CERTIFIED AUDITORS – ACCOUNTANTS: **Konstantinos Evangelinos**
Panagiotis Preventis

REPORT

To determine the book value of the Assets and Liabilities of the lignite power plant of Meliti Steam-Electric Power Plant owned by the "Public Power Corporation SA" (DEI) as of March 31, 2018 in order to be separated according to the provisions of Law 2166/1993 and Law 4533/2018.

ATHENS

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To
The Board of Directors
of the Societe Anonyme
under the title "PPC
S.A. - Public Power
Corporation S.A."

REPORT

To determine the book value of the Assets and Liabilities of the lignite power plant of Meliti Steam-Electric Power Plant owned by the "Public Power Corporation SA" (DEI) as of March 31, 2018 in order to be separated according to the provisions of Law 2166/1993 and Law 4533/2018.

I. Mandate and Audit Scope

This report was prepared under the mandate provided by the company "Public Power Corporation SA" (hereinafter referred to as "PPC SA" or "the Company") pursuant to the decision of its Board of Directors dated 42 / 7.5.2018. With the above mandate, we were assigned with ascertaining the book value of assets and liabilities of the branch to be separated, Meliti Steam-Electric Power plant owned by the PPC on 31 March 2018, in order to be seceded under the provisions of Law 2166 / 1993 and Law 4533/2018 "Structural Measures for Access to Lignite and the Further Opening of the Wholesale Electricity Market and Other Provisions", in accordance with the International Standard on Related Services 4400 "Assignments for the Execution of Pre-agreed Procedures Regarding Financial Information".

II. Background of the transferring company

a. The transferring company PPC SA was founded in 1950 as a state-owned company and was converted into a société anonyme under Law 2773/1999 and Presidential Decree 333/2000. By virtue of the Act of Legislative Content of 7-9-2012, which was ratified by article 2 of Law 4092/2012, the obligatory participation of the Greek State with at least 51% over the share capital of the company was abolished. By decision of the Extraordinary General Meeting of 30-11-2012, the article of the Articles of Association, which provided for the participation of the Greek State in the share capital at a percentage of at least 51% was abolished. This amendment to the Articles of Association, on the one hand, brings alignment with the existing legislation and, on the other, makes it possible to reduce the current shareholding of the Greek State in the share capital of the company.
The share capital of the PPC at 31 December 2016 amounted to 1,067,200 euros consisting of 232,000,000 common shares of four euros and sixty cents (€4,60) value each and was fully paid.

On 17.01.2017, decision of the Extraordinary General Meeting of Shareholders, and within the framework of the distribution to the existing shareholders of PPC SA of the shares held by the Energy Holdings S.A. (EN.SYM, and subsequent ADMIE HOLDINGS) under N 4389/2016 (carve out), approved (a) the reduction of the Share Capital of PPC SA by 491,840 euros “with the purpose of payment in kind to its shareholders”, and (b) the transfer, as a consequence of the above distribution in kind, to the existing shareholders of the shares held over EN.SYM in the ratio of their participation in the share capital of PPC. The decrease was effected by reducing the nominal value of the PPC's shares from four euros and sixty cents (€ 4.60) each to two euros and thirty-eight cents (€2.48).

Following this reduction, on December 31, 2017 the Share Capital of PPC SA amounts to €575,360 consisting of 232,000,000 ordinary shares, each of nominal value €2.48.

b. The seat of the Company is the Municipality of Athens, at 30 Halkokondyli Street, 10432 Athens, Greece.

c. The share capital of the Company, following successive capital increases made since the establishment of the Company to date and the conversion of the share capital into Euro, amounts to €575,360.00, divided into 232,000,000 ordinary shares of nominal value € 2.48 per share.

d. The company maintains a double-entry accounting system based on article 3 par. 10 of Law 4308/2014, while it publishes its consolidated and corporate financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union.

