

## **CERTIFIED AUDITOR'S ACCOUNTANT'S REPORT**

**For the determination of the accounting value of the assets and liabilities of the Transmission segment of PUBLIC POWER CORPORATION S.A. ("PPC") as at 1 January 2011 in order to be spun-off in accordance with the provision of Law 2166/1993 and Law 4001/2011**

**Athens, 15 September 2011**

(all amounts are presented in euro)

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### **1.GENERAL INFORMATION**

#### **1.A.Objective**

Based on the 280/7.12.2010 decision of the Board of Directors of PUBLIC POWER CORPORATION S.A. (hereinafter referred to as "PPC" or "the Company"), we were assigned the task to determine the accounting value of assets and liabilities of the Transmission Segment to be spun-off and contributed to its 100% subsidiary PPC TELECOMMUNICATIONS S.A. based on the provisions of Law 2166/1993 and Law 4001/2011 and the accounting statement of the segment prepared by the management of PPC.

#### **1.B.Company information**

PPC was incorporated in Greece in 1950 for an unlimited duration as a State enterprise for the generation, transmission and distribution of electric energy throughout the country. In 1999, the Hellenic State put in effect Law 2773/1999 which among other things provided for the transformation of PPC to a societe anonyme. Based on PD333/2000 (articles – Government Gazette A-278/20.12.2000) PPC was transformed into a societe anonyme on 1 January 2000 with a duration of 100 years. PPC is headquarter at the Municipality of Athens, 30 Chalkokondyli str., 104 32 Athens, Greece. The Company maintains third (C) category accounting as prescribed by the Books and Records Code (PD186/1992) and has prepared financial statements through the previous years.

#### **1.C.Recording and approval of accounting statement**

Our work was performed on the accounting statement of the Transmission segment prepared by the Company's management as at 1 January 2011 (contribution date). The accounting statement was approved by the Company's Board of Directors on 15 September 2011 through its 181/15.09.2011 decision and was recorded in pages 163.479 through to 163.486 of the counts book maintained by PPC as registered by the FAVE Tax Office (book registration 8409/18.12.2008). For the classification of assets and liabilities in this report we used the account structure and content as specified by the General Greek Chart of Accounts. The above accounting statement is presented in Appendix 1.

## PPC - TRANSMISSION SEGMENT

Report for the determination of the accounting value of the assets and liabilities of the Transmission Segment of PPC as at 1 January 2011 in order to be spun-off in accordance with the provisions of Law 2166/1993 and Law 4001/2011.

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### 1.D. Work performed

The information presented in the accounting statement was traced and agreed to the Company's accounting books and records. We applied the principles and guidelines prescribed by the Association of Certified Auditors Accountants of Greece and within the framework specified by Law 2166/1993 with respect to corporate transformation.

The Company furnished us with all requested data accounting books and records and information.

Our work was limited to the determination of the accounting value of the transmission segment assets and liabilities based on the accounting statement as at 1 January 2011 prepared by the Company's management and to the certification that this accounting statement is derived from the Company's books and records.

Our work did not include the assessment or the identification of any revaluation surplus or deficits, impairments or allowances, other hidden reserves, provisions, assets and liabilities which could affect the Company's financial position as at 1 January 2011. Furthermore, our work was not designed to identify any tax discrepancies or irregularities (e.g. non submission of tax filings etc.).

### 2. Determination of the accounting value of assets and liabilities of the segment to be spun-off as at 1 January 2011

#### ASSETS

#### B. INSTALLATION EXPENSES

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
B.4. Other installation expenses	<u>6.006.600,16</u>	<u>5.942.894,81</u>	<u>63.705,35</u>

Account relates to software and other long-term capitalized expenses as further analyzed in the segment fixed assets register (Appendix 2).

#### C. FIXED ASSETS

Βασιλειούδη & Σαββανίδη  
Α.Μ. ΣΑΒΒΑΝΙΔΗΣ  
ΧΡΗΜΑΤ. & ΛΟΓΙΣΤ. ΓΡΑΦΕΙΑ  
ΠΕΡΙΣΣΕΥΣΗ-ΑΜΠΕΛΟΚΗ

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**C.II. Tangible fixed assets**

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Γ.II.1. Land	183.726.062,32	-	183.726.062,32
Γ.II.3. Buildings and technical works	173.638.438,44	126.371.549,28	47.266.889,16
Γ.II.4. Machinery and technical installations	2.169.985.155,88	1.312.953.506,85	857.031.649,03
Γ.II.5. Transportation means	13.680.412,38	11.539.162,15	2.141.250,23
Γ.II.6. Furniture and fixtures	42.136.722,97	38.268.994,70	3.867.728,27
Γ.II.7. Construction in progress	186.626.880,77	-	186.626.880,77
	<u>2.769.793.672,76</u>	<u>1.489.133.212,98</u>	<u>1.280.660.459,78</u>

Accounts relate to tangible fixed assets as further analyzed in segment fixed asset register (Appendix 2) and projects register (Appendix 3 for Construction in progress only).

