estimated are included in Note 3.4.

Impairment of Property, Plant and Equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. The determination of whether such indications exists, requires from Management to make assumptions and judgments with respect to external and internal factors that may affect the recoverability of assets, as well as assumptions on the determination of the cash flow generating units.

Cost of Dismantling of Property, Plant and Equipment

Based on the provisions of IAS 16 "Property, plant and equipment" the cost of an item of property, plant and equipment includes, among others, the initial estimate of the costs required for the dismantling and removal of such an item. These costs are quantified and recognized in the financial statements in accordance with the provisions of IAS 37 "Provisions, contingent liabilities and contingent assets".

The management estimates that the cost of dismantling may, especially in the cases of lignite fired power plants as well as gas fired stations, be funded by the proceeds of the materials that will result from such a dismantling and, on that basis has not made any provision for such costs for all categories of the above mentioned power plants.

Provisions for Risks

The Group is establishing provisions concerning claims by third parties against companies of the Group and which might lead to an outflow of resources for their settlement. The provision is established based on amounts claimed and the possible outcome of the legal dispute.

Provisions for Trade Receivables

Provision for doubtful debts is established for individual high voltage customers on specific balances, when there are indications that the debts will not be collected. For medium and low voltage customers, the Parent Company establishes a general provision for the total of their outstanding balances of more than 3 and 6 months respectively, per customer. This policy is reviewed periodically in order to be readjusted according to the prevailing circumstances. Additional details are included in Note 20.

Provisions for Income Taxes and Recognition of Deferred Tax Receivable

Current provisions for income tax liabilities for current and prior years are calculated at the amounts expected to be paid to the tax authorities, using the prevailing tax rates at the balance sheet date. Provision for income tax includes current taxes reported in the respective income tax returns and potential additional tax assessments that may be imposed by the tax authorities upon settlement of the unaudited tax years on the basis of the findings of prior tax audits. The final settlement of the income taxes might differ from the income taxes that have been accounted for in the financial statements. From the year 2011 onwards, the Parent Company and several of its subsidiaries are audited for tax purposes by the Certified Auditors Accountants in accordance with the provisions of Income Tax Legislation. The audit for the year 2017 is ongoing and the relative tax conformity report will be issued after the publication of the financial statements for the year 2017. If, at the completion of the tax audit, additional tax liabilities arise, the Management estimates that these will have no material effect on the financial statements. Deferred taxes are recognized on carried forward tax losses to the extent that it is probable that future taxable profits will occur to offset carried forward tax losses. Deferred tax receivables that are recognized, require Management to make assessments as to the time and level of realization of future taxable profits.

Accounting Treatment of a Business Activity's Spin-off to a Subsidiary

The management proceeds to significant judgments regarding the proper presentation of the spin – off and contribution of a segment by the Parent Company to a 100% subsidiary in exchange for shares, as the accounting treatment for similar transactions between companies under common control is not explicitly provided for in IFRS.

Provision for Unbilled Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from all types of electricity sales is accounted for on an accrual basis. Especially for low voltage customers at each balance sheet date, unbilled revenue is recorded to account for electricity delivered and consumed by these customers but not yet billed. Unbilled revenue is estimated using certain assumptions with respect to quantities of electricity consumed, network losses and average electricity sale prices. The actual amounts that will be finally billed, may differ from those provided for.

3.4 Principal Accounting Policies

Foreign Currency Translation

The functional and reporting currency of all the Group entities is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates, which were in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities that are denominated in other currencies are adjusted to reflect the current exchange rates at the balance sheet date. Gains or losses resulting from foreign currency adjustments are reflected in foreign currency gains (losses), net, in the accompanying statements of income. Non-monetary items in foreign currency which are valuated at acquisition cost are converted using the exchange rate of the date of acquisition. The non-monetary elements which are measured at fair value in foreign currency are converted using the exchange rate of the fair value's calculation date. The profit or loss from the conversion of non-monetary items is treated the same way as the profit or loss from the conversion of fair value of these elements.

Intangible Assets

Intangible assets include software and CO_2 emission rights allowances.

Software

Software programs are measured at their acquisition cost minus accumulated depreciation and impairments. For all assets retired or sold, their acquisition cost and related depreciation are removed from the accounts. Any gain or loss is included in the statement of income. Software costs are amortized on a straight-line basis over a period of five years.

CO_2 Emissions Rights

The Parent Company acquires CO_2 emission rights in order to meet its liability stemming from the actual CO_2 emissions of its generation units. This liability is measured at fair values to the extent that the Parent Company has the obligation to cover its emissions through purchases (after the offset of any free CO_2 emission rights held). Emission rights purchased and held are recognized as intangible assets, at cost less any accumulated impairment losses.

Tangible Assets

Tangible assets are initially recognised at their acquisition cost which includes all direct attributable expenses for their acquisition or construction. Subsequent to their initial recognition, tangible assets (with the exception of mines and lakes which are valued at cost minus accumulated depreciation and eliminations) are valued at their fair values minus accumulated depreciation and eliminations. Estimations of fair values are performed periodically by independent appraisers (every three to five years) in order to ensure that fair value does not differ significantly from the net value of the asset. The last assets' evaluation was completed on December 31st 2014. Any valuation increase is credited to the revaluation surplus net of deferred taxes. At the date of revaluation, accumulated depreciation is offset against pre depreciation accounting values and net amounts are restated according to revalued amounts. Any decrease is first offset against an earlier valuation increase in respect of the same fixed asset and thereafter charged to the income statement. Upon disposal of a revalued tangible asset, the relevant portion of the revaluation surplus is released from the revaluation surplus directly to retained earnings. Repairs and maintenance are charged to expenses as incurred. Subsequent expenditures are capitalized if they meet the recognition criteria as tangible assets. For all assets retired or sold, their acquisition cost and related depreciation are removed from the accounts at the time of sale or retirement, and any gain or loss is included in the statement of income.

Borrowing costs

From January 1st, 2009, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that needs a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the relevant assets. The new accounting policy is implemented on fixed assets recognized from January 1st, 2009 herein (new constructions). All other remaining borrowing costs are recognized as expenses in the period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the average estimated remaining useful economic life of the assets. The useful lives (in years) applied for the calculation of depreciation, have as follows:

Buildings and Technical Works	
Buildings of general use	50
Industrial buildings	40-50
Dams	50
Machinery and Equipment	
Thermal power plants	35-40
Gas Turbines	35
Mines	20-40
Hydro power plants	50
Autonomous diesel power plants	25
Transmission	
Lines	35
Substations	35
Distribution	
Substations	35
Low and medium voltage distribution network	35
Transportation assets	**15**
Furniture, fixtures and equipment	**5-25**

Mining Activities

The Parent Company owns and operates open-pit lignite mines. Land acquisition (mainly through expropriation) and initial (pre-operational) development costs relating to mines are capitalized and amortized (upon commencement of the mines' commercial operation) over the shorter of the life of the mine and twenty (20) years. Exploration, evaluation and ongoing development costs are charged to the cost of lignite production as incurred. A provision for land restoration is established for the Group's estimated current obligation for restoration and is calculated based on the surface disturbed to date and the average cost of restoration per metric unit. It is accounted for at the present value of the related obligation to restore land back to a beneficial use and is included both in fixed assets (mines) and in provisions.

Investments in Subsidiaries

In the separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. The spin off and contribution of an activity from the Parent Company to a wholly owned subsidiary in exchange for shares, is accounted for as a transaction between companies under common control. In cases of such transactions the shares received are recognised as an addition to the cost of investment in the subsidiary with a value equivalent to the carrying value of the net assets contributed at the transaction date.

Investments in Associates

These are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture of the Group. The Group's investments in associates are accounted for under the equity method. Investments in associates are carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less possible provisions for any impairment in value. In case that the Group's share in an associate's losses is equal, or exceeds its participation in the associate, the Group does not recognise the losses exceeding its participation. The income statement reflects separately the Group's share on the results of its associates, while amounts that are recorded by the associates directly to their equity are recognized directly to the Group's equity. Non – realised profit or loss resulting from the transactions of the Group with said associates is eliminated to the extent of the interest in the associates. The associates' accounting principles are adjusted, when necessary, in order to comply with those adopted by the Group. In the separate financial statements such investments are accounted for at cost less any accumulated impairment losses.

Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The fair value of sale (after the deduction of sales costs) is determined, in each case, according to the implementation of a revaluation model. Impairment losses of continuing operations are recognized to the income statement, except if the particular asset is valued in fair values and then the impairment loss is recognised as a decrease of the already recognised surplus value. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized.

That increased amount cannot exceed the carrying amount that would have been determined (net of depreciation), if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized in profit and loss unless the asset is carried at fair value amounts in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, to be divided equally to future time spans on a systematic basis over its remaining useful life.

Fair value measurement

The Group measures financial instruments, such as, derivatives, and its available for sale investments at each balance sheet date and non-financial assets such as investment properties, periodically (every 3-5 years) at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines policies and procedures applied for both recurring measurements and assets held for distribution on operations held for sale.

Assets of substantial value, as tangible assets as well as substantial value liabilities are evaluated by the Group and the Parent Company with the assistance of external valuators. External valuators involvement needs, are annually decided by the Group, the selection criteria being market knowledge and expertise, reputation, independence and observance of professional standards.

On each reporting date, the Group, according to its accounting policies, assesses if there is any change on the carrying values of assets and liabilities being subject to periodic reassessment and revaluation. For the above mentioned assessment, the management verifies considerable inputs applied to the last asset or liability evaluation, confirming data used for the evaluation against contracts and other relevant documents. For disclosing fair values, the Group's assets and liabilities are categorized according to their nature, characteristics, potential risks stemming from specific asset or liability categories, as well as fair value hierarchy described above.

Investments and Other Financial Assets

Financial assets falling under the scope of IAS 39 are classified based on their nature and their characteristics in financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed, re-evaluates this designation at each financial year-end. All regular purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by law or convention in the market place.

Financial Assets at Fair Value Through Profit and Loss

This category includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in the income statement.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Held - to - Maturity Investments

Financial assets with fixed payments and fixed maturity are classified as held - to - maturity, when the Group has the intention and the ability to hold them to maturity. Investments which are held for an infinite or non – defined maturity cannot be classified into this category.

Held – to – maturity investments are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income when the investments are derecognized or eliminated as well as through the amortization process.

Available-for-Sale Investments

Available-for-sale investments are those non-derivative financial assets that are not classified in any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognized as a separate component of equity. On disposal, impairment or de-recognition of the investment, the cumulative gain or loss is transferred to the income statement. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. When the fair value cannot be determined reliably, the investments are measured at their acquisition cost. If an available-for-sale asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to the income statement. Impairment losses that have been recognized previously in the income statement and relate to investments in shares are not reversed through the profit or loss. Reversals of impairment losses on bonds are reversed through profit or loss if the increase in their fair value can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred).

The cash flows are discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The asset's carrying amount can be impaired either through disposal or through establishment of a provision. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are deemed significant, while these which are not, are grouped and assessed as a whole. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment for impairment. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be associated objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Inventories

Inventories include consumables, materials, lignite and liquid fuel.

Materials and Consumables

Materials and consumables are stated at the lower of cost or net realizable value, which takes under consideration the net realizable value of the end product in which they are incorporated. The cost is determined using the weighted average method. These materials are recorded in inventory when purchased and then are expensed or capitalized to plant, as appropriate, when installed.

Lignite (Self-produced and Purchased)

The cost of lignite inventories which have been excavated/purchased but not yet consumed at the date of the financial statements is stated at the balance sheet. Lignite inventories are stated at the lower of production cost/purchase cost and net realizable value, which takes under consideration the net realizable value of the end product in which they are incorporated with the cost being determined using the weighted average production/purchase cost method. Production/purchase cost mainly consists of expenses incurred in order for lignite inventories to be used for electricity generation.

Liquid Fuel

Liquid fuel is stated at the lower of cost and net realisable value which takes under consideration the net realisable value of the end product in which it is incorporated. The cost of liquid fuel reflects purchase price plus any taxes (other than VAT), levies and other costs necessary to bring it to its present location and condition and is determined using the weighted average method for the period. Liquid fuel costs are expensed as consumed and are separately reflected in the accompanying statements of income.

Cash and Cash Equivalents

The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.

Share Capital

Share capital represents the par value of the Parent Company's shares fully issued and outstanding. Any proceeds in excess of par value are recorded in share premium. Expenses related directly to new shares issuance are recognized directly to Equity net of proceeds.

De-recognition of Financial Assets and Liabilities

Financial Receivables

Financial receivables (or, where applicable a part of a financial receivable or part of a group of similar financial receivables) are derecognized when: (1) the rights to receive cash flows from the asset have expired, (2) The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement and (3) The Parent Company/ Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Group/Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle such asset and liability on a net basis or realize the asset and settle the liability simultaneously.

Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs.

Provisions for Risks and Expenses, Contingent Liabilities and Contingent Claims

Provisions are recognised when the Group has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

Post-retirement Benefits

The Parent Company employees and pensioners of the Group are entitled to the supply of electricity at reduced tariffs. Such reduced tariffs to pensioners are considered to be retirement obligations and are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions.

Net costs for the period are included in the payroll cost in the statements of income and consist of the present value of the benefits earned in the year, decreased by the benefits offered to the pensioners. The retirement benefit obligations are not funded. Unrecognized actuarial gains or losses of the projected benefit obligation at the beginning of each period are recognized in the comprehensive statement of income.

Subsidies for Fixed Assets

The Group obtains subsidies from the Hellenic Republic and from the European Union (through the investment budget of the Hellenic Republic) in order to fund specific projects executed through a specific time period. Subsidies are recorded upon collection and are reflected as deferred income in the accompanying balance sheet. Amortization is accounted for in accordance with the remaining useful life of the related assets, and is included in depreciation and amortization in the accompanying statements of income.

Customers and Producers Contributions in the Construction of Fixed Assets and Contributions of Fixed Assets from Customers and Producers

Customers and producers, who are connected with the transmission and distribution network, are required to participate in the initial network connection cost (metering devices, lines, substations, etc.) or other type of infrastructure, through the deposit of institutionally defined amounts or through fixed assets contribution (few cases). Until December 31st, 2008, due to the lack of detailed accounting guidance under current IFRS, the Group has elected to record upon collection of contribution from customers and producers, for the construction of assets needed for their connection with the network, and were reflected in the Balance Sheet as deferred income. Their amortization was accounted for in accordance with the remaining useful life of the related financed assets and was included in the depreciation and amortisation of the income statement (the Group/Parent Company implemented the accounting policy used for contributions).

From January 1st, 2009, the Group/Parent Company implementing earlier the Interpretation 18 “Transfers of Assets from Customers” recognize the cash and the assets received from customers and producers needed for their connection with the network, in fair values in the Income Statement. For cash received until December 31st, 2008, the Group/Parent Company used the previous adopted accounting policy.

Derivative Financial Instruments and Hedging

The Parent Company uses derivative financial instruments to hedge its risks associated with interest rate, of foreign currency and liquid fuel prices fluctuations consumed by the Parent Company. Such derivative financial instruments are measured at fair value at the balance sheet date. The fair value of such derivatives is determined by reference to fair values for similar instruments and is confirmed with the respective financial institutions with which the Parent Company has concluded the relative contacts. The effective part of hedges that qualify for hedge accounting is recognized to OCI if it is related to cash flow hedges while the ineffective part is charged to the separate income statement. If the hedge is related to effective fair value hedges, the gain or loss from remeasuring the derivative hedging instrument at fair value is recognized in profit or loss and the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in profit or loss. Under cash flow hedge accounting, when the hedged transaction results in the recognition of non-financial asset or a non-financial liability, then, at the time the asset or liability is recognized the associated gains or losses that had previously been recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged transaction affects the net profit and loss. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year. Certain derivatives, although characterized as effective hedges based on the Group’s policies, do not meet the criteria for hedge accounting in accordance with the provisions of IAS 39 and, therefore, gains or losses are recognized in the income statement.

Income Taxes (Current and Deferred)

Current Income Taxes

Current income tax expense consists of income taxes for the current year based on the Parent Company’s profits and on the other companies of the Group as adjusted in their tax returns and, provisions for additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted or substantively enacted tax rates at the close of business on the balance sheet date.

Deferred Income Taxes

Deferred income tax is calculated, using the liability method, on all temporary differences at the balance sheet date between the tax base and the book value of assets and liabilities. Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from initial recognition of goodwill or of an asset or of a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences carried forward as well as unused tax credits and unused tax losses, to the extent that it is possible that taxable profit will be available against the deductible temporary differences and the carried forward of unused tax credits and unused tax losses can be utilized. No deferred income tax asset relating to the deductible temporary differences is recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are reviewed at each balance sheet date and are reduced at the time where it is not considered possible that enough taxable profits will be presented against which, a part or the total of assets can be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in the income statement.

Defined Contribution Plans

The Parent Company and the Group recognize as an expense the contribution for the employees’ services payable to EFKA (Greek Single Social Security Institution) (ex. IKA-ETAM/TAP DEH, ETEA, TAYTEKO) (defined contribution plans) and as a liability the amount that has not been paid yet.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues from all types of electricity sales are accounted for on an accrual basis. At each balance sheet date, unbilled revenue is recorded to account for electricity delivered and consumed by customers but not yet billed. Deductions from reduced consumption of electricity as defined by specific return policies of the Group are accounted when they can reliably be estimated (based on historical data, if available or on prior year’s data). Revenues from rendering of services is recognized based on the stage of completion of the service rendered and to the extent that the related receivable will be collected. Revenue from interest is recognized within the period incurred and revenue from dividends is recognized when the Group’s right on such dividends is approved by the respective bodies of the companies’ that declare them.

Electricity

Electricity costs are expensed as purchased and separately reflected in the accompanying statement of income.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right or use the asset.

Group as a Lessee

Leases, which do not transfer to the Group substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight line basis over the lease term.

Group as a Lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as revenue in the statement of income on a straight line basis over the lease term.

Earnings/(Losses) per Share

The basic and diluted earnings per share, are computed by dividing net income by the weighted average number of shares outstanding during the relevant year. The weighted average number of shares is derived by adding the existing shares, that the share capital is divided, with the rights that the Parent Company owns and potentially could exercise.

Subsequent events

Post period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes.

Non-current Assets Held for Sale and Discontinued Operations

The Group classifies a non-current asset (or disposal group) as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In sale transactions, all exchanges of non-current assets for other non-current assets are included, if the transaction has a commercial substance.

The basic requirements for a non-current asset (or a disposal group) to be classified as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets/groups and its sale must be highly probable.

Immediately, before the original classification of the non-current asset or disposal group as held for sale, the current asset or disposal group is evaluated according to the adopted IFRS's at the date of classification. Non-current assets (or a group of assets and liabilities) classified as held for sale will be measured at the lower of its carrying amount and fair value less costs to sell and any possible resulting impairment losses will be recognized in the income statement. Any subsequent increase in fair value will be recognized in the income statement, but not in excess of the cumulative impairment loss which was previously recognized. No depreciation or amortization is recognized on a non-current asset (or non-current assets that are included in a disposal group) from the date that is classified as held for sale.

Operating Segment

According to L. 4001/2011, the Group as a vertically integrated undertaking is obliged to prepare and integrate in its financial statements, accounting unbundled financial statements for each segment. These include the Parent Company's activities in the Sectors of Mines, Generation, Distribution and Supply. In 2011, the Transmission activity was transferred to IPTO which is a PPC's subsidiary, according to the model of the Independent Transmission Operator and all organizational units as well as activities of HTSO that pertained to management, operation, development and maintenance of the Transmission System apart from the Daily Ahead Schedule.

In 2012 the Distribution Activity was transferred to HEDNO. By the contribution of the General Division of Distribution as well as the Department of Islands' Region, to its subsidiary HEDNO, PPC has maintained the ownership of the fixed assets as well as the assets of the Distribution Network and the Non- Interconnected Islands' Network. It is noted that as of June 20th 2017, IPTO S.A, does not belong to the Group's subsidiaries and follows the model of the full onwership unbundled Transmission Operator, fully harmonized with Directive 2009/72/EC.

As a result, information disclosures by operational segment as well as the principles of segment as presented in IFRS 8 "Operating Segment" are stated in Appendix 1. and pertain only to continuing operations.

4. Revenues

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
Energy sales				
High voltage	334,348	334,461	334,236	334,362
Medium voltage	660,571	761,243	662,737	763,144
Low voltage	3,587,165	3,795,694	3,587,165	3,795,694
Renewable Energy Sourses	11,561	15,371	-	-
	4,593,645	**4,906,769**	**4,584,138**	**4,893,200**
Received customers' contributions	55,628	55,903	55,628	55,899
Public Service Obligations	91,289	48,178	91,289	48,178
Distribution Network Revenues	85,134	48,980	-	-
Income from the sale of electricity from NII thermal units	62,275	8,593	62,275	8,593
Other	55,975	61,573	53,706	58,072
	350,301	**223,227**	**262,898**	**170,742**
Total Continuing Operations	**4,943,946**	**5,129,996**	**4,847,036**	**5,063,942**
Discontinued Operations	23,510	35,893	-	-
Total	**4,967,456**	**5,165,889**	**4,847,036**	**5,063,942**

5. Payroll Cost

	Group		Company	
	2017	2016	2017	2016
Payroll cost	687,490	683,216	446,093	444,826
Employer' social contributions	209,470	218,279	136,651	138,506
Provision for reduced tariffs (Note 29)	(5,250)	(4,433)	(2,850)	(2,494)
Payroll cost included in fixed assets	(70,646)	(74,409)	(20,498)	(22,902)
Total Continuing Operations	**821,064**	**822,653**	**559,396**	**557,936**
Discontinued Operations	26,855	61,788	-	-
Total	**847,919**	**884,441**	**559,396**	**557,936**

6. Energy Purchases

	Group		Company	
	2017	2016	2017	2016
DAS and arrangements of differences	797,465	803,423	797,465	803,423
Energy imports from abroad	54,780	52,508	79,457	85,503
Other domestic energy purchases	100,511	96,349	114,813	111,792
Transisional flexibility assurance compensation	24,078	48,712	24,078	48,712
Purchase rights	8,267	13,649	8,497	13,806
Net charge for coverage of the generation variable cost recovery	4,956	-	4,956	-
Special taxes	32,773	52,505	32,773	52,505
Additional Suppliers' charge for Special RES account	353,550	28,397	353,550	28,397
Arrangement of losses	39,079	24,804	39,079	24,804
Average variable cost thermal units	19,213	32,699	19,213	32,699
Net charge for ancillary services	35,343	43,028	35,343	43,028
Generation losses from the sale of NOME products	96,572	4,513	96,572	4,513
Other purchases	33,740	39,741	8,927	6,394
Total Continuing Operations	**1,600,327**	**1,240,328**	**1,614,723**	**1,255,576**
Discontinued Operations	(2,136)	(12,766)	-	-
Total	**1,598,191**	**1,227,562**	**1,614,723**	**1,255,576**

7. Depreciation and Amortisation

	Group		Company	
	2017	2016	2017	2016
Depreciation / Amortisation				
- Fixed assets (Note 14)	713,932	738,602	701,418	726,358
- Software (Note 15)	7,206	6,356	4,816	4,649
- Trasfer to subsidies and customers' Contributions (Note 31)	(71,979)	(75,868)	(71,783)	(75,660)
Total Continuing Operations	**649,159**	**669,090**	**634,451**	**655,347**
Discontinued Operations	29,218	63,207	-	-
Total	**678,377**	**732,297**	**634,451**	**655,347**

8. Emission Allowances (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 2017, the emission allowances that PPC delivered for the period January 1st 2017 to December 31st 2017 amounted to 31.74 Mt. During 2017, PPC has been allocated with about 62.77 thousand emission allowances for district heating emissions.

The CO_2 emission rights' deficit consumptions are as follows:

	2017	2016
Cover of emissions from purchased EUAS	181,208	178,138
Cover of prior year deficit	-	-
Managing expenses	7	34
Total	**181,215**	**178,172**

9. Financial Expenses

	Group		Company	
	2017	2016	2017	2016
Interest Expenses	167,184	184,827	167,184	184,828
Bank charges	5,351	4,517	635	2,242
Amortisation of loans' issuance costs	7,079	7,181	7,079	7,181
Commissions on letter of guarantee	24,583	25,050	24,535	24,997
Finance cost on mines' restorations provision (Note 30)	1,017	1,456	1,017	1,456
Total Continuing Operations	**205,214**	**223,031**	**200,450**	**220,704**
Discontinued Operations	10,898	27,875	-	-
Total	**216,112**	**250,906**	**200,450**	**220,704**

10. Financial Income

	Group		Company	
	2017	2016	2017	2016
Interest on outstanding energy receivables	97,468	87,930	97,468	87,930
Commission on subsidiary loans' quarantee	5,763	9,425	5,763	9,425
Interest on bank and time deposits (Note 23)	5,841	4,562	2,105	2,162
Dividends from subsidiaries	-	17,773	4,500	21,322
IPTO cash upstream	-	92,944	-	92,944
Change in derivatives fair value (Note 28)	-	689	-	689
Other	754	942	387	583
Total Continuing Operations	**109,826**	**214,265**	**110,223**	**215,055**
Discontinued Operations	(4,748)	(117,525)	-	-
Total	**105,078**	**96,740**	**110,223**	**215,055**

The amount of € 92,944 relates to a cash upstream from the subsidiary IPTO under the provisions of Law 4389/2016 (articles 143 and 147) through the increase of its share capital by the capitalization of reserves from previous years retained earnings and then the reduction of its share capital by an amount equal to the resulted amount by the above increase. The amount was paid to the Parent Company upon completion of IPTO's ownership unbudling.

11. Other (Income)/Expense, Net

	Group		Company	
	2017	2016	2017	2016
OTHER EXPENSES				
Transportation and travel expenses	14,784	15,970	7,348	7,798
Taxes and duties	46,208	45,922	42,369	42,444
Losses on disposal of fixed assets	32,383	9,416	32,329	11,050
Consumable	5,196	5,685	5,104	5,389
DAS deficit (Note 37)	-	63,522	-	63,522
Settlement with DEPA (Note 37)	-	22,567	-	22,567
Other	54,874	97,450	42,226	81,436
	153,445	**260,532**	**129,376**	**234,206**
OTHER INCOME				
Penalties to suppliers / contractors	(6,706)	(3,891)	(4,304)	(3,376)
Subsidies to expenses	(4,189)	(3,186)	(4,189)	(3,186)
Income from rentals	(2,479)	(2,531)	(12,414)	(12,684)
Other	(51,094)	(36,115)	(55,072)	(41,876)
	(64,468)	**(45,723)**	**(75,979)**	**(61,122)**
Total Continuing Operations	**88,977**	**214,809**	**53,397**	**173,084**
Discontinued Operations	944	4,835	-	-
Total	**89,921**	**219,644**	**53,397**	**173,084**

12. Discontinued Operations - IPTO's Ownership Unbudling

As described in Note 2, in December 31st 2016 the process of the ownership unbudling of the subsidiary IPTO S.A. was in progress according to the provisions of Law. 4389/2016 (Articles 142-149 and 152).

The Group's and Parent Company's Management considered that as of December 31st 2016 the criteria of IFRS 5 "Non-current assets held for sale and discontinued operations" are met and as a consequence, investment in IPTO S.A. was classified as held for sale and distribution accordingly (Discontinued Operations).

In this context, on 15.6.2017 (ex-rights date) the Group lost 51% of the voting rights on the share capital of the subsidiary IPTO SA, owned by its 100% subsidiary ADMIE (IPTO) HOLDING SA, through the transfer to the existing shareholders of PPC SA of the shares of the ADMIE (IPTO) HOLDING SA he held, while the full ownership unbundling was completed on 20.6.2017 with the transfer of 25% and 24% of the share capital of IPTO SA. to P.H.C. ADMIE (IPTO) S.A. and the Strategic Investor (State Grid Europe Limited) respectively, resulting in the transfer of all assets and liabilities that were classified as discontinued operations. The consideration for the transfer of 49% of the share capital of IPTO SA amounted to € 623,208, while taking into consideration the contribution in kind by PPC of 51% of the share capital of IPTO SA valued at € 491,770 in ADMIE (IPTO) HOLDING SA, the total consideration for the full ownership unbundling of IPTO SA amounted to € 1,114,978.

Profit in the Parent Company's Income Statement due to the ownership unbundling of IPTO SA amounted to

€198,602 and resulted from the following transactions:

- PPC's contribution at 31.03.2017 of the ADMIE (IPTO) HOLDING SA's residual equity amounting to € 491,770, of a book value of € 467,352 and of a fair value of € 491,770, composed of PPC's 51% holding of IPTO SA's share capital. From this corporate action, a profit of € 24,418 was recognized.
- PPC's sale at 20.06.2017 of IPTO SA's 25% share capital to "IPTO Public Holding Company" (IPTO PHC), of a book value of €229,094 for €295,608 consideration. A profit of €66,514 was recognized from this sale.
- PPC's sale at 20.06.2017 of IPTO SA's 24% share capital to the STATE GRID EUROPE LIMITED (SGEL), of a book value of € 219,930 for a consideration of € 320,000. At the same date STATE GRID EUROPE LIMITED (SGEL) paid € 7,600 being interest between the date of the share purchase agreement and the date of the conclusion of the transaction. A profit of € 107,670 was recognized from this sale.

