PUBLIC POWER CORPORATION S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002

INDEPENDENT AUDITORS' REPORT

To:
The Shareholders of Public Power Corporation S.A.

1. We have audited the accompanying consolidated balance sheet of Public Power Corporation S.A. (the "Company"), a Greek corporation, as of 31st December 2002 and the related consolidated income statement, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.
2. Except as discussed in paragraph 4 below, we conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant judgments and estimates made by management, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Company supplies electricity to the beneficiaries of the Public Power Corporation Personnel Insurance Organization ("PIO") at reduced tariffs. As further explained in Note 14 to the accompanying financial statements the Company is in dispute with PIO as to who is responsible for bearing the cost of this benefit. During 2002, the Company determined and accounted for the present value of the above liability, which at 31st December 2002, on an actuarially determined basis, amounted to approximately Euro 217 million, by setting a provision, as follows: (a) Euro 213 million representing the above liability as of 30th June 2002, net of the related deferred tax asset, by directly recording it as a charge against equity and (b) Euro 4 million by a direct charge to the income statement. Although events giving rise to the liability discussed above occurred and were known to management subsequent to 31st December 2001, the major part of the provision was recorded directly to equity rather than the income statement for the year ended 31st December 2002, as the Company made use of the provisions of a special law that allows such accounting treatment. Had the Company recorded the total amount of the provision in the income statement, net income and earnings per share for the year ended 31st December 2002, would be decreased by approximately Euro 138 million and Euro 0.60, respectively.
4. As further explained in Note 7 to the accompanying financial statements, the Company during 2002 proceeded with the further development and analysis of its fixed asset register. Such process has been substantially completed with the exception of the Distribution Network for which the development and analysis currently achieved by the Company, does not permit the verification of the fixed assets relating to the Distribution Network through a physical count, on a test basis.
5. In our opinion, except for the effect on the income statement for the year ended 31st December 2002 of the accounting for the provision discussed in paragraph 3 above, and such adjustments, if any, as might have been disclosed had we been able to perform the audit tests and procedures necessary as discussed in paragraph 4 above, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Public Power Corporation S.A. as at 31st December 2002 and of the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

6. Without qualifying our report we draw attention to the following:

   a. As further explained in Note 14 to the accompanying financial statements, the Company is in dispute with PIO as to who is responsible for bearing the cost for supplying energy to PIO beneficiaries at reduced tariffs. At 31st December 2002, the Company claims from PIO the amount of Euro 38 million resulting from the supply of energy to PIO pensioners at reduced tariffs for the period from 1st January 2000 to 31st December 2002. Following the rejection of the above claim by PIO during the third quarter of 2002, the Company recorded to the income statement a provision of approximately Euro 18 million. The necessity and/ or adequacy of the above provision as well as of the provision of Euro 217 million, also referred to PIO, discussed in paragraph 3 above depends on the final outcome of the dispute with PIO.

   b. As discussed in Note 7 to the accompanying financial statements. The Company in accordance with the provisions of Art. 10 of Law 2941/2001 engaged an independent firm of appraisers to conduct a valuation of its fixed assets as of 31st December 2000. The appraisal resulted in a surplus of approximately Euro 2.5 billion. Based on the above law, the results of the above appraisal were reflected in the Company's books during its first fiscal year (1st January 2001 to 31st December 2002), following its transformation into a societe anonyme. For reporting purposes, under International Financial Reporting Standards, the Company recorded the appraisal results at 31st December 2002. The future annual depreciation expense increase, as a result of the appraisal discussed above, is estimated to approximately Euro 225 million.

Ernst & Young

Athens, Greece
22nd April 2003

PUBLIC POWER CORPORATION S.A.

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2002
(Expressed in thousands of Euro)

ASSETS	Note	December 2002	December 2001
Non-Current Assets:			
Property, plant and equipment, net	**7**	8,987,619	6,247,492
Intangible assets, net	**8**	2,219	3,941
Investments in associates	**9**	29,240	2,298
Other non-current assets	**10**	13,448	21,825
Deferred income tax assets	**29**	136,658	96,283
Total non-current assets		9,169,184	6,371,839
Current Assets:			
Materials, spare parts and supplies, net	**11**	558,433	560,009
Trade receivables, net	**12**	560,543	537,938
Other receivables, net	**13**	79,265	114,339
PPC Personnel Insurance Organisation	**14**	61,294	167,759
Other current assets	**15**	6,166	6,016
Derivative Assets	**16**	8,740	0
Marketable and other securities	**17**	12,567	27,328
Cash and cash equivalents	**18**	28,407	47,278
Total current assets		1,315,415	1,460,667
Total assets		10,484,599	7,832,506
LIABILITIES AND EQUITY			
EQUITY:			
Share capital	**19**	1,067,200	680,851
Share premium	**19**	106,679	106,679
Legal reserve	**20**	11,127	0
Revaluation Surplus		2,547,711	0
Reversal of fixed assets' statutory revaluation surplus		(947,342)	(531,777)
Reserves	**21**	208,436	219,397
Retained earnings (deficit)		293,329	(12,814)
Total equity		3,287,140	462,336
Non-Current Liabilities:			
Long-term debt, net of current portion	**23**	3,377,534	4,411,777
Provisions	**24**	429,530	184,872
Deferred subsidies & customers' contributions	**25**	1,195,147	1,102,597
Deferred income tax liability	**29**	26,771	105,177
Other non-current liabilities	**26**	344,434	332,690
Total non-current liabilities		5,373,416	6,137,113
Current Liabilities:			
Trade and other payables	**27**	581,533	501,044
Short-term borrowings	**28**	103,400	2,104
Current portion of long-term debt	**23**	749,595	426,406
Derivative liability	**16**	80,543	69,382
Income tax payable		200,269	126,676
Accrued and other current liabilities	**30**	108,703	107,445
Total current liabilities		1,824,043	1,233,057
Total liabilities and equity		10,484,599	7,832,506

Exchange rate used for the convenience translation of amounts for year 2001: GRD 340.75 to Euro 1.00 (see Note 5).

The accompanying notes are an integral part of this balance sheet.

PUBLIC POWER CORPORATION S.A.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
(Expressed in thousands of Euro - except per share data)

	Note	2002	2001
REVENUES:			
Revenue from energy sales		3,318,430	3,052,957
Other		102,276	38,430
	32	3,420,706	3,091,387
EXPENSES:			
Payroll cost	**33**	767,445	731,034
Lignite		405,998	398,539
Liquid fuel		456,392	435,090
Natural gas		272,650	314,163
Depreciation & amortization	**34**	243,552	216,032
Energy purchases		149,345	122,988
Materials and consumables		72,357	69,382
Transmission system usage	**2**	69,063	8,147
Utilities & maintenance		64,479	65,450
Third party fees		15,668	23,648
Taxes and duties		22,516	21,092
Provision for risks		32,533	10,271
Provision for slow-moving materials		13,948	10,227
Provision for doubtful accounts		27,122	8,875
Other expenses	**35**	57,392	48,053
PROFIT FROM OPERATIONS		750,246	608,396
Financial expenses	**36**	(232,284)	(268,569)
Financial income		16,914	19,639
Foreign currency gains/ (losses), net		43,434	7,686
Other income/ (expense), net	**37**	14,622	31,351
PROFIT BEFORE TAX		592,932	398,503
Provision for income taxes	**29**	(112,970)	(146,668)
PROFIT AFTER TAX		479,962	251,835
Earnings per share, basic and diluted		2.07	1.14
Weighted average number of shares		232,000,000	220,657,534

Exchange rate used for the convenience translation of amounts for year 2001: GRD 340.75 to Euro 1.00 (see Note 5).

The accompanying notes are an integral part of this statement.

PUBLIC POWER CORPORATION S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Expressed in thousands of Euro)

	2002	2001
Cash Flows from Operating Activities:		
Profit before tax	592,932	398,503
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & amortisation	367,949	346,817
Amortisation of subsidies and customers' participation	(90,346)	(86,169)
Fair value (gain)/ loss of derivative instruments	2,421	6,665
Gain on sale of marketable securities and OAE bonds	(47)	(179)
Interest income	(16,025)	(7,947)
Sundry provisions	75,184	31,663
Unrealised foreign exchange differences on long-term debt	(24,897)	(14,084)
Unbilled revenue	(5,813)	(30,770)
Interest expense	204,212	252,710
Operating profit before working capital changes	1,105,570	897,209
(Increase)/ Decrease in:		
Accounts receivable, trade and other	8,768	(40,420)
Other current assets	(150)	43,621
PPC Personnel Insurance Organisation	88,857	104,810
Materials, spare parts and supplies	3,781	5,910
Other long-term assets	5,563	341
Increase/ (Decrease) in:		
Accounts payable	80,489	(50,131)
Other long-term liabilities	9,493	(5,881)
Accrued liabilities excluding bank loan interest	3,779	18,354
Income taxes paid	(5,250)	(40,332)
Net Cash from Operating Activities	1,300,900	933,481
Cash Flows from Investing Activities:		
Interest received	16,025	10,277
Capital expenditure for fixed assets and software	(626,206)	(822,656)
Disposal of fixed assets and software	9,108	4,135
Proceeds from subsidies and customers' contributions	182,896	217,494
Proceeds from OAE bonds	2,148	65,001
Investments	(26,942)	(1,423)
Net Cash used in Investing Activities	(442,971)	(527,172)
Cash Flows from Financing Activities:		
Net change in short-term borrowings	101,296	(27,666)
Proceeds from long-term debt	181,332	474,574
Principal payments of long-term debt	(867,489)	(698,715)
Proceeds from issuance of new shares	0	141,896
Interest paid	(203,878)	(263,275)
Dividends paid	(88,061)	0
Other	0	203
Net Cash used in Financing Activities	(876,800)	(372,983)
Net (decrease)/ increase in cash and cash equivalents	(18,871)	33,326
Cash and cash equivalents at beginning of year	47,278	13,952
Cash and cash equivalents at end of year (Note 18)	28,407	47,278

Exchange rate used for the convenience translation of amounts for year 2001: GRD 340.75 to Euro 1.00 (see Note 5).

The accompanying notes are an integral part of this statement.

PUBLIC POWER CORPORATION S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2002
(Expressed in thousands of Euro)

	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Reserves: Reversal of Revaluation Gains	Reserves: Marketable Securities' Valuation Surplus	Reserves: Tax-free and Other Reserves	Reserves: Total	Accumulated Surplus/ (Deficit)	Grand Total
Balance, 31st December 2000	**645,635**	**0**	**0**	**0**	**(531,777)**	**22,964**	**204,379**	**227,343**	**(221,307)**	**119,894**
IAS 39 transition adjustment (Note 4)	0	0	0	0	0	0	0	0	(43,545)	(43,545)
Net income for the year	0	0	0	0	0	0	0	0	251,835	251,835
Share capital increase	35,216	0	0	0	0	0	0	0	0	35,216
Share premium	0	106,679	0	0	0	0	0	0	0	106,679
Transfer to reserves	0	0	0	0	0	0	0	0	0	0
Valuation of marketable securities	0	0	0	0	0	(7,946)	0	(7,946)	0	(7,946)
Other movements	0	0	0	0	0	0	0	0	203	203
Balance, 31st December 2001	**680,851**	**106,679**	**0**	0	**(531,777)**	**15,018**	**204,379**	**219,397**	**(12,814)**	**462,336**
Differences from asset register update (Note 7)	0	0	0	0	0	0	0	0	36,222	36,222
Net income for the year	0	0	0	0	0	0	0	0	479,962	479,962
Translation of share capital to Euro	(1,091)	0	0	0	0	0	1,091	1,091	0	0
Share capital increase	387,440	0	0	0	(415,565)	0	(1,091)	(1,091)	29,216	0
Revaluation surplus	0	0	0	2,547,711	0	0	0	0	0	2,547,711
Transfer to reserves	0	0	11,127	0	0	0	1,652	1,652	(12,779)	0
Valuation of marketable securities	0	0	0	0	0	(12,613)	0	(12,613)	0	(12,613)
Interim dividend	0	0	0	0	0	0	0	0	(88,160)	(88,160)
Provision for post retirement benefits	0	0	0	0	0	0	0	0	(138,318)	(138,318)
Balance, 31st December 2002	**1,067,200**	**106,679**	**11,127**	**2,547,711**	**(947,342)**	**2,405**	**206,031**	**208,436**	**293,329**	**3,287,140**

Exchange rate used for the convenience translation of amounts for year 2001: GRD 340.75 to Euro 1.00 (see Note 5).

The accompanying notes are an integral part of this statement.

1. COMPANY'S FORMATION AND OPERATIONS

Public Power Corporation ("PPC" or "the Company") was established in 1950 for an unlimited duration as a corporation for electricity generation, transmission and distribution throughout Greece. In 1999, the Hellenic Republic enacted Law 2773/1999 ("the Liberalisation Law" or "Law 2773"), which provided for, among other provisions, the transformation of PPC into a société anonyme. PPC's transformation to a société anonyme became effective on 1st January 2001, by virtue of the Presidential Decree 333/2000.

PPC headquarters are located at 30 Chalkokondili Street, Athens, 104 32 Greece. The Company's employees at 31st December 2002 and 2001 (excluding employees engaged in HTSO and PIO) totalled approximately 28,795, and 29,500, respectively.

As an integrated electric utility, the Company generates electricity in its own 97 power generating stations, facilitates the transmission of electricity through approximately 11,100 kilometres of high voltage power lines and distributes electricity to consumers through approximately 200,000 kilometres of distribution network. The Company also produces almost all the lignite for its lignite-fired power stations from its five lignite mines.

