

# 2013 ANNUAL REPORT

PUBLIC POWER CORPORATION S.A.



Public Power Corporation S.A.  
Energy for everyone



Public Power Corporation S.A.  
Energy for everyone

<b>1  </b> SELECTED FINANCIAL & OPERATING DATA	9
<b>2  </b> COMPANY INFORMATION	11
<b>3  </b> ORGANIZATIONAL STRUCTURE, MANAGEMENT - CORPORATE GOVERNANCE, EMPLOYEES	17
<b>4  </b> SHARE CAPITAL - DIVIDEND	21
<b>5  </b> ASSOCIATES AND SUBSIDIARIES	23

<b>1  </b> ANNUAL FINANCIAL REPORT	27
- STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS	28
- EXECUTIVE SUMMARY OF THE BOARD OF DIRECTORS	29
- CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	93
- NOTES TO THE FINANCIAL STATEMENTS	104
- APPENDIX I	199
- UNBUNDLED FINANCIAL STATEMENTS	200
- NOTES TO THE UNBUNDLED FINANCIAL STATEMENTS	216
<b>2  </b> DISTRIBUTION OF PROFITS FOR THE YEAR 2013	223
<b>3  </b> CONDENSED FINANCIAL DATA AND INFORMATION FOR THE YEAR 01.01.2013 - 31.12.2013	225
<b>4  </b> RELATED PARTIES TRANSACTIONS	235
<b>5  </b> ANNOUNCEMENTS TO THE ASE 2013	237







SUMMARY FINANCIALS (€ MIL.)

	Group			Parent Company		
	2013	2012	Δ%	2013	2012	Δ%
Total Revenues	5,970.8	5,985.2	-0.2%	5,918.6	5,887.9	0.5%
EBITDA	881.6	1,002.2 <sup>(1)</sup>	-12.0%	638.9	817.6 <sup>(1)</sup>	-21.9%
EBITDA Margin	14.8%	16.7% <sup>(1)</sup>		10.8%	13.9% <sup>(1)</sup>	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	255.2	342.3 <sup>(1)</sup>	-25.4%	78.4	222.4 <sup>(1)</sup>	-64.7%
EBIT Margin	4.3%	5.7% <sup>(1)</sup>		1.3%	3.8% <sup>(1)</sup>	
Net Income/(Loss)	(225.3)	41.8 <sup>(1)</sup>		(324.3)	22.4 <sup>(1)</sup>	
EPS/(Loss) (In €)	(0.97)	0.18 <sup>(1)</sup>		(1.40)	0.10 <sup>(1)</sup>	
No of Shares (mil.)	232	232		232	232	
Net Debt	4,524.3	4,679.0	-3.3%	4,150.4	4,239.0	-2.1%

SUMMARY BALANCE SHEET & CAPEX (€ MIL.)

	Group			Parent Company		
	2013	2012	Δ%	2013	2012	Δ%
Total Assets	15,819.6	16,059.1	-1.5%	14,773.8	14,996.1	-1.5%
Net Debt	4,524.3	4,679.0	-3.3%	4,150.4	4,239.0	-2.1%
Total Equity	5,403.6	5,682.2 <sup>(1)</sup>	-4.9%	5,323.0	5,702.6 <sup>(1)</sup>	-6.7%
Capital expenditure	718.1	820.6	-12.5%	601.9	717.2	-16.1%

<sup>(1)</sup> Figures have been adjusted due to the amended IAS 19 "Employee Benefits".





### 2 | 1 General Information

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

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

In accordance with article 3 of the Articles of Incorporation, currently the object of the Company is:

- a) The engagement in commercial and industrial activities in the energy sector, in Greece and abroad. These activities shall include, but not be limited to:
  - the study, supervision, construction, exploitation, maintenance and operation of power plants,
  - the supply and sale of electricity,
  - the extraction, production and supply of energy raw materials,
  - the assignment to third parties, by virtue of contract, of any activity similar to those set forth herein above.
- b) The engagement in commercial and industrial activities in the telecommunications sector, the provision of services to third parties related to Projects study, management and supervision issues, the provision of training services and services of occupational health and safety to third parties, the provision of services to third-party Companies on organization and information technology issues, as well as the exploitation of all kinds of assets held by the company.
- c) The establishment of companies, the participation in joint ventures, as well as the acquisition of shares of other companies, Greek or foreign, and, in general, the participation in enterprises pursuing aims similar to those under (a) and (b) of this paragraph or, the activities of which (enterprises) are directly or indirectly related to the objective of the company or which have as objective the profitable use of the movable or immovable assets of the company and the exploitation of its resources.

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

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

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

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

Branch of Economic Activity (STAKOD 08)	Total revenues 1.1.2013 - 31.12.2013
«Generation, transmission and distribution of electric energy», 35.1	€ 5,970.8 mil.

## 2 | 2 Historical background

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

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

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

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

In December 2001, following an increase of share capital and an offering of existing shares held by the Hellenic Republic, PPC's shares were listed on the Athens Exchange. In parallel, GDRs were admitted to London Stock Exchange.

The Hellenic Republic further reduced its stake in PPC through secondary offerings in December 2002 and October 2003 and now controls, directly and indirectly through HRADF, 51.12% of the company's share capital.

## 2 | 3 Overview of Company's activities

PPC is Greece's largest electricity generator and the principal supplier of electricity in Greece, providing electricity to approximately 7.4 mil. end-customers, which consumed 98.3% of the total electricity supplied to end-customers in Greece in 2013.

PPC currently holds assets in lignite mines, power generation, transmission and distribution. PPC's current power portfolio consists of conventional thermal and hydroelectric power plants, as well as RES units, accounting for approximately 65% of the total installed capacity in the country.

PPC is active in the RES sector through its subsidiary company "PPC Renewables S.A." (PPCR), with a portfolio of wind farms, small scale hydroelectric plants and photovoltaic plants of total installed capacity of 116 MW (excluding PPC Renewables' participations through joint ventures, of which 31.5 MW of total installed capacity can be attributed to PPC Renewables).

Some of the islands, in close proximity to the mainland, such as the Ionian islands and certain Aegean islands, are connected to the mainland transmission system through submarine cables ("the Interconnected System").

In the Interconnected System, most of the country's electricity is generated at power plants in Northern Greece, in close proximity to the majority of the lignite mines, which is the primary fuel source.

The remaining islands, which are referred to as "the non-interconnected islands", are served by autonomous generating power plants (oil-fired). In some of the islands, demand is also covered by RES facilities. The largest power plants in the non-interconnected islands are in Crete and Rhodes (with total thermal capacity exceeding 1,000 MW).

In 2013, PPC's electricity generation including electricity imports, covered 66% of total demand. In addition, the Company imported approximately 2.2 TWh in order to cover the needs of its customers.

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

The following table shows selected operating data for the electricity operations for the three years ended December 31, 2013, 2012 and 2011:

YEAR ENDED DECEMBER 31ST	2013	2012	2011
<b>Installed Capacity (GW)</b>	12.9	12.5	12.8
<b>Percentage of total installed capacity in Greece</b>	65%	68%	70%
<b>Net Generation (TWh) <sup>(1)</sup></b>	37.5	40.3	41.5
<b>Generation market share <sup>(2)</sup></b>	69%	70.7%	74.5%
<b>Electricity sold to end-customers (TWh)<sup>(3)</sup></b>	50.8	52.8	49.3
<b>Supply market share <sup>(4)</sup></b>	98.3%	98.5%	92.3%
<b>Customers year - end (in mil.)</b>	7.4	7.4	7.3
<b>Number of employees on payroll (year-end)</b>	19,093	19,998 <sup>(5)</sup>	20,821 <sup>(5)</sup>
<b>Customers served per employee</b>	388	369	351
<b>Electricity sold per employee (MWh)</b>	2,661	2,641	2,368

<sup>(1)</sup> Net electricity generation equals gross generation of electricity less energy consumption internally in the generating process.

<sup>(2)</sup> Generation market share is defined as the percentage of the electricity generated by PPC over the total electricity generated in Greece each year.

<sup>(3)</sup> Including domestic sales and exports.

<sup>(4)</sup> Supply market share is defined as the percentage of the electricity supplied by PPC to end-customers in Greece over the total electricity supplied to end-customers in Greece each year.

<sup>(5)</sup> The employees of former HTSO, who were transferred to IPTO on August 22, 2011, are not included in the numbers presented in this table.

In 2013, PPC's power generation mix involves generation from lignite (62%), oil (11.7%), natural gas (10.5%), hydroelectric (15%) and renewable energy sources (0.8%).

## 2 | 4 Challenges and Strategic priorities

PPC is currently faced with important changes that are being implemented aiming at enhancing competition, including the new Restructuring Plan of PPC as well as the new regulatory framework governing the energy market liberalization. Such changes will impact significantly its operating model.

In this new competitive landscape that is shaping up, PPC's strategic priorities are:

- Maintain leading market position within a liberalized energy market,
- Promote and complete its strategic investment plan through construction and commissioning of new, state-of-the-art and environment-friendly units, for the replacement of old and inefficient plants, in order to improve environmental performance. In parallel, the operation of the new units will result to a more efficient use of resources, improving significantly the operational efficiency and profitability, so as to secure the maximum possible return for the Company,
- Focus on customer-centered sales philosophy in conjunction with the rationalization of tariffs, and the abolition of the current distortions in the electricity market,
- Expand in foreign markets and other activities mainly through partnerships,
- Promote renewable investments in order to increase their participation in our energy mix, and
- Diversify funding sources while, at the same time, reducing borrowing cost.

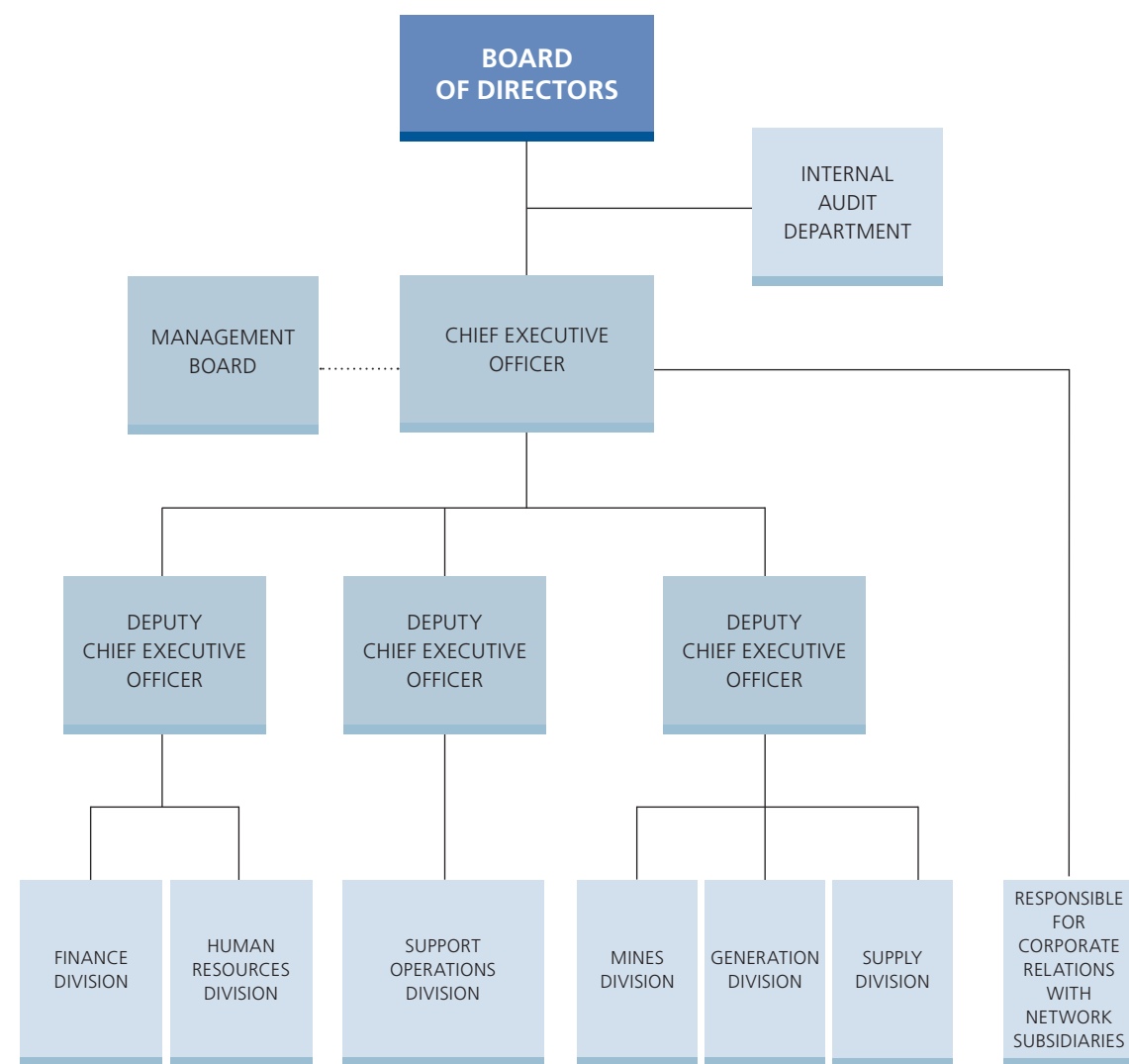
Taking into account the already achieved significant productivity improvement, the long-term sustainability and growth of the Company cannot any longer rely only on internal actions for further streamlining operations, but requires also a regulatory framework which ensures healthy competition with the immediate lifting of distortions burdening, with no reason, the end consumer and the economy.

In addition, it requires further improvement of the economic conditions and national economic recovery, as well as the Company's ability to retain and attract experienced and skilled personnel, in accordance with corporate practices of similar European companies, which are listed and operate in competitive environment.





3 | 1 Organizational Structure (on 31.12.2013)



PPC S.A.'s detailed organizational chart is posted on the company's website:  
[Home Page > PPC > Company profile > Organizational Structure](#)

### 3 | 2 Management - Corporate Governance

The Corporate Governance constitutes a system of principles, based on which the optimum organization, management and operation of the Company is pursued along with transparency in its relations with the shareholders and more generally the safeguarding of corporate interest.

The corporate governance code, drafted and applied by PPC provides a description of the following:

- The composition, competence and functioning of the governing bodies, the Committees of the Board of Directors and their competences.
- The competence and functioning of the General Meeting of Shareholders, shareholders' rights, provision of information as well as data required in accordance with article 10, par. 1 of Directive 2004/25/EC of the European Parliament and the Council of the European Union.
- The main characteristics of the Company's internal audit and risk management systems in relation with the procedure of financial statements' preparation.

The corporate governance code is posted on the web site of the Company:

Home Page > PPC > Company profile > Corporate Governance

The Board of Directors on 31.12.2013 consisted of:

NAME	POSITION
ZERVOS Arthouros	CHAIRMAN BOD / C.E.O. / EXECUTIVE MEMBER
DOLOGLOU Konstantinos	VICE CHAIRMAN BOD / EXECUTIVE MEMBER
<b>MEMBERS</b>	
EKATERINARI Ourania	EXECUTIVE MEMBER
ALEXAKIS Panagiotis	INDEPENDENT / NON EXECUTIVE MEMBER / REPRESENTATIVE OF THE MINORITY SHAREHOLDERS
TAVRIS Filippos	INDEPENDENT / NON EXECUTIVE MEMBER / REPRESENTATIVE OF THE GREEK ECONOMICS AND SOCIAL COMMITTEE
VASSILOGEORGIS Charilaos	INDEPENDENT / NON EXECUTIVE MEMBER
VERNIKOS Nikolaos	INDEPENDENT / NON EXECUTIVE MEMBER
ZONTANOS Konstantinos	INDEPENDENT / NON EXECUTIVE MEMBER
THOMOGLLOU Pavlos	INDEPENDENT / NON EXECUTIVE MEMBER / REPRESENTATIVE OF THE MINORITY SHAREHOLDERS
KARALEFTHIS Pantelis	NON EXECUTIVE MEMBER / REPRESENTATIVE OF EMPLOYEES
FOTOPOULOS Nikolaos	NON EXECUTIVE MEMBER / REPRESENTATIVE OF EMPLOYEES

### 3 | 3 Employees

The total workforce consisted of 19,093 full time employees on December 31, 2013. The following table shows a breakdown of employees by category on the dates indicated:

CATEGORY	2013	2012
<b>PPC S.A.</b>		
Mines	3,532	3,837
Generation	4,888	5,156
Supply	965	930
Administration	1,419	1,429
<b>TOTAL on December 31</b>	<b>10,804</b>	<b>11,352</b>
<b>IPTO S.A.</b>	1,439	1,512
<b>HEDNO S.A.<sup>(1)</sup></b>	6,828	7,117
<b>PPC Renewables S.A.</b>	22	17
<b>TOTAL on December 31</b>	<b>19,093</b>	<b>19,998</b>

<sup>(1)</sup> As of May 2012, the Hellenic Electricity Distribution Network Operator S.A. (HEDNO S.A.) became operational.



#### 4 | 1 Share capital

PPC's share capital amounts to € 1,067,200,000, divided into 232,000,000 common shares of nominal value € 4.60 each.

In the past five years there has been no change in the share capital of the Company.

The Company's shares are traded in the «Large Cap» category of the Athens Exchange (ATHEX), while in the London Stock Exchange they are traded in the form of Global Depositary Receipts (GDRs).

The company's shares are included in a number of indices such as: GD, DOM, FTSE, SAGD, FTSEA, DKO, GT30P, GT30R, GT30TP, GT30TR, FTSECE, FTSECEU, TR\_FTSECE, TR\_FTSECEU, FTSEINTR, HELMSI, MSCI-Greece, BWORLD, SBBMGLU, XBCGG.

#### 4 | 2 Shareholding Structure

The Company's shareholding structure as at December 31 2013 was as follows:

Shareholders	Percentage
Greek State <sup>(1)</sup>	51.12%
IKA-ETAM/TAP-PPC and TAYTEKO/TEAPAP-PPC (PPC's Pension Funds)	3.81%
Institutional Investors & general public <sup>(2)</sup>	45.07%
<b>TOTAL</b>	<b>100%</b>

##### NOTE<sup>(1)</sup>

The Hellenic Republic controls, directly and indirectly through HRADF, 51.1% of the ordinary shares of PPC S.A. In September 2012 the HRADF was appointed as proxy holder of the Hellenic Republic, entitled to exercise at its sole discretion, in the most appropriate way and without any guidance by the shareholder "Hellenic Republic", the voting rights of 39,440,000 ordinary shares with voting rights corresponding to 17% of the existing share capital of the Company (the "HRADF Shares") without any transfer of the Hellenic Republic voting rights on PPC S.A. to HRADF. The duration of such proxy was thirty six (36) months as of the date of signing of the relevant agreement, unless the objective of the proxy was achieved earlier. On April 8, 2014, the Greek ministerial committee for restructurings and privatizations decided the transfer, without consideration, of the HRADF Shares, by the Hellenic Republic to the HRADF, pursuant to the provisions of Law 3986/2011. The transfer was effected on April 11, 2014 following execution of an over-the-counter transaction. Following the transfer, the abovementioned proxy agreement is no longer in effect.

##### NOTE<sup>(2)</sup>

Including the total holdings of the company "Silchester International Investors LLP" as of December 8, 2011 amounting to 32,024,558 shares or 13.8% of PPC's voting rights, in its capacity as investment manager for its following clients:

- Silchester International Investors International Value Equity Trust,
- Silchester International Investors International Value Equity Taxable Trust,
- Silchester International Investors International Value Equity Group Trust,
- Silchester International Investors Tobacco Free International Value Equity Trust,
- The Calleva Trust.

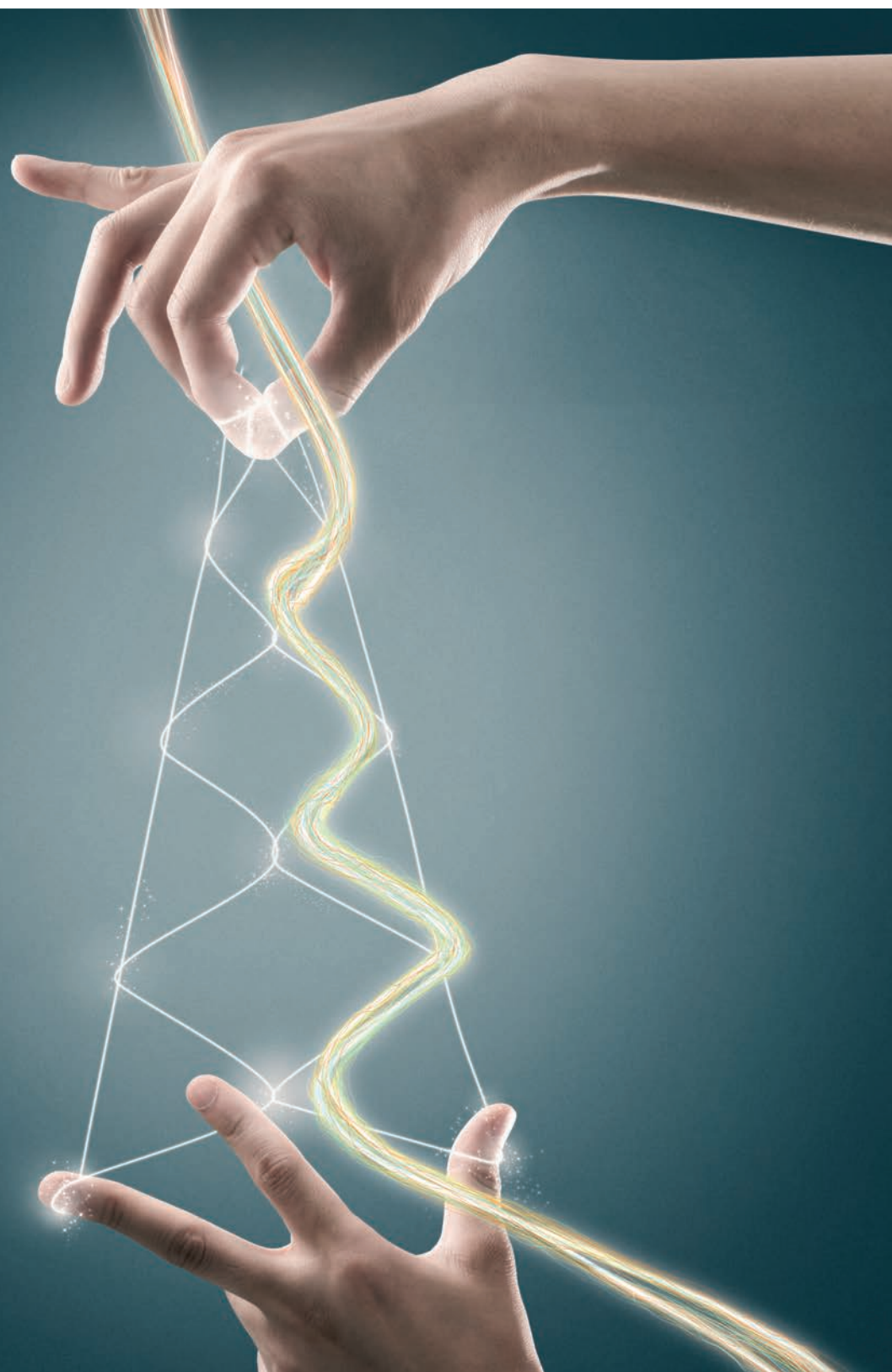
As of the 31.12.2013, the Company was not aware of any shareholders, other than the "Greek State", the "Silchester International Investors LLP" and jointly "IKA-ETAM/TAP-PPC" and "TAYTEKO/TEAPAP-PPC" (PPC's Pension Funds) which hold directly an amount greater than or equal to 3% of its share capital.

The Members of the Board on 31.12.2013 did not participate in PPC's share capital.

#### 4 | 3 Dividend

No dividend will be distributed as the financial year 2013 was loss-making.





The following table presents the participation of PPC S.A. in other companies as at 31.12.2013.

PPC S.A.	Ownership 31.12.2013
PPC RENEWABLES S.A.	100%
HEDNO S.A. (former PPC RHODES S.A.)	100%
IPTO S.A (former PPC Telecommunications S.A.)	100%
PPC FINANCE PLC	100%
PPC Quantum Energy Ltd	51%
LARCO S.A.	11,45%
WASTE SYCLO S.A.	49%
PPC Renewables S.A.	Ownership 31.12.2013
PPC RENEWABLES ROKAS S.A.	49.0%
PPC RENEWABLES TERNA ENERGIAKI S.A.	49.0%
PPC RENEWABLES NANKO ENERGY - MYHE GITANI S.A.	49.0%
PPC RENEWABLES MEK ENERGIAKI S.A.	49.0%
PPC RENEWABLES ELTEV S.A. - SMIXIOTIKO	49.0%
PPC RENEWABLES EDF EN GREECE S.A.	49.0%
EEN VOIOTIA S.A.	46.6%
GOOD WORKS S.A.	49.0%
AIOLIKO PARKO LOYKO S.A.	49.0%
AIOLIKO PARKO BAMBO VIGLIES S.A.	49.0%
AIOLIKO PARKO KILIZA S.A.	49.0%
AIOLIKO PARKO LEFKIVARI S.A.	49.0%
AIOLIKO PARKO AGIOS ONOUFRIOS S.A.	49.0%
RENEWABLE ENERGY APPLICATIONS LTD	49.0%
PHOIBE ENERGIAKI PHOTOVOLTAIKA S.A.	100%
ARKADIKOS ILIOS ENA S.A.	100%
ARKADIKOS ILIOS DIO S.A.	100%
ILIAKO VELOS ENA S.A.	100%
ILIAKO VELOS DIO S.A.	100%
SOLARLAB S.A.	100%
ILIAKA PARKA DITIKIS MAKEDONIAS ENA S.A.	100%
ILIAKA PARKA DITIKIS MAKEDONIAS DIO S.A.	100%









(JANUARY 1, 2013– DECEMBER 31, 2013)

The attached Financial Report of the fiscal year 2013 has been established according to article 4 of Law 3556/2007, has been approved by the Board of Directors of “Public Power Corporation S.A.” on March 27, 2014, and is available for the investors on the Internet, at the web site address [www.dei.gr](http://www.dei.gr), for at least the next 5 (five) years.

Public Power Corporation S.A.

General Commercial Registry: 786301000  
30 Halkokondili - 104 32 Athens



## Statement of Members of the Board of Directors

(ACCORDING TO ARTICLE 4, PAR. 2 OF LAW 3556/2007)

1. Arthouros Zervos, Chairman and C.E.O. of P.P.C. S.A.
2. Ourania Ekaterinari, Member of the Board of Directors and Deputy CEO
3. Panagiotis Alexakis, Member of the Board of Directors

hereby

### DECLARE

that, to the best of our knowledge:

- a. the accompanying Financial Statements of the Parent Company and the Group, for the year ended December 31, 2013, which were prepared according to the International Accounting Standards - currently in effect - as adopted by the European Union, are truthfully depicting assets, liabilities, equity and the statement of income of Public Power Corporation S.A., as well as the companies included in the consolidation, according to the provisions of article 4 of Law 3556/2007 and,
- b. the accompanying Board of Directors' Report, truthfully depicts the development, the performance and the status of Public Power Corporation S.A. and the companies included in the consolidation, as well as a description of the confronted major risks and uncertainties.

Athens March 27, 2014

Chairman and C.E.O.	Member of the Board and Deputy CEO	Member of the Board
<b>Arthouros Zervos</b>	<b>Ourania Ekaterinari</b>	<b>Panagiotis Alexakis</b>

## Executive Summary of the Board of Directors for the Fiscal Year 2013

Dear Shareholders,

Following the end of the Public Power Corporation's twelfth fiscal year as a Societe Anonyme, we have the honor to submit for approval, according to the Company's statutes, the financial statements for the year ended 31.12.2013, as well as, our comments on the respective statements. Furthermore, we submit for approval the unbundled financial statements for the year 2013 (Appendix I of the annual financial statements) according to the provisions of L. 2773/1999, L. 3426/2005 and L. 4001/2011 and the approved by the Energy Regulatory Authority, methodology of accounting unbundling.

The Group's subsidiaries which are consolidated in the Group's financial statements are the following: "IPTO S.A.", "PPC Renewables S.A.", "Hellenic Distribution Network Operator S.A. or HEDNO S.A.", "Arkadikos Ilios 1 S.A.", "Arkadikos Ilios 2 S.A.", "Iliako Velos Ena S.A.", "Iliako Velos Dio S.A.", "Solarlab S.A.", "Iliaka Parka Ditikis Makedonias 1 S.A.", "Iliaka Parka Ditikis Makedonias 2 S.A.", "PPC FINANCE PLC", "PPC Quantum Energy Ltd" and "Phoibe Energiaki Photovoltaika S.A."

Based on L. 2190/1920 article 134, PPC S.A. prepared the financial statements for the year ended 31.12.2013 (twelfth fiscal year), in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

### Amendments in the current legal framework during 2013

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

### 2013 FINANCIAL DATA

EBITDA in 2013 amounted to € 881.6 mil. compared to € 1,002.2 mil. in 2012, reduced by € 120.6 mil. (12%), with the respective margin settling at 14.8% compared to 16.7% in 2012.

2012 results include the one-off positive impact of € 191.7 mil. due to the settlement of outstanding financial issues with the Greek natural gas company DEPA. On the other hand, 2013 results have been negatively impacted, as a result of the Decision of the Permanent Arbitration at RAE, regarding the supply of electricity to ALUMINIUM S.A. for the period from 1.7.2010 to 30.9.2013, by € 105.5 mil. following the final settlement and the issuance of relevant invoices.

### Revenues

- Turnover remained practically flat amounting to € 5,970.8 mil. compared to € 5,985.2 m in 2012. Turnover includes an amount of € 90.2 mil. reflecting network users' participation for their connection to the network. Users' participation was reduced by € 22.2 mil. compared to 2012, due to lower building activity and the fact that in 2012 there was an increased number of applications for connections with the network from RES generators (mainly Photovoltaic).
- PPC's revenues from electricity sales, slightly increased by € 48.6 mil. (or 0.9%) to € 5,765.8 mil. in 2013 compared to € 5,717.2 mil. in 2012. In fact, tariff increases effective as of 1.1.2013 were to a large extent offset by the decrease in sales volume, as well as by the deterioration in PPC's sales mix and the negative impact of € 16.7 mil., for the period 1.1.2013-30.9.2013, as a result of the abovementioned Arbitration Decision for supplying ALUMINIUM S.A. with electricity.

It is interesting to note that almost all of the increase in revenues was recorded in the fourth quarter, when revenues from energy sales increased by € 47.2 mil. (3.4%) to € 1,416.9 mil. from € 1,369.7 mil., as the rate of demand decline slowed down to 4.1%, compared to 5.5% in the preceding nine months, while at the same time there was an improvement in the sales mix.

In detail:

- Total electricity demand decreased by 5.2% (3,290 GWh) in 2013 to 60,075 GWh versus 63,365 GWh in 2012. Excluding exports and pumping, electricity demand decreased by 4% (2,328 GWh).
- PPC's total electricity sales volume, including exports, decreased by 2,056 GWh (3.9%) to 50,754 GWh due to lower demand, as PPC's retail market share remained relatively stable, at 98.3%.
- PPC's sales mix has deteriorated, since demand in the residential and commercial sectors declined by 6.1% (1,149 GWh) and 5.4% (816 GWh) respectively. However, this was not the case in the fourth quarter, during which demand in residential and commercial sectors increased by 1.4% (58 GWh) and 0.4% (12 GWh) respectively compared to 4Q2012.

#### Operating expenses

Operating expenses before depreciation, increased by € 106.2 mil. (2.1%) from € 4,983 mil. in 2012 to € 5,089.2 mil. in 2013. However, adjusting for the one-off impacts already mentioned (relating to DEPA in 2012 and ALUMINIUM S.A. in 2013, the latter being analyzed in the "other opex" section), operating expenses before depreciation marked a decrease of € 174.3 mil., or 3.4%, from € 5,174.7 mil. in 2012 to € 5,000.4 m in 2013.

More specifically:

#### Energy mix expenditure

- PPC's electricity generation and imports covered 66% of total demand, while the corresponding percentage in 2012 was 66.7%. Lignite-fired generation decreased by 15.7% (4,324 GWh) and gas-fired generation increased by 4.7% (176 GWh). Hydro generation increased significantly between the two periods by 44.9% (1,748 GWh), due to the increased water inflows in the reservoirs during 1Q2013, partially offsetting the reduction in thermal generation. Finally, third party RES generation increased, compared to 2012, by 2,294 GWh to 8,597 GWh, with their relative share in the country's energy mix increasing to 15.8% from 11.1%.
- Expenditure for liquid fuel, natural gas and energy purchases decreased by € 341.8 mil., or by 10.9% compared to 2012. Specifically:
  - The decrease in liquid fuel expense by € 148.1 mil. (15.7%) from € 940.7 mil. in 2012 to € 792.6 mil. in 2013, is attributed to the reduction of electricity generation from liquid fuel by 414 GWh and the reduction of heavy fuel oil and diesel prices, expressed in €, by 9.2% and 6.9% respectively.
  - Natural gas expense decreased by € 42.6 mil., from € 444.5 mil. in 2012 to € 401.9 mil., due to the decrease of natural gas prices by 10.8%. The benefit from the retroactive discount on Gazprom natural gas prices, effective as of 01.07.2013, has not been recorded in PPC's 2013 financial results, as the relevant calculations have not yet been received from DEPA.
  - Energy purchases expense from the System and the Network decreased by 9.7% or € 157.9 mil., from € 1,632.3 mil. in 2012 to € 1,474.4 mil. More specifically, and regarding the Interconnected System, energy purchases expense amounted to € 1,300.1 mil. compared to € 1,480.4 mil. in 2012, a reduction of 12.2% or € 180.3 mil. This reduction is significantly lower than the 26.7% reduction in the average System Marginal Price (SMP), from € 56.6/MWh in 2012 to € 41.5/MWh in 2013. This discrepancy is mainly

attributed to the increased expense by € 58.7 mil. for the Capacity Assurance Mechanism of third party generators, resulting also from the doubling of the Capacity Assurance Certificates (CACs) for modern natural gas-fired units as of 1.8.2013.

Furthermore, the expense for the variable cost recovery of IPPs, increased from € 319.2 mil. in 2012 to € 336.4 mil. in 2013.

It must be noted that especially in 4Q2013, the expense for Capacity Assurance Mechanism of third party generators amounted to € 45.8 m while in the previous nine month period of 2013 it stood at € 84.2 mil. On the contrary, the expense for the variable cost recovery amounted to € 32.2 mil. in 4Q2013 compared to € 304.2 m in the previous nine months.

On top of the above, there was a negative impact from the new additional expense of € 33.2 mil., covering the period from mid-August 2013 till the end of the year, resulting from the new methodology of calculating the price for Renewable energy paid by electricity suppliers in the Interconnected System.

- Expenditure for electricity imports, excluding expense for interconnection rights, reached € 119 mil., increased by € 6.8 mil. (6.1%), due to the increase in the volume of imports by 161 GWh (8.1%) compared to 2012, whereas the price for imports was, on average, 2% lower.
- Expenditure for CO<sub>2</sub> emission rights amounted to € 187.5 mil. in 2013, increased by € 130.4 mil. compared to 2012, due to the fact that as of 1.1.2013, PPC is not entitled to any free CO<sub>2</sub> emission rights. CO<sub>2</sub> emissions in 2013 amounted to 41.3 mil. tonnes compared to 47.5 mil. tonnes in 2012, of which 43.1 mil. tonnes were free allowances.

#### Payroll cost

- The total reduction between the two periods in payroll cost, including capitalized payroll and payroll of seasonal personnel, amounted to € 8.3 mil. (0.8%) from € 1,057.9 mil. in 2012 to € 1,049.6 m in 2013. This figure includes an amount of € 8.6 mil. relating to 452 employees, working for various social security funds, according to the provisions of Law 4147/2013. On the other hand, payroll of seasonal personnel, between the two periods, increased by € 9.4 mil., as PPC had to employ more seasonal personnel, since it is practically not feasible to hire permanent staff to replace part of the natural attrition. This situation, if continued, will pose considerable strains on PPC's operating performance. The decrease in the number of permanent employees on payroll was 905, from 19,998 on 31/12/2012 to 19,093 on 31/12/2013.

#### Provisions

- Provisions for bad debt, litigation and slow moving materials amounted to € 358.3 m, marking an increase of € 20.9 mil. (6.2%) compared to 2012, mainly due to the increase by € 46.4 m of Low and Medium Voltage customers provisions. Excluding the negative impact of one-off provisions of Independent Power Transmission Operator (IPTO) and Hellenic Electricity Distribution Network Operator (HEDNO) regarding third party suppliers' debt and the positive impact of the reversal of the provision for the Attica traffic lights, all of which were recorded in 2012, the actual increase in provisions between the two periods is € 33.4 mil. (10.1%).
- It is noted that, on 1.8.2013, following RAE's Decision 285/2013, the Market Operator (LAGIE) sent a letter to PPC, according to which an amount of € 96.6 m is seemingly allocated to PPC, based on the finalization of the methodology by RAE for the "fair allocation of payments", to cover deficits of the Day Ahead Schedule (DAS), to all generators participating in DAS. Said deficits were created by third party suppliers during 2011 and 2012. LAGIE allocated the total amount of € 96.6 m in seven monthly installments, starting in August 2013, and sent to PPC the relating briefing notes amounting to € 13.8 m each. PPC considers that LAGIE's alleged claim violates fundamental principles of law, while at the same time neither the amount, nor the grounds on which this claim is based are substantiated. In addition, the relevant RAE Decision has been contested in court. In particular, both a request for revocation and a request for suspension of enforcement of the above mentioned decision of RAE have been filed before the Council of State and the relevant initial

judicial judgment is being expected. However, as the above mentioned claim is based on a RAE Decision, the legal dispute will be lengthy with uncertain final outcome for the parties involved. Given the fact that LAGIE's claim is disputed as far as its essence is concerned and, in addition, said amount as well as the grounds on which this claim is based are not substantiated, it is not possible, at least until the issuance of the initial judicial judgment, to estimate the potential liability that might arise for the Parent Company and therefore no provision has been recorded in 2013 financial results.