On June 15th 2017 (the ex-rights date) when PPC lost control of its subsidiary IPTO SA, in order to calculate the profit on a Group level (consolidated) of IPTO SA full ownership unbundling, the net assets of the subsidiary were calculated as presented in the following table:

Non – Current Assets	
Property, plant and equipment and intangible assets	1,580,204
Other non – current assets	26,266
	1,606,470
Current Assets	
Materials, spare parts and supplies	46,815
Trade receivables and other current assets	1,120,864
Cash and cash equivalents	219,829
	1,387,508
Total Assets from discontinued operations	**2,993,978**
Non – Current Liabilities	
Long – term borrowing	473,972
Other non – current liabilities	448,324
	922,296
Current Liabilities	
Trade and other payables	1,124,319
Short – term borrowings	20,952
	1,145,271
Total Liabilities from discontinued operations	**2,067,567**
IPTO's net assets of June 15th, 2017	**926,411**
Plus: Equity adjustments	**16,331**
Total IPTO's net assets	**942,742**

In the above amount of IPTO's net assets (the items being taken from its separate financial statements), a

fixed assets revaluation surplus of an amount of € 639,712 as well as IPTO's recognized actuarial liability towards its personnel amounting to € 17,779 were included.

In the consolidated income statement the profit from the full ownership unbundling of IPTO SA amounted to € 172,236 and its calculation is presented in the following table:

Consideration received	1,114,978
Less:	
Total net assets of IPTO SA	942,742
Profit from the full ownership unbundling	**172,236**

It is noted that in the separate PPC's statement of income for the year 2016 a revenue amounting to € 92.9 mil was recognized concerning a cash upstream from IPTO S.A. to PPC S.A., which was decided by the General Shareholders' Meeting of IPTO S.A. This amount was received by PPC S.A. after the conclusion of the full ownership unbundling transaction.

Profit before tax from discontinued operations for the period 01.01.2017 – 15.06.2017 presented on the Group's consolidated statement of income for the period ended of December 31st, 2017, amounting to € 11,279, represents profit before tax of IPTO S.A. for this period taking into account intra – group transactions.

An analysis of the amount from discontinued operations included in the cash flow statement for the year ended December 31st, 2017 is presented in the following table:

Changes from discontinued operations	**378,585**
Subsidiary's sale consideration	1,114,978
Subsidiary's cash and cash equivalents	(219,829)
Subsidiary's net assets exluding cash and cash equivalents	(722,913)
Profit from the subsidiary's sale	172,236
Discontinued operations	**550,821**

13. Income Taxes (Current and Deferred)

	Group		Company	
	2017	**2016 (Restated)**	**2017**	**2016 (Restated)**
Current income taxes	187,771	72,373	204,503	61,856
Deferred income tax	(226,350)	(117,690)	(207,511)	(99,701)
Deferred income tax - Effect of change in tax rate	-	-	-	-
Additional taxes	10,555	526	10,555	526
Total Continuing Operations	**(28,024)**	**(44,791)**	**7,547**	**(37,319)**
Discontinued Operations	60,865	56,781	-	-
Total income tax	**32,841**	**11,990**	**7,547**	**(37,319)**

According to tax legislation, the income tax rate for legal entities residing in Greece, is 29%, while at the same time tax prepayment stands to 100%.

Within the framework of the Law on the ownership unbundling of IPTO SA and by a decision of the Independent Authority for Public Revenues (IAPR), the amount of the tax due for the profits resulting from the sale of this entity, is exempted from tax prepayment. (Article 143 par. 1g of Law 4389/2016 and decision of IAPR, B 1032029/2017).

Tax returns for the companies residing in Greece are filed annually but profits or losses declared for tax purposes remain provisional until such time, as the tax authorities audit the returns and the records of the company and a final assessment is issued. The Group establishes a provision, if deemed necessary, on a case by case basis and per company, against an event of additional taxes being imposed by the tax authorities.

Based on the applicable Income Tax Code, since the fiscal year 2011, the certified 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 in accordance to the ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

For the year 2016 the tax auditors of the Parent Company issued a tax certificate "without qualification".

On December 29th 2017 the tax audit by the Centre for Auditing Big Companies of the Parent Company's financial years 2009, 2010 and 2011 was completed and the final assessment for the fiscal year 2011 was issued imposing taxes and fines of an amount of € 10.5 mil. Fiscal years 2009 and 2010 were time-barred. The Parent Company paid the amount of taxes and fines imposed for the fiscal year 2011 and appealed to the Dispute Settlement Division by lodging an Administrative Appeal.

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 (Parent Company)	Greece	2012
PPC Renewables S.A.	Greece	2012
HEDNO S.A.	Greece	2012
Arkadikos Ilios Ena S.A.	Greece	2007
Arkadikos Ilios Dio S.A.	Greece	2007
Iliako Velos Ena S.A.	Greece	2007
Amalthia Energiaki S.A.	Greece	2007
SOLARLAB S.A.	Greece	2007
Iliaka Parka Ditikis Makedonias Ena S.A.	Greece	2007
Iliaka Parka Ditikis Makedonias Dio S.A.	Greece	2007
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	2007
Geothermikos Stochos S.A.	Greece	2017

For the unaudited tax years the Group establishes a provision on the basis of the findings of prior tax audits.

An analysis and numerical reconciliation between the tax expense and the result of multiplying the accounting profit by the nominal applicable tax rate is set out below:

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
Profit/Loss before tax	**60,679**	**125,364**	**223,423**	**98,962**
Nominal tax rate	29%	29%	29%	29%
Income tax calculated at nominal tax rate	17,597	36,356	64,793	28,699
Provision for additional taxes	10,555	526	10,555	526
Non deductible expenses	9,974	24,244	9,974	19,659
Non taxable income	(94,014)	(33,792)	(105,639)	(33,137)
Items for which no deferred taxes have been recognized	27,864	(72,125)	27,037	(11,432)
Impact of deferred tax for the personel electricity tariff	-	-	827	(41,634)
Income tax	**(28,024)**	**(44,791)**	**7,547**	**(37,319)**

The movement of the deferred income tax account is as follows:

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
At January 1st	**(342,788)**	**(717,255)**	**(152,398)**	**(605,010)**
Restated January 1st, 2016	-	58,565	-	58,565
Profit and loss account debit/(credit)	226,350	117,690	207,511	99,701
Debit /(Credit) directly in other total income	(26,353)	69,099	(6,370)	39,746
Discontinued Operations	-	129,113	(254,600)	254,600
At December 31	**(142,791)**	**(342,788)**	**(205,857)**	**(152,398)**

Deferred income tax receivables and liabilities are disclosed in the accompanying balance sheets as follows:

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
Deferred income tax				
- Asset	1,278,550	1,275,650	1,195,937	1,190,241
- Liability	(1,421,341)	(1,618,438)	(1,401,792)	(1,342,638)
Total	**(142,791)**	**(342,788)**	**205,855**	**(152,397)**

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
Deferred tax receivables				
- Materials and spare parts	43,072	40,902	39,701	37,566
- Trade receivables	770,581	794,955	753,594	775,265
- Provision for risks and accruals	71,495	46,621	52,772	31,352
- Subsidies and customers' contributions	196,601	174,757	196,601	174,687
- Fixed assets	78,654	77,848	78,654	78,731
- Available for sale	(45)	4,914	(45)	3,947
- Derivatives	1	-	1	-
- Post retirement benefits	117,717	129,429	74,184	81,381
- Other	475	6,224	475	7,312
Deferred tax receivables	**1,278,550**	**1,275,650**	**1,195,937**	**1,190,241**
Deferred tax liabilities				
- Long-term debt fees and expenses	(32,700)	(33,687)	(32,700)	(33,769)
- Depreciation and revaluation of assets	(1,374,808)	(1,330,085)	(1,369,028)	(1,308,803)
- Foreign exchange (gains)	(13,833)	(66)	(64)	(66)
- Investment in IPTO S.A.	-	(254,600)	-	-
Deferred tax liability	**(1,421,341)**	**(1,618,438)**	**(1,401,792)**	**(1,342,638)**
Deferred Tax Liability net	**(142,791)**	**(342,788)**	**(205,855)**	**(152,397)**

Deferred income tax charged in the statement of income is attributable to the following items:

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
-Materials and spare parts	1,857	364	2,135	242
-Trade receivables	(23,786)	118,911	(21,671)	119,236
-Provision for risks and accruals	19,330	3,782	21,420	3,548
-Subsidies	21,914	26,559	21,914	26,559
-Fixed assets	(77)	(1,927)	(77)	(684)
- Derivatives	1	(199)	1	(199)
- Long-term debt fees and expenses	1,069	1,303	1,069	1,303
- Subsidiaries and associates	-	-	-	-
- Depreciation	(61,142)	(99,393)	(60,225)	(99,393)
- Foreign exchange (gains)	2	36	2	36
- Provision for CO2	-	688	-	688
-Available for sale	(45)	4,914	(45)	3,947
-Tax losses	-	-	-	-
-Post retirement benefits	(4,079)	60,330	(4,775)	41,634
-Other	16,706	2,322	(6,837)	2,784
-Income From IPTO S.A.	254,600	-	254,600	-
Deferred tax charge	**226,350**	**117,690**	**207,511**	**99,701**

14. Tangible Assets

Group	Land	Mines	Lakes	Buildings and Technical Works	Machinery	Transportation Assets	Fixtures and Furniture	Construction in progress	Total
Net book value									
December 31st, 2015	**601,076**	**361,848**	**23,249**	**1,992,841**	**8,506,781**	**51,346**	**68,351**	**1,984,755**	**13,590,247**
- Discontinuing Operations	(189,832)	-	-	(87,841)	(955,985)	(4,542)	(7,853)	(351,645)	(1,597,698)
- Additions	-	2,962	-	42	148,925	1,758	8,907	572,750	735,343
- Depreciation expense	-	(45,982)	(756)	(101,223)	(574,223)	(6,601)	(9,817)	-	(738, 602)
- Disposals	-	-	-	(61)	(10,572)	(421)	(112)	-	(11,166)
- Transfers from CIP	55	43,777	800	48,555	575,683	4	381	(671,173)	(1,917)
- Transfers	-	-	-	(191)	191	-	-	-	-
- Other movements	(429)	(480)	431	(4)	342	(8)	30	(39,259)	(39,369)
December 31st, 2016	**410,870**	**362,125**	**23,724**	**1,852,126**	**7,691,142**	**41,537**	**59,887**	**1,495,428**	**11,936,838**
- Discontinuing Operations	-	-	-	-	-	-	-	-	-
- Additions	-	4,866	-	1,279	122,179	685	9,773	277,623	416,406
- Depreciation expense	-	(50,588)	(781)	(99,762)	(546,858)	(6,495)	(9,442)	-	(713,925)
- Disposals	-	-	-	(910)	(53,542)	(86)	(467)	-	(55,005)
- Transfers from CIP	325	27,358	842	14,797	74,103	2	471	(122,805)	(4,907)
- Transfers	-	(706)	-	-	-	-	-	706	-
- Other movements	(2)	-	-	-	-	-	-	(18,474)	(18,476)
December 31st, 2017	**411,193**	**343,055**	**23,785**	**1,767,531**	**7,287,024**	**35,643**	**60,222**	**1,632,478**	**11,560,930**
At December 31st, 2015									
Gross carrying amount	601,076	877,929	38,174	2,122,390	9,252,581	59,403	131,872	1,984,755	15,068,180
Accumulated depreciation	-	(516,081)	(14,925)	(129,549)	(745,800)	(8,057)	(63,521)	-	(1,477,933)
Net carrying amount	**601,076**	**361,848**	**23,249**	**1,992,841**	**8,506,781**	**51,346**	**68,351**	**1,984,755**	**13,590,247**
At December 31st, 2016									
Gross carrying amount	410,870	924,188	39,405	2,082,898	9,011,164	56,194	133,225	1,495,428	14,153,373
Accumulated depreciation	-	(562,063)	(15,681)	(230,772)	(1,320,023)	(14,658)	(73,338)	-	(2,216,535)
Net carrying amount	**410,870**	**362,125**	**23,724**	**1,852,126**	**7,691,142**	**41,537**	**59,887**	**1,495,428**	**11,936,838**
At December 31st, 2017									
Gross carrying amount	411,193	955,706	40,247	2,098,065	9,153,904	56,795	143,003	1,632,478	14,491,390
Accumulated depreciation	-	(612,651)	(16,462)	(330,534)	(1,866,880)	(21,152)	(82,781)	-	(2,930,460)
Net carrying amount	**411,193**	**343,055**	**23,785**	**1,767,531**	**7,287,024**	**35,643**	**60,222**	**1,632,478**	**11,560,930**

Parent Company	Land	Mines	Lakes	Buildings and Technical Works	Machinery	Transportation Assets	Fixtures and Furniture	Construction in progress	Total
Net book value									
December 31st, 2015	**404,962**	**361,848**	**23,247**	**1,872,056**	**7,470,596**	**23,690**	**49,577**	**1,545,438**	**11,751,414**
- Additions	-	2,962	-	38	148,924	798	7,715	581,090	741,527
- Depreciation expense	-	(45,982)	(756)	(99,484)	(569,000)	(3,619)	(7,516)	-	(726,357)
- Disposals	-	-	-	(11)	(10,572)	(400)	(90)	-	(11,073)
- Transfers from CIP	55	43,777	800	47,668	573,567	-	384	(667,573)	(1,322)
- Transfers	-	-	-	-	-	-	-	-	-
- Other movements	-	(480)	-	-	-	-	-	(39,302)	(39,782)
December 31st, 2016	**405,017**	**362,125**	**23,291**	**1,820,266**	**7,613,515**	**20,469**	**50,070**	**1,419,653**	**11,714,407**
- Additions	-	4,866	-	1,252	121,934	495	8,234	269,987	406,768
- Depreciation expense	-	(50,588)	(781)	(98,064)	(541,146)	(3,497)	(7,342)	-	(701,418)
- Disposals	-	-	-	(910)	(52,366)	(49)	(449)	-	(53,774)
- Transfers from CIP	325	27,358	842	14,562	73,616	2	198	(117,318)	(415)
- Transfers	-	(706)	-	-	-	-	-	706	-
- Other movements	-	-	-	-	-	-	-	(14,032)	(14,032)
December 31st, 2017	**405,342**	**343,055**	**23,352**	**1,737,106**	**7,215,554**	**17,420**	**50,711**	**1,558,996**	**11,351,536**
At December 31st, 2015									
Gross carrying amount	404,962	877,929	38,174	1,994,494	8,148,926	27,773	107,725	1,545,438	**13,145,421**
Accumulated depreciation	-	(516,081)	(14,927)	(122,438)	(678,330)	(4,083)	(58,148)	-	**(1,394,007)**
Net carrying amount	**404,962**	**361,848**	**23,247**	**1,872,056**	**7,470,596**	**23,690**	**49,577**	**1,545,438**	**11,751,414**
At December 31st, 2016									
Gross carrying amount	405,017	924,188	38,974	2,042,187	8,860,845	28,171	115,734	1,419,653	**13,834,769**
Accumulated depreciation	-	(562,063)	(15,683)	(221,920)	(1,247,330)	(7,702)	(65,664)	-	**(2,120,362)**
Net carrying amount	**405,017**	**362,125**	**23,291**	**1,820,267**	**7,613,515**	**20,469**	**50,070**	**1,419,653**	**11,714,407**
At December 31st, 2017									
Gross carrying amount	405,342	955,706	39,816	2,057,091	9,004,029	28,619	123,717	1,558,996	**14,173,316**
Accumulated depreciation	-	(612,651)	(16,464)	(319,984)	(1,788,476)	(11,199)	(73,006)	-	**(2,821,780)**
Net carrying amount	**405,342**	**343,055**	**23,352**	**1,737,107**	**7,215,553**	**17,420**	**50,711**	**1,558,996**	**11,351,536**

<u>**Revaluation of Fixed Assets**</u>

Within 2014, the Group proceeded with the revaluation of its operating fixed assets as of December 31st, 2014. The revaluation was carried out by an independent firm of appraisers, according to IAS 16 and IFRS 13. The results of the above appraisal which excluded lakes, land for the extraction of lignite and construction in progress, were recorded in the Company's books on December 31st, 2014. The previous revaluation took place on December 31st, 2009.

The revalued amounts, from the appraisers' work, compared to the Net Book Value of the fixed assets, resulted to a net surplus for the Group, amounting to approximately € 672.4 mil., (Parent Company 627.5 mil.), which was credited directly in Revaluation Surplus in Comprehensive Income (€ 848 mil. and € 818.6 mil. net of Deferred Taxes for the Group and the Parent Company, respectively). Additionally, an amount of € 44.8 mil.which was not offset by previous years' Revaluation Surplus was charged in the Statement of Income for the year ended at December 31st, 2014 (Parent Company : € 21.7 mil.).

<u>**Encumbrances on tangible assets**</u>

Tangible assets are held free from encumbrances and any claims against the Group's tangible assets are deemed as not substantial.

15. Intangible Assets, Net

	Group					
	31.12.2017			31.12.2016		
	Software	Emission Allowances	Total	Software	Emission Allowances	Total
Net book value, January 1st	**15,820**	**42,218**	**58,038**	**20,044**	**58,514**	**78,558**
Discontinuing Operations	-	-	-	(128)	-	(128)
Additions	4,071	198,028	202,099	1,669	161,842	163,511
Consumptions (Note 8)	-	(181,208)	(181,208)	-	(178,138)	(178,138)
Depreciation (Note 7)	(7,206)	-	(7,206)	(6,356)	-	(6,356)
Disposals	(6)	-	(6)	(1)	-	(1)
Transfers	4,908	-	4,908	591	-	591
December 31st	**17,587**	**59,038**	**76,625**	**15,819**	**42,218**	**58,037**

	Company					
	31.12.2017			31.12.2016		
	Software	Emission Allowances	Total	Software	Emission Allowances	Total
Net book value, January 1st	**12,749**	**42,218**	**54,967**	**15,816**	**58,514**	**74,330**
Additions	4,043	198,028	202,071	1,583	161,842	163,425
Consumptions (Note 8)	-	(181,208)	(181,208)	-	(178,138)	(178,138)
Depreciation (Note 7)	(4,816)	-	(4,816)	(4,649)	-	(4,649)
Disposals	(6)	-	(6)	(1)	-	(1)
Transfers	416	-	416	-	-	-
December 31st	**12,386**	**59,038**	**71,424**	**12,749**	**42,218**	**54,967**

The net carrying amount of software is further analyzed as follows:

	Group	Company
At December 31, 2015		
Gross carrying amount	75,777	62,478
Accumulated amortization	(55,733)	(46,662)
Net carrying amount	**20,044**	**15,816**
At December 31, 2016		
Discontinuing Operations	(128)	-
Gross carrying amount	78,036	64,060
Accumulated amortization	(62,089)	(51,311)
Net carrying amount	**15,819**	**12,749**
At December 31, 2017		
Gross carrying amount	86,881	68,513
Accumulated amortization	(69,295)	(56,127)
Net carrying amount	**17,586**	**12,386**

16. Investments in Subsidiaries

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

	Company	
	31.12.2017	31.12.2016
IPTO S.A. (Note 2)	-	-
HEDNO S.A.	56,982	56,982
PPC Renewables S.A.	155,438	155,438
PPC FINANCE PLC	59	59
PPC BULGARIA JSCo	522	522
PPC ELEKTRİK TEDARİK VE TİCARET A.S	1,350	1,350
PPC ALBANIA	150	-
	214,501	**214,351**

In September 2016, the Board of Directors of the Parent Company decided the set-up of a wholly owned subsidiary in Albania, under the name "PPC Albania", based at Tirana. The company will be active, among other activities, in electricity trading and its initial share capital amounts to € 150. The set – up of the subsidiary company was held in January 2017 while the payment of € 150 took place in February 2017.

In 2017 the Parent Company received from PPC Renewables S.A. a dividend amounting to € 4,500.

The consolidated financial statements include the financial statements of PPC and its subsidiaries.

The subsidiaries included in the consolidation are the following (full consolidation):

Subsidiaries	Ownership Interest 31.12.2017	31.12.2016	Country and Year of Incorporation	Principal Activities
PPC Renewables S.A.	100%	100%	Greece, 1998	RES
HEDNO S.A.	100%	100%	Greece, 1999	HEDN
IPTO S.A.	-	100%	Greece, 2000	HETS
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[1]	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%	-	Albania, 2017	Supply of power
Geothermikos Stochos S.A.[2]	100%	-	Greece,2017	RES

1. On August 1st 2017 Iliako Velos Dio S.A. was renamed to Amalthia Energiaki S.A.
2. This 100% subsidiary of PPC Renewables S.A. was established on November 9th 2017

17. Investments in Associates

The Group's and the Parent Company's associates as of December 31st 2017 and December 31st 2016 are as follows (equity method):

	Group 31.12.2017	Group 31.12.2016	Company 31.12.2017	Company 31.12.2016
PPC Renewables ROKAS S.A.	2,327	2,160	-	-
PPC Renewables TERNA Energiaki S.A.	2,919	3,161	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	1,981	2,204	-	-
PPC Renewables MEK Energiaki S.A.	1,133	1,314	-	-
PPC Renewables ELTEV AIFOROS S.A.	2,616	2,532	-	-
PPC Renewables EDF EN GREECE S.A.	8,626	8,479	-	-
Aioliko Parko LOYKO S.A.	18	20	-	-
Aioliko Parko MBAMBO VIGLIES S.A.	21	23	-	-
Aioliko Parko KILIZA S.A.	25	27	-	-
Aioliko Parko LEFKIVARI S.A.	23	25	-	-
Aioliko Parko AGIOS ONOUFRIOS S.A.	26	28	-	-
Renewable Energy Applications LTD	27	27	-	-
OROS ENERGIAKI S.A.	193	-	-	-
ATTIKA GREENESCO ENERGIAKI S.A.	55	-	-	-
WASTE SYCLO S.A.	2	46	221	221
PPC Solar Solutions S.A.	967	971	980	980
	20,959	**21,017**	**1,201**	**1,201**

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

Associates	Note	Ownership Interest 31.12.2017	31.12.2016	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 A.E.		49.00%	49.00%	Greece, 2008	RES
Aioliko Parko AGIOS ONOUFRIOS S.A.		49.00%	49.00%	Greece, 2008	RES
Renewable Energy Applications LTD		49.00%	49.00%	Cyprus, 2010	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.	2	49.00%	-	Greece, 2017	RES
ATTIKA GREENESCO ENERGIAKI S.A.	3	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. PPC Renewables S.A.on October 3rd 2017 purchased 49% of this entity.
3. Amalthia Energiaki S.A., PPC Renewable's subsidiary, purchased 49% of this entity.

The following table presents PPC's share (directly or indirectly) of its associates' financial figures as of 31.12.2017 and 31.12.2016 respectively:

	December 31st, 2017 Assets	Liabilities	Equity
PPC Renewables ROKAS S.A.	3,012	835	2,177
PPC Renewables TERNA Energiaki S.A.	6,492	3,573	2,919
PPC Renewables NANKO Energy – MYHE Gitani S.A.	3,030	32	2,998
PPC Renewables MEK Energiaki S.A.	2,517	1,041	1,476
PPC Renewables ELTEV S.A.- SMIXIOTIKO	4,145	1,529	2,616
PPC Renewables EDF EN GREECE S.A.	23,995	19,629	4,366
Renewable Energy Applications LTD	-	-	-
Aioliko Parko LOYKO S.A.	23	6	17
Aioliko Parko MBAMBO VIGLIES S.A.	30	10	20
Aioliko Parko KILIZA S.A.	30	6	24
Aioliko Parko LEFKIVARI A.E.	26	4	22
Aioliko Parko AGIOS ONOUFRIOS S.A.	30	5	25
Oros Energiaki S.A.	1,477	1,375	102
ATTICA GREENESCO Energiaki S.A.	52	3	49
	44,859	**28,048**	**16,811**

	December 31st, 2016		
	Assets	Liabilities	Equity
PPC Renewables ROKAS S.A.	3,046	886	2,160
PPC Renewables TERNA Energiaki S.A.	7,281	4,120	3,161
PPC Renewables NANKO Energy – MYHE Gitani S.A.	3,420	1,216	2,204
PPC Renewables MEK Energiaki S.A.	3,047	1,733	1,314
PPC Renewables ELTEV AIFOROS S.A.	4,288	1,756	2,532
PPC Renewables EDF EN GREECE S.A.	24,830	19,495	5,335
Renewable Energy Applications LTD	29	2	27
Aioliko Parko LOYKO S.A.	23	3	20
Aioliko Parko MBAMBO VIGLIES S.A.	31	7	24
Aioliko Parko KILIZA S.A.	30	3	27
Aioliko Parko LEFKIVARI A.E.	26	1	25
Aioliko Parko AGIOS ONOUFRIOS S.A.	30	2	28
	46,081	29,224	16,857

The following table presents PPC's share of its associates' revenue and results:

	December 31st, 2017		December 31st, 2016	
	Sales	Profit/(Loss)	Sales	Profit/(Loss)
PPC Renewables ROKAS S.A.	735	513	739	520
PPC Renewables TERNA Energiaki S.A.	818	236	1,553	664
PPC Renewables NANKO Energy – MYHE Gitani S.A.	478	95	838	306
PPC Renewables MEK Energiaki S.A.	1,145	702	1,264	581
PPC Renewables ELTEV S.A. SMIXIOTIKO	405	121	516	158
PPC Renewables EDF EN GREECE S.A.	2,331	(11)	2,897	569
Renewable Energy Applications LTD	-	-	-	-
Aioliko Parko LOYKO S.A.	-	(3)	-	(2)
Aioliko Parko MBAMBO VIGLIES S.A.	-	(3)	-	(3)
Aioliko Parko LEFKIVARI A.E.	-	(2)	-	(2)
Aioliko Parko AGIOS ONOUFRIOS S.A.	-	(3)	-	(3)
Aioliko Parko KILIZA S.A.	-	(3)	-	(2)
Oros Energiaki S.A.	-	(9)	-	-
ATTICA GREENESCO Energiaki S.A.	-	(9)	-	-
	5,912	1,624	7,807	2,786

18. Balances and Transactions with Related Parties

PPC balances with its subsidiaries and its associates as of December 31, 2017 and 2016 are as follows:

	December 31st, 2017		December 31st, 2016	
	Receivables	(Payables)	Receivables	(Payables)
Subsidiaries				
PPC Renewables S.A.	1,416	-	1,260	-
HEDNO S.A.	694,473	(520,059)	599,981	(1,028,540)
PPC Finance PLc	-	(4,648)	-	(6,173)
PPC Elektrik	-	(164)	542	(86)
PPC Bulgaria JSCo	-	(1,016)	38	(1,524)
	695,889	(525,887)	601,821	(1,036,323)

PPC's transactions with its subsidiaries and its associates as of December 31st, 2017 and 2016 are as follows:

	2017		2016	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
Subsidiaries				
PPC Renewables S.A.	3,191	(1)	3,280	-
HEDNO S.A.	1,826,373	(1,923,924)	1,144,839	(1,820,297)
PPC Finance PLc	-	(30,770)	-	(37,061)
PPC Elektrik	13	(3,665)	2,550	(833)
PPC Bulgaria JSCo	53	(21,425)	45	(32,532)
	1,829,630	(1,979,785)	1,150,714	(1,890,723)

Transactions and balances with subsidiaries and associates of the Group mainly concern the provision of electricity under terms of the Commercial Policy followed by the Parent Company, totaling to approximately € 100 thousand.

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

As of December 31st 2017, the Parent Company has guaranteed for a total credit line of € 3 mil., through overdraft agreements. As of December 31st 2017 PPC Renewables S.A. has used € 841 th., concerning letters of guarantee.

Interest bearing loan to ADMIE (IPTO) Holding S.A.

During the first half of 2017, the Parent Company granted an interest-bearing loan to the company ADMIE (IPTO) HOLDING SA up to a maximum of € 1,300, of which an amount of € 831 has been disbursed. Under the contract, the loan was repayable on November 30th 2018. It should be noted that in order to secure the repayment of this loan, ADMIE (IPTO) HOLDING SA has granted to PPC a pledge on the dividends it is entitled to receive from IPTO S.A.. The aforementioned loan was fully paid up on capital and interest on October 12th, 2017 by ADMIE (IPTO) HOLDING S.A.

Significant Transactions and balances with other entities in which the Greek State participates or whose activity the Greek State significantly affects

The following table presents transactions and balances with government owned entities 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 EMO, the Electricity Market Operator, IPTO S.A. and LARCO S.A. are presented.