2. LEGAL FRAMEWORK

In 1999, the Hellenic Republic enacted the Liberalisation Law, which incorporated the provisions of Directive 96/92 of the European Parliament and of the Council of the European Union or the Electricity Directive, into Greek legislation and which liberalised the Greek electricity market. The main provisions of Law 2773 are the following:

- The establishment of the Energy Regulatory Authority ("RAE"), with the function of monitoring the operation of all sectors of the Greek energy market. RAE became operational on 1st July 2000.
- Competition in power generation will be introduced through the granting of generating and supply licenses, in respect of the main interconnected system.
- Ownership of the national grid ("transmission system" and "distribution network") remains and will continue to remain exclusively with PPC. PPC is entitled to use the system, for other, non-electricity related, purposes (such as telecommunications), subject to obtaining any necessary licenses.
- PPC is entitled to operate and exploit the distribution network.
- Supply of energy to Eligible Customers and, as regards PPC to Non-Eligible customers too, is permitted to the holders of a supply license.
- Effective 19th February, 2001, with the exception of non-interconnected islands, consumers with an annual consumption of more than 100 GWh per point of consumption (eligible customers) are allowed to conclude supply contracts with energy suppliers on the basis of private agreements and as defined in decisions of the Ministry of Development on the RAE's recommendations. A Ministerial Decision establishes that the market comprising all high and medium voltage electricity users has been opened to competition. Supply of energy to Non-Eligible customers is an obligation of PPC.
- Under Article 34, an independent legal entity, the "Public Power Corporation Personnel Insurance Organization" ("PIO"), was established, which operates separately from PPC. PPC pays solely to PIO all employer and employee social contributions, with any eventual pension and health insurance shortfall being funded by the State Budget (note 14).

The Greek State is not permitted to hold less than 51% of the voting shares of PPC, including voting shares issued after any increase in its share capital (note 19).

Hellenic Electricity Transmission System Operator S.A. ("HTSO"): Law 2773 provided for the establishment of the System Operator, a société anonyme operating under the rules of private economy and subject to the provisions of Law 2190/1920. Presidential Decree 328/7.12.00 through which the HTSO was officially incorporated on 12th December, 2000, announced its Articles of Incorporation, which among others, specified the following:

(a) PPC has the exclusive ownership rights of the transmission system together with its future extensions and the obligation to develop it according to the planning of the HTSO, as well as to maintain it and ensure its operation and technical integration.

(b) The HTSO shall operate, exploit, ensure the maintenance and plan the development of the transmission system throughout the country, as well as of its interconnections with other networks, in order to ensure the country's energy supply is achieved in a sufficient, secure, economically efficient and reliable manner.

2. LEGAL FRAMEWORK – (continued)

(c) The share capital of the HTSO is set at GRD 100 million (Euro 293). The Greek State must always own at least 51% of the share capital. Generation license holders connected to the System, including PPC, may own the remaining 49% in proportion to their generating capacity connected to the transmission system.

(d) Matters corresponding to terms and conditions of the employment of PPC personnel by the HTSO by way of seconded staff shall be regulated by a contract between PPC and the HTSO. The HTSO will compensate PPC for the respective costs.

(e) PPC will receive compensation from the HTSO for the use of the transmission system.

(f) PPC is entitled to use the transmission system, as its exclusive owner, for other, non-energy related, purposes (such as telecommunications, subject to obtaining any necessary licenses).

In January 2001 PPC paid Euro 144 to the HTSO (note 9) for its participation in 49% of its initial share capital. In February 2001, PPC and HTSO entered into an agreement as described under item (c) above. At 31st December 2002, 165 PPC employees have been transferred to the HTSO. These employees remain on PPC's payroll. Under the terms of such agreement, PPC shall be reimbursed for all payroll and other benefits as well as the employer's contributions, plus a percentage reflecting any other type of indirect cost relating to the administrative support services of such employees. The above percentage has been determined at 6%.

PPC and HTSO, in May 2001, entered into another agreement as described under item (e) above which was also approved by RAE and the Ministry of Development. As specified in the agreement and in Law 2773, the calculation of the compensation fee will incorporate PPC's budgeted, direct and indirect transmission costs, depreciation of assets, and a return on PPC's invested capital in the transmission system. The compensation fee had not yet been finalised.

In 2001, PPC invoiced HTSO Euro 6,248 and HTSO invoiced PPC Euro 8,147, included in revenues (note 32) and fees for the access to and the operation of the transmission system in the accompanying statements of income, respectively. As at 31st December 2001, the Company had an outstanding receivable from and payable to HTSO of Euro 6,248 and Euro 6,325, respectively (note 13 and 27).

In 2002, the agreements under items (c) and (e) came into full effect and as a result:

- PPC, invoiced HTSO Euro 66,217, included in revenues in the accompanying statements of income (note 32), of which Euro 51,844 relates to the compensation fee for the use of the transmission system under item (e) above and Euro 9,503 reflected the fee under item (c) above. The remaining relates to other services (ancillary services, reserve capacity etc.).
- HTSO, invoiced PPC Euro 78,755, of which Euro 69,063, included in fees for the usage of the transmission system in the accompanying statements of income, reflect services related to the access to and the operation of the transmission system, under item (b) above and, Euro 9,692, included in energy purchases in the accompanying statements of income, relates to other services rendered to PPC by HTSO.

At 31st December 2002, the Company had an outstanding net payable to HTSO, from all the above of Euro 4,318 (note 27).

Public Service Obligations: As the largest generator, sole transmitter and currently the sole distributor of electricity in Greece, the Company, is subject to public service obligations that affect its costs, and which may not be imposed on prospective competitors. The Company will only receive compensation from the HTSO for meeting its service obligations to the extent there are competitors. This compensation will be in proportion to the Company's public sector obligations in relation to those of its competitors. In November 2001 the Minister of National Economy has indicated the Hellenic Republic's intention to compensate the Company for some of the costs related to public service obligations. These payments are subject to compliance by the Hellenic Republic with Greek and European Union law.

3. BASIS OF PRESENTATION

(a) Basis of preparation of financial statements: The accompanying financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and liabilities to fair values and assuming the Company will continue as a going concern. With the exception of the matter discussed in note 38, the Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect. The accompanying financial statements have been based on the statutory financial statements, appropriately adjusted and reclassified by certain out-of-book memorandum adjustments for conformity with the standards prescribed by the IASB.

3. BASIS OF PRESENTATION – (continued)

(b) ***Statutory accounting:*** The Company until recently maintained its accounting records and prepared its financial statements for regulatory purposes largely in accordance with Greek Corporate Law 2190/1920 and the applicable tax legislation, except that no reserves were established for asset write downs, for certain liabilities and provisions. Based on Law 2941/12.9.2001, management proceeded to the full adoption of accounting standards provided by the Greek Corporate Law and the Greek National Chart of Accounts and reissued financial statements under Greek GAAP for fiscal years 1998 through 2000. Under the provisions of Law 2941/12.9.2001, all adjustments deemed necessary for the full adoption of Greek GAAP were recorded in a separate account in shareholders' equity. The Company's first fiscal year was concluded at the end of the year succeeding its transformation into a société anonyme (1st January 2001 to 31st December 2002), in accordance with its Articles of Incorporation.

(c) ***Conversion of statutory financial statements to IFRS:*** According to Law 2992/2002, companies listed in the Athens Stock Exchange are required to prepare their statutory financial statements for the fiscal years/ periods ending after 31st December 2002 in accordance with IFRS.

(d) ***Approval of financial statements:*** The Board of Directors approved the Company's statutory financial statements for its first fiscal year (1st January 2001 to 31st December 2002) and the financial statements prepared under IFRS as of the same date, on 22nd April 2003.

(e) ***Use of estimates:*** The preparation of financial statements in conformity with IFRS 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 could differ from those estimates.

4. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies used in the preparation of the accompanying financial statements, which are consistently applied by the Company, are as follows:

(a) ***Basis of consolidation:*** The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries (companies in which PPC directly or indirectly 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 Company and cease to be consolidated from the date on which control is transferred out of the Company. All significant intercompany balances and transactions have been eliminated. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Company.

(b) ***Investments in associates:*** The Company's investments in its associates are accounted for under the equity method of accounting. These are entities in which the Company has significant influence and which are neither a subsidiary nor a joint venture of the Company. The investments in associates are carried on the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associate, less any impairment value. The statement of income reflects the Company's share of the results of operations of the associates. As at 31st December 2002, none of the associates had commenced operations.

(c) ***Foreign currency translation:*** The Company's measurement currency as well as reporting currency until 31st December 2001 was the Greek Drachmae, and since 1st January 2002 is the Euro. Transactions involving other currencies are converted into Greek Drachmae/ 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. Gains or losses resulting from foreign currency adjustments are reflected in foreign currency gains (losses), net, in the income statement.

Effective 1st January 2001 Greece joined the Economic and Monetary Union (E.M.U.) and accordingly, the rate for the Greek Drachmae against the Euro was fixed at GRD 340.75 : Euro 1,00. Effective 1st January 2002, the official currency for all E.M.U. Member States is the Euro. Accordingly, as of 1st January 2002, the Company's measurement as well as reporting currency is the Euro.

4. PRINCIPAL ACCOUNTING POLICIES – (continued)

(d) ***Financial instruments:*** Financial assets and liabilities carried on the balance sheet, include cash, cash equivalents, receivables, securities, current liabilities, long-term debt and derivative financial instruments. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies included in this note. Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the related contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as assets or liabilities, are reported as income or expense, respectively. Distributions to shareholders are debited directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

(i) ***Fair value:*** The carrying amounts reflected in the accompanying balance sheets for cash and cash equivalents, receivables, and current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of marketable securities are based on their quoted market prices at the balance sheet date. The fair values of long-term debt are as described in note 23. The fair values of derivative instruments are based upon marked to market valuations (discounted cash flow analysis). For all swap agreements, the fair values are confirmed to the Company by the financial institutions through which the Company has entered into these contracts.

(ii) ***Credit risk:*** The Company has no significant concentrations of credit risk with any single counter party.

The maximum exposure to credit risk is represented by the carrying amount of each asset, including derivative financial instruments, in the balance sheet. With respect to derivative instruments, the Company monitors its positions, the credit ratings of counter parties and the level of contracts it enters into with any counter party. The counter parties to these contracts are major financial and other institutions. The Company has a policy of entering into contracts with parties that are well qualified and, given the high level of credit quality of its derivative counter parties, the Company does not believe it is necessary to enter into collateral arrangements.

(iii) ***Interest rate and foreign currency risk:*** With respect to its long-term debt, the management of the Company closely monitors the fluctuations in foreign currency exchange and in interest rates and evaluates the need to enter into any financial instruments to mitigate those risks, on an ongoing basis. In this respect, the Company enters into interest rate and currency swap contracts to reduce the exposure to interest rate and currency fluctuations.

Up to 31st December 2000 interest rate swaps were accounted for as cash flow type hedges of designated long-term debt on an accrual basis, as the interest rate swaps held were expected by the Company to be highly effective in achieving offsetting changes in the cash flows attributable to the hedged item. The interest payable and interest receivable under the swap is accrued and recorded as an adjustment to the interest expense of the designated long-term debt. Up to 31st December 2000 currency swaps were not recognised as assets and liabilities in the financial statements.

Effective 1st January 2001 in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”, such instruments are measured at fair value and recognised as assets or liabilities in the financial statements. The resulting transition adjustment has been included in equity as an adjustment to the opening balance of accumulated deficit.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in equity. Where a hedged forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the income statement. Certain derivative transactions, while providing effective economic hedges under the Company's risk management policies, do not qualify for hedge accounting under IAS 39, hence gains and losses are immediately recognised in the income statement.

(iv) ***Market risk:*** The Company has not entered into any hedging transactions to cover its exposure to price movements arising from the purchase of natural gas and liquid fuel.

(e) ***Property, plant and equipment:*** Property, plant and equipment are stated at acquisition cost less accumulated depreciation. Assets constructed by PPC are added to property, plant and equipment at cost, which includes direct technical payroll costs related to construction (inclusive of related employer contributions) and applicable general overhead costs. Effective 2002, (see note 7), for all assets retired or sold, cost and related depreciation is removed from the accounts at the time of sale or retirement, and any gain or loss is included in the income statement.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

4. PRINCIPAL ACCOUNTING POLICIES – (continued)

Property, plant and equipment: - (continued) Effective 31st December 2002, property, plant and equipment (with the exception of mines and lakes) are stated at revalued amounts being at their estimated current market values at 31st December 2000 as determined by independent appraisers, less accumulated depreciation. Independent valuations will be performed once every three years. Any increase in the fixed asset's valuation is credited to the revaluation surplus; any decrease is first offset against an increase on earlier valuation in respect of the same fixed asset and is thereafter charged to the income statement. Upon the disposal of revalued property, plant and equipment, the relevant portion of the revaluation surplus realised in respect of previous valuation is released from the revaluation surplus directly to retained earnings.

Subsequent expenditures are capitalised when they appreciably extend the life, increase the earning capacity or improve the efficiency of property, plant and equipment. Repairs and maintenance are charged to expenses as incurred.

(f) ***Depreciation:*** Depreciation is calculated on a straight-line basis over the average estimated useful economic life of the assets using the following rates:

Buildings and Civil Works:		**Transmission**	
Hydro power plants	2%	Lines	3%
Buildings of general use	5%	Substations	4%
Industrial buildings	8%		
Machinery and Equipment:		**Distribution:**	
Thermal power plants	4%	Substations	6%
Mines	5%	Low voltage distribution network	6%
Hydro power plants	2%	Medium voltage distribution network	5%
Autonomous diesel power plants	8%	**Transportation assets**	15% to 20%
Other	12%	**Furniture, fixtures and equipment**	20% to 30%

(g) ***Lignite mining activities:*** PPC owns and operates open-pit lignite mines. Land acquisition (mainly through expropriation) and initial (pre-production) development costs relating to mines are capitalised and amortised over the shorter of the life of the mine and 20 years. Exploration and ongoing (post-production) development costs are charged to the cost of lignite production as incurred. A provision for land restoration is established for the Company's estimated present 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 on an accrual basis and is included in provisions (note 24).