- According to Law 4152/2013, energy purchases from RES in the Interconnected System are paid through the market operation, at the higher amount of either their revenues from DAS and Imbalances settlements or the value of the energy they inject to the System multiplied by the weighted average variable cost of the conventional thermal power plants. Following RAE's Decision 366/2013, published in mid August, on the new methodology of calculating the price for Renewable energy paid by electricity suppliers in the Interconnected System (following the aforementioned Law), the Independent Power Transmission Operator (IPTO) sent to PPC S.A. in October corrective clearing statements for May, June, July and part of August of 2013, totaling an amount of € 48.2 mil., resulting from the retroactive application of the relevant methodology. PPC considers that the retroactive application of the methodology in question is not included in the relevant provisions of the Law and, therefore, has not recorded any relevant provision.
- Finally, an issue that does not impact our results but could have a negative effect on our cash flows, due to the increased working capital needs, stems from RAE's Decision 285/2013. Said decision does not permit the netting of amounts that PPC owes to LAGIE based on DAS settlement, including energy generated by PVs on rooftops, with the amounts that PPC is contractually obliged to pay directly to the generators in question, based on the feed-in tariff, thus leading to delays in the recovery by PPC of the latter amounts from LAGIE. The absence of netting results in an additional and unjustified cash outflow for the Company, which is estimated at an average of approximately € 20 mil. per month. Based on this Decision, LAGIE has expressed its disagreement with the aforementioned netting and asks for the return of € 137 mil., which according to LAGIE corresponds to amounts that PPC should have not netted, without though providing any relevant substantiation. LAGIE has already filed both a claim and an application for interim measures before the Court of First Instance of Athens against PPC and the relevant judicial judgment is being expected. However, the issue is expected to be resolved by appropriate legislation.

#### Other Operating Expenses

Other operating expenses increased by € 298.5 mil., reaching € 651.9 mil. in 2013 compared to € 353.4 mil. in 2012. Adjusting for the one-off impact of the Arbitration Decision concerning ALUMINIUM S.A. for the period 1.7.2010 - 31.12.2012, which negatively affected 2013 other operating expenses by € 88.8 mil., as well as the one-off positive impact of € 191.7 mil. on 2012 results following the settlement of outstanding financial issues with DEPA, other operating expenses slightly increased by € 18 mil. or 3.3%, to € 563.1 mil. in 2013 compared to € 545.1 mil. in 2012.

#### In conclusion,

In 2013, 49.8% of total revenues were expensed for fuel, CO<sub>2</sub> and energy purchases compared to 53.2% in 2012. This development is mainly attributed to the decrease of the share of liquid fuel and natural gas expenses to 20% from 23.1% of total revenues.

On the contrary, the share of the variable cost recovery mechanism together with the capacity assurance mechanism for third party generators increased to 7.8% from 6.5%. The share of CO<sub>2</sub> expense in total revenues was 3.1% from 1% while that of provisions amounted to 6% of total revenues compared to 5.6% in 2012.

## OTHER FINANCIAL INFORMATION

- Depreciation expense in 2013 amounted to € 626.4 mil. compared to € 659.9 mil. in 2012, a reduction of € 33.5 mil.
- Net financial expenses decreased to € 219.4 mil. (6.6%), from € 235 mil. in 2012, due to debt reduction between the two periods, as well as the decrease of reference interest rates.
- Pre-tax profits in 2013 amounted to € 34.9 mil. compared to € 106.7 mil. in 2012. Adjusting for the one-off items (relating to DEPA in 2012, and ALUMINIUM S.A. in 2013), pre-tax profits in 2013 would amount to € 140.4 mil. compared to losses of € 85 mil. in 2012.
- Net losses amounted to € 225.3 mil. compared to profits of € 41.8 mil. in 2012.

Tax charge for the year 2013 includes also a deferred tax amount of € 228.3 mil., related to the scheduled sale of IPTO. The amount of deferred tax is calculated with a rate of 26% on the difference between the IFRS and tax basis of the value of PPC's participation in IPTO. Said difference amounts to € 878 mil. (€ 916 mil. against € 38 m) and part of this difference (€ 590 mil.) represents a reserve, transferred through the spin-off process to IPTO. After charging said tax amount to PPC, IPTO will be entitled (as the universal successor of the spin off transmission sector) to distribute this reserve as dividend, without any further tax payment.

## CAPEX AND NET DEBT

- Capital expenditure in 2013 amounted to € 718.1 mil. compared to € 820.6 mil. in 2012, reduced by € 102.5 mil., while, as a percentage of total revenues it declined to 12% from 13.7%. Excluding network users' participation for their connection to the network (€ 90.2 mil. and € 112.4 mil. in 2013 and 2012 respectively), which fund a significant part of network projects, capital expenditure amounted to 10.7% and 12.1% of total revenues in 2013 and 2012 respectively. Specifically, the main components of 2013 capital expenditure, were as follows (in brackets the respective figures for 2012):

Mining projects:	€ 185 mil.	(€ 140 mil.)
Generation projects:	€ 154 mil.	(€ 276 mil.)
Transmission projects:	€ 85 mil.	(€ 84 mil.)
Network projects	€ 255 mil.	(€ 298 mil.)
RES projects:	€ 26 mil.	(€ 14 mil.)

- Net debt amounted to € 4,524.3 mil., a reduction of € 154.7 mil. compared to 31.12.2012 (€ 4,679 mil.).

## DIVIDEND POLICY

In 2013, a dividend of € 0.025 per share, for the year 2012, was paid to the shareholders. For the year 2013, PPC has recorded losses, therefore there is no ability for dividend distribution.



## DEBT EVOLUTION

Net debt amounted to € 4,524.3 mil., (2012: € 4,679.0 mil.).  
Consequently, net debt/equity ratio reached 0.8 as at 31.12.2013.

## CAPITAL EXPENDITURE PROGRAM OF BUSINESS UNITS

Total capital expenditure for the Parent Company amounted to € 605.4 mil. and was allocated as follows: € 188.3 m to Mines, € 154.2 mil. to Generation, € 254.6 m to Distribution's Network, € 2.7 mil. to the Supply and € 5.6 mil. to activities of the Administrative Divisions. Capital expenditure for the Parent Company for the year 2013 have decreased by € 113 mil., compared to 2012, representing a decrease by 16%.

Total Capital expenditure of the Group for 2013 amounted to € 721.6 mil. and includes Capital expenditure for PPC RENEWABLES S.A. amounting to € 25.6 mil., IPTO S.A. amounting to € 84.8 m and HEDNO S.A. amounting to € 5.8 mil. Capital expenditure of the Group for the year 2013 decreased by € 100.2 mil., compared to 2012, representing a decrease by 12%.

## MINES BUSINESS UNIT

Capital expenditure amounted to € 188.3 mil.

An amount of € 9.3 mil. has been expended in Megalopolis, out of which € 3 mil. relates to belt conveyor's extensions, € 1.0 mil. to major equipment improvements, € 0.7 mil. to Medium and Low Voltage Distribution Networks, € 0.6 mil. to purchase of auxiliary equipment, € 3.2 mil. to improvements, upgrades and electromechanical equipment and € 0.3 mil. land expropriation of Choremi.

An amount of € 179 mil. has been expended in Western Macedonia, out of which € 5.8 mil. relates to belt conveyor's extension, € 5.6 mil. to upgrades and construction, € 111 mil. to land expropriations (€ 79.4 mil. for Mavropigi, € 11.0 mil. for Kardia, € 10 mil. for archaeological excavations costs in Amyntaio and € 1.9 mil. for archaeological excavations costs for other mines), € 12.5 mil. relating to other investment contract works, € 14.5 mil. new distribution point in South Field, € 12.9 mil. on initial expenses.

Also € 2 mil. are related to infrastructure construction by IPTO and HEDNO and € 5.3 mil. for the purchase of auxiliary equipment.

The remaining expenses relate to smaller workings.

Total excavations in PPC Mines amounted to 313.6 mil. cubic meters and lignite production to 52.6 mil. tones. It is also noted:

- Near completion of the excavation and continuation of structural works for the operation of the new conveyors' belt distribution point took place in the South Field Mine of the West Macedonia Lignite Center. Three excavators and two spreaders already have been connected with it.
- Intensive excavation works carried out in the area of the new unit of Ptolemaida Power Plant (Unit V).
- The continuation of archaeological investigation taking place in a region of Amynteo mine caused significant delays in the operation of the overburden excavators.

## GENERATION BUSINESS UNIT

### Generation Division (GD)

#### Exploitation:

- During 2013 total net production of GD's Power Stations amounted to 37.19 TWh and decreased by

7.0% in comparison with 2012 (40.00 TWh). This reduction is related to levels of demand, mainly in the Interconnected System (IS), to the increase of renewables Power Stations' production as well as to the operation of the Market in general.

- In comparison with 2012 the reduced production of Lignite Power Stations' by 4.3 TWh (15.7%) was partially counterbalanced by the spectacular increase in Hydros' production by 1.75 TWh (44.9%).
  - Availability of thermal Units in the IS during 2013 (81.2%) was lower than that of 2012 (82.0%). Especially for lignite Units Availability was reduced from 78.9% in 2012 to 76.94% in 2013.
  - During 2013 two major failures happened in GD's Power Stations in the IS:
    - The first one occurred in Unit I of Kardia Steam Electric Station (SES), in 8/7/2013, in the Unit's main transformer. The Unit, after replacing the transformer, operated again in 24/8/2013.
    - The second one occurred in Meliti SES, in 25/7/2013, where a fire broke up in the belt conveyors of the Lignite Handling System. After repairing the failure the Station operated again in September 25, 2013.
- The two above mentioned failures in IS had an adverse effect in the lignite produced electricity during the second semester of 2013 though this effect, for Meliti SES, was mitigated due to the fact that at the time of repairing these failures, the Station's annual maintenance, programmed for October 2013, was also made.

- In order to cover the increased summer demand of 2013, a leased capacity of up to 31 MW for Rhodes and up to 24 MW for other Non Interconnected Islands (NII), excluding Thira (Santorini) island, was added. In Thira, capacity additions amounted to 24.2 MW (out of which 11 MW were transferred from Rhodes island).
- During 2013 a major failure happened in Thira's Autonomous Power Station (APS), in 13.8.2013, when fire broke up in one of APS's Units damaging also the neighboring Units as well as part of APS's auxiliary equipment. Electricity power supply in the island was gradually restored until 16/8/2013 by transferring and installing portable Generating Sets (G/S), both PPC's and leased, as well as by partially repairing the initial damage.

### Investments

Total Investments during 2013 amounted to € 154.2 mil..

Applying PPC S.A.'s Strategic Priorities Plan GD has undertaken the implementation of Investment Projects in order to replace obsolete Units with new ones, which are environmentally friendly, with state of the art technology and higher performance. Concerning the projects' progression during 2013 it is noticed that:

#### • Thermal Units

- Combined Cycle Unit No V of Aliveri Station, 417 MW net capacity, of 275 mil. € budgeted price: Construction of Natural Gas and Transmission Lines networks has been completed. The commercial operation of the Unit started in August 12, 2013 and the Unit was registered, at the Generation Unit's Register kept by IPTO, in February 5, 2014.
- Megalopoli Natural Gas Combined Cycle Unit No V, 811 MW net capacity at reference conditions, of 501.3 mil. € budgeted price. Civil Works construction as well as the arrival and installation of electromechanical equipment are in progress. The Unit is expected to be under commercial operation by the end of 2014.
- Steam Electric Unit V, of Ptolemaida Station, installed capacity 660 MW (+ 140 MWth for District Heating), of pulverized lignite fuel. Project's Contract, between PPC and TERNA S.A. with a final contractual price of 1,388,634,137.82 €, was signed in March 9, 2013 in Ptolemaida. PPC's General Meeting of Shareholders approved the realization of the investment in March 29, 2013 for the construction of the Unit as well as the relevant contract. The realization of the project will be accomplished in two stages as follows:

In the first stage, lasting 20 months from the entry into force of the contract, the study for the licensing of the project, as well as the licensing itself, will be realized. The contractor will also conduct the study for the licensing as well as the construction of the building for PPC's inspection unit.

In the second stage, lasting 50 months from the issuance of the building permit, the project's study, as well as the construction and the commercial operation of the Unit will be realized.

On September 23, 2013 PPC S.A. has announced the signing of a Bond loan amounting to € 739 mil. with a consortium of banks for financing part of the construction expense of the abovementioned unit. The loan, of an annual total cost of 5% approximately, has a duration of 15 years and will be supported by the German Export Credits Insurance Organization (Euler Hermes).

#### • Hydros

##### - Messochora HydroElectric Project (HEP):

By L. 3481/2006 the environmental terms and limitations mentioned in the construction and operation of the works for the projects of the Acheloos River Diversion Scheme, in which HEP Messochora is included, were approved as the fulfilment of which was a prerequisite for the materialisation of the projects and an obligation of the construction and operation carrier.

After the issue of the Decision 141/2010 of the Council of State's Suspension Committee all works related with completion and operation of the project, done according to Law 3481/2006, have been interrupted.

The issuance of the Council of State's recent Decision 26/2014 resulted in the inability to continue, complete and operate HEP Messochora.

PPC considers that the Hydroelectric Plant of Messochora is independent from the Acheloos River Diversion to Thessaly Scheme and therefore it should not be affected from the abovementioned issues.

In this context the possibility of disengaging this Project from Acheloos river diversion to Thessaly scheme in order to be considered as an autonomous one and be environmentally licensed (issue of Environmental Terms Approval Joint Ministerial Decision – ETA JMD) independently of other Projects related to diversion scheme, is examined.

In order for the relative procedure to be completed, as well as for the issuance of ETA JMD, to be achieved it is necessary that the relevant regulation act, concerning "Plans for Treating Water Deposits in Epirus, Thessaly and Western Greece", the study of which has been assigned by the Ministry Of Energy Environment and Climate Change (MEECC), will be issued.

It is estimated that, after completion of the remaining works, the Project will be operating during the first semester of 2017.

##### - Metsovitiko HEP (29MW):

According to decision 191/30.08.2012 of PPC S.A.'s Board of Directors the award of Hydroelectric Production Department's Tender/MTH-3 (Main and Secondary Electromechanical Equipment) has been approved with the provision of putting a relative Contract into force on 01.03.2013. The Contract was not signed and the initiation of the construction was not proceeded with, and after the refusal of the second lower bidder for the extension of its offer, in the context of the abovementioned tender PPC will immediately proceed to a new tender for the construction of the Main and Secondary Electromechanical Equipment in order for works to begin in late 2014-early 2015.

With respect to the Contract for the remaining Civil Engineering Works (Inquiry MTH-2A), on January 2014 PPC's Board of Directors awarded the contract to the lowest bidder, AKTOR ATE, and decided the signing of the relevant contract effective June 1, 2014. The project is expected to be operational by the beginning of 2018.

##### - Ilarionas HEP (157MW):

On 13.07.2012 tapping of the Diversion Tunnel and starting filling the HEP's basin was done.

Tests needed to be done have already begun and HEP's Units are expected to be put into commercial operation within the first semester of 2014.

#### • Non-Interconnected Islands (Crete, Rhodes, Other):

- Diesel Units in Atherinolakkos Station, 95-105 MW total installed capacity, 135 mil. € budgeted price.

After the cancellation of the relevant Inquiry, according to Board of Directors' decision of 28.09.2011, due to the changed priorities and needs of the Company (reduced demand, significant development of Renewables and examination of the possibility of interconnecting the Systems of Crete and Mainland in progress) the re launch of the Tender of the Project according to the new data is examined.

- Two new Combined Cycle Units, 260 MW maximum Power each, to be constructed in the new Korakia Station.

The implementation of the Project as well as the technology of the Units are directly related to the final decisions of the State taking into account that, for the time being, long term Energy Planning of Crete has not been finalized yet but various alternative solutions, such as interconnecting the Systems of Crete and that of the Mainland, are under consideration.

- New South Rhodes Station, 115.4 MW, consisting of seven similar G/S with four – stroke Diesel engines, and 182.8 mil. € initial budgeted price.

Following an international tender, the Project was assigned to the successful bidder, TERNA S.A. On July 2009, the relevant Contract was signed and the realization of the Project started.

After the appeal of an Environmental association to the Council of State, project's AEPO (Decision of Environmental Terms Approval) was canceled, and the works were suspended.

A new AEPO was issued on November 5, 2013.

On 30.08.2013, the Decisions, relative to the use of coastal public land necessary for the erection of Station's on-shore installations, were published in the Government's Gazette.

The Secretary General of the Regional Administration of Aegean has signed, on 08.01.2014, the "Land Purchase Contracts" for the coastal public property, necessary for the erection of the on-shore installations.

PPC and the Contractor continue the preventive maintenance of engines, generators and transformers, which are temporarily stored in Elefsis port.

Restart of works is expected within May 2014.

- Other Non Interconnected Islands (NII)

The mapping of the area of "Sarakina", where the new Lesvos APS is to be constructed, as well as checking property titles, has been finished. The procedures for obtaining the necessary environmental permits for the APS, in order for expropriation of the land to follow, are in progress.

A Tender for the procurement and installation of two (2) G/S, 8 MW each, for adding capacity in Samos and Kalimnos ASPs as well as a Tender for the procurement and installation of five (5) G/S, 1 MW each, for the Local Power Stations of Kithnos (2 G/S), Serifos (2 G/S) and Astipalea have been published.

After the fire that broke out in Thira APS in order to cover the medium as well as the long term electric energy needs of the island procurement and installation of extra capacity, of an estimated 21 mil. € cost, is under progress.

#### • Environmental Management / Health and Security

With regard to the improvement of GD's Power Generation Units environmental behavior, during 2013:

- Environmental Management Systems (EMS) of a total of 19 Steam and Hydro Electric Stations, have maintained their certificates following the successful completion of their surveillance audits, by Independent Certification Bodies.

- Following the provisions of Article 32 of Directive 2010/75/EU, a Transitional National Emissions Reduction Plan (TNERP) for the period 2016-2020 was elaborated and officially submitted by the country to the EU at the end of 2012. The TNERP was approved by the EU on November 26, 2013. On December 2013, PPC submitted to the competent authority an application for several changes to the TNERP, along with its declaration to use the limited life-time derogation (Article 33) for certain Power Plants. After the approval of the competent authority the revised TNERP should be resubmitted by the country to the EU. Finally, according to the above, PPC proposed that Agios Dimitrios, Meliti and Megalopolis A' and B' SES are to be included in the TNERP, while Aminteo and Kardias SES are to use the limited life-time derogation.

With regard to Health and Safety, during 2013:

- Komotini, Atherinolakkos, Meliti, Megalopolis B', Chania and Agios Dimitrios SES have maintained their Job, Health And Security Management Systems according to ELOT – 1801 Standard, after the successful completion of their surveillance audits by Independent Certification Bodies. During October 2013 a contract was signed for the implementation of Job, Health and Security Management Systems in six more SES (Aminteo, Kardias, Aliveri, Keratea - Lavrio, Megalopolis A' and Soroni).

## SUPPLY BUSINESS UNIT

Investments for the Supply General Division amounted to € 2.8 mil.

The amount concerns:

- The new IT software system "Billing - Customer Care" (SAP-IBM)  
The implementation and completion of the new IT software (SAP) as well as the completion of the function concerning Medium Voltage Customers from 01.01.2014 onwards.
- Stores' Renovation according to uniform visual identity.  
In 2013 nine stores were renovated according to the Company's uniform visual identity, which aims to a consistent view, in accordance with the Company's modern perception for a customer oriented, pleasant and modern environment.
- Additional security measures were implemented by installing:
  - Security Doors
  - Bulletproof panes in the Cashiers' sections
  - Security systems, such as CCTV systems and alarm systems
  - Time delayed safes.

The actions of the Supply General Division in 2013 are focused on the following:

- High and Medium Voltage Tariffs  
According to BoD Decision n.141/01.08.2013 new tariffs were approved for High and Medium Voltage Customers, specifically, seven new tariffs for High Voltage Customers and eight new tariffs for Medium Voltage Customers effective from 01.11.2013.
- e-bill info  
The Customer is given the option, in case he wishes to access electronically his bill and be immediately informed for the issuance of the bill and to be facilitated by using an electronic payment through a link to a bank.
- Settlements bylaw  
By the Company's BOD Decision 137/30.07.2013 the existing Settlements Bylaw was updated, thus enabling Supply's customers to settle their bills in installments, based on rules that depend on the customers' consistency of payments as well as the customer category in which they belong. A special emphasis is given to the relief of sensitive social groups and households.

- Settlements by phone  
Starting from 19.08.2013 in Attica and on 01.10.2013 for the rest of Greece a new service of settlements by phone was introduced, aiming to further ameliorate the service provided to customers in need of it, thus decreasing queues in stores.
- EETA (Extraordinary Special Tax) Management  
Collection of EETA through electricity bills, while making an effort to lessen the repercussions in customer services and PPC's perception by reinforcing the Supply stores with extra personnel as far as customer service and security are concerned.
- Development of a customer oriented site  
The Company's site was recently reformed to a customer oriented one. The ways that a customer can communicate with the Company, both by phone or electronically are depicted in sections of the site.

## New Activities / Services

On the 7th of August 2013 PPC's BoD approved the establishment, jointly with DAMCO ENERGY S.A., of a Societe Anonyme, named "PPC Solar Solutions S.A." in which PPC S.A. will participate with 49%. The objective of "PPC Solar Solutions S.A." will be the promotion, through a national franchising network, of integrated solutions for household photovoltaic systems and energy efficiency technologies, the provision of energy services, as well as the provision of services to PPC's customers. The establishment of the above Societe Anonyme was approved by the Competition Commission, by its 587/2014 decision.

## SUPPORT OPERATIONS DIVISION

During 2013 investments of the Support Operations Division were of small scale and primarily concerning construction works, purchasing of land for Distribution substations, as well as equipment purchasing.

However, the following points are worth mentioning:

- Integration of PPC S.A. purchasings into one Central Department.
- Purchasing of fuel oil for power generation of the non-interconnected islands with very satisfactory results.
- Commissioning of the new integrated SAP ERP system of the Company.
- Segregation of the "HERMES" customer service system into two separate systems, one for PPC S.A. Supply Division and the other for HEDNO S.A. (DEDDIE S.A.).
- Support to the actions taken concerning the restoration of power generation of the island of Santorini after the power outages that took place last August by means of purchasing gas turbines and generating sets, as well as of equipment hiring and transportation etc.
- Support to the Energy Trading Department as regards to the procedures of purchasing the new information system of Energy Trading and Risk Management (ETRM).
- Support to the Supply Division by means of an external associate that will provide telephone customer service, as well as of the upgrading of PPC S.A. Stores corporate identity.

The challenges of 2014 include:

- The modernization of the Tests, Research & Standards Center in order to improve the quality and reliability of its services and to become attractive to customers outside PPC.
- The implementation of the new SAP-IS/U customer system.
- Assistance to the insurance funds which are currently supported by PPC information systems in order to become independent.
- The development of integrated safety policies of the Company.
- The transportation of fuel oil to the non-interconnected islands by time - chartered ships.
- The full management of lignite purchasing by third parties.



## HEDNO S.A.

### Conformity Program

In order to avoid discriminating behavior, partial company practices and competition's distortions during the exercise of its duties, HEDNO is obliged to run a conformity program (article 124, par.7, L. 4001/2011).

The program in question has been compiled by the conformity expert in collaboration with HEDNO and was submitted in due time for approval to RAE, which was set in public consultation in July 27, 2012. RAE by a letter to HEDNO has made specific comments and has asked for the update of the Conformity Program based on those comments. HEDNO has proceeded to the said update and has sent the conformity program to RAE again. The conformity program's approval by RAE is expected.

## NETWORK DEVELOPMENT AND OPERATION PROJECTS

Approximately 1,000 klm. of Medium Voltage and 800 klm. of Low Voltage were added to the network and 2,500 adapters were installed while 3,650 diversions were also made. Consequently the Medium Voltage Network expanded to 109,700 klm. and the Low Voltage network expanded to 123,300 klm. while the number of Substations arose to 160,000. Furthermore, the active users of the Distribution Networks were 7,385,000 out of which 11,200 in Medium Voltage.

### Response time for new connections

The average response time (technical studies – constructions) for common new connections is 14 days, while the average response time for connections that require network expansion and diversions' requests, are 30 and 35 days, respectively.

### Environmental issues

About 2,000 klm. of converted cables were installed in Low Voltage Network in the context of a general use instead of stripped conductors, with a positive outcome for the environment.

## SIGNIFICANT EVENTS FOR THE YEAR 2013

Significant events for the year 2013 are presented in detail in Note 37 of the Financial Statements.

## MAJOR RISKS - UNCERTAINTIES

The Group's and the Parent Company's activities are subject to various risks. Any of the following risks could have a material adverse effect on the Group's business, financial condition or results of operations. The risks described below are not the only risks that the Group and the Parent Company face. Additional risks and uncertainties not currently known to the Group and the Parent Company or that are currently deemed to be immaterial may also materially adversely affect the Group's financial condition, business, results of operations and cash flows.

### Interest rate risk and foreign currency risk

Our principal financial liabilities consist of bank loans, bonds and overdrafts. It is our policy to hedge on a case by case basis through derivatives, solely for risk reduction purposes, against the fluctuation of floating interest rates and/or foreign currency exchange rates affecting our debt portfolio. Our existing derivatives transactions include interest rate swaps (conversion of floating rate liabilities to fixed rate liabilities) and forward currency contracts.

Furthermore, the fluctuation of the € against U.S. dollar exchange rate may adversely impact the prices of our liquid fuel purchases (mainly diesel and heavy fuel oil). As oil prices are expressed in U.S. dollars, we are exposed to foreign currency risk in the event of an appreciation of the U.S. dollar against the €. In order to

cover the foreign currency risk arising from liquid fuel purchases, we are undertaking, on a case by case basis and according to the prevailing circumstances, hedging transactions for this risk. Any hedging transactions that we may have in place may not provide full or adequate protection against these risks.

### Commodity price risk and risk from Electricity Market

The Parent Company is exposed to the risk of an increase in prices of oil, natural gas, electricity purchased from the System and the Network, CO<sub>2</sub> emission rights as well as electricity prices of direct PPC imports. The Parent Company has established a policy for hedging transaction for oil, based on which the implementation of specific hedging transactions is decided per case and according to the prevailing circumstances. Any hedging transactions that we may have in place, may not provide full or adequate protection against this risk.

The Parent Company has not established a hedging policy against the risk arising from the volatility of natural gas prices.

In terms of the risk arising from price volatility of electricity purchases, it is hedged less and less by the vertical integration of the Parent Company (internal hedge), since PPC's Generation share in the wholesale market in 1H 2013 amounted to 69%, while at the same period, PPC's Supply share in the retail market has exceeded 98%. Additionally, the prices of the main materials (metals, etc.), except from fuel, used by the Group for its operation and development are defined by the international merchandise markets resulting to the Group's exposure to the risk of fluctuation of the relevant prices as well as the foreign currency risk.

### CO<sub>2</sub> Emissions

Our generation business is subject to EU Directive 2003/87/EC, which established a European Emissions Trading System ("EU ETS"). The operation of our thermal power plants requires us to acquire carbon credits under the EU ETS (the "EU Allowances" or "EUAs") to cover our carbon emissions.

Since 2013, we are no longer allocated CO<sub>2</sub> emissions rights for free, and as we emit approximately 40-45 Mt on an annual basis, increased CO<sub>2</sub> prices will affect our operating costs. As we must acquire sufficient carbon credits on an ongoing basis, there can be no assurance that in any future year we will be able to obtain sufficient carbon credits. For the period from 2014 to 2020, during which we will not receive any freely allocated CO<sub>2</sub> emissions rights, we expect to acquire such rights, mainly for compliance purposes, on both the European and international markets, either through exchange market purchases or bilateral contracts. Although we attempt to manage the risk arising from increases in the price of CO<sub>2</sub> emission rights by monitoring the markets and the developments in Europe, there is no assurance that such risk will be successfully managed.

Our exposure to the risk of increases in CO<sub>2</sub> credit prices is linked to our ability to fully incorporate these increases in our electricity tariffs. Therefore, any sharp increases in CO<sub>2</sub> credit prices could materially, directly or indirectly, affect our financial condition and results of operations.

It should be noted that, a decision in principal has been made on European Union level in order to support the CO<sub>2</sub> emission rights price, through the withdrawal of a certain CO<sub>2</sub> rights quantity in the beginning of the 2013 – 2020 period and its reinstatement at the end of the period (backloading).

### Credit Risk

Our business, results of operations, financial condition and prospects depend highly on the social and macroeconomic conditions in Greece, as practically all of our assets and operations are in Greece. Despite the fact that the electricity sales are dispersed over a large number of customers with a wide and diversified range of economic activities, our business activities and results of operations are highly dependent on our customers' ability to repay their liabilities. The current economic environment and the recent recession may have a material adverse impact on the liquidity of the Group mainly resulting from:

- Difficulties in payment and increases in delayed payments, by Low and Medium Voltage customers as well as High Voltage (Industrial) customers, especially those with large outstanding balances.

- A sizeable number of enterprises, especially small and medium sized, which cease their operations due to the economic conjuncture and leave behind unpaid bills. We may also face difficulties or delays in our ability to collect payments from our customers as a result of additional measures such as the inclusion of new significant taxes, levies or fees included in our electricity bills or a substantial increase of the existing applicable taxes, levies such as the Renewables levy (ETMEAR) or fees in our electricity bills. This might extend the delay of collecting our electricity bills and create additional needs of working capital for the Parent Company, bearing also in mind that ETMEAR, amongst others, is paid regardless of whether it has been collected from the customer.

Additionally, our collection enforcement mechanisms may be affected by legislation or other administrative acts (for example by restricting disconnections for non-payment for certain categories of customers or for certain time periods), which can adversely affect our results of operations, business, financial condition and cash flows.

#### Liquidity Risk

The current economic situation in Greece has directly affected the capital levels, liquidity and profitability of the Greek financial system, which highly affect our liquidity and access to credit as well as the liquidity of the Greek economy as a whole and our customers' ability to access credit. Liquidity risk is connected with the need to ensure adequate cash flow for the financing of our operations including working capital needs, capital expenditure, as well as the servicing of our debt.

Our working capital needs may increase due to a number of factors, including:

- Increased delays in the payment or even non-payment of electricity bills.
- Our obligation to pay Renewables levy (ETMEAR), the Special Consumption Tax on electricity as well as the VAT when due, irrespective of whether we have collected the relevant amounts from our customers, and any difference in timing between receipt and payment or any difference in the calculation of such levies:
- The expansion of credit limits for vulnerable consumers who are also entitled to special lower tariffs and to more favourable settlements -compared to other customers- of overdue electricity bills.
- The burden associated with the collection of taxes and levies that are not related to the sale of electricity such as special property and municipal taxes that are currently collected through electricity bills:
- Any distortions in the wholesale market which burden the cost of purchasing electricity for Suppliers.
- The debt incurred by the Suppliers, whose operations have been suspended.
- Potential increase of commercial losses (non-technical losses) i.e. increase of incidents of electricity thefts.

The above factors may have a material adverse impact on our liquidity as well as our ability to finance new projects. It should also be noted that our borrowing costs for, and access to, liquidity have been negatively impacted by the current status of the Greek economy.

#### The Group is exposed to risks that may arise from Financial Institutions

The Group could be affected by the potential developments in the Greek Banking Sector given the fact that Greek Banks currently finance approximately 53% of the Group's loan obligations.

#### Risk of exposure in competition

The Parent Company faces increasing competition mainly in the wholesale market where share losses are due to IPPs' power plants and the increased penetration of Renewables units in the System and Network. It is possible that adverse changes in the competitive environment through the continuation and/or creation of regulatory mechanisms in the wholesale market which strengthen the Group's competitors might have a negative impact on our results of operations and cash flows.

In addition, the Restructuring and Privatization Plan specifies the creation of a vertically integrated competitor to PPC by divesting approximately 30% of the Parent Company's generation (including access and operational rights of the related mining facilities) and 30% of the Parent Company's customer base. The creation of such an entity could

increase the competition we face in both the supply and generation markets and could have a materially adverse impact on our business and prospects.

Furthermore, RAE has proposed as an interim, transitional, measure to further wholesale market liberalization the introduction of NOME type of auctions that would provide access to third parties to the lignite-fired and hydropower electricity generation of PPC.

In the retail market, following the suspension of operations of almost all large alternative suppliers, PPC currently supplies 98.3% of the Greek supply market.

The Parent Company may face increasing competition in the retail market, following the liberalization of tariffs for Low Voltage customers and the entrance of third party suppliers including the supply unit of "small PPC".

Unless there are reforms in the regulatory framework to ensure the correction of existing non-market regulatory mechanisms in the wholesale market, setting conditions of healthy competition and balanced development of suppliers in the market and promotion of competitive tariffs without cross-subsidisation, a further increase in the competition in the supply sector could have a material adverse effect on our business, prospects, financial condition and results of operations.

#### Tariff risk for the competitive activities

According to the provisions of the MoU (May 2013/July 2013), the obligations of the Hellenic Republic from the European as well as national legislation, the Low Voltage tariffs are fully liberalized for the end consumers, excluding vulnerable consumers, from 01/07/2013. Despite any expressed reservations for the increase of Low Voltage tariffs, cost reflective tariffs are required, according to the Memorandum and its reviews, in order for new "players" to enter the market and through the creation of a competitive supply market, reduce the cost of electricity for end-consumers.

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

Similarly, tariff increases, in the current conjuncture, for household and commercial Low Voltage Customers and Medium Voltage Customers may not be socially acceptable, especially since there has been an increase in levies, pass-through charges etc., which have not been well received by such Customers. In addition, the Parent Company may face difficulties to pass through potential increased commodity and energy related costs or costs for CO<sub>2</sub> emission rights through increasing tariffs. Even if potential tariff increases for Low Voltage Customers and Medium Voltage Customers are effected, collections rates from such Customers may deteriorate due to the potential inability of these Customers to pay their bills on time or at all. Such tariff increases also may expose the Parent Company to competitive pressures from alternative suppliers of electricity.

With respect to our HV customers:

There are several tariff disputes, amongst others between ALUMINIUM and PPC since the termination of the initial (dating back to 1960) electricity supply contract of the said customer. The dispute about electricity price to ALUMINIUM was submitted before the Arbitration Court at RAE, which issued its decision on October 31, 2013, setting the sale price of the energy component of the electricity at € 36.6/MWh for the time period as of 1.7.2010 to 31.12.2013 and obliging PPC to provide energy to ALUMINIUM for that period below cost. PPC has filed an appeal for the annulment of the Arbitration Decision, nevertheless, the final outcome cannot be predicted, and an unfavourable outcome may negatively affect our relationships with ALUMINIUM and other industrial customers.

Furthermore, LARCO, the Parent Company's largest outstanding debtor, is liable for sums due and payable to PPC related to the consumption of electricity and currently pays only a small part of its electricity consumption bills. Similarly, other industrial customers do not fully pay their electricity consumption bills alleging that the relevant tariffs charged are not appropriately set by PPC. There is no assurance that LARCO or such other industrial customers will discharge their debts for the amounts billed in relation to their electricity consumption.

Furthermore, the Parent Company's shareholders have recently approved at the Extraordinary General Meeting of PPC's Shareholders of February 28, 2014 i) the actions of PPC's management regarding the relations of PPC with ALUMINIUM, and ii) an extraordinary decrease of High Voltage customers' tariffs. PPC currently aims to sign supply contracts with ALUMINIUM, as well as all other High Voltage customers, following the above mentioned decision regarding the electricity prices to High Voltage customers. However, we can provide no assurance whether ALUMINIUM or the other High Voltage customers will sign such electricity supply contracts with PPC or, whether these customers will fully pay their electricity consumption bills, either currently overdue or to be invoiced for future consumption. Furthermore, there may be additional legal disputes that may constrain our commercial policies and future actions for such clients.

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

#### **Risk from regulated rates of return on Network activities**

The regulated rates of return on Network investments combined with the approved by the Regulator asset base on which depreciation and returns are calculated, may have a negative impact on the Groups' profitability and value, if they do not provide for a reasonable return on the invested capital and adequate incentive for future strategic investments. As a result, any changes in regulated charges that may affect the Group's revenues from electricity transmission and distribution could have a material adverse effect on the Group's business, results of operations and financial condition.

#### **Regulatory Risk**

Potential modifications to the regulatory and legislative framework governing the electricity market, such as the implementation of EU legislation and the Memorandum of Economic and Financial Policy, as well as decisions by regulatory authorities concerning the regulation and functioning of the Greek electricity market in general, and any restructuring or other changes to our business driven by the regulatory framework, may have a materially adverse effect on our business, financial condition and results of operations

Our business as well as our capital investment program for regulated activities are subject to decisions of numerous national and international European Union institutions, regulatory and administrative authorities. Such authorities may issue decisions that restrict or significantly affect our operations without taking into account all the relevant factors which could have uncertain consequences on our business and our operations and adversely impact our business, results of operations and financial condition.

In addition, given the increased human, technical and financial resources needed to respond to decisions by the regulator or other national or international institutions, especially as such decisions may not take into account all relevant factors which could have uncertain consequences on our business and our operations, we cannot give any assurances that we will be at all times in a position to fully and timely satisfy the regulatory, financial, and any other requirements imposed by the Regulator.

#### **Risk from providing Public Service Obligations (PSOs)**

The PSOs for which we are entitled to compensation relate to (i) the supply of the Non-Interconnected Islands at the same tariffs as those in the Interconnected System, (ii) the supply of electricity at special rates to families with more than three children and (iii) the beneficiaries of the Social Residential Tariff ("SRT") which are currently provided to persons of low income, families with three or more children, long-term unemployed, people with special needs and people on life support. PSO compensation is based on the relevant costs incurred by us during the year preceding the granting of the compensation.

According to the methodology for PSOs calculation that was defined by a Ministerial Decision for the period 2007 – 2011 regarding the recovery of the additional cost for the electricity generation in the Non Interconnected Islands compared with the respective cost for the Interconnected System, the Group is not fully compensated for providing PSOs. According to the abovementioned methodology, the calculation of PSOs for each year, for

the period 2007–2011, was based on the cost of electricity generation in the Non Interconnected Islands and in the Interconnected System for the year 2006, on the total electricity generation and liquid fuel quantities consumed each year in the Non Interconnected Islands, as well as on the international fuel prices and on the fluctuation of the consumer price index per year. Specifically, for the estimation of the annual compensation of 2011 for providing PSOs that affected 2012 tariffs, the increase of the Special Consumption Tax on liquid fuels used in power generation in the non Interconnected Islands was taken into account. However, factors affecting cost, such as the premium over the commodity price, as well as the cost of transportation of fuels to the islands are not taken into account.