	Purchases		Balance	
	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016	31.12.2017	31.12.2016
ELPE, purchases of liquid fuel	262,597	-	45,426	85
DEPA, purchases of natural gas	409,132	265,499	86,835	105,314
	671,729	265,499	132,261	105,399

	31.12.2017		31.12.2016	
	Receivables	(Payables)	Receivables	(Payables)
EMO S.A.	172,532	(124,905)	173,764	(128,312)

	01.01.2017 - 31.12.2017		01.01.2016 - 31.12.2016	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
EMO S.A.	1,808,238	(2,858,476)	1,384,468	(2,013,545)

	31.12.2017		31.12.2016	
	Receivables	(Payables)	Receivables	(Payables)
IPTO S.A.	117,463	(1,212,179)	152,844	(807,989)

	01.01.2017 - 31.12.2017		01.01.2016 - 31.12.2016	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
IPTO S.A.	162,259	(1,571,490)	204,939	(1,217,093)

	31.12.2017		31.12.2016	
	Receivables	(Payables)	Receivables	(Payables)
LARCO S.A.	280,372	-	242,709	-

	01.01.2017 - 31.12.2017		01.01.2016 - 31.12.2016	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
LARCO S.A.	(2,793)	(9,461)	61,767	(6,396)

Within 2017 a credit invoice of € 61,850 thousand was issued regarding the revision of electricity bills for the period 1/7/2010-31/12/2013 under the Decision No. 13/2017 of the Arbitration Decision.

In addition to the above mentioned transactions, PPC enters into commercial transactions with many state-ownedentities, both profit and nonprofit, 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.

Management remunerations

Management's remunerations (Board of Directors and General Managers) for the year ended December 31st, 2017 and 2016 are as follows:

	Group		Company	
	2017	2016	2017	2016
Remuneration of Board of Directors' members				
- Remuneration of executive members	245	346	57	57
- Remuneration of non-executive members	71	37	-	-
- Compensation / Extraordinary fees	-	80	-	-
- Employer's Social Contributions	92	95	41	19
- Other Benefits	123	108	120	106
	531	666	218	182
Remuneration of Deputy Managing Directors and General Managers				
- Regular remuneration	686	638	519	492
- Employer's Social Contributions	204	184	155	137
-Compensation/Extraordinary fees	23	14	23	14
	913	836	697	643
	1,444	1,502	915	825

It is noted that the amounts relating to the Group, for the period ended on December 31st 2017, do not include IPTO S.A.

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 Director, the Deputy Managing Directors and the General Managers.

19. Materials, Spare Parts and Supplies, Net

	Group		Company	
	2017	2016	2017	2016
Lignite	48,977	49,412	48,977	49,412
Liquid fuel	198,748	177,964	198,748	177,964
Materials and consumables	672,280	618,351	539,317	491,940
Purchased materials in transit	18,189	12,231	17,849	12,086
	938,194	857,958	804,891	731,402
Provision for materials' write down to recoverable amount	(206,799)	(198,345)	(194,610)	(187,252)
Total	731,395	659,613	610,281	544,150

During 2017, the Group and the Parent Company established an additional provision for materials' and spare parts' write down amounting to € 8,454 and € 7,357 respectively, (2016: € 753 and € 832 respectively). Materials, spare parts and supplies of the Parent Company and the Group are held free of encumbrances.

20. Trade Receivables, Net

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
High voltage	474,808	390,069	474,808	390,649
Medium and low voltage	2,981,992	2,969,257	2,981,909	2,969,294
Customers' contributions	2,960	3,521	2,960	3,521
Other energy suppliers	125,556	131,492	-	-
	3,585,316	**3,494,339**	**3,459,677**	**3,363,464**
Unbilled revenue	595,770	626,863	595,770	626,863
	4,181,086	**4,121,202**	**4,055,447**	**3,990,327**
Allowance for doubtful balances	(2,855,340)	(2,826,231)	(2,755,357)	(2,726,495)
Total	**1,325,746**	**1,294,971**	**1,300,090**	**1,263,832**

High voltage customer balances relate to (a) receivables from sales of energy to 56 companies with 91 installations (or power suppliers), including large industrial companies, which are invoiced at the end of each calendar month, based on individual agreements and actual metering and (b) exports to customers abroad.

Medium voltage customers are mainly industrial and commercial companies. Billing is made on a monthly basis based on actual meter readings. Low voltage customers are mainly residential and small commercial companies.

The majority of low voltage customers are billed every four months based on actual meter readings, while interim bills are issued every two months based mainly on the energy consumed during the corresponding period in the prior year.

There are different types of tariffs for both medium and low voltage customers with different tariff structures based on different types of energy use (commercial, residential, etc). Revenues from the supply of electricity to medium and low voltage customers provided during the period from the last meter reading or billing through each reporting date are accounted for as unbilled revenue.

The provision for doubtful receivables is established, on specific customer balances. For medium and low voltage customers, the Parent Company was establishing a provision for the total of their outstanding balances when the oldest unpaid bill exceeds three and six months respectively per customer.

The movement of the provision for doubtful receivables is as follows:

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
As at January 1st (Note 36)	**2,826,231**	**2,489,998**	**2,726,495**	**2,371,116**
- Discontinuing Operations	-	(19,146)	-	-
- Provision charge	29,109	417,229	28,862	417,229
- Reversal of unused provision	-	(61,850)	-	(61,850)
- Utilisation	-	-	-	-
As at December 31st (Note 36)	**2,855,340**	**2,826,231**	**2,755,357**	**2,726,495**

At December 31st, 2017 and 2016, the ageing analysis of the invoiced trade accounts receivable, impaired by the established provisions of the Parent Company, are as follows:

		Non Past due and not impaired trade receivables	Past due and not impaired (days) trade receivables			
	Total		<45	45 – 180	180 – 365	>365
2017	704,320	321,023	176,029	103,869	42,352	61,047
2016 (Restated)	636,969	125,420	120,223	272,667	76,566	42,093

21. Other Receivables, Net

	Group		Company	
	2017	2016	2017	2016
Value Added Tax	90,019	29,315	89,172	26,546
Assessed taxes and penalties	31,223	55,569	37,639	57,961
Social security funds				
- in dispute	18,059	18,059	18,059	18,059
- current	3,195	3,195	3,195	3,195
State participation in employees' social security contributions	1,546	1,546	1,546	1,546
Pensioners' advances, in dispute	5,262	5,262	5,262	5,262
Loans to employees	8,905	11,307	5,886	8,147
Receivables from contractors	4,065	4,065	4,066	4,066
Receivables from PSOs (Note 2)	359,789	-	359,789	-
Receivables from subsidiaries	450,830	-	199,687	1,269
Receivables from IPTO-Capital Unpaid	-	-	-	92,944
Receivable by EMO	87,677	47,769	87,677	47,769
Fiber optic rentals	4,556	2,278	4,556	2,278
Refund of compensations from expropriations	40,011	43,015	40,011	43,015
Other	68,093	64,438	44,594	33,392
	1,173,230	**285,818**	**901,139**	**345,449**
Allowance for doubtful balances	(90,885)	(72,499)	(89,497)	(71,302)
Total	**1,082,345**	**213,319**	**811,642**	**274,147**

Assessed taxes and penalties:

The amount represents additional income taxes and penalties assessed to the Parent Company.

An amount of € 26,856 corresponds to a paid special consumption tax with recourse.

In the framework of an audit conducted by Audit Department of the Customs House for the period May 2010 to September 2012, an Imputation Act (Nr. 80/14/07.07.2015) of the Head of the 4th Customs Supervision Assembly of Piraeus was issued, which charged the Company with special consumption tax amounting € 9,789,956.04 which corresponds to self-consumption quantities for the audited period to Electricity Transmission System due to non-compliance with the terms and formalities mentioned in the Ministerial Decision (ΔΕΦΚ.5025777ΕΞ2010/17.06.2010) on the matter. The Company paid the charged amounts and, at the same time, appealed against the aforementioned act before the Piraeus Administrative Court of Appeals, but since then compliant with the instructions of Ministry of Finance, PPC includes the self-consumption quantities of electricity in the Special Consumption Tax Statements which submits and pays with recourse the relevant tax, while simultaneously files a lawsuit.

An amount of € 10,554 corresponds to amounts paid, which were imposed by the regular audit from the Centre for Auditing Big Companies for the years 2009-2011.

Following a regular tax audit from the Centre for Auditing Big Companies, various accounting differences were added to the Company's taxable profits for the fiscal year 2012 (reporting period 01.01.2011 - 31.12.2011) and an income tax plus an inaccuracy tax totaling € 462 was charged.

A Fine of Withholding Tax of € 9,855 was imposed on the ground that PPC in the same fiscal year 2012 issued false salary statements to its staff, since it did not include the employees' benefits from the supply of electricity at reduced tariffs. Finally, two fines of € 900 were imposed due to overdue purchase invoices and € 500 due to providing incomplete data to audit.

On 24.01.2018, against the aforementioned corrective acts an appeal was filed before the Dispute Resolution Division of the Independent Authority for Public Revenue, whose decision is expected to be issued by 24.05.2018. For this tax difference, PPC has already paid all the amounts charged.

For the amounts of € 26,856 and € 10,554 an equal provision has been established in the Financial Statements 2017.

<u>Social Security Funds in Dispute</u>

The amount relates to social security contributions and deductions (during years 1983-1993) for employees who have worked with other employers before joining PPC. As PPC undertook the obligation to cover the whole amount of their pensions and other related benefits, part of their contributions to other social security funds mainly IKA (SSI i.e. Social Security Institute which is the major Greek social security fund) has been claimed by PPC. The claim was not accepted by IKA and the case was brought by PPC before the courts. Following an adverse court decision, PPC together with PPC – PIO (currently EFKA, Greek Single Social Security Institution) appealed against said decision before the second degree courts. The second degree court rejected PPC's appeal, whereas PPC – PIO's (currently EFKA, Greek Single Social Security Institution) appeal against IKA is still pending. For the abovementioned amount, an equal provision has been established at the attached financial statements.

<u>Advances to Pensioners in Dispute</u>

The amount of € 5,262 represents an advance payment made in 1993 to pensioners. An equal provision has been established of this amount.

<u>Refunds from Mines' expropriations</u>

The amount relates to claims for refund part of the compensation paid by the Parent Company for expropriations of lignite mining areas.

Refunds resulted from the difference determining temporary and final compensation unit price (the final prices were lower than the corresponding temporary ones).

<u>State Participation in Employees' Social Security Contributions:</u>

The amount represents the State's contribution to the social security contributions of employees who started working after January 1st, 1993. For the above mentioned amount, an equal provision has been established.

The movement in the allowance for other receivables is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
As of January 1st	**72,499**	**107,987**	**71,302**	**105,912**
- Discontinuing Operations	-	(2,000)	-	-
- Provision charge	18,386	14,835	18,195	13,713
- Reversal of unused provision	-	(48,323)	-	(48,323)
- Utilisation	-	-	-	-
As of December 31st	**90,885**	**72,499**	**89,497**	**71,302**

22. Investments Available for Sale

	Group		Company	
	2017	**2016**	**2017**	**2016**
-LARCO S.A.	-	-	-	-
-National Bank of Greece	22	17	22	17
- Evetam	241	241	241	241
- Euroasia Interconnector	51	51	51	51
- Attica Bank	1,217	967	730	580
Total	**1,531**	**1,276**	**1,044**	**889**

The Group participated in December 2015 to the increase in the share capital of Attica Bank with the amount of € 10 mil. to purchase approximately 33 mil. shares (the Parent Company with € 6 mil. for purchasing 20 mil. shares).

On 31.12.2016 the Group and the Parent Company considered that the above mentioned investment has been impaired and therefore a loss of € 9,033 and € 5,420 for the Group and the Parent Company respectively were transferred to profit or loss for the year ended 31.12.2016 (Note 26).

On 31.12.2017 the Group and the Parent Company evaluated the investment and the change in fair value was recorded in "Other reserves" in Equity (Note 26).

23. Cash and Cash Equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
Cash in hand	506	520	466	492
Cash at banks	133,832	119,914	71,670	65,922
Time deposits	117,258	86,600	91,000	83,000
Total	**251,596**	**207,034**	**163,136**	**149,414**

Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to € 5,841 (2016: € 4,562), for the continuing operations of the Group and to € 2,105 (2016: € 2,162) for the Parent Company and is included in financial income in the accompanying statements of income (Note 10). All cash and cash equivalents are denominated in Euro.

Additionally on December 31st, 2017 the Group and the Parent Company kept in a pledged deposit account an amount of € 94,084 (2016: € 110,963). The amounts involved relate to (a) the pledged account kept in NBG in favor of the European Investment Bank (EIB) in order to cover existing financing lines and (b) the pledged account for a pledged deposit in favor of the Consortium of Banks for financing the project of Ptolemaida V.

24. 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 30, 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 € 1,067,200 divided into 232,000,000 common shares of Euro four and sixty cents (€ 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 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 € 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 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 (€ 4.60) per value each to Euro two and forty-eight cents (€ 2.48).

After this decrease, on 31.12.2017 PPC's share capital amounts to € 575,360 divided into 232,000,000 common shares of Euro two and forty-eight cents (€ 2.48) per value each.

25. Legal Reserve

Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their financial statements to a legal reserve, until such reserve equals one-third of the paid-in share capital. This reserve cannot be distributed through the life of the corporation.

26. Other Reserves

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
Tax free	7,362	7,362	7,362	7,362
Specially taxed reserves	95,597	95,597	95,597	95,597
Actuarial losses	(203,132)	(186,954)	(81,712)	(97,309)
Fair value of investments available for sale (Note 22)	7,405	-	155	-
Foreign exchange differences	58,429	(278)		-
Total	**(34,339)**	**(84,273)**	**21,402**	**5,650**

27. Dividends

Under Greek corporate law, companies are required each year to pay dividends of at least 35% of after-tax profit, after the formation of the legal reserve. However, with the consent of at least the 70% of the Company's shareholders, a company may not distribute any dividend. Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed. Specifically, no dividends can be distributed (a) as long as a company's net equity, as reflected in the statutory financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves, and (b) as long as the unamortized balance of "Pre-operating Expenses", as reflected in the statutory financial statements, exceeds the aggregate of extraordinary reserves plus retained earnings.

At December 31st, 2016, the unpaid balance of dividends was € 63 (2015: € 149).

Based on L. 4172/2013, the distributable earnings approved by the General Shareholders' Meetings since 01.01.2017 are subject to a withholding tax of 15%.

PPC's Board of Directors at its meeting on 27.04.2018 decided to propose to the forthcoming Annual General Meeting of PPC's the non-distribution of dividends, in accordance with Article 45 par.2 case b) of Law 2190/1920, in conjuction with Article 3 par.3 of Law 148/1967, due to the current economic conjecture and cash needs which the Parent Company faces for the year 2018.

28. Long-Term Borrowing

	Group		Company	
	2017	2016	2017	2016
Bank Loans	1,989,864	2,082,955	1,989,864	2,082,955
Bonds Payable	2,284,611	2,529,088	2,284,621	2,529,098
Unamortized portion of loan issuance fees	(35,243)	(30,039)	(35,243)	(30,039)
Total	**4,239,232**	**4,582,004**	**4,239,242**	**4,582,014**
Less current portion:				
- Bank Loans	190,682	173,091	190,682	173,091
- Bonds Payable	322,106	466,879	322,106	466,879
Unamortized portion of loan issuance fees	(12,410)	(8,868)	(12,410)	(8,868)
Total	**500,378**	**631,102**	**500,378**	**631,102**
Total long term portion of loans and borrowings	**3,738,854**	**3,950,902**	**3,738,864**	**3,950,912**

During 2017, the Parent Company proceeded to debt repayments amounting to € 690 mil. including the A Series of an International Bond, amounting to € 200 mil.

In December 2017, the Company proceeded to an early repayment of an installment amounting to € 25 mil. of a Syndicated Bond Loan of a total amount of € 2.2 bil.

In April 2017, the Parent Company issued a Syndicated Secured Common Bond Loan of Law 3156/2003 with Hellenic Banks, amounting to € 200 mil., maturing in 2019, with gradual repayments. This loan has a floating guarantee on PPC's existing and future business receivables.

In June 2017 the Parent Company proceeded to an Early Mandatory Prepayment amounting to € 25 mil. under the term 11.4 of the contract of the above Syndicated Secured Common Bond Loan of Law 3156/2003 with Hellenic Banks amounting to € 200 million.

In particular, following the collection by PPC of the price for the sale and transfer of shares issued by IPTO SA on 20.06.2017, a) to the strategic investor State Grid Europe Limited, for 24% of the share capital of IPTO SA for an amount of € 327.6 million and b) to P.H.C. IPTO S.A for 25% of the share capital of IPTO SA at a price of € 295.6 million, the term of the aforementioned bond loan, which concerns the early repayment of Bonds amounting to € 25 million was activated.

In August 2017, the Parent Company drawed down an amount of € 30 mil. from the European Investment Bank for the project "Distribution VI", of a total financing line of € 415 mil. with the Greek State's guarantee.

In October 2017, the Parent Company, drew from the European Investment Bank, the amount of € 40 mil., for the project "PPC HIGH VOLTAGE SUBSTATIONS & SMART METERING" of a total financing line of € 85 mil., bearing the Greek Republic's guarantee.

In December 2017, the Parent Company, drew from the European Investment Bank, the amount of € 10 mil., for the project "PPC POWER PROJECTS ON GREEK ISLANDS" of a total financing line of € 190 mil., bearing the Greek Republic's guarantee (out of which an amount of € 80 mil. has already been drawn).

During 2017, the Parent Company, drew an amount of € 72.6 mil. regarding a Bond Loan of an amount of € 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".

The Parent Company is in an advanced stage of negotiations for the refinancing of the loans of the Greek Banks maturing 2019.

PPC Renewables S.A., which is 100% subsidiary of PPC S.A., signed on 20th December 2017 a new loan agreement of € 85 mil. with the European Investment Bank. The above mentioned loan will finance the construction and reconstruction of wind parks and small hydropower plants all over the country.

In the category "Bonds Payable" in the above table , the amount of € 186,955 is included which concerns the partial financing of the construction of the new lignite –powered unit "PTOLEMAIDA V" and which is registered in the category "Project Financing" Floating Rate of the following table.

The total interest expense on total debt for the period ended December 31st, 2017, is included in financial expenses in the accompanying statements of income (Note 9).

A further analysis of the long term borrowings of the Group and the Parent Company is presented in the table below:

	Group		Company	
	2017	2016	2017	2016
Bank loans and bonds				
- Fixed rate	499,800	700,000	499,810	700,010
- Floating rate	1,597,856	1,714,735	1,597,856	1,714,735
European Investment Bank				
- Fixed rate	1,719,031	1,794,788	1,719,031	1,794,788
- Floating rate	270,833	288,167	270,833	288,167
Project Financing				
- Fixed rate	-	-	-	-
- Floating rate	186,955	114,353	186,955	114,353
Total	**4,274,475**	**4,612,043**	**4,274,485**	**4,612,053**

Long-term borrowings represent unsecured obligations of the Parent Company (excluding services of collateral in the form of pledged deposits provided by the Parent Company, totalling € 94 mil. on 31.12.2017). The Syndicated Secured Common Bond Loan of Law 3156/2003 with Greek Banks amounting to € 200 million, maturing 2019, bears securing through pledge PPC's existing and future business receivables from corporate customers' contracts, accepted by the Bondholders, with the value of annual consumption based on the average of two previous years, totaling 125% on each loan outstanding balance.

Certain loan agreements, with an outstanding balance of € 1,662.7 mil. on December 31st, 2017, for the Parent Company, include financial covenants, the non-compliance of which may lead to an event of default.

For the provision of a guarantee by the Greek State in favor of PPC S.A. to all loans with the European Investment Bank, the Parent Company pays a guarantee commission to the Greek State.

The annual principal payments of the long-term borrowings required to be made subsequent to December 31st, 2017 are as follows:

	Group		Company	
	2017	2016	2017	2016
Within one year	512,788	639,970	512,788	639,970
In the second year	2,009,729	397,788	2,009,739	397,788
Between three and five years	710,757	2,435,595	710,757	2,435,605
After five years	1,041,201	1,138,690	1,041,201	1,138,690
Total	**4,274,475**	**4,612,043**	**4,274,485**	**4,612,053**

In the above debt redemption program, an amount of € 57.1 is included which concerns specific purpose financing for using it as collateral for existing financing lines, and for which the Parent Company keeps an equal amount in a pledged deposit account (Note 23).

Credit rating of PPC from rating agencies

On December 31st 2017, PPC's credit rating from S&P and ICAP credit houses is set "CCC-" with negative outlook and "F" respectively.

In February 2018, S&P credit house affirmed PPC's credit rating in 'CCC' with negative outlook.

29. Post Retirement Benefits

The Group's employees and pensioners are entitled to the supply of electricity (which the Parent Company provides) at reduced tariffs. Such reduced tariffs to pensioners are considered to be retirement obligations and are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end based on the employees earning retirement benefit rights steadily throughout the working period. The relevant retirement obligations are calculated on the basis of financial and actuarial assumptions. Net costs for the period are included in the payroll cost in the accompanying income statement consisting of the present value of the benefits earned in the year, interest cost on the benefit obligation, as well as prior service cost. The actuarial gains or losses are now recognized in other comprehensive income (OCI) based on the revised IAS 19 (effective from 2013). Retirement benefit obligations are not funded. Results of the actuarial study for the years December 31st, 2017 and 2016, are as follows:

	Group		Company	
	2017	2016	2017	2016
Change in benefit obligation				
Liability at beginning of year	446,312	446,807	280,623	264,644
Discontinuing Operations	-	(27,654)	-	-
Current Service cost	4,620	4,838	3,041	3,163
Interest cost	8,033	8,383	5,051	5,293
Actuarial (gains)/losses	(35,142)	31,592	(21,967)	18,473
Benefits utilised	(17,903)	(17,654)	(10,943)	(10,950)
Liability, end of the year	**405,920**	**446,312**	**255,805**	**280,623**
Components of net service cost				
Current Service cost	4,620	4,838	3,041	3,163
Interest cost	8,033	8,383	5,051	5,293
Continuing Operations	**12,653**	**13,221**	**8,092**	**8,456**
Discontinuing Operations	-	881	-	-
Total	**12,653**	**14,102**	**8,092**	**8,456**
Statement of Comprehensive income				
Cumulative amount, beginning of year	256,052	221,963	137,055	118,582
Actuarial (gains)/losses	(35,142)	34,089	(21,967)	18,473
Cumulative amount , end of year	**220,910**	**256,052**	**115,088**	**137,055**

Assumption values, Actuarial Study (Continuing and Discontinuing Operations)

Valuation date	Discount rate	Tariff increases	Profit margin	Expectancy of future services
31/12/2017	1.70%	2018: 0%		10.54
		2019: 0%	2018: (2.2)%	
		2020: 0%	2019: 6.0%	
		2021: 0%	2020: 6.0%	
		2022+: 0%	2021+: 6.0%	
31/12/2016	1.80%	2017: 0%		11.02
		2018: 0%	2017: (2.2)%	
		2019: 0%	2018: 4.5%	
		2020: 0%	2019: 4.5%	
		2021+: 0%	2020+: 4.5%	

Sensitivity disclosures (Continuing and Discontinuing Operations)

	Actuarial liability	Percentage change
Increase in discount rate by 0.5%	402.958	(6.8%)
Decrease in discount rate by 0.5%	465,330	7.6%
Anticipated tariff increase rate by 1% for all years	497,535	15.1%
Anticipated tariff increase rate by 1% for 2018 - 2021	449,140	3.9%

Further to the abovementioned benefits, the subsidiary company PPC Renewables S.A., has established a provision for personnel compensation in case of service termination amounting to € 79 thousands concerning the personnel which is directly employed from PPC Renewables (2016: € 14).

30. Provisions

	Group		Company	
	2017	2016	2017	2016
Litigation with employees/third parties (Note 37)	192,324	150,359	154,801	114,335
Disputes with the tax authorities (Note 21)	-	42,676	-	42,676
Mines' land restoration	28,530	24,991	28,530	24,991
PPC-PIO fixed assets	2,400	2,400	2,400	2,400
Other	1,296	6,994	-	5,166
Total	**224,550**	**227,420**	**185,731**	**189,568**

During the year ended December 31st, 2017, the Group from continuing operations established an additional provision for litigation with employees and third parties by € 7,286 (2016: additional provision of € 8,067). In parallel during the year ended December 31st, 2017 the Parent Company proceeded to an additional provision for litigation with employees and third parties of € 7,286 (2016: additional provision € 9,013).

The movement of the provisions for mines' restoration has as follows:

	Group		Company	
	2017	2016	2017	2016
Balance at beginning of the year	**24,991**	**22,682**	**24,991**	**22,682**
- Change in future outflows (fixed assets)	4,866	2,963	4,866	2,963
- Reversal of unused provision	(2,344)	(2,110)	(2,344)	(2,110)
- Finance cost (Note 9)	1,017	1,456	1,017	1,456
Balance at the end of the year	**28,530**	**24,991**	**28,530**	**24,991**

31. Customers' Contributions and Subsidies

Group	Subsidies	Customer Contributions	Total
Net book value			
December 31st, 2015	**402,648**	**1,209,249**	**1,611,897**
- Discontinuing Operations	(121,061)	(13,863)	(134,924)
- Subsidies and contributions received	4,882	-	4,882
- Transfer to revenues (Note 7)	(18,237)	(57,631)	(75,868)
December 31st, 2016	**268,232**	**1,137,755**	**1,405,987**
- Subsidies and contributions received	1,799	-	1,799
- Transfer to revenues (Note 7)	(14,322)	(57,657)	(71,979)
December 31st, 2017	**255,709**	**1,080,098**	**1,335,807**
Parent Company			
Net book value			
December 31st, 2015	**277,074**	**1,195,387**	**1,472,461**
- Subsidies and contributions received	4,881	-	4,881
- Transfer to revenues (Note 7)	(18,029)	(57,631)	(75,660)
December 31st, 2016	**263,926**	**1,137,756**	**1,401,682**
- Subsidies and contributions received	1,799	-	1,799
- Transfer to revenues (Note 7)	(14,126)	(57,657)	(71,783)
December 31st, 2017	**251,599**	**1,080,099**	**1,331,698**

32. Other Non-Current Liabilities

	Group		Company	
	2017	2016	2017	2016
Customers' advances	518,284	563,036	514,829	558,281
Other	2,891	20,659	38	38
Total	**521,175**	**583,695**	**514,867**	**558,319**

The amount of customers' advances relates to advances made from customers upon initial connection to the transmission and/or distribution networks and is considered as coverage against unbilled consumption outstanding as of any time. Such advances are refundable (non-interest bearing) upon termination of connection by the customer. As the refund of such amounts, which are payable on demand, is not expected to be realised within a short period of time the amounts are classified as non-current liabilities and they are not discounted.

33. Trade and Other Payables

	Group		Company	
	2017	2016	2017	2016
Trade Payables:				
Suppliers and contractors	684,330	783,790	458,494	439,779
Municipalities' duties	151,605	158,790	151,605	158,790
Social security funds, other	44,528	48,804	21,911	22,500
Greek TV	31,565	33,184	31,565	33,184
Taxes withheld	32,015	38,738	19,811	20,172
Excise Tax	9,304	11,577	9,304	11,577
Credit customers' balances	62,481	46,458	62,481	46,458
IPTO S.A.	1,019,519	-	1,016,977	554,723
HEDNO S.A.	-	-	591	428,526
Bank of Crete	12,053	12,053	12,053	12,053
Lignite Levy	116,965	112,730	116,965	112,730
Other	27,369	37,671	8,771	24,464
Total	**2,191,734**	**1,283,795**	**1,910,528**	**1,864,956**

34. Short-Term Borrowings

	Group		Company	
	2017	2016	2017	2016
Binding overdraft facilities				
- Credit lines available	30,000	30,000	30,000	30,000
- Unused portion	-	-	-	-
- Used portion	30,000	30,000	30,000	30,000

35. Accrued and Other Current Liabilities

	Group		Company	
	2017	2016	2017	2016
Accrued interest on loans and borrowings	16,939	14,822	16,939	14,822
Natural gas and liquid fuel purchases	27,204	39,021	27,204	39,021
Energy purchases	256	37	-	-
Personnel day off and overtime	78,603	73,631	51,565	49,573
RAE fees	6,950	6,091	6,950	6,091
Purchase of Emission Allowances	126,920	75,566	126,920	75,566
Discounts on Medium Voltage customers	4,500	11,000	4,500	11,000
IPTO S.A.	77,748	-	77,748	100,433
Other	96,108	43,342	69,481	28,617
Total	**435,228**	**263,510**	**381,307**	**325,123**

36. Amendments

Deferred tax assets on the obligation for the supply of electricity at reduced tariffs

The Group's employees and pensioners are entitled to the supply of electricity (which the Parent Company provides) at reduced tariffs (see Note 3.4-Post-retirement benefits). Such reduced tariffs to pensioners are considered to be retirement obligations and are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end based on the employees earning retirement benefit rights steadily throughout the working period. The relevant retirement obligations are calculated on the basis of financial and actuarial assumptions.