(h) ***Borrowing costs:*** The Company follows the benchmark treatment provided in IAS 23 under which borrowing costs are recognised as an expense in the period in which they are incurred regardless of how borrowing proceeds are applied.

(i) ***Impairment of assets:*** The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the income statement. The recoverable amount is measured as the higher of net selling price and value in use.

Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

(j) ***Subsidies and customers' contributions for fixed assets:*** PPC obtains subsidies from the EU in order to fund specific projects executed through a specific time period. Furthermore, PPC's customers are required to participate in the initial network connection cost (metering devices, substations, network connections etc.) or other type of infrastructure. Subsidies and customers' contributions are recorded upon collection and are reflected as deferred income (subsidies and customers' contributions) in the accompanying balance sheets. Amortisation is accounted for in accordance with the useful life of the related assets, and is included in depreciation and amortisation in the income statement (notes 25 and 34).

(k) ***Intangible assets:*** Intangible assets represent costs of purchased or self-generated software such as payroll, materials and services used and any other expenditure incurred in developing computer software and bringing the software into its intended use. Software costs are amortised on a straight-line basis over a period of three years. Amortisation is included in depreciation and amortisation in the income statement (notes 8 and 34).

4. PRINCIPAL ACCOUNTING POLICIES – (continued)

(l) ***Cash and cash equivalents:*** The Company considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents. The adoption of IAS 39, which became effective on 1st January 2001, did not result in any transition adjustment as to the recognition and measurement of cash and cash equivalents.

(m) ***Marketable securities:*** The Company has investments in equity securities that are traded on the Athens Stock Exchange. Up to 31st December 2000, these investments were classified as current as they are not generally intended to be retained on a long-term basis and are carried at their market value (based on the quoted market price at each balance sheet date) in accordance with IAS 25 "Accounting for Investments". The difference in the market values was recorded directly as a separate component of equity, in case of an increase in carrying amounts, and as an expense in case of a decrease in carrying amounts to the extent that is not covered by a surplus previously recorded in equity. Investments in OAE bonds were carried at cost (notes 17 and 0) plus accrued interest income (note 15).

Effective 1st January 2001 in accordance with IAS 39, these investments, excluding OAE bonds, are classified as available-for-sale. Any unrealised gains or losses are recognised directly in equity. When the investment is sold, collected or otherwise disposed of, or when the carrying amount of the investment is impaired, the cumulative gain or loss recognised in equity is transferred to the income statement. Effective 1st January 2001 in accordance with IAS 39, OAE bonds were classified as held to maturity and carried at amortised cost. At 31st December 2001 OAE bonds were reclassified to available-for-sale and measured at fair value, with changes in fair value included in equity. As at 30th June 2002 there were no outstanding OAE bonds. The adoption of IAS 39 did not result in any transition adjustment as to the recognition and measurement of marketable securities.

(n) ***Accounts receivable:*** Accounts receivable, are stated at their face value, net of any provisions for non-collectible balances. The adoption of IAS 39, which became effective 1st January 2001, did not result in any transition adjustment as to the recognition and measurement of accounts receivable.

(o) ***Provisions and contingencies:*** Provisions are recognised when the Company has a present legal 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.

(p) ***Income taxes (current and deferred):*** Current and deferred income taxes are computed based on the stand alone financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece. Income tax expense consists of income taxes for the current year based on the Company's profits as adjusted in its tax returns, using current tax rates. Deferred income taxes are provided using the balance sheet liability method for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. No deferred tax asset is recorded if it is not probable that the related tax benefit will be realised. For transactions recognised directly in equity, any related tax effects are also recognised directly in equity. Computation is made using the enacted tax rates. Temporary differences giving effect to such taxes are explained in note 29.

(q) ***Revenue recognition:*** Revenue from all types of customers is 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 (note 12).

(r) ***Materials and spare parts:*** Materials and spare parts principally relate to power plant, transmission and distribution network maintenance and are stated at the lower of cost or net realizable value, the cost being determined using the weighted average method. These materials are recorded in inventory when purchased and then are expensed or capitalised to plant, as appropriate, when installed. A provision for slow moving materials and spare parts is accounted for in the financial statements.

(s) ***Lignite:*** Lignite mainly consists of the production cost of lignite, extracted from PPC's own mines. All costs incurred for the extraction of lignite are treated as production costs. Consumption of lignite is separately reflected in operating expenses in the income statement. Management believes that lignite reserves are adequate to cover the current and anticipated levels of supply for energy generation by lignite-fired thermal power stations for many years.

4. PRINCIPAL ACCOUNTING POLICIES – (continued)

(t) ***Liquid fuel:*** Liquid fuel is generally purchased from a State owned oil company, Hellenic Petroleum S.A. The contract expired in December 2002 and was extended for a period of three months. PPC has the right to purchase from other suppliers as well. Liquid fuel is stated at the lower of cost or net realizable value. 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. Liquid fuel costs are expensed as consumed and are separately reflected in the income statement. Effective 1st January 2001, and following the requirements of IAS 39, the above contract is not accounted for as a derivative as it is a normal purchase contract which is intended to be settled by the Company by taking delivery in the normal course of business, and for which the Company does not intend to settle net.

(u) ***Natural gas:*** Natural gas is purchased from a State owned company, Public Natural Gas Supply S.A. ("DEPA") under a contract expiring in 2016. Prices are mainly dependent on the current market prices of heavy oil, gas oil and certain types of crude oil. To a lesser extent they depend on national and international financial indices. Payments are made in local currency. Natural gas fuel is expensed as purchased and consumed, as the Company does not own any storage facilities. Consumption of natural gas is separately reflected in the accompanying statements of income. Effective 1st January 2001, and following the requirements of IAS 39, the above contract is not accounted for as a derivative as it is a normal executory contract which is intended to be settled by the Company by taking delivery in the normal course of business, and for which the Company does not intend to settle net.

(v) ***Electricity:*** Electricity is periodically purchased under short-term contracts. Electricity costs are expensed as purchased and separately reflected in the income statement. Effective 1st January 2001, and following the requirements of IAS 39, the above contracts are not accounted for as derivatives as they are normal executory contracts which are intended to be settled by the Company by taking delivery in the normal course of business, and for which the Company does not intend to settle net. However, purchases of electricity denominated in U.S. dollars are accounted for as derivative financial instruments since (a) their value changes in response to changes in foreign exchange, (b) there is no initial net investment, (c) are settled at a future date and (d) are denominated in a currency which is neither the functional currency of the Company nor the currency in which electricity is internationally traded. They are classified as held-for-trading and are measured and carried at fair value with changes in fair value included in the income statement.

(w) ***Segment information:*** Prior to 2001, the Company managed its operations on an integrated utility basis. As a result of the implementation of the Electricity Directive and as part of its transformation into a société anonyme, discussed in note 2 above, the Company has adopted a new organizational and management structure, which reflects its core business, and effective 1st January 2002, the Company presents segment information for its core business segments (note 38).

(x) ***Earnings per share:*** Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during each period. There were no dilutive securities outstanding during the periods presented. All share and per share amounts have been adjusted to give retrospective effect to the establishment of the Company's share capital discussed in note 19.

(y) ***Retirement benefit plans***: As explained in more detail in note 14, the PPC Personnel Insurance Organisation which was established in 1st January 2000, substitutes PPC in all insurance obligations towards its employees and pensioners. As a result, as far as PPC is concerned this is a defined contribution scheme. The Company recognises as an expense the contribution payable to the defined contribution plan in exchange for the service that the employee has rendered to the Company during a period and as a liability to the extend that this has not been paid during the period.

5. TRANSLATIONS OF GREEK DRACHMAE AMOUNTS TO EURO

As further explained in note 4(c), effective 1st January 2002, the Company's measurement as well as reporting currency is the Euro. The translation of the accompanying financial statements as at 31st December 2001 from Greek Drachmae into Euro is included solely for the convenience of the reader, using the locked euro-zone exchange rate of GRD 340.75 to Euro 1.00. The convenience translation should not be construed as representation that the Greek Drachmae amounts have been, or could in the future be, converted into Euro at this or any other rate of exchange.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

6. INVESTMENTS IN SUBSIDIARIES

The Company's subsidiaries (currently having limited operations) that were fully consolidated in the accompanying financial statements are as follows:

Consolidated Subsidiary	Ownership Interest	Country of Incorporation	Principal Activities
- PPC Renewables S.A.	100%	Greece	Engineering, consulting, technical and commercial services
- Cogen S.A.	100%	Greece	Consulting Services
- PPC Telecommunications Services S.A.	100%	Greece	Telecommunication services

On 31st January 2003 the Shareholders' Special General Assembly of the shareholders of Cogen S.A. decided to rename the Company to "PPC Rhodes S.A.", and also to change the Company's principal activities to engineering, construction and operation of a power plant in the island of Rhodes, in order the renamed entity to participate in a tender for being licensed to construct a power plant in the island of Rhodes.

In February 2003, the Company's Board of Directors decided to form a new (99% owned) subsidiary under the title PPC Crete S.A. whose purpose consists in the engineering, construction and operation of a power plant in the island of Crete for which a public tender has been issued by the Ministry of Development. The Company's share capital was set at Euro 1,100,000, divided in 110,000 shares of par value Euro 10 each. The life of the Company was set at 30 years.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Minefields	Lakes	Buildings	Machinery	Transportation assets	Furniture & Equipment	Construction In Progress	Total
COST									
31st December 2000	**52,204**	**298,263**	**6,018**	**1,243,410**	**4,833,881**	**85,194**	**201,846**	**1,127,269**	**7,848,085**
Additions	4,921	34,406	0	106,950	560,601	2,078	9,030	818,729	**1,536,715**
Removals/transfers	(123)	0	0	0	(20,057)	(549)	(3,152)	(716,804)	**(740,685)**
31st December 2001	**57,002**	**332,669**	**6,018**	**1,350,360**	**5,374,425**	**86,723**	**207,724**	**1,229,194**	**8,644,115**
Additions	2,174	14,926	0	63,456	605,250	1,622	17,577	626,811	**1,331,816**
Removals/transfers	0	(88)	0	(284)	(46,558)	(1,278)	(7,593)	(704,707)	**(760,508)**
Revaluation	302,690	0	0	1,399,157	5,168,531	53,279	106,660	0	**7,030,317**
Adjustments from register update	(24,958)	0	16,586	(51,567)	25,117	0	0	45,935	**11,113**
Other movements	(5)	0	0	333	(424)	137	688	(6,674)	**(5,945)**
31st December 2002	**336,903**	**347,507**	**22,604**	**2,761,455**	**11,126,341**	**140,483**	**325,056**	**1,190,559**	**16,250,908**
ACCUMULATED DEPRECIATION									
31st December 2000	**0**	**126,242**	**0**	**308,109**	**1,398,970**	**65,150**	**166,128**	**0**	**2,064,599**
Additions	0	13,817	0	54,885	252,156	7,762	15,685	0	**344,305**
Removals/ transfers	0	0	0	0	(8,998)	(607)	(2,676)	0	**(12,281)**
31st December 2001	**0**	**140,059**	**0**	**362,994**	**1,642,128**	**72,305**	**179,137**	**0**	**2,396,623**
Additions	0	10,760	452	58,906	278,007	5,115	12,276	0	**365,516**
Removals/ transfers	0	(83)	0	(3)	(28,576)	(1,260)	(7,288)	0	**(37,210)**
Revaluation	0	0	0	982,142	3,452,579	48,122	78,268	0	**4,561,111**
Adjustments from register update	0	569	8,070	(16,670)	(10,792)	1,869	(8,131)	0	**(25,085)**
Other movements	0	0	0	260	2,132	(6)	(52)	0	**2,334**
31st December 2002	**0**	**151,305**	**8,522**	**1,387,629**	**5,335,478**	**126,145**	**254,210**	**0**	**7,263,289**
NET BOOK VALUE									
31st December 2000	52,204	172,021	6,018	935,301	3,434,911	20,044	35,718	1,127,269	**5,783,486**
31st December 2001	57,002	192,610	6,018	987,366	3,732,297	14,418	28,587	1,229,194	**6,247,492**
31st December 2002	336,903	196,202	14,082	1,373,826	5,790,863	14,338	70,846	1,190,559	**8,987,619**

7. PROPERTY, PLANT AND EQUIPMENT – (continued)

Fixed assets register: The Company, in 2002, initiated a process in order to upgrade its fixed assets register, aiming to the development of a register that would provide sufficiently detailed financial, technical and operational information on an individual asset basis to facilitate physical verification of assets (either from the register to the specific asset and vice versa). As at 31st December 2002, the above process had been finalised with respect to the Company's mining, generation, transmission and administrative assets. As far as the Distribution Business Unit is concerned, the above process has been partially completed. Net positive differences of Euro 36,222, which arose through the process of upgrading the asset register, were credited to retained earnings.

Legal status of property: The Company is in the process of preparing a detailed listing of all its real property, as such information is not provided by the fixed assets register. The Company is also in the process of registering all its property in the Company's name at the relevant land registries, so that PPC S.A. will be able to obtain ownership and encumbrance certificates.

Insurance coverage: The Company's property, plant and equipment are located all over Greece and therefore the risk of a major loss is reduced. PPC does not carry any form of insurance coverage on its property, plant and equipment, save for its information technology equipment.