A permanent methodology in accordance with the provisions of Law 4001/2011 has not yet been implemented by RAE.

Potential changes in our compensation rights for the existing PSOs that we provide, or changes in the methodology for the estimation of such PSO compensation, which does not allow for full recovery of our costs, or a potential introduction of new PSOs for which we may not be entitled to compensation may have an adverse effect on our costs, financial position and results of operations in the mid and longer term.

#### **Other regulatory risks – uncertainties**

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

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

Although some of these measures are transitional – like the VCRM which is scheduled to be fully abolished by July 1, 2014 - there can be no assurance that the relevant abolishing regulatory rules will be implemented or that replacement regulatory measures (which may create new distortions or market effects that are unfavourable to us) will not be introduced. To the extent that such measures remain, or new measures are implemented, our results of operations and profitability may be negatively affected.

Furthermore, the deficit of HEMO for Renewables which is due to the fact that the total income of the relevant Renewables account with HEMO does not cover the fixed feed-in tariff paid to Renewables producers, creates uncertainty and related cash flow issues. The primary sources of income for this account are the amounts that Suppliers pay for Renewables generated electricity, the special Renewables levy paid by Customers and various other smaller amounts. According to the Memorandum of Economic and Financial Policy, the deficit must be reduced to zero by the end of 2014 and as such various measures have already been taken, while further measures are being considered by the Ministry of Environment, Energy and Climate Change. The relevant draft law was under public consultation till March 13, 2014 with the aim to be submitted for a vote in Parliament. From the measures implemented already to reduce the RES account deficit, the price that Suppliers pay to purchase electricity generated from Renewables from the Pool was changed from SMP to the highest of: (i) the SMP, or (ii) the average variable cost of conventional thermal power plants, which had an adverse impact on the Parent Company's results of operations and cash flows. There is no assurance that RAE will not further increase the cost of purchasing Renewables energy by Suppliers in the future, which could have a material adverse effect on our results of operations and financial condition.

The market operator, HEMO, is also operating at considerable deficit, in part caused by the due and unpaid obligations of two major alternative energy suppliers who exited the market in 2012. Following RAE's Decision 285/2013, the deficit created by the exit of the aforementioned electricity suppliers is allocated to wholesale conventional generators, proportionate to their market share. Our obligation, which we contest, to cover such



deficit allocated to PPC, as generator (approximately € 97 mil.), if the interim decision by the State Council is against PPC's appeal, may result in an adverse material effect on the Group's and Parent Company's results and cash flows. This or any similar decisions by RAE in the future, addressing electricity market deficits resulting from failure of third parties or other system inefficiencies through allocation of these obligations to other parties, for example by prohibiting setting off amounts the Group and the Parent Company owe to HEMO with amounts owed to the Group and the Parent Company from HEMO may have a material adverse effect on financial condition and cashflows.

Additionally, RAE has proposed to the Ministry of Environment, Energy and Climate Change certain measures that would provide access to third parties to the lignite-fired and hydropower electricity generation of PPC, through auctions resembling the "NOME" model implemented in France, a model which was designed to provide access to third parties (mainly suppliers and industrials) to low-cost electricity generation (i.e. EDF's nuclear power plants), at a cost-oriented regulated price.

The implementation of a "NOME" model in Greece was proposed by RAE to be implemented through auctions and bilateral forward contracts between PPC and third parties. Auctions will either have a fixed price (as in France) or a range of prices. Auction products (for baseload or peak capacity) will either be financial or physical. Currently, there are no details available as to which from the above mentioned options for "NOME" will eventually be selected, nor what the timing and schedule of implementation will be. This proposal by RAE is envisaged as a transitional measure, until the creation of a new vertically integrated electricity company as foreseen by the Restructuring and Privatization Plan of the Hellenic Republic. We currently cannot foresee if and when such auction products based on the NOME model may be implemented in Greece or how it will be implemented and if they will fully reflect our costs and therefore we can provide no assurance that the implementation of such measures will not have a material adverse effect on our business, prospects, financial condition and results of operations.

#### Risk from the implementation of the Memorandum of Economic and Financial Policy

The third revision of the second Memorandum that was agreed between the Hellenic Republic and the European Union – European Central Bank – International Monetary Fund in July 2013 concerning energy matters provides for actions, the unsuccessful analytical planning and/or implementation of which may create significant risks for the Group and the Parent Company. Any potential modification or/and additions of the electricity market legislation and regulatory framework, in order to implement the European Union legislation as well as the Memorandum of Economic and Financial Policy, or any additional fiscal and other measures or modification to existing ones, may have a significant impact on the Group's and the Parent Company's activities, contractual commitments and financial results.

#### Risks relating to the proposed privatization and restructuring of PPC

On July 24, 2013, and further on January 29, 2014, the Hellenic Republic approved a restructuring and privatization plan for PPC with the following three objectives:

- Sale of IPTO: According to Law 4237/2014, PPC will divest up to 66% of its shares in IPTO to one or more third parties and the remaining 34% to the Hellenic Republic.
- Creating a new vertically integrated electricity company: The Hellenic Republic has determined to create a viable competitor to PPC in order to improve competition in the Greek electricity market. The Restructuring and Privatization Plan proposes the divestment of approximately 30% of the generation capacity mix in the interconnected system and approximately 30% of the supply assets of PPC, to be carved out into a separate standalone entity that would be sold to a private investor during 2015.

As in any case of disposal transactions of businesses or assets there are risks, amongst others, associated with timing, investors landscape and valuation considerations.

Additionally, in the event of the carve-out of "small PPC", this will result in the creation of a new vertically integrated competitor in both the generation and supply business. Such competitor would be expected to share

some of our strengths and competitive advantages related to our vertically integrated structure as well as our Customer and Supplier relationships.

Further, any such carve-out will necessarily entail significant impact on our business and operations particularly as the carve-out will apply across the board of our mining, generation and supply assets. It will also require the division or creation of finance, management and administrative functions to support the new standalone business. Planning and effecting this process will consume a large amount of operational time and resources which, along with the introduction of the carve-out entity as a new competitor, could have a material adverse effect on our business, financial condition and results of operations.

- Privatization of PPC: The Restructuring and Privatization Plan proposes that the Hellenic Republic will sell a further 17% of its shares in PPC to one or more third parties by the first quarter of 2016.

#### Risk from the absence of Fixed Asset insurance

Except for directors' and officers' insurance, we do not currently maintain insurance against the usual risks associated with our power plants, transmission and distribution assets, property, equipment (other than our information technology equipment) and operations. Moreover, materials and spare parts as well as liabilities against third parties are not insured. This has been primarily due to the high costs associated with obtaining insurance against these risks comparing to the cost for remediating the damage should any of these risks occur, and our dispersed network of power plants. Additionally, we do not insure third party liabilities with respect to distribution networks. During construction, major assets (except for networks) are insured by EPC contractors. Cash in offices and agencies or in transfer is insured against theft and transports of liquid fuels are also insured. Any severe damage to our key power plants, transmission and distribution assets or mining equipment could have a significant adverse impact on our business, financial condition or results of operations. Additionally, business interruptions due to labour disputes, strikes, earthquakes, fires, and adverse weather conditions, among other factors, could potentially, depending on their severity and duration, result in a loss of revenues or increased costs for us.

#### Credit Rating Risk

Our ability to access the capital markets and other forms of financing (or refinancing), and the costs connected with such activities, depend in part on our credit rating.

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

In the event that our credit or debt ratings are lowered by the rating agencies, we may not be able to raise additional indebtedness on terms similar to our existing indebtedness or at all, and our ability to access credit and bond markets and other forms of financing (or refinancing) could be limited.

#### Hydrologic Conditions

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

#### Lignite mining risks and availability of lignite reserves

Lignite mining is subject to inherent risks and is dependent upon a number of conditions beyond our control that can affect our costs and production schedules at particular mines.

While the Parent Company estimates that lignite reserves are adequate to cover long term levels of supply required for power generation by lignite-fired thermal power plants, such estimates may lack complete precision and depend to some extent on statistical and geological inferences. Furthermore exploitable reserves are not considered as such unless they can be economically and legally extracted. Increased production costs, increased

stripping ratios and changes in the regulatory regime governing our mining operations may result in revision of reserve data from time to time and may render exploitable reserves uneconomical to exploit or unexploitable. In addition the lack of qualified skilled personnel in mining operations to operate and support its equipment may adversely affect lignite production through our own resources.

#### **EPC related risks and other problems and delays in constructing or connecting generation facilities**

We face risks relating to the construction of our electricity generation facilities, including risks relating to the availability of equipment from reliable suppliers, availability of building materials and key components, availability of key personnel, delays in construction timetables and completion of the projects within budget and to required specifications. We may also encounter various setbacks such as adverse weather conditions, difficulties in connecting to electricity transmission grids, construction defects, delivery failures by suppliers, unexpected delays in obtaining zoning and other permit and authorizations or legal actions brought by third parties.

Additionally, adverse macroeconomic developments, as well as financial or operating problems of main suppliers and contractors may have a negative impact on our ability to purchase liquid fuels, spare parts and materials, have engineering, procurement and construction ("EPC") contracts completed in a timely manner and may increase our operating and maintenance costs and planning times.

#### **Risk from Potential Undertaking of Social Security Liabilities**

Despite the fact that under the current legislation the Group does not have any obligation to cover in the future any deficit whatsoever between income and expenses (deficit) to PPC's personnel Social Security Funds, there can be no assurance that this regime will not change in the future.

#### **Litigations Risk**

The Group is defendant in several legal proceedings arising from our operations, and any adverse outcome against PPC may have a negative impact on our business, financial condition and reputation.

In addition, as a majority state owned utility, we are subject to rules of public procurement and certain other laws and regulations designed to protect the public interest (including fraud against the public purse and dereliction of duty). Violations of those rules entail, among others, criminal sanctions for the directors and executive officers of the companies and utilities that are subject to those rules (including our directors and executive officers). Simultaneously, we are one of the largest industrial groups in Greece, with complex activities and operations across the country. In the ordinary course of our business, from time to time, competitors, suppliers, customers, owners of property adjacent to our properties, media outlets, activists, and ordinary citizens, raise complaints about our operations and activities, to the extent they feel that our activities and operations cause or are likely to cause economic damage to their views and/or interests, businesses or properties and, in the context of advancing those complaints, they often file criminal complaints against us with the public prosecutor on a variety of grounds and allegations or make public allegations in the press, which the public prosecutor is obligated to investigate further before they decide further actions, including the closing of the case for lack of any conclusive evidence. These practices have intensified during the recent economic crisis, as public prosecutors and the general public have generally become more sensitive to similar allegations, especially against companies in which the Hellenic Republic is a major shareholder and are viewed as operating in the public interest.

As a result, we, and our officers and directors, are presently and from time to time, and could be in the future, subject to various criminal or other investigations at various stages of procedural advancement on a variety of grounds arising in connection with our activities in the ordinary course of business. These investigations and legal proceedings may be disruptive to our daily operations to the extent the officers and directors involved need to

spend time and resources in connection therewith. They may also adversely affect our reputation. To date, none of the criminal proceedings initiated against us, our officers or directors has resulted in any criminal convictions and the majority of them are normally terminated by the prosecutors or investigative judges as unsubstantiated or frivolous at a very early stage. We are unable to predict when a dissatisfied customer, supplier, competitor, property owner, media outlet, activist or ordinary citizen may seek the protection of the criminal authorities against our activities or to promote other interests through criminal allegations or the threat of criminal proceedings or generally a criminal investigation may be initiated by a judicial or other authority. In the event that any such incidents in the future result in criminal trials or sentences, we could be further subject to fines, damages awards and other expenses, and our reputation may be harmed.

#### **Risk from tax and other regulations**

The taxation regime for corporations in Greece is frequently revised and we may be subject in the future to increased taxation rates. The imposition of any new taxes, or changing interpretations or application of tax regulations by the tax authorities as well as the harmonization of Greek and EU tax law and regulation may result in additional amounts being payable by us, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, we currently pay a special levy for the development of areas where electricity is generated from lignite, equal to 0.5% of our annual turnover at a Group level. Additionally, since 2012, we have been subject to a special levy for lignite generated electricity equal to €2.00 / MWh and a special tax on natural gas. We do not currently pay any royalty, concession fee or other fee for the lignite we extract or for our hydropower plants. The application of any new royalty regime may require the abolishment of the current regime and we cannot guarantee that any form of royalties, concession fees or other fees on our lignite or hydropower production will not be introduced by the Greek Government in the future.

Additionally, due to the current recession in Greece, even if we pass the effect of any new taxes, levies, etc. onto our customers, such taxes, levies, etc. may impact collection rates for our electricity bills or result in a loss of market share due to competition. Conversely, if we do not increase our tariffs to match an increase in taxation, our profitability margins may be reduced.

#### **PPC is subject to certain laws and regulations generally applicable to companies of the broader public sector**

As long as the Hellenic Republic, as the major shareholder of PPC, holds 51% of its share capital, the Company shall, in some sectors, continue to be considered as a public sector company in Greece. Therefore, its operations shall continue to be subject to certain laws and regulations generally applicable to public sector companies in Greece, affecting thus specific procedures, including but not limited to personnel salaries, maximum level of salaries, recruitments of employees, as well as the procurement policies etc. The said laws and regulations, particularly within the framework of the current financial conjecture and the relevant decisions of the Central Administration, which are not expected to be applicable to the Parent Company's current and future competitors, may limit the Parent Company's operational flexibility and may also have significant negative impact on its financial results, cash flow and on business risk management.

It should be noted that the Group does not have the possibility to recruit its experienced personnel in the range of its business activities while, today's average personnel age is approximately 47 years. The Group's inability to recruit specialized personnel negatively affects the ability of the new PPC Group to elaborate and implement its strategy in the new competitive and financial environment, as well as to adequately staff basic supportive operations at the level of new subsidiaries. Finally, there is a risk of losing managers and experts to competition mainly because of restrictions on remuneration policies. The viability and development of PPC Group in the new business environment notably depend on the ability to attract and maintain skilled and specialised personnel and executives. According to L.4057/2012, concerning all kinds of recruitment, the approval of an Interministerial Committee is necessary. Potential denial or delay of the aforementioned approval will create critical lack of

personnel and managers and may have negative impact on the implementation of the Groups' activity. The above mentioned issues bear an even greater significance for a company which is under privatization in the new environment formed by the provisions of the updated Memorandum (July 2013).

#### Organization and Risk Management

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

The Group has established but hasn't staffed the Risk Management Department yet, due to constraints in hiring. Till today its line management, on a case by case basis, is engaged in identifying and primarily assessing risks in order to submit recommendations to the Executive Committee and Board of Directors regarding the design and approval of specific risk management procedures and policies. We can provide no assurance that such procedures and policies provide full protection against risks faced by the Company.

#### The Group may face strikes

Most of the Group's employees are members of labour unions. Extensive labour unrest may have a significant negative impact on the Group's business activity.

#### Health, Safety and Environmental Laws and Regulations

The Group's operations are subject to National as well as European laws and regulations regarding employees' health and safety as well as environmental issues.

The cost for complying with such legislation and regulations may require major investments and/or significant expenses for actions regarding the environmental compliance, upgrade and rehabilitation. Changes in the environmental legislation may increase the compliance cost and eventually, may have an impact on the Group's profitability as well as its cash flow program.

Furthermore, due to the nature of our operations, we are involved in a number of environmental proceedings that arise in the ordinary course of business. These proceedings may not involve financial penalties and therefore cannot be quantified. Future related costs as a result of enforcement actions and/or third party claims for environmental damage and/or insurance cost for environmental liability could have a material adverse effect on our business, results of operations and financial position.

We are also required to obtain environmental and safety permits for our operations from various governmental authorities. Certain permits require periodic renewal or review of their environmental terms as well as continuous monitoring and reporting of compliance with such terms. We cannot give any assurance that we will be able to renew such permits or that material changes to our permits requiring significant expenditures on our end will not be imposed.

Environmental and health and safety laws are complex, change frequently and tend to become more stringent over time. As a result, we may not at all times be in full compliance with all such applicable laws and regulations. Additionally, as an owner and operator of generation and distribution facilities, we may incur in the future costs and expenses in connection with the decommissioning of such facilities, which the Group and the Parent Company estimate to be to a large extent recoverable from the sale of decommissioned equipment, materials and scrap.

#### Information Technology (IT) security

A large portion of our operations is based on information systems; therefore we are exposed to the risk of non-availability, data integrity corruption and unauthorized access to these systems. In order to minimize these risks, we take measures for the enhancement of our IT security.

We believe that we currently have adequate security policies in place to cover risks associated with the operation and maintenance of our IT infrastructure and perform regular audits of our systems. However, there can be

no assurances that we will be able to prevent technology failures or IT security breaches in a timely manner or continue to have adequate insurance coverage to compensate for related losses (including litigation claims, liability and data loss), which could disrupt our operations or harm our reputation and materially adversely affect our business.

#### Extraordinary events

Unexpected events, including natural disasters, fires, war, terrorist activities, strikes, etc., may lead to a breakdown or the interruption of the operation of our mines, the generation function and electricity transmission and distribution. Additionally, adverse macroeconomic developments, as well as financial and operating problems of basic suppliers, service providers and contractors may have a negative impact on our ability to purchase liquid fuels, spare parts and materials and may increase our business and operating costs.

Our operations are susceptible to industrial accidents, and employees or third parties may suffer bodily injury or death as a result of such accidents. In particular, while we believe that our equipment has been well designed and manufactured and is subject to rigorous quality control tests, quality assurance tests, and is in compliance with applicable health and safety standards and regulation, the design and manufacturing process is ultimately controlled by our equipment suppliers or manufacturers or EPC contractors rather than us, and there can be no assurance that accidents will not result during the installation or operation of this equipment. Furthermore, the consequences of these events may create significant and long-lasting environmental or health hazards and pollution and may be harmful or a nuisance to neighbouring residents. We may be required to pay damages or fines, clean up environmental damage or dismantle power plants in order to comply with environmental or health and safety regulations.

We may also face civil liabilities or fines in the ordinary course of our business as a result of damages to third parties caused by the natural and man-made disasters mentioned above. These liabilities may result in us being required to make indemnification payments in accordance with applicable laws.

#### Licensing Risk

The procedures for obtaining and renewing authorizations and permits for our activities can be protracted and complex. Obtaining these authorizations is not routine and the conditions attached to obtaining them are subject to change and may not be predictable. As a result, we may incur significant expenses in order to comply with the requirements associated with obtaining or renewing these authorizations. Failure to obtain or renew the necessary licenses and permits might result in interruptions to some of our operations, including also our ability to obtain funding for our activities.

Any failure to obtain, maintain, renew or extend all the administrative authorizations and licenses necessary for the operation of our business and execution of our strategy, could have a material adverse effect on our business, strategic and financial planning, results of operations, financial condition and cash flows.

#### Risk from impairment of Assets

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

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

#### Provision of guarantee to Subsidiaries

The Parent Company has a policy of reviewing on a case by case basis and only after the Decision of its Board of Directors to provide guarantees or intercompany loans only to subsidiaries or associates.



## BALANCES AND TRANSACTIONS WITH RELATED PARTIES

PPC balances with its subsidiaries and its associates as of December 31, 2013 are as follows:

	December 31, 2013	
	Receivable	(Payable)
<b>Subsidiaries</b>		
IPTO	-	(619,057)
PPC Renewables S.A.	10,872	(827)
HEDNO (former PPC Rhodes S.A.)	-	(150,546)
Arkadikos Ilios Ena S.A.	-	-
Arkadikos Ilios Dio S.A.	-	-
	10,872	(770,430)
<b>Associates</b>		
PPC Renewables ROKAS S.A.	-	-
PPC Renewables TERNA Energiaki S.A.	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	-	-
PPC Renewables MEK Energiaki S.A.	-	-
EEN VOIOTIA S.A.	-	-
Larco (energy, lignite and ash)	197,854	-
Waste Syclo S.A.	150	-
	198,004	-

PPC's transactions with its subsidiaries and its associates as of December 31, 2013 are as follows:

	2013	
	Invoiced to	Invoiced from
<b>Subsidiaries</b>		
IPTO S.A.	36,222	(1,631,751)
PPC Renewables S.A.	4,472	-
HEDNO	222,214	(985,594)
Arkadikos Ilios Ena S.A.	-	-
Arkadikos Ilios Dio S.A.	-	-
	262,908	(2,617,345)
<b>Associates</b>		
PPC Renewables ROKAS S.A.	-	-
PPC Renewables TERNA Energiaki S.A.	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	-	-
PPC Renewables MEK Energiaki S.A.	-	-

	2013	
	Invoiced to	Invoiced from
<b>Associates</b>		
PPC Renewables ELTEV AEIFOROS S.A.	-	-
EEN VOIOTIA S.A.	-	-
Larco S.A.	73,208	(6,794)
	73,208	(6,794)

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

As of 31.12.2013, the Parent Company has guaranteed total loans of € 8 mil. through account credit agreements. As of 31.12.2013 PPC Renewables S.A. has used € 670.

**Provision of guarantee in favor of IPTO.**

At December 31, 2013, the loans for the Parent Company's subsidiaries, guaranteed by the Parent Company, amounted to € 325 mil.

## LITIGATION WITH LARCO S.A.

On August 24, 2007 the Parent Company signed a contract for the procurement of lignite from LARCO S.A. for a total amount of 1.2 mil. tonnes (with a right to increase up to 15%) for a period of four years and a total amount of € 25.8 mil.. Given the fact that at the time of signing the contract LARCO S.A. had outstanding payables of an equal amount to PPC from the supply of electricity, payments for the procurement of lignite would be settled against the abovementioned receivable from LARCO S.A. PPC had made a provision for the abovementioned receivables, which was reversed in 2007, due to the fact that the collection of the amount was secured not only by the abovementioned contract, but also by a guarantee bond that LARCO S.A. raised in favour of PPC, covering the total duration of the contract and the total contractual amount. Taking under consideration the worth of lignite deliveries until July 2011 and the invoicing for August 2011 for the revised lignite prices for the deliveries of the period 01.01.2010–31.12.2010, the payment in full of LARCO's old debt, through the 2007 contract is considered to be completed by July 2011.

LARCO S.A. is liable for sums due and payable to PPC related to the consumption of electricity since December 2008. For all sums due to PPC for the period November 1, 2008 until April 30, 2009, an action has been filed by PPC before the competent Multimembered Court of Athens (for a sum of € 24.2 mil.) whereas, for the sums due to PPC for the period May 2009–October 2009 (for a total sum of € 18.8 mil.) an action has been filed against the said Company, the hearing of the case having been set for November 14, 2013 and which was canceled.

In July 2010 PPC's Board of Directors approved an agreement for the settlement of new debts incurred by LARCO's electricity consumption for the period 1.11.2008 to 30.06.2010. The above mentioned framework agreement was already approved by LARCO's Board of Directors.

As foreseen in the above mentioned agreement, a new framework agreement for the settlement of LARCO's new debts will be conducted, part of which will be paid by concluding a new lignite procurement contract, following the pattern set by the existing one. As far as payment of the rest of the debt is concerned, LARCO will disburse predetermined amounts, on a monthly basis, based on the fluctuation of nickel's stock market price. In addition with the aforementioned contract frame, LARCO is binded to pay in time the electricity bills for the consumption for the period following July 1, 2010.

The process of completing the contract for the settlement of new debts as well as the new contract for the

procurement of lignite which depict the above mentioned framework agreement, was completed and approved by the Parent Company's Board of Directors in July 2011. It is noted that in view of the materialisation of the above mentioned contract for the settlement of new debts, LARCO has paid € 1 mil., in April 2011 and € 1 mil., in May 2011, and thus the final debt amounts to € 76.7 mil. (principal not including interest). The above mentioned contracts were signed on August 1, 2011.

PPC's Board of Directors decided on March 12, 2012, to address a Judicial Reminder of debtor's default to LARCO in accordance with the provision of article 11 par. 12 of the existing Code for Supply for the payment of sums due from LARCO to PPC. In case of non-payment within 20 days' time as of service of the same to LARCO, PPC is to proceed with discontinuation of the supply of electricity to the respective customer. Furthermore, it was decided upon to file interim measures as against LARCO as well as an action due to debtor's default in payment before the competent Courts in order to safeguard the payment of sums due to PPC. PPC served on 16.3.2012 a Judicial Statement-Protest-Reminder of debtor's default and summoning to LARCO reserving all its rights.

PPC, after the relevant decision 100/10.04.2012 of its Board of Directors proceeded with the filing of an application of interim measures before the competent Court of Athens against LARCO for the provisory seizure of any and all of the movable assets as well as all the real estate property of LARCO, with the simultaneous filing of an application for an injunction and also, the filing of an action due to debtor's default in payment before the Multimembered Court of Athens. The case was heard on 20.11.2012. The Court issued its decision against PPC.

Following the aforesaid the Board of Directors of PPC by its Decision 200/28.9.2012 decided also to approve the termination of the contract between LARCO and PPC for the provision of energy after prior notice of 20 days' time for the payments by LARCO to PPC of any and all sums overdue.

On 29.10.2012 an action was filed by PPC against LARCO before the Multimembered Athens Court Of First Instance for the payment of all outstanding debts of LARCO to PPC amounting to the sum of € 72,058,436.10 for the sums due to energy supply to LARCO for the period of October 2011 to August 2012. The hearing of the said case has been set for 21.5.2015.

Furthermore, on November 9, 2012 PPC served to LARCO a Judicial Reminder of debtor's default for the payment of sums due from LARCO to PPC within 20 days' time as of service of the Judicial Reminder, stating that in all other cases, PPC will proceed with discontinuation of the supply of electricity to the respective customer.

On 18.10.2012 RAE's Decision 822/10.10.2012 was served to PPC (after the filing by LARCO of its RAE-I-153708/22.03.2012 Application – Complaint) in accordance to which, RAE ruled the application of the following interim measures in favour of LARCO with the form of a price for the supply of electricity for LARCO which was temporarily fixed at 50 €/ MWh, plus fees for PSOs, Renewables and for the use of the Transmission System, plus other taxes and charges for a period of three (3) months from the issuance of the same Decision (that is until 09.01.2013).

Following that, LARCO has asked for the extension of the above mentioned interim measures, but RAE rejected that claim by its Decision 28/2013. After that PPC's management has sent a letter to LARCO (dated 10.05.2013) with which has asked LARCO to settle its debts to PPC, or else PPC will proceed with the discontinuation of the supply. Despite the exchange of letters that followed however, LARCO did not act towards the settlement of its non-settled debts towards PPC.

On June 5, 2013 and following the Decision Nr 200/28.9.2013 of PPC BoD, PPC sent to LARCO and ADMHE its extrajudicial statement (dated 04.06.2013) by which PPC reserved its right to denounce the contract as between LARCO and PPC and by which PPC also declared that it would stop representing the meters of LARCO within a period of ten (10) days as of the date thereof, unless LARCO fulfils its obligations to PPC.

Following that LARCO filed an action as against PPC seeking injunctive relief as well as a judicial order before the Single Membered First Court of Lamia, which issued the 473/2013 decision, by which it rejected all relevant claims and petitions of LARCO as well as of the intervening third parties. This Decision was served to LARCO, IPTO and RAE on 19.09.2013.

LARCO, following the signing of the contract for the settlement of its new debts does not pay the amounts for its current electricity bills, thus resulting to its total debt on December 31, 2013 (including consumptions up to November 2013) amounted to € 191,20 mil. (including debt by the current consumption of € 143.6 mil. and residual debt by 01.08.2011 settled amount of € 47.6 mil. ) plus interest (31.12.2012 € 139.2 mil.) For the abovementioned PPC has made adequate provisions.

#### Transactions and balances with other government owned entities

The following table presents purchases and balances with government owned entities Hellenic Petroleum ("ELPE") and National Gas Company ("DEPA"), which are PPC's liquid fuel and natural gas suppliers respectively, and into which the Hellenic Republic participates.

	Purchases		Balance	
	2013	2012	2013	2012
ELPE, purchases of liquid fuel	145,738	162,359	10,222	6,858
DEPA, purchases of natural gas	393,089	443,419	75,519	(34,402)
	538,827	605,778	85,741	(27,544)
	December 31, 2013		December 31, 2012	
	Receivable	(Payable)	Receivable	(Payable)
<b>EMO S.A.</b>	478,585	(478,615)	363,420	(366,705)
	31.12.2013		31.12.2012	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
<b>EMO S.A.</b>	255,459	(599,602)	158,631	(850,558)

Further to the above, PPC enters into transactions with many government-owned or-nonprofit oriented entities within its normal course of business (sale of electricity, services received, etc.). All transactions with government owned entities are performed at arm's length terms.

It is noted that on February 15, 2013 PPC S.A. has transferred to the Greek State the sum of its EMO's shares.

**Management compensations**

Compensations concerning management members (Board of Directors and General Managers) for the year ended December 31, 2013 and 2012 are as follows:

	Group		Company	
	2013	2012	2013	2012
<b>Compensation of members of the Board of Directors</b>				
- Executive members of the Board of Directors	154	291	57	98
- Non-executive members of the Board of Directors	184	351	91	133
- Compensation / Extra fees	111	-	-	-
- Social security contributions	62	46	-	-
- Other Benefits	8	12	6	12
	<b>519</b>	<b>700</b>	<b>154</b>	<b>243</b>
<b>Compensation of Deputy Managing Directors and General Managers</b>				
- Regular compensation	698	893	641	845
- Social security contributions	232	168	211	157
- Compensation / Extra fees	-	-	-	-
	<b>930</b>	<b>1,061</b>	<b>852</b>	<b>1,002</b>
	<b>1,449</b>	<b>1,761</b>	<b>1,006</b>	<b>1,245</b>

Compensation to members of the Board of Directors does not include standard payroll, paid to representatives of employees that participate in the Parent Company's Board of Directors and related contributions to social security funds. Also, it does not include the electricity benefit based on the PPC personnel invoice to the Board of Director members, the Deputy Managing Directors and the General Managers.

Based on L. 4110/2013 the above mentioned compensation by the year 2013 was subject to an income tax of 40%. Since 01.01.2014 following the provisions of L. 4172/2013, the above mentioned compensation is considered as salary and is taxed accordingly.

**Statement of Corporate Governance****1. INTRODUCTION****1. Code of Corporate Governance applying to the Company**

The Corporate Governance constitutes a system of principles, based on which the optimum organization, management and operation of the société anonyme is pursued along with transparency in its relations with the shareholders and more generally the safeguarding of corporate interest.

The observance of the principles of corporate governance constitutes the major commitment and priority of PPC S.A. in view of its important role in the Greek Economy, as well of the public service character of its services.

It is noted that the Company is subject to specific laws and regulations applicable to companies of the wider public sector, as long as the Hellenic Republic, as the main shareholder, holds 51% of its share capital. Consequently, its business shall continue to fall under the laws and provisions applicable to companies owned by the Greek State and shall affect specific procedures such as those concerning, indicatively and not restrictively, the policy of personnel remuneration. The said laws and provisions, to which the current competitors of the Company are not expected to be subject, may restrict its operating flexibility and the implementation of the relevant best practices of corporate governance. To date the Hellenic Republic still holds 51.12% of the share capital. The Hellenic Republic Asset Development Fund (HRADF) was appointed as proxy holder of the Hellenic Republic, entitled to exercise at its sole discretion, in the most appropriate way, and without any guidance by the shareholder "Hellenic Republic", the voting rights for 39,440,000 ordinary shares with voting right (namely 17% of the existing share capital of the Company) without transferring to HRADF the voting rights of the Hellenic Republic on PPC SA. In accordance with the Act of Legislative Content dated 7.9.2012, which was ratified by article 2 of Law 4092/2012, the obligatory participation of the Hellenic Republic by at least 51% in the share capital was abolished. Following the resolution of the Extraordinary General Meeting dated 30.11.2012, the article of the Articles of Incorporation which provided for the participation of the Hellenic Republic by at least 51% of the share capital was abolished. Such amendment to the Articles of Incorporation, on one hand, enables harmonization with the applicable legislation and on the other, renders feasible the reduction of the current participation rate of the Hellenic Republic in the Company's share capital.

PPC has drawn up and implements its own Code of Corporate Governance. The said Code was updated on February 2013 (BoD Resolution 5/19.02.2013) and is posted on the Company's website ([www.dei.gr](http://www.dei.gr)).

The basic axes of the Corporate Governance System of PPC are the following:

**Governing Bodies**

Composition of the Governing Bodies, competencies and functioning. Committees of the Board of Directors and competences thereof.

**Shareholders**

Competences and functioning of the General Meeting of Shareholders, shareholders' rights, shareholders' briefing, as well as reference to the data required in accordance with article 10, par. 1 of Directive 2004/25/EC of the European Parliament.

**Internal audit and risk management**

Main characteristics of the Company's internal audit and risk management systems in relation with the procedure of financial statements' drawing up.



## 2. CORPORATE GOVERNANCE PRACTICES IMPLEMENTED BY PPC IN ADDITION TO LAW (ARTICLE 2, PAR. 2 OF L. 3873/2010)

1. The prohibition applied to the members of the Board of Directors concerning the performance of competitive acts is valid for a period of two years following termination for any reason whatsoever of the term of office of the Board member or his retirement from the Board of Directors (article 13 par. 2 of Articles of Incorporation, Code of Corporate Governance "Prohibition of competition – Participation in the Board of Directors of subsidiary companies" page 10).
2. The Board of Directors consists of different categories of members: six (6) members elected by the main shareholder during a General Meeting where he is the only participant, two (2) members elected by the minority shareholders in a Special Meeting where only the minority shareholders participate, two (2) members representing the Company's employees are elected by direct and universal ballot one (1) member designated by the Economic and Social Committee (article 9 of Articles of Incorporation, Code of Corporate Governance "Composition of the Board of Directors" page 5). Such particular composition of the Board of Directors and such special way of designating the Members of the Board constitute the reason why the Committee of Candidatures' Designation of the Board of Directors was not formed based on the applicable (as of October 2013) Greek Code of Corporate Governance for Listed Companies.
3. In case that the positions of Chairman and CEO coincide to the same person, the Board of Directors shall also elect a Vice Chairman (article 14 of Articles of Incorporation, Code of Corporate Governance "Chairman and Vice Chairman of the Board of Directors" page 10).
4. Apart from the Board of Directors and the CEO, the Governing Bodies of the Company include the Management Board (article 8 of Articles of Incorporation, article 3 of Rules of Operation, Code of Corporate Governance "Governing Bodies" page 5).
5. There are Deputy CEOs who report to the CEO (article 15a of Articles of Incorporation, Code of Corporate Governance "Deputy Chief Executive Officers" page 11).
6. A Remunerations Committee has been established, consisting of three (3) non executive members of the Board of Directors, two (2) of whom at least are independent (article 17 of Articles of Incorporation, Code of Corporate Governance "Remuneration and Compensation of Members", page 13).
7. A Management Contract is signed between PPC and the CEO (article 16 of Articles of Incorporation, Code of Corporate Governance "Management Contract and follow-up of its implementation page 12).
8. Persons of recognized standing or with specialized experience or expertise in specific areas may be employed as Special Consultants, in order to support the CEO or the Deputy CEOs or the General Managers in carrying out their duties. The number of special consultants shall not exceed ten (10). The employment/assignment contracts with the Special Consultants are signed by the Chief Executive Officer, who decides upon the nature of their relationship with the Company as well as upon the terms of such contracts, indicatively the duration of the contract, remuneration/fees and other benefits (article 21 Code of Operation) (article 21 Code of Operation).
9. By virtue of the Resolution of the Board of Directors no 38/23.02.2009, a Corporate Governance and Monitoring Committee of the subsidiary company of PPC S.A. under the trade name "PPC Renewables S.A." was established. The said Committee, by virtue of the Resolution of the Board of Directors no 97/14.04.2010, consists of the Chairman of PPC Renewables S.A., the CEO of PPC Renewables S.A., the Deputy CEO of PPC S.A. who supervises the Corporate Functions Divisions of PPC S.A., the General Manager of Finance of PPC S.A. and the General Counsel of PPC S.A.
10. Based on the Company's Rules of Operation as applicable which were approved by the Decision no 183/26.11.2013, the Members of the Board of Directors as well as any third person to whom any competencies of the Board have been assigned by the latter, shall not be allowed to pursue own interests that are contrary to those of the Company. The Members of the Board as well as any third person to whom any competencies of the Board have been assigned, are obligated to disclose promptly and adequately to

the rest of the Board Members their own interests, that may arise from any transactions of the Company which fall within the scope of their duties, as well as any conflict of own interests with those of the Company or of any associated company, which may arise during the performance of their duties. In the event that such conflict of interests is reported or occurs in accordance with the aforementioned, such Member of the Board shall have no voting right during the relevant meeting of the Board. Any vote cast by such Member of the Board shall not be counted toward a quorum and majority.

## 3. DESCRIPTION OF INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS IN RELATION WITH THE PROCEDURE OF FINANCIAL STATEMENTS' DRAWING UP

### 3 | 1 Safeguards at corporate level

The Internal Audit of PPC is performed by the Internal Audit Department (IAD). The IAD is supervised by the Audit Committee which consists of three independent-non executive members of the Board of Directors, who have been appointed by the General Meeting of the Shareholders.

The members of the Audit Committee, in accordance with the Rules of Operation of the Company, assume the obligations provided for by the legislation concerning corporate governance, including:

- Follow up of the financial information procedure.
- Follow up of the effective operation of the internal audit and risk management system, as well as follow up of the proper operation of the IAD.
- Follow up of the process of compulsory audit of individual and consolidated financial statements.
- Review and follow up of issues relating to the existence and preservation of the objectivity and independence of chartered auditors-accountants concerning, in particular, other services rendered by them to the Company and its subsidiaries.
- The monitoring of the implementation of the Company's budget (BoD decision 128/18.7.2013).

The annual audit plan of the IAD is drawn up based on the determination, updating and assessment of the corporate risks of the Group and taking into consideration the strategic goals of the Company and all evolutions concerning the Company and its environment. The audit plan is submitted for approval by the BoD through the Audit Committee.