Until 31.12.2015, the supply of electricity at reduced tariffs were not deductible therefore the Group and the Parent Company did not recognize deferred tax asset on the formed actuarial obligation.During the first quarter of 2017, the above tax regime was clarified following a Tax Authority's reply to a relevant question by the Parent and a subsidiary and the tax deductibility of benefits from the fiscal year 2016 was possible. However, when the Group and the Parent Company prepare the financial statements for the year 2016, they did not recognize the amount of deferred tax asset corresponding to the aforementioned actuarial obligation.

Within the year 2017, the Group and the Parent Company rated this issue as "mistake" in accordance with the provisions of IAS 8, calculated the amount of the deferred tax asset and restated the equity and the amount of deferred tax assets as at 31st December 2016 and income taxes and earnings per share for the year ended 31st December 2016 as well as all the above amounts of the first half 2017. This restatement does not have a cash-flow effect.

The effect of the above restatements on the Group and Parent Company Financial Statements is presented in the following tables:

Effect on Income Statement for the six month period ended June 30th, 2017

	Group (Continuing Operations)			Company		
	30.06.2017 Published	Restatement Effect	30.06.2017 Restated	30.06.2017 Published	Restatement Effect	30.06.2017 Restated
Profit/(loss) before tax	31,075	-	31,075	6,877	-	6,877
Income tax	(24,701)	59,018	34,317	(6,373)	40,818	34,445
Net profit/(loss)	6,374	59,018	65,392	504	40,818	41,322

Effect on Income Statement for the year ended December 31st, 2016

	Group (Continuing Operations)			Company		
	31.12.2016 Published	Restatement Effect	31.12.2016 Restated	31.12.2016 Published	Restatement Effect	31.12.2016 Restated
Profit/(loss) before tax	226,444	-	226,444	200,042	-	200,042
Income tax	(44,852)	60,330	15,478	(33,628)	41,634	8,006
Net profit/(loss)	181,592	60,330	241,922	166,414	41,634	208,048

Effect on Balance Sheet as of June 30th, 2017

	Group			Company		
	30.06.2017 Published	Restatement Effect	30.06.2017 Restated	30.06.2017 Published	Restatement Effect	30.06.2017 Restated
Other Reserves	(126,684)	69,099	(57,585)	(32,290)	39,746	7,456
Retained earnings	858,696	59,018	917,714	1,566,586	40,818	1,607,404
Deferred tax liabilities	268,550	(128,117)	140,433	283,657	(80,564)	203,093

Effect on Balance Sheet as of December 31st, 2016

	Group			Company		
	31.12.2016 Published	Restatement Effect	31.12.2016 Restated	31.12.2016 Published	Restatement Effect	31.12.2016 Restated
Other Reserves	(153,372)	69,099	(84,273)	(34,096)	39,746	5,650
Retained earnings	1,006,418	60,330	1,066,748	1,544,987	41,634	1,586,621
Deferred tax liabilities	560,095	(129,429)	430,666	321,656	(81,380)	240,276

Revenues from Low Voltage Customers

The Parent Company, at each balance sheet date, calculates based on an estimation method the amount of unbilled revenue, recording a provision for accrued income at year-end. This amount is recalculated at each balance sheet date.

During the process of preparing the annual financial statements for the year 2017, the Parent Company found that the method followed for calculating the amount of unbilled revenue to low voltage customers for the years 2015 and 2016 was not appropriate in the circumstances taking into account the amount of energy injected in the network, the recovery data of these energy values in relation to the existing pricing circuit and that this led to overestimation of the relevant amounts.

The Group and the Parent Company rated the above as "mistake" in accordance with the provisions of IAS 8, and by applying the appropriate estimation method, proceeded to a restatement of the trade receivables of unbilled revenue, trade receivables from customers and deferred tax liabilities as of 01.01.2016 and 31.12.2016 and 30th June 2016 and 2017 and the revenues and the earnings per share for the year ended 31st December 2015 and 2016 and of six-month periods ended 30th June 2016 and 2017. This restatement does not have a cash-flow effect.

The effect of the above restatements on the Group and Parent Company Financial Statements is presented in the following tables:

Effect on Income Statement for the six month period ended June 30th, 2017

	Group (Continuing Operations)			Company		
	30.06.2017 Published	Restatement Effect	30.06.2017 Restated	30.06.2017 Published	Restatement Effect	30.06.2017 Restated
Revenue from energy sales	2,331,966	(100,744)	2,231,222	2,327,123	(100,744)	2,226,379
Allowance for doubtful balances	(103,426)	(21,212)	(124,638)	(103,426)	(21,212)	(124,638)
Profit/(loss) before tax	31,075	(121,956)	(90,881)	6,877	(121,956)	(115,079)
Income Tax	(24,701)	35,367	10,666	(6,373)	35,367	28,994
Net profit/(loss)	6,374	(86,589)	(80,215)	504	(86,589)	(86,085)

Effect on Income Statement for the year ended December 31st, 2016

	Group (Continuing Operations)			Company		
	31.12.2016 Published	Restatement Effect	31.12.2016 Restated	31.12.2016 Published	Restatement Effect	31.12.2016 Restated
Revenue from energy sales	4,998,077	(91,308)	4,906,769	4,984,508	(91,308)	4,893,200
Allowance for doubtful balances	(419,073)	(9,772)	(428,845)	(417,951)	(9,772)	(427,723)
Profit/(loss) before tax	226,444	(101,080)	125,364	200,042	(101,080)	98,962
Income Tax	(44,852)	29,313	(15,539)	(33,628)	29,313	(4,315)
Net profit/(loss)	181,592	(71,767)	109,825	166,414	(71,767)	94,647

Effect on Income Statement for the six month period ended June 30th, 2016

	Group (Continuing Operations)			Company		
	30.06.2016 Published	Restatement Effect	30.06.2016 Restated	30.06.2016 Published	Restatement Effect	30.06.2016 Restated
Revenue from energy sales	2,531,361	(112,763)	2,418,598	2,526,949	(112,763)	2,414,186
Allowance for doubtful balances	(343,371)	21,078	(322,293)	(343,371)	21,078	(322,293)
Profit/(loss) before tax	54,921	(91,685)	(36,764)	38,641	(91,685)	(53,044)
Income Tax	(24,506)	26,589	2,083	(12,712)	26,589	13,877
Net profit/(loss)	30,415	(65,096)	(34,681)	25,929	(65,096)	(39,167)

Effect on Income Statement for the year ended December 31st, 2015

	Group (Continuing Operations)			Company		
	31.12.2015 Published	Restatement Effect	31.12.2015 Restated	31.12.2015 Published	Restatement Effect	31.12.2015 Restated
Revenue from energy sales	5,547,082	(251,434)	5,295,648	5,535,753	(251,434)	5,284,319
Allowance for doubtful balances	(878,973)	49,487	(829,486)	(878,973)	49,487	(829,486)
Profit/(loss) before tax	(148,179)	(201,947)	(350,126)	(206,857)	(201,947)	(408,804)
Income Tax	30,479	58,565	89,044	54,346	58,565	112,911
Net profit/(loss)	(117,700)	(143,382)	(261,082)	(152,511)	(143,382)	(295,893)

Effect on Balance Sheet as of June 30th, 2017

	Group			Company		
	30.06.2017 Published	Restatement Effect	30.06.2017 Restated	30.06.2017 Published	Restatement Effect	30.06.2017 Restated
Trade receivables, net	1,652,959	(424,982)	1,227,977	1,612,598	(424,982)	1,187,616
Retained earnings	858,696	(301,737)	556,959	1,566,586	(301,737)	1,264,849
Deferred tax liabilities	268,550	(123,245)	145,305	283,657	(123,245)	160,412

Effect on Balance Sheet as of December 31st, 2016

	Group			Company		
	31.12.2016 Published	Restatement Effect	31.12.2016 Restated	31.12.2016 Published	Restatement Effect	31.12.2016 Restated
Trade receivables, net	1,597,997	(303,026)	1,294,971	1,566,858	(303,026)	1,263,832
Retained earnings	1,006,418	(215,148)	791,270	1,544,987	(215,148)	1,329,839
Deferred tax liabilities	560,095	(87,878)	472,217	321,656	(87,878)	233,778

Effect on Balance Sheet as of June 30th, 2016

	Group			Company		
	30.06.2016 Published	Restatement Effect	30.06.2016 Restated	30.06.2016 Published	Restatement Effect	30.06.2016 Restated
Trade receivables, net	1,772,559	(293,631)	1,478,928	1,635,390	(293,631)	1,341,759
Retained earnings	1,000,869	(208,478)	792,391	1,410,024	(208,478)	1,201,546
Deferred tax liabilities	657,654	(85,153)	572,501	539,023	(85,153)	453,870

Effect on Balance Sheet as of January 1st, 2016

	Group			Company		
	01.01.2016 Published	Restatement Effect	01.01.2016 Restated	01.01.2016 Published	Restatement Effect	01.01.2016 Restated
Trade receivables, net	1,844,208	(201,946)	1,642,262	1,699,805	(201,946)	1,497,859
Retained earnings	943,165	(143,381)	799,784	1,383,482	(143,381)	1,240,101
Deferred tax liabilities	717,255	(58,565)	658,690	605,010	(58,565)	546,445

The effect of the above restatements on the Group's earnings per share, basic and dilluted is presented in the following tables:

	Published	Restatement Effect	Restated
30.06.2017	0.03	(0.12)	(0.09)
31.12.2016	0.78	(0.05)	0.73
30.06.2016	0.13	(0.02)	0.11
31.12.2015	(0.51)	(0.62)	(1.13)

Finally it is noted that, for the years 2015 and 2016 the Company did not distribute dividends to its Shareholders.

37. 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 through a fixed assets registry. These assets (almost entirely) are registered at the relevant land registries over the country and the cadastral application is monitored. The update of the existent in the company new 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, will 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.

The property, plant and equipment of the Group are located all over Greece. Currently, the Group does not carry any form of insurance coverage on its property, plant and equipment (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. The Group is currently evaluating the possibility – in the newly formed legal framework, to conduct a tender for the selection of an insurance company to cover for its assets as well as liabilities against third parties.

Litigation and Claims

The Group from continuing operations is a defendant in several legal proceedings arising from its operations. The total amount claimed as at December 31, 2017 amounts to € 1,480 mil. as further detailed below:

1. **Claims with Contractors, Suppliers and Other Claims**

   A number of contractors and suppliers have raised claims against the Company. These claims are either pending before courts or under arbitration and mediation proceedings. The total amount involved is € 444 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 Company for damages incurred as a result of alleged electricity-generated fires and floods. The total amount relating to fires is € 46 mil.

3. **Claims by Employees**

   Employees are claiming the amount of € 205 mil., for allowances and other benefits that according to the employees should have been paid by PPC.

4. **Litigation with PPC Personnel Insurance Organization (PPC-PIO)**

   Until December 31, 2017,PPC Personnel Insurance Organization (former "PPC PIO", EFKA at present) had filed, before the courts, seven (7) lawsuits against PPC, claiming an amount in total of € 87.7 mil., out of which three (3) are pending for a total amount of € 7 mil.

5. **General Federation of PPC Personnel (GENOP DEI/KHE) and PanHellenic Federation of Retirees' (POS DEI) lawsuit against PPC**

   GENOP DEI/KHE and POS DEI have filed a lawsuit against PPC in the Multimember Court of First Instance in Athens. By the above mentioned lawsuit they pursue that PPC will be obliged to pay to third parties, who are not litigants, in particular the insurance funds of IKA – ETAM and TAYTEKO (EFKA at present) the amount of € 634.8 mil. plus interest, for the coverage of the resource, which according to the lawsuit, the State did not pay to the above mentioned insurance funds for the years 2010 and 2011.

   The lawsuit is scheduled to be heard in the Multimember Court of First Instance in Athens on September 18th, 2014 but it was postponed and heard on February 23rd, 2017. The decision (Nr. 164/2018) for the above mentioned lawsuit was issued and rejects the lawsuit.

   In view of the fact that the above mentioned lawsuit is based on admissions which are in contrast with the provisions of Decision 13/2010 of the Supreme Court (see also 1767/2014, 299 and 805/2015) and Decision 668/2012 of the Athens Court of Appeals, the Parent Company considers that the possibilities of a positive outcome for the lawsuit in question are minimal and therefore, has not formed a provision.

6. **PPC's lawsuit against ETAA (former TSMEDE)**

   ETAA (former TSMEDE) by its Decision 7/2012 has imposed on PPC the amount of € 27.4 mil. in application of article 4 of L. 3518/2006, as 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 in the judgment and then the case will be discussed again in order to issue a final decision. 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.

7. **Annulment requests against the request for binding offer (RfBO) by PPC S.A. for the sale of 24 % IPTO's shares**

   An annulment request has been filed in front of the Supreme Court against PPC's RfBO (Request for Binding Offer) in 2016 for the sale of 24% of IPTO's (PPC's subsidiary) shares. The above mentioned request was filed by General Federation of PPC Personnel (GENOP DEI/KHE).The applicant for annulment, GENOP/KHE, filed a written declaration of resignation (No. 2144 / 31.03.2017) which was, accepted by the President of the Supreme Court.

8. **Lawsuits of IPTO against PPC**

   IPTO has filed against PPC, two lawsuits for a total amount of € 540 mil. for amounts due - according to IPTO - to the Parent Company's participation in the wholesale electricity market.

   In particular:

   - By its first lawsuit IPTO is asking for an amount of € 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. The interest for the above mentioned sums amounts to € 22.5 mil.
   - By its second lawsuit, IPTO is asking for the payment of € 232.6 mil. (with interest) for amounts due which the Parent Company collects from supply bills and conveys to IPTO. The interest for the above mentioned sums amounts to € 40.6 mil.

   The lawsuits were scheduled to be heard on May 18th, 2017 in the Multimember Court of First Instance in Athens and were postponed for February 28th 2019.The Parent Company considers that there is a chance of paying interest on certain sums due and has established a provision of € 31.5 mil. It is noted that PPC, if necessary, will file lawsuits against IPTO as well.

   On its side, the Parent Company has served an extrajudicial document inviting IPTO to pay a total amount of € 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.

   In December 2016, IPTO filed against PPC a new lawsuit (with the new Civil Procedure, i.e. without specific hearing date), by which IPTO asks the Parent Company to be obliged to pay an amount of € 406.4 mil. (with interest) for overdue receivables arising from the Company's participation in the wholesale electricity market and refer to specific non-competitive charges of IPTO invoices. Moreover, IPTO asks the Parent Company to be obliged to pay an amount of € 52.9 mil. corresponding to interest litigation plus the relevant stamp duty. The Parent Company considers that it is likely to be asked to pay interest on certain overdue receivables, and has established an adequate provision.

For the above amounts, the Group from continuing operations and the Parent Company have established provisions which as of December 31, 2017 amounted to € 192 mil. and € 168 mil., respectively (2016: Group-including IPTO S.A.: € 150 mil. and Parent Company: € 114 mil.), which are considered adequate for the expected losses arising from the final judgement.

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 income and expenses 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 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. Simultaneously, the Group is one of the largest industrial groups in Greece, with complex activities and operations across the country. In the ordinary course of its business, from time to time, competitors, suppliers, customers, owners of property adjacent to the Group's properties, the media, activists, and ordinary citizens, raise complaints (even to public prosecutors) about the Group's operations and activities, to the extent they feel that such activities and operations cause or are likely to cause economic damage to their views and/or interests, businesses or properties and, in the context of advancing those complaints, they often file criminal complaints against the Group. In this context, reports involving complaints and accusations for allegedly unlawful acts of executives against the Group usually involve their further investigation by the Prosecuting Authorities in the so-called preliminary proceedings, which usually ends up in the closing 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.

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.

Litigation with "Alouminion of Greece" (ALOUMINION) and already today and after its merger by absorption from ''MYTILINEOS S.A. – GROUP OF COMPANIES"

1. On 31.10.2013 with a majority of two to one (2/1) Decision No. D1/1/2013, the Permanent Arbitration Court of RAE decided the price for the supply of electricity to ALOUMINION S.A. at € 40.7/MWh for the period 01.07.2010 until 31.12.2013. At this price both the fixed and variable energy costs were included, as well as System Use Charges, Ancillary Services Charges, Public Service Obligations, and state fees on behalf of RAE and HTSO/EMO, although Renewable Energy/Gaseous Pollutants special fees/ETMEAR, Special Electricity Tax, DETE and other taxes imposed were not included. The burden on the financial results of the third quarter of 2013 imposed by the above mentioned Decision, as far as the supply of electricity to ALOUMINION is concerned, for the period 01.07.2010 until 30.9.2013 amounted to € 105.5 mil.

   As the abovementioned Decision compelled PPC to sell at a loss, PPC filed a lawsuit for invalidity against it, which was scheduled to be heard on December 4th 2014, and was postponed for October 1st 2015 and, in addition, submitted a complaint for state aid before the European Commission (December 2013). Regarding PPC's appeal for the annulment of RAE's Arbitration Decision, the Athens Court of Appeals issued on February 18th 2016 a decision (634/2016), not accepting PPC's lawsuit for the annulment of RAE's arbitration decision No 1/2013 and against ALOUMINION. This decision has become irreversible.

   The European Commission by a letter in June 12th, 2014, notified PPC that it does not intend to further examine the complaint.

   PPC has challenged the Commission's decision in front of the General Court of the European Union by its appeal dated August 22nd 2014 (case T-639/2014).

On April 17th 2015 PPC was notified of a subsequent decision (dated March 25th 2015) of the European Commission, through which, the latter concluded, as the decision dated June 12th 2014 had, that PPC's complaint, concerning illegal state aid towards ALOUMINION, does not require further investigation concerning state aid but using a different rationale. More specifically, the new decision is based mostly on the fact that the decision to resort to arbitration met the criteria of a private investor and therefore that it could not lead to an illegal state aid. PPC has challenged the Commission's second decision in front of the General Court of the European Union (case T-352/2015).

On May 31st 2017 the Court delivered its judgment in favor of PPC in Case C-228/16 P (PPC v Commission, T-639/14, which concerned the annulment of the aforementioned decision of June12th 2014), in which it accepted the claim of PPC to set aside the above-mentioned order of the General Court of February 9th 2016 (regarding the dismissal of the first above mentioned trial T-639/14) and ordered the case to be referred back to the General Court for a ruling on PPC's claims. The Court therefore referred the case to the General Court of the European Union. Subsequently, August 23th 2017, the Commission notified PPC of its new Decision (No. (2017) 5622 final), which, according to the text of this new Decision, revokes the letter of 2014 and its confirmatory decision of 2015 replacing them with this new above mentioned Decision. With this new Decision, the Commission has accepted that the measure in question does not constitute state aid for the same reasons as it set out in its repealed Decision of 2015. PPC filed an appeal on November 2nd 2017 before the General Court of the EU for the annulment of the judgment of August 14th 2017 and the C (2017) 5622 final Decision [Case SA.38101 (2015 / NN) (ex 2013 / CP) Alleged State aid to ALOUMINION in the form of lower-cost electricity tariffs upon arbitration]. By letter of 21st December 2017, the General Court called on the parties in Case SA.38101 to submit their comments on the possible suspension of the proceedings in Case T-352/15 and T-639/14 RENV, PPC v Commission, until the conclusion of the written procedure in Case T-740/17 PPC v Commission. PPC requested the suspension of the procedure.

2. State Aid of € 17.4 mil.

On 13.07.2011 the Commission issue the decision regarding the state aid (Case SA.26117-C 2/2010 ex NN 62/2009) which according to the decision, the Hellenic Republic awarded an amount of €17.4 mil., to ALOUMINION, as a result of the implementation of a favorable tariff for the period January 2007 – March 2008 in violation of Article 108, paragraph 3, TFEU. The Commission further ordered the Hellenic Republic to recover the aid. Subsequently, PPC (September 2011) was instructed by the relevant ministry (Ministry of Development) to recover the amount of aid given that PPC was the final beneficiary of aid.

On October 6th , 2011, ALOUMINION requested the annulment of the Decision. PPC has intervened in favor of the Commission. With the decision dated 8.10.2014, "ALOUMINION against Commission" (T-542/11), the General Court annulled the Commission's decision.

On December 18th, 2014, PPC filed an appeal against the General Court's decision. The Court, by its decision of 26th October 2016, (C-590/14 P), set aside the original judgment, referred the case back to the General Court and reserved the court costs.

The General Court (Fifth Section), by its decision of 13th March 2018, rejected ALOUMINION's appeal and judged that the latter bears its own court costs, as well as the court costs of the Commission and PPC.

It is noted that PPC, on February 22nd 2018, received from "MYTILINEOS S.A. - GROUP OF COMPANIES" the amount of aid with a total payable value of € 24,451,153 (including an amount of € 17,375,849.48 for capital plus statutory interest and plus stamp duty 3.6%). The Central State Aid Unit of the Ministry of Finance (LTC-IC) and the European Commission were informed about the collection.

3. Continuation of ALOUMINION Pricing

ALOUMINION does not accept tariffs for the High Voltage Customers, which were decided on PPC's 28.02.2014 General Shareholders' Meeting and proceeds with a partial payment of the amounts due to PPC for the consumptions of its industrial installations, calculating, by its statement, the supply tariff of the energy consumed for the year 2014, on the base of the above mentioned 1/31.10.2013 Arbitration Decision.

In addition, ALOUMINION, in months of negotiations has denied all proposed tariffs by PPC, since 2013, including the tariff decided by PPC's General Shareholders Meeting on 28.02.2014.

On 20.03.2015 a document of the Competition Committee (CC) was notified to PPC, by which CC asked the submission of PPC's views on a memo submitted by ALOUMINION, with which the latter asked from the CC, on 25.02.2015, to apply interim measures (among others the suspension of PPC's complaint regarding its supply relationship dated 07.11.2013, as well as its January 2015 declaration of discontinuation of representation of ALOUMINION's meters). PPC has submitted the relevant data in time. Following an oral hearing of the case on 15.10.2015, PPC submitted the final set of commitments undertaking that : a) within ten (10) days of the notification of the CC's decision, will proceed in recalling the order for the deactivation of ALOUMINION's load meters which has been sent by PPC to ALOUMINION and IPTO SA by its extrajudicial statements on 02.01.2015 and 19.01.2015 and b) that it will continue to supply electricity to ALOUMINION under the current terms and conditions, while the issue of ALOUMINION's electricity tariffs, will be resolved through either direct negotiation between the parties or by any other means. Negotiations should have been completed within three (3) months from the date of CC's acceptance of the commitments. The latter date has been extended until 31.05.2016. Meanwhile PPC would refrain from adopting, and generally taking any measures against ALOUMINION. The above mentioned PPC's commitments were accepted by the CC, which issued the relevant decision (621/2015). Abiding by its commitments, PPC recalled the order for the deactivation of ALOUMINION's load meters. Subsequently, negotiations were held between the parties, while an extension of the quarter in which the parties must conclude their negotiations was granted twice by successive decisions of the Competition Committee (CC), initially until 31.05.2016 and then until 08.07.2016. The theme of "Electricity Supply Agreement between PPC S.A. and ALUMINION OF GREECE S.A" was introduced at the 14th Annual General Meeting of PPC's Shareholders dated 11.07.2016, which decided to postpone its decision on the matter for the next General Meeting.

On 13.09.2016 PPC's BoD decided to convene an Extraordinary General Meeting of PPC's Shareholders on 05.10.2016. On the latter's agenda the above mentioned matter was included. By the October 5th, 2016 Decision of the EGM of PPC's Shareholders the customer's (ALOUMINION) pricing terms for the period 1.7.2016 - 31.12.2020 were approved, as well as pricing for the period 1.1.2014 - 30.6.2016. 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 € 100 mil. for future electricity bills for the first contractual period July 1st 2016 to June 30th 2017, as well as to a prepayment of € 29.1 mil for the second contractual period of July 1st 2017 to June 30th 2018.

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 22, 1991 lawsuit against the bank asked to be compensated for GRD 2.2 billion approximately, (€ 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 throught installments. On June 10, 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 bil. approximately, and furthermore has asked the payment of this amount by PPC by its lawsuit dated 28.12.1995. The Court of First Instance has 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 Athens 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 held 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 at the end of May 2012. Following that, the hearing of the case would have taken place on October 25, 2012, but it was postponed for September 26, 2013, due to the strike of both judges and lawyers. The case was heard on the abovementioned date.

Decision 3680/2014 of the 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 loan amounts becoming overdue 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.

PPC appealed against the above mentioned decision on June 19th 2017, but a hearing date has not yet been specified (Decision 3680/2014 of the Court of Appeals). It is noted that until the final judgment on the appeal, the discussion of the aforementioned (28 December 1995) lawsuit of the Bank of Crete against PPC is pending.

In case that the Supreme Court accepts PPC's appeal for annulment, then it will judge the case anew and the decision which it will issue will be irrevocable. In case of a positive outcome for PPC, for which there are increased probabilities, then the case of the Bank against PPC might be rejected.

Complaint against the European Commission's Decision regarding lignite extraction rights

On May 13th, 2008, PPC filed before the General Court of the European Union (General Court), an application for the annulment of the Commission's decision of March 5, 2008 regarding the granting by the Hellenic Republic of lignite extraction rights to PPC. The Greek State has intervened before the aforementioned Court in favor of PPC, while two competitors of PPC have intervened in favor of the European Commission. Furthermore, on August 4, 2009, the European Commission issued a decision (which was notified to PPC on August 7, 2009), in which the measures for the compliance with the decision of March 5, 2008 were determined as obligatory for the Hellenic Republic.

The Commission's Decision made obligatory for the Hellenic Republic the launching of public tender procedures for the concession of lignite rights for the mines of Drama, Ellassona, Vevi and Vegora to third parties excluding PPC, unless there were no other reliable offers.

The Hellenic Republic was also obliged, to ensure that the third parties that would be awarded the relevant extraction rights, would not sell to PPC the extracted lignite from the specific mines, unless there were no other reliable offers. PPC submitted an application for the annulment of the said decisions of the Commission before the CFI of the European Communities and the Hellenic Republic has intervened in favor of PPC. The hearing of the cases took place before the General Court on February 2, 2012. Subsequently, the General Court of the European Union (Sixth Section) on 20.9.2012 issued two (2) decisions (Cases T-169/08 and T-421/09) in favor of PPC.

The Commission appealed for the revision of the relevant decisions before the General Court of the European Union (Cases C-553/12 and C-554/12). The abovementioned appeals have been notified to PPC on December 19, 2012.

On March 25, 2013 the companies "MYTILINEOS S.A – GROUP OF COMPANIES", "PROTERGIA S.A." and "ALOUMINION S.A." filed before the European Union Court, an intervention petition in favor of the European Union and against PPC, for the annulment of the above mentioned Decision of the General Court of September 20th, 2012. The hearing of the case took place on October 3rd , 2013.

On July 17, 2014, the Court of the European Union has issued a decision on the annulment requests for the Commission, by accepting them. In particular the Court of the European Union, by citing cases, accepted that for the application of the directives in question of the union law it is required (but also enough) the adoption of a measure, by which a member state exclusively grants rights to a public company, creates an inequality of opportunities between companies and thus drives the company to an abuse of its dominant position. The European Union's Court has not accepted the Commission's request to judge the case in its substance following the injunction of the decision in the first degree but referred the case again to the General Court of the European Union, in order for it to deliver a decision on the remaining annulment reasons, which, although PPC had invoked in front of the Court, the General Court had not examined. In Case T-169/08 RENV, PPC put forward four reasons for the annulment of Decision C (2008) 824: a) an error in law and a manifest error of assessment, b) breach of the duty to state reasons, c) violation of the principles of legal certainty, of the protection of legitimate expectations and of protection of private property as well as abuse of power and d) violation of the principle of proportionality.

In Case T-421/09 RENV, PPC put forward four reasons for the annulment of Decision C (2009) 6244: a) an error in law and a manifest error in the definition of the relevant markets, b) a manifest error of assessment of the facts and error in law concerning the necessity of the imposed measures, c) breach of the duty to state reasons and, d) violation of the principle of contractual freedom and of the principle of proportionality.

Before the hearing of the case, the General Court of the European Union requested that the parties reply to inquiries sent to them on February 2016. The parties submitted to the Court their written replies. On 08.03.2016 both Case T-169/08 RENV, in which parties are PPC as an applicant and the Hellenic Republic as intervener in favor of PPC and on the other hand the European Commission and the "Thessaloniki Energy S.A.", " Greek Energy & Development SA " as interveners in favor of the Commission and "MYTILINEOS SA."," PROTERGIA SA " and "ALOUMINION SA" as interveners in the appeal, as well as Case T-421/09 RENV between the same parties (but without interveners) were discussed before the General Court.