III. Legal framework from the separation of the field

The Separation and contribution of the lignite sector of Meliti Steam-Electric Power Plant of PPC SA to a new company is provided for by the provisions of Law 4533/2018 and includes among others:

1. In fulfilling the commitments of the Hellenic Republic to the European Commission, dated 19 January 2018 on structural measures, regarding access to lignite in the case of COMP / 38.700, through the divestment of related assets and activities of PPC SA, two (2) new, in terms of assets, liabilities and human resources, societies anonymes are established, according to the provisions of this law, where the sole shareholder is PPC SA. and their main purpose is lignite extraction and production of electricity using lignite.

2. This divestment is carried out by splitting and contributing by PPC SA of the following lignite generation potential of the PPC, along with the research and exploitation rights of PPC SA on certain lignite deposits, as specified by the law, as well as of other related assets, liabilities and human resources, as separate branches in each of the two new companies, in accordance with the provisions of this law, and is completed by the transfer of all shares issued by the new companies to preferred investors selected under the tendering procedure provided for in Article 3.

In particular, to the first company, PPC SA contributes as a branch the assets, rights and liabilities related to its lignite power generation activity in the area of Meliti Florina and in the wider region, where public lignite deposits are located.

3. The assets contributed by PPC SA to the first new company of Melitis Steam-Electricity Power Plant include in particular:

a) power plant no. 1 of Melitis Steam-Electricity Power Plant (Meliti 1), with a rated output of 330 MW,

b) the electricity generation license of Unit 2 of Melitis Steam-Electricity Power Plant (Meliti 2), with a rated output of 450 MW,

c) the research and exploitation rights granted to PPC SA on the lignite deposits in Meliti, Florina and in the wider region, pursuant to the decision of the Minister of Industry, Research and Technology dated 4 July 1994 under number Δ9-Α/Φ54/13421(Β 633), i.e. over the lignite deposits of Kleidi, Meliti Hill, and Vevi, as well as the right to use the land owned by PPC SA in Kleidi area, as required for the exercise of those research and exploitation rights,

d) the field of Meliti Steam-Electricity Power Plant and the site for depositing solids byproducts of Meliti SEPP,

e) all the building, mechanical and auxiliary facilities of the Melitis SEPP,

f) all auxiliary machinery, equipment and vehicles of the Melitis SEPP,

g) all stock relating to Meliti SEPP,

h) all administrative permits and approvals concerning and related to the lignite mining and lignite power generation activity of Melitis SEPP.

4. The total assets and liabilities, including contracts and employment relationships with the PPC personnel required for the business continuity and the proper functioning of the lignite power generation, are described in the notarial deed for the separation and in the separation accounting report, and are accounted for as an independent business branch of the PPC.

The reference in paragraph 3 to the assets and / or liabilities of the branches of PPC SA is not exhaustive, including as a minimum the commitments undertaken by the Hellenic Republic in accordance with paragraph 1.

Assets and / or liabilities that have not been described in the relevant separation deed by mistake but are necessary for the orderly operation and business continuity of the above two branches and are included in an organizational and operational view in the respective branch, are considered as being contributed to the respective new company at the time of the completion of the respective secession and contribution.

IV. <u>Audit conducted</u>

We conducted this work in accordance with the International Standard on Related Services 4400 "Assignments for the Execution of Pre-agreed Financial Information Processes". Our responsibility is to execute the pre-agreed procedures of the project, which include the certification by the Certified Auditor of the accounting figures of the branch to be separated, Meliti SEPP of PPC, which will include sections of PPC lignite power generation capacity in order to be contributed to the new company, which will be 100% owned by PPC SA, on the basis of the provisions of Law 2166/1993 and the new legislative provisions of Law 4533/2018 (Government Gazette A 75 / 27.04.2018) "Structural measures for access to lignite and the further opening of the wholesale electricity market and other provisions".

The PPC Management is responsible for the separation of the assets and liabilities of the branch to be separated and for the calculation of the share capital. The accounting statement was approved by the Company's Board of Directors on May 23, 2018 with under decision no. 48 / 23.05.2018.