### 3 | 2 Safeguards for information systems

The Company has developed a Framework of Information Systems Security within which the policies concerning Information Systems Security are defined in regard with information classification, security in matters of personnel, physical and environmental security, management of communications and information systems operations, access control, development and maintenance of information systems, business continuity management, compliance with the obligations deriving from the regulatory-legislative framework.

Moreover, the roles and competencies concerning the information systems security are defined.

### 3 | 3 Safeguards for the procedure of drawing up financial statements and reports

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

- **Allocation of Competencies**

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

- **Procedures for accounting monitoring and drawing up of financial statements**

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

- **Procedures for property safekeeping**

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

- **Transaction approval limits**

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

#### 4. INFORMATION REQUIRED IN ACCORDANCE WITH ARTICLE 10, PAR. 1 ITEMS C), D), F), G) AND H) OF DIRECTIVE 2004/25/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, DATED APRIL 21, 2004 CONCERNING TAKEOVER BIDS - EXPLANATORY REPORT OF BOARD OF DIRECTORS (ARTICLE 4, PARAGRAPH 7 & 8 OF L. 3556)

##### 4.1 SHARE CAPITAL STRUCTURE

#### 4 | 1 Share Capital Structure

The Company's share capital amounts to € 1,067,200,000 divided into 232,000,000 ordinary registered shares corresponding to 232,000,000 voting rights with a nominal value of € 4.60 each.

#### 4 | 2 Restrictions in transferring Company shares

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

#### 4 | 3 Significant direct or indirect participations within the meaning of articles 9 to 11 of L. 3556/2007

Major participant is the Hellenic Republic holding 51.12%.  
As of December 31, 2013, apart from the Hellenic Republic, Silchester International Investors LLP has a significant participation (over 5%).

13.09.2011	"Silchester International Investors LLP" acting as investment manager for its client - Silchester International Investors International Value Equity Trust.	5.01%
08.12.2011	"Silchester International Investors LLP" acting as investment manager for the following clients: - Silchester International Investors International Value Equity Trust, - Silchester International Investors International Value Equity Taxable Trust, - Silchester International Investors International Value Equity Group Trust, - Silchester International Investors Tobacco Free International Value Equity Trust, - The Calleva Trust.	13.80%

On September 2012 the Hellenic Republic Asset Development Fund (HRADF) was appointed as proxy holder of the Hellenic Republic, entitled to exercise at its sole discretion, in the most appropriate way and without any guidance by the shareholder "Hellenic Republic", the voting rights of 39,440,000 ordinary shares with voting right (namely 17% of the existing share capital of the Company) without any transfer of the Hellenic Republic voting rights on PPC S.A. to HRADF.

The duration of such proxy is thirty six (36) months as of the date of signing of the relevant agreement, unless the objective of the proxy is achieved earlier.

#### 4 | 4 Shares with special control rights

There are no shares granting special control rights, *stricto sensu*. It is hereby noted, the procedure of election of the members of the Board of Directors, (articles 9 and 19 of the Company's Articles of Incorporation), through two General Meetings of Shareholders. In the first one only the majority shareholder –the Hellenic Republic– among the Company's shareholders participates, while in the other only the minority shareholders participate.

#### 4 | 5 Voting rights restrictions

- According to article 9, par. 2 (a) of the Company's Articles of Incorporation, the minority shareholders are not entitled to participate in the General Meeting of shareholders [in which among others participate the majority shareholder (the Hellenic Republic)], by which six (6) members of the Board of Directors, the CEO included, are elected.
- According to article 19 of the Company's Articles of Incorporation, whenever an election of a minority representative to the Board of Directors is required (it is provided in article 9, par. 2c of the Articles of Incorporation that two (2) minority representatives participate in the Board of Directors) a Special General Meeting is convened, in which only the minority shareholders are entitled to vote.

#### 4 | 6 Agreements between Company's shareholders

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

#### 4 | 7 Regulations on appointing and replacing members of the Board of Directors

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

- Six (6) members, including the CEO, are elected by the General Meeting of the shareholders of the Company in which the minority shareholders are not entitled to participate.
- Two (2) members representing the Company's employees are elected by direct and universal ballot after having notified the most Representative Trade Union (ASOP) of the Company.
- Two (2) members are elected by a Special General Meeting of the minority shareholders (article 19 of the Company's Articles of Incorporation).

- One (1) member, who is involved in agencies performing activities similar to those of the Company, is designated by the Economic and Social Committee (ESC) and is appointed by decision of the Minister of the Environment, Energy and Climate Change.

In the event that, for any reason whatsoever, any representative of the employees or the representative of ESC is not elected or in the event any vacancy in the office of the aforesaid representatives is not promptly filled or/and in the event that the minority shareholders have not appointed their representatives in the Board of Directors or in the event they have not filled in the office of the said members, this shall not impede the Board of Directors constitution and functioning, without said members.

According to article 9, par. 5a of the Company's Articles of Incorporation, in case that, for any reason whatsoever, there is a vacancy in the office of a member of the Board of Directors elected by the General Meeting of the majority shareholder (Hellenic Republic) (procedure per article 9, par. 2a of the Company's Articles of Incorporation), the remaining Board members shall elect another member for the balance of the term of the vacant member and such election shall be certified at the next meeting of the General Meeting.

According to article 19, par. 1 of the Company's Articles of Incorporation, in case that, for any reason whatsoever, there is resignation or a vacancy in the office of a member of the Board of Directors elected by the Special General Meeting of the minority shareholders, they shall be substituted by the same procedure applied for their election.

#### 4 | 8 Duties of the Board of Directors with regard to the issuance of new or the purchase of own shares

According to article 7, par. 3 of the Company's Articles of Incorporation, the Company may, by resolution of the Board of Directors, issue provisional share warrants, which shall be exchanged for the final ones upon their issuance.

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

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

#### 4 | 9 Significant agreements that become effective, are amended or are terminated in the event of change in control

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

In addition, the change in PPC's share capital, which will lead to change in control over the Company is a reason for an "Accelerated Put/Call Event" according to the Shareholders Agreement between PPC S.A. and TERNA ENERGY relating to WASTE SYCLO S.A., and will initiate the procedure of the "Accelerated Put/Call Notice", within a specific deadline. The Non Defaulting Party may require to purchase all the shares of the Defaulting Party according to the foreseen procedure in the Shareholders Agreement.

#### 4 | 10 Agreements with members of the Board of Directors or Company Personnel

There are no share distribution plans for the members of the Board of Directors and/or employees of the Company. PPC has signed employment contracts with the Chairman and Chief Executive Officer Mr. A. Zervos, with the Vice Chairman and Deputy CEO Mr. K. Dologlou and with the Deputy CEO Mrs Our. Ekaterinari.

## 5. INFORMATION ON THE FUNCTIONING OF THE GENERAL MEETING OF THE SHAREHOLDERS AND ITS MAIN POWERS, AS WELL AS DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND OF THEIR EXERCISE

### 5 | 1 Competence of the General Meeting

1. The General Meeting of shareholders is the supreme authority of the Company and shall have the right to make decisions on all matters concerning the Company, unless otherwise stipulated in the Articles of Incorporation, and more particularly to decide regarding:
  - a) The amendment of the Articles of Incorporation. Such amendments are also deemed to include the increase or reduction of the share capital, subject to the provisions of article 6 of the Articles of Incorporation and article 34, par. 2 of Codified Law 2190/1920, as applicable. The decisions concerning amendments to the Articles of Incorporation shall be valid, provided that the relevant amendment is not prohibited by an express provision of the Articles of Incorporation or by law.
  - b) The election of Board Members, pursuant to articles 9 and 19 of the Articles of Incorporation, of the Chief Executive Officer and of the regular auditors.
  - c) The approval of the balance sheet of the Company.
  - d) The distribution of the annual profits.
  - e) The issue of loan through bonds convertible into shares, subject to the provisions of article 6 of the Articles of Incorporation. The issue of bonded loans not convertible into shares shall be permitted also by virtue of a resolution of the Board of Directors.
  - f) The merger, division (demerger), conversion, revival, extension of term or dissolution of the Company.
  - g) The appointment of liquidators.

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

### 5 | 2 Convocation of the General Meeting

1. The General Meeting of shareholders of the Company shall be convened by the Board of Directors and shall meet at the seat of the Company and/or at any other place outside such seat, in accordance with the provisions of article 25 of Codified Law 2190/1920, at least once a year, always within the first six months following the termination of the financial year. The Board of Directors may convene an Extraordinary General Meeting of the shareholders, whenever this is prescribed by special provisions or whenever the Board considers it appropriate.
2. Within ten (10) days from the submittal by the auditors of a request to the Chairman of the Board of Directors, the Board of Directors shall be bound to convene the General Meeting of shareholders having for items on the agenda those listed in the submitted request.

### 5 | 3 Invitation to the General Meeting

1. The Invitation to the General Meeting, with the exception of repeat General Meetings and of meetings regarded as such, shall clearly state at least the venue, date and time of the meeting, the items on the agenda, the shareholders entitled to participate, as well as precise instructions about the way the shareholders shall be able to participate in the meeting and exercise their rights in person or by proxy, or potentially through remote attendance (from a distance), shall be available in a prominent place at the registered office of the Company and shall be published as follows:
  - a) In the Bulletin of Sociétés Anonymes and Limited Liability Companies of the National Official Gazette, in accordance with article 3 of the Presidential Decree dated 16/22 January 1930 on "Bulletin of Sociétés Anonymes".



- b) In a daily newspaper published in Athens, which according to the opinion of the Board of Directors has a nation-wide circulation, selected from among the papers listed in article 3 of Legislative Decree 3757/1957 regarding "Prerequisites to Be Met by Newspapers Which Publish Material Referring to Sociétés Anonymes and Limited Liability Companies" (National Official Gazette, volume A, issue no. 184), as applicable.
  - c) In a daily financial newspaper from among those designated in paragraph 2c of article 26 of Codified Law 2190/1920.
  - d) In two newspapers with a wide circulation in Europe and the United States, provided that this shall be permitted by the standing legislation of the place of publication.
2. The General Meeting shall be convened at least twenty (20) days prior to the date set for the meeting, inclusive of days legally excluded (holidays). Publication in the Bulletin of Sociétés Anonymes and Limited Liability Companies of the National Official Gazette shall be made at least ten (10) full days and in the other newspapers twenty (20) days prior to the said appointed date. In the event of repeat General Meetings, the time limits set forth herein are reduced by one half.
  3. The day of publication of the notice of invitation to attend a General Meeting and the day on which such meeting shall be held are not counted.
  4. Besides the information of par.1 herein, the invitation shall also:
    - a) include at least the following information:
      - aa) shareholders rights of par. 2, 3, 6 and 7 of article 29 of the Articles of Incorporation, stating the time period within which each right may be exercised, by the respective deadlines specified in the above paragraphs of article 29 of the Articles of Incorporation or alternatively the closing date by which such rights may be exercised, on condition that the detailed information is posted, with an explicit reference in the invitation, on the Company's website [www.dei.gr](http://www.dei.gr), and
      - bb) the procedure for the exercise of the voting rights by proxy and more in particular the printed forms used by the Company to this end, as well as the means and methods provided for in article 23 of the Articles of Incorporation, in order that the Company receives electronic notifications of any appointment and revocation of proxy holders.
    - b) the record date as provided for in article 23 par. 2 of the Articles of Incorporation in accordance with article 28a, par. 4 of Codified Law 2190/1920, as applicable, pointing out that only those persons having the shareholding capacity on such date shall have the participation and voting right at the General Meeting.
    - c) the location where the full text of documents and draft resolutions provided for in cases c) and d) of par. 5 of article 23 of the Articles of Incorporation are made available, as well as their reception mode.
    - d) the Company's website address where the information of par. 5 of article 23 of the Articles of Incorporation are posted.
  5. The Company publishes in the print media of par. 1 herein a summary of the invitation containing at least the precise address of the venue, the time and the hour of the meeting, the shareholders entitled to participate, as well as an explicit reference to the address of the Company's website where the full text of the invitation and the information provided for in par. 3 of article 27 of Codified Law 2190/1920 are posted. In case of enforcement of par. 2 article 39 of Codified Law 2190/1920 the publication in the print media in accordance with the above par. 1 herein shall contain at least a clear indication that any revised agenda shall be posted on the Company's website and published in the media of the following section. Besides the publication in the print media of par. 1 herein and at the Company's website, the full text of the invitation shall also be published within the prescribed deadline of par. 2, in such a way as to ensure rapid and non discriminatory access to it, in the media that the Board of Directors considers reasonably reliable for the effective diffusion of information to the investors, in particular at print and electronic media with national and Europe-wide circulation.

## 5 | 4 Participation in the General Meeting

1. Any shareholder shall be entitled to attend and vote at the General Meeting.
2. Any person appearing as a shareholder in the registry of the entity where the securities of the Company are being kept, shall be entitled to participate in the General Meeting without being required to block his shares.  
The shareholding capacity shall be evidenced by providing a relative written certificate from the above entity or alternatively a confirmation through direct online connection of the Company with the records of the latter. The shareholdings capacity shall be valid on the commencement of the fifth (5) day prior to the date of the General Meeting (Record Date) and the relative written or electronic certificate with regard to the shareholding capacity shall be serviced to the Company at the latest the third (3) day prior to the date of the General Meeting. Shareholders may attend the repeat General Meeting in accordance with the same formal requirements set out above. The shareholding capacity shall be valid on the commencement of the fourth (4) day prior to the holding of the repeat General Meeting (Record Date of repeat General Meetings), while the relative written or electronic certificate with regard to the shareholding capacity shall be serviced to the Company at the latest the third (3) day prior to the General Meeting. Only those holding the shareholding capacity on the above Record Date shall be considered vis-à-vis the Company to be entitled to participate and vote at the General Meeting. In case of non compliance with the provisions of Article 28a of Codified Law 2190/1920, as applicable, said shareholders may attend the General Meeting only upon authorization of the General Meeting.  
Shareholders shall participate and vote at the General Meeting either in person or by proxy. Each shareholder may appoint up to three (3) proxy holders. A proxy holder holding proxies by several shareholders may cast votes differently for each shareholder. The appointment and revocation of proxy holders shall be made in writing or by mail and shall be notified to the Company in accordance with the same procedure as above the least three (3) days prior to the date set for such General Meeting. Legal entities participating in the General Meeting may appoint up to three (3) natural persons as proxies.
3. Ten (10) days prior to the ordinary General Meeting, every shareholder may obtain from the Company the annual financial statements thereof, together with the relevant reports of the Board of Directors and of the auditors.
4. Twenty-four (24) hours prior to each General Meeting, a list of shareholders with voting right at the said meeting shall be posted in a prominent place at the registered office of the Company. The said list shall indicate any proxies of the shareholders, in compliance with article 28a of Codified Law 2190/1920, as applicable, and paragraph 2 herein, the number of shares and votes of each shareholder, as well as the addresses of the shareholders and of their proxies.
5. As of the date of publication of the invitation to the General Meeting and until the date of the General Meeting, at least the following information shall be posted on the Company's website:
  - a) the notice of invitation to the General Meeting,
  - b) the total number of shares and voting rights on the date of such invitation,
  - c) the documents to be submitted at the General Meeting,
  - d) a draft resolution for each item on the agenda or in case no resolution has been submitted for approval, a comment by the Board of Directors on each item on the agenda and any draft resolutions submitted by the shareholders, right after being received by the Company,
  - e) the printed forms to be used for the exercise of voting rights by proxy.

**5 | 5 Ordinary Quorum and Majority**

1. A quorum of the General Meeting shall be deemed to be achieved for the proper discussion of the issues on the agenda, when shareholders representing at least one fifth (1/5) of the paid-up share capital are present or represented thereat.
2. If the quorum referred to in the preceding paragraph is not obtained, the General Meeting shall be held again within twenty (20) days from the date of the postponed meeting, following invitation being notified at least ten (10) days prior to the meeting date. At such repeat meeting a quorum shall be deemed to be obtained in order to duly discuss the items set out in the original agenda, independently of the proportion of the paid-up share capital represented thereat.  
A new notice of invitation is not required, in the event that the original notice of invitation states the venue and date of the repeat meetings provided for by the law, in case a quorum has not been reached, on condition that at least ten (10) full days intervene between the postponed meeting and the repeat one.
3. The resolutions of the General Meeting shall be made by absolute majority of the votes represented thereat.

**5 | 6 Extraordinary Quorum and Majority**

1. Especially, for resolutions regarding:
  - a) change in the nationality of the Company,
  - b) modification of the object of the Company,
  - c) issuance of bonded loans convertible into shares, as stipulated by article 20, par. 1(e) of the Articles of Incorporation,
  - d) increase of the shareholders' obligations,
  - e) increase of the share capital subject to the provisions of article 6 of the Articles of Incorporation, or unless it is imposed by law or is effected by capitalization of reserves,
  - f) decrease of the share capital, with the exception of the case of par. 6, article 16 of Codified Law 2190/1920, as applicable, or with the exception of those cases which are regulated in a different manner, according to a special law or to the Articles of Incorporation,
  - g) change in the manner of profits' distribution,
  - h) restriction or abolition of the pre-emption right of the old shareholders in all cases of increase of the share capital not effected by transfers in kind or by the issuance of convertible bonds,
  - i) merger, division (demerger), conversion, revival, extension of term or dissolution of the Company,
  - j) granting or renewing of powers to the Board of Directors for the increase of the share capital or the issuance of bonded loan in accordance with the provisions of article 6, par. 2(b) of the Articles of Incorporation, and
  - k) any amendment to the article herein and in any other case provided for by the law, a quorum shall be deemed to be obtained for the proper transaction of the business set out in the agenda, when shareholders representing two thirds (2/3) of the paid-up share capital are present or represented at the relevant meeting.
2. If the said quorum is not obtained, a second General Meeting shall be held in accordance with the provisions of paragraph 2, article 24 of the Articles of Incorporation, a quorum of which shall be obtained for the proper transaction of the business set out in the original agenda when at least one half (1/2) of the paid-up share capital is represented thereat. If such quorum is still not obtained, the General Meeting shall be held upon notice of invitation and convened as stipulated above, a quorum of which shall be obtained when shareholders representing at least one fifth (1/5) of the paid-up capital are present or represented at said meeting.  
In the event that quorum has not been not obtained, a new notice of invitation is not required, on

condition that the venue and time of the repeat meetings, as provided for by law, are set in the initial invitation, and that at least ten (10) full days intervene between each postponed meeting and each repeat one.

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

**5 | 7 Chairmanship of the General Meeting**

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

**5 | 8 Agenda - Minutes of the Meetings**

1. The discussions and the resolutions of the General Meeting shall be limited to the items on the agenda published in accordance with article 22 of the Articles of Incorporation.
2. A summary of all the items discussed and resolved at the General Meeting shall be entered in a minute book signed by the Chairman and the Secretary. Following request, if any, by any shareholder, the Chairman shall record an exact summary of the said shareholder's opinion in the minutes. In the same minute book shall also be recorded a list of shareholders who attended the General Meeting in person or by proxy, drawn up in accordance with par. 2 of article 27 of Codified Law 2190/1920, as applicable. The results of the voting shall be posted on the Company's website under the responsibility of the Board of Directors within five (5) days at the latest from the date of the General Meeting, indicating for each resolution at least the number of shares for which valid votes were cast, the proportion of the share capital represented by such votes, the total number of valid votes as well as the number of votes cast in favour and against each resolution and the number of abstentions.
3. Copies of and excerpts from the minutes of the General Meeting shall be certified by the Chairman of the Board of Directors or his/her substitute.
4. If only one shareholder is present at a meeting of the General Meeting, then a representative of the Supervising Ministry – Section of Supervision of Sociétés Anonymes or a notary public authorized to do business in the district where the seat of the Company is located, shall attend the said General Meeting and countersign the minutes thereof.

**5 | 9 Discharge from Liability of the Members of the Board of Directors and of the Auditors**

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

**5 | 10 Minority Rights**

1. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall be bound to convene an extraordinary General Meeting, setting the date of such a meeting, which shall not be later than forty five (45) days from the date of service of such request to the Chairman of the Board of Directors. The agenda items shall be stated in detail in the said request. If the General Meeting is not convened by the Board of Directors within twenty (20) days from the service of the said request, the meeting shall be convened by the requesting shareholders at the expense of the Company, upon decision of the Single-Member Court of First Instance at the Company's registered seat, issued following the procedure of interim measures. The place and date of the meeting, as well as the items on the agenda, shall be defined by the said decision.
2. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall be obliged to insert additional items in the agenda of a General Meeting already convened, if the relative request has been submitted to the Board of Directors at least fifteen (15) days prior to the General Meeting. The request for the insertion of additional items in the agenda shall be accompanied by the reasoning or a draft resolution to be approved by the General Meeting. The revised agenda shall be published or notified under the responsibility of the Board of Directors, pursuant to article 26 of Codified Law 2190/1920, as applicable, according to the same procedure as above, thirteen (13) days prior to the date of the General Meeting; at the same time it shall be made available to the shareholders on the Company's website along with the reasoning or the draft decision submitted by the shareholders in accordance with the provisions of par. 5 of article 23 of the Articles of Incorporation.
3. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall make available to the shareholders in accordance with the provisions of par. 5 article 23 of the Articles of Incorporation, at least six (6) days prior to the General Meeting any draft resolutions on items included in the initial or the revised agenda, provided that such request is submitted to the Board of Directors at least seven (7) days prior to the date of the General Meeting.
4. The Board of Directors shall have no obligation to proceed to the insertion of items in the agenda nor to publish or notify such items along with the reasoning and the draft resolutions submitted by the shareholders in accordance with the above par. 2 and 3 respectively, if their content is obviously contrary to Law and morality.
5. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Chairman of the General Meeting shall be obliged to postpone, only once, the decision making by the ordinary or extraordinary General Meeting for all or for specific items, setting at the same time, as date for the continuation of the meeting, the one specified in the request of the shareholders, which may not be later than thirty (30) days from the date of postponement.  
The General Meeting, which follows the postponed one, is deemed to be in continuation of the previous one and no repetition of the formalities for the publication of the shareholders' invitation is required. New shareholders may also attend this meeting, by complying with the provisions of article 23 of the Articles of Incorporation.
6.
  - a) At the request of shareholders representing one twentieth (1/20) of the paid-up share capital submitted to the Company, the Board of Directors shall be bound to announce to the General Meeting of shareholders, provided it is an ordinary General Meeting, the amounts paid by the Company for any reason whatsoever, within the last two (2) years, to members of the Board of Directors, to the General Managers, to the Managers or other employees of the Company, as well as any other benefit paid to the said persons or any contract of the Company concluded with the above mentioned persons for any reason whatsoever.
  - b) At the request of any of the shareholders, submitted to the Company within at least five (5) full days prior to the General Meeting, the Board of Directors shall be obliged to provide the requested information with respect to the Company affairs, to the extent that such information is useful for the actual evaluation of the agenda items. The Board of Directors may give a common reply to all shareholders' requests having the same content. There shall be no obligation to provide information, on condition that such information is already posted on the Company's website, especially in question and answer form.  
In both cases a) and b) above, the Board of Directors may refuse to provide the requested information, if sufficient material grounds exist, recording the reasons for such refusal in the minutes.
7. At the request of shareholders representing one fifth (1/5) of the paid-up share capital submitted to the Company within the time limit referred to in the preceding paragraph, the Board of Directors shall be obliged to provide during the General Meeting to the said shareholders information on the progress of the affairs and on the financial condition of the Company. The Board of Directors may refuse to provide the requested information, if sufficient material grounds exist, recording the reasons for such refusal in the minutes.
8. In the cases referred to in paragraphs 6 a) and 7 of the article herein, any issue in dispute over the validity of the reasons for such refusal by the Board of Directors shall be resolved by the Single-Member Court of First Instance at the Company's registered seat, following the procedure of interim measures.
9. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, a resolution concerning any item on the agenda of the General Meeting shall be made by roll call.
10. In all cases referred to in paragraphs 1 up to 7 of the article herein, the shareholders submitting such a request shall be obliged to provide evidence of their shareholding capacity, in accordance with article 23 of the Articles of Incorporation, as well as of the number of their shares granting them the above rights, whether by providing a relative certificate by the entity where the respective securities are being kept or by confirmation of their shareholding capacity through direct online connection between the above-mentioned entity and the Company.
11. Shareholders of the Company representing one twentieth (1/20) of the paid-up share capital shall have the right to request by the Single-Member Court of First Instance of the Company's registered seat the performance of an audit of the Company. Such audit shall be ordered, in the event it is assumed that certain acts reported against the Company violate the provisions of the law, of the Articles of Incorporation, or of the resolutions of the General Meeting. In all cases, the petitions requesting an audit shall be filed within three (3) years from the date of approval of the annual financial statements of the financial year within which such reported acts took place.
12. Shareholders of the Company representing one fifth (1/5) of the paid-up share capital shall have the right to request of the court referred to in the preceding paragraph the performance of an audit of the Company, provided it is assumed from the general progress of the Company affairs, that the management thereof is not carried out in accordance with the principles of honesty and prudence. The last period of paragraph 3 article 40 of Codified Law 2190/1920 shall not be applicable.
13. Shareholders who make a request in accordance with paragraphs 11 and 12 of the article herein, must provide evidence to the Court that they are in possession of the shares, as stipulated in article 23 of the Articles of Incorporation, granting them the right to request the audit of the Company.



## 6. COMPOSITION AND OPERATION OF THE GOVERNING BODIES

### 6 | 1 Governing Bodies

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

- a) the Board of Directors,
  - b) the Chief Executive Officer and
  - c) the Management Board.
1. The Board of Directors shall consist of eleven (11) members divided into executive and non executive members (independent or non independent) and elected for a three-year term. In order to ensure continuity in the administration of the affairs and the representation of the Company, the term of office of each member may be extended ipso jure until the first Ordinary General Meeting to be held after the expiration of term of each member.
  2. The Board of Directors shall consist of:
    - a) Six (6) members, including the Chief Executive Officer, elected by the General Meeting of the shareholders of the Company, in which, however, cannot participate the shareholders who are entitled to attend the Special Meeting stipulated in article 19 of the Articles of Incorporation. The Board of Directors shall elect from among the said members its Chairman and Vice Chairman, pursuant to article 14 of the Articles of Incorporation.
    - b) Two (2) members representing the employees of the Company. These members shall be elected by direct, general ballot and by means of the proportional representation system within a time period of two (2) months from the relevant notification to the most representative trade union (ASOP). The election of the representatives of the employees to the Board of Directors shall be conducted by an election committee appointed by the most representative trade union of the Company, in which (committee) at least one representative from the remaining trade unions of the Company shall participate. The procedure of the said election, the appointment of the local election committees, the time and the details of the polling, as well as the counting of the votes and the announcement of the results thereof, shall be the job of said committee, which shall be presided over by a judicial functionary pursuant to the provision of article 11 of Law 1264/1982 concerning "Democratization of the Trade-union Movement – The Rights of the Unions" (Official Gazette, volume A, issue no. 79). The same procedure shall also apply to the appointment of the substitute members in replacement of the members of the Board elected in accordance with the procedure set forth in the paragraph herein. In case the substitute member resigns or leaves his office vacant, for any reason whatsoever, his position shall be occupied by the substitute member who follows next in order.
    - c) Two (2) members representing the minority shareholders, pursuant to the provisions of article 19 of the Articles of Incorporation.
    - d) One (1) member designated by the Economic and Social Committee (ESC) and coming from agencies relating to the activities of the Company. The member designated by the ESC shall be proposed as a member within a time period of two (2) months as of its notification to the said Committee by the Minister of Environment, Energy and Climate Change and shall be appointed by virtue of Decision of the said Minister. The same procedure shall also apply to the substitution of the said member, in the event of resignation or vacancy in the office of said member for any reason whatsoever as well as to the revocation of said member.
  3. In the event that for any reason whatsoever any representative of the employees or the representative of ESC is not elected or in the event any vacancy in the office of the aforesaid representatives is not promptly

filled within the time limit of two (2) months as of the notification of the agencies, this shall not impede the constitution and functioning of the Board of Directors.

4. In the event that for any reason whatsoever the minority shareholders shall not elect the members representing such minority or in the event they shall not fill any vacancy in the office of said members, this shall not impede the constitution and functioning of the Board of Directors.
5. a) In case that for any reason whatsoever there shall be a vacancy in the office of a Board Member elected in accordance with the procedure set forth in paragraph 2 a) of the article herein, the remaining members of the Board shall elect another member for the balance of the term of the member in the office of whom a vacancy has occurred, and such election shall be certified at the next meeting of the General Meeting.
  - b) In the event of a vacancy in the office of the Chief Executive Officer for any reason whatsoever the Chairman of the Board of Directors shall temporarily act as Chief Executive Officer or if the posts of Chairman of the Board of Directors and of Chief Executive Officer coincide to the same person, the Vice Chairman of the Board of Directors, appointed pursuant to article 14, par. 1 of the Articles of Incorporation, shall act as Chief Executive Officer. In such instances, the Board of Directors shall call a meeting of the General Meeting of shareholders within the shortest possible time for the election of the new Chief Executive Officer.
  - c) In the event of a vacancy in the office of the Chairman of the Board of Directors for any reason whatsoever the Chief Executive Officer of the Company shall temporarily act as Chairman or if the posts of Chairman of the Board of Directors and of Chief Executive Officer coincide to the same person, the Vice Chairman of the Board of Directors, appointed pursuant to article, 14 par. 1 of the Articles of Incorporation, shall act as Chairman. In the event of a vacancy in the office of both the Chairman and the Chief Executive Officer, and should no Vice Chairman of the Board of Directors have been elected, the Chairman shall be substituted by the senior member of the Board of Directors.
  - d) In the event that the Chief Executive Officer or the Chairman are absent or temporarily unable to perform their functions, the Vice Chairman and, if there is no Vice Chairman, a person designated by the Board of Directors among its members who have been elected by the General Meeting in accordance with Article 9, par. 2 a) of the Articles of Incorporation, shall substitute for them.
6. Failure to certify the election or the substitution of a Board Member by the General Meeting shall not invalidate the resolutions of the Board of Directors taken with the participation of the said member.

### 6 | 2 Competence of the Board of Directors

1. The Board of Directors is the supreme governing body of the Company which shall formulate primarily its development strategy and policy, as well as supervise and exercise control over the management of its property. The Board of Directors shall approve, upon recommendation of the Chief Executive Officer: a) the Strategic Plan, which determines the strategic goals for the attainment of the purpose of the Company, b) the Business Plan of the Company of a duration between three (3) and five (5) years, which specifies the goals of the Strategic Plan for each year of its duration, c) the methods for the implementation of the Strategic Plan and the Business Plan for each year of their duration. The Board of Directors shall also follow up the implementation of both the Strategic and the Business Plan.
2. The Board of Directors shall represent the Company and shall be vested with unlimited authority to decide on any act and to exercise full power concerning the management of the Company, the management of its property and in general the fulfillment of its object, with the exception of those issues which either by law or by the Articles of Incorporation, expressly fall within the jurisdiction of the General Meeting.

3. The Board of Directors shall, upon recommendation of the Chief Executive Officer, approve the annual budget of the Company, prepare, approve and submit to the General Meeting for approval the annual financial statements of the Company and prepare and submit to the General Meeting the annual report.
4. The Board of Directors shall upon the recommendation of the Chief Executive Officer decide on: a) the necessity of creating positions of Deputy Chief Executive Officers, as well as on their number and competences thereof, b) the basic organization of the Company divided into Divisions, which constitute the highest administrative level of its organizational structure, c) the creation of positions of General Managers and their competences.
5. The Board of Directors may upon recommendation of the Chief Executive Officer delegate part of its competences, except for those which, pursuant to Codified Law 2190/1920 and to the Articles of Incorporation, require collective action or fall within the exclusive jurisdiction of the Chief Executive Officer in accordance with Article 15 of the articles of Incorporation, as well as the administration, management or supervision of the affairs or the representation of the Company, to the Chairman, to the Chief Executive Officer, to the Deputy Chief Executive Officers, to one or more of its members, to the Management Board, to the General Managers, to the Managers or the employees of the Company.  
The aforesaid persons to whom the competences of the paragraph herein are delegated and who have not the capacity of Board Member carry the same responsibility towards the Company as the members of the Board of Directors, pursuant to par. 6, article 22a of Codified Law 2190/1920, as applicable and to article 12 of the Articles of Incorporation.

#### 6 | 3 Convocation and Functioning of the Board of Directors

1. The Board of Directors shall meet at the seat of the Company and/or outside its seat at the facilities of PPC at Kozani, Megalopolis and Aliveri, upon the call of the Chairman or his substitute on such day and hour as determined by him, whenever required following the needs of the Company.
2. The Board of Directors may lawfully meet by way of teleconference upon invitation to the members of the Board of Directors, which includes all necessary information with respect to their participation in the meeting.
3. Upon application by two (2) members, the Chairman or his substitute shall be obliged to convoke the Board of Directors, setting the date of the meeting, which shall not be later than seven (7) days from the submission of the relevant application, in which (application) the Chairman or his substitute shall be obliged to include any proposed item on the agenda of the first meeting held following submission of the relevant application.
4. The agenda of the meetings shall be determined by the Chairman and its items shall be included in the notice sent to the members of the Board at least two (2) working days prior to the date of the meeting, otherwise the decision taking is permitted only if all members of the Board of Directors are present or represented at the meeting and none of them objects to the decision taking.
5. A quorum of the Board shall be deemed to be present and the meeting shall be deemed valid if, pursuant to paragraph 6 of the article herein, one more than half the number of members are present or represented. In no case, however, shall the number of members physically present be less than three (3). In determining the number required to form a quorum, fractions, if any, shall be ignored.
6. The Board of Directors shall take its decisions by absolute majority of the members present or represented. In case of equality in votes, the Chairman's vote shall prevail.

7. Each Board Member may, following written authorization, validly represent only one member thereof. The representation to the Board of Directors may not be assigned to a person who is not member of the Board of Directors.
8. Minutes of the proceedings and decisions of the Board of Directors shall be kept in accordance with the Law (Article 20, par. 6 of Codified Law 2190/1920, as applicable). The minutes are signed by the Chairman and the members of the Board present at the relevant meeting and are certified at the next meeting of the Board of Directors.
9. The copies of and the excerpts from the minutes of the Board of Directors shall be signed by the Chairman or, in the event he is absent or unable to perform his duties, by his substitute without any other validation being necessary.
10. The General Counsel may attend the meetings of the Board of Directors without having the right to vote, except as otherwise decided by the Board of Directors.
11. The drawing up and the signing of the minutes by all the members of the Board of Directors or their representatives is equal to a resolution of the Board of Directors, even if no meeting has proceeded.

#### 6 | 4 Liability of the Board Members

1. The Board Members shall be liable to the Company for any fault committed by them during the performance of their duties, as specifically provided for under articles 22a and 22b of Codified Law 2190/1920, as applicable.
2. The Board Members shall be bound to keep absolute secrecy with regard to all confidential information in respect of the affairs of the Company coming to their knowledge in their capacity as Board Members.
3. The appointment and the dismissal for any reason whatsoever of the Board Members and of the persons empowered to represent the Company jointly or severally shall be subject to publicity, as stipulated by articles 7a and 7b of Codified Law 2190/1920, as applicable, together with their identity particulars.

#### 6 | 5 Prohibition of competition - Participation in the Board of Directors of subsidiary companies

1. The members of the Board of Directors, the Deputy Chief Executive Officers, the General Managers, the Managers, as well as the employees of the Company shall not be permitted to perform on occasion or by profession without the authorization of the General Meeting of shareholders of the Company, either on their own behalf or on behalf of third parties, acts falling within the object of the Company or be members of Boards of Directors, executives, employees or representatives of companies pursuing aims similar to those of the Company. The subsidiary companies of the Company or the companies in the capital of which the Company participates shall not be subject to the abovementioned prohibition.
2. The prohibition referred to above shall be valid for a period of two years following expiry for any reason whatsoever of the term of office of the Board Member or following his/her retirement from the Board or following retirement from the Company of an officer or employee, who had participated in the Management Board of the Company or in the Board of Directors.

#### 6 | 6 Chairman and Vice Chairman of the Board of Directors

1. The Board of Directors shall elect its Chairman, whose position may coincide with that of the Chief Executive Officer. In the event that the aforesaid positions shall coincide to the same person, the Board shall elect a Vice Chairman too.

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

#### 6 | 7 Chief Executive Officer

1. The Chief Executive Officer of the Company shall be elected by the General Meeting of shareholders for a three-year term of office.
2. The Chief Executive Officer shall be the highest-ranking executive officer of the Company, he/she shall be at the head of all the services thereof, conduct their activities, decide on the further organization of the Company within the scope of the Articles of Incorporation and the relevant resolutions of the Board of Directors, make the necessary decisions within the framework of the provisions governing the operation of the Company, of the approved plans and budgets, of the Strategic Plan (S.P.), of the Business Plan (B.P.), and of the terms of the Management Contract he/she has entered into with the Company pursuant to Article 16 of the Articles of Incorporation. The Chief Executive Officer shall represent the Company within the limits of his duties on the basis of the Articles of Incorporation or of the resolutions of the Board of Directors and may authorize or empower other persons, members of the Board or low-ranking or high-ranking executives of the Company to represent him/her.
3. The Chief Executive Officer shall have the following duties under the Articles of Incorporation, as well as all other duties, which shall be delegated to him/her upon resolution of the Board of Directors. He/She shall:
  - a) Submit to the Board of Directors of the Company the proposals and recommendations required for the attainment of the Company's objects, as specified in the Strategic Plan and the Business Plan.
  - b) Make decisions on the conclusion of contracts of a value to be determined on each occasion by decision of the Board of Directors.

#### 6 | 8 Deputy Chief Executive Officers

1. The Deputy Chief Executive Officers shall report to the Chief Executive Officer and shall be at the head of wider business activities structured into Divisions. They may be members of the Board of Directors among those elected by the General Meeting of the shareholders of the Company.
2. The number and duties of the Deputy Chief Executive Officers shall be determined by the Board of Directors upon recommendation of the Chief Executive Officer.
3. The Deputy Chief Executive Officers shall be selected through open competition, unless otherwise decided by the Board of Directors in special cases. The Deputy Chief Executive Officers shall be appointed by decision of the Chairman of the Board of Directors, upon the recommendation of the Chief Executive Officer. In the event that the positions of the Chairman and of the Chief Executive Officer coincide to the same person, the decision for their appointment shall be made by the Board of Directors. The Deputy Chief Executive Officers, in case they are also members of the Board of Directors elected by the Shareholders' General Meeting, shall be appointed by decision of the Board of Directors and upon recommendation by the Chief Executive Officer. Their term of office shall be for three years; their remuneration and other benefits shall be fixed by the Chief Executive Officer, who shall sign the relevant contract subject to article 17 of the Articles of Incorporation. The contract shall refer among others to their evaluation as provided for by the Rules of Operation of the Company.

