

REPORT

**FOR THE CONFIRMATION OF THE ACCOUNTING VALUE OF THE ASSETS AND
LIABILITIES OF THE DISTRIBUTION SEGMENT OF THE PUBLIC POWER
CORPORATION S.A. (“PPC S.A.”) AS AT 31ST DECEMBER 2011, FOR THE PURPOSES
OF ITS SPIN-OFF PROCESS TO BE CARRIED OUT ACCORDING TO THE RELEVANT
PROVISIONS OF (GREEK) LAW 2166/1993 AND (GREEK) LAW 4001/2011 AS AMENDED
AND CURRENTLY IN FORCE**

Athens, 28 February 2012

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Athens, February 28, 2012

To the Board of Directors of
“PPC S.A. PUBLIC POWER CORPORATION S.A.”

REPORT

For the confirmation of the accounting value of the Assets and Liabilities of the Distribution Segment of the PUBLIC POWER CORPORATION S.A. (“PPC S.A.”) as at 31ST December 2011, for the purposes of its spin-off process to be carried out according to the relevant provisions of (Greek) Law 2166/1993 and (Greek) Law 4001/2011as amended and currently in force

I. INTRODUCTORY NOTES

Our report was prepared in accordance with the assignment of “PUBLIC POWER CORPORATION S.A.” (Hereinafter “PPC S.A.” or “the Company”) based on the 294/21.12.2010, 200/4.10.2011 and 230/10.11.2011 decisions of the Board of Directors. With the abovementioned appointment we were assigned the confirmation of the accounting value of the Assets and Liabilities of the Distribution Segment of PPC S.A. as at the 31st December 2011, in order to be absorbed by its 100% subsidiary, “PPC RODOS S.A.” [Renamed by law to DEDDHE S.A.] based on (Greek) Law 2166/1993 and (Greek) Law 4001/2011 as amended and currently in force, as this accounting value is recorded in the accounting statement of the segment as at 31st December 2011 prepared, for the purpose of the spin-off of the Distribution Segment, by the management of PPC S.A.

PUBLIC POWER CORPORATION S.A.
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II. HISTORY OF CONTRIBUTING COMPANY

- a. The contributing Company PPC S.A was converted to a Société Anonyme based on (Greek) Law 2773/1999 and the (Greek) P.D. 333/2000. The articles of Association of the Company define among others that the Greek State is not allowed to hold less than 51% of the shares with a voting right of PPC S.A, even after any increase in share capital.
- b. The Headquarters of the Company are located in the Municipality of Athens, 30 Chalkokondyli Str, 104-32, Athens, Greece.
- c. The Share Capital of the Company, after consecutive capital increases taking place since the establishment of the Company until the present day and the conversion of the Share Capital in Euros amounts to €1,067,200,000, equally divided into 232,000,000 ordinary shares with a nominal value of 4.60 Euros per share.
- d. The Company keeps Books of third (C') Category of the Code of Books and Records (PD 186/1992), and publishes its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The Company is listed in the Athens and London Stock Exchange.

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III. REVIEWED RECORDS – APPLIED PRINCIPLES

Our report was based on the records of the accounting statement of the Distribution Segment recorded by the Management of PPC S.A as at 31 December 2011 (contribution year). The accounting statement was approved by the Board of Directors of PPC on the 28 of February 2012 with the 43 /28.2.2012 decision and was registered in pages 193308 to 193317 of the Balance Sheet Book of Accounts kept by PPC with authentication number 7611/23.12.2010 DOY FAVE ATHINON. The structure and description used for the accounts, is based on the General Plan of Accounts. The accounting statement is presented in the attached Appendix 1.

The Company provided all required books and records as well as all required information and clarifications and all facilitations to our work.

The work we conducted on the accounting statement as at 31 December 2011 of which the results are recorded in our report was limited (according to the requirements of article 3 (Greek) Law 2166/1993) to the processes below:

1. Analysis of figures of the accounting statement of the Distribution Segment as at 31.12.2011 and reconciliation with the Accounting Books and records of the Company.
2. Reconciliation of the figures of the abovementioned accounting statement with the relevant figures recorded in the authenticated Balance Sheet Book of Accounts of the Company as at 31.12.2011.

Our work did not expand, in order to identify any goodwill or impairment, obsolesces hidden reserves or liabilities which could affect the financial position of the Distribution Segment as at the date of the accounting statement (31 December 2011). Furthermore, there was no work performed with respect to tax offences or any other kind of tax liabilities.

It is pointed out that the figures presented in the accounting statement of the Distribution Segment derive from the tax laws applied by the Company and not by the IAS-IFRS principles.