By its Decision of December 15th 2016 the General Court of the European Union rejected the reasons for annulment put forward by PPC. An appeal against the judgment of the General Court was feasible, limited to legal matters, within two months after the notification of the Decision. Eventually, PPC did not proceed to an appeal, hence the March 5th 2008 Decision of the European Commission became irrevocable. Following this procedure, the Greek State committed to the European Commission to undertake structural initiatives which resulted in the introduction of a Bill for the establishment of two new entities whose shares would be sold to investors.

Alleged claims of EMO (LAGIE), against PPC S.A.

- **Implementation of methodology for the payments allocation due to deficits of the Day Ahead Schedule (DAS)**

  It is noted that following the issuance of RAE's Decision 285/2013, EMO sent a letter to PPC, according to which an amount of € 96.6 million is seemingly allocated to PPC, based on the finalization of the methodology by RAE for "the fair allocation of payments imposed by EMO as well as the coverage of deficits in the Day Ahead Schedule (DAS) between electricity suppliers participating in DAS". These deficits were created by third party suppliers during 2011 and 2012.

  Following this letter, EMO allocating a total amount of € 96.6 mil. in seven monthly installments starting from August 2013, sent to PPC the related briefing notes amounting to € 13.8 mil., each. PPC considered that EMO's alleged claim violates fundamental principles of law, while simultaneously neither the amount nor the reasons for this claim are substantiated. In addition, the relevant RAE Decision was contested in court. In particular, PPC had already filed an application for annulment of RAE's Decision 285/2013, before the Council of State, as well as, an action for the suspension of such Decision, until a final judgment is issued by the Council of State. The hearing for the application for the annulment took place on March 18th 2014. In the meantime, the Council of State had issued an interim Decision (n. 62/2014), which suspended the payment of 50% of the amount of € 96.6 mil., which was attributable to PPC.

  At the same time, EMO had filed a lawsuit in the Multimember Court of First Instance for an amount of € 55 mil. which is the equivalent of 4 equal installments out of the total amount of € 96.6 mil. The hearing of this lawsuit has been scheduled after postponement for June 7th 2017, when it was canceled on EMO's initiative. This happened because in the middle of the litigation lawsuit, the State Council's Decision 1761/2016 cleared the legal challenge on the validity of RAE's Decision 285/2013 which constituted the legal basis of the dispute in the Court of First Instance.

PPC, following the State Council's interim decision, has recognized in its books since 2014 a provision of 50% of the amount of € 96.6 mil. due to the uncertainty of the recoverability of this amount in the future. In September 2016, PPC's application for annulment was rejected by the State Council (Section D', decision 1761/2016). As a consequence, PPC recognized the remaining 50% of the above mentioned amount in the results for the six month period ended 30.06.2016.

Following the above decision of the State Council, EMO in November 2016 sent an "Information Note on the allocation of the monthly deficits of the Day Ahead Schedule (DAS)", which informed PPC regarding the final settlement of these deficits according to Article 61 of the Power Exchange Code for Electricity at the expense of load representatives (suppliers of Electricity) and the allocation methodology. According to the final statement the amount allocated to PPC amounted to € 126.3 million. As a result, PPC recognized, with prejudice to its legal rights, the residual amount of € 29.7 mil. in the results of the Third Quarter 2016.

In addition and following the above mentioned EMO's Information Notes of November 2016, PPC's BoD with its decision 146/21.12.2016, decided among other things to approve the payment of € 71,766,679.78, in twelve (12) equal monthly interest-free installments to the conventional Producers starting from January 1st 2017, concerning deficits of the Day Ahead Schedule (DAS), due to the default of financial obligations by third party suppliers during 2011 and 2012, according to Article 61 of the Power Exchange Code for Electricity, under the condition of signing an agreement with all the parties involved.

However, EMO on December 23th 2016 filed a lawsuit against PPC asking approximately the amount of € 78 mil., plus interest, which according to EMO is the residual amount that PPC owes as a registered Load Representative from the DAS settlement and the State Council's decision 1761/2016, including also the amounts of € 746 and € 16.7 thousands that PPC owes to EMO as Last Resort Supplier and as Universal Service Supplier. The above mentioned lawsuit was filed in accordance with the new provisions of the Code of Civil Procedure and the hearing of the case was determined for November 9th 2017.

PPC filed on February 20th 2017 a counter lawsuit against EMO and the above mentioned lawsuit, which will be discussed together with the above mentioned EMO's lawsuit on November 9th 2017. Both lawsuits have been discussed and a decision is pending.

In addition, the company "ELPEDISON" by two lawsuits requests EMO to be ordered to pay to "ELPEDISON" an amount of € 89.4 mil. (with interest), stemming from its participation to DAS. The lawsuits are founded to RAE's Decision 285/2013, according to its second part, which forbids the practice of offsetting claims from the participating in DAS with claims from other causes. Specifically, it claims that EMO's negligence to demand from PPC to stop the practice of offsetting amounts not pertaining to the DAS market has led to EMO's inability to timely pay ELPEDISON which is why it claims the above mentioned amounts from EMO. The lawsuits were scheduled to be heard in the Multimember Court of Piraeus on May 25th 2016.

EMO asked PPC to participate in the above mentioned trial (where the two lawsuits would have been heard together) as a procedural guarantor asking with an incidental request that PPC is reprobated to pay the above mentioned sums (according to PPC's share of the electricity supply market energy) in case of an adverse decision. The notice of EMO against PPC for the latter's participation in the trial of "ELPEDISON" against EMO was going to be heard together with the main trial at the hearing of May 25th 2016. The additional independent intervention which PPC brought into trial hearing on March 30th 2016 was postponed, but it was to be heard for relevant reasons together with the above mentioned main trial and notice of the EMO on May 25th 2016. The above mentioned cases were postponed on the initiative of "ELPEDISON", which is the first applicant, and upon consent of EMO and PPC.

The companies "HERON II THERMAL POWER PLANT VIOTIAS S.A." and "PROTERGIA THERMAL POWER PLANT AGIOY NIKOLAOY S.A.", by similar lawsuits request EMO to be ordered to pay to them the amounts of € 14.3 mil. and € 3.8 mil. respectively stemming from their participation to DAS.

EMO asked PPC to participate in the trials as a procedural guarantor asking with an incidental request that PPC is reprobated to pay the above mentioned sums (according to PPC's share of the electricity supply market energy) in case of an adverse decision.

The main applicant "PROTERGIA THERMAL POWER PLANT AGIOY NIKOLAOY S.A." resigned from its main lawsuit in December 2016, and EMO with its e-mail on March 20th 2017, informed PPC that its notice against PPC was postponed and was not discussed at the court date April 28th 2017.

Similarly, "HERON II THERMAL POWER PLANT VIOTIAS S.A." with e-mail on March 20th 2017 informed the other litigants (EMO and PPC) that it does not intend to discuss on May 3rd 2017 its main lawsuit as well as to submit proposals, thus both the main lawsuit and the related notice of EMO were postponed upon a relevant consensus of all litigants.

In summary, all the aforementioned related trials (lawsuits HERON II , PROTERGIA and EMO's notices) were dismissed.

In December 2017, EMO sent two new "Information Notes on the allocation of the monthly deficits of the Day Ahead Schedule (DAS)", amounting to € 831,865.31 and € 1,537.28 respectively, totaling € 833,372.89. 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 retroactive 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 Multimember Court of First Instance in Athens its lawsuit against EMO, requesting a declaration that does not owe the above-mentioned amount of € 833,372.89 and ordered EMO to pay an amount of € 50,000.00 as compensation due to moral damages. The hearing of this lawsuit has not yet been scheduled.

- **Offsets of Photovoltaic Systems Producers in buildings**

Moreover, the above mentioned RAE's Decision 285/2013 which does not permit the netting of amounts that PPC owes to EMO based on DAS settlement, including energy generated by PVs on rooftops, with the amounts that PPC is contractually required to pay directly to the generators in question, based on the feed - in tariff, leads to delays in recovering the latter amounts from EMO. The non-implementation of an offset does not impact financial results but will have a negative effect on cash flows, due to the increased working capital needs, since PPC is obliged to await payments in cash from EMO through the relevant special RES account. The issue in question concerns monthly amounts of € 16.5 mil. on average and the total amount to be recovered could reach approximately € 80 mil. based on an estimated five-month waiting period. EMO has already filed both a claim and an application for interim measures before the Court of First Instance of Athens against PPC. On the application for interim measures Decision 6022/2014 of the Multimember First Instance Court of Athens was issued, ordering a temporary injunction on offsetting amounts due from DAS with amounts claimed from other causes at a percentage of 50% of the amounts claimed.

Following the issuance of the decision 1761/2016 (State Council Section D') and hence the confirmation of the legality of RAE's Decision 285/2013, PPC can no longer offset amounts raised from its status as a Producer and Supplier simultaneously, in relation to the energy produced by Photovoltaic Systems in buildings. In view of this, the lawsuit filed by EMO and was pending for the hearing date of January 12th 2017, with a request to recognize the non-existence of PPC's right to proceed in offsettings, was postponed on EMO's initiative. Respectively, with the same lawsuit, an additional intervention of SPEF in favor of EMO was postponed, which was set to be discussed at the same hearing date.

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 disbursed through the market operation, on the higher amount of either their income 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 OG, 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 € 48.2 mil., which was derived from the 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 € 54.4 thousands, which incorporate claims for the weighted average variable cost of the conventional thermal power plants for months May to August 2013.

ENVIRONMENTAL OBLIGATIONS

Key uncertainties that may influence 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)

On 04.08.2017, the Joint Ministerial Decision regarding the Environmental Terms for HPP Messochora has been issued under which PPC is obliged to perform protection projects for the preservation part of the Messochora Village (Section D). Along with the procedure for the initial expropriation of the remaining areas flooded by the Reservoir and Sectors A, B, and C of Messochora Village and the fulfillment of the obligations introduced by the new Joint Ministerial Decision, the preparation of Tender Documents for the remaining projects, is planned, with an estimated operation of the Project in 2020.

On 31.12.2017 the aggregate expenditure amount for HPP Messochora amounted to € 281 mil., while an additional amount of € 104 mil. is estimated to be required in order to complete the project.

2. Under IPPC (Integrated Pollution Prevention and Control) Directive, the Reference Document on Best Available Techniques for Large Combustion Plants – BREF LCP (with a thermal capacity greater than 50 MW) was issued in July 2006. In accordance with the European Directive 2001/80/EC, a pollutants emissions reduction plan for existing Large Combustion Plants has been approved by the Parent Company's Board of Directors, was submitted to the authorities and has been incorporated in the National Emissions Reduction Plan of Greece for the period 2008-2015, according to the provisions of the aforementioned Directive.

   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 26, 2013. On 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 AgiosDimitrios, Meliti and Megalopolis A' and B' are included in the TNERP, while SES Amyntaion and Kardia will use the limited life-time derogation.

   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.

3. 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 (SO_2), 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.

4. 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 large-scale remediation projects at PPC's sites, and it is unlikely that this will be required at the mining areas or at the lignite-fired power stations for the foreseeable future. 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 € 213 thousands.

5. 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 Center, in DIADYMA S.A. From the date of signing the contract, DIADYMA S.A. is responsible for the Area's management.

6. During the operation of the Transmission Lines, Substations and Hyperhigh Voltage Centers, there is no electromagnetic radiation, but two separate fields, the magnetic and the electric field. At places where the public or the Company's personnel might find themselves close to the above mentioned lines and substations, the values for those fields are substantially less than the limits. Those limits were established by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) in collaboration with the World Health Organization (WHO). The above mentioned limits have also been adopted by the European Union as well as the Greek State.

   It must be noted though, that the limits stated in the above regulations for both fields do not constitute dangerous values, but rather contain large safety factors, in order to cover for some vagueness due to the limited knowledge about both the magnetic and electric fields' influence in order to fulfil the requirement for the prevention of any adverse impacts.

7. The Environmental Permit for Klidi Mine is expected to be issued.

8. Furthermore the Parent Company's Mine Environmental Department has carried out all required procedures which are provided for by the Environmental Legislation, for the renewal of Environmental Permit for Amyntaio and Megalopolis Mines.

CO_2 Emissions

During March and May 2013, CO_2 emission licenses have been 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). On November 2015 the license of the Lignite Centre of Western Macedonia thermal station was revoked due to its decommissioning. On May 2017 the licenses of Ptolemaida and Agios Georgios thermal stations were revoked due to their decommissioning, and as a result PPC's bound installations amount to twenty-eight (28).

On 31.03.2018, the verification of the annual emissions reports of 28 bound plants of PPC for 2017 by accredited third party verifiers was completed successfully and the reports were promptly submitted to the

Competent Authority, according to the current legislation. The total verified emissions for 2017 amounted to 31.74 Mt CO_2.

COMMITMENTS - INVESTMENTS

A new Steam Electric unit 660 MW in Ptolemaida

On April 24th 2015, the Installation License of the Project was issued by the Ministry of Reconstruction of Production, Environment and Energy. On July 1st 2015 the Building Permit was issued and the first stage of the implementation of the Convention was completed. On November 24th 2015 the Protocol for the unhindered access to the Worksite was signed.

PPC has already paid, in accordance with the conventional provisions, the two advance payments of € 197.88 mil. each against relevant Letters of Guarantee of Advance Payment amounting to € 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.

At present, the submission of studies and plans for the finalization of the industrialization of the various parts of the project and for the construction of civil engineer works, is in progress. At the same time civil engineer works and the industrialization of the equipment are in progress while the gradual arrival of the equipment at the Project site has already began.

The construction of the main scaffold of the boiler was completed and works for the erection of its peripheral scaffold are in progress.

The roof of the boiler has been erected. Exhaust pipes are also installed.

The construction of networks for fire-fighting, heating and buildings' air conditioning has begun. The installation of lightning protection and grounding of buildings is in progress.

The construction of the shell of the cooling tower was completed, as well as the construction of the clean exhaust pipe which was placed inside the cooling tower. The construction of the parts of the clean exhaust duct from the outlet of the exhaust gas extractor to the inlet of the cooling tower is in progress.

On December 31th 2017 the total expenditure for the Project amounted to € 664 mil.

A new diesel engine Power Plant 115.4MW in South Rhodos burning of heavy fuel oil with low sulphur content

Civil engineer works have been completed by 96%, whereas the installation works of the electrical equipment are completed by 88%. The overall progress of the project amounts to 78%.

During the recent required technical inspection of the Machinery before their gradual trial operation (Commissioning), technical problems were identified in their data. The Commercial Operation of the project is estimated to start within May-June 2018.

On December 31th 2017 the total expenditure for the project amounts to € 173 mil.

A new combined cycle unit at Megalopolis 811MW

The Unit was conventionally put into commercial operation on January 27th 2016. Performance tests of the Unit have already been executed and the evaluation report for the said tests was submitted by the Third Party. Moreover, the compliance tests of the Unit with the Management Code of the Greek Transmission System were completed.

The Temporary Acceptance Procedure of the Unit is in progress.

On December 31th 2017 the total expenditure for the Project amounted to € 513 mil.

PPC RENEWABLE (PPCR)

Hybrid Project in Ikaria

The Hybrid Project in Ikaria of 6.85 MW total capacity combines the utilization of two renewable energy sources, Wind and Hydroelectric. This is a pioneering project at national and European level. The project combines the exploitation of overflowing water from the existing irrigation dam in Pezi, with the utilization of wind power.

The project consists of:

- Two small Hydropower stations at the locations of Proespera (1.05 MW) and Lower Proespera (3.1 MW).
- Wind Park in Stravokountoura location of 2.7 MW.
- Two water tanks with a capacity of 80.000 m^3 each.
- Pump station with 12 pumps of 250 KW each.

The project will increase the energy penetration by RES about 50% in the Ikaria's electrical system and will contribute to avoiding carbon dioxide (CO_2) emissions of 13.800 tons per year.

The project was completed to the percentage of 85%. During the 1st half of 2018 the trial operation of the Wind Park is expected to start.

The completion of the project delayed significantly due to contractual dissents with the contractor. In 2017, works were restarted. Recently the contractor proposed - and the Company accepted - to proceed to a "friendly settlement procedure" to resolve contractual dissents.

The entire project will be completed and connected to HEDNO's electricity network in early 2019.

From an audit of any impairment of the cost of the project (€ 43.2 mil. as of 31.12.2017) an impairment loss of € 4.2 mil. was recognized in the income statement.

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.

While maintaining the exclusive Research and Management rights, PPC Renewables seeks a Partner to co-exploit the geothermal potential of the above areas for power generation. For this purpose, the company issued an international tender, which includes two phases:

During the first stage of the Tender, on June 10th 2017, the "Call for Expressions of Interest for the selection of a Partner in the field of geothermal power generation (installation of geothermal power plants)" was published. A total of seven interested parties submitted expression of interest documents and six of them were eligible for participation to the second stage of the procedure.

The second stage of the tender, which is in progress, constitutes of two stages. The first stage includes consulting with the six (6) prospective investors - through a virtual data room (VDR) - on draft agreements, such as the shareholders' agreement and the cooperation agreement to be signed with the finally selected strategic investor. When the consultation with the six potential investors is completed, we will move to the second phase of the second stage, the invitation of submitting a binding bid within a certain time limit.

The final selection of the Partner is expected to be completed in the first quarter of 2018.

Biomass project in Amyntaio, Florina

During 2017 the Company accelerated the work on the implementation of the Biomass project in Amyntaio, Florina proceeding with the following:

- Submitted to the Ministry of Energy, the Environmental Impact Assessment of the project.
- A technical study entitled "Technical Review and Project Preparation for a Biomass CHP Plant" in cooperation and funding by the EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT – EBRD was completed.
- Launched 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. The first Phase of the tender expired on 09.03.2018. Twelve (12) ventures expressed their interest. The second stage of the tender will then be launched for the submission of the binding offers. It is estimated that the tender and the selection of a Strategic Partner will be completed within the 3rd quarter of 2018.

Repowering of SHPP Louros

On April 28th 2017 the Project Contract was signed with the partner companies "ABB S.A." and "EMEK S.A.", for the repowering of the SHPP Louros. The project will last 22 months.

At this stage, the Contactor:

- Delivers for approval by the SHPP Department, the necessary constructions plans and studies.

- Basic preliminary work is being carried out.

- The main electromechanical equipment (vents, turbines, generators) is under construction.

The operation of the Station has stopped since mid-December 2017. The new renovated Station will be put into trial operation in December 2018.

Repowering of Wind Parks in Aegean Sea and the island of Crete & construction of new Wind Parks in Tinos and Mykonos, Kefalonia and Karditsa

During 2017, after the two unsuccessful open international competitions 0061/16/5300 and 0062/16/5300, PPC RENEWABLES issued new Tenders as follows:

- 10 Wind Parks: Sigri of Lesvos, Ag. Ioannis of Karpathos, Vigla of Lemnos, Potamia of Chios, Prophet Elias of Psarra, Melanio of Chios, Pythagorio of Samos, Perdiki of Ikaria, Marmari of Evia, Tigani of Mykonos.
  - Study, Supply, Transportation, Installation and Operation of Ten (10) Wind Parks of 19.80 MW total capacity in Aegean Sea, with a total indicative budget of € 28.1 mil., active until 05.10.2017. On 20.12.2017, the tender procedure was completed and a contract was signed with the "Energya Wind Technologies B.V." contractor.
  - Study and Construction of Infrastructure Projects of Ten (10) Wind Parks of 19.80 MW total capacity in Aegean Sea, with a total indicative budget of € 5.2 mil. active until 25.10.2017. The tender procedure was completed and a contract was signed with the "NOSTIRA-ELECTROMEK." contractor-collaboration.
- Wind Park Monis Toplou Sitia Crete:
  - Study, Supply, Transportation, Installation and Operation of One (1) Wind Park of 7.50 MW total capacity in Palaiopyrgos - Perdikes Monis Toplou Sitia Crete, with a total indicative budget of € 12.1 mil., active until 20.11.2017. At the request of candidate contractors, an extension was granted until Monday, 22.01.2018.

    It is estimated that the tender procedure will be completed by the second quarter of 2018.
  - Study and Construction of Infrastructure Projects of One (1) Wind Park of 7.50 MW total capacity in Palaiopyrgos - Perdikes Monis Toplou Sitia Crete, with a total indicative budget of € 0.87 mil. The tender was completed and the signing of the contract with the contractor " Domiki Kritis S.A." is pending.

Collaborations-Financing of activities

PPC RENEWABLES is available for business collaborations with investors - strategic partners in order to implement its investment program.

In parallel, the Company is examining funding opportunities for its projects. On 20.12.2017, a loan agreement between the Company and the European Investment Bank was signed, amounting to € 85 million, for the financing of 18 projects (14 Wind Parks and 4 SHPPs) for 16 years, with a four-year grace period and six months of interest payments. Moreover, in 2017, the basic terms of financing by National Bank of Greece were finalized, amounting to € 17,50 mil. On 31.12.2017 no limit has been used. Finally, in 2017 an MoU was signed, between PPC RENEWABLES and the Chinese SUMEC Group, for the development of RES projects in Greece and neighboring countries, as well as for the provision of energy services and in particular energy saving.

BUSINESS COLLABORATIONS

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 supplied by DEPA network, as well as in providing combined energy products in a regional level. Possible cooperation was initially considered 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 Memorandum was completed in July 2017.

Memorandum of Understanding between PPC and CMEC

On September 14th 2016 PPC and the Chinese company China Machinery Engineering Corporation (CMEC) signed a Memorandum of Understanding of one year duration, according to which CMEC will consider its participation, along with PPC, in a company which will undertake the construction and operation of the already licensed lignite plant Meliti II, the operation of the existing plant Meliti I, as well as the development and exploitation of lignite mines in Meliti - Florina region. The planning of the company includes the participation of other partners with mining activities in the area. Participation of each of the participants in the company will be proportional to the value of the assets that will be contributed. In the period January 16th – 19th 2017 a team of CMEC experts visited Meliti Plant and the Mines which feed it, for data collection and talks with the respective PPC team.

On 14.09.2017, one year has elapsed since the signing and formally declared automatic termination of PPC-CMEC MoU. In any case, the progress of the PPC-CMEC MoU depended on the disinvestment of PPC's portfolio of power generating stations (Decision 57/2017 of the Government's Council for Economic Policy), which will be finally agreed between the Government and the European Commission.

Moreover, on October 24th 2016 PPC and CMEC signed a Strategic Cooperation Agreement of five years duration, under which the two companies will examine their cooperation for investing in Greece and other countries of interest.

Recruitment of Strategy Consultant

Within the second Quarter of 2017, the Parent Company's BoD decided to award to McKinsey & Company the support work on the configuration of structural measures which are required for the further liberalization of electricity market and the updating of its Strategic and Business Plan. The Consultant's work is in progress.

Project for the disposal of a segment of customer portfolio

Law 4336/2015 provides for the gradual reduction of PPC's retail market shares in order to reach a below 50% level in 2020. In order to achieve this share loss, PPC through NOME type auctions will provide access to third parties on its electricity generation in very low prices.

The planned project involves the disposal of a segment of PPC's customer portfolio in third parties through an International Tender. PPC's aim is to achieve a reduction of its market share by maintaining greater control over its client mix, as well as preventing the adverse effect of NOME auctions on its profitability.

Technical-economic and legal consultants have been hired in order to support PPC in designing and implementing the Tender and the transaction. The work of the consultants will be completed by taking the final decisions on the matter.

Memorandum of Understanding between PPC and China Development Bank (CDB).

During the 82nd Thessaloniki International Fair and the Conference organized by PPC on "Investment Opportunities in Southeastern Europe - Trends and Challenges in the Energy Sector", a Memorandum of Understanding between PPC and the China Development Bank (CDB) was signed on September 9th 2017.

The Memorandum provides for the development of a strategic partnership between PPC and CDB to finance projects in the energy sector in Greece and the wider region, including the Balkans, Eastern Europe, Turkey and the Middle East.

CDB is a development bank under the direct supervision of the Council of the State of China and is one of the largest financial institutions in the world.

Memorandum of Understanding between PPC and the Chinese company SHENHUA

During the 82nd Thessaloniki International Fair, a Memorandum of Understanding between PPC and Shenhua Group Corporation Limited of China was signed on September 10th 2017.

The Memorandum of Understanding provides for the cooperation between PPC and SHENHUA in various mutually beneficial sectors, including electricity generation and RES projects, research and development, energy efficiency, gas infrastructure, etc., both in Greece and in the wider region including the Balkans, Eastern Europe, Turkey and the Middle East.

SHENHUA is one of the largest and most technologically advanced power companies in China with activities ranging from coal and energy, to railways, ports and shipping.

Memorandum of Cooperation PPC - Archirodon Group NV

In October 2017, PPC SA and Archirodon Group NV 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.

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.

Partnership Agreement - PPC - Forthnet

In October 2017, PPC SA and Forthnet announced the signing of a cooperation agreement to investigate the development and promotion of combined services as well as wider trade synergies.

PPC and Forthnet will collaborate in the following months to explore possible ways to develop and promote new combined services to meet the needs of Greek households in energy, entertainment and communication.

The cooperation will be on a non-exclusive basis and will initially involve a limited number of customers in order to take into account the possibility of escalating synergies in the new competitive environment of the energy market as well as the highly competitive environment of the telecommunication and pay-TV market.

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 Natural Gas

In December 2017, PPC hired a technical-economic consultant concerning 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 the foreseen time.

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.

Collaboration framework with DEPA S.A.

The pending conventional issues of years 2013-2016 between PPC and DEPA, which emerged from the unilateral determination of the implementation of the new DESFA transportation tariffs by DEPA as far as the usage cost of borders' entry points is concerned, as well as the pricing of natural gas purchases, were settled.

Furthermore, it should be noted that an additional expenditure of € 24 mil. (including interest) was incurred to PPC, due to the revision (increase) of the natural gas supply price in the contract between DEPA – BOTAS for the years 2012-2015, following a relevant decision of the International Court of Arbitration that settled the dispute between the two aforementioned companies. This amount is payable to DEPA in twelve (12) equal monthly interest free installments, starting from October 2016. The above mentioned expenditure burdened the results for the year 2016.

Special Consumption Tax on Electricity

In implementing the audit findings by the Audit Department of the Customs House regarding the special consumption tax on electricity self-consumption by power plants, the Parent Company includes in its monthly special consumption tax returns the related tax and pays it with recourse, while also resorting to the Administrative Courts. The Parent Company will continue to pay with recourse, the special consumption tax on self-consumed electricity until a final decision by the court is issued.

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, as the major shareholder of PPC, holds 51% of its share capital, the 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 said 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 may also have significant negative impact on its financial results, cash flow and on business risk management.

It should be noted that the Group did not have for several years (till today) the ability to recruit experienced personnel in the range of its business activities while, today's average personnel age is approaching 49 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. Furthermore, 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 maintain skilled 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 according to the 1:4 ratio (a recruitment for every four employees leaving) for the year 2017 and 1:3 ratio for the year 2018 of all the broader public sector bodies. By the above mentioned and introduced by law hiring procedure, the Parent Company's recruitment needs are significantly hindered, creating critical lack of personnel and managers and may have a negative impact on the implementation of the Groups' activity.

38. Financial Instruments and Financial Risk Management

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 Company's financial instruments that are carried at amortized cost to their fair value, as well as those of tangible fixed assets which are revalued periodically at their revalued amounts:

	Carrying amount		Fair value	
	31.12.2017	31.12.2016 (Restated)	31.12.2017	31.12.2016 (Restated)
Group				
Non – financial assets				
Fixed Assets	11,560,928	11,936,838	11,560,928	11,936,838
Financial Assets				
Trade receivables	1,325,746	1,294,971	1,325,746	1,294,971
Restricted cash	94,084	110,963	94,084	110,963
Cash and cash equivalents	251,596	207,034	251,596	207,034
Financial Liabilities				
Long-term borrowings	4,239,232	4,582,004	4,224,347	4,514,548
Trade payables	2,191,734	1,283,795	2,191,734	1,283,795
Short term borrowings	30,000	30,000	30,000	30,000

	Carrying amount		Fair value	
	31.12.2017	31.12.2016 (Restated)	31.12.2017	31.12.2016 (Restated)
Parent Company				
Non – financial assets				
Fixed Assets	11,351,536	11,714,407	11,351,536	11,714,407
Financial Assets				
Trade receivables	1,300,090	1,263,832	1,300,090	1,263,832
Restricted cash	94,084	110,963	94,084	110,963
Cash and cash equivalents	163,136	149,414	163,136	149,414
Financial Liabilities				
Long-term borrowings	4,239,242	4,582,014	4,224,357	4,514,558
Trade payables	1,910,528	1,864,956	1,910,528	1,864,956
Short term borrowings	30,000	30,000	30,000	30,000

The fair value of investments available for sale, of restricted cash, of cash and cash equivalents, as well as of financial derivative instruments equals their carrying amount.

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

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.