#### 6 | 9 Management Contract and follow-up of its implementation

1. A Management Contract shall be entered into by and between the Company, represented by the Chairman and, in the event that the positions of Chairman of the Board and Chief Executive Officer coincide, by a specially authorized member of the Board of Directors designated by decision of the Board of Directors and the Chief Executive Officer. By virtue of the said Contract, the goals which the Chief Executive Officer undertakes to achieve during his/her term of office shall be specified within the framework of the Strategic Plan and the Business Plan.
2. The Management Contract shall in particular include:
  - a) The terms and rules for the achievement of the goals of the Business Plan and the procedure of follow-up of its implementation.
  - b) The terms and conditions of its amendment, particularly in case of revision of the Business Plan.
  - c) Special occasions of material or moral reward to the Chief Executive Officer at the end of the financial year and/or at the expiry of his/her term of office. This reward is given in such cases where the annual or overall goals of the Business Plan have been achieved to a degree higher than the one provided for in the Management Contract thanks to his/her special skills, initiatives and diligence.
  - d) The grounds for its termination.
  - e) The indices of crucial financial figures, which might include indicatively indices of product manufacturing cost or of services furnishing, of productivity, of HR degree of development, of quality of manufactured products or of services rendered.
  - f) The total amount allocated annually for personnel expenditures in relation to the other key financial figures of the Company.
3. The Management Contract shall be terminated by the Board of Directors on the grounds stipulated therein, in the event that there is a substantial deviation from the financial figures or from the deadlines set for the achievement of its goals that cannot be sufficiently justified or for any other important reason. The Chief Executive Officer shall have no voting right in the meeting for the adoption by the Board of Directors of the decision authorizing termination of the Management Contract. Upon termination of the Management Contract, the Chief Executive Officer shall be ipso jure removed from office and relieved from his/her capacity as member of the Board of Directors. As regards his/her substitution up until the election of a new Chief Executive Officer by the General Meeting, the provisions of article 9, par. 5 (b.) of the Articles of Incorporation shall be applicable.

#### 6 | 10 Remuneration and Compensation of Members

Any remuneration or compensation paid for any reason whatsoever to members of the Board of Directors shall be deemed to be borne by the Company, only if the relevant amount pertaining to each Board Member is approved by special resolution of the Ordinary General Meeting of shareholders and is proportional to the time that the members of the Board of Directors devote to either the meetings of the Board of Directors or any meetings of Committees except for the Board of Directors and in general to the performance of their assigned duties, in accordance with the provisions of Codified Law 2190/1920 and Law 3016/2002 regarding corporate governance, as applicable. All remunerations and compensations of the non executives Board Members shall be stated in a separate category in the Appendix of the annual financial statements and the annual report of the Company (remuneration report), which shall be also posted on the Company website. The study and submission for approval of proposals to the Board of Directors regarding the determination of any kind of remunerations and compensations: a) of the Board Members and b) of the top executives of the Company, in this case in cooperation with the Chief Executive Officer, are effected by the Remuneration Committee of the Company (R.C.) which consists of three (3) non executive Board Members, among which two (2) at least are independent.



**6 | 11 General Managers**

1. The General Managers shall be high-ranking executives of the Company at the head of independent sectors of the Company's business activities. They shall report to the Chief Executive Officer or/and to the Deputy Executive Officers. In case of absence of the General Manager, for any reason whatsoever, the temporary execution of his/her duties may be assigned by the Chief Executive Officer to another General Manager.
2. The number and duties of the General Managers, as well as of the Divisions shall be determined by the Board of Directors upon recommendation of the Chief Executive Officer. The General Managers, who may or may not be employees of the Company, shall be selected through open competition, unless otherwise decided by the Board of Directors in special cases. The General Managers shall be appointed for a five-year term of office by the Chief Executive Officer upon the recommendation of the competent Deputy Chief Executive Officer.
3. The General Managers shall conclude a special contract with the Chief Executive Officer, by which among others their remuneration, any benefits and matters related to their evaluation shall be determined. More specifically, their evaluation is regulated by the Rules of Operation of the Company.

**6 | 12 Management Board**

1. A Management Board (MB) shall be formed within the Company.
2. The MB shall be composed of the Chief Executive Officer who acts as its Chairman, the Deputy Chief Executive Officers, if any, and the General Managers. The General Counsel of the Company may attend its meetings at the discretion of the Chief Executive Officer.
3. The Management Board shall operate in conformity with the decisions of the Board of Directors, ensuring the necessary collective handling of administrative and operational issues of the Company, as well as the consistency in its operation. Within this framework, the MB shall be responsible for important matters concerning inter alia the productivity, the performance of the Company units, the organization and operation of activities of the Company, as well as for the budget and the Strategic and the Business Planning. Moreover, the MB shall decide on the conclusion of contracts concerning supplies, assignment of projects, furnishing of services and generally any kind of financial contract up to an amount fixed as per case by the Board of Directors. It shall also make decisions and settle any matter pertaining to the execution of said contracts.
4. The MB shall operate in accordance with its Rule of Operation, as approved by the Board of Directors upon recommendation by the Chief Executive Officer.

**6 | 13 Representation of Minority Shareholders**

1. Whenever election of a minority representative to the Board of Directors is required, the minority shareholders shall be invited by the Board of Directors to a special General Meeting at the seat of the Company, having as sole item on the agenda the election of the Board Members who are entitled to elect the aforesaid representative. For the calling of said special meeting, articles 25, 26, 26a, 27, 28a and 30 of Codified Law 2190/1920 and articles 22 and 23 of the Articles of Incorporation shall be applicable, and the decisions shall be made in accordance with the usual quorum and majority requirements by applying accordingly the provisions of article 29, par. 1 and 2 of Codified Law 2190/1920. Every shareholder who participates properly with the right to vote, shall be entitled to propose at least three (3) full days prior to the General Meeting and vote the members he/she/it wishes, irrespective of the number of shares held by the latter. In

the event of resignation or vacancy of the office, for any reason whatsoever, of any member of the minority shareholders elected in accordance with the procedure set forth herein, the same election procedure is repeated, as provided under the present paragraph.

2. In all other respects, the provisions of article 18 of Codified Law 2190/1920 shall apply accordingly or directly, as per case.

**6 | 14 Management Board Committees**

In compliance with the legislation in force as well as in line with the best practices of corporate governance, an Audit Committee as well as a Remunerations Committee have been set up. Each Committee is composed of members of the Board of Directors of the Company.

The **Audit Committee** consists of at least two (2) non executive members and one independent non executive member of the Board of Directors, who shall have proven knowledge of accountancy and auditing. The members of the Audit Committee are appointed by the General Meeting of the Shareholders and, without altering or restricting their obligations as members of the Board of Directors, they undertake the obligations provided for by the law on corporate governance, including:

- the follow up of the financial information procedure,
- the follow up of the efficient operation of the internal audit system and of the risk management system, as well as the follow up of the proper operation of the Internal Audit Department,
- the follow up of the process of compulsory audit of individual and consolidated financial statements,
- the review and follow up of issues related to the objectivity and independence of chartered auditors-accountants, particularly with regard to other services they provide to the Company and its subsidiaries,
- the monitoring of the implementation of the Company's budget.

The recommendation by the Board of Directors to the General Meeting with regard to the appointment of chartered auditors-accountants is submitted following recommendation of the Audit Committee. The chartered auditors-accountants are obliged to report to the Audit Committee any issue regarding the process and results of the compulsory audit, as well as to submit a separate report on the weaknesses of the internal audit system, and in particular the weaknesses in the procedures concerning financial information and the drawing up of financial statements.

The Audit Committee consists of Mr. P. Alexakis (Independent - Non Executive Member of the BoD), Mr. N. Vernicos (Independent - Non Executive Member of the BoD) and Mr. K. Zontanos (Independent - Non Executive Member of the BoD) who replaced Mr. I. Antoniou whose term as Board of Directors member ended on 29.6.2013.

In 2013 the Audit Committee, within the framework of its competencies related to the monitoring of the IAD smooth operation, met 9 times with executives of the said Department. The aim of these meetings was to brief the Audit Committee about the findings and the results of the audits performed by the IAD, as well as issues regarding the operation of the IAD. In addition, the Audit Committee met 9 times to discuss issues concerning the Finance Division.

Mr. P. Alexakis participated in 18 meetings, Mr. I. Antoniou in 8 meetings, Mr. N. Vernicos in 16 meetings and Mr. K. Zontanos in 8 meetings.

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

The Remunerations Committee consists of Mr. P. Alexakis (Independent - Non Executive Member of the BoD), Mr. N. Vernicos (Independent - Non Executive Member of the BoD) and Mr. K. Zontanos (Independent - Non Executive Member of the BoD) who replaced the resigned on 11.3.2013 Board of Directors member Mr. I. Konstantopoulos.

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

By virtue of L.3833/10, L.3845/10 and L.4092/12, the remunerations of the collective governing bodies and of the members of the Board of Directors were reduced by 50% per meeting. In parallel, the remunerations of the executives may in no case exceed the ceiling set forth by the said laws.

As a result, the remunerations of the Board members are clearly defined and the Remunerations Committee practically has not the power to perform its duties. That means that the establishment of the above remunerations directly by the Law renders to a great extent inactive the duties of the said committee.

The Remunerations Committee did not convene in 2013.

## 6 | 15 Board of Directors' Composition (Members)

PPC S.A. Board of Directors (31.12.2013)			
ZERVOS Arthouros	Chairman of the BoD & C.E.O. - Executive Member	As of 20.12.2012	Until 20.12.2015
DOLOGLOU Konstantinos	Vice Chairman of the BoD - Executive Member	As of 29.6.2013	Until 29.6.2016
<b>MEMBERS</b>			
EKATERINARI Ourania	Executive Member	As of 29.6.2013	Until 29.6.2016
ALEXAKIS Panagiotis	Independent - Non Executive Member / Representative of the Minority	As of 17.12.2012	Until 17.12.2015
VASSILOGEORGIS Charilaos	Independent - Non Executive Member	As of 29.6.2013	Until 29.6.2016
VERNIKOS Nikolaos	Independent - Non Executive Member	As of 29.6.2013	Until 29.6.2016
ZONTANOS Konstantinos	Independent - Non Executive Member	As of 29.6.2013	Until 29.6.2016
THOMOGLLOU Pavlos	Independent - Non Executive Member / Representative of the Minority	As of 17.12.2012	Until 17.12.2015
KARALEFTHIS Pantelis	Non Executive Member / Representative of Employees	As of 27.5.2013	Until 27.5.2016
TAVRIS Filippos	Independent - Non Executive Member / Representative of the Greek Economic and Social Committee	As of 29.6.2013	Until 29.6.2016
FOTOPOULOS Nikolaos	Non Executive Member / Representative of Employees	As of 27.5.2013	Until 27.5.2016

The Board of Directors of PPC S.A., during its meeting dated March 14, 2013, elected Mr. Konstantinos Dologlou (Executive Member) and Mr. Konstantinos Zontanos (Independent – Non Executive Member), in replacement of resigned members Mr. K. Theos and Mr. I. Konstantopoulos, and for the rest of their term of office, that is until 29.06.2013. Moreover, the Board of Directors of PPC S.A. also decided the election of Mr. Konstantinos Dologlou to the position of Vice Chairman of the BoD.

The Board of Directors by its Resolution No 86/30.5.2013 was formed in a Body and - following the elections which took place on April 24 and 25, 2013 - elected Mr. Pantelis Karalefthis and Mr. Nikolaos Fotopoulos, as Members of PPC S.A. Board of Directors, Representatives of Employees, (Non Executive Members) whose term of office started on 27.5.2013, which was the date that their election was notified to PPC S.A. and shall be of a three-year duration, that is until 27.5.2016.

In virtue of article 9, paragraph 2a of the applicable Articles of Incorporation of the Company, the Extraordinary Unsolicited (Universal) General Meeting of shareholders -except for the Minority Shareholders- dated 29.6.2013, elected five members of the BoD, namely Mrs. Ourania Ekaterinari, Mr. Charilaos Vasilogorgis, Mr. Nikolaos Vernikos, Mr. Konstantinos Dologlou and Mr. Konstantinos Zontanos. The BoD of PPC S.A., during its meeting dated July 10, 2013, by its Resolution No 118/10.7.2013 formed in a Body, and reelected Mr. Konstantinos Dologlou to the position of Vice Chairman and appointed him as Executive Member of the Board of Directors and also appointed Mrs. Ourania Ekaterinari as Executive Member.

In addition, according to the Decision of the Minister of the Environment, Energy and Climate Change No D13/B/F9.6.10/13018/4.7.2013, Mr. Filippos Tavis, who was recommended by the Economic and Social Council of Greece (ESC), was appointed as Member of the Board of Directors, in replacement of Mr. Ilias Antoniou, whose term of office expired on 29.6.2013. Mr. Tavis' term of office started on 29.6.2013 and shall expire on 29.6.2016. The BoD by its Resolution No 118/10.7.2013 appointed him as Independent-Non Executive Member of PPC S.A. Board of Directors.

The Board of Directors has met 32 times within 2013. The participation frequency of each member at the BoD meetings is as follows:

S/N	MEMBERS	BoD Meetings
1	ZERVOS ARTHOUROS	32
2	THEOS KONSTANTINOS	7
3	DOLOGLOU KONSTANTINOS	25
4	EKATERINARI OURANIA	31
5	ALEXAKIS PANAGIOTIS	31
6	ANTONIOU ILIAS	18
7	TAVRIS FILIPPOS	12
8	VASSIOLOGORGIS CHARILAOS	26
9	VERNIKOS NIKOLAOS	28
10	KONSTANTOPOULOS IOANNIS	7
11	THOMOGLU PAVLOS	29
12	ZONTANOS KONSTANTINOS	25
13	KARAVASSILIS IOANNIS	6
14	BOUZOULAS EVANGELOS	6
15	FOTOPOULOS NIKOLAOS	19
16	KARALEFTHIS PANTELIS	19

## CVs OF THE BOARD MEMBERS

### Arthouros Zervos, Chairman & CEO

Arthouros Zervos is a Professor at the National Technical University of Athens and presently Chairman and Chief Executive Officer of Public Power Corporation (PPC) – Greece as well as Chairman of Public Power Corporation Renewables in Greece.

He was born on 28/07/1952 in Corfu Greece. In 1974 he received his Bachelor of Science in Engineering, and in 1975 his Master of Science in Engineering, both from the Department of Aerospace and Mechanical Sciences of Princeton University, U.S.A. He continued his studies at the Université P.et M.Curie in Paris, where he took his Diplôme d'Études Approfondies (D.E.A) de Mécanique Expérimentale des Fluides-Aérodynamique in 1978 and his Diplôme de Docteur-Ingénieur in 1981.

Professor Arthouros Zervos is Chairman of Renewable Energy Policy Network for the 21 Century (REN21) and President of Hellenic Electricity Association (H.EL.AS). He has been President of the European Wind Energy Association (EWEA) from 2001 to 2013, President of the European Renewable Energy Council (EREC) from 2000 to 2012 and President of the Global Wind Energy Council (GWEC) from 2005 to 2010.

He has more than 30 years of high-level expertise in policy, science, research and technology across the European renewable energy sector. He has led the key European renewable energy bodies. He has acted as policy advisor to Governments, EU bodies and policy fora.

As Faculty Member at the National Technical University of Athens since 1982, he has been teaching courses on wind energy, renewable energy sources and aerodynamics and he has been leading and implementing 76 R&D, demonstration, dissemination and training projects funded by the European Commission and Greek public authorities. He is responsible for the Wind Energy Specialization of the European Renewable Energy Master, organized by EUREC – Agency in collaboration with eight European Universities since 2003.

During the period 1990-1995 he worked as a scientific officer in the Renewable Energy Unit of DG Research of the European Commission in Brussels.

He is the author of more than 180 publication in international magazines and conference proceedings and author, co-author, editor, contributor, coordinator of 50 publications. He was the lead author of the White Paper on Renewable Sources of Energy of the EC in 1997. He is member of the Advisory Board of the International Journal of Sustainable Energy, member of the Editorial Board of the Wind Energy Journal, as well as member of the Editorial Board of the IET Renewable Power Energy Journal.

He has been the Chairman of 18 international conferences, participated and presented at more than 220 international conferences, in 170 of them as invited speaker. He has been Chairman of the scientific/programme committee of ten international conferences, member of 25 scientific committees and of 60 Organising/Steering Committees.

He is fluent in four languages: Greek (mother tongue), English, French and Italian.

### Konstantinos Dologlou, Vice Chairman, Deputy CEO, supervising the Mines, Generation and Supply Divisions.

Mr Konstantinos Dologlou was born in 1957.

He is an economist and a senior accountant and tax expert. He holds a BSc in Business Administration and a BSc in Statistics from the University of Piraeus.



He has a long working experience and professional expertise in the financial management, business administration and strategic planning of large corporations. He has worked as a manager in various governmental agencies, private enterprises and social security organizations.

In the past, he served as a senior manager at the Public Power Corporation (PPC) (Administration Advisor), as a General Manager of PPC's Personnel Insurance Organization, servicing 60,000 individuals throughout Greece on insurance, care and health, Deputy Director General of the Ministry of Defense with the responsibility for national defense policy and strategic planning, CFO of the Konstantinos G. Karamanlis Foundation and Head of the Ikaria Province.

He possesses an extensive experience in the financial management of European Community Support Framework and National Strategic Reference Framework programs, in human resources' management and in tax, labor and social insurance legislation.

He is a member of the Board of Directors at the Konstantinos Karamanlis Institute for Democracy and was an elected member of the Board of Directors at the Economic Chamber of Greece, Vice President of the Athletic Centre of Halandri and Municipal Counselor of the city of Halandri.

He has served as a Deputy Officer at the Army's Recruiting Agency.

He is married and has two children.

**Ourania Ekaterinari, Deputy CEO supervising the Finance Division and the Human Resources Division.**

Mrs Ourania Ekaterinari is Deputy CEO of Public Power Corporation S.A. since January 2010. She is also executive member of the Board of Directors since December 2011.

From February 2012 until February 2013, Mrs Ekaterinari was member of the Supervisory Board of ADMIE S.A. (Independent Power Transmission Operator).

Before working for PPC, she held senior positions in Athens and London in corporate & investment banking for more than ten years, both at international and Greek financial institutions such as BNP Paribas (2006-2010), Deutsche Bank (1999-2001) and EFG Eurobank (2001-2006). Prior to banking, in the 90s, she worked in the oil & gas industry at Texaco in London in project development in the Caspian Region. At the beginning of her career, she worked as an electrical engineer in Greece and in Denmark.

Mrs Ekaterinari is the first Greek woman to be announced member of the "Rising Talents Network" of the International "Women's Forum for the Economy and the Society" (October 2010).

She is a graduate from Aristotle University of Thessaloniki with a diploma in Electrical Engineering and holds an MBA from the City University Business in London.

She served as Deputy Chairman at the Permanent Committee of Energy of the Technical Chamber of Greece (TEE).

**Panagiotis Alexakis, Member**

Mr Panagiotis Alexakis is a professor of Managerial Economics and Finance at the Department of Economics of the Athens University.

He has been a scholar of the "Alexander S. Onassis Public Benefit Foundation". He has also taught at the Department of Business Administration of the University of the Aegean and at the Hellenic Open University. His scientific work is recognized worldwide.

He has worked as financial consultant and has held managerial posts in various companies. Indicatively: He was responsible for the organization and functioning of the organized derivative exchange market, May 1998-June 2004 (Athens Derivatives Exchange and Athens Derivatives Clearing House S.A.). He was appointed Chairman and CEO of the Athens Stock Exchange S.A. (August 2000-June 2004) as well as Chairman (2000-2003) and CEO (2000-2004) of the Hellenic Exchanges S.A.

He was member of the Board of Directors of the Hellenic Capital Market Commission (August 2000-September 2004), member of the Scientific Council of the Hellenic Banks Association (1994-2004), Member of the Corporate Advisory Committee of the Cyprus Stock Exchange (Sept. 2004-Sept. 2007). He was Advisor to the Board and member of the Board of Directors of the Investment Bank of Greece (Sept. 2004-Jan. 2006) and Executive Vice Chairman and member of the BoD of NIREUS AQUACULTURE S.A. (2006-2009). Since 2010 he is member of the Board of Directors of TA.NE.O. S.A.

Since 2006 he is member of the Scientific Council of the Entrepreneurship Club of Athens.

**Charilaos Vassilogeorgis, Member**

Mr Charilaos Vassilogeorgis was born in Thessaloniki in 1963. He is a graduate of the Law School of Aristotle University of Thessaloniki with Postgraduate Studies in Public Law and Tax Law at the same University. He was admitted to the Thessaloniki Bar Association in 1990 and works as attorney-at-law specializing mainly in Civil, Banking, Commercial, Corporate and Bankruptcy Law. He has extensive experience in dispute resolution before the Courts and out of Court, as well as in the conclusion of any kind of trade agreements.

He is a senior partner and founder of VASSILOGEORGIS & PARTNERS Law Firm which employs twelve attorneys at law and represents before Court and out of Court many known Greek and foreign companies. He is also member of the Board of Directors of companies listed in the Athens Stock Exchange, as well as of unlisted companies and is active in their business planning. From 1999 to 2011 he held various positions of responsibility in the Legal Department of EFG EUROBANK ERGASIAS. In 1999 till 2000 he held the position of special associate on issues of companies' development in the Ministry of Development. In 2009 he was admitted at the Athens Bar Association.

**Nicolaos A. Vernicos, Member**

Mr Nicolas A. Vernicos, is a 4 generation shipowner from the island of Sifnos who is President of the International Chamber of Commerce (ICC-Hellas), Member of the Board of Directors of the Hellenic Chamber of Shipping, Member of the Board of Directors of Piraeus Chamber of Commerce and Industry, President of its Shipping Activities Department, member of the advisory Board to the Minister of Merchant Marine for coastal passenger services to the Greek islands and Hon. Consul of Mexico for Piraeus and the islands. At the same time he is president of the NICOLAS E. VERNICOS Tugs & Salvage, group of maritime companies founded in Constantinople in the 19th century, Vice President of VERNICOS YACHTS S.A., Vice President of EUROCORP INVESTMENT SERVICES S.A. Financial Services, Member of Conseil de Surveillance of GLOBAL EQUITIES Compagnie Financière, Paris, and member of the Board of Directors of Public Power Corporation (PPC).

He served as chairman and/or member of the Board of Directors among others, in the following companies: Olympic Airways and subsidiaries; Hellenic Shipyards of Skaramanga; Hellenic Duty Free Shops; National Bank of

Greece (France); Attica Group, MINION, etc. He has also served as Prefectural Advisor of Attica and Piraeus for several years. He was Lloyd's Underwriting Member (1977-2000). He has represented Greece in OCDE and UNCTAD Conferences.

In addition to his business activities, Mr. Vernicos is active in the sectors of culture and environment. He has served as Member of the Board of Directors of the Hellenic Society for the Protection of the Environment and the Cultural Heritage, the European Cultural Centre of Delphi, the Association for the Creation of a New Building for the Greek National Opera and "Maria Callas" Academy, Vice President of the Comité pour le Rapprochement de l' Économie et de la Culture (CEREC), and founder of the Kastella Centre of Contemporary Art.

Mr Nicolas A. Vernicos was born in 1945, he holds a M. Sc. in Economics from the Athens University of Economics (ASOEE). He is married with 3 children and a grandchild.

#### **Konstantinos Zontanos, Member**

Mr Konstantinos Zontanos was born in Athens.

He graduated from the department of applied sciences of the Egaleo High School.

He is married to Kiki Konstantinidou and has 2 daughters.

He is an Electrical Engineer.

He majored in telecommunications and especially in Digital Transmission Operators and Systems from Polytechnic of Central London.

He took an MBA degree from American City University in 2002.

He has been working in Hellenic Telecommunication Organization since 1980.

He was Involved in networks of construction and networks supervision.

In 1987 he started working in urban networks study.

From 1999 until 2003 he worked in planning and multiplexing systems department which was responsible for planning the broadcasting of the Olympic Games 2004.

From 2007 until April 2011 he worked as a CEO in HELLASCOM S.A., a subsidiary construction company of OTE Group of Companies.

#### **Thomoglou Pavlos, Member**

Mr Pavlos Thomoglou was born in Athens in 1945. He is married with three children. He is the owner of a Textile Dyeing and Finishing Plant and he is also active in New Technologies Applications for security systems. He graduated from Lycée Léonin and holds a bachelor's degree in Economics and Business Administration and a master's degree in Dyeing and Textile Technologies; he has written several articles on Human Resource Management and Communication, Human Relationships, etc. He speaks English and German. Since 1978 he has been an elective member of the Athens Chamber of Commerce & Industry.

In 2011, he won the elections and was appointed Vice President of the Athens Chamber of Commerce & Industry. He is also member of the Textile Industry Association of Greece, as well as member of the Industry Association of Central Greece.

He has also been Chairman of the Board of Industry Association of Viotia, member of the Board of INTERINVEST AEEX (Investment Company listed in ASE), member of the Board of INTERPROJECT S.A. (Investment Consultancy), as well as member of the Board of the Bank of Central Greece. From 1989 to 1993 he served as Vice President of the Industrial Department of the Athens Chamber of Commerce & Industry. From 1994 to 2002 he served as Elective Regular Representative of the Athens Chamber of Commerce & Industry in the Central Association of Greek Chambers. He also served as President of several Exporting Departments of Athens Chamber of Commerce & Industry and from 2002 to 2006 he served as President of the Industrial Department of Athens Chamber of Commerce & Industry.

#### **Pantelis Karaleftheris, Member**

Mr. Pantelis Karaleftheris was born in 1962 in Ardassa of Prolemaida.

He is qualified electrical foreman and works for PPC S.A. Mines.

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

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

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

He is very interested in folklore and has made many research trips in Asia Minor, Pontus and the Black Sea.

He has been a founding member of the 1 administration of Pontian Greek Youth and member of the Board of Directors of the International Confederation of Pontian Greeks.

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

For six years he has served as General Secretary of the SPARTAKOS trade union, while he was Deputy Secretary of GENOP/PPC for six years (2008-2013).

Later he was elected representative of the employees on the Board of Directors of PPC S.A.

He has graduated the Academy of KANEP of the GGCL and trains trainers in lifelong learning.

He is married and has two children.

#### **Filippos Tavriss, Member**

He was born in Athens in 1950.

He worked in the private sector and graduated in parallel from the Higher School for Industrial Studies (renamed to University of Piraeus). He worked in the General Bank, in most of the banking areas (Deposits, Grants, Currency, Accounting, Commercial Information-Analysis of Balance sheets), serving as Head in many of these and finally he reached the highest organizational level of Manager.

He participated in a series of seminars on banking techniques, as well as in seminars on Communication and Trainees' Formation, while for a long period of time he was training recently-hired employees.

In parallel, he was occupied with trade-unionism; from 1981 to date he was elected:

- In the Board of Directors of SYGTE (Association of Employees of the General Bank of Greece) as Vice Chairman
- In the General Council of OTOE (Greek Federation of Bank Employee Unions)
- In the Board of Directors of EKA (Athens Labour Centre) from 1995 until 2004 as Deputy Secretary and Deputy Chairman.
- In the Board of Directors and the Executive Committee of GSEE (Greek General Confederation of Labour) from 2004 until 2010 as Deputy Organizational Secretary and Social Policy Secretary.

He participated as representative of employees in the following committees and boards:

- In the TDE (Financial Balance Fund) - Social Security Institute (IKA),
- In the PEEP & TSE (Association of Special Educators) of Attica - OEEK (Professional Education & Training Organisation),
- In LAEK (Account for Employment and Professional Training) - OAED (Greek Manpower Employment Organisation), as member of the Management Committee.
- In the OKE (Economic and Social Commission).

He participated in the following Boards of Directors:

- TAAPTPGA-E (Sickness Fund for Personnel of the Credit Bank, General Bank, American-Express Bank) as elective member from 1990 till 1993, in the position of Vice Chairman.

- TAPGTE (Mutual Benefit Fund of personnel of the General Bank of Greece), as elected member of the Board, from 1984 till 2012, serving as Vice Chairman, Secretary General and Chairman (2008-2011).
- P-PSYGTE (Supplying and Credit Cooperative of employees of the General Bank of Greece), as elected Chairman (1992-1993).
- EIN (National Youth Institute), as Vice Chairman (April 2004-January 2007) and as Chairman (January 2007-May 2009).
- KEK-EIN (Vocational Training Centre-NYI), as Chairman of the Board of Directors (Representative-Operator), (May 2004-May 2009).

He is married and has one son.

#### Nikolaos Fotopoulos, Member

Mr. Nikos Fotopoulos was born in Agnata at the Prefecture of Ilia in 1962.

He is Electrical Technician (Technical School of PPC).

From the age of 16 he has been involved in politics and community affairs.

For 10 years he served as Secretary of the Energy Domain Committee of the Socialist Party (PASOK).

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

Since 2007 until today he has been president of the General Federation of Employees at PPC-Electricity Sector (GENOP/DEI) and member of the Executive Committee of EMCF.

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

## 6 | 16 Outside Professional Engagements of the Members of the Board of Directors

NAME	PROFESSION	Participation as member in the BoD of other non profit Organizations (in any capacity e.g. Independent member, Executive member, Independent Non Executive member etc.)
ZERVOS ARTHOUROS	Professor at the National Technical University of Athens	BoD Chairman / PPC Renewables President of EWEA (European Wind Energy Association)
DOLOGLOU KONSTANTINOS	Economist	"KONSTANTINOS KARAMANLIS" INSTITUTE FOR DEMOCRACY, Non Executive Member
EKATERINARI OURANIA	Electrical Engineer	Geotechnologiki A.T.E. Vice Chairman of the BoD
THEOS KONSTANTINOS	Civil Engineer	-
ALEXAKIS PANAGIOTIS	Professor at the University of Athens	TA.NE.O S.A. Independent Non-Executive Member AGROTIKI ASFALISTIKI S.A. Independent Non Executive Member Property Development and Management Company of the Athens University Independent Non Executive Member
ANTONIOU ILIAS	Geologist Employee at the University of Athens	-
VASSILOGEORGIS CHARILAOS	Lawyer	P.C.D.C. S.A. Independent Non Executive Member of the BoD VIOTROS S.A. Independent Non Executive Member of the BoD
VERNICOS NIKOLAOS	Economist – Shipowner	National Greek Committee of the International Chamber of Commerce (ICC – Hellas) (NGO) Chairman Hellenic Chamber of Shipping Member of the BoD Piraeus Chamber of Commerce & Industry Member of the BoD N.E. Vernicos Tugs & Salvage President VERNICOS YACHTS S.A. Vice President CONSORTIUM TRAVEL S.A. Vice President EUROCORP INVESTMENT SERVICES S.A. Vice President GLOBAL INVESTMENT Services Compagnie Financière Paris Member of the BoD. / Conseille d' Administration



NAME	PROFESSION	Participation as member in the BoD of other non profit Organizations (in any capacity e.g. Independent member, Executive member, Independent Non Executive member etc.)
ZONTANOS KONSTANTINOS	Engineer	President of OTEACADEMY
THOMOGLOU PAVLOS	Economist – Businessman	Vice President of the Athens Chamber of Commerce & Industry
		RED-LINE SA Member of the BoD
KARALEFTHIS PANTELIS	PPC S.A. employee	-
KARAVASSILIS IOANNIS	PPC S.A. employee	-
KONSTANTOPOULOS IOANNIS	Economist-Bank Employee	-
BOUZOULAS EVANGELOS	PPC S.A. employee	-
TAVRIS FILIPPOS	Bank Employee	-
FOTOPOULOS NIKOLAOS	PPC S.A. employee	-

#### 6 | 17 Contracts with Members of the Board of Directors

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

Nevertheless, there are other contractual provisions as regards the executive members of the Board of Directors, such as:

- Compensation for service termination in case that the Company decides to terminate the contract
- Personal use of company-provided vehicle including driver, maintenance, insurance and fuels.
- Expense benefit during the performance of their duties (travel expenses, mobile phone, restaurant bills, etc.) provided that these expenses are accompanied by the necessary receipts and are approved by the Company based on its policy.

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

By virtue of L.3833/10, 3845/10 and 4092/12, the remunerations of the executive members of the Board of Directors are not allowed to exceed the ceiling established by the said Laws. As a result, they are clearly defined and do not include variable performance related elements.

#### 6 | 18 Information on the Deputy CEOs and the General Managers

On the date of issuance of the present Statement (12.3.2014), the Deputy CEOs and the General Managers of PPC S.A. are the following:

##### **Kostantinos Dologlou,**

Vice Chairman of the BoD, Deputy CEO supervising the Mines, Generation and Supply Divisions.

##### **Ourania Ekaterinari,**

Deputy CEO supervising the Finance Division and Human Resources Division.

##### **Konstantinos Theos,**

Deputy CEO supervising the Support Operations Division, the Strategy Department and the Energy Trading Department.

##### **Angelopoulos Georgios,**

General Manager of Finance Division, Economist.

##### **Aravantinos Nikolaos,**

General Manager of Support Operations Division, Mechanical-Electrical Engineer.

##### **Damaskos Georgios,**

General Manager of Human Resources Division - Electrical Engineer - Economist.

##### **Karalazos Lazaros,**

General Manager of Supply Division, Electrical Engineer.

##### **Kopanakis Ioannis,**

General Manager of Generation Division, Electrical Engineer

##### **Nikolakakos Panagiotis,**

General Manager of Mines Division, Mining Metallurgical Engineer – Economist.

##### **Michael Broustis,**

General Manager, Responsible for Corporate Relations with Network Subsidiaries, Economist.

Athens, March 27, 2014

For the Board of Directors  
The Chairman and CEO

Arthouros Zervos

## INDEPENDENT CERTIFIED AUDITOR'S ACCOUNTANT'S REPORT



## THIS REPORT IS A FREE TRANSLATION OF THE GREEK ORIGINAL

### Independent Certified Auditor's Accountant's Report

#### To the Shareholders of Public Power Corporation S.A.

#### Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of Public Power Corporation S.A., which comprise the separate and consolidated statements of financial position as at 31 December 2013, and the related separate and consolidated statements of income and comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Separate and Consolidated Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan, and perform the audit to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of Public Power Corporation S.A. and its subsidiaries as at 31 December 2013, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Emphasis of Matters

We draw your attention to the following issues:

- 1) In Note 37 of the financial statements, where the claim of Operator of Electricity Market (EMO) against the Company of amount € 96.6 mil. is described, relating to the application of Methodology for the allocation of payments to producers due to the deficit of the Day Ahead Schedule. As also discussed in the same Note, since the above mentioned claim of EMO is disputed in substance, as the reasons which this claim is based on are not substantiated, it is not possible to estimate the potential liability that might arise for the Company and, therefore, no provision is raised against the financial results of December 31, 2013.
- 2) In Note 37 of the financial statements, where the claim of Operator of Electricity Market (EMO) against the Company is described, with respect to the adjusting settlements of Independent Power Transmission Operator (IPTO) relating to the Special Account of article 143 of Law 4001/2011. As also discussed in the same Note, in October 2013, IPTO sent to the Company adjusting settlements for May, June, July and part of August 2013, of amount € 48.2 mil., which derived from the retrospective application of the relevant methodology. For the above amount, the Company has raised an objection to IPTO and has not recorded any relevant provision against the financial results of December 31, 2013, considering that the retrospective application of the methodology is not included in the relevant provisions of the above Law.

Our opinion is not qualified with respect to these matters.

#### Report on Other Legal and Regulatory Requirements

The Board of Directors' Report includes a statement of Corporate Governance, which provides the information required by paragraph 3d of article 43a of Codified Law 2190/1920.

We confirm that the information given in the Board of Directors' Report is consistent with the accompanying separate and consolidated financial statements in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

We have also audited the Company's unbundled balance sheets as at 31 December 2013 and the unbundled statements of income before tax for the period from 1 January 2013 to 31 December 2013. Management is responsible for the preparation for these balance sheets and statements of income before tax ("the unbundled financial statements") in accordance with Law 4001/2011 and the unbundling methodology approved by the Regulatory Authority for Energy which is further discussed in detail in Appendix I in the accompanying notes.

The audit of the unbundled financial statements mainly includes the determination of whether the Company has properly applied the unbundling allocation rules and whether it has complied with its obligation for the avoidance of discriminations and cross-subsidizations among activities.

In our opinion, the unbundled financial statements presented in Appendix I in the accompanying notes have been prepared in accordance with Law 4001/2011 and the unbundling methodology approved by the Regulatory Authority for Energy.

Athens, 27 March 2014

The Certified Auditor Accountant

Panagiotis Papazoglou  
S.O.E.L. No. 16631

ERNST & YOUNG (HELLAS)  
CERTIFIED AUDITORS ACCOUNTANTS S.A.  
11 KM NATIONAL ROAD ATHENS-LAMIA  
14451 METAMORFOSI  
S.O.E.L. R.N. 107

## Consolidated and Separate Financial Statement



Public Power Corporation S.A.