Retirements and disposals of the distribution network: Up to 2001, the Company's fixed assets register did not provide sufficient details to enable the identification of the original cost or accumulated depreciation of a retired or disposed asset, the distribution network fixed assets, which were disposed were not removed from the fixed assets register. Estimated values of items retired are transferred to the warehouse stock and classified as spare parts and materials. Upon warehousing and for financial reporting purposes a contra account under fixed assets is credited with an amount equal to the estimated value of the item warehoused. The net book value of such retirements, as estimated by the Company, for the years 2001, totalled Euro 7,466. In 2002, the Company commenced removing from its register, disposed items of the distribution network.

Statutory Revaluation of Fixed Assets: In accordance with Greek tax legislation, fixed assets are periodically revalued (every four years). These revaluations relate to machinery (since 1987), land, mines and buildings and are based on non-industry specific indices that were determined by the Government through Ministerial Decisions. Both cost and accumulated depreciation are increased by these indices while the net revaluation surplus is credited to reserves in equity (statutory revaluation surplus). As at 31st December 2002, statutory revaluations that have been performed in the past resulted in a total revaluation surplus of Euro 947,342 out of which Euro 531,777 was used to set up part of the Company's share capital and the remaining revaluation surplus of Euro and the remaining revaluation surplus of Euro 415,565, according to Greek Law, was used for share capital increase in 2002 (note 19).

Stranded Costs: In October 2002 the European Commission approved the Greek State's application to allow compensation to PPC in respect of stranded costs without considering such compensation as a state aid. The compensation amounts to up to Euro 1.431 million and covers investments relating to hydroelectric power stations, irrigation and sales to one of the Company's high voltage customer. The payment of any amount is subject to the final decision of the Greek State. Presently, no decision has been made by the Greek State as to the payment of any amount or the way the compensation will be materialised or the timing of any such compensation payments.

Appraisal of Fixed Assets: In 2001, the Company engaged an independent firm of appraisers to conduct a valuation of its fixed assets as of 31st December 2000 as provided by Law 2941/12.09.2001. The valuation, which excluded minefields and lakes, was completed in late September 2001. Under the provisions of Law 2941/12.09.2001 the Company presented its fixed assets in its statutory books at appraised values as at 1st January 2001 (within its first fiscal year as a société anonyme, period from 1st January 2001 to 31st December 2002). Such presentation is in accordance with the allowed alternative treatment of IAS 16. The appraisal resulted to a surplus of approximately Euro 2.5 million. The Company recorded the results of the above appraisal in its books prior to the completion of the process for the upgrading of its fixed assets register. During the course of this work and of reconciling the results of the fixed assets physical counts to the accounting records and to the work of the independent firm of appraisers, differences arose, which were charged to retained earnings. However, for IFRS reporting purposes, the Company revalued its fixed assets (excluding the classes of mines and lakes) as of 31st December 2002. If the appraisal results had been recorded in 31st December 2000, then depreciation expense for the years 2002 and 2001, would have been increased by approximately Euro 245 million and Euro 263 million, respectively, with an equal decrease in profit before tax as of the above dates. Furthermore, the 2003 depreciation expense increase, as a result of the appraisal discussed above, is estimated to approximately Euro 225 million.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT – (continued)

Had fixed assets been carried under the benchmark treatment they would have been recorded in the financial statements as follows:

	2002	2001
Cost:		
Land	34,213	57,002
Mines	347,507	332,669
Lakes	22,604	6,018
Buildings	1,362,298	1,350,425
Machinery	5,957,810	5,374,425
Transportation assets	87,204	86,723
Furniture & Equipment	218,396	207,724
Construction in Progress	1,190,559	1,229,194
	9,220,591	8,644,115
Accumulated Amortisation:		
Land	0	0
Mines	151,305	140,059
Lakes	8,522	0
Buildings	405,487	362,994
Machinery	1,882,899	1,642,128
Transportation assets	78,023	72,305
Furniture & Equipment	175,942	179,137
Construction in Progress	0	0
	2,702,178	2,396,623
Net Book Value:	6,518,413	6,247,492

8. INTANGIBLE ASSETS

	2002	2001
Cost:		
Beginning balance	13,419	10,679
Additions	702	2,745
Revaluation	(289)	0
Disposals	(138)	(5)
Other movements	6	0
	13,700	13,419
Accumulated Amortisation:		
Beginning balance	9,478	6,970
Additions	2,433	2,512
Revaluation	(269)	0
Disposals	(137)	(4)
Adjustment from asset register update (note 7)	(24)	0
	11,481	9,478
Net Book Value:	2,219	3,941

9. INVESTMENTS IN ASSOCIATES

	2002	2001
HTSO	144	144
WIND-PPC Holding N.V.	28,025	1,162
Corporations through PPC Renewables	1,071	992
	29,240	2,298

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES – (continued)

The Company's interest in the above Companies as at 31st December 2002 was as follows:

Associate	Interest	Country of Incorporation	Principal Activities
- HTSO	49%	Greece	Note 2
- WIND-PPC Holding N.V.	50% less one share	Netherlands	Telecommunication Services
- Corporations through PPC Renewables	49%	Greece	Energy generation from renewable sources

Corporations through PPC Renewables are still at pre-operating stage.

In addition the Company has a 28.56% stake in Larco S.A., an ailing company, which was acquired prior to 1996 for the amount of Euro 46,788. Due to the poor financial condition of Larco, management determined that the investment has suffered a permanent impairment and, accordingly, the cost of this investment was written off in prior years.

10. OTHER NON-CURRENT ASSETS

	2002	2001
Unamortised Loan fees and expenses	13,438	16,252
Social security (note 13)	0	5,573
Other	10	0
	13,448	21,825

11. MATERIALS, SPARE PARTS AND SUPPLIES

	2002	2001
Raw materials	0	0
Lignite	34,709	24,231
Liquid fuel	56,911	45,621
Materials and spare parts	497,557	474,579
Advances to suppliers	100,609	132,983
	689,786	677,414
Provision for slow-moving materials and spare parts	(131,353)	(117,405)
	558,433	560,009

12. TRADE RECEIVABLES

	2002	2001
High voltage	72,661	59,348
Medium and low voltage	370,006	358,776
Customers' contributions	9,606	9,517
	452,273	427,641
Unbilled revenue	214,235	208,422
	666,508	636,063
Less: Allowance for doubtful balances	(105,965)	(98,125)
	560,543	537,938

High voltage customer balances relate to receivables from energy sales to 21 large industrial companies, which are invoiced at the end of each calendar month, based on individual agreements and actual metering.

Medium voltage customers are mainly industrial and commercial companies. Billing is on a monthly basis based on actual meter readings.

Low voltage customers are mainly residential and small commercial customers. 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 on the energy consumed during the corresponding period in the prior year.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

12. TRADE RECEIVABLES– (continued)

There are different types of invoices for both medium and low voltage customers with different tariff structures based on different types of energy use (commercial, agricultural, residential etc.).

Revenues from the supply of electricity to medium and low voltage customers provided during the period from the last meter reading and billing through each reporting date are accounted for as unbilled revenue.

Allowance for doubtful balances is made for specific balances relating to high voltage customers, while the allowance for medium and low voltage customers is based on the balances reported by the Company's billing system as outstanding in excess of twelve months, for which provisions are made in full. The movement in the allowance for doubtful balances is as follows:

	2002	2001
Beginning balance	98,125	91,456
Provision	9,514	8,875
Utilised	(1,674)	(2,206)
Ending balance	105,965	98,125

13. OTHER RECEIVABLES

	2002	2001
Dispute with tax authorities	14,035	35,839
HTSO (note 2)	0	6,248
Greek Post Office	8,242	6,750
Social security funds, in dispute	18,059	17,921
Social security funds, current	8,027	7,291
State participation in employees' social security contributions	6,394	6,392
Pensioners' advances, in dispute	5,262	5,262
Loans to employees	22,640	32,238
Employees' current accounts	1,119	2,307
Receivables from contractors	9,390	8,510
Tax withholdings	4,003	6,087
Other	6,586	3,986
	103,757	138,831
Less: Allowance for doubtful balances	(24,492)	(24,492)
	79,265	114,339

Disputes with tax authorities: In 1995 the tax authorities performed a preliminary payroll tax audit for the years from 1983 to 1995, and assessed to the Company Euro 40,558 relating to supplementary payroll tax and penalties. In 1998, the tax authorities performed a preliminary tax audit of the years 1995 to 1997 and assessed additional income taxes and penalties of Euro 30,709. The Company brought the cases before the tax courts by paying initially the amount of Euro 40,258 (Euro 37,315 and Euro 35,839 at 31st December 2002 and 2001, respectively, due to the finalisation of certain elements in the Company's favour). The majority of the above assessments are still pending before the courts. However, in June 2002, the relevant Administrative Court of Second Instance, ruled in the Company's favour for an amount of Euro 23,280 with respect to the preliminary tax audit for the years 1983 to 1995 and more specifically for the assessments relating to the period 1992-1995. Following the above mentioned decision, the Company offset fiscal obligations for the months of July, August and September 2002 of an amount of Euro 15,195, Euro 7,585 and Euro 500, respectively against the amount of 23,280 of the Court's ruling. The Tax Authorities have appealed the decision of the Court of Second Instance to the Supreme Administrative Court, which has the final authority to rule. As the Company may be requested to refund the above amounts in case of an unfavorable outcome at the Supreme Court, the provision of Euro 37,564 (note 24) established in prior years against such disputes with tax authorities was maintained.

Social security funds in dispute: The amount relates to social security contributions (years 1983-1993) of employees who have worked with other employers before joining PPC. As PPC undertook the obligation for their pensions and other related benefits, part of their contributions to other social security funds (mainly IKA, 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 brought the case again before the courts. The court rejected PPC as a litigant while the case of PPC – PIO is held pending. A respective provision has been established for non-collection of this amount.

State participation in employees' social security contributions: The amount represents the State contribution to the social security contributions of employees who started working after 1st January 1993.

13. OTHER RECEIVABLES– (continued)

Advances to pensioners in dispute: The amount of Euro 5,262 represents an advance payment made in 1993 to pensioners in relation to the litigation discussed in note 31(e). A respective provision has been established for non-collection of this amount.

Loans to employees: The 31st December 2002 and 2001 balances include Euro 11,804 and Euro 18,169, respectively, representing non-interest bearing short-term loans to employees, in order that they participate in the Company's initial public offering and additional offering of shares in the Athens Stock Exchange and in the share capital increase (discussed in note 19). The respective fair value of these loans (measured at the present value of the future cash flows discounted using the market rate of interest for a similar loan) as at 31st December 2002 and 2001 amounted to Euro 11,235 and Euro 17,079, respectively.

14. EMPLOYEE BENEFITS OBLIGATIONS

Until 31st December 1999, the basic law defining the Company's pension, medical and other benefit plans was Law 4491/66 as amended and supplemented by laws 1902/90 and 2084/92. Under these laws there was no requirement for PPC to establish a separate pension fund and, accordingly, all employee and employer's contributions were vested in PPC. Such contributions, after deducting the pension and healthcare payments, generated a "property" which was quantified by a study conducted in 1995 by WYATT-PRUDENTIAL, to approximate, at 31st December 1992, GDR 1,300 billion (Euro 3,815 million). Schemes operated by PPC on behalf of its employees included a main pension plan, an auxiliary pension plan, medical benefits and lump sum payments. According to an actuarial study, the liability as of 31st December 1999 arising from the above insurance schemes amounted to approximately GDR 3,550 billion (Euro 10,418 million). Up to 31st December 1999, because of uncertainties regarding the level of the Company's legal obligations arising from the pension, medical and other benefit plans of its employees and pensioners, the Company was accounting for such costs on a cash basis. As further discussed in the following paragraphs, effective 1st January 2000, under Law 2773 (Article 34), the Greek State substitutes for PPC in all insurance obligations towards its employees and pensioners.

Establishment of the PPC Personnel Insurance Organization ("PIO")

According to Law 2773, a public entity was established under the name "Public Power Corporation Personnel Insurance Organization" ("PIO"), for the purpose of undertaking the social security schemes of the personnel and the pensioners of PPC, as they were at the date the Law was effected. Accordingly, effective 1st January 2000, PIO is responsible for the main and auxiliary pension insurance and the health and welfare insurance of its insured persons, as provided by Law 4491/1966. Law 2773 and P.D.51/27.2.2001 among others, specify the following:

(a) The study conducted by WYATT-PRUDENTIAL in 1995 (see above) for quantifying the "property" incorporated in the assets of PPC has to, effective 31st December 1998, be updated periodically under the same methodology and assumptions used by WYATT-PRUDENTIAL. The State fully acknowledges that the above "property" is incorporated in PPC accounts and substitutes PPC in all insurance liabilities towards its employees and pensioners. Payments made by the State to PIO will be considered as a reduction of the above "property", as updated at any time.

(b) The State shall transfer to PIO a percentage of the proceeds from any sale of the State's PPC shares to third parties, equal to 20% for the first 25% of the shares sold and to 15% for any subsequent sale of shares.

(c) Until the State establishes specific funds in its budget, PPC shall continue to cover all insurance costs of its personnel and pensioners. Effective 1st January 2000, PPC will be reimbursed by the State, within the framework described in item (a) above, for any difference between revenues and expenses of PIO, as well as for all expenses incurred by the Personnel Insurance Department of PPC and any other obligations that it may have.

(d) During the second quarter of 2002 the Ministry of Finance activated the funds budgeted for the PIO in the State Budget for 2002 (Euro 275.9 million). Effective 1st May 2002 PPC has ceased to cover all PIO shortfalls referred to above.