Fair value of tangible assets (fixed assets) is included in level 3 of fair value hierarchy.

As of December 31st, 2017, the Group and the Parent Company held the following financial instruments measured at fair value:

	Fair value		Fair value Hierarchy
	31.12.2017	31.12.2016	
Financial Assets			
Group			
Investments available for sale	1,531	1,276	Level 1
Parent Company			
Investments available for sale	1,044	889	Level 1

Macroeconomic conditions in Greece – Imposition of capital Controls

By the Legislative Act of 28/06/2015 (GG 65 A' / 28.06.2015) a bank holiday was declared while capital controls were imposed. The bank holiday ended on 20.07.2015, while capital controls remain in effect, however they are smoothed gradually. Capital controls include both quantitative restrictions on cash withdrawals and on payments abroad. As the Group and the Parent Company are active almost exclusively in Greece, any change and development at the macroeconomic and microeconomic environment of the country, affects directly and significantly the activities, the operating results, the financial condition and their cash flows.

Financial Risk Management

Fair Value

The amounts reflected in the accompanying balance sheets for cash, current assets and current liabilities approximate their respective fair values due to their short-term maturity.

The fair value of investments available for sale that are traded on stock markets are based on their quoted market prices at the balance sheet date.

The carrying values of long-term borrowings approximate their fair value because these loans are in local currency and mainly of floating interest rate.

For all derivatives, the fair values are confirmed by the financial institutions with which the Group has concluded the relative contacts.

Credit Risk

The Group's and the Parent Company's business, results of operations, financial condition, cash flows and prospects depend highly on the social and macroeconomic conditions in Greece, as practically almost of the Group's assets and economic activities are in Greece. Despite the fact that, electricity sales are dispersed over a large number of customers with a wide and diversified range of operations, the Group's and the Parent Company's business activities, results of operations and cash flows are highly dependent on their customers' ability to repay their obligations. The current economic environment, the imposition of capital controls and the recent intense recession had a material adverse impact on the Group's and the Parent Company's liquidity, mainly resulting from:

- Difficulties in payment and increases in delayed payments, by Low and Medium voltage customers as well as High voltage customers. Despite the fact that a large number of the Parent Company's customers have concluded favorable settlements for the payment of their overdue electricity bills and the granting of a uniform discount of 15% to all Low and Medium Voltage residential and business consumers, provided they timely pay their current bills and the complying with any settlement concluded or to be concluded, the Parent Company cannot estimate the number of customers that will comply with the terms of the settlement already in effect. Already a significant percentage of settlements is canceled through an automated procedure by PPC's computerized systems due to non-compliance.
- A sizeable number of enterprises, especially small and medium sized which cease their operations due to the economic conjecture and leave behind unpaid bills.
- The prospective increase of the Social Solidarity Tariff (SRT) beneficiaries along with the increased difficulty that these customers face in paying their electricity bills.
- The lack of the ability (following RAE's decision) to transfer debts of the same customer between its various electricity bills for household use, which accounts for the majority of customers (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 are not fulfilling their obligations or delay their payments, despite the fact that they afford to do so.
- Customers not accepting charges that are not directly related to electricity consumption, but constitute a significant portion of the electricity bill (e.g. PSOs and Renewables levy).

The Group and the Parent Company may also face difficulties or delays in their ability to collect payments from their customers as a result of additional new measures that burden electricity bills with new or increased charges in favor of third parties, such as the Renewables levy (ETMEAR).

This might extend the delay of collecting electricity bills and create additional needs of working capital for the Parent Company, bearing also in mind that ETMEAR, amongst others, is paid to the competent authorities regardless of whether it has been collected from the Parent Company's customers.

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), which can adversely affect the Parent Company's business activities, results of operations, financial condition and cash flows.

Interest rate risk and foreign currency risk

The Group's and the Parent Company's debt obligations consist of bank loans, bonds and overdrafts. It is the Group's and the Parent Company's policy to have a balanced distribution of the loan portfolio between fixed and floating 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 December 31st 2017 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 a) any undertaken hedging transactions may not provide full or adequate protection against these risks and b) capital controls and Greece's as well as the greek banking sector's economic situation significantly limit the ability of the Parent Company in undertaking derivative hedging transactions to cover currency risk.

The following table depicts the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group' s profit before tax through the impact on floating rate borrowings (in € million): The Group's figures for 2017 include only continuing operations.

	Increase/Decrease in basis points (%)	Effect on profit before tax (Group)	Effect on profit before tax (Parent)
2016			
Euro	+50	(12.55)	(10.73)
Euro	-50	12.55	10.73
2017			
Euro	+50	(10.42)	(10.42)
Euro	-50	10.42	10.42

Liquidity Risk

The current macroeconomic and financial environment in Greece, especially after the imposition of capital controls, which remains volatile, may have a considerable adverse effect on the Group's and the Parent Company's business activity, financial position and prospects. Currently, the economic situation in Greece has directly affected the capital levels, liquidity and financial position of the Greek financial system, which highly affect the Group's and the Parent Company's liquidity and access to credit as well as the liquidity of the Greek economy as a whole and the Group's as well as the Parent Company's customers' ability to access credit. In addition, access to foreign financial markets is limited. Liquidity risk is connected with the need to ensure adequate cash flows for the financing of the Group's and the Parent Company's operations, including working capital needs, capital expenditure, as well as the servicing of the Group's and the Parent Company's 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.
- 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 (new charges for the RES Account).
- 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 for accessing and finding liquidity (for refinancing existing debt and / or new liquidity) on both domestic and international level are affected by the state of the Greek economy in recent years.

The contractual maturities of the principal financial liabilities (borrowings), not including interest payments are as follows:

(In million Euro)	On demand	3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 December 2017 (Group)						
Overdraft facilities	-	30.0	-	-	-	**30.0**
Short term borrowings	-	-	-	-	-	-
Long term borrowings	-	112.1	400.7	2,720.5	1,041.2	**4,274.5**
	-	**142.1**	**400.7**	**2,720.5**	**1,041.2**	**4,304.5**
Year ended 31 December 2016 (Group)						
Overdraft facilities	-	30.0	-	-	-	**30.0**
Short term borrowings	-	-	-	-	-	-
Long term borrowings	-	147.1	492.9	2,833.4	1,138.7	**4,612.1**
	-	**177.1**	**492.9**	**2,833.4**	**1,138.7**	**4,642.1**
Year ended 31 December 2017 (Company)						
Overdraft facilities	-	30.0	-	-	-	**30.0**
Short term borrowings	-		-	-	-	-
Long term borrowings	-	112.1	400.7	2,720.5	1,041.2	**4,274.5**
	-	**142.1**	**400.7**	**2,720.5**	**1,041.2**	**4,304.5**
Year ended 31 December 2016 (Company)						
Overdraft facilities	-	30.0	-	-	-	**30.0**
Short term borrowings	-	-	-	-	-	-
Long term borrowings		147.1	492.9	2,833.4	1,138.7	**4,612.1**
		177.1	**492.9**	**2,833.4**	**1,138.7**	**4,642.1**

Risk from exposure to the Banking Sector

The Group and the Parent Company may be exposed to risks arising from Greek banks.

It should be noted that as of 31.12.2017 the Parent Company's debt obligations towards the Greek banking sector amounted to 37.1% of their total loan obligations.

Market risk

The sensitivity analysis on natural gas, liquid fuel and system marginal price are as follow:

	Heavy fuel oil (tones)	Diesel (klit)	Natural Gas (in m³)	System Marginal Price (MWh)
Change in price unit	+1€ (+ one Euro)	+1€ (+ one Euro)	+0,01€ (+one Cent of Euro)	+1€ (+ one Euro)
Impact	886 Euro thousand	325 Euro thousand	11.8 Euro million	24.9 Euro million

The change in the $/€ rate by 5 cents of the dollar is estimated to affect the expenditure for liquid fuel and natural gas as well as profit before tax for the year 2018 by € 28 mil.

Progression of net debt ratio

The Group's net debt/equity ratio is as follows:

	2017	2016 (Restated)
Long term loans	4,274,475	4,612,043
Short term borrowings	30,000	30,000
Minus: cash and pledged deposits	(345,680)	(317,997)
Net debt	**3,958,795**	**4,324,046**
Shareholders' equity	5,610,539	5,859,580
Net debt/equity ratio	**70.6%**	**73.8%**

In long term loans, as presented above, the unamortized portion of loan issuance fees of € 35 mil., approximately is not included (2016: 30 mil. approximately) (Note 28).

39. Operating Lease Arrangements

	Group		Company	
	2017	2016	2017	2016
Minimum lease payments under operating leases recognised as expense	**20,136**	**20,792**	**14,413**	**15,346**

At the balance sheet date (31.12.2017), the Group's outstanding commitments for future minimum lease payments under non-cancellable operating leases are approximately the current year's lease expenses, which are expected not to significantly altered during the next years. Operating lease payments represent mainly rentals payable by the Group for certain of its office properties, machinery, land, vehicles and furniture and equipment. Lease fees for office properties are generally fixed for an average term of twelve years. Lease fees for machinery and vehicles are generally fixed for an average of 1 and 3 year, respectively.

40. Significant Events

LARCO Tariffs

PPC's BoD by its decision Nr. 12/09.01.2017, raised the issue of LARCO's pricing, including the implementation of the settlement of previous years' debts, to the Extraordinary General Shareholders Meeting (EGM) on January 12th 2017 to take a relevant Decision. The EGM by its decision dated January 12th 2017 approved LARCO's pricing terms for the period 01.01.2016-31.12.2020 as well as the settlement of its debts from electricity consumption for the period 01.07.2010-31.12.2016. Article 3(ii) of the Pricing Terms provided that for securing PPC's future contractual claims, an amount of at least € 3 mil. from each of LARCO's monthly electricity bill will be paid directly by the largest customers of LARCO, by virtue of a concession of equal claims of LARCO from them. Then and before signing the relevant contract, LARCO declared inability to abide by this term and proposed a restructuring of the term in question through a monthly pledge of at least € 3 mil. on its bank account. As a result, the Board of Directors by its Decision Nr. 38 / 30.03.2017 approved and recommended to the General Meeting the amendment in question. The EGM by its Decision dated 12.06.2017 approved the above mentioned amendment.

It is noted that LARCO's General Shareholders' Meeting by its Decision on March 29th 2017, also approved the draft of the above mentioned Supply Agreement in order for an Electricity Supply Agreement to be signed between the parties. Following the approvals of the General Meetings of the two companies, the Electricity Supply Agreement was signed on June 21st 2017.

Due to non-compliance with contractual obligations of the above-mentioned 21.06.2017 Electricity Supply Contracts and Pledged Receivables on the part of LARCO, PPC, in order to defend its interests, has already proceeded with the actions provided for by the contracts.

Commercial policy and Management of overdue debts

PPC, in order to manage the problem of overdue debts, proceeded in making decisions and implementing combining actions with key objectives:

- Limiting the rate of increase of debts and protecting PPC from new doubtful receivables.
- Improving the collectability of electricity bills and enhancing its liquidity.
- Improving consistent customers' behavior through incentives and enhancing the sustainability of settlements.
- Limiting the number of those customers that constantly do not pay their bills, as well as the number of customers with delinquent behavior (incidents of electricity thefts, violation of the metering devices).

More specifically:

PPC provided a Settlement Program of thirty six (36) installments for all customers with a duration from 01.04.2016 to 10.01.2017, and gave a "second chance" until 10.03.2017 for reintegration into this, to those customers who have not been able to meet their debt settlement by settling their debts to the remaining installments, including the current debt. Moreover, for those customers that were unable to pay their overdue debts, PPC offered the ability for their re-integration in a Settlement Scheme until May 31st 2017 subject to an advance payment (10% - 30% on a case-by-case basis).

Moreover, from July 1st 2016 till today, PPC provides a 15% discount to residential and business customers. Specifically, all residential and business customers who will pay full their bills as well as any debt settlement installments, until payment due date, they will receive a refund (credit) on their next bill, 15% of the value of the electricity consumption in previous bill which has been paid on time.

Given that the effectiveness of the above actions was not the expected one, as there is a percentage of clients with a very low response rate to the above Favorable Programs and the incentives for the consistency in the payment of bills and installments, the Parent Company, through a Tendering procedure, hired QUALCO S.A. On 05.12.2017, the Contract with QUALCO was signed and is called upon to develop a debt management strategy, to define systematic actions for managing it, to study financing opportunities, to design an implementation framework and to take over the management of a selected customer segment with overdue debts. From Qualco, we expect to propose not horizontal solutions but measures and products based on international practices of a personalized approach that will be more efficient both for the Company and the customers. The Company's aim is not only to improve its liquidity, but to upgrade customer relationships, a more meaningful communication with each customer individually

At the same time, PPC continues its efforts for more effective collection of receivables from its customers, plans and implements additional actions, such as:

- the "Prepaid Account" Program with a discount of 6% to customers that choose to prepay the total value of one year electricity bills. This program was launched in early 2017 in order to be provided to all corporate customers and expanded to cover residential, business and agricultural customers from mid-June 2017,
- the ability to issue a "Monthly Billing" to those customers who wish to receive a bill online each month (Over the course of a 4-month period, 3 estimated bills and one based on actual meter readings) in order to better plan the monthly charge for electricity. The "Monthly Billing " is provided by the December 2017.

Landslide of Amyntaio Mine

On June 10th 2017, a materials' landslide of a large scale occurred in Amyntaio Mine of the Western Macedonia Lignite Center which included a large part of the mine excavation area. The landslide and the masses that shifted were about 80 million cubic meters resulting in severe damages to part of the mine's fixed equipment. In particular four of the six excavators were affected and part of the lignite conveyor equipment. One of the four affected excavators is directly repairable at a low cost.

The direct financial impacts are related to the damage occurred to the fixed equipment, the value of which has been depreciated significantly. In any case, its replacement is not necessary given that the remaining equipment, combined with contractors' equipment, which is already used in the mine, is sufficient to cover the needs of SES Amyntaio.

The long-term impacts concern the part of the field that may not be fully exploitable, the value of which will be evaluated after the completion of a drilling survey already in progress. In any case, a significant part of the deposits of the 24 million tonnes remaining in the mine (since 01.01.2018), are related to the expansion of the operation of SES Amyntaio Units, following their relevant environmental upgrading for the decade 2021-2030.

For the operation of the Units as they are, under the known limited operating regime, there is a sufficient portion of the deposit that has not been affected by the landslide and its extraction is already carried out using the contractor's equipment and company's equipment. It is noted that the deposit of the Amyntaio Mine before the landslide corresponded to 5-7% of PPC's total deposits. Moreover, for the supply of SES Amyntaio, the exploitation of the adjacent Lakkias' deposit has already begun by using contractors' equipment.

The Report on the causes of the landslide was completed and submitted by the professor's Committee of NTUA and AUTH and by the managers and former managers of PPC. The main conclusions are that, the landslide was caused by a confluence of many factors and that this is not a typical phenomenon, in the sense that it is not caused by common factors that lead to mines' landslides. Also in the framework of ensuring safe conditions within the area of Amyntaion mine and its surrounding area and in order to restart mining operations in the area of the recent landslide, the findings on the landslide's causes continue to be evaluated.

More specifically, based on the findings on the landslide's causes and in accordance with the rules of Art and Science, the Company has taken the following actions:

- A preliminary geotechnical report has been prepared to ensure the above-mentioned safe conditions under which the mine recovery works have already begun.
- Thirty-five (35) exploration drills have been performed in the landslide area to investigate the geometric spread of the field and to judge its viability after the occurrence of the phenomenon. The survey is still in progress. An amendment to the Technical Memorandum on Mine Reopening has been submitted to the House of Inspection of Environment, Building, Energy and Mines of Greece (SEPDEM). It will be followed by the preparation and submission of a new Technical Study, after the approval of the new Environmental Terms for the Operation of the mine, which will include the exploitation planning of the field on the basis of the newest geological and geotechnical data that will result from the above study.

Finally with regard to the expropriation and relocation of the Anargyri Village :

PPC S.A. in compliance with paragraph 2 of Article 28 of Law 3337/2011, as subsequently amended by article 147 of Law 4495/2017, set up a committee for the preparation of the planned relocation of the village. The draft plan will be submitted to the Ministry of Environment and Energy until April 30th, 2018. Regarding the expropriation of Anargyri village, it is noted that according to Law 4495/2017 is defined that " the forced expropriation is in favor and on the Greek State's expense". PPC S.A. although it does not have a decisive jurisdiction, will proceed with all the procedures required for the compulsory expropriation and relocation of the Anargyri Village to the part that corresponds to the Company, under the existing legal framework.

Lawsuit of EMO against HEDNO

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. debts from invoices. 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 € 140 mil. while interest due for late payment amounts to € 3.6 mil. On 11.09.2017, PPC participated in this trial by submitting proposals. A decision is pending.

Ownership Unbundling of the Subsidiary IPTO S.A.

On June 20th 2017 the full ownership unbundling of the Subsidiary IPTO S.A. was completed, according to L. 4389/2016 and the Resolutions of PPC's Shareholders Extraordinary General Meetings of January 17th 2017 and May 23rd 2017 (Notes 2 & 5).

41. Subsequent Events

Repayment of loans and new loans

Within the period 01.01.2018 - 31.03.2018, the Group proceeded to debt repayments of loan installments amounting to € 62.1 mil. (a prepayment of € 15 mil. is included and is not included the optional redemption of International Bonds referred below).

From 01/01/2018 till 25/04/2018, the Parent Company, drew an amount of € 102.1 mil. regarding a Bond Loan of an amount of € 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".

The Group exercised its right to proceed to the optional redemption of International Bonds for a total amount of € 150 mil. of the Bonds, with a total issue amount of € 500 mil. with a coupon of 5.5% and maturity in 2019 at the price of 101.375% on 23.2.2018.

A loan in the form of a Revolving Credit Facility (RCF), maturing 2/2018, was extended by one year, i.e. 2/2019.

General Court's decision for Alouminion of Greece

On March 2018, the Parent Company announced that the General Court of the European Union, rejected Alouminion's appeal on 13th March 2018 with which the latter requested the annulment of the European Commission's Decision of 13th July 2011 regarding the granting of State aid to Alouminion of Greece, during the period from January 2007 to March 2008.

As a result, Alouminion of Greece (Mytilineos Group now) is obliged to pay PPC the final amount of € 24.4

mil. (capital € 17.4 mil. plus statutory interest and stamp duty 3.6%), which there is already a settlement agreement between the two sides.

Law 3556/2007 (regulated information) - Transfer of PPC's shares possession of Greek State in Hellenic Corporation of Assets and Participations S.A. (HCAP)

On March 20th, 2018, the automatic and free of charge transfer of 79,165,114 PPC's shares (34,123%) 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 17% through HRADF. The total percentage of voting rights of HCAP S.A. is 51.123%. The total percentages of the Greek State, remains indirectly as above 51.123%.

Acquisition by PPC of EDS in FYROM

PPC's BoD following the completion of all required financial and legal actions, approved at its meeting on 13/4/2018 the acquisition of the Energy Delivery Solutions DOO (EDS), a power supply company based in the Former Yugoslav Republic of Macedonia. The cost of the acquisition amounts to € 4.8 mil. The Share Purchase Agreement was signed on 25/04/2018 in Skopje.

This acquisition is part of the internationalization strategy of PPC's business activities, particularly in the Balkan region, where it seeks to become a leading force in view of the forthcoming integration of the energy markets promoted by the European Union.

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

On 17.04.2018, an announcement by the European Commission was published for the approval of Hellenic Republic's commitments regarding access to lignite power generation.

On 25.04.2018, the Greek Parliament passed the legislative provisions entitled "Structural measures for access to lignite and the further opening of the wholesale electricity market and other provisions" which is defined inter alia the spin-off and contribution process of two (2) lignite branches of PPC S.A. in two (2) new companies (one in Meliti and one in Megalopolis), the framework of the international tender procedure for the sale of the shares that PPC SA will take on the two (2) new companies, the labor relations of employees in two (2) spin-off branches, the PPC's responsibility and the responsibility of the two (2) new companies.

The tender will be launched through an open, international, public invitation from PPC S.A. until 31st May 2018 and is expected to be completed with the signing of the share purchase agreement and other contracts provided for in the legislative provisions within six (6) months from the date of entry into force of the aforementioned European Commission's Decision.

Abolition of offsetting the severance payment with the one-off allowance.

1. According to the provision of Article 25 of Law 4491 / 66 "Regarding the Insurance of PPC's staff" an one-off allowance is paid to the beneficiaries of pension (who are insured employees leaving PPC) in proportion to the years of actual service to PPC. This one-off allowance, according to the special provision of par. 3 of the same article , is being offsetted after any compensation paid due to termination of the employment contract, or due to the occupation of the insured persons from the age limit or due to some other reason for leaving, according to the provisions of the law.
2. The provisions of PPC's Staff Regulations (SR/ PPC) which have been ratified by Article 2 of legislative decree 210/1974 and has the force of law, and specifically in Articles 34, 35, 36 and 37, it is defined that the Company's permanent staff, who for whatever reason its contract is terminated (automatically or through termination of an employment contract), no compensation is payable if entitled to an one-off allowance from the relevant insurance organization. If the one-off allowance is less than the compensation, then only the difference between the compensation and the one-off allowance is paid.
3. In any case, and when an employer is, in accordance with Article 2 § 1 of Law 173/1967, "public or government owned entities ... or Businesses and Utilities (PPC, OTE etc.) ..." the owed compensation due to dismissal of Law 2112/1920 that would be paid, if not the above, in any way of employees leaving from the company and because of this, shall be subject to the limitations imposed by the abovementioned provisions in respect of its upper limit, which according to article 33 of Law 1876/1990, as amended by the provisions of article 21 § 13 of Law 3144/2003, is currently set at fifteen thousand € (15,000).

On 25.04.2018 the Greek Parliament passed the legislative provisions entitled "Structural measures for access to lignite and the further opening of the wholesale electricity market and other provisions" which abolishes the provisions of Article 25 (par.3) of Law 4491/1966 (OG A ' 1), as well as any other general or specific provision of the law or the Labor Regulation which provides for the offsetting of employees' severance payment with the one-off allowance to which employees are entitled by the relevant insurance organization.

Based on the above, PPC S.A. and its subsidiaries will hereafter pay a severance payment, which should not exceed € 15 (fifteen thousands Euro) to the insured employees who leave due to termination of the employment contract, or because they completed the age limit , or due to other reason that the law defines.

The above is a defined benefit plan in accordance with the provisions of IAS 19. The present value of the obligation undertaken by PPC S.A. and its subsidiaries upon the entry into force of this law (through which the obligation to pay compensation is activated), calculated using actuarial methods by independent valuators is a past service cost for services provided in previous periods and amounts to € 102 mil. and € 164 mil., it will entirely burden the results of the second quarter of 2018.

Unbundled Financial Statements

Under the provisions of L.4001/2011
and the approved methodology of
the Regulatory Authority for Energy.

SYSTEM INTEGRATION UNBUNDLED BALANCE SHEETS

DECEMBER 2017

(Expressed in million Euro)

	Administration		Mines		Generation		Distribution Network		Supply		Eliminations		Total PPC	
	2017	2016	2017	2016 (Restated)	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)
ASSETS														
Non-Current Assets														
Tangible Assets	93.5	93.3	1,567.7	1,661.1	5,682.5	5,843.9	3,637.6	3,714.4	19.9	19.9	350.3	381.8	11,351.5	11,714.4
Intangible Assets	2.0	3.2	0.3	0.3	60.1	43.3			9.7	8.7	(0.7)	(0.5)	71.4	55.0
Investments in subsidiaries	21.7	21.5	10.1	37.9	162.7	175.7	15.5	0.0	4.7	895.6	(0.1)	(0.1)	214.5	1,130.7
Investments in associates	1.2	1.2											1.2	1.2
Available for sale financial assets	1.0	0.8									0.1	0.1	1.0	0.9
Other non-current assets	37.3	41.0			82.2	82.2					(24.9)	(19.2)	94.7	104.1
Administration non-current assets	(156.8)	(161.1)	23.4	30.3	80.6	66.7	52.5	46.8	0.3	17.3				
Total Non-Current Assets	**0.0**	**0.0**	**1,601.5**	**1,729.6**	**6,068.1**	**6,211.8**	**3,705.6**	**3,761.2**	**34.5**	**941.6**	**324.7**	**362.1**	**11,734.4**	**13,006.2**
Current Assets														
Materials, spare parts and supplies, net	7.7	8.2	95.1	90.1	506.6	448.5					0.9	(2.7)	610.3	544.2
Trade receivables, net	45.2	56.2	5.1	7.0	289.4	642.6	53.5	192.7	2,478.0	2,079.4	(1,571.1)	(1,714.2)	1,300.1	1,263.8
Other receivables, net	49.3	204.5	93.3	52.7	(83.2)	(80.5)	(80.7)	(29.5)	182.0	84.0	650.9	42.9	811.6	274.1
Other current assets	46.0	62.9	(13.9)	(8.2)	72.0	(17.0)	17.7	13.3	439.6	14.1	(534.2)	(21.3)	27.3	43.8
Cash and cash equivalents	0.7	(1.3)	24.4	20.6	156.7	86.2	30.9	78.3	37.3	76.4	7.2	0.2	257.2	260.4
Administration current assets	(149.0)	(330.5)	2.8	77.2	31.3	77.2	4.0	73.3	110.9	102.8				
Receivables from financial activities			25.2		546.9				204.6		(776.7)			
Total Current Assets	**0.0**	**0.0**	**232.1**	**239.5**	**1,519.7**	**1,157.0**	**25.4**	**328.1**	**3,452.3**	**2,356.8**	**(2,223.0)**	**(1,695.1)**	**3,006.5**	**2,386.3**
Total Assets	**0.0**	**0.0**	**1,833.6**	**1,969.1**	**7,587.8**	**7,368.8**	**3,730.9**	**4,089.3**	**3,486.8**	**3,298.4**	**(1,898.3)**	**(1,333.0)**	**14,740.9**	**15,392.5**
EQUITY AND LIABILITIES														
Equity														
Share Capital			78.1	144.9	316.9	587.9	161.4	299.4	18.9	35.0			575.4	1,067.2
Paid-in surplus			15.0	15.0	60.8	60.8	30.9	30.9					106.7	106.7
Legal reserve	12.5	1.7	15.6	16.2	62.9	65.9	32.7	33.6	4.6				128.3	117.5
Fixed assets' statutory revaluation surplus included in share capital			(127.7)	(127.7)	(543.0)	(543.0)	(276.6)	(276.6)					(947.3)	(947.3)
Revaluation surplus law 2941	66.0	64.0	640.4	694.6	2,543.7	2,533.2	691.9	728.4	14.2	(3.6)			3,956.3	4,016.6
Other Reserves in Equity	(52.9)	(86.5)	0.1	7.8	45.0	53.8	31.6	31.6	(2.5)	(1.2)			21.4	5.7
Retained earnings	92.5	68.0	(284.2)	(231.8)	45.7	346.0	974.8	761.5	807.6	430.6	0.9	(2.7)	1,637.2	1,371.5
Administration equity	(118.1)	(47.2)	17.8	11.8	67.8	11.9	29.4	11.8	3.0	11.8				
Total Equity	**(0.0)**	**(0.0)**	**355.1**	**530.8**	**2,599.9**	**3,116.4**	**1,676.2**	**1,620.7**	**845.8**	**472.6**	**0.9**	**(2.7)**	**5,477.9**	**5,737.8**
Non-Current Liabilities														
Interest bearing loans and borrowings			499.3	711.3	2,382.0	2,185.0	715.5	967.8	164.8	108.0	(22.8)	(21.2)	3,738.9	3,950.9
Post retirement benefits	2.4	2.4	104.4	114.1	126.6	139.1			22.4	24.9			255.8	280.6
Provisions	16.3	18.6	80.8	77.2	43.2	43.2			45.4	45.4		5.2	185.7	189.6
Deferred tax liability	(269.8)	12.7	234.2	200.8	1,000.2	959.6	34.9	34.9	(793.7)	(801.0)			205.9	407.0
Deferred customers' contributions and subsidies			1.0	1.1	164.9	175.8	1,165.8	1,224.8					1,331.7	1,401.7
Other non-current liabilities	16.6	18.0	0.1	0.5	116.7	130.8	5.4	23.2	494.6	512.1	(118.5)	(126.3)	514.9	558.3
Administration non-current liabilities	234.5	(51.7)	(44.3)	19.1	(123.3)	16.4	(60.2)	7.6	(6.7)	8.6				
Total Non-Current Liabilities	**(0.0)**	**0.0**	**875.5**	**1,124.1**	**3,710.5**	**3,649.9**	**1,861.5**	**2,258.3**	**(73.3)**	**(101.9)**	**(141.4)**	**(142.3)**	**6,232.8**	**6,788.1**
Current Liabilities														
Trade and other payables	(77.0)	(89.7)	249.5	243.3	147.8	36.1	61.3	129.5	2,317.0	2,696.1	(788.1)	(1,150.4)	1,910.5	1,865.0
Short – term borrowings			0.3	0.5	9.5	9.3	20.1	20.1	0.1	0.1			30.0	30.0
Current portion of interest bearing loans and borrowings			269.5	56.7	109.5	427.6	100.0	58.3	33.8	97.4	(12.4)	(8.9)	500.4	631.1
Dividends payable		0.1			(0.0)	(0.0)								0.1
Income taxes payable	(29.7)	(257.2)	25.7	32.1	61.3	69.8	3.8	3.9	147.0	165.8		1.0	208.0	15.4
Accrued and other current liabilities	27.3	4.8	18.1	17.1	221.7	201.0	11.4	11.2	283.4	120.7	(180.6)	(29.7)	381.3	325.1
Derivatives Liability														
Administration current liabilities	79.4	342.0	(6.1)	(35.6)	(3.1)	(141.4)	(3.2)	(12.6)	(67.0)	(152.4)				
Liabilities from financial activities			46.0		730.7						(776.7)			
Total Current Liabilities	**(0.0)**	**(0.0)**	**603.1**	**314.2**	**1,277.4**	**602.5**	**193.2**	**210.3**	**2,714.3**	**2,927.7**	**(1,757.8)**	**(1,188.0)**	**3,030.2**	**2,866.7**
Total Liabilities And Equity	**(0.0)**	**(0.0)**	**1,833.6**	**1,969.1**	**7,587.8**	**7,368.8**	**3,730.9**	**4,089.3**	**3,486.9**	**3,298.4**	**(1,898.3)**	**(1,333.0)**	**14,740.9**	**15,392.5**