Consolidated and Separate  
Financial Statements

December 31, 2013

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

The attached separate and consolidated financial statements have been approved by the Board of Directors of Public Power Corporation S.A. on March 27, 2014 and they are available on the web site of Public Power Corporation S.A. at [www.dei.gr](http://www.dei.gr)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER	VICE CHAIRMAN AND DEPUTY CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	CHIEF ACCOUNTANT
<b>ARTHOUROS ZERVOS</b>	<b>KONSTANTINOS DOLOGLOU</b>	<b>GEORGE C. ANGELOPOULOS</b>	<b>EFTHIMIOS A. KOUTROULIS</b>



## STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

(All amounts in thousands of €, unless otherwise stated - except for share and per share data)

	Note	Group		Company	
		2013	2012 (restated*)	2013	2012 (restated*)
<b>REVENUES:</b>					
Revenue from energy sales	4	5,765,807	5,717,239	5,751,036	5,705,105
Other sales	4	205,019	267,983	167,616	182,806
		5,970,826	5,985,222	5,918,652	5,887,911
<b>EXPENSES:</b>					
Payroll cost	5, 36	720,919	718,043	393,328	398,022
Lignite		776,902	733,229	776,902	733,229
Liquid Fuel		792,615	940,710	792,615	940,710
Natural Gas		401,937	444,495	401,937	444,495
Depreciation and Amortization	7	479,008	513,490	413,076	448,765
Energy purchases	6, 36	1,639,871	1,792,684	1,662,843	1,818,687
Materials and consumables		91,128	107,349	54,430	69,445
Transmission system usage		-	16,868	209,391	207,946
Distribution system usage		-	-	433,356	407,885
Utilities and maintenance		72,354	81,392	21,226	23,473
Third party fees		49,070	51,664	27,307	24,289
CO <sub>2</sub> emission rights	8	187,517	57,086	187,517	57,086
Provision for risks		(2,763)	8,272	2,215	2,567
Provision for slow-moving materials	18	8,027	4,534	6,885	7,388
Allowance for doubtful balances		353,032	324,581	364,985	264,811
Financial expenses	9	266,794	277,327	238,844	245,905
Financial income	10	(47,398)	(42,309)	(76,085)	(76,343)
Other (income)/expenses, net	11	145,980	(151,365)	92,253	(183,188)
Loss / (Gain) of associates and joint ventures, net	16	(1,561)	(2,067)	-	-
Impairment loss of marketable securities	21	3,393	1,414	3,393	1,414
Foreign currency (gains)/loss, net		(888)	1,173	(888)	1,173
		5,935,937	5,878,570	6,005,530	5,837,759
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>34,889</b>	<b>106,652</b>	<b>(86,878)</b>	<b>50,152</b>
Income tax expense		(260,177)	(64,869)	(237,447)	(27,796)
<b>(LOSS) / PROFIT AFTER TAX</b>		<b>(225,288)</b>	<b>41,783</b>	<b>(324,325)</b>	<b>22,356</b>
Profit Earnings per share, basic and diluted		(0.97)	0.18		
Weighted average number of shares		232,000,000	232,000,000		

\*Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 36 of the annual financial report

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

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

(All amounts in thousands of €)

	Group		Company	
	2013	2012 (restated*)	2013	2012 (restated*)
<b>(Loss) / Profit after tax for the period</b>	<b>(225,288)</b>	<b>41,783</b>	<b>(324,325)</b>	<b>22,356</b>
<b>Other Comprehensive income / (loss) for the period</b>				
Other Comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods				
Profit/(Loss) from change of fair values of available for sale financial assets during the period	249	-	249	-
<b>Net Other Comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods</b>	<b>249</b>	<b>-</b>	<b>249</b>	<b>-</b>
Items not to be reclassified to profit or loss in subsequent periods				
Impairment of fixed assets	-	(677,000)	-	(582,000)
Actuarial gains/(losses)	29,823	9,808	11,814	9,744
Deferred taxes on actuarial gains/ (losses)	-	(38,654)	-	(19,847)
Deferred taxes due to the change of the income tax rate of fixed assets' revaluation surplus	(78,044)	-	(61,387)	-
<b>Net Other Comprehensive loss not being reclassified to profit or loss in subsequent periods</b>	<b>(48,221)</b>	<b>(705,846)</b>	<b>(49,573)</b>	<b>(592,103)</b>
<b>Other Comprehensive loss for the year after tax</b>	<b>(47,972)</b>	<b>(705,846)</b>	<b>(49,324)</b>	<b>(592,103)</b>
<b>Total Comprehensive loss after tax</b>	<b>(273,260)</b>	<b>(664,063)</b>	<b>(373,649)</b>	<b>(569,747)</b>

\*Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 36 of the annual financial report.

The accompanying notes are an integral part of these financial statements

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2013

(All amounts in thousands of €)

ASSETS	Note	Group			Company		
		31/12/2013	31/12/2012 (restated*)	01/01/2012 (restated*)	31/12/2013	31/12/2012 (restated*)	01/01/2012 (restated*)
<b>Non-Current Assets:</b>							
Tangible Assets	13	12,931,720	12,903,591	13,702,609	11,150,928	11,143,858	11,885,466
Intangible assets, net	14	22,174	54,377	92,703	21,618	53,445	92,512
Investments in subsidiaries	15	-	-	-	1,109,257	1,065,657	1,000,935
Investments in joint ventures	16	21,627	20,030	15,943	49	49	49
Investments in associates	21	4,920	5,021	6,435	4,920	5,021	6,435
Available for sale financial assets		22,701	34,148	50,793	21,629	32,158	48,356
<b>Total non-current assets</b>		<b>13,003,142</b>	<b>13,017,167</b>	<b>13,868,483</b>	<b>12,308,401</b>	<b>12,300,188</b>	<b>13,033,753</b>
<b>Current Assets:</b>							
Materials, spare parts and supplies, net	18	785,325	855,337	847,585	588,186	629,599	793,809
Trade receivables, net	19	1,305,579	1,320,910	979,816	1,248,364	1,264,686	977,596
Other receivables, net	20	250,024	404,737	266,816	243,686	393,671	219,056
Income tax receivable		24,289	627	102,981	-	-	94,302
Other current assets		29,256	39,407	59,795	37,951	45,222	27,274
Cash and cash equivalents	22	260,278	279,427	364,495	185,513	221,208	339,539
Restricted cash		161,693	141,500	154,833	161,693	141,500	154,833
<b>Total Current Assets</b>		<b>2,816,444</b>	<b>3,041,945</b>	<b>2,776,321</b>	<b>2,465,393</b>	<b>2,695,886</b>	<b>2,606,409</b>
<b>Total Assets</b>		<b>15,819,586</b>	<b>16,059,112</b>	<b>16,644,804</b>	<b>14,773,794</b>	<b>14,996,074</b>	<b>15,640,162</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY:</b>							
Share capital	23	1,067,200	1,067,200	1,067,200	1,067,200	1,067,200	1,067,200
Share premium		106,679	106,679	106,679	106,679	106,679	106,679
Legal reserve	24	107,491	107,491	107,491	107,491	107,491	107,491
Fixed assets' statutory revaluation surplus		(947,342)	(947,342)	(947,342)	(947,342)	(947,342)	(947,342)
Revaluation surplus		4,186,763	4,284,610	4,984,663	3,478,917	3,559,308	4,211,132
Other Reserves	25	33,019	24,274	53,120	108,983	118,247	128,350
Retained earnings		849,763	1,039,337	973,961	1,401,121	1,690,976	1,598,842
<b>Total Equity</b>		<b>5,403,573</b>	<b>5,682,249</b>	<b>6,345,772</b>	<b>5,323,049</b>	<b>5,702,559</b>	<b>6,272,352</b>

ASSETS	Note	Group			Company		
		31/12/2013	31/12/2012 (restated*)	01/01/2012 (restated*)	31/12/2013	31/12/2012 (restated*)	01/01/2012 (restated*)
<b>Non-Current Liabilities:</b>							
Interest bearing loans and borrowings	27	3,013,933	3,302,887	3,565,542	2,868,671	3,026,223	3,142,670
Post retirement benefits	29,36	390,656	422,821	434,424	230,870	244,582	327,448
Provisions	30	225,567	224,376	213,011	141,542	135,979	194,439
Deferred tax liabilities	12	519,455	212,254	366,611	490,919	209,249	312,227
Deferred customers' contributions and subsidies	31	1,728,810	1,800,767	1,867,078	1,595,088	1,661,634	1,725,286
Other non-current liabilities	32	540,355	533,105	498,250	534,169	528,764	498,190
<b>Total Non-Current Liabilities</b>		<b>6,418,776</b>	<b>6,496,210</b>	<b>6,944,916</b>	<b>5,861,259</b>	<b>5,806,431</b>	<b>6,200,260</b>
<b>Current Liabilities:</b>							
Trade and other payables	33	1,698,259	1,686,816	1,391,246	1,690,098	1,640,557	1,346,165
Short-term borrowings	34	97,285	301,529	233,735	50,000	241,500	224,000
Current portion of interest bearing loans and borrowings	27	1,840,013	1,500,564	1,429,201	1,583,854	1,338,956	1,335,066
Dividends payable	26	154	175	210	154	175	210
Income Tax Payable		46,977	128,619	26,577	39,294	116,392	-
Accrued and other current liabilities	35	308,736	258,965	270,074	220,273	145,519	259,036
Derivative liabilities	28	5,813	3,985	3,073	5,813	3,985	3,073
<b>Total Current Liabilities</b>		<b>3,997,237</b>	<b>3,880,653</b>	<b>3,354,116</b>	<b>3,589,486</b>	<b>3,487,084</b>	<b>3,167,550</b>
<b>Total Liabilities and Equity</b>		<b>15,819,586</b>	<b>16,059,112</b>	<b>16,644,804</b>	<b>14,773,794</b>	<b>14,996,074</b>	<b>15,640,162</b>

\*Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 36 of the annual financial report.

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

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY DECEMBER 31, 2013

(All amounts in thousands of €)

	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Fixed Assets Statutory Revaluation Surplus
<b>Balance, January 1, 2012</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>4,984,663</b>	<b>(947,342)</b>
Changes in accounting policies and restatements	-	-	-	-	-
<b>Balance, January 1, 2012 (restated*)</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>4,984,663</b>	<b>(947,342)</b>
Net income for the year	-	-	-	-	-
Other comprehensive loss for the year, after tax	-	-	-	(677,000)	-
<b>Total Comprehensive income/(loss) for the year after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(677,000)</b>	<b>-</b>
Transfers from retirements of fixed assets	-	-	-	(23,137)	-
Transfers	-	-	-	84	-
Other	-	-	-	-	-
<b>Balance, December 31, 2012</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>4,284,610</b>	<b>(947,342)</b>
<b>Balance, January 1, 2013</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>4,284,610</b>	<b>(947,342)</b>
Net loss for the year	-	-	-	-	-
Other comprehensive income/(loss) for the year after tax	-	-	-	(78,044)	-
<b>Total Comprehensive income/(loss) for the year after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(78,044)</b>	<b>-</b>
Transfers from retirements of fixed assets	-	-	-	(19,803)	-
Transfers from non taxable reserves	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	-	-	-	-
<b>Balance, December 31, 2013</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>4,186,763</b>	<b>(947,342)</b>

Other Reserves			Retained Earnings	Total
Fair value of available for sale financial assets	Tax Free and Other Reserves	Other Reserves Total		
(249)	207,987	207,738	973,961	6,500,390
-	(154,618)	(154,618)	-	(154,618)
(249)	53,369	53,120	973,961	6,345,772
-	-	-	41,783	41,783
-	(28,846)	(28,846)	-	(705,846)
-	(28,846)	(28,846)	41,783	(664,063)
-	-	-	23,137	-
-	-	-	(84)	-
-	-	-	540	540
(249)	24,523	24,274	1,039,337	5,682,249
(249)	24,523	24,274	1,039,337	5,682,249
-	-	-	(225,288)	(225,288)
249	29,823	30,072	-	(47,972)
249	29,823	30,072	(225,288)	(273,260)
-	-	-	19,803	-
-	(21,327)	(21,327)	21,327	-
-	-	-	(5,800)	(5,800)
-	-	-	384	384
-	33,019	33,019	849,763	5,403,573

\* The above amounts have been remeasured and differ from the published annual financial statements of December 31, 2012 and reflect adjustments as explained in note 36 of the annual financial report

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



## PUBLIC POWER CORPORATION S.A. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY DECEMBER 31, 2013

(All amounts in thousands of €)

	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Fixed Assets Statutory Revaluation Surplus
<b>Balance, January 1, 2012</b>	<b>1,067,200</b>	<b>[106,679]</b>	<b>107,491</b>	<b>4,211,132</b>	<b>(947,342)</b>
Changes in accounting policies and restatements	-	-	-	-	-
<b>Balance, January 1, 2012 (restated*)</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>4,211,132</b>	<b>(947,342)</b>
Net income for the year	-	-	-	-	-
Other comprehensive loss for the year, after tax	-	-	-	(582,000)	-
<b>Total Comprehensive income/(loss) for the year after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(582,000)</b>	<b>-</b>
Transfers from retirements of fixed assets	-	-	-	(21,571)	-
Transfer of revaluation surplus due to spin-off	-	-	-	(48,253)	-
Other	-	-	-	-	-
<b>Balance, December 31, 2012</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>3,559,308</b>	<b>(947,342)</b>
<b>Balance, January 1, 2013</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>3,559,308</b>	<b>(947,342)</b>
Net loss for the year	-	-	-	-	-
Other comprehensive income/(loss) for the year, after tax	-	-	-	(61,387)	-
<b>Total Comprehensive income/(loss) for the year after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61,387)</b>	<b>-</b>
Transfers from retirements of fixed assets	-	-	-	(19,004)	-
Transfers from non taxable reserves	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	-	-	-	-
<b>Balance, December 31, 2013</b>	<b>1,067,200</b>	<b>106,679</b>	<b>107,491</b>	<b>3,478,917</b>	<b>(947,342)</b>

Other Reserves			Retained Earnings	Total Equity
Fair value of available for sale financial assets	Tax-free and Other Reserve	Other Reserves Total		
(249)	207,987	207,738	1,598,842	6,351,740
-	(79,388)	(79,388)	-	(79,388)
(249)	128,599	128,350	1,598,842	6,272,352
-	-	-	22,356	22,356
-	(10,103)	(10,103)	-	(592,103)
-	(10,103)	(10,103)	22,356	(569,747)
-	-	-	21,571	-
-	-	-	48,253	-
-	-	-	(46)	(46)
(249)	118,496	118,247	1,690,976	5,702,559
(249)	118,496	118,247	1,690,976	5,702,559
-	-	-	(324,325)	(324,325)
249	249	12,063	-	(49,324)
249	249	12,063	(324,325)	(373,649)
-	-	-	19,004	-
-	(21,327)	(21,327)	21,327	-
-	-	-	(5,800)	(5,800)
-	-	-	(61)	(61)
-	108,983	108,983	1,401,121	5,323,049

\* The above amounts have been remeasured and differ from the published annual financial statements of December 31, 2012 and reflect adjustments as explained in note 36 of the annual financial report.

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

## STATEMENTS OF CASH FLOWS DECEMBER 31, 2012

(All amounts in thousands of €)

	Group		Company	
	2013	2012 (restated*)	2013	2012 (restated*)
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	34,889	106,652	(86,878)	50,152
Adjustments:				
Depreciation and amortization	698,829	722,527	627,488	651,570
Devaluation of fixed assets	3,658	14,500	3,658	14,500
Amortisation of customers' contributions and subsidies	(76,107)	(76,893)	(70,698)	(70,876)
Provision for CO <sub>2</sub> emission rights	32,073	51,321	32,073	51,321
Impairment loss of marketable securities	3,393	-	3,393	-
Fair value (gain) / loss of derivative instruments	(1,365)	912	(1,365)	912
Share of loss / (profit) of associates	(1,561)	(2,067)	-	-
Interest income and dividends	(47,398)	(42,309)	(76,085)	(76,343)
Sundry provisions	364,574	313,518	379,330	277,274
Unrealised foreign exchange (gains)/ losses on interest bearing loans and borrowings	298	504	298	504
Unbilled revenue	(114,245)	(126,731)	(114,245)	(126,731)
Retirements of fixed assets and software	21,120	25,307	20,531	24,583
Amortization of loan origination fees	7,406	7,930	6,397	7,405
Interest expense	236,070	251,776	210,124	222,646
<b>Operating profit before working capital change</b>	<b>1,161,634</b>	<b>1,246,947</b>	<b>934,021</b>	<b>1,026,917</b>
(Increase)/decrease in :				
Accounts receivable, trade and other	(189,047)	(490,021)	(213,216)	(526,264)
Other current assets	(13,511)	20,388	7,269	(18,929)
Materials, spare parts and supplies	61,458	(13,928)	34,528	(34,702)
Increase/(decrease) in :				
Trade and other payables	11,443	295,570	49,541	390,957
Other non-current liabilities	7,250	34,855	5,405	30,574
Accrued/ other liabilities excluding interest	49,892	16,808	87,333	(54,865)
Income tax paid	(25,543)	(50,370)	(11,287)	-
Distribution business unit spin-off	-	-	-	216,998
<b>Net Cash from Operating Activities</b>	<b>1,063,576</b>	<b>1,060,249</b>	<b>893,594</b>	<b>1,030,686</b>

	Group		Company	
	2013	2012 (restated*)	2013	2012 (restated*)
<b>Cash Flows from Investing Activities</b>				
Interest received	47,398	42,309	53,403	39,367
Capital expenditure of fixed assets and software	(721,615)	(798,033)	(605,422)	(728,761)
Proceeds from customers' contributions and subsidies	4,150	10,582	4,152	7,224
Investments in subsidiaries and associates	(3,299)	(2,224)	(46,644)	(8,578)
Discontinuing operations	-	-	-	(120,167)
<b>Net Cash used in Investing Activities</b>	<b>(673,366)</b>	<b>(747,366)</b>	<b>(594,511)</b>	<b>(810,915)</b>
<b>Cash Flows from Financing Activities</b>				
Net change in short-term borrowings	(72,744)	67,794	(60,000)	17,500
Proceeds from interest bearing loans and borrowings	285,000	1,080,500	285,000	1,080,500
Principal payments of interest bearing loans and borrowings	(363,254)	(1,272,296)	(326,259)	(1,193,561)
Interest paid	(252,540)	(273,914)	(227,698)	(242,506)
Dividends paid	(5,821)	(35)	(5,821)	(35)
<b>Net Cash used in Financing Activities</b>	<b>(409,359)</b>	<b>(397,951)</b>	<b>(334,778)</b>	<b>(338,102)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(19,149)</b>	<b>(85,068)</b>	<b>(35,695)</b>	<b>(118,331)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>279,427</b>	<b>364,495</b>	<b>221,208</b>	<b>339,539</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>260,278</b>	<b>279,427</b>	<b>185,513</b>	<b>221,208</b>

\*Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 36 of the annual financial report

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

## Notes to the Financial Statements December 31, 2013

(All amounts in thousands of €, unless otherwise stated - except for share and per share data)

### 1. CORPORATE INFORMATION

Public Power Corporation S.A. ("PPC" or the "Parent Company") was established in 1950 in Greece for an unlimited duration as a State owned and managed corporation for electricity generation, transmission and distribution throughout Greece.

In 1999, the Hellenic Republic enacted Law 2773/1999 ("the Liberalization Law"), which provided for, among other provisions, the transformation of PPC into a société anonyme. PPC's transformation to a société anonyme was effected on January 1, 2001, by virtue of Presidential Decree 333/2000, and its duration was set for 100 years. Effective December 2001, PPC's shares are listed on the Athens and the London Stock Exchanges.

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

On 01.12.2011, the Parent Company proceeded to the spin-off of its General Division of Transmission and the contribution to its wholly owned subsidiary "Independent Power Transmission Operator" (IPTO S.A.).

On 01.05.2012, the spin-off of the General Division of Distribution was completed by its contribution to PPC's wholly owned subsidiary "Hellenic Electricity Distribution Network Operator" (HEDNO S.A.).

The accompanying financial statements include the separate financial statements of PPC and the consolidated financial statements of PPC and its subsidiaries ("the Group").

PPC headquarters are located at 30, Chalkokondili Street, Athens, 104 32 Greece.

At December 31, 2013, the number of staff employed by the Group was 19,093 (2012: 20,030).

At December 31, 2013, 104 employees of the Group (2012: 114) have been transferred to several State agencies (ministries, organizations, etc.) out of which 94 were compensated by PPC (2012: 106). The total payroll cost of such employees, at December 31, 2013, amounted to € 3,922 (2012: € 3,882) and is included in the income statement.

Additionally, PPC's transferred employees in TAYTEKO-TAP/DEI amounted to 415, while at IKA-TAP/DEI PPC's transferred employees amounted to 37 in 2013, for whom payroll at December 31, 2013, amounted to € 19,460.

PPC Group generates electricity in its own 63 power generating stations of the Parent Company and from the additional stations which belong to its wholly owned subsidiary PPC Renewables, facilitates the transmission of electricity through its own power lines of approximately 12,161 kilometres [out of which 11,212 kilometres are owned by its wholly owned subsidiary Independent Power Transmission Operator (IPTO S.A.)] and distributes electricity to consumers through its own distribution lines for Medium and Low voltage of 233,000 kilometres which are managed by its wholly owned subsidiary "Hellenic Distribution Network Operator (HEDNO S.A.)" (Medium and Low voltage).

Lignite consumed by the Parent Company's lignite-fired power stations is extracted, mainly, from its own lignite mines.

The Group PPC has also constructed approximately 1,915.9 kilometres of fibre optics network along its transmission lines, approximately 161.6 kilometres of urban underground fibre optics network and approximately 17.2 kilometres of underwater fibre optics network.

### 2. LEGAL FRAMEWORK

#### Changes in Legal Framework of the Electricity Market in 2013.

##### GENERAL PROVISIONS FOR THE INTERNAL ELECTRICITY MARKET

- The Article 12 of Law 4138/2013 amends and complements the A.6 of L.3486/2011. According to this, the Hellenic Republic Asset Development Fund ("HRADF") has the right to ask from companies in which is a shareholder, or on shares for which it carries voting rights, or from companies whose assets have been handed down to HRADF for transfer in view of their privatization, all necessary information regarding the legal entity, depending on each company's particular characteristics for the evaluation of assets and liabilities as well as the financial position, profits and losses and the prospects of the company by the shortlisted candidates. The purpose for this is for carrying out the legal, financial and technical audits of these companies (due diligence) in the context of privatization. The above information also includes information classified as confidential under contracts binding these companies, where such contracts are governed by Greek law.
- On 28.04.2013, the Law 4152 was enacted (OG A' 107/09.05.2013), according to which:
  - A new Extraordinary Special Tax (EETA) on structured surfaces electrified at any time during the period from 01.05.2013 until 31.12.2013 was imposed, with characteristics similar to those of Electrified Surfaces Special Tax (EETIDE), reduced by 15%.
  - RES issues are also included and especially:
    - issues on network access
    - the establishment of an annual fee for maintaining the right to hold the electricity generation licence of 1.000 €/MW, which is paid in the first quarter of each calendar year to LAGIE's special account of Article 40 of Law 2773/1999
    - amendments of Law 4001/2011 on producers' and suppliers' payments relating to the revenues of the special account of Article 40 of Law 2773/1999, and more specifically it states that the amounts paid by producers and suppliers as part of the Daily Energy Planning and of Imbalances Settlement will reflect at least the weighted average variable cost of conventional thermal stations and will represent the energy injected by priority in the system. This means that the RES energy purchases are paid through the operation of the market either on the weighted average variable cost of the conventional thermal power plants or on the System Margin Price, whichever is the greater. This change started being applied from 14.08.2013, when RAE's Decision 366/2013 was published in the Governmental Gazette amending the relevant provisions of the Power Exchange Code and specializing the calculation methodology with which the provision of law was implemented.
    - settings for P/V stations, which inter alia provide for the suspension of contracts until December 31, 2013 with the System or Network, including the Network of Non-interconnected islands (excluding the "Special Development Program of Photovoltaic Systems in buildings and especially in roofs of buildings") and form new rates for the extraordinary special levy on the revenue of producers of electricity from RES and CHP.
- By the Ministerial Act 15/24.07.2013 (OG A 168/24.07.2013) the restructuring and privatization of PPC was approved, which includes three main steps:
  1. Ownership unbundling of IPTO SA.
  2. Creation of a new integrated electricity company (providing in detail the process of selling).
  3. Privatization of PPC.



1) The law on the ownership unbundling of IPTO SA was voted by the Hellenic Parliament on 06.02.2014 and was published in OG A' 36/12.02.2014. Certain provisions of the original Decree have been amended (OG A' 168/24.7.2013) to simplify the process of the full ownership separation of IPTO S.A. by PPC S.A., and the acquisition by the Greek government of 34% of the share capital of the company is specified by ensuring registered minority. The signing of sale and purchase of shares representing 66% of the shares issued by IPTO S.A. (Share Purchase Agreement) with the preferred investor that will have been chosen will take place in the second quarter of 2014. Finally, it is noted that the price for the acquisition of the shares representing 34% that will revert to the Greek government may be paid by offsetting due taxes, fees or other requirements of the Greek State towards PPC, from any cause they arise, including future claims and rights.

2) The abovementioned Ministerial Act provides for the creation of a new integrated electricity company (in terms of assets, liabilities, human resources and customer base), which will be given about 30% of PPC generation as well as a proportion of the PPC Supply General Directorate activities. Consequently, the generation mix and the customer base of the new company will proportionally reflect the respective sections of PPC. Afterwards, on March 10, 2014, the draft bill was put under public consultation, according to which the following elements of PPC's generation capacity will be granted to the new company:

- a) the Amyntaion Power Station (Generation Units I & II) with a generation capacity of 600 MW, the Meliti I Power Station with a generation capacity of 330 MW and the license for the future Meliti II Power Station with a generation capacity of 450 MW, all of which are lignite power plants.
- b) all PPC's mining rights on the lignite concession rights of the Amyntaion (including the Lakkia mine), Kleidi, Lofoi Melitis, the Komnina I & II and the Vevi mines.
- c) the Platanovrisi (116 MW), the Thesavros (384 MW), the Agras (50 MW), the Edesseos (19 MW) and the Pournari I & II (334MW) hydro-power plants.
- d) the Komotini natural gas power Plant with a generation capacity of 485 MW.

The new company will also be granted with PPC's electricity supply contracts, together with the ancillary legal relationships and other Supply assets, without the consent of its customers and without the need for these contracts to be drawn up in writing. PPC will be required for a six month period after the completion of the spin-off to refrain from any form of cherry picking policy in re-attracting the customers whose electricity supply contracts were granted to the new company. No electricity supply contracts under the "Supplier of Last Resort" and the "Supplier of Universal Service" regimes as well as those with customers in the Non Interconnected Islands will be granted to the new company.

The timetable for the sale by PPC of the stocks of the new company which at the initial stage will be a wholly owned subsidiary of PPC, with the assistance of HRDAF, has the objective of completing the spin-off in the 1 quarter of 2015 and the new company starting its operation in the same year.

3) Plan and timetable for the privatization of PPC, which concerns the disposal of shares representing a 17% share held by the Greek government, preferably by attracting strategic investors (completion in the first quarter of 2016).

For all the above the Minister of Finance and the Minister of Environment, Energy and Climate Change were jointly authorized to make amendments to this Plan or any part of it, and in particular regarding the definition and the schedule of implementation of the individual phases and stages, provided that substance of the Ministerial Act is not altered.

- RAE announced (Decisions 338/2013 and 339/2013) the specific regulatory measures of limited duration (up to September 30, 2014), which are the following:
  - a) Immediate withdrawal of the margin of the variable cost recovery mechanism, i.e. from 10% today to 0%, whilst the mechanism itself will be fully repealed on 1 July 2014.
  - b) Removal, from 1 January 2014, the 30% rule on the bidding of the plants.
  - c) Direct reorganization of the capacity assurance transitional mechanism. The existing mechanism remains in force, with the following important differences:
    - The units of PPC S.A. of total capacity 1,249 MW (UCAP), which are practically inoperative, are not included in the list of units receiving capacity availability payments (CAP). These are Aliveri units 3 and 4, LIPTOL 1 and 2, Keratea-Lavrio 1, 2 and 3, Aghios Georgios 8 and 9, and Ptolemais 2. For these units, PPC has already applied to RAE for their final decommissioning, following the Decisions 338 & 339/2013. By the recent RAE Decision 111/2014 in addition to the units 1 and 2 of Megalopoli A and unit 1 of Ptolemais, which have already been decommissioned the previous years, units 1 and 2 of LIPTOL are decommissioned. For the rest of the units for which the capacity assurance mechanisms have been canceled, the opinion of IPTO is pending, and then its approval by RAE, or for putting some of them in an emergency backup status, in accordance with the relevant provisions of the legislative and regulatory framework.
    - The total of the remaining available units, of total capacity 10,339 MW (UCAP), are entitled to receive payments from the transitional capacity assurance mechanism as valid now.
    - The natural gas plants (combined cycle and open cycle gas turbine), of total capacity 3,998 MW (UCAP), issue a second CAP for their available capacity and are also entitled to get payment from the transitional capacity assurance Mechanism.
    - The suppliers are required to participate in the transitional capacity assurance Mechanism with an amount equal to 56,000 €/MW/year, based on the actual consumption of their customers, and taking into account also the Network RES dispersed generation, in the measured peak at the System limits.

These measures, as already noted, will be applied until the new mechanisms and measures that already have been proposed and specified by the RAE, under the initiative of the overall reorganization of the domestic electricity market, will replace them. These new mechanisms are referring particularly to the third party access to lignite and hydro-production through NOME type auctions.

- In the framework of the domestic energy market reorganization, in view of the target model and particularly of the proposals on energy auctions (NOME), RAE conducted a regular international open tender to select a contractor for the project "cost audit/benchmarking of PPC's and its subsidiaries cost in the System and the Network (IPTO S.A. and HEDNO S.A.) - Strategy and regulatory measures proposals for achieving the existing margin improvement of that cost - Related roadmap and timetable". The main objectives of the project, are:
  1. Cost audit of PPC and its subsidiaries IPTO SA and HEDNO SA
  2. Benchmarking against best practices (internal and competitors)
  3. Improvement suggestions and strategy recommendations for next steps

- The second tender launched by RAE refers to selecting a contractor of the project “Technical Support to RAE on methodologies and procedures for determining users access tariffs (connection and usage) in transmission and distribution activities”. The selected Consultant will perform the following tasks:
  - Overview of international practice and experience
  - Identification of best practices
  - Proposed methodology to be applied in Greece
  - Charges for access to networks: a comparative analysis and recommendations
  - Network Usage Charges (Transmission and Distribution)
  - Connection charges in the Transmission System and the Distribution Network

#### HELLENIC ELECTRICITY TRANSMISSION SYSTEM (HETS)

- The company "IPTO SA" was certified as Independent Transmission System Operator, as defined by Law 4001/2011 (OG B 899 - 04/15/2013), following RAE's final Decision 962A/2012. In this context the IPTO AE shall:
  - a. accomplish the complete separation of the computerized payroll system of the company from that of PPC until 30.04.2013 (the separation was completed and IPTO's payroll application is independent),
  - b. change the Auditor every two fiscal years, provided that Auditor does not simultaneously provides services to PPC,
  - c. notify to RAE, according to p. 6 of Article 113 of Law 4001/2011, any proposed transaction, corporate change or any event that may require a reassessment of the conditions under which the certification was granted, and in particular in the case of general Managers of the Company appointment, or any change to the Board of Directors, or persons referring directly to it, as well as the Supervisory Board or the Compliance Officer of the Operator.
- The transmission system use charges were defined for the year 2013, with entry into force and implementation on 01.02.2013 (RAE's Decision 1016/2012). The new charges result into reductions to all customers categories.
- In order to clarify the "liability" limit of the Transmission Operator to third parties in exercising their powers and especially in an emergency situation, as defined in the relevant Codes, it was decided to amend the Power Exchange Code and the Code of HETS so that the System Operator, when exercising its powers in unbridled diligence, will not be liable without prejudice to the case proving that it is responsible for any damage caused to a third party in the emergency situation (RAE Decision 94/2013).
- The Unit Cost of Losses was defined in the context of implementation of the compensation mechanism between Electricity Transmission System Operators for the year 2013, to 68.119 €/MWh, versus 65.07 €/MWh which was in force for 2012 (RAE's Decision 21/2013-OG B' 415/25.02.2013).
- The Ten-Year Development Program of the Hellenic Electricity Transmission System for the period 2014-2023 was approved (RAE's Decisions 560/2013 777A/24.12.2013 - OG B 3297/24.12.2013 and OG B'556/05.03.2014, respectively).
- Under L. 4203/2013 (OG A' 235/1.11.2013), the possibility of Cutting Energy Contracts between IPTO and energy consumers was introduced, when system adequacy and security are deemed necessary. The conditions, the minimum mandatory content of the Contracts, the activation reasons of the Interruptible Load service, the way, the time and the conditions of the financial compensation payment require a new Ministerial Decision, not issued yet. The Interruptible Load contracts establishment is not mandatory for electricity consumers. In the same time, the Transitional Fee of Supply Security was established, which will be allocated to all power plants in the Interconnected System and the Network, and will be applicable on the units' revenue, depending on the degree of predictability, availability, and flexibility of each generation form.

#### HELLENIC ELECTRICITY DISTRIBUTION NETWORK (HEDN)

- The distribution network use charges were defined for the year 2013, with entry into force and implementation on 01.02.2013 (RAE's Decision 1017/2012). The new charges result into reductions to all customers categories.
- Following the positive opinion of RAE (Opinion 10/2012), the Ministry of Environment, Energy and Climate Change approved the large scale gradual replacement of the existing metering systems of the end-customer electricity consumption in the HEDN with respective intelligent metering systems, in accordance with Article 59 of N. 4001/2011(A' 179) (OG B' 297/13.02.2013). The replacement will start no later than 01.07.2014 and until 30.06.2017 40% of the existing systems will have been replaced and up to 31.12.2020 at least 80% of the existing ones will have been replaced with corresponding intelligent ones.
- The average variable cost of electricity generation from conventional power plants in the non-interconnected islands was defined for the first half of 2013, at 180,53 €/MWh. The relevant one for the second half of 2013 was determined at 188,19 €/MWh (RAE's Decision 468/2013 – OG B' 2852/11.11.2013).
- Following the recommendation of the Non-Interconnected Islands Operator, HEDNO S.A, of 13.05.2013 for the electricity generation in the non-interconnected islands and the cost of this, discrete for Crete, Rhodes and the rest of them in 2012, RAE with its decision 356/2013(OG B 1981/14.08.2013) determined the accountable average variable cost of that electricity generation, which is taken into account for the determination of the amount paid by the Suppliers in the NII, according to Article 143 of Law 4001/2011, to 191,98 €/MWh.
- The new modified Management Measures and Periodical Network Suppliers Settlement Manual was also published (RAE Decision 182/2013), which complies with the settings of the Electricity Supply Code, and in particular to the termination of the supply contracts. The new regulations are aiming at:
  - The acceleration of the switching process in favor of the consumer,
  - The distinction of the shutdown meter process due to a debt from the set representation load meter associated with the termination of the relevant supply contract and
  - The improvement of the information provided by the HEDNO to suppliers for the better functioning of the market and avoiding the unnecessary suffering of consumers.
- By applying L.4203/2013, the contracts between HEDNO and PPC as a producer of conventional units and a supplier in the Non-Interconnected islands (NII) were approved for the exchanges between them. These contracts had been signed and submitted to RAE in December 2013 and were finally approved by RAE. The contracts will be applied retroactively from 1.10.2013 and until the full implementation of the manual (a five year transitional stage).
- The operation code of electrical systems of the Non-Interconnected Islands (NII Code) was adopted by RAE's Decision (OG B' 304/11.02.2014). Its application was predicted to occur gradually through a 5-year transitional phase, which was considered necessary for the gradual development and installation of the necessary infrastructure and the appropriate and adequate staffing of the NII Operator.
- Following a public consultation, RAE has published the methodology for the calculation of the return for PSOs in the Non-Interconnected islands (RAE Decision 14/2014, OG B' 270/07.02.2014).
- The reasonable return on the value of the regulated asset base was also defined, based on the nominal pre-tax interest rate in applying the methodology of calculation of the compensation for covering the PSO provision cost in the NII, as well as on the Contracts between HEDNO and PPC as a supplier and generator of conventional units in NII. The reasonable return for the generation activity in NII for the years 2012 and 2013 was established to be the nominal pre-tax rate of 8 %. For the year 2014 (and till the readjustment of the return for the monopolistic activities of transmission and distribution systems) the nominal pre-tax rate of 8 % will be applied as the reasonable return for the same methodology implementation, for the Contracts and for the participation of the producers in the NII.
- By RAE's Decision 82/2014, the terms and restrictions of the Exclusivity License for HEDN which was given to PPC, according to art. 122 of L.4001/2011, while by RAE's Decision 83/2014 HEDNO was awarded HEDN's Management License according to art.126 of L. 4001/2011.

## CODES AND MANUALS

- The final texts of the Grid Control Code and Power Exchange Code of the Hellenic Electricity Transmission System were approved by RAE (Decisions 56 and 57, OG B 104 and 103 respectively/31.01.2012). The Manual of the Grid Control Code was approved by RAE, consisting of seven (7) individual manuals prepared by ADMIE as follows :
  - Dispatching Manual
  - Market Manual
  - Market Settlement Manual
  - Capacity Assurance Mechanism Manual
  - Meters and Measurements Manual
  - General Provisions Manual
  - Vocabulary Manual
 The Manual of the Power Exchange Code was also approved (OG B' 52/16.01.2013).
- The new Electricity Supply Code was approved the (OG B' 832/09.04.2013), the validity and application of which start from the publication in this Gazette. The adaptation of existing contracts to its provisions should be completed within three (3) months from the date of publication.
- The unit charges, the uplift coefficients and other parameters for the calculation of the Non-Compliance Charges due to non legal Offers and Declarations for the calendar year 2013 were defined by RAE (RAE Decision 24/2013 - BG B '415/25.02.2013). For PPC, as an electricity supplier, the tolerance limit (BAL\_TOL) was increased from 10% to 11%, in effect from 01.01.2013. The unit charges, accretion rates and other parameters for the calculation of non-compliance rate for non-legal tender and statements for the calendar year 2014 have been also fixed, where the BAL\_TOL tolerance in the case of PPC remains stable at 11% (RAE's Decision 638/2013-OG B' 3346/30.12.2013).
- The provisions of the Power Exchange Code and Manual, with respect to the methodology for the allocation of payments to producers due to DAS deficits, were modified (RAE Decision 58/2013 – OG B'1792/25.07.2013). The abovementioned methodology was submitted by the market operator (LAGIE) and ensures the equal participation of all stakeholders in the DAS. For covering the transactions deficit, for the smooth settlement procedure of DAS, LAGIE uses the guarantees submitted by the Participant.
- By its Decision 367/2013 (OG B' 1982/14.08.2013) RAE approved the new revised Power Exchange Code Manual. The Manual incorporates the requirements of the provisions of the Ministerial Decision Δ5-Η/Υ/Φ1/οικ.23278 (OG B' 3108/23.11.2012) on the High Performance Cogeneration Units (the "CHP"), as well as the details for determining the heat specific consumption function of the dispatched CHP units, as issued by RAE in its decision of 27.12.2012 (OG B' 502/5.3.2013). Moreover, it includes replacements and additions so as to be in compliance with the requirements of RAE Decision 53/2013 on the amendments to the provisions of the Power Exchange Code, and any amendments to the "methodology of the payments allocation to producers due to deficits of the Day Ahead Schedule" according to RAE Decision 285/2013.
- For the purposes of the Capacity Assurance Mechanism, it was decided (RAE's Decision 455/2013 – GG B 2468/02.10.2013) for the System Operator not to use the maximum hourly demand based only on the previous reliability year's figures but on the previous three similar ones, with relevant amendments in the Article 189 of the Grid Control Code of the Greek Electricity Transmission System.
- The Market Operator published on its website a new version (version 2.3) of the Power Exchange Code, which includes changes related to:
  - the transitional DAS Settlement process (art.92),
  - the additional income of the special account for the RES according to L.4152 (art.72),
  - the abolition of the "Rule of 30%" for the thermal units energy offers, and
  - the Priority Declarations of the dispatched CHP Units.
- RAE has approved the proposal to amend the Power Exchange Code and the Manual of the Power Exchange Code submitted by the Market Operator (LAGIE) regarding the "Mechanism for limiting the financial risk by DAS operation".