(e) PPC, by decision of its Board of Directors, shall concede to PIO, without any consideration, the ownership of buildings, vehicles, furniture and equipment of the kinder-gardens, medical centres, holiday camps and other facilities used by the Personnel Insurance Department of PPC at the time the Law enters into force. Any maintenance expenses shall be undertaken by PIO. By its decision No. 137/4-6-02 PPC's Board of Directors, approved, within the context prescribed by Law 2773/99, the transfer of ownership of two buildings and of a number of supporting assets (vehicles, furniture, equipment). Definite transfer shall take place after a number of legal and procedural documents have been finalised.

(f) PPC shall continue, at least up to 31st December 2002, to render to PIO any support services necessary for the PIO operation (data processing, legal and technical services etc.) at an annual fee that will be agreed by both parties.

(g) Any unexpected events that would create extraordinary insurance obligations (e.g. voluntary personnel retirement) are to be incurred by PPC.

(h) Additional earnings of PIO will constitute a fee from the transmission system usage and a fee from the recovery of stranded costs.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

14. EMPLOYEE BENEFITS OBLIGATIONS – (continued)

In connection with the above:

- According to the pension studies discussed above, it is likely that PIO's liabilities exceed its assets. Although PPC has no legal obligation to cover PIO's deficits, there is no guarantee that PPC will not be required to contribute in meeting future shortfalls.
- Fixed assets that will be transferred to PIO at no consideration (see (e) above), as at 31st December 2001 were estimated to amount to approximately Euro 5,870 (net book value). A provision of an equal amount has been established in the accompanying financial statements in the year ended 31st December 2000 (note 24). Within 2002, certain furniture and equipment totaling to a net book value of Euro 230 were transferred to PIO. The clearance and reconciliation of the amounts and balances with PIO has not yet been finalised.
- In 2002, PPC commenced accounting for its employees' and employer's obligations as a liability to PIO, while at the same time continued to pay pensions to pensioners and other benefits to beneficiaries until 30th April 2002 on behalf of PIO. Personnel insurance schemes transactions for the years 2002 and 2001, are as follows:

	2002	2001
Payments made by PPC for personnel insurance schemes	339,156	602,530
Less: Employees' and employer's contributions	0	382,574
	339,156	219,956
Less: Employees' and employer's contributions		
- Settled with other PIO balances	(217,878)	0
- Collections from PIO	(118,013)	0
Shortfall	3,265	219,956

Social security liabilities' transactions for 2002 are as follows:

	Social Security account
Payments made on behalf of PIO in 2002	0
Employees' and employer's contributions for 2002	387,472
Less: Employees' and employer's contributions	
- Paid to PIO	(111,527)
- Settled with other PIO balances	(217,878)
Less: Amounts collected by PIO	0
Balance at 31st December 2002 (note 27)	**58,067**

The movement of balances receivable from the Greek State and PIO is as follows

	Greek State	PIO	Total
Balance 1st January 2000	**0**	**0**	**0**
Shortfall for 2000	179,351	0	179,351
Advances to pensioners	50,847	0	50,847
Costs reimbursable to PPC (see (3) above)	42,371	0	42,371
Balance 31st December 2000	**272,569**	**0**	**272,569**
Shortfall for 2001	219,956	0	219,956
Advances to pensioners, net movement	1,678	0	1,678
Costs reimbursable to PPC (see (3) above)	38,339	0	38,339
Collections	(364,783)	0	(364,783)
Balance 31st December 2001	**167,759**	**0**	**167,759**
Shortfall	0	3,265	3,265
Advances to pensioners transferred to PIO	(52,525)	52,525	0
Advances to pensioners, net movement	0	(38,257)	(38,257)
Costs reimbursable to PPC (see (3) above)	0	37,309	37,309
Adjustments of reimbursable costs charged to the State	(7,085)	0	(7,085)
Collections	(84,089)	0	(84,089)
Total	**24,060**	**54,842**	**78,902**
Allowance for doubtful balance			(17,608)
Balance 31st December 2002			**61,294**

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

14. EMPLOYEE BENEFITS OBLIGATIONS – (continued)

Costs reimbursable to PPC consist of: (a) the PPC Personnel Division expenses, (b) accrued pensioners' Christmas bonus and, (c) energy supplied to pensioners at a reduced tariff. All reimbursable cost and shortfall as of 31st December 2001 are due from the Greek State, while reimbursable costs and shortfall incurred subsequent to 31st December 2001 are due from PIO. In January and February 2003, the Company collected from PIO Euro 9,054 and Euro 31,268, respectively, against the amount outstanding at 31st December 2002.

Currently, the Company is in dispute with PIO as to the undertaking of the obligation for supplying energy at a reduced tariff to PIO pensioners. Based on opinions obtained from independent legal Advisors, this reduced tariff represents an insurance benefit and accordingly the related obligation lies with PIO. The Company, for prudence purposes and without waiving its claim or its intention to proceed with all necessary actions for the collection of the above amount, or the determination that the reduced tariff is the responsibility of PIO, has determined and accounted for the present value of the liability that it would assume in case of an unfavourable outcome of the dispute. Such liability, on an actuarially determined basis, at 30th June 2002, amounted to Euro 212,798. An equal provision net of the related deferred tax asset was directly recorded as a charge against equity. Although events giving rise to the liability discussed above occurred and were known to management subsequent to 31st December 2001, the provision was recorded directly to equity rather than the income statement for the year ended 31st December 2002, as for statutory reporting purposes the Company recorded the provision directly to equity making use of the provisions of law 2941/12.9.2001 (note 3(b)). As at 31st December 2002, the Company had established a total provision of Euro 216,874 (note 24).

The details of the actuarial study have as follows:

	2002
Present value of unfunded obligations	225,975
Unrecognised net loss	(9,101)
Net liability in balance sheet (note 24)	216,874
Components of net service cost (second half of 2002)	
Service cost	1,973
Interest cost	6,531
	8,504
Movements during the year in net liability in balance sheet	
Net liability at beginning of the year	0
Charge to equity	212,797
Actual benefits utilised by the Company	(4,427)
Total expense recognised	8,504
	216,874
Change in benefit obligation (for 2002)	
Defined benefit obligation at start of year	223,019
Service cost	3,947
Interest cost	13,062
Actuarial loss	(3,402)
Benefits utilised	(10,651)
	225,975
Weighted average assumptions at year-end	
Discount rate	6.00%
Rate of tariff increase per annum:	
- 2003	3%
- 2004	2%
- Up to 2010	1%
- From 2011	0%

As of 31st December 2002, the Company had a receivable from PIO of Euro 37,510, resulting from the supply of energy to PIO pensioners at a reduced tariff for the period 1st January 2000 to 31st December 2002. The Company has recorded a provision of Euro 17,608 against this amount, which has been recognised in the income statement for the year ended 31st December 2002.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

15. OTHER CURRENT ASSETS

	2002	2001
Value Added Tax	250	349
Prepaid expenses	5,855	5,385
Other	61	282
	6,166	6,016

16. FINANCIAL INSTRUMENTS

	2002	2001
Derivative assets	8,740	0
Derivative liabilities	(80,543)	(69,382)

Derivative financial instruments represent contracts to purchase energy denominated in U.S. dollars, cross currency and interest rate swaps.

Energy contracts: Certain energy purchases are denominated in U.S. dollars and are accounted for as derivative financial instruments. As at 31st December 2002 and 2001, the Company had one (maturing in September 2004) and two outstanding contracts (maturing in 2004 and 2002), respectively. The change in fair value of these contracts, estimated using discounted cash flow analysis, at 31st December 2002 and 2001 totalled Euro 13,585 gain and Euro 4,845 (loss), respectively, and are included in foreign currency gains/ (losses), net in the income statement.

Swap agreements: At 31st December 2002, the Company had the following swap agreements outstanding:

(a) ***Cross currency and interest rate swap agreements:*** One agreement was concluded in 1999 for a period of five years through 2004 under which the Company receives interest at a rate equal to six month ITL LIBOR (now EURIBOR) plus 0.65% on a nominal amount of Italian Lira 340 billion (Euro 175.6 million) and pays interest at a fixed rate of 1.175% on a nominal amount of Yen 25 billion.

(b) ***Interest rate swap agreements:*** Interest Rate Swap Agreements at 31st December 2002 had as follows:

		Interest rate	
Period	Amount	Received	Paid
2000-2004	250	6month Euribor	5.52%
2001-2007	300	6month Euribor + 0.4%	5,425%
2001-2005	73	6month Euribor + 0.6%	5.3475%
2001-2006	147	6month Euribor + 0.3%	5.03%
2001-2007	73	6month Euribor + 0.3%	5.275%
2001-2007	117	6month Euribor + 0.3%-0.325%	5.347%

In addition, two Currency Swap Agreements were concluded in 1997 for a period of four years through 2001 under which the Company was receiving interest at a rate equal to three month DEM Libor (now Euribor) plus 0.375% - 0.40% on a total capital of Euro 205.7 million and was paying interest at rates equal to three month Athibor (now Euribor) plus 0.10% and 0.19% on a total capital of Euro 186.7 million. Upon maturity of these swap agreements their fair value of Euro 19,060 gain has been included in the income statement for 2001.

As at 1st January 2001, the swap agreements were measured at their fair values in accordance with IAS 39 and the resulting transitional adjustment (net loss) of Euro 43,545 has been included in equity as an adjustment to the opening balance of 2001 accumulated deficit. None of the above instruments meet the criteria for hedge accounting and accordingly the change in their fair values is included in financial income or expense, in the income statement. The net change in fair values for the years 2002 and 2001 amounted to Euro 16,006 (loss) and Euro 1,931 (loss), respectively.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

17. MARKETABLE AND OTHER SECURITIES

	2002	2001
Equity securities:		
- Heracles Cement S.A.	3,245	6,967
- National Bank of Greece	9,081	17,972
- Evetam	241	241
	12,567	25,180
OAE bonds	0	2,148
	12,567	27,328

Chalkis Cement S.A. ("Chalkis") was a company listed on the Athens Stock Exchange. The trading of Chalkis's shares was suspended on 26th March 1991 and was accounted for at cost. Following Chalkis's absorption by Heracles Cement Co. ("Heracles"- listed on the Athens Stock Exchange) the Chalkis shares were exchanged for Heracles's shares in June 2001.

At 31st December 2002 and 2001 the cost of all the above equity securities was Euro 10,162. There were no sales or acquisition of equity securities during the years 2002 and 2001. The change in net unrealised holding gain/ (loss) on equity securities available for sale totalled Euro (12,613) and Euro (7,946) in the years 2002 and 2001, respectively.

OAE bonds were issued by the Greek State in June 1992 in order to pay the debts of ailing companies. In this respect PPC, which had outstanding debts from ailing companies, received in June 1992 bonds with a face value of Euro 109.95 million (representing Euro 77.5 million of principal and Euro 32.4 million of interest for the period from 10th June 1992 through 10th June 1994), separated in five series maturing at various dates, from 10th June 1998 through 10th June 2002. In November and late December 2001 bonds of face value Euro 37,485 were sold for Euro 37,664. The majority of the above bonds were being used by PPC as collateral in obtaining short-term bank borrowings (note 28).

Until 30th June 2001, interest on these bonds was accounted for on an accrual basis (note 15). Interest income for the year 2001 amounted to Euro 2,670. Following the reclassification of these bonds from held to maturity to available-for-sale (note 4(m)) these bonds were measured at fair value as at 31st December 2001 and the resulting gain of Euro 47 was included in equity.

18. CASH AND CASH EQUIVALENTS

	2002	2001
Cash in hand	2,659	3,278
Cash at banks	16,042	31,325
Bank of Crete (note 27)	6,806	6,806
Time deposits	2,900	5,869
	28,407	47,278

Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to Euro 2,240 and Euro 5,277 for the years 2002 and 2001, respectively.

19. SHARE CAPITAL

Under its enabling statute of 1950, PPC was established as a "Public Corporation belonging entirely to the Greek State, operating for the public interest under the supreme inspection and control of the State". A subsequent legislative Decree provided PPC with a special legal status among enterprises within the State sector, stipulating that PPC was not subject to legislative provisions regulating the State sector generally, but rather subject to such provisions only when specifically mentioned. A Presidential Decree in 1985 stipulated that PPC is a public sector corporation, belonging to the Greek State, operating with full administrative, legal and financial autonomy, under the supervision of the Greek State. Until 31st December 2000, the State's special ownership of PPC was evidenced by statute and not by shares or stock in any form.

Under Law 2773 and pursuant to Presidential Decree 333/2000, PPC was transformed, effective 1st January 2001 into a société anonyme wholly owned by the State for the purpose of carrying on the business of an electricity company. Law 2773 also ratified the Articles of Incorporation of PPC, which specifies, among other things, the following:

- The Greek State is not permitted to hold less than 51% of the voting shares of PPC, including voting shares issued after any increase in its share capital.

19. SHARE CAPITAL – (continued)

- In case the participation percentage of a shareholder or a shareholder's affiliated companies exceeds in total 5% of PPC´s share capital, such shareholder will not have the right to vote at the general assembly for the percentage of his shareholding exceeding 5%.
- The Company's fiscal year ends at 31st December of each year. Exceptionally, the Company's first fiscal year was concluded at the end of the year succeeding the year of PPC's transformation into a société anonyme.
- The life of the company was set for 100 years.