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IV. CONFIRMATION OF THE ACCOUNTING VALUE OF THE ASSETS AND LIABILITIES OF THE DISTRIBUTION SEGMENT OF THE PUBLIC POWER CORPORATION S.A. (“PPC S.A.”) AS AT 31 DECEMBER 2011

Below, we present the accounting values of the Assets and Liabilities of the Distribution Segment as they appear on the accounting statement of 31 December 2011 (Appendix 1), which derived based on the Code of Books and Records and the Greek General Plan of Accounts.

ASSETS	Amounts in Euro €
Installation Expenses	<u>122,522.42</u>
Fixed Assets	40,191,591.69
Total Fixed Assets	<u>40,191,591.69</u>
Inventories	190,748,136.64
Receivables	15,130,159.97
Cash	158,512.96
Total Current Assets	<u>206,036,809.57</u>
TOTAL ASSETS	<u>246,350,923.68</u>
ASSET MEMO ACCOUNTS	<u>227,858,065.06</u>
EQUITY AND LIABILITIES	
EQUITY	
Capital for Contribution	35,342,260.00
Revaluation Surplus and Subsidies received	34,974,060.18
TOTAL EQUITY	<u>70,316,320.18</u>
PROVISIONS FOR RISKS	<u>74,525,770.75</u>
LIABILITIES	
Suppliers	43,996,968.21
Various Creditors	52,567,732.21
Total Liabilities	<u>96,564,700.42</u>
LIABILITY TRANSITORY ACCOUNTS	<u>4,944,132.33</u>
TOTAL OWN FUNDS AND LIABILITIES	<u>246,350,923.68</u>
LIABILITY MEMO ACCOUNTS	<u>227,858,065.06</u>

The accounting values of the Assets and Liabilities are those presented in the Balance Sheet Book of Accounts of the Contributing Company “Public Power Corporation S.A.” to the Distribution Segment in pages 193308 to 193317.

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IV. CONFIRMATION OF THE ACCOUNTING VALUE OF THE ASSETS AND LIABILITIES OF THE DISTRIBUTION SEGMENT OF THE PUBLIC POWER CORPORATION S.A. ("PPC S.A.") AS AT 31 DECEMBER 2011- CONTINUED

A. ASSETS	EURO	EURO
1. Account: Installation Expenses		
Net Book Value 31.12.2011		122,522.42
The figure above is analysed as follows:		
Cost	1,469,894.59	
Less: Accumulated Depreciation until 31.12.2011	<u>1,347,372.17</u>	
Net Book Value as at 31.12.2011	<u>122,522.42</u>	
The figure above refers to the Net Book Value of software and formation expenses described analytically in the attached Fixed Assets' Register (Appendix 2)		
2. Account: Fixed Assets		
Net Book Value 31.12.2011		40,191,591.69
The figure above is as follows:		
Cost	170,885,597.55	
Less: Accumulated Depreciation until 31.12.2011	<u>130,694,005.86</u>	
Net Book Value as at 31.12.2011	<u>40,191,591.69</u>	
The figure mentioned above is analysed further into the Net Book Value of:		
<ul style="list-style-type: none"> • Transportation Equipment €14,879,605.29 (Appendix 2), • Furniture and Other Equipment: €3,924,524.27 (Appendix 2) and, • Fixed Assets Under Construction: €21,387,462.13 (Appendix 3) 		
3. Account: Inventories		
Balance as at 31.12.2011		190,748,136.64
The figure above refers to the spare part inventories and material orders which are located either in the warehouses of the Distribution Segments or were in transit between warehouses at the 31.12.2011 (Appendix 4) as well as prepayments for purchases of inventory in transit from abroad amounting in total € 206,053,921.45 (Appendix 4).		
There is a recognized provision of €15,305,784.81 regarding the slow moving materials on the abovementioned materials and spare parts.		

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IV. CONFIRMATION OF THE ACCOUNTING VALUE OF THE ASSETS AND LIABILITIES OF THE DISTRIBUTION SEGMENT OF THE PUBLIC POWER CORPORATION S.A. ("PPC S.A.") AS AT THE 31 DECEMBER 2011- *CONTINUED*

A. ASSETS	EURO	EURO
4. Account: Receivables		
Balance as at 31.12.2011		15,130,159.97
The figure above is analysed below:		
Advances and Personnel Loans	4,301,611.17	
Various receivables from contractors	4,746,804.42	
Trade Receivables (Appendix 5)	89,509,776.15	
Other	653,976.88	
Advances	<u>981,377.71</u>	
	<u>100,193,546.33</u>	
Recognized provision for bad debts on the amounts above	<u>(85,063,386.36)</u>	
		<u>15,130,159.97</u>
5. Account: Cash		
Balance as at 31.12.2011		158,512.96
The figure refers to the cash in hand of all area operators of the Distribution Segment in Greece as at 31.12.2011.		
TOTAL ASSETS		<u>246,350,923.68</u>