- By supplementing the provisions of the Grid Control Code, the IPTO will be able to cover the Unit Variable Cost in each case of its operation on command due to an emergency, as long as the coverage of the variable costs may not be derived from the technical-financial data Declaration (RAE's Decision 489/2013 - OG 2991/25.11.2013 B).
- LAGIE announced to the participants that under Article 25 of the Power Exchange Code, from January 1 2014, and especially for the first step of the stepwise function of the thermal units energy injection priced bid, the submission of energy price lower than the administratively defined minimum energy offer price will not be allowed for energy quantity not exceeding 30% of the total amount of energy available to an allocation period (paragraphs 1 and 2 of Article 25 of the Power Exchange Code not valid anymore).
- The numerical values of tolerance and the coefficient of the charge change in identifying deviations were defined by RAE's Decision (OG B' 3292/24.12.2013).
- The provisions of the Grid Control Code and of the Handbook of Market Settlement on the implementation of the compensation mechanism between Transmission System Operators for Electricity (Instrument ITC), on the energy transit, on the Uplift Accounts LP -2 and LP-3, on the schedule of deviations settlement, on the Account L-B for revenues from temporary imports of excess energy and on the requirement of IPTO to prepare yearly the budget for the cost of System use for the following year were amended (RAE's Decision 639/2013 - OG B' 3346/30.12.2013).

## SUPPLIER OF LAST RESORT (SLR) – UNIVERSAL SERVICE PROVIDER (USP)

- Following RAE's calls for expression of interest, PPC SA was appointed the provider of these services for a period of 5 years, with the following conditions on the available tariffs:
  - PPC will publish, annually, the tariffs which will apply per customer category (or the calculation methodology of the charge applied in case of non-published tariffs for the specific customer category in the case of SLR), for the provision of the above services.
  - The implementation of the tariffs or the methodologies requires the consent of RAE on an annual basis in order to ensure that they reflect the prevailing conditions in the wholesale and retail electricity market, throughout the period of 5 years.
  - Increase of all applicable High Voltage Customers charges at 5%, for the supply under the SLR regime.
  - Increase by 12% on both the applied supply tariffs of MV & LV Customers for the supply under the SLR regime, and on valid tariffs for specific LV customers category of PPC (household customers and small businesses with supply power up to 25kVA) who are entitled to universal service.

## PUBLIC SERVICE OBLIGATIONS (PSOs)

- To ensure public service obligations supply (PSOs) in the electricity sector, a legislative regulation was published (L.4067/2012 - OG A'79/09.04.2012) according to which, from 01.01.2012 the persons liable for the PSOs are the respective users of each electricity supply, in order for the electricity suppliers to be able to provide electricity continuously and without impediments. The PSO charge is paid to the above mentioned suppliers with a distinct charge to the bills they receive. By the effect date of the above mentioned Law, the Ministerial Decision of the Ministry for the Environment, Energy and Climate Change 1.17/2123/2857/2010 and RAE' Decision 1527/2011 are abolished.
- The maximum annual Customer charge limit per consumption point to cover the PSOs supply charges for the year 2013 was determined to € 811,278 (RAE Decision 55/2013).
- The recipients of the household tariff as well as the large families tariff will be exempted from the public services charges on the total daily consumption (L.4123/2013-OG A' 43).
- Under the new Electricity Supply Code the vulnerable customers Registry was created, with the criteria, conditions and procedures for inclusion of an electricity customers in this category to be included in a ministerial decree of YPEKA. It's mentioned that two new categories of vulnerable customers were created, first for persons attaining the seventieth (70th) year of age and not cohabiting with another person who has



not attained the above age limit, and secondly for people who have more than three dependent children. Consumers who are beneficiaries of the Social Household Tariff and have already been integrated in it, are automatically integrated in the Register of the vulnerable customers without having to submit a request.

- The outstanding return of PSOs for the industrial consumers of medium voltage with a total annual consumption per supply more than 13 GWh will be calculated, from 01/10/2013, with a unit charge of 4,14 €/MWh. For the determination of the total annual consumption per supply, the average of the total consumption of the two years preceding the pricing year of electricity will be taken into account (N.4223/2013)

#### PPC TARIFFS

- Following RAE's Opinion 13, the price lists for the competitive charges of the low voltage tariffs of PPC S.A. were defined for the year 2013 (OG 20/10.01.2013). The PPC expenses of the competitive part to be recovered for the year 2013 and the LV customers for the interconnected system were established in the amount of 2,890 mil. € (OG B 5/07.01.2013). The new regulated tariffs of PPC for the year 2013 for the low voltage customers were defined with a weighted average increase of about 8.8%. Meanwhile, the tariffs concerning the special categories customers (social household tariff, large families tariffs) were not modified. Especially for the household tariff, and taking into account the deterioration of the economic situation, the broadening and strengthening of the household tariff reduced prices limits was necessary, in order to cover the entire consumption (exempting the nocturnal tariff) (OG B' 94/21.01.2013). The recipients of the household tariff as well as the large families tariff will be exempted from the public services charges for the total daily consumption (L.4123/2013-GG A' 43). Recently, RAE's opinion to the Minister of Environment, Energy and Climate Change was to reduce the reasonable total expenditure to be recovered by PPC SA for the competitive activities of generation and supply for the interconnected System in 2013 by an amount of 769 mil. € or 16.9% of the amounts proposed by the Company. Thus the new PPC expenses for the competitive activities to be recovered for the year 2013 from the LV Customers are reestablished in the amount of 2,733 mil. € (OG B 1038/26.4.2013). This leads to no readjustment of tariffs. The validity of that decision starts from 01.05.2013.
- Regarding the updated budget submitted in the above context by PPC, RAE considered reasonable to adopt a 5% reduction scenario for the Variable Cost Recovery Mechanism from 01.07.2013 as well as to increase the Capacity Availability Tickets (CATs) in third. It also remained stable in its views with respect to reductions in operating and performance costs of production and supply activities of PPC, as well as in the lignite costs (including the corresponding factors for the Mines).
- It is reminded that it has come in force the paragraph 6 of Article 29 of N.2773/1999 (GG 14/02.02.2012), so that the PPC supply tariffs for the low voltage up to 30.6.2013 to be approved - after RAE's opinion by YPEKA Decision, which may be retroactive.
- Due to the abolition of the free emissions rights of greenhouse gases and the consequent burden of PPC SA relevant cost, the CO<sub>2</sub> emission rights cost charge has been included as a discrete charge in the electricity tariffs of High Voltage and Medium Voltage consumptions of February 2013 (including also the charge for the consumptions of January 2013). This charge is still ongoing and it's distinct in the competitive part of the above tariffs.
- In order to enhance competitiveness, a wider choice for the customers and rationalization of the businesses energy cost, PPC offers to its customers with facilities in High and Medium Voltage, fifteen (15) new tariffs - seven (7) in High Voltage (HV) and eight (8) in Medium Voltage (MV). The HV tariffs and the special MV tariffs are offered for contract signing until 31.12.2014 and shall, if the customer wants and if certain criteria are met, retroactive effect from 1/1/2013. Customers (companies or groups of companies) will be provided with escalating volume discount for all tariffs according to the amount of their annual consumption.
- After RAE's Opinion (Opinion 6/2013), which asked for the amendment of the SHT implementation Decision (OG B' 1403/6.9.2010) on the extension of the income and social conditions of the beneficiaries integration,

the ministerial Decree governing the implementation of the SHT was amended, indicating that especially for the consumption of people in need of mechanical support using medical devices and regardless of any exceedances of quarterly consumption in their category (2000 kWh), they will be priced at the rates of SHT II. In case of such exceedance, that part of the quarterly consumption of 2001 kWh and above will be priced at the Supplier's occasional household tariff, corresponding to the total consumption. If, then, the average quarterly consumption on an annual rolling basis, according to the measured data, will not exceed the consumption limits for each category of beneficiary, the same will apply to the rest of the beneficiaries categories of SHT (OG B' 2957/21.11.2013).

- It was also adopted a new tariff, the "Solidarity Services Tariff", which shall be applied to non-profit charitable legal entities of public law, church – charity organizations and certified – private, non-profit entities in accordance with the provisions of Article 5 of Law 2646/1998, which provide social services and care which will be provided by all suppliers of electricity (OG B' 2957/21.11.2013). The inclusion in that new tariff will be done for a full calendar year (from 1/1 to 31/12), i.e. for all quarterly bills issued that year and for the entire quarterly consumption corresponding to the consumption limits for each category of the beneficiary.
- RAE's opinion was the creation of new special tariff in the context of SHT, which will cover the vulnerable customers taking part on common meals organized by Municipalities, Church and Prefectures (integrated in social and welfare facilities) on November 1, 2013, and who have been disconnected from the power grid, due to arrears to the supplier. The tariff will concern the free provision of electricity, as for its competitive part. There will be a charge only for the regulated charges, third parties (municipalities, NERIT) charges and taxes. Any arrears will remain valid and will not be deleted. The inclusion in the new special tariff will be valid for one quarter of the year. The free consumption limit for the four months will be the amount of 800 kWh (RAE Opinion 1/2014).
- To address air pollution from airborne particles of combustion, the Ministry announced the implementation of short-term measures to reduce those emissions. These measures will apply to all household consumers with quarterly consumption up to 2000kWh, other than the SHT beneficiaries. According to these provisions it was reported that for twice the number of days in relation to the days of the implementation of the short-term measures, the cost of energy for the competitive part of the SHT will be zero (OG B' 2957/21.11.2013). The impact of this charge will be covered from the state budget (Decision D5/LV/F29/oik. 238).

#### ETMEAR – SPECIAL FEE FOR THE REDUCTION OF CO<sub>2</sub> EMISSIONS (ex RES Fee)

- According to par. 1 Article 9 of the Legislative Act "Regulation of Urgent Matters of L. 4046/2012 and L. 4093/2012" (OG A' 229/19.11.2012), case c of par. 2 Article 143 L. 4001/2011 was amended, regarding the revenues of the Special Account that LAGIE manages, on the one hand for the renaming of ex RES Fee to Special Fee for the Reduction of CO<sub>2</sub> Emission (ETMEAR according to L. 4062/2012) and on the other hand on the ability to potentially revise per semester the coefficients of the allocation methodology and the corresponding unit charges to be applied on the following year, after a relevant decision of RAE at the end of December of each year, taking into account changes in revenues and expenses of the Special Account. ETMEAR is allocated uniformly over the entire Greek territory to each customer in accordance with the methodology defined by the Minister of YPEKA, after RAE's opinion. For the period 2013-2014, the amount of the charges is set so that the deficit of the Special Account to be depreciated by the end of the biennium.
- The above provision became State Law with Article 32 L. 4111/2013 (OG A' 18/25.1.2013), retroactively from 19.11.2012.
- In the context of the provisions for ETMEAR, RAE has defined (Decision 698/2012 – OG B' 2325/16.08.2012) the numeric values of the coefficients for the allocation methodology for the period August 2012 - June 2013, as well as the corresponding unit charges, resulting in an average adjustment of ETMEAR of 7,50€/MWh.
- According to L. 4001/2011 (OG A' 179/22.08.2011), as amended by Article 32 of L. 4111/2013 (OG A'

18/25.01.2013) and taking into consideration PAE's Opinion 11/2012, as well as the outcome of the Public Consultation from 31.10.2012 to 20.11.2012, the Deputy Minister of YPEKA modified the allocation methodology of ETMEAR per customer category, including self-producers (OG B' 10/9.1.2013). In this context, Suppliers, self-producers and the Transmission and Distribution network administrators will provide to RAE until November 15 of each year the necessary data, in order for the Authority to establish, in December of each year, the necessary parameters for the application of the above mentioned allocation methodology (customer groups, coefficients of allocation and the relevant amount of the allocated annual revenue per category, including unit charges) for the following year.

- The new average adjustment of ETMEAR, that resulted from the above methodology amounted, for the 1 semester of 2013, to 9,32€/MWh (RAE Decision 1/2013 – OG B' 14/10.01.2013)
- The maximum annual Customer charge per consumption place was determined in the amount of € 1.000.000 retroactively from November 19, 2012 and will be adjusted annually according to the yearly change of the consumer price index (Article 26, L.4123/2013-OG A' 43/19.02.2013).
- Following RAE's Decision the weighted average adjustment of ETMEAR for the 2nd half of 2013 was determined to 14.96€/MWh (RAE Decision 323/2013-OG B' 1784/24.07.2013).
- The height of the unit charges of ETMEAR for all customers categories, according to RAE Decision 323/2013, will be maintained stable until February 28, 2014 (RAE Decision 663/2013). Recently, RAE (Decision 86/2014) adopted a new weighted average adjustment of ETMEAR at 33.86 € / MWh, valid from 1 April 2014 so as to achieve the by Law 4111/2013 mandatory target of achieving a zero deficit at the end of 2014. Similarly the allocation coefficients of the Special Fee revenues, the final amounts of the allocated required revenue by the Special Fee and the charges of the Special Fee per Customer category were also defined. For the accurate determination of the amount of the readjustment it was taken into account, inter alia, the following: a) the current levels of deficit (549.83 € mil. at the end of 2013), and b) the calculation of the required revenue from ETMEAR for the period April-December 2014 at 1334.14 cm €, according to the last Monthly Bulletin of the Special Account of RES & CHP of LAGIE SA).
- Finally, according to RAE's Opinion 2/11.2.2014 and following the recent provision of par. 11 Article 55 of Law 4223/2013 for the PSO charges, the ministerial decree was signed in order to further amend the allocation methodology of the Special Fee of par.2 Article 143 of L. 4001/2011, in such a way that the ETMEAR charge for medium voltage customers with a total annual consumption of more than 13 GWh per supply will correspond to the one of the High Voltage customers, taking into account the relative losses in the MV network (YPEKA announcement 05.03.2014).

#### OTHER ISSUES

- A Levy for the development of the Industrial Areas Generating Energy by the Thermal Lignite Power Plants of Florina, Kozani and Arcadia, of 0.5% is imposed in PPC's annual revenues (L. 4062/2012). The allocation of the funds resulting from the imposition of the fee to the specific regions will be proportional to the electricity produced from the thermal lignite Power Plants of the above areas (OG B' 400/22.2.2013).
- The Principles and Rules of the Assets and Liabilities allocation and of the Revenues and Expenditure were approved for the preparation of separate accounts of the activities of the integrated PPC, upon recommendation of the Corporation (RAE Decision 142/2013, OG B' 625/15.3.2013). According to the above mentioned decisions, the internal billings between the activities of Generation and Supply in the Non Interconnected System are in effect for the period 1/2013–30.09.2013. For the period 1.10.2013 – 31.12.2013 the relations between the activities of Generation and Supply in the Non-Interconnected Systems are regulated by RAE's Decision 641/2013 which approves the form and context of the contracts between the Operator, HEDNO S.A. and PPC S.A. as a generator of conventional units and as supplier in the NII, which will be replaced by the respective contracts according to the provisions of the already published NII Code. The fines imposed by RAE in electricity market participants performing energy activities for violations of N.4001/2011 are arising from a methodology recently published (OG B' 313/15.02.2013).

- The guarantees table for the year 2013 were approved, per participant category, which are determined by the IPTO (RAE Decision 56/2013). According to that table, the minimum guarantee amount for Suppliers equals € 90, while the minimum guarantee amount for Traders is equal to € 40.
- The charge of the return fee (levy) for ERT, which is done through PPC's electricity bills by Law 1730/1987, was suspended from 11.06.2013 and till the creation of a new public service broadcasting provider (OG B 1483 / 19.06.2013). The new Body was eventually established on 26.07.2013 under the name "New Hellenic Broadcasting, Internet and Television S.A. (NERIT)" (OG A' 169/26.07.2013 – Law 4173/2013). The Minister of Finance approved the opening of an account in the Bank of Greece, where, among others, the amounts of the return fee for the new provider of the public service broadcasting will be credited in line with the return fee of ERT, which was being collected through PPC invoices, pursuant to Law 1730/1987 (OG B' 1954/12.08.2013).
- Following the issue, it was determined the amount of the compensating fee for NERIT SA and the parties liable for the payment and the way of collection. The amount of the compensating fee amounts to €3 per month per electricity supply and is calculated on each electricity bill for the period to which it refers. The obligation for the payments applies to any natural or legal person for every electricity supply in Greece bound by on a contract. That fee is not applicable on electrified common areas of apartment buildings, regardless of their use, e.t.c. Suppliers will withhold a supply fee of 0.5% of revenues, for the calculation, integration into a bill, revenue and return of the corresponding amount in NERIT SA. The amounts to be collected, after deducting the commission of 0.5% will be allocated to NERIT SA in the second month after the end of the month to which each collected electricity bill belongs (OG B' 3371/31.12.2013).
- By RAE's Decision (Decision 579/2013), the annual compensatory fees imposed on businesses operating in the energy sector for the year 2013 were adjusted. In this context, the amount of the annual contribution fee imposed on electricity suppliers, according to the total amount of energy absorbed by their clients from the system or from the Network, will be 0.07€/MWh. The corresponding amount charged to licenced generators will be 8.34 €/MWatt of the max net capacity.
- RAE's Decisions were published a) regarding the approval of the Annual Load Balancing Planning of the natural gas transmission System for the Year 2014 and the approval of the capacity part of ESFA bound by DESFA SA for the load balancing for the Year 2014 (Decision 637/2013), b) the approval of amendments of the Annual Load Balancing Planning for the Year 2013 and the approval of the capacity part of ESFA bound by DESFA SA for the load balancing for the Year 2013 (Decision 636/2013). Also, the update of the relevant points of Annual Load Balancing Planning was approved (Decision 575/2013).
- The template contracts for the transmission of natural gas in intermittent and continuous phase were approved along with the template contract for the use of liquefied natural gas (RAE Decision 635/2013).
- According to Ministerial Decision 28287, each year amounts of 1% on the pre-tax value of electricity sales from RES are retained by the Operator and delivered to the licensed suppliers in order to be, ultimately, credited to the beneficiary household customers (as an incentive to the areas where RES are installed) through electricity bills. The same decision contains also the credits return methodology to the licensed suppliers. The presumptive unit credit for the year 2013 was determined to 140.23€/MWh (RAE Decision 73/2013).

#### ELECTRIFIED SURFACES SPECIAL FEE (EETIDE – EETA)

- The owner or beneficiary owner of a property is given the opportunity to cut off the EETIDE amount from the electricity consumption bill at any time and for any reason, after his application to the competent Tax Office (L.4110/2013 - OG 17 / 23.01.2013). A prerequisite for the implementation of this option is the payment of at least the current and any overdue installments of the year 2012, while in case of inability to pay these amounts the amount of € 50 will be paid.
- The repayment of EETIDE amounts is also provided by the competent tax office, when these amounts have resulted from offsetting the recalculated EETIDE fee for 2011 compared to that of 2012 (N.4141/2013). Until now the responsibility of repayment of those amounts was the responsibility of the Supplier.
- A new Special Tax Property (EETA) was introduced for the year 2013 (Law 4152/2013 - OG A 107/09.05.2013) to electrified, at any time during the period from 01.05.2013 until 31.12.2013, property structured surfaces,

with characteristics similar to those of EETIDE, being reduced by 15%, which will be collected by PPC and the alternative suppliers in five equal installments on bills issued from June 2013 until February 2014. The procedure for the confirmation, any exemption or disconnection from the consumption account and its payment is the same with that of EETIDE. The procedures and the required documents for potential exemption, certification, collection and return of EETA were published in Circular POL 1101 (OG B 1167/13.05.2013) of the Ministry of Finance. The criteria and the process necessary for the payment of EETA for properties owned or usufruct or part of them belonging to a person in a situation of poverty or at risk of poverty and are their principal residence, are specified in OG B 1170/14.05.2013.

### 3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

#### 3 | 1 BASIS OF PREPARATION

##### Statement of compliance

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

##### Approval of financial statements

The Board of Directors of the Parent Company approved the accompanying financial statements for the year ended December 31, 2013 on March 27, 2014. These financial statements are subject to approval by the Parent Company's General Assembly of shareholders.

##### Basis of preparation of financial statements

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

As at December 31, 2013, the total current liabilities of the Group and the Parent Company exceed the total current assets by the amount of approximately € 1,181 mil. and € 1,124 mil., respectively.

On March 21, 2014 the Parent Company agreed and signed the basic terms ("term sheet") for a bond loan amounting to € 2,228 m., maturing until 2019, with a syndication of Greek Banks and for which the contract will be signed at the latest within the next month. With this bond loan, the Parent Company completes the refinancing of all of its existing loan obligations with the syndicated banks, including its short term loan obligations to them, amounting to € 1,295 mil. Consequently after the conclusion of the refinancing of its loan obligations, the Parent Company's current liabilities will not exceed its current assets. Furthermore, in March 2014 the Parent Company signed the first agreement for € 235 mil. with the European Investment Bank, within the context of a total, approved by the bank, line of credit of € 415 mil. At the same time, the Parent Company is examining the possibility of issuing a bond in the international capital markets within 2014, subject to market conditions. In addition, the subsidiary IPTO S.A. is in the final stage of negotiations with all of its lending commercial banks, aiming to the mid-long run refinancing of all its loan obligations with commercial banks.

In light of the above, the management of the Parent Company and the Group expect that the above-mentioned refinancings will be successfully concluded and therefore the financial statements of the Parent Company and the Group have been prepared on the basis of the continuation as a going concern.

##### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, drawn up to December 31 each year. Subsidiaries (companies in which the Group directly or indirectly through other subsidiaries has an interest of more than one half of the voting rights or otherwise has power to exercise control over their operations) have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on

which control is transferred out of the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary is accounted for as an equity transaction. All significant inter-company balances and transactions have been fully eliminated as well as unrealized inter-group gains and losses. Where necessary, the accounting policies of subsidiaries have been revised to ensure consistency with the policies adopted by the Group. It is noted that certain of the abovementioned requirements have not a retrospective effect. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to January 1, 2010, were accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of net assets acquired were recognized as goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a bidding obligation to cover these.

In case that the Group does not have the control of a subsidiary then the following are:

Derecognized:

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

Recognized:

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

#### 3 | 2 CHANGES IN ACCOUNTING POLICIES

##### Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2013:

- IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income.
- IAS 19 Employee Benefits (Revised)
- IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities
- IFRS 13 Fair Value Measurement
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- Annual Improvements to IFRSs – 2009 – 2011 Cycle

##### IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income

The amendment is effective for annual periods beginning on or after 1 July 2012. The amendment to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from other items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance.

##### IAS 19 Employee Benefits (Revised)

IAS 19 initiates a number of amendments to the accounting for defined benefit plans, including actuarial gains



and losses that are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as quantitative sensitivity disclosures. In case of the Group, the effect of this amendment is included in note 36.

#### IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group and the Parent Company. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures.

### 3 | 3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates. The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming twelve months period are as follows:

#### Post-retirement benefits

The Parent Company's employees and pensioners of the Group are entitled to supply of energy at reduced tariffs. Such reduced tariffs to pensioners are considered to be retirement obligations and are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end based on the employees earning retirement benefit rights steadily throughout their working period. The above mentioned obligations are calculated on the basis of financial and actuarial assumptions. Further details, according to the basic assumptions and estimates, are included in Note 29.

#### Fair value and useful lives of property, plant and equipment

The Group carries their property, plant and equipment at revalued amounts (estimated fair values) as determined by an independent firm of appraisers. Revaluations are performed periodically (every three to five years). The determination of the fair values of property, plant and equipment requires from management to make assumptions, estimates and judgments with respect to the ownership, the value in use and the existence of any economic, functional and physical obsolescence of property, plant and equipment. The last revaluation of the fixed assets was conducted on December 31, 2009. The management of the Group estimates that any change in the fixed assets' fair values had not a significant impact on the accompanying Separate and consolidated financial statements of December 31, 2013. Furthermore, the Management has to make certain estimates with respect to the total and the remaining useful lives of depreciable assets, which are subject to a periodic review. The total useful lives, as appraised, are included in Note 3.4.

#### Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. The determination of whether such indications exist, requires assumptions and judgments with respect to external and internal factors that may affect the recoverability of its assets, as well as assumption on the determination of its cash generating units.

#### Cost of dismantling of property, plant and equipment

Based on the provisions of IAS 16 "Property, plant and equipment", the cost of an item of property, plant and equipment includes, among others, the initial estimate of the costs required for the dismantling and removal of such an item. These costs are quantified and recognized in the financial statements in accordance with the provisions of IAS 37 "Provisions, contingent liabilities and contingent assets".

The management estimates that the cost of dismantling may, especially in the cases of lignite fired power plants as well as gas fired stations, be funded by the proceeds of the materials that will result from such a dismantling, and, on that basis has not made any provision for such costs for all categories of the above mentioned power plants.

#### Provisions for risks

The Group is establishing provisions concerning claims by third parties against companies of the Group and which might lead to an outflow of resources for their settlement. Provisions are established based on claim and the possible outcome of the trial.

#### Provisions for trade receivables

The provision for doubtful debts is established for high voltage customers on specific balances, when there are indications that the debts will not be collected. For medium and low voltage customers, the Company is establishing a general provision for the total of their outstanding balances of more than 3 and 6 months respectively, per customer. This policy is reviewed periodically in order to be readjusted according to the outstanding circumstances. Additional details are included in Notes 19 and 20.

#### Provisions for income taxes

Current income tax liabilities for the current and prior years are measured at the amounts expected to be paid to the taxation authorities, using the tax rates that have been enacted by the balance sheet date. Provision for income taxes includes taxes reported in the respective income tax returns and potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years on the basis of the findings of prior tax audits. The final settlement of the income taxes might differ from the income taxes that have been accounted for in the financial statements. From the year 2011 onwards, the Parent Company and several of its subsidiaries are audited for tax purposes by the Certified Auditors Accountants in accordance with the provisions of Article 82 para. 5 L. 2238/1994. The audit for the year 2013 is ongoing and the relative tax conformity report will be issued after the publication of the financial statements for the year 2013. If, at the completion of the tax audit, additional tax liabilities result, we estimate that these will have no material effect on the financial statements. Deferred taxes are recognized on carried forward tax losses to the extent that it is probable that future taxable profits will occur to offset carried forward tax losses. Deferred tax receivables that are recognized require Management to make assessments as to the time and level of realization of future taxable profits.

#### Accounting treatment of spin-off to a subsidiary

The Management proceeds to significant judgments regarding the proper presentation of the spin-off and contribution of the segment by the Parent Company to the 100% subsidiary in exchange for shares, as the accounting treatment for similar transactions between companies under common control is not explicitly provided for in IFRS.

#### Provision for unbilled revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from all types of electricity sales is accounted for on an accrual basis. Especially for the low voltage customers at each balance sheet date, unbilled revenue is recorded to account for electricity delivered and consumed by these customers but not yet billed. Unbilled revenue is estimated using certain assumption with respect to quantities of electricity consumed, network losses and average electricity sale prices. Actual amounts finally billed may differ from those provided for.

### 3 | 4 PRINCIPAL ACCOUNTING POLICIES

#### Foreign currency translation

The functional and reporting currency of all the Group entities is the €. Transactions involving other currencies are converted into € 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 accompanying statements of income. The non-monetary elements in foreign currency which are valued in acquisition cost are converted with the exchange rate of the date of acquisition. The non-monetary elements which are measured at fair value in foreign currency are converted using the exchange rate at the date of definition of fair value. The profit or loss by the conversion of non-monetary elements is handled the same way that profit or loss by the conversion of fair value of these elements are handled.

#### Intangible assets

Intangible assets include software and CO<sub>2</sub> emission rights allowances.

##### Software

Software programs are depicted at their acquisition cost minus accumulated depreciation and impairments. For all assets retired or sold, their acquisition cost and related depreciation are removed from the accounts. Any gain or loss is included in the statement of income. Software costs are amortized on a straight-line basis over a period of five years.

##### CO<sub>2</sub> Emissions Rights

The Parent Company acquires CO<sub>2</sub> emission rights in order to meet its obligation resulting from the shortage of allocated emission allowances as compared to actual emissions made. The Parent Company is implementing the net liability method, according to which a liability for emissions is recognized when the emissions are in excess from the allocated allowances and the acquired CO<sub>2</sub> allowances (taking into account the maximum allowed proportion between EUAs and CERs). This liability is accounted in fair values to the extent that PPC has the obligation to cover the CO<sub>2</sub> emission deficit through purchase (after the set of any acquired CO<sub>2</sub> emission rights). Emission rights purchased and additionally acquired are recognized as an intangible asset, at cost less any accumulated impairment losses.

#### Tangible Assets

Tangible assets are initially recognized at their acquisition cost which includes all direct attributable expenses for their acquisition or construction. Subsequent of their initial recognition, tangible assets (with the exception of mines and lakes which are valued at cost minus accumulated depreciation and eliminations) are valued at their fair values minus accumulated depreciation and eliminations. Estimations of fair values are performed periodically by independent appraisers (every three to five years) in order to ensure that fair value does not differ significantly from the net value of the asset. The last assets' evaluation was completed December 31 2009. Any valuation increase is credited to the revaluation surplus net of deferred taxes. At the date of revaluation, accumulated depreciation is offset against pre-depreciation accounting values and net amounts are restated according to restated amounts. Any decrease is first offset against an earlier valuation increase in respect of the same fixed asset and thereafter charged to the income statement. Upon disposal of revalued tangible asset, the relevant portion of the revaluation surplus is released from the revaluation surplus directly to retained earnings. Repairs and maintenance are charged to expenses as incurred. Subsequent future expenditures are capitalized when they increase the asset's useful life, improve its productivity or decrease its operational cost. For all assets retired or sold, their acquisition cost and related depreciation are removed from the accounts at the time of sale or retirement, and any gain or loss is included in the statement of income.

#### Borrowing costs

From January 1, 2009, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that needs a substantial period of time to get ready for its intended use or sale, is capitalised as part of the cost of the relevant assets. The new accounting policy is implemented on fixed assets recognized from January 1, 2009 herein (new constructions). All the remaining borrowing costs are recognized as expenses in the period in which they are incurred.

#### Depreciation

Depreciation is calculated on a straight-line basis over the average estimated remaining useful economic life of the assets. The useful lives (in years) applied for the calculation of depreciation, have as follows:

Buildings and Civil Works		Transmission	
Buildings of general use	50	Lines	35
Industrial buildings	40-50	Substations	35
Dams	50		
Machinery and Equipment		Distribution	
Thermal power plants Gas Turbines	35-40 30	Substations	35
Mines	20-40	Low and medium voltage distribution network	35
Hydro power plants	50	Transportation assets	15
Autonomous diesel power plants	25	Furniture, fixtures and equipment	5-25

#### Mining activities

The Parent Company owns and operates open-pit lignite mines. Land acquisition (mainly through expropriation) and initial (pre-production) development costs relating to mines are capitalized and amortized (upon commencement of the mines' commercial operation) over the shorter of the life of the mine and 20 years. Exploration, evaluation and ongoing development costs are charged to the cost of lignite production as incurred. A provision for land restoration is established for the Group's estimated 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 at the present value of the related obligation to restore land back to a beneficial use and is included both in fixed assets (mines) and in provisions.

#### Investments in subsidiaries

In the separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. The spin off and contribution of an activity from the Parent Company to a wholly owned subsidiary in exchange for shares, is accounted for as a transaction between companies under common control. In cases of such transactions the shares received are recognized as an addition to the cost of investment in the subsidiary with a value equivalent to the carrying value of the net assets contributed at the transaction date.

#### Investments in associates

These are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture of the Group. The Group's investments in associates are accounted for under the equity method of accounting. The investments in associates are carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less possible provisions for any impairment in value. The income statement reflects separately the Group's share of the results of its associates, while amounts that are registered by the associates directly to their equity are recognized directly to the Group's

equity. Non-realizable profit or loss resulting from the transactions of the Group with said associates are eliminated to the extent of the interest in the associates. The associates' accounting principles are adjusted, when necessary, in order to comply with those adopted by the Group. In the separate financial statements such investments are accounted for at cost less any accumulated impairment losses.

#### Investments in joint ventures

The Group has interests in joint venture which are jointly controlled entities with other companies with which the Group has a contract. In the consolidated financial statements, investments in joint ventures are accounted for under the equity method. The investments in joint ventures are carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment value. The consolidated statement of income reflects the Group's share of the results of its joint ventures while amounts that are registered by the joint ventures directly to their equity are recognized directly to the Group's equity.

Non-realizable profit or loss incurring from the transactions of the Group with those joint ventures is eliminated to the extent of the interest in the joint ventures. The joint ventures' accounting principles are adjusted, when necessary, in order to comply with those adapted by the Group. In the separate financial statements such investments are accounted for at cost less any impairment losses.

#### Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The fair value of sale (after the deduction of sales costs) is determined, in each case, according to the implementation of a revaluation model. Impairment losses of continuing operations are recognized to the income statement, except if the particular asset is valued in fair values and then the impairment loss is recognized as a decrease of the already recognized surplus value. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized in profit and loss unless the asset is carried at revalued amounts in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, to be divided equally to future time spans on a systematic basis over its remaining useful life.

#### Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 20.4.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Investments and other financial assets

Financial assets in the scope of IAS 39 are classified based on their nature and their characteristics in financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

#### Financial assets at fair value through profit and loss

This category includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in income.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### Held-to-maturity investments

Financial assets with fixed payments and fixed maturity are classified as held-to-maturity, when the Group has the intention and the ability to hold them to maturity. Held-to-maturity investments which are held for an infinite or non-defined maturity cannot be classified into this category.

Held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses are recognized in income when the investments are derecognized or eliminated as well as through the amortization process.



**Available-for-sale investments**

Available-for-sale investments are those non-derivative financial assets that are not classified in any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognized as a separate component of equity. On disposal, impairment or de-recognition of the investment, the cumulative gain or loss is transferred to the income statement. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. When the fair value cannot be determined reliably, the investments are measured at their acquisition cost.

If an available-for-sale asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to the income statement. Impairment losses that have been recognized previously in the income statement and relate to investments in shares are not reversed through the profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

**Impairment of financial assets**

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

**Assets carried at amortized cost**

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred).

The cash flows are discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

**Inventories**

Inventories include consumables, materials, lignite and liquid fuel.

**Materials and consumables**

Materials and consumables are stated at the lower of cost or net realizable value, the cost being determined using the weighted average method, which takes under consideration the net realizable value of the end product in which they are incorporated. These materials are recorded in inventory when purchased and then are expensed or capitalized to plant, as appropriate, when installed.

**Lignite (self-produced and purchased)**

The cost of lignite inventories which have been excavated/purchased but not yet consumed at the date of the financial statements is depicted at the balance sheet. Lignite inventories are stated at the lower of production cost/purchase cost and net realizable value, which takes under consideration the net realizable value of the end product in which they are incorporated with the cost being determined using the weighted average production/purchase cost method. Production/purchase cost mainly consists of expenses incurred in order for lignite inventories to be brought to its present location. Consumption of lignite is separately reflected in operating expenses in the accompanying statement of income.

**Liquid fuel**

Liquid fuel is stated at the lower of cost and net realizable value which takes under consideration the net realizable value of the end product in which it is incorporated. The cost of liquid fuel reflects purchase price plus any taxes (other than VAT), levies and other costs necessary to bring it to its present location and condition and is determined using the weighted average method for the period. Liquid fuel costs are expensed as consumed and are separately reflected in the accompanying statements of income.

**Cash and cash equivalents**

The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.

**Share capital**

Share capital represents the par value of shares fully issued and outstanding. Any proceeds in excess of par value are recorded in share premium. Expenses related directly to new shares issuance are recognized directly to Equity net of proceeds.

**De-recognition of financial assets and liabilities****Financial Receivables**

A financial receivable (or, where applicable a part of a financial receivable or part of a group of similar financial receivables) is derecognized where: (1) the rights to receive cash flows from the asset have expired, (2) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement and (3) the Parent Company/Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Group/Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may re-purchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**Financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms,

or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle such asset and liability on a net basis or realize the asset and settle the liability simultaneously.

#### Interest bearing loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs.

#### Provisions for risks and expenses, contingent liabilities and contingent claims

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

#### Post-retirement benefits

The Parent Company employees and pensioners of the Group are entitled to supply of energy at reduced tariffs. Such reduced tariffs to pensioners are considered to be retirement obligations and are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions. Net costs for the period are included in the payroll cost in the statements of income and consist of the present value of the benefits earned in the year, decreased by the benefits offered to the pensioners. The retirement benefit obligations are not funded. Unrecognized actuarial gains or losses of the projected benefit obligation at the beginning of each period are recognized in the comprehensive statement of income.

#### Subsidies for fixed assets

The Group obtains subsidies from the Hellenic Republic and from the European Union (through the investment budget of the Hellenic Republic) in order to fund specific projects executed through a specific time period. Subsidies are recorded upon collection and are reflected as deferred income in the accompanying balance sheet. Amortization is accounted for in accordance with the remaining useful life of the related assets, and is included in depreciation and amortization in the accompanying statements of income.