The share capital of PPC S.A. was set at GRD 220 billion consisting of 220 million common registered shares of Greek Drachmae one thousand, par value each. At 31st December 2000, PPC made transfers from equity accounts to set up the share capital of GRD 220 billion, as analysed below (in millions of Greek Drachmae and thousands of Euro):

	GRD	EURO
Contributions by the Greek State	38,797	113,858
Revaluation surplus of machinery under law 1731/1987 (note 7)	164,321	482,233
Revaluation surplus of buildings under Ministerial Decision 2665/1988 (note 7)	7,649	22,448
Revaluation surplus (part of) of land under Ministerial Decision 2665/1988 (note 7)	9,233	27,096
	181,203	531,777
	220,000	645,635

The shareholders' Special General Assemblies held on 16th November and 22nd November 2001 approved the increase of the share capital through the issuance of 12,000,000 new common registered shares of Greek Drachmae one thousand par value each and the listing of the Company's shares on the Athens Stock Exchange and their admission for trading, in the form of Global Depositary Receipts, to the London Stock Exchange. These new shares issued were offered to the public at an average price per share of Euro 12.58. The resulting share premium of Euro 115,754 net of the related issuance costs of Euro 9,075 is separately reflected in shareholders equity.

Following the decision of the Shareholders' Special General Assembly dated 6th June 2002, the Company's share capital and the nominal value of the shares were converted from Greek Drachmae to Euro, in accordance to the provisions of Article 12 of Law 2842/2000. As a result, the Company's share capital amounts to Euro 679,760 divided into 232,000,000 common shares of Euro 2.93 par value each. The rounding of the shares' nominal value resulted in a reduction of the Company's share capital by Euro 1,091, which was recorded in equity under a special reserve account (note 21) and shall be used in a future share capital increase.

The shareholders' Special General Assembly held on 15th November 2002 and continued and concluded on 22nd November 2002, approved the increase of the share capital by Euro 387,440 through the increase of the par value per share by Euro 1.67. For the above increase the Company used the reserve resulted from the conversion of the share capital from Greek Drachmae to Euro (Euro 1,091- note 21) and part of the fixed assets statutory revaluation surplus discussed in note 7 after eliminating statutory losses of Euro 29,216. As a result, the Company's share capital amounts to Euro 1,067,200 divided into 232,000,000 common shares of Euro 4.60 par value each.

20. LEGAL RESERVE

Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books 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 company. The Company upon the closing of its first fiscal year following its transformation into a société anonyme (note 2) established a legal reserve of Euro 11,127.

21. RESERVES

	2002	2001
Tax-free (Law 2238/94)	11,046	11,046
Tax-free	81,949	80,297
Specially taxed reserves	113,036	113,036
	206,031	204,379
Securities valuation surplus (note 17)	2,405	15,018
	208,436	219,397

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

21. RESERVES – (continued)

Tax-free and specially taxed reserves represent interest income which is either free of tax or a 15% tax is withheld at source. This income is not taxable, assuming there are adequate profits from which respective tax-free reserves can be established. However, if distributed, such reserves are subject to income tax (estimated to approximate Euro 59 million at 31st December 2002). Presently, the Company has no intention to distribute any of its tax-free or specially taxed reserves and accordingly no related deferred taxes have been accounted for.

The Company for its first twenty-four months statutory fiscal year, following its transformation into a société anonyme (note 2), established tax-free reserves of Euro 1,652.

22. DIVIDENDS

Under Greek corporate law, companies are required each year to declare from statutory profits dividends of at least 35% of after-tax profit, after allowing for the legal reserve, or a minimum of 6% of the paid-in share capital, whichever is greater. However, the Company can waive such dividend with the unanimous consent of its shareholders.

Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

(a) No dividends can be distributed to the shareholders as long as the 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.

(b) No dividends can be distributed to the shareholders as long as the unamortised balance of "Pre-operating Expenses", as reflected in the statutory financial statements, exceeds the aggregate of distributable reserves plus retained earnings.

The above, apply to the Company effective 1st January 2001 following its transformation into a société anonyme (note 2).

On 2nd April 2002, the Board of Directors approved the distribution of dividends of Euro 88,160 (Euro 0.38 per share), which was paid in full in 2002. As the Company's first fiscal year as a société anonyme and included the twenty four months period from 1st January 2001 to 31st December 2002 and was concluded at 31st December 2002, the above dividends are considered, for statutory purposes, as an interim dividend.

On 22nd April 2003, the Board of Directors decided to propose to the Shareholders' General Assembly, the distribution of additional dividends of Euro 116,000 (Euro 0.50 per share).

23. LONG-TERM DEBT

	2002	2001
Bank loans	2,508,388	3,199,478
Bonds payable	1,616, 772	1,635,718
Bills payable	1,969	2,987
	4,127,129	4,838,183
Less current portion:		
- Bank loans	508,029	426,051
- Bonds payable	241,177	0
- Bills payable	389	355
	749,595	426,406
Long-term portion	3,377,534	4,411,777

Long-term debt represents unsecured obligations of the Company. Certain loans and bonds include certain non-financial covenants, the most important of which are:

- The Company should not cease to be a corporation controlled as to at least 51% by the Greek State.
- The Company must not sell and distribute to end users less than 90% of all low and medium voltage electricity (not in excess of 22 kilovolts) consumed in the Republic of Greece during any period of 90 days (any reduction in such sales and distribution by the Company occurring only as a direct result of the implementation of the Electricity Directive as amended and/or supplemented will be disregarded for these purposes).
- The Company must inform the banks of any event, which might have a material adverse effect on the financial conditions or operations of the Company or on its ability to comply with its obligations.
- The Company is not in default in any, one or more, of its other debt obligations.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

23. LONG-TERM DEBT – (continued)

- The Company must inform the banks upon becoming aware of any litigation, arbitration or proceedings, which, if continued, could have a material adverse effect on the Company's business, assets or financial condition.
- The Company should not assign or transfer any of its rights, benefits and obligations under the loan agreements.

The total interest expense (including amortisation of loan fees and expenses) on long-term debt for the years 2002 and 2001 amounted to Euro 204,212 and 252,710, respectively, and is included in financial expenses in the income statement (note 36).

A further analysis of the Company's long-term debt based on interest rates composition (fixed or floating) and currency denominations is given below:

	2002	**2001**
Bank loans and bonds bearing interest at fixed rates	1,141,177	1,160,123
Bank loans and bonds bearing interest at floating rates	1,881,777	2,594,362
European Investment Bank	926,271	849,065
Project financings	177,904	234,633
	4,127,129	4,838,183

a) Bonds bearing interest at fixed rates:

	Year of issuance	**Interest rate**	**Repayment**	**2002**	**2001**
Japanese Yen	1998	1.94%	July 2003, balloon	241,177	260,123
Euro	1999	4.50%	March 2009, balloon	500,000	500,000
Euro	2000	6.25%	November 2010, balloon	400,000	400,000
				900,000	900,000
				1,141,177	1,160,123

b) Bank loans and bonds bearing interest at floating rates (Euro):

	Weighted average Interest rate			**Amount**	
	2002	**2001**	**Repayment**	**2002**	**2001**
Bonds					
1998	1.37%	1.52%	2004, balloon	175,595	175,595
2000	3.98%	5.03%	2007, balloon	300,000	300,000
				475,595	475,595
Bank loans					
1996 to 2002	4.04%	5.25%	1998 - 2008 Semi-annual, balloon	880,775	1,414,407
Syndicated loans					
1998	4.53%	4.96%	May 2003, balloon	275,407	454,360
1999	3.81%	4.97%	Dec. 2004, balloon	250,000	250,000
				525,407	704,360
				1,881,777	2,594,362

For the syndicated loan obtained in 1999 the Company, in May 2000, entered into an interest rate swap agreement and effectively changed the floating interest rate (6month Euribor) to a fixed rate of 5.52% (note 16).

For a bank loan initially denominated in Deutsche Marks (now Euro) obtained in 1996, the Company in 1997 entered into two currency-swap agreements for a part of the loan (Euro 205.7 million, out of Euro 232 million – note 16). This loan was fully repaid in 2001.

For bonds issued in 1998 (drawn in 1999) initially denominated in Italian Lire (now Euro) the Company entered in 1999, into a cross currency and interest rate swap agreement (note 16).

For bonds issued in 2000 the Company entered in 2001, into an interest rate swap agreement and effectively changed the floating interest rate (6month Euribor plus a spread of 0.4%) to a fixed rate of 5.425% (note 16).

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

23. LONG-TERM DEBT – (continued)

c) European Investment Bank ("EIB"):

	Interest rate	Repayment	Amount 2002	Amount 2001
Fixed				
Swiss Franc (1992-1993)	4.45%-6.40%	Annually, 1996-2008	86,563	97,236
U.S. dollar (1992)	6.90%-7.60%	Annually, 1996-2007	28,532	39,463
Yen (2000)	1.82%	Annually, 2004-2016	33,106	35,706
Euro (1993-2001)	4.99%-8.10%	Annually, 1997-2016	253,686	258,187
Euro - multiple currency (1986-1991)	5.15%-8.50%	Annually, 1991-2010	47.727	64.938
			449,614	495,530
Floating				
Euro (1995-2002)	-	Annually, 1999-2016	476,657	353,535
			926,271	849,065

Weighted average rate for the above loans bearing floating interest rate amounted to 2.74% and 4.07% for 2002 and 2001, respectively.

Loans with the EIB are guaranteed by the Greek State (in exchange, PPC pays to the Greek State a commission in the range of 0.50% to 1.00% on the outstanding balance of the loans guaranteed). In November 2002, the Company concluded four, floating interest rate, loan agreements with the EIB for a total amount of Euro 150 million. These loans were partially guaranteed by the Greek State and partially guaranteed by commercial banks (in exchange, PPC pays to the commercial banks a commission of 0.48% on the outstanding balance of the loans guaranteed).

With respect to the loans obtained prior to 1992, which at 31st December 2002 and 2001 amounted to Euro 47,727 and Euro 64,938, respectively, the Bank of Greece covers the exchange risk in accordance with Ministerial and the Greek Monetary Committee decisions (in exchange, PPC pays a premium calculated on the difference between the interest rate of each currency of the loan and the average rate of the quotations of four major banks minus 1.5%).

PPC is obliged to comply with certain non-financial covenants the most important of which are:

- The Company must inform the EIB of any material change to any of the Acts relating to its constitution and functions and of any change in controlling ownership.
- To furnish the EIB with progress information for the projects financed by the respective loans.
- To submit for approval any significant change in project plan or expenditure.
- The Company must inform the EIB in the event of a significant reduction in the value of the Company's assets.
- Should the total cost of the respective projects fall significantly below those stipulated in the loan agreement the EIB may demand proportional prepayment of the related loan.
- To maintain, repair and overhaul all property forming part of the related projects.
- The Company shall (unless the EIB has consented otherwise) retain title to all assets comprising the project.
- The Company is not in default in any of its other debt obligations.

d) Project financing (promissory notes or long-term credits to finance specific supply contracts):

	Interest rate at 31st December 2002	Interest rate at 31st December 2001	Weighted average Interest rate 2002	Weighted average Interest rate 2001	Repayment	Amount 2002	Amount 2001
Fixed							
Swiss Franc (1991)	-	6.47%	-	-	Repaid	0	4,287
Swiss Franc (1992)	5.44%	5.44%	-	-	Semi-annual, 1999 -2003	436	855
U.S. dollar (1995)	7.41%, 6.36%	7.41%, 6.36%	-	-	Semi-annual, 1997-2006	6,214	10,014
U.S. dollar (1991)	5%	5%	-	-	Semi-annual, 1998-2008	1,969	2,990
						8,619	18,146
Floating							
Euro (1996)	-	4.21%	-	5.82%	Prepaid	0	26,586
Euro (1996)	-	4.21%	-	5.82%	Prepaid	0	13,294
Euro (1996)	-	3.94%	-	5.47%	Prepaid	0	12,126
Euro (1997)	3.48%	3.74%	3.98%	5.19%	Semi-annual, 2004-2007	80,000	80,000
Swiss Franc (1998)	0.953%	-	2.11%	-	Semi-annual, 2002-2013	89,285	84,481
						169,285	216,487
						177,904	234,633

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

23. LONG-TERM DEBT – (continued)

The annual principal payments of the long-term debt, required to be made, subsequently to 31st December 2002 based on the exchange rates as at 31st December 2002 are as follows:

Maturity	Amount
Within one year	749,595
2-5 years	2,026,571
Over 5 years	1,350,963
	4,127,129

The fair value of bonds that are publicly traded at 31st December 2002 and 2001 totalled Euro 1,413 million and Euro 1,346 million, respectively, while their respective carrying amount as at 31st December 2002 and 2001 totalled Euro 1,376 million.

The fair value of fixed rate long-term bonds which are not listed (based on discounted cash flow analysis and market quotations) at 31st December 2002 and 2001 amounted to Euro 240 million and Euro 270 million, respectively, while their respective carrying amount at 31st December 2002 and 2001 amounted to Euro 241 million and Euro 260 million, respectively. The fair values of long-term loans with floating interest rates approximate their carrying amounts.

24. PROVISIONS

	2002	2001
Litigation with employees and third parties (note 31(e))	150,635	122,180
Post retirement benefits (note 14)	216,874	0
Disputes with tax authorities (note 13)	37,564	37,564
Mines' restoration (note 4(g))	18,817	19,258
PIO fixed assets (note 14)	5,640	5,870
	429,530	184,872

The Company in 2002 reversed an unused portion of the provision for litigation with employees and third parties of Euro 17,664, as the purpose for which the related provision had been established no longer existed.

25. DEFERRED SUBSIDIES AND CUSTOMERS' CONTRIBUTIONS

PPC obtains subsidies from the European Union through the Greek State in order to fund specific projects. In addition PPC customers (including State and Municipalities) are required to participate in the funding of the initial network connection cost (meters, substations, network connections etc.) or other infrastructure.

The above subsidies are recorded upon collection and are reflected in the balance sheet as deferred income. Such amounts are amortised over the useful life of the related assets when these are put in operation. Subsidies' amortisation is recorded against depreciation charge (note 34).