In order to ascertain and certify the book value of the assets included in the separation balance, of March 31, 2018, for Meliti SEPP branch, we proceeded to the following procedures:

- A comparison was made of the amounts that are recorded in the separation balance with the corresponding balance amounts as recorded in the accounting records of the operationally separated statements of the company and are supported, where appropriate, by accompanying analytical statements.
- Numerical reconciliation of all balances was made as they appear in the operationally separated statements.
- The book value per share was determined based on the contributed share capital.
- We have noted that the company maintains a double-entry accounting system based on article 3 par. 10 of Law 4308/1914 while it publishes its consolidated and company financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and that balance sheets for more than one year have been prepared and published.

Our work did not extend to the verification of any existing goodwill and depreciation of assets, bad debts, impairments, hidden reserves and other factors which could affect the financial position of the branch to be separated as on the date of the balance sheet, i.e. 31 March 2018. Also, no audit was conducted for any tax issues and breaches and possible tax liabilities.

V. DETERMINATION OF THE BOOK VALUE OF ASSETS AND LIABILITIES OF THE BRANCH UNDER DIVESTMENT AS OF MARCH 31, 2018

Steam-electric station Melitis
Condensed Balance Sheets 31st March 2018
Amounts in Euro

	ACCOUNTING BASE Amounts 31.03.2018	TAX BASE Amounts 31.03.2018
ASSETS		
Non-Current assets :		
Tangible assets	402.753.968,24	56.693.934,76
Intangible assets	4.746,00	4.940,93
Total Non-current assets	402.758.714,24	56.698.875,69
Current assets:		
Materials, spare parts and supplies, net	17.383.586,52	24.320.061,12
Trade and other receivables	3.449.178,14	3.449.178,14
Cash and cash equivalents	7.921.606,83	7.921.606,83
Total current assets	28.754.371,49	35.690.846,09
Total Assets	431.513.085,73	92.389.721,78
Debit memo accounts	279.871,30	197.371,30
EQUITY AND LIABILITIES		
Equity:		
Share capital	52.800.000,00	52.800.000,00
Special reserves Law 4533/18 article 2 par. 3	225.140.521,54	0,00
Revaluation surplus	22.777.197,47	8.527.908,70
Total equity	300.717.719,01	61.327.908,70
Provisions	1.940.204,99	0,00
Non-current liabilities		
Deferred tax liability	97.793.348,65	0,00
Current liabilities		
Trade and other payables	31.061.813,08	31.061.813,08
Total Liabilities and Equity	431.513.085,73	92.389.721,78
Credit memo accounts	279.871,30	197.371,30

VI. Analysis of book value for the Melitis Branch as of March 31, 2018

ASSETS

	Cost	Accumulated depreciation	Net book value
Tangible assets			
1. Land	374.903,19	0,00	374.903,19
3. Buildings	104.881.638,65	-11.898.499,20	92.983.139,45
4. Machinery	334.644.720,14	-53.900.268,92	280.744.451,22
5. Transportation means	257.653,54	-102.778,21	154.875,33
6. Furniture and fixtures	1.844.457,89	-803.965,02	1.040.492,87
7. Fixed assets under construction	27.456.106,18	0,00	27.456.106,18
	469.459.479,59	-66.705.511,35	402.753.968,24

The above amounts include the purchase values of fixed assets, adjusted as per legislation in force and International Financial Reporting Standards (IFRS), reduced by the amount of recorded depreciations as of 31 March, 2018. Said assets are described in detail in the attached fixed asset registry and in detailed descriptive lists (Addendum).

	Cost	Accumulated amortization	Net book value
Intangible assets			
Software	35.647,86	30.901,86	4.746,00

The above amount includes the purchase value of software programmes reduced by the recorded depreciations of 31 March, 2018, which are described in detail in the attached fixed asset registry (Addendum).

Materials, spare parts and supplies, net

The account includes:

Lignite inventories	3.886.070,32
Liquid fuel inventories	1.835.956,83
Consumables in hand	1.134.741,76
Material and spare parts in hand	17.428.007,57
	24.284.776,48
Less: Provision for slow moving materials	-6.901.189,96
Balance as of 31/3/2018	17.383.586,52

The above amounts include the purchase values of inventories, reduced by the amount of provisions for impairment as of 31 March, 2018, which are described in detail in the attached summarized inventory record and in the lists of fuels (Addendum).