**D. CURRENT ASSETS**

**D.I. INVENTORIES**

Δ.I.4. Materials and spare parts 71.947.749,95

Materials and spare parts are further analyzed as follows:

Materials in warehouses	71.605.737,34
Materials in transit	214.240,98
Materials in transit between warehouses	127.771,63
	<u>71.947.749,95</u>

Balance primarily relates to fixed assets materials and spare parts either in the Transmission segment warehouses (Appendix 4) or in transit (Παράρτημα 5).

Against the above balances a provision for impairment of materials and spare parts has been recognized of euro €16.449.422,79, further analysis of which is presented in Appendix 6.

D.I.5. Inventory advances 1.240.781,75

Balance reflects inventory advances to foreign suppliers.

**D.II. OTHER ASSETS**

ΕΠΙΧΕΙΡΗΣΙΑΚΗ  
Α.Μ. Α.Ε. 2011  
ΕΡΕΤΗ ΕΠΙΧΕΙΡΗΣΙΑΚΗ  
Π.Ο.Π. Α.Ε. 2011

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D.II.11.Other debtors	<u>150.479.090,06</u>
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Other debtors are further analyzed as follows:

HTSO SA	138.513.244,52
WIND SA	4.649.938,04
Receivables from studies and projects	4.831.541,04
Receivables from employees	2.433.028,57
Other	51.337,89
	<u>150.479.090,06</u>

**D.IV.CASH**

D.IV.1. Cash	<u>773,23</u>
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Balance reflects cash at hand as at 1 January 2011.

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**E.ASSET TRANSITORY ACCOUNTS**

E.2. Other asset transitory accounts	<u>733.156,11</u>
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Other asset transitory accounts are further analyzes as follows:

Revenue from lease of transmission system receivable	709.677,42
Revenue from leased personnel to HTSO receivable	23.478,69
	<u>733.156,14</u>

<b>TOTAL ASSETS</b>	<b><u>1.489.519.474,24</u></b>
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**OWN FUNDS AND LIABILITIES**

**A. OWN FUNDS**

Βασιλειάδης Γεώργιος  
Α.Μ. Ε.Π.Α. 23000  
ΕΡΜΗΣ & ΣΥΝΕΡΓΑΤΕΣ Ο.Ε.  
101 005 000 000

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**A.I.Capital**

A.I.1. Contributed capital for participation 31.924.671,00

Contributed capital for participation reflects the difference between contributed assets and liabilities of the segment.

**A.III. Revaluation surplus – subsidies received**

A.III.2<sup>a</sup>. Revaluation surplus law 2941/01 589.614.894,73

The revaluation surplus of Law 2941/2001 relates to accounts 41.98.01.00 and 41.98.01.02.

A.III.3. Subsidies received 137.259.111,67

Subsidies received are further analyzed as follows:

	<b>Amount received</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
ETPA FUNDING	37.471.526	6.685.628	30.785.897
FUNDING EU	6.437.351	2.174.973	4.262.377
ETPA MOP	7.826.003	7.148.179	677.824
ETPA PLAN 89-91	13.538.494	11.430.287	2.108.207
ETPA REGEN	37.742.905	15.762.123	21.980.782
MOP LINE 551	1.397.793	1.278.886	118.907
FUNDING FROM HTSO	54.546.869	5.394.998	49.151.871
CUSTOMER CONTRIBUTION	15.864.151,15	6.666.781,45	9.197.369,70
CUSTOMER CONTR. BIG PROJECTS	1.467.351,43	836.631,52	630.719,91
CUSTOMER CONTRIBUTION GDM	20.299.809,17	1.954.652,11	18.345.157,06
	<u>196.592.252,75</u>	<u>59.333.139,08</u>	<u>137.259.111,67</u>

**B.PROVISIONSFOR RISKS**

B.2. Other provisions 13.056.139,27

PPC supplies electricity to its employees and pensioners at a discounted tariff. This benefit is recognized as a liability and is calculated as the present value of future benefits (after the employment) which are considered as earned at every balance sheet date. The related liabilities are calculated on the basis of actuarial assumptions. The above amount reflects the related liability for the employees of the Transmission segment.