INTERCONNECTED SYSTEM UNBUNDLED BALANCE SHEET

DECEMBER 2017

(Expressed in million Euro)

	Mines		Generation		Distribution Network		Supply		Total	
	2017	2016 (Restated)	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)	2017	2016 (Restated)
ASSETS										
Non-Current Assets										
Tangible Assets	1,567.7	1,661.1	4,630.5	4,728.5	3,025.4	3,090.5	17.2	17.1	9,240.9	9,497.2
Intangible Assets	0.3	0.3	53.3	36.4			8.4	7.5	61.9	44.2
Investments in subsidiaries	10.1	37.9	58.0	146.0	13.9		4.7	492.1	86.6	676.0
Available for sale financial assets										
Other non-current assets			82.2	82.2					82.2	82.2
Administration non-current assets	23.4	30.3	66.5	52.4	43.7	39.5	0.2	13.5	133.9	135.7
Total Non-Current Assets	**1,601.5**	**1,729.6**	**4,890.5**	**5,045.5**	**3,083.0**	**3,130.0**	**30.4**	**530.2**	**9,605.5**	**10,435.2**
Current Assets										
Materials, spare parts and supplies, net	95.1	90.1	339.9	296.7					435.0	386.9
Trade receivables, net	5.1	7.0	159.9	265.5	48.5	164.2	1,874.9	1,813.9	2,088.3	2,250.6
Other receivables, net	93.3	52.7	(46.2)	(40.1)	(74.6)	(28.8)	(90.8)	11.5	(118.3)	(4.7)
Other current assets	(13.9)	(8.2)	12.2	(150.9)	14.5	0.6	61.8	13.6	74.7	(144.8)
Restricted Cash	24.4	20.6	68.8	51.1	25.0	69.2	3.1	74.7	121.3	215.5
Administration current assets	2.8	77.2	16.3	75.5	3.2	69.2	97.2	98.2	119.4	320.2
Receivables from financial activities	25.2		546.9				82.0		654.1	
Total Current Assets	**232.1**	**239.5**	**1,097.7**	**497.8**	**16.6**	**274.4**	**2,028.1**	**2,011.9**	**3,374.5**	**3,023.6**
Total Assets	**1,833.6**	**1,969.1**	**5,988.2**	**5,543.3**	**3,099.6**	**3,404.4**	**2,058.5**	**2,542.1**	**12,980.0**	**13,458.8**
EQUITY AND LIABILITIES										
Equity										
Share Capital	78.1	144.9	256.7	476.2	135.9	252.2	16.5	30.6	487.3	903.8
Paid-in surplus	15.0	15.0	49.2	49.2	26.1	26.1			90.3	90.3
Legal reserve	15.6	16.2	50.6	53.4	27.6	28.3	3.5		97.2	97.9
Fixed assets' statutory revaluation surplus included in share capital	(127.7)	(127.7)	(439.9)	(439.9)	(232.9)	(232.9)			(800.5)	(800.5)
Revaluation surplus law 2941	640.4	694.6	2,080.5	2,079.9	589.9	611.4	12.4	(4.0)	3,323.2	3,381.9
Other Reserves in Equity	0.1	(6.7)	37.0	29.0	26.6	26.6	(2.2)	(1.3)	61.5	47.6
Retained earnings	(284.2)	(247.1)	(478.9)	(54.6)	831.2	645.4	196.6	267.1	264.6	610.9
Administration equity	17.8	11.8	54.7	8.6	24.7	10.2	2.3	9.1	99.6	39.7
Total Equity	**355.1**	**501.0**	**1,610.0**	**2,201.8**	**1,429.1**	**1,367.2**	**229.0**	**301.5**	**3,623.2**	**4,371.4**
Non-Current Liabilities										
Interest bearing loans and borrowings	499.3	711.3	2,133.2	1,618.8	574.8	807.1	5.5	25.0	3,212.9	3,162.2
Post retirement benefits	104.4	114.1	96.6	105.8			19.8	22.1	220.8	242.0
Provisions	80.8	77.2	32.9	32.9			39.7	39.7	153.4	149.9
Deferred tax liability	234.2	230.6	811.8	811.4	37.4	37.4	(664.0)	(672.7)	419.5	406.7
Deferred customers' contributions and subsidies	1.0	1.1	164.8	175.6	986.7	1,035.5			1,152.4	1,212.3
Other non-current liabilities	0.1	0.5	101.6	107.3	4.3	19.8	436.7	445.1	542.6	572.7
Administration non-current liabilities	(44.3)	19.1	(95.5)	12.5	(50.2)	6.3	(1.6)	8.4	(191.6)	46.3
Total Non-Current Liabilities	**875.5**	**1,153.9**	**3,245.4**	**2,864.3**	**1,552.9**	**1,906.2**	**(163.8)**	**(132.4)**	**5,510.1**	**5,792.0**
Current Liabilities										
Trade and other payables	249.5	243.3	86.3	(6.9)	45.5	101.8	1,693.4	2,044.6	2,074.6	2,382.8
Short – term borrowings	0.3	0.5	2.0	1.6	10.8	10.8			13.1	13.0
Current portion of interest bearing loans and borrowings	269.5	56.7	72.7	290.5	54.2	7.0	32.9	92.3	429.3	446.6
Dividends payable										
Income taxes payable	25.7	32.1	43.7	50.6	1.3	1.3	141.2	159.8	212.0	243.9
Accrued and other current liabilities	18.1	17.1	200.1	207.8	8.2	3.5	176.6	136.5	403.0	365.0
Administration current liabilities	(6.1)	(35.6)	(2.7)	(66.5)	(2.5)	6.4	(50.7)	(60.2)	(62.0)	(155.9)
Liabilities from financial activities	46.0		730.7						776.7	
Total Current Liabilities	**603.1**	**314.2**	**1,132.8**	**477.1**	**117.6**	**131.0**	**1,993.4**	**2,373.1**	**3,846.8**	**3,295.4**
Total Liabilities And Equity	**1,833.6**	**1,969.1**	**5,988.2**	**5,543.3**	**3,099.6**	**3,404.4**	**2,058.5**	**2,542.1**	**12,980.0**	**13,458.8**

CRETE UNBUNDLED BALANCE SHEET

DECEMBER 2017

(Expressed in million Euro)

	Generation		Distribution Network		Supply		Total	
	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)	2017	2016 (Restated)
ASSETS								
Non-Current Assets								
Tangible Assets	368.8	427.8	274.0	267.8	1.2	1.2	643.9	696.7
Intangible Assets	3.6	0.8			0.5	0.5	4.1	1.3
Investments in subsidiaries	32.4					176.5	32.4	176.5
Available for sale financial assets								
Other non-current assets								
Administration non-current assets	6.1	6.3	3.8	2.9		2.4	9.8	11.6
Total Non-Current Assets	**410.8**	**434.8**	**277.8**	**270.7**	**1.7**	**180.6**	**690.3**	**886.1**
Current Assets								
Materials, spare parts and supplies, net	78.4	78.2					78.4	78.2
Trade receivables, net	65.0	184.6	1.9	14.5	297.4	155.2	364.3	354.4
Other receivables, net	(7.5)	(19.6)	(4.8)	(1.7)	128.0	28.7	115.7	7.3
Other current assets	31.8	130.1	1.5	1.9	196.5	0.3	229.8	132.3
Cash and cash equivalents	9.8	1.5	2.1	3.9	7.3	0.2	19.2	5.7
Administration current assets	8.3	0.6	0.4	1.9	7.7	2.1	16.4	4.7
Receivables from financial activities								
Total Current Assets	**185.7**	**375.4**	**1.1**	**20.6**	**636.9**	**186.5**	**823.7**	**582.5**
Total Assets	**596.5**	**810.2**	**278.9**	**291.3**	**638.6**	**367.1**	**1,514.0**	**1,468.6**
EQUITY AND LIABILITIES								
Equity								
Share Capital	23.2	43.0	10.5	19.4	1.2	2.2	34.8	64.6
Paid-in surplus	4.4	4.4	2.0	2.0			6.5	6.5
Legal reserve	4.8	4.8	2.1	2.2	0.3		7.3	7.0
Fixed assets' statutory revaluation surplus included in share capital	(39.7)	(39.7)	(17.9)	(17.9)			(57.7)	(57.7)
Revaluation surplus law 2941	222.1	221.3	45.3	45.1	0.7	(0.1)	268.1	266.3
Other Reserves in Equity	3.0	2.1	2.1	2.1	(0.1)	39.4	4.9	43.6
Retained earnings	232.6	130.4	40.5	27.3	301.7	119.3	574.8	277.1
Administration equity	5.6	1.6	1.9	0.5	0.2	1.7	7.7	3.9
Total Equity	**456.1**	**368.0**	**86.4**	**80.6**	**304.0**	**162.6**	**846.5**	**611.2**
Non-Current Liabilities								
Interest bearing loans and borrowings		287.6	84.2	90.9	9.3	29.1	93.6	407.7
Post retirement benefits	11.5	12.8			1.4	1.6	12.9	14.3
Provisions	3.5	3.5			3.5	3.5	7.0	7.0
Deferred tax liability	85.8	85.4	(3.0)	(3.0)	(59.3)	(141.8)	23.5	(59.3)
Deferred customers' contributions and subsidies	0.1	0.1	79.4	83.8			79.6	84.0
Other non-current liabilities	5.9	10.0	0.5	1.5	24.5	30.6	30.8	42.2
Administration non-current liabilities	(17.9)	1.3	(5.7)	0.5	(1.8)	0.1	(25.4)	1.9
Total Non-Current Liabilities	**88.9**	**400.8**	**155.5**	**173.9**	**(22.4)**	**(76.9)**	**221.9**	**497.8**
Current Liabilities								
Trade and other payables	16.6	(3.4)	6.0	10.7	305.4	325.1	328.0	332.4
Short – term borrowings	1.7	1.7	4.7	4.7	0.1	0.1	6.5	6.5
Current portion of interest bearing loans and borrowings	13.6	64.0	24.3	22.7	0.4		38.2	86.6
Dividends payable								
Income taxes payable	7.5	8.1	1.3	1.3	(0.7)	(0.6)	8.1	8.8
Accrued and other current liabilities	12.1	(7.2)	1.0	6.1	60.0	(3.6)	73.1	(4.6)
Administration current liabilities		(21.8)	(0.3)	(8.7)	(8.1)	(39.5)	(8.4)	(70.0)
Liabilities from financial activities								
Total Current Liabilities	**51.5**	**41.4**	**37.0**	**36.8**	**357.0**	**281.4**	**445.5**	**359.6**
Total Liabilities And Equity	**596.5**	**810.2**	**278.9**	**291.3**	**638.6**	**367.1**	**1,514.0**	**1,468.6**

OTHER NON INTERCONNECTED ISLANDS UNBUNDLED BALANCE SHEET (INCL. RHODES)

DECEMBER 2017

(Expressed in million Euro)

	Generation		Distribution Network		Supply		Total	
	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)	2017	2016 (Restated)
ASSETS								
Non-Current Assets								
Tangible Assets	683.1	687.6	338.2	356.2	1.6	1.6	1,022.9	1,045.4
Intangible Assets	3.2	6.1			0.8	0.7	4.0	6.8
Investments in subsidiaries	72.4	29.7	1.5			227.1	73.9	256.8
Available for sale financial assets								
Other non-current assets								
Administration non-current assets	8.0	8.0	5.0	4.4		1.4	13.1	13.8
Total Non-Current Assets	**766.8**	**731.5**	**344.8**	**360.5**	**2.4**	**230.8**	**1,113.9**	**1,322.9**
Current Assets								
Materials, spare parts and supplies, net	88.4	73.6					88.4	73.6
Trade receivables, net	64.6	192.5	3.0	14.0	305.7	110.3	373.3	316.9
Other receivables, net	(29.4)	(20.7)	(1.3)	1.0	144.8	43.9	114.1	24.2
Other current assets	27.9	3.8	1.7	10.8	181.3	0.2	211.0	14.7
Cash and cash equivalents	78.1	33.6	3.8	5.2	26.9	1.5	108.8	40.3
Administration current assets	6.7	1.0	0.4	2.1	6.0	2.5	13.2	5.7
Receivables from financial activities					122.6		122.6	
Total Current Assets	**236.3**	**283.8**	**7.6**	**33.1**	**787.3**	**158.4**	**1,031.3**	**475.3**
Total Assets	**1,003.1**	**1,015.3**	**352.4**	**393.7**	**789.7**	**389.2**	**2,145.2**	**1,798.1**
EQUITY AND LIABILITIES								
Equity								
Share Capital	37.0	68.7	15.0	27.9	1.2	2.2	53.2	98.8
Paid-in surplus	7.1	7.1	2.9	2.9			10.0	10.0
Legal reserve	7.5	7.7	3.0	3.1	0.8		11.3	10.8
Fixed assets' statutory revaluation surplus included in share capital	(63.4)	(63.4)	(25.7)	(25.7)			(89.2)	(89.2)
Revaluation surplus law 2941	241.2	232.0	56.6	72.0	1.2	0.4	298.9	304.4
Other Reserves in Equity	5.0	3.2	2.9	2.9	(0.1)	(0.3)	7.9	5.9
Retained earnings	291.9	249.7	103.2	88.8	309.2	85.0	704.4	423.5
Administration equity	7.5	1.7	2.8	1.1	0.5	1.0	10.7	3.8
Total Equity	**533.8**	**506.6**	**160.7**	**172.9**	**312.7**	**88.4**	**1,007.3**	**768.0**
Non-Current Liabilities								
Interest bearing loans and borrowings	248.8	278.6	56.5	69.7	150.0	53.9	455.3	402.2
Post retirement benefits	18.5	20.6			1.2	1.3	19.7	21.9
Provisions	6.8	6.8			2.2	2.2	9.0	9.0
Deferred tax liability	102.6	102.7	0.5	0.5	(70.4)	(66.3)	32.7	36.8
Deferred customers' contributions and subsidies			99.7	105.4			99.7	105.4
Other non-current liabilities	9.2	13.4	0.7	1.9	33.4	36.4	43.4	51.7
Administration non-current liabilities	(9.9)	2.7	(4.3)	0.7	(3.3)	0.1	(17.5)	3.5
Total Non-Current Liabilities	**376.1**	**424.7**	**153.0**	**178.2**	**113.0**	**27.6**	**642.1**	**630.5**
Current Liabilities								
Trade and other payables	44.9	46.4	9.8	17.1	318.2	326.5	373.0	389.9
Short – term borrowings	5.8	6.0	4.5	4.5			10.4	10.5
Current portion of interest bearing loans and borrowings	23.2	73.1	21.5	28.5	0.6	5.1	45.3	106.8
Dividends payable								
Income taxes payable	10.1	11.1	1.1	1.2	6.5	6.5	17.7	18.9
Accrued and other current liabilities	9.5	0.4	2.1	1.6	46.8	(12.3)	58.4	(10.3)
Administration current liabilities	(0.4)	(53.1)	(0.4)	(10.4)	(8.2)	(52.7)	(9.0)	(116.1)
Liabilities from financial activities								
Total Current Liabilities	**93.2**	**83.9**	**38.7**	**42.5**	**363.9**	**273.2**	**495.8**	**399.6**
Total Liabilities And Equity	**1,003.1**	**1,015.3**	**352.4**	**393.7**	**789.7**	**389.2**	**2,145.2**	**1,798.1**

SYSTEM INTEGRATION UNBUNDLED INCOME STATEMENT

DECEMBER 2017

(Expressed in million Euro)

	Mines		Generation		Distribution Network		Supply		Eliminations		Total PPC	
	2017	2016	2017	2016	2017	2016	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)
REVENUES												
Revenues from 3rd Parties												
Energy sales to customers							4,034.6	4,284.3	549.6	608.9	4,584.1	4,893.2
PSO's revenues from customers							548.7	543.4	(548.7)	(543.4)		
Energy exports							0.9	3.6	(0.9)	(3.6)		
Energy sales to wholesale market			2,369.7	1,905.4					(2,369.7)	(1,905.4)		
Capacity assurance mechanism												
Transitional Flexibility Assurance Mechanism			17.8	53.2					(17.8)	(53.2)		
Other Services to wholesale market			8.1	6.8					(8.1)	(6.8)		
Network rentals					300.9	291.4			(300.9)	(291.4)		
Customer's contribution					55.6	55.9			(55.6)	(55.9)		
ETMEAR's revenues							804.1	793.1	(804.1)	(793.1)		
PSO's revenues from Administrators							645.9	48.2	(645.9)	(48.2)		
Other Sales	5.4	6.4	6.3	7.0		7.4	33.1	34.8	218.0	115.1	262.9	170.7
Allocated Administration Revenues	10.5	8.9	10.9	8.5			2.4	1.6	(23.8)	(19.0)		
Interdepartmental Revenues												
Lignite yard & ash revenue	18.0	17.6							(18.0)	(17.6)		
Public Service Obligations								595.7		(595.7)		
Energy							79.3	63.8	(79.3)	(63.8)		
Lignite	556.5	485.5							(556.5)	(485.5)		
Revenues	**590.5**	**518.6**	**2,412.7**	**1,980.9**	**356.5**	**354.6**	**6,148.9**	**6,368.6**	**(4,661.6)**	**(4,158.8)**	**4,847.0**	**5,063.9**
Expenses (3rd Parties)												
Payroll Cost	199.8	203.5	255.7	252.6			43.1	42.8	60.8	59.1	559.4	557.9
Own production lignite			557.7	500.0					(502.3)	(443.0)	55.4	57.0
Third party lignite - Hard coal			55.0	27.4					(55.0)	(27.4)		
Natural Gas			409.1	265.7							409.1	265.7
Liquid fuel			662.6	481.2							662.6	481.2
Materials & Consumables	45.9	55.4	50.9	52.7			1.0	1.0	0.2	0.2	97.9	109.3
Depreciations	142.6	136.0	335.5	368.0	145.3	140.3	4.2	3.9	6.8	7.2	634.5	655.3
Energy Purchases from third party			0.9	1.4			903.7	855.3	(904.6)	(856.7)		
Energy imports							88.5	98.0	(88.5)	(98.0)		
Energy Purchases to wholesale market							2,914.4	2,223.2	(1,299.7)	(967.6)	1,614.7	1,255.6
Return of receivable ETMEAR to Administrators							806.7	795.8	(806.7)	(795.8)		
Return of receivable PSO to Administrators							554.6		(554.6)			
Transmission Network Fees							173.7	177.9	(173.7)			177.9
Distribution Network Fees					(0.1)	(0.1)	655.7	668.1	(127.2)	(291.4)	528.5	376.6
Utilities & Maintenance	100.0	107.3	41.2	44.4			25.0	25.5	12.0	13.3	178.3	190.5
Third party fees	1.3	1.2	11.2	9.6			19.5	15.2	14.9	8.2	47.0	34.3
Taxes and duties	24.8	26.5	40.6	38.0			3.7	3.6	(69.1)	(68.1)		
CO_2 emissions rights			181.3	178.2						0.0	181.2	178.2
Provisions	2.5	2.0	6.3	5.5	0.3		28.5	355.3	36.3	78.0	73.9	440.8
Financial expenses	35.0	38.0	116.4	119.9	38.1	53.5	10.9	9.3			200.5	220.7
Financial income	(37.8)	(22.3)	(123.0)	(69.4)	(40.1)	(30.7)	(108.0)	(92.7)			(308.8)	(215.1)
Other (income)/ expense, net	45.2	14.3	(15.7)	(16.9)	1.3	7.4	(383.1)	150.7	46.0	17.6	(306.4)	173.1
Impairment loss of marketable securities		1.0		3.0		1.3		0.2				5.4
Foreign currency gains/ (losses), net	(0.1)	0.1	(3.9)	0.6	(0.1)	0.2		(0.5)			(4.1)	0.4
Allocated Administration Expenses	69.4	46.9	69.5	44.7			21.8	10.5	(160.7)	(102.1)		
Interdepartmental Expenses												
Lignite yard & ash expenses			18.0	17.6					(18.0)	(17.6)		
Change in stock	2.7	11.4							(2.7)	(11.4)		
Public Service Obligations								595.7		(595.7)		
Energy	51.0	45.4	28.3	18.5					(79.3)	(63.8)		
Profit (Loss) Before Tax	**(91.8)**	**(148.1)**	**(285.0)**	**(361.7)**	**211.6**	**182.7**	**385.0**	**429.8**	**3.5**	**(3.7)**	**223.4**	**99.0**

INTERCONNECTED SYSTEM UNBUNDLED INCOME STATEMENT
DECEMBER 2017

(Expressed in million Euro)

	Mines		Generation		Distribution Network		Supply		Total	
	2017	2016	2017	2016	2017	2016	2017	2016 (Restated)	2017	2016 (Restated)
REVENUES										
Revenues from 3rd Parties										
Energy sales to customers							3,526.7	3,736.2	3,526.7	3,736.2
PSO's revenues from customers							465.7	461.2	465.7	461.2
Energy exports							0.9	3.6	0.9	3.6
Energy sales to wholesale market			1,518.6	1,153.9					1,518.6	1,153.9
Capacity assurance mechanism										
Transitional Flexibility Assurance Mechanism			17.8	53.2					17.8	53.2
Other Services to wholesale market			8.1	6.8					8.1	6.8
Network rentals					261.7	253.3			261.7	253.3
Customer's contribution					45.4	46.0			45.4	46.0
ETMEAR's revenues							698.2	682.4	698.2	682.4
PSO's revenues from Administrators							73.8	48.2	73.8	48.2
Other Sales	5.4	6.4	5.9	6.6		7.4	29.1	30.8	40.5	51.3
Allocated Administration Revenues	10.5	8.9	7.6	6.1			1.9	1.4	20.0	16.4
Interdepartmental Revenues										
Lignite yard & ash revenue	18.0	17.6							18.0	17.6
Energy							78.0	62.3	78.0	62.3
Lignite	556.5	485.5							556.5	485.5
Revenues	**590.5**	**518.6**	**1,558.0**	**1,226.5**	**307.1**	**306.7**	**4,874.2**	**5,026.2**	**7,329.8**	**7,078.0**
Expenses (3rd Parties)										
Payroll Cost	199.8	203.5	187.5	187.1			38.3	37.8	425.6	428.4
Own production lignite			557.7	500.0					557.7	500.0
Third party lignite - Hard coal			55.0	27.4					55.0	27.4
Natural Gas			409.1	265.7					409.1	265.7
Liquid fuel			84.7	28.0					84.7	28.0
Materials & Consumables	45.9	55.4	29.7	34.0			0.9	0.9	76.5	90.2
Depreciations	142.6	136.0	251.4	284.2	123.9	118.8	3.7	3.5	521.6	542.5
Energy Purchases from third party								0.5		0.5
Energy imports							88.5	98.0	88.5	98.0
Energy Purchases to wholesale market							2,914.4	2,223.2	2,914.4	2,223.2
Return of receivable ETMEAR to Administrators							700.8	685.1	700.8	685.1
Return of receivable PSO to Administrators							477.0	0.0	477.0	
Transmission Network Fees							173.7	177.9	173.7	177.9
Distribution Network Fees					(0.1)	(0.1)	567.6	576.5	567.5	576.4
Utilities & Maintenance	100.0	107.3	28.6	33.9			21.4	21.8	150.0	163.1
Third party fees	1.3	1.2	7.4	6.7			13.5	13.0	22.3	20.9
Taxes and duties	24.8	26.5	39.2	37.3			3.8	2.1	67.8	65.8
CO_2 emissions rights			160.4	156.6					160.4	156.6
Provisions	2.5	2.0	4.4	1.7	0.3		57.9	314.8	65.1	318.5
Financial expenses	35.0	38.0	103.4	84.0	29.1	42.3	5.3	4.4	172.8	168.7
Financial income	(37.8)	(22.3)	(109.2)	(48.6)	(30.5)	(24.2)	(90.0)	(77.8)	(267.5)	(173.0)
Other (income)/ expense, net	45.2	14.3	(5.0)	(8.7)	0.2	5.2	(42.2)	155.5	(1.8)	166.3
Impairment loss of marketable securities		1.0		2.1		1.0		0.1		4.2
Foreign currency gains/ (losses), net	(0.1)	0.1	(1.9)	0.7	(0.1)	0.1		(0.5)	(2.0)	0.4
Allocated Administration Expenses	69.4	46.9	46.7	32.6			13.7	9.1	129.8	88.7
Interdepartmental Expenses										
Lignite yard & ash expenses			18.0	17.6					18.0	17.6
Change in stock	2.7	11.4							2.7	11.4
Public Service Obligations								513.5		513.5
Energy	51.0	45.4	27.0	16.9					78.0	62.3
Profit (Loss) Before Tax	**(91.8)**	**(148.1)**	**(336.4)**	**(432.6)**	**184.3**	**163.5**	**(74.1)**	**266.9**	**(318.0)**	**(150.3)**

CRETE UNBUNDLED INCOME STATEMENT
DECEMBER 2017

(Expressed in million Euro)

	Generation		Distribution Network		Supply		Total	
	2017	2016	2017	2016	2017	2016 (Restated)	2017	2016 (Restated)
REVENUES								
Revenues from 3rd Parties								
Energy sales to customers					245.4	281.2	245.4	281.2
PSO's revenues from customers					39.1	41.3	39.1	41.3
Energy exports								
Energy sales to wholesale market	422.6	366.3					422.6	366.3
Capacity assurance mechanism								
Other Services to wholesale market								
Network rentals			18.8	19.5			18.8	19.5
Customer's contribution			4.1	5.0			4.1	5.0
ETMEAR's revenues					52.2	55.7	52.2	55.7
PSO's revenues from Administrators					281.0		281.0	
Other Sales	0.1	0.1			1.7	1.5	1.9	1.6
Allocated Administration Revenues	1.1	0.8			0.2	0.1	1.3	0.9
Interdepartmental Revenues								
Lignite yard & ash revenue								
Public Service Obligations						286.9		286.9
Energy					1.0	1.2	1.0	1.2
Lignite								
Revenues	**423.8**	**367.2**	**22.9**	**24.5**	**620.7**	**667.8**	**1,067.4**	**1,059.5**
Expenses (3rd Parties)								
Payroll Cost	26.0	25.9			2.7	2.8	28.6	28.7
Own production lignite								
Third party lignite - Hard coal								
Natural Gas								
Liquid fuel	309.5	239.7					309.5	239.7
Materials & Consumables	6.4	6.5			0.1	0.1	6.5	6.6
Depreciations	34.9	34.7	10.0	10.1	0.2	0.2	45.1	45.1
Energy Purchases from third party					444.6	436.8	444.6	436.8
Energy imports								
Energy Purchases to wholesale market								
Return of receivable ETMEAR to Administrators					52.2	55.7	52.2	55.7
Return of receivable PSO to Administrators					36.5	0.0	36.5	0.0
Transmission Network Fees								
Distribution Network Fees					43.0	47.1	43.0	47.1
Utilities & Maintenance	1.9	1.8			1.8	1.9	3.7	3.7
Third party fees	0.6	0.3			2.6	1.1	3.1	1.4
Taxes and duties	0.6	0.6			(0.4)	0.7	0.2	1.3
CO_2 emissions rights	11.0	11.4					11.0	11.4
Provisions	1.0	2.9			(14.6)	20.4	(13.7)	23.3
Financial expenses	0.2	17.9	5.3	6.0	1.3	1.7	6.7	25.6
Financial income	(0.2)	(10.3)	(5.5)	(3.5)	(7.3)	(7.1)	(13.1)	(20.8)
Other (income)/ expense, net	(6.2)	(2.5)	0.2	0.7	(177.0)	(2.4)	(182.9)	(4.2)
Impairment loss of marketable securities		0.4		0.1				0.6
Foreign currency gains/ (losses), net	(1.7)	0.1					(1.7)	0.1
Allocated Administration Expenses	8.0	3.9			4.1	0.7	12.0	4.7
Interdepartmental Expenses								
Lignite yard & ash expenses								
Change in stock								
Public Service Obligations						41.3		41.3
Energy	1.0	1.2					1.0	1.2
Profit (Loss) Before Tax	**31.0**	**32.6**	**13.0**	**11.0**	**231.1**	**66.8**	**275.1**	**110.5**