	2002	2001
Cost:		
- Subsidies	657,631	656,728
- Customers' contributions	1,251,740	1,071,656
- Other	80	80
	1,909,451	1,728,464
Accumulated Amortisation:		
- Subsidies	290,130	271,422
- Customers' contributions	424,740	355,011
- Other	(566)	(566)
	714,304	625,867
Net Book Value:		
- Subsidies	368,147	385,952
- Customers' contributions	827,000	716,645
	1,195,147	1,102,597

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

25. DEFERRED SUBSIDIES AND CUSTOMERS' CONTRIBUTIONS – (continued)

The amount of subsidies and customers' contributions collected for the years 2002 and 2001 totalled Euro 182,896 and Euro 217,494, respectively. Amortisation of subsidies and customers' contributions for the years 2002 and 2001 totalled Euro 90,346 and Euro 86,169, respectively (note 34).

26. OTHER NON-CURRENT LIABILITIES

	2002	2001
Tax assessments 1989-1999 (note 29)	10,377	20,754
TAP – HEAP reserve	24,393	24,393
Customers' deposits	309,648	287,527
Other	16	16
	344,434	332,690

TAP-HEAP Reserve: The amount represents a reserve for personnel retirement indemnities established by TAP-HEAP the insurance fund of HEAP, an electric utility company, which was absorbed by PPC in 1985. The amount has been classified as a non-current liability to PIO (note 14).

Customers' deposits: The amount relates to deposits made from customers upon initial connection to the transmission and/ or distribution networks and is considered as a coverage of unbilled consumption outstanding as of any time. Such deposits are refundable (non-interest bearing) upon termination of connection by the customer. As the refund of such amounts is not expected to be realised within a short period of time the amounts are classified as long-term liabilities.

27. TRADE AND OTHER PAYABLES

	2002	2001
Trade:		
Suppliers and contractors	142,137	157,676
Other	1,567	472
	143,704	158,148
Various Creditors:		
Municipalities' duties	185,856	175,994
Greek TV	46,564	44,367
Pensioners	498	484
Bank of Crete	12,053	12,053
Building sale proceeds	13,294	13,294
HTSO (note 2)	4,318	6,325
Benefits on employee overtime	6,360	0
Other	57,414	36,585
	326,357	289,102
Other:		
Social security funds, PIO (note 14)	58,067	0
Social security funds, Other	10,737	10,107
Tax settlement (note 29)	10,377	10,377
Lignite levy	3,995	3,167
Tax on fixed assets' statutory revaluation	0	3,677
Taxes withheld	28,296	26,466
	111,472	53,794
	581,533	501,044

Municipalities and Greek TV: The amounts represent duties collected by PPC through the bills issued to medium and low voltage customers. The payment of such amounts to the beneficiaries is made by PPC at the end of each month and relates to collections made two months prior. For this service PPC charges a fee of 2% and 0.5%, on the amounts collected on behalf of Municipalities and Greek TV, respectively. Such fees for the years 2002 and 2001 totaled Euro 18,689 and Euro 17,306, respectively, and are included in other revenues in the income statement (note 32). Furthermore, receivables from Municipalities relating to energy consumption are offset against amounts paid for the duties collected on behalf of the Municipalities.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

27. TRADE AND OTHER PAYABLES – (continued)

Bank of Crete: The amount relates to a dispute with the "Old Bank of Crete" since 1989, when the bank was under liquidation due to serious law violations revealed at that time. PPC deposits of Euro 6,806 (note 18) with the bank were blocked, while the Company stopped payments on its loans from the bank then outstanding. The case, following a relevant ruling of the Supreme Court, is pending before the Court of Appeals.

Lignite levy: Based on Law 2446/96, effective 1997, the Company is obliged to pay a duty of 0.4% on its gross sales for the development and environmental protection of the three Prefectures (Kozani, Florina and Arkadia) where lignite power stations are in operation.

Building sale proceeds: The amount represents the proceeds from the sale of a building located in the centre of Athens during December 1999. Although the net book value of the land and building at the date of sale of Euro 97 was removed from fixed assets and transferred to the profit and loss account, the sale proceeds were recorded as a liability to the new Personnel Insurance Organization (PIO – note 14).

Tax on fixed assets statutory revaluation surplus: The amount represents tax on the revaluation surplus, which resulted from the statutory revaluation of land and buildings that was made in December 2000.

28. SHORT-TERM BORROWINGS

Until 30th June 2002, the Company had outstanding repurchase agreements, under which the OAE bonds (note 17) were used as collateral in obtaining short-term financing. At 31st December 2002 there were no outstanding repurchase agreements.

	2002	2001
Bonds		
Face value of bonds given as collateral	0	2,060
Repurchase amount	0	2,145
Amount outstanding at year end	0	2,104
Overdrafts	103,400	0
Total	103,400	2,104

An analysis of the above bank overdraft facilities is provided below (amounts in million):

			Used portion at December 31st	
Overdraft	**Amount up to**	**Interest rate**	**2002**	**2001**
November 2001	120.0	Euribor + margin	24.7	0
May/ Dec. 2002	63.5	Euribor + margin	48.7	-
June 2002	30.0	Euribor + margin	30.0	-
	213.5		103.4	0

29. INCOME TAXES (CURRENT AND DEFERRED)

Income Tax Expense:

	2002	2001
Current income taxes	157,271	144,336
Deferred income taxes	(44,301)	2,332
Total provision for income taxes	112,970	146,668

The Company (as a listed Corporation) is subject to income taxes at 35%.

Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

29. INCOME TAXES (CURRENT AND DEFERRED) – (continued)

In 2000, the tax audit of the Company's books for the fiscal years 1989 through 1999 was completed and additional taxes and penalties of Euro 76,417 were assessed. Of this amount, Euro 69,529 relate to the years 1989 through 1997, while Euro 3,202 and Euro 3,686 relate to 1999 and 1998, respectively. This amount was charged against the reserve, which was provided in prior years for probable future tax assessments. The Company has agreed with the tax authorities to settle the above amount in five equal annual installments, the first being due on 1st January 2001, after deducting the amount of Euro 24,531 of VAT receivable outstanding at that time (discussed in note 13). As a result, the Company will pay Euro 51,886 (Euro 76,417 less Euro 24,531) in five installments of Euro 10,377. As at 31st December 2002, the Company had paid three installments totaling Euro 31,131 (note 27 and 26). In October 2001 the tax audit of the Company's books for fiscal year 2000 was completed and the tax authorities assessed additional income taxes of Euro 8,217, which was paid in November 2001.

For the unaudited tax period 1st January 2001 to 31st December 2002, it is not possible to determine the extent of any additional income taxes and penalties that might be assessed, as these will depend on the findings of the tax authorities. A provision has been made to cover for such additional probable future tax assessments, based on the findings of prior years' tax audits. An analysis and numerical reconciliation between tax expense and the product of accounting profit multiplied by the nominal applicable tax rate is set out below:

	2002	2001
Profit before tax	592,932	398,503
Income tax calculated at nominal applicable tax rate of 35%	207,526	139,476
Provision for additional income taxes and penalties	11,196	8,804
Tax effect on (from income tax returns):		
Non tax deductible expenses	39,474	1,421
Non taxable profits	(8,885)	(3,033)
- Reversal of provision for litigation	(6,182)	0
- Reversal of additional depreciation (note 7)	(85,858)	0
Provision for income taxes	157,271	146,668

Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences using the Company's statutory income tax rate of 35%. Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related tax benefit is probable.

The movement of the deferred income tax account is as follows:

	2002	2001
Beginning balance	(8,894)	(6,562)
Profit and loss account charge	44,301	(2,332)
Directly charged against equity		
- Post retirement benefits (note 14)	74,479	0
Ending balance	109,886	(8,894)

Deferred income tax assets and liabilities are disclosed in the accompanying balance sheets as follows:

	2002	2001
Deferred income tax asset	136,658	96,283
Deferred income tax liability	(26,771)	(105,177)
	109,887	(8,894)

The deferred tax charge (liability) in the accompanying consolidated statements of income comprises the temporary differences resulting mainly from the accounting for foreign exchange gains. The deferred tax credit (asset) is mainly due to temporary differences resulting from certain provisions that become tax deductible upon realisation. Deferred tax asset on post retirement benefits was charged directly to shareholders' equity (note 14). Deferred income tax assets and liabilities are attributable to the following items:

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

29. INCOME TAXES (CURRENT AND DEFERRED) – (continued)

	2002	2001
Deferred tax assets		
Provisions for:		
- Materials, spare parts and lignite	6,673	37,086
- Accounts receivable	6,163	7,956
- Risks and accruals	21,245	47,704
- Post retirement benefits (note 14)	75,906	0
- Losses of subsidiaries carried forward	1,539	0
- Derivatives and swaps	28,190	3,537
Gross deferred tax asset	136,658	96,283
Deferred tax liabilities		
- Long-term debt fees and expenses	(4,703)	(5,687)
- Foreign exchange gains	(16,827)	(7,660)
- Fixed assets	(2,013)	(88,602)
- Other	(3,228)	(3,228)
Gross deferred tax liability	(26,771)	(105,177)
Deferred tax asset (liability), net	109,886	(8,894)

No deferred tax asset and deferred tax liability have been accounted for in relation to the fixed assets statutory revaluation (which has been reversed for the purposes of preparing financial statements under IFRS) and the fixed assets revaluation (note 7), as such asset and liability do not meet the recognition criteria of IAS 12.

30. ACCRUED AND OTHER CURRENT LIABILITIES

	2002	2001
Interest on long-term debt	47,210	53,558
Natural gas and liquid fuel	24,735	40,337
Energy	6,522	9,075
Additional expropriation for Klitos	26,999	0
Other	3,237	4,475
	108,703	107,445

31. COMMITMENTS AND CONTINGENCIES

(a) ***Construction programme:*** The Company is engaged in a continuous construction programme, currently estimated to approximately Euro 2.6 billion over a four-year period from 2003 to 2006. These expenditures are planned to be focused primarily on the Distribution and Generation units. The programme is subject to periodic review and revision and actual construction costs may vary from the above estimate because of numerous factors, including changes in business conditions, changes in environmental regulations, increasing costs of labour, equipment and materials and cost of capital.

(b) ***Agreement with WIND:*** In August 2001, the Company's wholly owned subsidiary PPC Telecommunications Services S.A. entered into an agreement to form a new company with WIND (an Italian telecommunication provider, a subsidiary of Enel S.p.A.). The new company, WIND-PPC Holding N.V. through its subsidiary Tellas S.A. Telecommunications ("Tellas") entered the fixed and fixed wireless communications as well as multimedia and Internet services in Greece in the first quarter of 2003. The Company's total estimated equity contribution into this new company is expected to be approximately Euro 70 million. The Company is also constructing a fibre-optic network along its existing lines (an investment which is expected to amount to Euro 29 million), which will in turn be leased to the new company.

(c) ***Agreement to buy shares of "DEPA":*** The Special Shareholders' General Assembly held on 15th November and continued and concluded on 22nd November 2002, approved the agreement that was signed between the Greek State and PPC S.A, through which the latter has the right to buy from the Greek State up to 30% of DEPA's shares and which the Greek State is obliged to sell to PPC S.A. The option, which does not have an expiry date, has not been exercised by the Company to date. On 18th February 2003 the Company's Board of Directors decided to notify the Greek State of its intention to commonly appoint an independent valuer in order to proceed with the evaluation of the 30% of DEPA's shares. The Company upon finalisation of the valuation shall decide whether to exercise this option, or not.

31. COMMITMENTS AND CONTINGENCIES – (continued)

(d) ***Ownership of property: According to a study performed by an independent law firm, major matters relating to the ownership of PPC's assets, are as follows:***

1. Public Power Corporation S.A. is the legal successor to all property rights of the former PPC legal entity. Its properties are for the most part held free of encumbrances. Although all property is legally owned, legal title in land and buildings will not be perfected and therefore title may not be enforced against third parties until the property is registered at the relevant land registry in the Company's name. PPC is in the process of registering this property free of charge at the relevant land registries following a simplified registration procedure. This process is not yet finalised.
2. In a number of cases, expropriated land, as presented in the expropriation statements, differs (in quantitative terms), with what PPC considers as its property.
3. Agricultural land acquired by PPC through expropriation in order to be used for the construction of hydroelectric power plants, will be transferred, following a decision of PPC's Board of Directors and a related approval by the Ministry of Development, to the State, at no charge, if this land is no more necessary to the PPC S.A. for the fulfilment of its purposes.

(e) ***Litigation and claims:*** The Company is a defendant in several legal proceedings arising from its operations. The total amount claimed as at 31st December 2002 amounts to Euro 414 million, as further analysed below:

1. ***Claims with contractors, suppliers and other claims:*** A number of contractors and suppliers have raised claims against the Company, mainly for disputes in relation to the construction and operation of power plants. These claims are either pending before courts or in arbitration and mediation proceedings. The total amount involved is approximately Euro 227 million. In most cases the Company has raised counter claims, which are not reflected in the accounting records until the time of collection.
2. ***Fire incidents:*** A number of individuals have raised claims against the Company for damages incurred as a result of alleged electricity-generated fires for a total amount involved of approximately Euro 49 million.
3. ***Claims by employees:*** Company's employees are claiming the amount of Euro 138 million, for allowances and other benefits that according to the employees should have been paid by the Company. The majority of the above amount relates to periods prior to 1996.

For the above amounts the Company has established provisions, which at 31st December 2002 amounted to Euro 151 million (note 24).