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**C. LIABILITIES**

**C.I. Long-term liabilities**

C.I.2. Bank loans 536.950.721,49

Long-term portion of bank loans are further analyzed in Appendix 7.

**C.II. Short-term liabilities**

C.II.1. Suppliers 5.932.145,20

Suppliers are further analyzed in Appendix 8.

C.II.4. Customers' advances 8.683.757,11

Customers' advances are further analyzed in Appendix 9.

C.II.7. Current portion of long-term debt 159.106.810,95

Current portion of long-term debt (payable in 2011) are further analyzed in Appendix 7.

C.II.11. Various Creditors 1.175.108,94

Various creditors are further analyzed as follows:

Various creditors (Appendix 10) 1.089.710,47

Other short-term liabilities to employees 85.398,47

1.175.108,94

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**Δ. LIABILITY TRANSITORY ACCOUNTS**

D.2. Accrued expenses 5.816.113,88

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Accrued expenses are analyzed as follows:

Interest accrued (Appendix 7)	5.574.601,22
Accrued payroll	241.512,66
	<u>5.816.113,88</u>
<b>TOTAL LIABILITIES</b>	<b><u>724.904.682,97</u></b>
<b>TOTAL OWN FUNDS AND LIABILITIES</b>	<b><u>1.457.594.803,24</u></b>

**3.Memo accounts**

Memo accounts relate to letters of guarantee for participation in auctions and bids of an amount of 226.810,38.

**4.Conclusion – determination of accounting values of assets and liabilities**

Having traced and agreed the accounting values of assets and liabilities of the transmission segment of PUBLIC POWER COIRPORATION S.A., as reflected in the accounting statement as at 1 January 2011 to te Company's books and records we prepared the attached report in accordance with the provisions of Law 2166/1993.

Within the above framework, it is concluded that PUBLIC POWER CORPORATION S.A. satisfied the requirements se by the provisions of Law 2166/1993 and Law 4001/2011 for the spin-off and contribution of the transmission segment to PPC TELECOMMUNICATIONS S.A., as follows:

- a. The Company maintains third (C) category books and records of Books and Records Code (PD 186/1992)
- b. The Company has prepared financial statements in the past more than once.
- c. The Company contributing the segment has prepared an accounting statement of the segment's assets and liabilities as at 1 January 2011 which is considered the transformation date.
- d. Has assigned the certification of the accounting statement to a Certified Auditor Accountant.

Based on the above it is certified that:

1. The accounting values of the transmission segment assets and liabilities as presented in the transmission segment accounting statement of PUBLIC POWER CORPORATION

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**Athens, 15 September 2011**

(all amounts are presented in euro)

S.A. as at 1 January 2011 are derived from the Company's books and records and are recorded in pages 163.479 through to 163.486 of the counts book maintained by the Company.

2. The accounting value of the assets and liabilities of the transmission segment of PUBLIC POWER CORPORATION S.A. as at 1 January 2011 as detailed above amounts to Euro **Euro 758.798.677,40** (seven hundred fifty eight million seven hundred ninety eight thousands six hundred seventy seven euro and forty cents) and, the value of the contributed capital for participation amounts to Euro **31.924.671,00** (thirty one million nine hundred twenty four thousands six hundred seventy one euro) and is determined as follows:

	<u>Amount</u>
<b>Total assets</b>	<b>1.489.519.474,24</b>
Less:	
Total liabilities	(724.904.682,97)
<b>Own funds</b>	<b>758.798.677,40</b>
Less amounts include in own funds that do not determine the contributed capital for participation	
Surplus of Law 2941/2001	(589.614.894,73)
Subsidies received	(137.259.111,67)
<b>Contributed capital for participation</b>	<b><u>31.924.671,00</u></b>

This report was solely prepared for the spin-off of the transmission segment of PUBLIC POWER CORPORATION to PPC TELECOMMUNICATIONS S.A. in accordance with the provisions of Law 2166/1993 and Law 4001/2011.

Kind regards,

Vassilios Kaminaris  
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SOEL No 20411

Βασίλειος Καμινάρης  
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