Trade and other receivables

The account includes:

Trade receivables	3.246.057,24
Loans to employees	197.165,17
Other receivables	5.955,73
Total trade and other receivables	3.449.178,14

The above amounts include receivables, which are described in detail in the attached trial balance and in other accounting records (Addendum).

Cash and cash equivalents

The account includes:

Cash in hand	1.653,63
Cash at banks, (interim account Steam-electric station Melitis)	7.919.953,20
	7.921.606,83

The amount concerns to the cash in hand of the Steam-electric station Melitis as of 31/03/2018 plus the interim deposit account of the Meliti branch.

LIAIBILITIES

Provisions

The account includes:

Post retirement benefits	1.857.704,98
Other provisions	82.500,00
	1.940.204,98

PPC SA provides the employees and pensioners of the Company with electricity at a reduced tariff. The reduced tariff to pensioners is recognized as a liability and is calculated as the present value of future retirement benefits deemed accrued up to the end of period based on post-retirement benefits of employees accumulated during their service. The related liabilities are calculated on the basis of financial and actuarial assumptions. Other provisions refer to pending litigation which is registered in the memo accounts.

Long-term liabilities

Deferred tax liability

A deferred tax liability of € 97,793,348.65 was calculated using the liability method on the difference between the tax base and the accounting base of the Long-term Assets (Fixed Assets) and the Provisions using the current income tax rate of 29%.

Current liabilities

The account includes:

Suppliers	26.299.335,02
Customers' advances (guarantees) (LAGIE)	3.452.359,69
Transitory accounts, asset	288.972,86
Accrued and other current liabilities	1.021.145,51
	31.061.813,08

The above amounts include liabilities that are described in detail in the attached trial balance and other accounting records (Addendum).

EQUITY

The account includes:

Total assets		431.513.085,73
Less:		
Provisions	1.940.204,99	
Deferred tax liability	97.793.348,65	
Current liabilities	31.061.813,08	130.795.366,72
Equity		300.717.719,01

MEMO ACCOUNTS

The account includes:

Guarantees for participation in auction	197.371,30
Pending lawsuits with employees (Steam-electric station Melitis)	82.500,00
	279.871,30

The above amounts include letters of guarantees and pending litigation, which are described in detail in the attached accounting records (Addendum).

VII. Conclusion

The amount of the book value of assets less the book value of Provisions, Liabilities and Transitional Liability Accounts for the branch contributed of Meliti SEPP on 31 March 2018, as reflected in the separated branch, in terms of accounting, Meliti SEPP amounts to EUR 300,717,719.01 while the capital contributed amounts to 52,800,000.00 divided into 13,200,000 registered shares, each of 4 euros nominal value, and is determined as follows:

Total Assets		431,513,085.73
Minus:		
Provisions	1,940,204.99	
Retained tax payable	97,793,348.65	
Liabilities	31,061,813.08	130,795,366.72
Equity		300,717,719.01
Minus:		
Special reserves under law 4533/2018 article 2, par. 3,	225,140,521.54	
Adjusted goodwill of assets	22,777,197.47	247,917,719.01
Capital contributed		52,800,000.00

Given that the above procedures do not constitute an audit or review in accordance with International Standards on Auditing or the International Standards on Review Engagements, we do not express any assurance beyond what is stated above.

If we had conducted additional procedures, or if we had performed an audit or review in accordance with the International Standards on Auditing or the International Standards on Review Engagements, matters might have come to our attention other than those mentioned above, which we would disclose to you.

This report is addressed exclusively to the Board of Directors of the "PUBLIC POWER CORPORATION SA" for the purpose of using it only for the calculation of the book value of the assets and liabilities of the lignite power generation branch of Meliti SEPP of the Company on 31 March 2018, in order to be seceded under the provisions of Law 2166 / 1993 and Law 4533/2018.

Athens, May 23, 2018

Konstantinos Evangelinos
Certified Auditors - Accountants S.A.
SOEL Reg. no. 13151

Panagiotis Preventis
Certified Auditors - Accountants S.A.
SOEL Reg. no. 14501