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IV. CONFIRMATION OF THE ACCOUNTING VALUE OF THE ASSETS AND LIABILITIES OF THE DISTRIBUTION SEGMENT OF THE PUBLIC POWER CORPORATION S.A. ("PPC S.A.") AS AT 31 DECEMBER 2011- CONTINUED

B. EQUITY AND LIABILITIES **EURO** **EURO**

6. Account: Capital for Contribution

Balance as at 31.12.2011 35.342.260,00

The capital for contribution refers to the difference between the contributed asset elements, less the contributed provision and liability elements and the liability transitory account figures of the Distribution Segment, reduced by the reserve surplus of (Greek) Law.2941/2001.

7. Account: Revaluation Surplus and Subsidies received

Balance as at 31.12.2011 34,974,060.18

The Subsidies surplus Law 2941/2001 refers to the account of the Greek General Plan of Accounts 41.98.01.02

TOTAL EQUITY **70,316,320.18**

8. Account: Provisions for Risks – Other Provisions

Balance as at 31.12.2011 74,525,770.75

PPC's employees and pensioners are entitled to supply of energy 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 their working period. The above mentioned obligations are calculated on the basis of financial and actuarial assumptions. The balance above refers to the part of the relating provision to the personnel of the Distribution Segment.

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IV. CONFIRMATION OF THE ACCOUNTING VALUE OF THE ASSETS AND LIABILITIES OF THE DISTRIBUTION SEGMENT OF THE PUBLIC POWER CORPORATION S.A. ("PPC S.A.") AS AT 31 DECEMBER 2011- CONTINUED

B. LIABILITIES **EURO** **EURO**

9. Account: Short Term Liabilities

Balance as at 31.12.2011 96,564,700.42

The figure above is analysed below:

Suppliers	43,996,968.21
Various Creditors	<u>52,567,732.21</u>
	<u>96,564,700.42</u>

The figures above mainly refer to liabilities to material and spare part suppliers, liabilities to contractors and to producers of renewable sources of energy to the no inter-connected network. Further analysis is presented in Appendix 6.

10. Liability Transitory Accounts

Balance as at 31.12.2011 4,944,132.33

The figure above refers to accrued expenses of the fiscal year relating to the Distribution Segment

TOTAL LIABILITIES **96,564,700.42**

TOTAL EQUITY AND LIABILITIES **246,350,923.68**

V. MEMORANDUM ACCOUNTS

The Memorandum accounts of the Distribution Segment amount to €227,858,065 and mainly refer to letters of guarantee of work and supplies.

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VI. OTHER INFORMATION

Relating to the application of (Greek) Law 2166/1993 we note the following:

1. PPC retains accounting records of Category C' as per the Code of Books and Records (PD 186/1992)
2. More than one set of Financial Statements have been prepared and legitimately published.
3. The contributing Company to the segment has recorded an analytical accounting inventory of Assets and Liabilities of the segment and based on this prepared an accounting statement as at 31.12.2011.
4. With the present report, the accounting value of the Assets and Liabilities of the Distribution Segment of PPC S.A. is confirmed by a chartered auditor accountant.

VII. CONCLUSION

Based on the procedures followed according to everything we mentioned in "Introductory Notes", it is evident that:

1. The accounting values of the Assets and Liabilities for the spin-off process of the Distribution Segment of PPC S.A. to be carried out, presented in the attached accounting statement as at 31.12.2011 are registered in the Balance Sheet Book of Accounts in pages 193308 to193317.
2. The accounting value of the Assets reduced by the accounting value of the Provisions, Liabilities and Transitory Liability Accounts of the contributing Distribution Segment of PPC S.A as at 31.12.2011, as occurs from the records of the accounting inventory of Assets and Liabilities amounts to €70,316,320.18, while the contributing capital amounts to €35,342,260.00 and is defined as follows:

	Amounts in €
Total Assets	246,350,923.68
Less:	
Total Liabilities	<u>(176,034,603.50)</u>
Total Capital	70,316,320.18
Less amounts included in Capital but not part of the "Capital for Contribution":	
Subsidies Surplus Law 2941/01	<u>(34,974,060.18)</u>
Capital for Contribution	<u>35,342,260.00</u>

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Our report was recorded to be used alone for the purposes of the spin off and absorption of the Distribution Segment of PPC S.A. to the Société Anonyme PPC RODOS S.A. according to (Greek) Law 2166/1993 and (Greek) Law 4001/2011 after its amendment.

Yours faithfully,

Athens, February 28 2012

The Certified Public Accountant



Tilemachos Ch. Georgopoulos

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Deloitte.

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