OTHER NON INTERCONNECTED ISLANDS
UNBUNDLED INCOME STATEMENT (INCL. RHODES)
DECEMBER 2017

(Expressed in million Euro)

	Generation		Distribution Network		Supply		Total	
	2017	2016	2017	2016	2017	2016 (Restated)	2017	2016 (Restated)
REVENUES								
Revenues from 3rd Parties								
Energy sales to customers					262.5	266.9	262.5	266.9
PSO's revenues from customers					43.9	40.9	43.9	40.9
Energy exports								
Energy sales to wholesale market	428.5	385.3					428.5	385.3
Capacity assurance mechanism								
Other Services to wholesale market								
Network rentals			20.4	18.5			20.4	18.5
Customer's contribution			6.1	4.9			6.1	4.9
ETMEAR's revenues					53.7	55.1	53.7	55.1
PSO's revenues from Administrators					291.1	(0.0)	291.1	(0.0)
Other Sales	0.2	0.3			2.3	2.5	2.5	2.8
Allocated Administration Revenues	2.2	1.6			0.2	0.1	2.5	1.7
Interdepartmental Revenues								
Lignite yard & ash revenue								
Public Service Obligations						308.8		308.8
Energy					0.3	0.4	0.3	0.4
Lignite								
Revenues	**430.9**	**387.2**	**26.5**	**23.4**	**654.0**	**674.6**	**1,111.4**	**1,085.3**
Expenses (3rd Parties)								
Payroll Cost	42.2	39.6			2.2	2.2	44.4	41.7
Own production lignite								
Third party lignite - Hard coal								
Natural Gas								
Liquid fuel	268.4	213.5					268.4	213.5
Materials & Consumables	14.7	12.3			0.1	0.1	14.8	12.3
Depreciations	49.2	49.0	11.5	11.4	0.3	0.2	60.9	60.6
Energy Purchases from third party	0.9	1.4			459.1	418.0	460.0	419.4
Energy imports								
Energy Purchases to wholesale market								
Return of receivable ETMEAR to Administrators					53.7	55.1	53.7	55.1
Return of receivable PSO to Administrators					41.1		41.1	
Transmission Network Fees								
Distribution Network Fees					45.1	44.6	45.1	44.6
Utilities & Maintenance	10.7	8.7			1.8	1.8	12.5	10.4
Third party fees	3.2	2.6			3.4	1.1	6.6	3.7
Taxes and duties	0.8	0.2			0.3	0.8	1.1	1.0
CO_2 emissions rights	9.9	10.3					9.9	10.3
Provisions	0.9	0.9			(14.7)	20.1	(13.8)	21.0
Financial expenses	12.8	18.0	3.8	5.2	4.3	3.2	20.9	26.5
Financial income	(13.5)	(10.5)	(4.0)	(3.0)	(10.7)	(7.8)	(28.2)	(21.3)
Other (income)/ expense, net	(4.4)	(5.8)	0.9	1.5	(164.0)	(2.4)	(167.6)	(6.7)
Impairment loss of marketable securities		0.4		0.1		0.1		0.6
Foreign currency gains/ (losses), net	(0.3)	(0.1)				0.0	(0.3)	(0.1)
Allocated Administration Expenses	14.9	8.1			4.1	0.6	18.9	8.8
Interdepartmental Expenses								
Lignite yard & ash expenses								
Change in stock								
Public Service Obligations						40.9		40.9
Energy	0.3	0.4					0.3	0.4
Profit (Loss) Before Tax	**20.4**	**38.3**	**14.3**	**8.1**	**228.1**	**96.1**	**262.8**	**142.6**

CONSOLIDATED AND SEPARATE BALANCE SHEET

AS OF DECEMBER 31ST, 2017

(All amounts in millions of Euro)

	Company		IPTO		HEDNO		Other Companies		Eliminations		Group (continuing operations)	
	31.12.2017	31.12.2016 (Restated)	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016 (Restated)
ASSETS												
Non – Current Assets:												
Tangible assets	11,351.5	11,714.4	-	1,583.9	30.0	37.2	161.8	171.6	17.6	1,595.3	11,560.9	13,518.5
Intangible assets, net	71.4	55.0	-	0.0	5.2	3.1	0.5	0.5	(0.5)	(0.5)	76.6	58.1
Investments in subsidiaries	214.5	1,130.7	-	-	-	-	-	-	(214.5)	(1,130.7)	-	-
Investments in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Investments in associates	1.2	1.2	-	-	-	-	19.8	19.8	(0.0)	(0.0)	21.0	21.0
Available for sale financial assets	1.0	0.9	-	-	-	-	0.5	0.4	0.0	(0.0)	1.5	1.3
Other non- current assets	94.7	104.1	-	33.4	0.0	0.0	498.5	700.5	(498.0)	(666.6)	95.2	138.0
Total non-current assets	**11,734.4**	**13,006.3**	**-**	**1,617.4**	**35.2**	**40.3**	**681.0**	**892.9**	**(695.4)**	**(202.4)**	**11,755.2**	**13,736.9**
Current Assets:												
Materials, spare parts and supplies, net	610.3	544.2	-	41.6	146.9	142.2	0.7	0.6	(26.5)	14.3	731.4	701.2
Trade receivables, net	1,300.1	1,263.8	-	659.5	468.6	450.6	16.1	24.2	(459.0)	(327.9)	1,325.7	1,410.8
Other receivables, net	811.6	274.1	-	69.9	17.6	25.8	6.8	9.7	246.3	(73.6)	1,082.3	236.1
Income tax receivable	-	-	-	-	-	-	-	-	6.6	22.6	6.6	22.6
Other current assets	27.3	43.8	-	172.0	229.5	20.7	1.0	4.5	(146.6)	43.7	111.2	112.7
Cash and cash equivalents	163.1	149.4	-	294.1	27.1	5.1	61.4	52.5	(0.0)	294.1	251.6	501.1
Restricted Cash	94.1	111.0	-	-	-	-	-	-	-	0.0	94.1	111.0
Total Current Assets	**3,006.5**	**2,386.3**	**-**	**1,237.1**	**889.6**	**644.4**	**86.0**	**91.5**	**(379.1)**	**(26.8)**	**3,603.0**	**3,095.4**
Total Assets	**14,740.9**	**15,392.5**	**-**	**2,854.5**	**924.8**	**684.7**	**767.0**	**984.4**	**(1,074.5)**	**(229.3)**	**15,358.2**	**16,832.4**
EQUITY AND LIABILITIES												
Equity												
Share capital	575.4	1,067.2	-	38.4	37.6	37.6	97.6	97.4	(135.1)	(135.0)	575.4	1,067.2
Share premium	106.7	106.7	-	-	-	-	55.3	55.3	(55.3)	(55.3)	106.7	106.7
Legal reserve	128.3	117.5	-	12.8	1.6	0.2	3.1	2.7	(4.7)	(2.9)	128.3	117.5
Fixed assets' statutory revaluation surplus included in share capital	(947.3)	(947.3)	-	639.7	-	-	-	-	-	-	(947.3)	(947.3)
Revaluation surplus	3,956.3	4,016.6	-	-	42.0	42.9	24.1	24.7	24.3	664.0	4,046.7	4.748.2
Other Reserves	21.4	5.6	-	171.4	-	-	6.8	(0.3)	(62.5)	(119.0)	(34.3)	(113.6)
Retained earnings	1,637.2	1,371.5	-	35.7	44.8	(39.1)	51.1	54.2	2.0	(553.7)	1,735.0	832.9
Total Equity attributable to owners of the Parent	**5,477.9**	**5,737.8**	**-**	**898.1**	**126.0**	**41.6**	**238.1**	**234.0**	**(231.5)**	**(201.9)**	**5,610.4**	**5,811.5**
Non-Controlling Interest	-	-	-	-	-	-	(0.0)	-	0.1	0.1	0.1	0.1
Total Equity	**5,477.9**	**5,737.8**	**-**	**898.1**	**126.0**	**41.6**	**238.1**	**234.0**	**(231.3)**	**(201.8)**	**5,610.5**	**5,811.6**
Non-Current Liabilities:												
Interest bearing loans and borrowings	3,738.9	3,950.9	-	145.0	-	-	498.0	700.0	(498.0)	(555.0)	3,738.9	4,095.9
Post retirement benefits	255.8	280.6	-	29.9	150.1	165.7	-	-	0.1	29.9	406.0	476.3
Provisions	185.7	189.6	-	54.9	37.5	36.0	1.3	1.8	0.0	54.9	224.6	282.4
Deferred tax liabilities	205.9	407.0	-	143.5	(90.7)	(43.1)	13.8	13.0	13.9	148.6	142.8	525.6
Deferred customers' contributions and subsidies	1,331.7	1,401.7	-	209.4	-	-	4.2	4.3	(0.1)	209.4	1,335.8	1,615.4
Other non-current liabilities	514.9	558.3	-	6.1	6.3	5.5	0.2	19.9	(0.2)	6.1	521.2	589.8
Total Non-Current Liabilities	**6,232.8**	**6,788.1**	**-**	**588.8**	**103.2**	**164.1**	**517.4**	**739.0**	**(484.3)**	**(106.1)**	**6,369.2**	**7,585.2**
Current Liabilities:												
Trade and other payables	1,910.5	1,865.0	-	696.1	482.3	429.2	6.5	5.1	(207.6)	(319.6)	2,191.7	1,979.6
Short – term borrowings	30.0	30.0	-	47.0	-	-	-	-	-	47.0	30.0	77.0
Current portion of interest bearing loans and borrowings	500.4	631.1	-	306.1	-	-	-	-	-	306.1	500.4	937.2
Dividends payable	0.0	0.1	-	92.9	-	-	-	-	-	-	0.0	0.1
Income tax payable	208.0	15.4	-	45.7	13.2	6.7	(0.0)	(0.0)	(0.0)	45.7	221.2	67.9
Accrued and other current liabilities	381.3	325.1	-	179.7	200.2	43.1	5.0	6.3	(151.3)	(0.8)	435.2	373.7
Derivative liability	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**3,030.2**	**2,866.7**	**-**	**1,367.6**	**695.7**	**478.9**	**11.5**	**11.4**	**(358.9)**	**78.5**	**3,378.5**	**3,435.5**
Total Liabilities and Equity	**14,740.9**	**15,392.5**	**-**	**2,854.5**	**924.8**	**684.7**	**767.0**	**984.4**	**(1,074.5)**	**(229.3)**	**15,358.2**	**16,832.4**

CONSOLIDATED AND SEPARATE STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31ST, 2017

(All amounts in millions of Euro)

	Company		IPTO		HEDNO		Other Companies		Eliminations		Group (continuing operations)	
	31.12.2017	31.12.2016 (Restated)	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016 (Restated)
REVENUES												
Revenue from energy sales	4,584.1	4,893.2	-	1,179.7	975.0	921.7	51.0	66.8	(1,016.5)	(975.3)	4,593.6	4,906.4
Revenue from system usage	-	-	-	-	-	-	-	-	-	-	-	-
PSO's revenues	-	-	-	-	-	-	-	-	-	-	-	-
Other sales	262.9	170.7	-	238.8	1,704.3	921.8	30.7	37.0	(1,647.6)	(870.1)	350.3	259.5
	4,847.0	**5,063.9**	**-**	**1,418.5**	**2,679.3**	**1,843.5**	**81.7**	**103.8**	**(2,664.1)**	**(1,845.3)**	**4,943.9**	**5,165.9**
EXPENSES												
Payroll cost	559.4	557.9	-	63.7	317.1	268.9	3.0	2.5	(58.5)	55.1	821.1	884.4
Lignite	55.4	57.0	-	-	-	-	-	-	-	-	55.4	57.0
Liquid Fuel	662.6	481.2	-	-	-	-	-	-	-	-	662.6	481.2
Natural Gas	409.1	265.7	-	-	-	-	-	-	-	-	409.1	265.7
Depreciation and Amortization	634.5	655.3	-	63.2	7.9	7.4	6.8	6.4	(0.0)	63.2	649.2	732.3
Energy purchases	1,614.7	1,255.6	-	1,179.7	1,647.7	928.5	24.9	35.9	(1,687.0)	(992.5)	1,600.3	1,227.6
PSO's fees	-	-	-	-	-	-	-	-	-	-	-	-
Materials and consumables	97.9	109.3	-	3.0	72.8	33.6	-	-	(38.5)	2.9	132.2	145.8
Transmission system usage	173.7	177.9	-	-	-	-	-	-	-	(177.9)	173.7	-
Distribution system usage	354.8	376.6	-	-	-	-	-	-	(354.8)	(376.6)	-	-
Utilities and maintenance	178.3	190.5	-	6.8	554.6	541.7	4.2	3.8	(501.3)	(489.6)	235.8	246.4
Third party fees	47.0	34.3	-	3.9	29.5	27.7	1.2	0.9	(16.1)	(13.6)	61.5	49.3
CO_2 emission rights	181.2	178.2	-	-	-	-	-	-	-	-	181.2	178.2
Provision for Land restoration	-	-	-	-	-	-	-	(1.8)	-	1.8	-	-
Provision for risks	41.8	12.2	-	11.8	1.5	(0.9)	-	-	-	11.8	43.3	23.1
Provision for slow – moving materials	7.4	0.8	-	0.2	1.0	(0.4)	0.1	0.1	0.0	0.2	8.5	0.8
Allowance for doubtful balances	24.7	427.7	-	(4.7)	0.4	1.1	0.1	-	(0.0)	(4.7)	25.2	424.1
Financial expenses	200.5	220.7	-	37.3	0.1	0.1	35.4	39.2	(30.7)	(9.1)	205.2	250.9
Financial income	(110.2)	(215.1)	-	(2.6)	(0.6)	(0.4)	(3.5)	(2.3)	4.5	121.1	(109.8)	(96.7)
Profit from sale of a subsidiary - ADMIE	(198.6)	-	-	-	-	-	-	-	198.6	219.6	-	219.6
Other (income) expenses, net	(306.4)	173.1	-	2.2	10.7	22.4	2.2	0.6	22.7	(196.1)	(270.8)	-
Subsidies of valuation of fixed assets	-	-	-	-	-	-	4.3	-	(0.0)	(1.2)	4.3	(1.2)
Net loss / (gain) from associates and joint ventures	-	-	-	-	-	-	(0.5)	-	(0.0)	9.0	(0.5)	9.0
Loss / (Gain) of associates and joint ventures, net	-	5.4	-	-	-	-	-	3.6	-	(8.8)	-	0.3
Impairment loss of marketable securities	(4.1)	0.4	-	-	-	-	(0.0)	(0.1)	(0.0)	(0.3)	(4.1)	-
Foreign currency (gain) / loss, net	-	-	-	-	-	-	-	-	-	-	-	-
	4,623.6	**4,965.0**	**-**	**1,364.4**	**2,642.6**	**1,829.6**	**78.0**	**88.9**	**(2,461.0)**	**(1,785.7)**	**4,883.3**	**5,097.8**
Profit / (Loss) Before Tax	**223.4**	**99.0**	**-**	**54.1**	**36.7**	**13.8**	**3.7**	**14.9**	**(203.1)**	**(59,6)**	**60.7**	**68,1**

NOTES TO THE UNBUNDLED FINANCIAL STATEMENTS

1. General Information

According to the provisions of European Directive 2009/72/EC, as well as the provisions of L. 4001/2011, which integrates the aforementioned European Directive into the national legislation, unbundling is the separation of financial statements (balance sheet and income statement) of an integrated electric utility into different financial statements for each one of its activities.

The unbundled financial statements will reflect each activity's financial position, assets and liabilities, as if such activities prepared financial statements had they been separate (independent) legal entities.

PPC, as a vertically organized integrated electric utility, keeps in its internal accounting, separate accounts for its activities and prepares separate balance sheets and statements of income for each one of its activities (balance sheet and statement of income before tax – hereinafter referred to as "unbundled financial statements"), as if these activities were carried out by different entities, in order to avoid discriminations, cross subsidization and distortion of competition.

Further to the above, PPC should keep separate accounts for its activities carried out in the non-interconnected islands.

The accounting principles applied for the preparation of the unbundled financial statements are those applied for the preparation of the Company's separate and consolidated financial statements.

The unbundling methodology applied by the Company for the preparation of the accompanied unbundled financial statements was approved by the 266/2014 Decision of the Regulatory Authority for Energy. Additionaly, in the Non – Interconnected System the transactions of energy between PPC's Generation and Supply and HEDNO, are carried out according to RAE's Decision 641/2013.

It is noted that as of 15/6/2017, IPTO does not belong to the Group's subsidiaries and follows the model of ownership unbundled Operator, fully harmonized with the Directive 2009/72/EC. As a result, information disclosures by operational segment are stated and refer only to continuing operations of the Company.

2. Accounting Unbundling Methodology

The methodology applied for the preparation of the unbundled financial statements consists of the following phases: (a) determination of activities into which the integrated electric utility should be unbundled, (b) preparation of unbundled trial balances, (c) preparation of unbundled balance sheets, (d) preparation of the unbundled statements of income, (e) quantification of inter-segment revenues and expenses among activities through the application of an internal pricing system.

Determination of activities into which the integrated electric utility should be unbundled

The activities for unbundled financial statements are prepared, on a first level, are Mines, Generation, Distribution Network, Supply, and Corporate.

On a second level, these activities are presented as follows:

- **Interconnected System**
  - Mines
  - Generation
  - Distribution network
  - Supply
- **System of Crete**
  - Generation
  - Distribution network
  - Supply
- **System of Non Interconnected Islands**
  - Generation
  - Distribution network
  - Supply

Mines

Mines include the lignite extraction activity carried out in the Lignite Centers of West Macedonia and Megalopolis.

Generation

Generation includes the electricity generation activities in the Interconnected System, the System of Crete and the System of Non Interconnected Islands.

Distribution

Distribution Network includes the rental of assets to HEDNO SA in the Interconnected System, the System of Crete and the System of Non Interconnected Islands.

Supply

Supply reflects the Company's activity which monitors relationships with final customers in the Interconnected System, the System of Crete and the System of Non Interconnected Islands.

Corporate

The Corporate is the administrative departments of the Parent Company, which provide support to PPC's activities.

The Balance Sheet and Statement of Income of the Corporate is further allocated based on certain allocation rules, which are described in detail in the following pages.

Related parties are reflected as a separate activity in the group unbundled financial statements.

Preparation of unbundled trial balances

In the Company's accounting system, each cost and profit centre represents an organizational entity, in which the assets and liabilities are recorded. In order for these trial balances to be generated, the following tasks are performed, which are applied per account and cost / profit centre for the minimum account degree in General Accounting:

- Cost/profit centers are recorded in order to identify the boundaries of activities and then all cost/profit centers to be assigned to activities with which they are related to.
- The sum totals of the cost/profit centers and accounts are reconciled with the comprehensive trial balance of the Company.

• The trial balance accounts are codified and grouped into sections of the balance sheet and of the income statement based on Company's consolidated Financial Statements.

Preparation of unbundled balance sheets

At the end of each financial year, balance sheets are prepared for each of the four activities (Mines, Generation, Distribution Network, Supply) in the Interconnected System, in the Crete System and in the Non – Interconnected Islands System.

The balance sheet for each activity is prepared under the principle of independent accounting.

The accounts of each balance sheet are as follows:

i. Direct, which include the direct charges and credits of the accounts of the relevant profit centers of the corresponding level of activity.

ii. Indirect of the administration departments, which derive from the administration departments of each activity and include its allocated balance sheet accounts.

iii. Indirect of the Corporate, which include the allocated balance sheet accounts, which are presented in a separate line on each activity's balance sheet.

In addition, in the accounts of balance sheets there are profitable Activities where funding other Activities for their needs in cash equivalents. The presentation of these transactions reflected in separately lines in the accounts of balance sheet in current assets and current liabilities.

Additionaly, the Balance Sheets of PPC's subsidiaries are depicted separately.

Preparation of the unbundled statements of income

For each accounting period income statements are prepared for each of the four activities (Mines, Generation, Distribution Network, Supply) in the Interconnected System, in the Crete System and in the Non – Interconnected Islands System. Additionaly, the Income Statemetns of PPC's subsidiaries are depicted separately.

Income statement accounts of financial nature are allocated to activities based on the loans of each activity. Then, income statement account balances that have remained in Corporate are allocated in the activities.

For the allocation of revenues and expenses to Activities the criterion is based on direct expenses of every Activity, with the exception of expenses that relate to the system of customers' monitoring and billing that are assigned only to Supply. Upon completion of the above allocations, the Statements of income for each Activity are prepared.

The Corporate expenses and revenues allocated to the activities are presented separately in a line item in each activity.

Quantification of inter-segment revenues and expenses among activities through the application of an internal pricing system

Within the framework of an integrated utility products and services are exchanged among its activities, which would be recorded if these activities would operate as independent entities.

In order for these products and services to be quantified and recorded, an internal pricing system is applied if necessary (where there is no external determination of internal exchanges). The most important services and products internally exchanged in PPC among its Activities, that are presented in the Unbundled Financial Statements are the following:

Product / Service	Activity which Renders	Activity which Receives
Interconnected system		
Lignite	Mines	Generation
Other Services	Mines	Generation
Self-consumption energy	Supply	Mines, Generation
System of Crete		
Self-consumption Energy	Supply	Generation
Return of receivable Public Service Obligations*	Interconnected Supply	Supply of Crete
System of other Non-Interconnected Islands		
Self-consumption Energy	Supply	Generation
Return of receivable Public Service Obligations*	Interconnected Supply	Supply of Non-Interconnected Islands

* Be in effect only for 2016. For 2017 the charges and revenues from PSOs are been billed by the Operators of the Market.

Each activity's revenues from product sales or services to another activity are quantified, through the internal pricing system. Also, the activity that receives the product/ service records the related cost.

The internal revenues – expenses for each activity are defined as follows:

In the interconnected system:

• The internal energy sales for self-consumption are calculated based on each Activity's metered consumption of energy with the average marginal price including the Return of receivable Public Service Obligations, Transmission System Tariffs and IPTO uplift charge.

• The Mines internal revenue is calculated in accordance of the agreement for the lignite supply between Mines and Generation. The lignite supply contract determines the internal lignite market, i.e the lignite sales of the activity of the Lignite General Division to the activity of the Generation General Division.

The contract covers the consumption of the lignite stations on a continuous basis, as well as with the necessary stock for the specific period. The calculation of the relative amounts takes place on the monthly basis, taking into account the monthly consumption and the calorific value of the lignite delivered.

In the Non-Interconnected system:

• The internal energy sales are calculated based on each activity's metered consumption of energy priced by the average revenue of PPC's tariffs for the sale of electricity to Medium Voltage for Industrial Use customers.

• The Public Service Obligations (PSOs) that are invoiced by Supply to its customers, third party PSOs as well as self consumption PSOs are allocated as an internal revenue of Crete and the Non Interconnected Islands` Supply. Additionaly Supply receives as revenue electricity sales (self consumptions) to Generation (internal expense).

ANALYSIS OF REVENUES - EXPENSES FROM GENERATION AND SUPPLY

(Expressed in million Euro)

	Generation		Supply	
	2017	2016	2017	2016
INCOME				
Energy sales			**5,387.3**	**5,712.2**
Competative charges			3,257.9	3,407.6
Revenue from low voltage sales			2,456.2	2,591.8
Revenue from medium voltage sales			497.4	577.3
Revenue from high voltage sales			304.3	238.6
Transmission system usage			190.8	199.8
Revenue from low voltage sales			149.9	157.1
Revenue from medium voltage sales			23.9	25.6
Revenue from high voltage sales			16.9	17.2
Distribution system usage			644.0	664.3
Revenue from low voltage sales			600.6	616.1
Revenue from medium voltage sales			43.3	48.2
Revenue from other charges			3.0	17.0
Revenue from low voltage sales			2.5	13.5
Revenue from medium voltage sales			0.5	3.5
Unbilled revenue and discounts*			(61.1)	86.8
Revenue from PSO			548.7	543.4
Revenue from low voltage sales			436.0	421.7
Revenue from medium voltage sales			101.3	110.0
Revenue from high voltage sales			11.3	11.7
Revenue from the special fee for the reduction of CO_2 emissions			804.1	793.1
Revenue from low voltage sales			737.2	768.6
Revenue from medium voltage sales			62.3	73.1
Revenue from high voltage sales			9.6	9.3
Provisions			(5.1)	(57.9)
Wholesale energy sales	**2,395.6**	**1,965.4**		
Sales of energy to IPTO - EMO	1,490.5	1,103.5		
Sales of energy to HEDNO	851.1	751.6		
Revenue from Special Consumption Tax	0.0	20.1		
Revenue from covering the generation variable cost recovery	28.1	30.3		
Revenue from securing sufficient capacity	0.0	0.0		
Transitional Flexibility Assurance Mechanism	17.8	53.2		
Ancillary services	8.1	6.8		
Other sales			**33.1**	**34.8**
Revenue from reconnection fees			3.2	2.8
Other income from consummers			3.3	4.4
Commission from Municipal Levy and tax			26.7	27.6
EXPENSES			**4,713.3**	**3,972.3**
Purchases of energy - Interconnected System			**2,914.4**	**2,223.2**
Purchases of energy by IPTO - EMO			2,384.5	1,911.5
Special Consumption Tax			0.0	42.8
Securing sufficient capacity			0.0	0.2
Transitional Flexibility Assurance Mechanism			41.9	101.7
Coverage of the generation variable cost recovery			33.1	30.5
Charge according to the thermal units' variable cost			19.2	32.7
Ancillary services			43.4	49.8
Settlement of losses - clearances			39.1	24.8
RES Special Account			353.5	28.4
Other expenses			(0.3)	0.8
Energy imports			**88.5**	**98.0**
Energy purchases from non interconnected islands			**788.9**	**743.0**
Energy purchases from RES			**114.8**	**112.3**
Special fee for the reduction of CO_2 emissions			**806.7**	**795.8**
Revenue from the special fee for the reduction of CO_2 emissions from interconnected system			700.8	685.1
Revenue from the special fee for the reduction of CO_2 emissions from non interconnected islands			105.9	110.7

* For the revenue resulting from unbilled and discounts of low voltage, there is no breakdown in competative - monopoly charges to customers.

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DISTRIBUTION OF PROFITS FOR THE YEAR 2017

	Profit of the year	223,423,188.00
	Total	**223,423,188.00**
MINUS	Income Tax	7,547,092.00
	Retained Earnings	**215,876,096.00**
	1. Legal Reserve	10,793,804.80
	2. Dividends	0.00
	3. Retained Earnings	205,082,291.20
	Total	**215,876,096.00**

Note: Taking into account the capex plan and cash management of the Company, the BoD will propose to the forthcoming Annual General Meeting of the Shareholders of PPC the non-distribution of dividend for 2017.

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RELATED PARTIES TRANSACTIONS

RELATED PARTY TRANSACTIONS FOR THE YEAR 2017

(Amounts in thousands of Euro)

	31.12.17
Due from:	
PPC RENEWABLES S,A,	1,416
HEDNO S.A.	694,473
PPC Elektrik	0
PPC Bulgaria JSCO	0
TOTAL	**695,889**
Due to:	
PPC RENEWABLES S.A.	0
HEDNO S.A.	520,059
PPC FINANCE Plc	4,648
PPC Elektrik	164
PPC Bulgaria JSCO	1,016
TOTAL	**525,887**
Revenues from:	
SERVICES RENDERED TO PPC RENEWABLES S.A.	3,191
SERVICES RENDERED TO HEDNO S.A.	1,826,373
SERVICES RENDERED TO PPC Elektrik	13
SERVICES RENDERED TO PPC Bulgaria JSCO	53
TOTAL	**1,829,630**
Expenses to:	
EXPENSES FROM SERVICES TO PPC RENEWABLES S.A.	1
EXPENSES FROM SERVICES TO HEDNO S.A.	1,923,924
EXPENSES FROM SERVICES TO PPC Finance Plc	30,770
EXPENSES FROM SERVICES TO PPC Elektrik	3,665
EXPENSES FROM SERVICES TO PPC Bulgaria JSCO	21,425
TOTAL	**1,979,785**

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