(f) ***Arbitration:*** As at 31st December 2001 the Company was in arbitration proceedings with one of its high voltage customers for the revision of the price at which electricity is supplied (under a contract, which expires in the year 2006). The arbitration proceeding commenced in February 1999 and related to the electricity supplied during the period for 1st January 1999 to 31st December 2001. In June 2002, the arbitration ruled in favour of the Company. In this respect, the Company was compensated with the amount of Euro 9.2 million (included in other income, (expense), net – note 37) plus interest of Euro 2.2 million (included in financial income) relating to the above period, while billings subsequent to the arbitration ruling are based on the revised prices. A compensation fee of a similar nature of Euro 3.9 million (plus interest of Euro 1.1), was billed to another high voltage customer whose billings follow the prices applied to that with whom the Company had entered into the arbitration proceedings.

(g) ***Environmental obligations:*** Following an assessment of PPC's operations by an independent environmental consulting firm, the Company believes that approximately Euro 425 million of investment in environmental, health and safety matters will be required over ten years (from 2001 to 2010). The above amount represents only an indication of the probable investment needs. The precise investments will depend upon a number of factors, such as the demand for electricity in the future, PPC's long-term business strategy, the regulatory environment and also the future level of enforcement of environmental laws and regulations in Greece.

Key uncertainties that may influence the final level of environmental investment which PPC will be required to make over the forthcoming decade, include:

1. Several Environmental Permits and operating Licenses have yet to be obtained by individual PPC operating units. This includes the mines, Megalopolis A power station, some of the hydroelectric stations and a large part of the national transmission network.
2. Construction operations at the Messochora Dam on the Acheloos river are halted, until the Environmental Permit is issued by the State. As the Environmental Permit was issued in March 2003, the hydroelectric project will be completed by the end of the year 2005.
3. Under IPPC (Integrated Pollution Prevention and Control), the Best Available Techniques for Large Combustion Plants have yet to be defined. These, and the amendments to the Large Combustion Plant Directive may: 1) require additional to the already foreseen investments at PPC's larger thermal power plants stations, 2) reduce the hours of operation of its oil fired stations and 3) bring forward closure of units I and II of Megalopolis A plant.

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

31. COMMITMENTS AND CONTINGENCIES – (continued)

4. The Kyoto protocol, if ratified by the European Union, may require the Company to reduce CO2 (carbon dioxide) emissions using flexible mechanisms. This could include the substitution of old power plants with modern, natural gas combined cycle power plants, an increase in the share of renewable energy, implementation of combined heat and power plants or recovery and storage of CO2 from flue gases.
5. The extent of contaminated land has yet to be defined for many of PPC's installations. At present, there appears to be no requirement for large scale remediation projects at PPC's sites in the short term, and it is unlikely that this will be required at the mining areas or at the lignite stations for the foreseeable future. Remediation, however, may be warranted at some of the firm's oil-fired stations, and depots and of its underground cables in the future.
6. Limited studies on the presence of asbestos-containing materials have been undertaken by the Company, but these are not comprehensive. Costs may be incurred across certain of PPC's operations, once comprehensive surveys have been carried out.
7. Exposure of the public to electromagnetic fields from PPC's transmission lines and sub stations is considered to be substantially less than the exposure guidelines thresholds (100 μT for magnetic fields) developed by the International Commission on Non Listing Radiation Protection (ICNIRP) and CENELEC.

32. REVENUES

	2002	2001
Energy sales:		
- High voltage	256,342	231,055
- Medium voltage	613,305	571,046
- Low voltage	2,448,783	2,250,856
	3,318,430	3,052,957
Municipalities and Greek TV (note 27)	18,689	17,306
Fees from HTSO for the use of the transmission system (note 2)	51,844	0
Other	31,743	21,124
	102,276	38,430
	3,420,706	3,091,387

33. PAYROLL COST

	2002	2001
Total payroll cost	1,111,772	1,073,435
Less:		
- Capitalisation of payroll to fixed assets	(103,203)	(97,420)
- Payroll cost included in lignite production	(241,124)	(224,417)
- Payroll cost of PIO (note 14)	0	(20,564)
	767,445	731,034

34. DEPRECIATION AND AMORTISATION

	2002	2001
Depreciation on fixed assets (note 7)	365,516	344,305
Plus:		
- Software amortisation	2,433	2,512
Less:		
- Amortisation of deferred subsidy income (note 25)	(90,346)	(86,169)
- Depreciation included in lignite production	(34,051)	(44,616)
	243,552	216,032

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

35. OTHER EXPENSES

	2002	2001
Transportation and travelling expenses	25,084	23,269
Write-off of projects in progress	6,144	0
Other	26,164	24,784
	57,392	48,053

36. FINANCIAL EXPENSES

	2002	2001
Interest expense	201,398	249,928
Borrowed capital related costs	6,210	7,633
Amortisation of loans' issuance and other fees	2,814	2,782
Provision for fair values of swaps (note 16)	16,006	1,931
Other	5,856	6,295
	232,284	268,569

37. OTHER INCOME (EXPENSE), NET

	2002	2001
Subsidies on expenses	7,415	4,170
Gain (loss) on sale of materials and retirement of fixed assets	(6,439)	7,930
Proceeds from materials' restitution	9,510	0
Penalty clauses	6,979	9,488
Benefits on employee overtime	(12,835)	0
Arbitration compensation (note 31(f))	13,111	0
Write-off of PIO balance	(7,085)	0
Other	3,966	9,763
	14,622	31,351

38. SEGMENT INFORMATION

Effective 1st January 2002, the Company adopted IAS 14, "Segment Information". The Company operates primarily throughout Greece and its core businesses are focused on generation, transmission and distribution of electric energy. No geographical information has been presented since substantially all of the Company's operating activities are located in Greece. PPC is also engaged in mining activities.

The Company, effective 2001 implemented an organisational and management structure reflecting its core business operations, separated in four business units (Generation, Transmission, Distribution and Mining). Each business unit has its own management structure, headed by a General Manager who reports directly to the Company's Chief Executive Officer. Prior to 2002, the Company managed its operations on an integrated utility basis, without separate, identifiable business units. As a result, no comparative segment information for 2001 is available.

The accounting policies of the segments are the same as those described in note 4. Inter-segment sales are based on internal management arrangements. Corporate expenses and net financial expenses are allocated to business segments. Information about the Company's segments for the year ended 31st December 2002 is as follows:

	Generation	Transmission	Distribution	Eliminations	Consolidated
Revenues					
External sales, electricity	0	0	3,318,429	0	3,318,429
External sales, other	12,160	61,548	28,568	0	102,276
Inter-segment sales	2,312,206	166,290	274,733	(2,753,229)	0
Total revenues	2,324,366	227,838	3,621,730	(2,753,229)	3,420,705

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

38. SEGMENT INFORMATION – (continued)

	Generation	Transmission	Distribution	Eliminations	Consolidated
Result					
Segment result	381,168	108,727	103,037		592,932
Income taxes					(113,185)
Net profits					479,747
Segment assets	5,469,061	1,362,790	3,330,689		10,162,540
Unallocated corporate assets					322,059
Consolidated assets					10,484,599
Segment liabilities	685,213	86,969	1,783,995		2,556,177
Unallocated corporate liabilities					4,641,497
Consolidated liabilities					7,197,674
Capital expenditure	319,078	72,361	232,700		624,139
Depreciation and amortisation	167,861	27,056	173,032		367,949
Inter-segment costs	127,293	3,797	2,622,139	(2,753,229)	0

39. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN GREEK GAAP AND IFRS

As further discussed in note 3(a), the accompanying financial statements have been based on the statutory financial statements, appropriately adjusted and reclassified for conformity with the standards prescribed by the IASB. The significant differences applicable to the Company's financial statements, are described below:

Reconciliation of shareholders' equity and net income from Greek GAAP to IFRS

The following reconciliation tables summarise the significant adjustments to shareholders' equity and to net income that were applied to the statutory financial statements in order to comply with IFRS for the years 2002 and 2001, respectively:

	Item	2002	2001
Shareholders' equity per Greek GAAP		4,342,780	1,834,106
Adjustments to:			
- Account for fixed assets subsidies and customers' contributions as deferred income rather than as part of the shareholders' equity	a	(1,196,653)	(1,107,117)
- Reverse fixed assets statutory revaluation	b	(74,454)	(353,193)
- Account for deferred income taxes	c	109,886	(8,892)
- Account for marketable securities and financial instruments at fair values	d	(68,331)	(54,999)
- To defer and amortize loan fees and expenses	e	13.439	16,253
- Fixed assets' depreciation rates	f	10,443	250,130
- Fixed assets extra depreciation	g	0	0
- Income tax	h	(8,717)	(135,530)
- Unrealised foreign exchange gains	i	48,078	21,884
- Share capital issuance costs	j	0	0
- Dividends not yet approved by the General Assembly	k	116,000	0
- Post retirement benefits	note 14	0	0
- Allowance for PIO doubtful balances	note 14	0	0
- Lignite costing		(5,108)	0
- Other		(223)	(306)
		(1,055,640)	(1,371,770)
Shareholders' equity per IFRS		3,287,140	462,336

(amounts in all tables and notes are presented in thousands of Euro, unless otherwise stated)

39. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN GREEK GAAP AND IFRS – (continued)

	Item	2002	2001
Net income per Greek GAAP		417,940	354,826
Less: Net income per Greek GAAP for 2001		(354,826)	0
Net income per Greek GAAP for 2002		63,114	354,826
Adjustments to:			
- Account for fixed assets subsidies and customers' contributions as deferred income rather than part of the shareholders' equity	a	0	0
- Reverse depreciation on fixed assets statutory revaluation surplus	b	7,217	20,253
- Account for deferred income taxes	c	44,301	(2,333)
- Account for marketable securities and financial instruments at fair values	d	(715)	(25,837)
- To defer and amortize loan fees and expenses	e	(2,814)	(2,779)
- Fixed assets depreciation rates	f	(36,217)	20,384
- Fixed assets extra depreciation	g	508,043	0
- Income tax	h	(146,075)	(135,530)
- Unrealised foreign exchange gains	i	26,194	13.793
- Share capital issuance costs	j	0	9,074
- Dividends not yet approved by the General Assembly	k	0	0
- Post retirement benefits	Note 14	9,334	0
- Adjustment of social security	Note 14	(4,399)	0
- Reverse unused litigation provision		17,664	0
- Lignite costing		(5,108)	0
- Other		(577)	(16)
		416,848	(102,991)
Net income per IFRS		479,962	251,835

a. ***Subsidies for fixed assets and customers' contributions:*** Under Greek GAAP subsidies and customers' contributions received to finance the purchase and/or acquisition of fixed assets are recorded as a reserve under equity and are amortised on a straight line basis over the useful life of the asset to which they relate. Under IFRS subsidies and customers' contributions received to finance the purchase and/or acquisition of fixed assets are recorded as a deferred income under non-current liabilities and are amortised on a straight line basis over the useful life of the asset to which they relate.

b. ***Statutory revaluation of fixed assets:*** As further discussed in note 7, in accordance with Greek tax legislation, fixed assets are periodically revalued (usually every four years). These revaluations are based on (non-industry specific) indices, which are determined by the Government, through Ministerial Decisions. These statutory revaluations do not meet the criteria required by IAS 16 "Property, plant and equipment" and accordingly have been reversed in the accompanying financial statements.

c. ***Deferred income taxes:*** Greek GAAP does not permit accounting for deferred taxes. As further discussed in note 29, IFRS requires deferred taxes to be accounted for.

d. ***Valuation of marketable securities and financial instruments:*** Under Greek GAAP marketable securities are accounted for at the lower of cost or fair value, while there is no guidance as to the accounting for financial instruments. As further discussed in note 4 above, IFRS requires accounting for marketable securities and financial instruments at fair value.

e. ***Loan fees and expenses:*** Under Greek GAAP loan fees and expenses are accounted for on a cash basis or may be deferred and amortised over a period of five years, at maximum. The Company, for statutory reporting purposes, accounts for such costs on a cash basis. Under IFRS loans are carried at amortised cost and accordingly such costs are deferred and amortised using the effective interest rate method. If any debt facilities have been modified from their original terms, the associated debt costs that have been deferred should be written-off/ amortised over a different period depending on the terms that have changed.

f. ***To account for depreciation on mining equipment and transmission lines and substations in accordance with useful lives rather than statutory depreciation rates:*** Under Greek GAAP depreciation is calculated based on rates determined by the tax authorities which may differ from the fixed assets' estimated useful lives based on which depreciation is accounted for under IFRS.

g. ***Extra depreciation of assets:*** The Company in its statutory books revalued its fixed assets at 1st January 2001 while for IFRS reporting purposes such revaluation was accounted for at 31st December 2002. The extra depreciation that has been recorded in the statutory books is reversed.

39. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN GREEK GAAP AND IFRS – (continued)

h. ***Income tax:*** Income tax for 2001 is a reconciling item due to the fact that for statutory reporting purposes, the Company's first fiscal year ended at 31st December 2002 and included the twenty-four months period from 1st January 2001 through 31st December 2002. Accordingly no provision for income taxes has been recorded in the Company's statutory books for the period from 1st January to 31st December 2002.

i. ***Unrealised foreign exchange gains:*** Under Greek GAAP unrealised foreign exchange gains arising from year-end valuation of monetary assets and liabilities denominated in a foreign currency are deferred and are recognised in the statement of income when they become realised. Under IFRS such foreign exchange gains are immediately recognised in the income statement.

j. ***Share capital issuance costs:*** Under Greek GAAP share capital issuance costs can either be deferred and amortised over a period of five years or can be charged in the statement of income. The Company, for statutory reporting purposes, has charged these costs in the statement of income. Under IFRS, such costs are accounted for as a deduction of equity, net of any related income tax.

k. ***Dividends:*** Under Greek GAAP dividends are recorded against equity and as an obligation upon closing of the statutory books and are subject to the Shareholders' General Assembly. Under IFRS no dividends are accounted for unless paid and/ or approved by the shareholders.