#### Customers' and producers' contributions in the construction of fixed assets and Contributions of fixed assets from customers and producers

Customers and producers, who are connected with the transmission and distribution network, are required to participate in the initial network connection cost (metering devices, lines, substations, etc.) or other type of infrastructure, through the deposit of institutionally defined amounts or through fixed assets contribution

(few cases). Until December 31, 2008, due to the lack of detailed accounting guidance under current IFRS, the Group has elected to record upon collection of contribution from customers and producers, for the construction of assets needed for their connection with the network, and were reflected in the Balance Sheet as deferred income. Their amortization was accounted for in accordance with the remaining useful life of the related financed assets and was included in the depreciation and amortisation of the income statement (the Group/ Parent Company implemented the accounting policy used for contributions). From January 1, 2009, the Group/ Parent Company implementing earlier the Interpretation 18 "Transfers of Assets from Customers" recognize the cash and the assets received from customers and producers needed for their connection with the network, in fair values in the Income Statement. For cash received until December 31, 2008, the Group/ Parent Company used the previous adopted accounting policy.

#### Derivative financial instruments and hedging

The Parent Company uses derivative financial instruments to hedge its risks associated with interest rate, of foreign currency and liquid fuel prices fluctuations consumed by the Parent Company. Such derivative financial instruments are measured at fair value at the balance sheet date. The fair value of such derivatives is determined by reference to market values for similar instruments and it is confirmed with the respective financial institutions with which the Parent Company has concluded the relative contacts. The effective part of hedges that qualify for hedge accounting is recognized directly to equity if it is related to cash flow hedges while the ineffective part is charged to the separate income statement. If the hedge is related to effective fair value hedges, the gain or loss from remeasuring the derivative hedging instrument at fair value is recognized in profit or loss and the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in profit or loss. Under cash flow hedge accounting, when the hedged firm commitment results in the recognition of non-financial asset or a non-financial liability, then, at the time the asset or liability is recognized the associated gains or losses that had previously been recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.

Certain derivatives, although characterized as effective hedges based on Group policies, do not meet the criteria for hedge accounting in accordance with the provisions of IAS 39 and, therefore, gains or losses are recognized in the statement of income.

#### Income taxes (current and deferred)

##### Current Income Taxes:

Current income tax expense consists of income taxes for the current year based on the Parent Company's profits and on the other companies of the Group as adjusted in its tax returns and, provisions for additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted or substantively enacted tax rates.

##### Deferred Income Taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax base and the book value of assets and liabilities. Deferred income tax liabilities are recognized for all taxable temporary differences. Except where the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is possible that taxable profit will be available against the deductible temporary differences and the carried

forward of unused tax credits and unused tax losses can be utilized. Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; the deferred tax assets are reviewed at each balance sheet date and reduced at the time where it is not considered as possible that enough taxable profits will be presented against which, a part or the total of assets can be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income.

#### Defined contribution plans

The Parent Company and the Group recognize as an expense the contribution for the employees' services payable to IKA –ETAM /TAP DEH, ETEA, TAYTEKO (defined contribution plans) and as a liability the amount that has not been paid yet.

#### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from all types of electricity sales 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. Deductions from reduced consumption of electricity as defined by specific return policies of the Group are accounted when they can reliably be estimated (based on historical data), if available or on prior year's data. Revenue from rendering of services is recognized based on the stage of completion of the service rendered and to the extent that the related receivable will be collected. Revenue from interest is recognized within the period incurred and revenue from dividends is recognized when the Group's right on such dividends is approved by the respective bodies of the companies' that declare them.

#### Electricity

Electricity costs are expensed as purchased and separately reflected in the accompanying statement of income.

#### Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right or use the asset.

##### Group as a lessee

Leases, which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight line basis over the lease term.

##### Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as revenue in the statement of income on a straight line basis over the lease term.

#### Earnings/(Losses) per share

The basic and diluted earnings per share, are computed by dividing net income by the weighted average number of shares outstanding during the relevant year. The weighted average number of shares is derived by adding the existing shares, that the share capital is divided, with the rights that the Parent Company owns and potentially could exercise.

#### Subsequent events

Post period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes.

#### Non-current Assets Held for Sale and Discontinued Operations

The Group classifies a non-current asset (or disposal group) as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In sale transactions, all exchanges of non-current assets for other non-current assets are included, if the transaction has commercial value.

The basic preconditions to classify a non-current asset (or a disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets/groups and its sale must be highly probable.

Immediately, before the original classification of the non-current asset or disposal group as held for sale, the current asset or disposal group is evaluated based on the appropriate per case IFRS.

Non-current assets (or disposal group) classified as held for sale will be measured at the lower of its carrying amount and fair value less costs to sell and any possible resulting impairment losses will be recognized in the income statement. Any subsequent increase in fair value will be recognized, but not in excess of the cumulative impairment loss which was previously recognized.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale it should not be depreciated or amortized.

#### Operating Segment

According to L. 4001/2011, the Group is obliged to prepare and integrate in its financial statements, accounting unbundled financial statements for each sector. These include the Parent Company's activities in the Sectors of Mines, Generation, Distribution, Supply. In 2011, the Transmission activity was transferred to IPTO which is a PPC's subsidiary, according to the model of the Independent Transmission Operator and all organizational units as well as activities of HTSO that pertained to management, operation, development and maintenance of the Transmission System apart from the Daily Ahead Schedule. In 2012 the Distribution Activity was transferred to HEDNO. By the contribution of the General Division of Distribution as well as the Department of Islands' Region, to its subsidiary HEDNO, PPC has maintained the ownership of the fixed assets as well as the assets of the Distribution Network and the Non-Interconnected Islands' Network. As a result, information disclosures by operational sector as well as the principles of segment as presented in IFRS 8 "Operating Segment" are stated in the Appendix 1.

#### 3 | 5 NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new standards, amendments/improvements of standards or Interpretations listed below, were issued but have not been adopted in the accounting period, beginning in January 1, 2013:

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

The Standard is effective for annual periods beginning on or after 1 January 2014. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", IAS 28 "Investments in Associates", has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The management of the Group has assessed that this revision has no impact on the Group's financial statements.



- **IAS 32 Financial Instruments: Presentation (Amended)-Offsetting Financial Assets and Financial Liabilities**

The amendment is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The management of the Group is in the process of assessing the impact of this amendment on the Group’s financial statements.

- **IFRS 9 Financial Instruments: Classification and Measurement and subsequent amendments to IFRS 9 and IFRS 7-Mandatory Effective Date and Transition Disclosures; Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39**

IFRS 9, as issued, reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The subsequent package of amendments issued in November 2013 initiate further accounting requirements for financial instruments. These amendments: a) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; b) allow the changes to address the so-called ‘own credit’ issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments; and c) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. These standard and subsequent amendments have not yet been endorsed by the EU. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation-Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The management of the Group estimates that this amendment does not have a material impact on the Group’s financial statements.

- **IFRS 11 Joint Arrangements**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities-Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The management of the Group estimates that this amendment does not have a material impact on the Group’s financial statements.

- **IFRS 12 Disclosures of Interests in Other Entities**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity’s

interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The management of the Group estimates that this amendment does not have a material impact on the Group’s financial statements.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

The guidance is effective for annual periods beginning on or after 1 January 2014. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application in IFRS 10 is defined as “the beginning of the annual reporting period in which IFRS 10 is applied for the first time”. The assessment of whether control exists is made at “the date of initial application” rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. The management of the Group is in the process of assessing the impact of this amendment on the Group’s financial statements.

- **IFRS 14 Regulatory Deferral Accounts**

The standard is effective for annual periods beginning on or after 1 January 2016. The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities, whereby governments regulate the supply and pricing of particular types of activity. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity’s revenue. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. The management of the Group is in the process of assessing the impact of this amendment on the Group’s financial statements.

- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**

This amendment is effective for annual periods beginning on or after 1 January 2014. These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. The management of the Group is in the process of assessing the impact of this amendment on the Group’s financial statements.

- **IAS 39 Financial Instruments (Amended): Recognition and Measurement-Novation of Derivatives and Continuation of Hedge Accounting**

This amendment is effective for annual periods beginning on or after 1 January 2014. Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument. The management of the Group is in the process of assessing the impact of this amendment on the Group’s financial statements.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment is effective from 1 July 2014. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

- **IFRIC Interpretation 21: Levies**

The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU.

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition" (which were previously part of the definition of "vesting condition").
- **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The **IASB has issued the Annual Improvements to IFRSs 2011–2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU.

- **IFRS 3 Business Combinations:** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13 Fair Value Measurement:** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- **IAS 40 Investment Properties:** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

## 4. REVENUES

	Group		Company	
	2013	2012	2013	2012
Energy sales:				
- High voltage	416,825	423,072	416,825	423,072
- Medium voltage	1,082,598	1,097,515	1,082,598	1,098,383
- Low voltage	4,250,550	4,182,668	4,251,613	4,183,650
- Renewable Energy Sources	15,834	13,984	-	-
	<b>5,765,807</b>	<b>5,717,239</b>	<b>5,751,036</b>	<b>5,705,105</b>
Fees charged to EMO				
- Transmission system fees	3,188	21,746	-	-
- Administrative fees	711	8,708	-	640
	<b>3,899</b>	<b>30,454</b>	<b>-</b>	<b>640</b>
- Interconnection rights	22,303	21,426		-
- Received customers' contributions	90,212	112,449	84,830	106,531
- Public Service Obligations	12,706	12,623	12,706	12,623
- Distribution Network Revenue	10,339	18,926	-	-
- Other	65,560	72,105	70,080	63,012
	<b>201,120</b>	<b>237,529</b>	<b>167,616</b>	<b>182,166</b>
<b>Total</b>	<b>5,970,826</b>	<b>5,985,222</b>	<b>5,918,652</b>	<b>5,887,911</b>

## 5. PAYROLL COST

	Group		Company	
	2013	2012 (restated)	2013	2012 (restated)
Payroll cost	797,571	803,649	478,001	463,457
Employer's social contributions	254,321	254,174	156,425	180,398
Provision for reduced tariffs	(2,340)	113	(1,898)	255
Payroll cost included in				
- fixed assets	(109,690)	(123,769)	(20,258)	(29,964)
- lignite production	(218,943)	(216,124)	(218,942)	(216,124)
<b>Total</b>	<b>720,919</b>	<b>718,043</b>	<b>393,328</b>	<b>398,022</b>

**Law 4024/2011 "Pension adjustments, single public pay scale, labor reserve and other directions of the medium term fiscal strategy 2012-2015"**

The provisions of law 4024/2011 are applied since November 1, 2011.

**Tayteko (former PPC – PIO) Employees transferred to Insurance organizations**

In article 13, of the Legislative Act published in OG 256/31.12.2012, employees of TAYTEKO (former PPC PIO) are referred to as "employees transferred to Insurance organizations" (452 people) and is provided for that: "the payroll expense as well as the respective insurance contributions for PPC's transferred employees burden PPC, who will be compensated by the Insurance organizations which will result from the implementation of Chapter 2 of L. 4024/2011 which pertains to the payroll regime of public servants of art. 4 of the same Law" This is effective from 01.01.2013.

## 6. ENERGY PURCHASES

	Group		Company	
	2013	2012 (restated)	2013	2012 (restated)
DAS and arrangements of differences	626,775	886,954	626,775	886,954
Energy imports from abroad	118,959	112,205	118,959	112,205
Other domestic energy purchases	174,295	145,895	186,829	156,953
Net charge to secure sufficient capacity	130,017	71,255	130,017	71,255
Purchase rights	6,135	14,422	11,979	21,467
Net charge for coverage of the generation variable cost recovery	336,406	319,193	336,406	319,193
Special taxes	142,543	161,553	142,543	161,553
Arrangement of losses	30,650	63,607	30,649	63,607
Average variable cost thermal units	33,211	-	33,211	-
Net charge of ancillary services	23,594	6,433	23,594	6,433
Other purchases	17,286	11,167	21,881	19,067
<b>Total</b>	<b>1,639,871</b>	<b>1,792,684</b>	<b>1,662,843</b>	<b>1,818,687</b>

## 7. DEPRECIATION AND AMORTIZATION

	Group		Company	
	2013	2012	2013	2012
Depreciation/ amortization:				
- Fixed assets (note 13)	695,344	718,717	624,752	648,749
- Software (note 14)	3,485	3,811	2,736	2,822
- Transfer to subsidies and customers contributions (note 31)	(76,07)	(77,108)	(70,698)	(70,876)
Depreciation included in lignite excavation cost	(143,714)	(131,930)	(143,714)	(131,930)
<b>Total</b>	<b>479,008</b>	<b>513,490</b>	<b>413,076</b>	<b>448,765</b>

8. EMISSION ALLOWANCES (CO<sub>2</sub>)

Based on the temporary data the CO<sub>2</sub> emissions of the Parent Company's bound plants for the period 01.01.2013- 1.12.2013 amount to 41,3 Mt. It should be noted that the emissions of 2013 will be considered final by the end of March 2014, when the verification of the annual emissions reports by accredited third party verifiers is completed. According to the current European and National legislation, PPC is obliged to purchase and deliver emissions allowances for compliance purposes for the 100% of the verified emitted emissions of its plants for the 3rd phase of implementation (from 1 January 2013 to 31 December 2020) of the European Union Emissions Trading System (EU ETS) and there are no free emissions allowances allocated to its plants. Consequently, it is estimated that the total CO<sub>2</sub> emissions allowances needed by the Parent Company's plants to be delivered for compliance purposes for the period from 01.01.2013 to 31.12.2013 will amount to 41.3 Mt.

The CO<sub>2</sub> emission rights' deficit consumptions are as follows:

	2013	2012
Cover of deficit from purchased EUAS	177,028	34,170
Cover of deficit from purchased CERS	2,209	17,612
Cover of prior year deficit (difference of market price with provision)	3,653	3,265
Provision for cover of current year deficit	561	217
Managing expenses	4,066	1,822
<b>Total</b>	<b>187,517</b>	<b>57,086</b>



## 9. FINANCIAL EXPENSES

	Group		Company	
	2013	2012	2013	2012
Interest Expenses	236,070	251,375	210,124	222,646
Bank charges	839	1,667	839	1,506
Amortization of loans' issuance costs	7,283	7,930	6,397	7,405
Changes in derivatives' fair value (note 28)	240	912	240	912
Commissions on letter of guarantee	20,107	12,192	19,321	11,293
Finance cost on mine restorations provision (Note. 30)	1,323	1,503	1,323	1,503
Other	932	1,748	600	640
<b>Total</b>	<b>266,794</b>	<b>277,327</b>	<b>238,844</b>	<b>245,905</b>

## 10. FINANCIAL INCOME

	Group		Company	
	2013	2012	2013	2012
Interest on outstanding energy receivables	36,112	27,470	36,112	27,470
Commission on subsidiary loans' guarantee	-	-	22,682	-
Interest on bank and time deposits (note 22)	6,448	11,546	4,464	9,298
Dividends from Subsidiaries	-	-	8,481	36,976
Dividends from investments "available-for-sale" (note 21)	879	523	879	523
Change in derivatives' fair value (note 28)	1,365	-	1,365	-
Other	2,594	2,770	2,102	2,076
<b>Total</b>	<b>47,398</b>	<b>42,309</b>	<b>76,085</b>	<b>76,343</b>

## 11. OTHER (INCOME) EXPENSE, NET

	Group		Company	
	2013	2012	2013	2012
<b>OTHER EXPENSE</b>				
Transportation and travel expenses	17,120	10,165	7,175	7,150
Taxes and duties	29,571	24,472	19,147	18,095
Loss on disposals of fixed assets	10,148	30,420	9,585	24,045
Impairment of construction in progress	3,658	14,500	3,658	14,500
Other receivables extraordinary write-offs	93,277	-	93,277	-
Consumables	5,928	8,077	3,685	5,361
Other	17,072	12,340	19,123	11,499
	<b>176,774</b>	<b>99,974</b>	<b>155,650</b>	<b>80,650</b>
<b>OTHER REVENUE</b>				
Penalties to suppliers/contractors	(4,476)	(1,473)	(2,118)	(1,340)
Subsidies on expenses	(251)	(412)	(251)	(404)
Income from rentals	(417)	(477)	(12,500)	(8,477)
Income from settlement with DEPA	-	(191,788)	-	(191,788)
Other	(25,650)	(57,189)	(48,528)	(61,829)
	<b>(30,794)</b>	<b>(251,339)</b>	<b>(63,397)</b>	<b>(263,838)</b>
<b>Grand Total</b>	<b>145,980</b>	<b>(151,365)</b>	<b>92,253</b>	<b>(183,188)</b>

## 12. INCOME TAXES (CURRENT AND DEFERRED)

	Group		Company	
	2013	2012	2013	2012
Current income taxes	13,418	94,865	-	58,751
Deferred income tax	229,157	(23,761)	220,283	(24,720)
Additional taxes	17,602	(6,235)	17,164	(6,235)
<b>Total income tax expense</b>	<b>260,177</b>	<b>64,869</b>	<b>237,447</b>	<b>27,796</b>

Based on the provisions of L. 4110/2013 the tax rate for legal entities is set to 26% (formerly 20%) for income acquired from 01.01.2013 onwards and therefore companies of the Group that have their residence in Greece are subject to an income tax of 26%. This amendment has increased the tax deferred liability of the Group and the Parent Company by € 64,384 and € 62,775 respectively, out of which € 78,044 and € 61,387 respectively, is charged in Equity.

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 company and a final assessment is issued. Based on the applicable Income Tax Code (article 82), from the financial year 2011 and onwards, certified auditors issue an "Annual Tax Conformity Report" after conducting a tax audit at the same time with the financial audit. The tax audit is conducted on particular tax areas, specified by an audit program, according to the provisions of POL. 1159/2011. Audit matters which are not covered by the above mentioned decision are dealt in accordance to the ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

Tax unaudited years for the Parent Company and the subsidiaries of the Group:

Company	Country	Unaudited years since
PPC (Parent Company)	Greece	2009
PPC Renewables S.A.	Greece	2010
HEDNO S.A.	Greece	1999
IPTO S.A.	Greece	2007
Arkadikos Ilios Ena S.A.	Greece	2007
Arkadikos Ilios Dio S.A.	Greece	2007
Iliako Velos Ena S.A.	Greece	2007
Iliako Velos Dio S.A.	Greece	2007
SOLARLAB S.A.	Greece	2007
Iliaka Parka Ditikis Makedonias Ena S.A.	Greece	2007
Iliaka Parka Ditikis Makedonias Dio S.A.	Greece	2007
PPC FINANCE PLC	United Kingdom	-
PPC Quantum Energy Ltd	Cyprus	-
PHOIBE ENERGIAXH S.A.	Greece	2007

For the unaudited tax periods the Group establishes a provision on the basis of the findings of prior 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:

	Group		Company	
	2013	2012	2013	2012
Profit before tax	<b>34,889</b>	<b>106,652</b>	<b>(86,878)</b>	<b>50,152</b>
Nominal tax rate	26%	20%	26%	20%
Income tax calculated at nominal tax rate	9,071	21,330	(22,588)	10,030
Provision for additional taxes	17,602	(6,235)	17,164	(6,235)
Non deductible expenses	9,277	25,265	5,801	7,767
Non taxable income	-	-	(2,205)	(7,500)
Non taxable expense	882	-	882	-
Allowances for which no deferred taxes have been recognized	8,743	24,509	8,743	23,734
Impact from tax rate change	(13,660)	-	1,388	-
Investment in IPTO	228,262	-	228,262	-
<b>Income tax expense</b>	<b>260,177</b>	<b>64,869</b>	<b>237,447</b>	<b>27,796</b>
	<b>745.7%</b>	<b>60.8%</b>	<b>(273.3%)</b>	<b>55.4%</b>

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

	Group		Company	
	2013	2012	2013	2012
<b>At January 1 (as published)</b>	<b>(212,254)</b>	<b>(456,960)</b>	<b>(209,249)</b>	<b>(199,444)</b>
Remeasurement of Spin-off's Deferred tax	-	-	-	(184,325)
Remeasurement of assets' Deferred tax	-	51,695	-	51,695
<b>At January 1 (revised)</b>	<b>(212,254)</b>	<b>(405,265)</b>	<b>(209,249)</b>	<b>(332,074)</b>
Spin-off		-	-	(47,395)
Profit and loss account (debit)/credit	(229,157)	23,761	(220,283)	24,720
(Debit)/Credit directly in other total income	(78,044)	169,250	(61,387)	145,500
<b>At December 31</b>	<b>(519,455)</b>	<b>(212,254)</b>	<b>(490,919)</b>	<b>(209,249)</b>

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

	Group		Company	
	2013	2012	2013	2012
Deferred income tax				
- Asset	499,601	272,331	413,430	209,069
- Liability	(1,019,056)	(484,585)	(904,349)	(418,318)
<b>Total</b>	<b>(519,455)</b>	<b>(212,254)</b>	<b>(490,919)</b>	<b>(209,249)</b>

	Group		Company	
	2013	2012	2013	2012
<b>Deferred tax receivables</b>				
- Materials and spare parts	37,928	27,443	29,796	21,543
- Trade receivable	277,167	140,588	242,737	111,698
- Risks and accruals	39,459	34,044	9,200	7,148
- Subsidies and customers' contributions	69,995	27,046	67,299	26,804
- Provision for CO <sub>2</sub>	666	3,688	666	3,688
- Fixed assets	45,959	34,660	45,522	34,660
- Tax liabilities	9,043	-	-	-
- Other	19,384	4,862	18,210	3,528
<b>Deferred tax receivables</b>	<b>499,601</b>	<b>272,331</b>	<b>413,430</b>	<b>209,069</b>
<b>Deferred tax liabilities</b>				
- Long-term debt fees and expenses	(5,199)	(3,368)	(5,113)	(3,148)
- Depreciation and revaluation of assets	(786,184)	(481,982)	(663,703)	(409,889)
- Derivatives	680	796	680	796
- Foreign exchange (gains)	(91)	(31)	(91)	(31)
- Subsidiaries and associates	-	-	(7,860)	(6,046)
- Investment in IPTO S.A. (a)	(228,262)	-	(236,122)	-
<b>Deferred tax liability</b>	<b>(1,019,056)</b>	<b>(484,585)</b>	<b>(904,349)</b>	<b>(418,318)</b>
<b>Deferred Tax Liability net</b>	<b>(519,455)</b>	<b>(212,254)</b>	<b>(490,919)</b>	<b>(209,249)</b>

Deferred income tax charged in the statement of income is attributable to the following items:

	Group		Company	
	2013	2012	2013	2012
- Materials and spare parts	10,485	11,198	8,253	11,633
- Trade receivables	136,579	64,967	131,039	52,963
- Risks and accruals	5,415	7,187	2,052	(651)
- Post retirement benefits	-	(48,253)	-	(31,238)
- Subsidies	42,949	(1,445)	40,495	(1,180)
- Fixed assets	4,265	5,295	3,828	5,295
- Derivatives	(116)	182	(116)	182
- Long-term debt fees and expenses	(1,831)	117	(1,965)	12
- Investment in IPTO S.A. (a)	(228,262)	-	(228,262)	-
- Subsidiaries and associates	-	-	(1,814)	-
- Depreciation	(219,124)	(20,349)	(185,393)	(15,824)
- Foreign exchange (gains)	(60)	-	(60)	-
- Provision for CO <sub>2</sub>	(3,022)	-	(3,022)	-
- Tax losses	9,043	-	-	-
- Other	14,522	4,862	14,682	3,528
<b>Deferred tax charge</b>	<b>(229,157)</b>	<b>23,761</b>	<b>(220,283)</b>	<b>24,720</b>

#### (a) Deferred tax liability on IPTO's investment value

As at 31.12.2013, the Parent Company recognized a deferred tax liability on the difference between the accounting and tax basis of the value of its investment in the subsidiary IPTO S.A., after Law 4237/2014 was voted on February 2, 2014 relating to the ownership unbundling of the subsidiary IPTO S.A. More precisely, the value of the investment in PPC's tax books amounts to € 38.444, while the respective value in the accounting books amounts to € 916.376. By applying on the difference of € 877.932 the current income tax rate of 26%, a differed tax liability of € 228.262 is derived.

Part of this surplus value arising in the tax books, of an amount of € 589.615, originates from the reserve of Law 2941/2001 relating to the spanned off Transmission segment which was transferred to IPTO S.A. in its capacity as a sole successor. In accordance to paragraph 3, case (6), of article 98 of Law 4001/2011, all tax or accounting transactions which were performed by PPC and related to the segment and which relate to future benefits or liabilities, are transferred to IPTO S.A.

Consequently, upon the disposal of IPTO S.A. and the payment by the Parent Company of the respective income tax deriving from the difference between the sale consideration and the tax book value, the reserve of Law 2941/2001 (€ 589,615) is considered as taxed and thus IPTO S.A. in its capacity as a sole successor of PPC S.A., is eligible to transfer this reserve to retained earnings and thus making it available for distribution without payment of any additional income taxes.



## 13. TANGIBLE ASSETS

Group	Land	Mines	Lakes
<b>Net book value</b>			
<b>December 31, 2011</b>	<b>1,016,756</b>	<b>365,900</b>	<b>10,014</b>
<b>Undertaking of tangible assets from HTSO's (currently EMO) contribution from 01.09.2011</b>	-	-	-
- Additions	-	1,281	-
- Depreciation expense	-	(50,621)	(452)
- Disposals	-	-	-
- Impairment	(135,163)	-	-
- Transfers from CIP	2,036	25,547	-
- Transfers	-	19,498	-
- Other movements	-	-	-
<b>December 31, 2012</b>	<b>883,629</b>	<b>361,605</b>	<b>9,562</b>
- Additions	-	3,530	-
- Depreciation expense	-	(59,297)	(449)
- Disposals	(8)	-	-
- Transfers from CIP	206	28,438	-
- Transfers	(22,710)	29,362	-
- Other movements	-	-	-
<b>December 31, 2013</b>	<b>861,117</b>	<b>363,638</b>	<b>9,113</b>
<b>At December 31, 2011</b>			
Gross carrying amount	1,016,756	692,305	22,603
Accumulated depreciation	-	(326,405)	(12,589)
<b>Net carrying amount</b>	<b>1,016,756</b>	<b>365,900</b>	<b>10,014</b>
<b>At December 31, 2012</b>			
Gross carrying amount	883,629	738,631	22,603
Accumulated depreciation	-	(377,026)	(13,041)
<b>Net carrying amount</b>	<b>883,629</b>	<b>361,605</b>	<b>9,562</b>
<b>At December 31, 2013</b>			
Gross carrying amount	861,117	799,961	22,603
Accumulated depreciation	-	(436,323)	(13,490)
<b>Net carrying amount</b>	<b>861,117</b>	<b>363,638</b>	<b>9,113</b>

Buildings and Technical Works	Machinery	Transportation Assets	Fixtures and Furniture	Construction in progress	Total
<b>1,714,565</b>	<b>8,742,734</b>	<b>70,112</b>	<b>107,763</b>	<b>1,674,766</b>	<b>13,702,609</b>
<b>642</b>	-	-	<b>254</b>	<b>4,105</b>	<b>5,001</b>
-	-	-	-	780,087	<b>781,368</b>
(86,606)	(556,292)	(7,390)	(17,356)	-	<b>(718,717)</b>
(10)	(21,878)	(2,401)	(913)	-	<b>(25,202)</b>
(37,943)	(672,845)	(157)	(142)	-	<b>(846,250)</b>
66,051	467,802	4,775	11,703	(575,806)	<b>2,108</b>
(704)	(1,912)	-	-	(16,883)	<b>(1)</b>
-	(69)	-	494	2,249	<b>2,675</b>
<b>1,655,995</b>	<b>7,957,540</b>	<b>64,939</b>	<b>101,803</b>	<b>1,868,518</b>	<b>12,903,591</b>
-	-	-	-	698,528	702,058
(84,635)	(527,060)	(7,912)	(15,991)	-	(695,344)
(455)	(19,013)	(93)	(503)	(155)	(20,227)
73,791	745,791	654	6,321	(858,207)	(3,006)
1,551	(4,670)	(1,529)	1,375	(3,807)	(428)
-	(133)	-	16	45,193	45,076
<b>1,646,247</b>	<b>8,152,455</b>	<b>56,059</b>	<b>93,021</b>	<b>1,750,070</b>	<b>12,931,720</b>
1,934,660	9,892,892	90,615	208,380	1,674,766	<b>15,532,977</b>
(220,095)	(1,150,158)	(20,503)	(100,617)	-	<b>(1,830,368)</b>
<b>1,714,565</b>	<b>8,742,734</b>	<b>70,112</b>	<b>107,763</b>	<b>1,674,766</b>	<b>13,702,609</b>
1,962,696	9,663,990	92,832	219,776	1,868,518	<b>15,452,675</b>
(306,701)	(1,706,450)	(27,893)	(117,973)	-	<b>(2,549,084)</b>
<b>1,655,995</b>	<b>7,957,540</b>	<b>64,939</b>	<b>101,803</b>	<b>1,868,518</b>	<b>12,903,591</b>
2,037,583	10,385,965	91,864	226,985	1,750,070	<b>16,176,148</b>
(391,336)	(2,233,510)	(35,805)	(133,964)	-	<b>(3,244,428)</b>
<b>1,646,247</b>	<b>8,152,455</b>	<b>56,059</b>	<b>93,021</b>	<b>1,750,070</b>	<b>12,931,720</b>

Parent Company	Land	Mines	Lakes
<b>Net book value</b>			
<b>December 31, 2011</b>	<b>762,123</b>	<b>365,900</b>	<b>10,012</b>
- Distribution spin-off	-	-	-
- Additions	-	1,281	-
- Depreciation expense	-	(50,621)	(452)
- Disposals	-	-	-
- Impairment	(100,381)	-	-
- Transfers from CIP	133	25,547	-
- Transfers	-	19,498	-
- Other movements	-	-	-
<b>December 31, 2012</b>	<b>661,875</b>	<b>361,605</b>	<b>9,560</b>
- Additions	-	3,530	-
- Depreciation expense	-	(59,297)	(449)
- Disposals	(8)	-	-
- Transfers from CIP	5	28,438	-
- Transfers	(22,710)	29,362	-
- Other movements	-	-	-
<b>December 31, 2013</b>	<b>639,162</b>	<b>363,638</b>	<b>9,111</b>
<b>At January 1, 2011</b>			
Gross carrying amount	762,123	692,305	22,594
Accumulated depreciation	-	(326,405)	(12,582)
<b>Net carrying amount</b>	<b>762,123</b>	<b>365,900</b>	<b>10,012</b>
<b>At December 31, 2012</b>			
Gross carrying amount	661,875	738,631	22,594
Accumulated depreciation	-	(377,026)	(13,034)
<b>Net carrying amount</b>	<b>661,875</b>	<b>361,605</b>	<b>9,560</b>
<b>At December 31, 2013</b>			
Gross carrying amount	639,162	799,961	22,594
Accumulated depreciation	-	(436,323)	(13,483)
<b>Net carrying amount</b>	<b>639,162</b>	<b>363,638</b>	<b>9,111</b>

Buildings and Technical Works	Machinery	Transportation Assets	Fixtures and Furniture	Construction in progress	Total
<b>1,621,779</b>	<b>7,604,777</b>	<b>64,783</b>	<b>96,885</b>	<b>1,359,207</b>	<b>11,885,466</b>
-	-	(30,483)	(13,190)	(23,663)	(67,336)
-	-	-	-	716,496	717,777
(82,348)	(498,153)	(4,276)	(12,899)	-	(648,749)
(4)	(21,878)	(2,392)	(844)	-	(25,118)
(33,868)	(593,251)	-	-	-	(727,500)
51,434	379,358	2,834	10,459	(470,952)	(1,187)
(704)	(1,912)	-	-	(16,883)	(1)
-	424	-	-	10,082	10,506
<b>1,556,289</b>	<b>6,869,365</b>	<b>30,466</b>	<b>80,411</b>	<b>1,574,287</b>	<b>11,143,858</b>
-	-	-	-	601,894	605,424
(79,696)	(470,214)	(3,842)	(11,254)	-	(624,752)
(455)	(19,013)	(55)	(336)	-	(19,867)
61,414	667,471	493	3,512	(763,889)	(2,556)
1,551	(4,666)	(1,529)	1,329	(3,765)	(428)
-	(133)	-	(12)	49,394	49,249
<b>1,539,103</b>	<b>7,042,810</b>	<b>25,533</b>	<b>73,650</b>	<b>1,457,921</b>	<b>11,150,928</b>
1,824,387	8,628,728	83,840	182,003	1,359,207	13,555,187
(202,608)	(1,023,951)	(19,057)	(85,118)	-	(1,669,721)
<b>1,621,779</b>	<b>7,604,777</b>	<b>64,783</b>	<b>96,885</b>	<b>1,359,207</b>	<b>11,885,466</b>
1,841,239	8,386,940	43,807	156,236	1,574,287	13,425,609
(284,950)	(1,517,575)	(13,341)	(75,825)	-	(2,281,751)
<b>1,556,289</b>	<b>6,869,365</b>	<b>30,466</b>	<b>80,411</b>	<b>1,574,287</b>	<b>11,143,858</b>
1,903,749	9,030,599	42,716	160,729	1,457,921	14,057,431
(364,646)	(1,987,789)	(17,183)	(87,079)	-	(2,906,503)
<b>1,539,103</b>	<b>7,042,810</b>	<b>25,533</b>	<b>73,650</b>	<b>1,457,921</b>	<b>11,150,928</b>

**Revaluation of Fixed Assets:** The Group proceeded with the revaluation of its operating fixed assets as of December 31, 2009. The revaluation was carried out by an independent firm of appraisers, according to IAS 16. The results of the above appraisal which excluded lakes, lignite excavations and the construction in progress, were recorded in the Company's books on December 31, 2009.

The revalued amounts, from appraisers' work, compared to Net Book Value of the fixed assets, resulted, for the Parent Company to a net surplus amounting to approximately € 770 mil, which was credited directly in Revaluation Surplus in Equity (€ 962 mil. net of Deferred Taxes € 192 mil.) while for the Group the surplus amounted to € 779mil. (€ 974 mil. net of deferred taxes € 195 mil.). The previous revaluation took place as of December 31, 2004. On December 31, 2012 the Parent Company and the Group proceeded to an impairment test for the assets of HETS and HEDN. An impairment loss was determined by the results of the test for the Parent Company and the Group amounting to € 727 mil, and € 846 mil., respectively.

**Encumbrances on intangible assets:** The intangible assets are held free from encumbrances and any claims against the Group's fixed assets are deemed as not substantial.

#### 14. INTANGIBLE ASSETS, NET

	Group					
	31.12.2013			31.12.2012		
	Software	Emission Allowances	Total	Software	Emission Allowances	Total
<b>Net book value, January 1</b>	<b>5,707</b>	<b>48,670</b>	<b>54,377</b>	<b>6,877</b>	<b>85,826</b>	<b>92,703</b>
Undertaking of tangible assets due to the spin-off of HTSO (now EMO) Sep. 1 2011	-	-	-	585	-	585
Additions	3,006	-	3,006	2,057	-	2,057
Depreciation (note 7)	(3,485)	-	(3,485)	(3,811)	-	(3,811)
Reversal of Impairment	-	-	-	-	-	-
Disposals	(79)	-	(79)	(1)	-	(1)
Transfers	428	-	428	-	-	-
Cover of CO <sub>2</sub> deficit	-	(32,073)	(32,073)	-	(37,156)	(37,156)
<b>December 31</b>	<b>5,577</b>	<b>16,597</b>	<b>22,174</b>	<b>5,707</b>	<b>48,670</b>	<b>54,377</b>

	Company					
	31.12.2013			31.12.2012		
	Software	Emission Allowances	Total	Software	Emission Allowances	Total
<b>Net book value, January 1</b>	<b>4,775</b>	<b>48,670</b>	<b>53,445</b>	<b>6,686</b>	<b>85,826</b>	<b>92,512</b>
Distribution spin-off	-	-	-	(276)	-	(276)
Additions	2,556	-	2,556	1,187	-	1,187
Depreciation (note 7)	(2,736)	-	(2,736)	(2,822)	-	(2,822)
Reversal of Impairment	-	-	-	-	-	-
Disposals	(2)	-	(2)	-	-	-
Transfers	428	-	428	-	-	-
Cover of CO <sub>2</sub> deficit	-	(32,073)	(32,073)	-	(37,156)	(37,156)
<b>December 31</b>	<b>5,021</b>	<b>16,597</b>	<b>21,618</b>	<b>4,775</b>	<b>48,670</b>	<b>53,445</b>

The net carrying amount of software is further analyzed as follows:

	Group	Company
<b>At December 31, 2011</b>		
Gross carrying amount	63,711	41,678
Accumulated amortization	(56,834)	(34,992)
<b>Net carrying amount</b>	<b>6,877</b>	<b>6,686</b>
<b>At December 31, 2012</b>		
Gross carrying amount	48,751	41,659
Accumulated amortization	(43,044)	(36,884)
<b>Net carrying amount</b>	<b>5,707</b>	<b>4,775</b>
<b>At December 31, 2013</b>		
Gross carrying amount	52,106	44,641
Accumulated amortization	(46,529)	(39,620)
<b>Net carrying amount</b>	<b>5,577</b>	<b>5,021</b>

## 15. INVESTMENTS IN SUBSIDIARIES

The direct subsidiaries of the Parent Company and the value of the investment are as follows:

	Company	
	31.12.2013	31.12.2012
IPTO S.A.	916,376	916,376
HEDNO S.A.	56,982	56,982
PPC Renewables S.A.	135,899	92,299
PPC FINANCE PLC	-	-
PPC Quantum Energiaki Ltd	-	-
<b>Total</b>	<b>1,109,257</b>	<b>1,065,657</b>

The consolidated financial statements include the financial statements of PPC and its subsidiaries. The subsidiaries included in the consolidation are the following:

Name	Ownership Interest		Country and Year of Incorporation and activity	Principal Activities
	31.12.2013	31.12.2012		
PPC Renewables S.A.	100%	100%	Greece - 1998	RES
HEDNO (former PPC Rhodes S.A.)	100%	100%	Greece - 1999	HEDN
IPTO (former PPC Telecommunications S.A.)	100%	100%	Greece - 2000	HETS
Arkadikos Ilios Ena S.A.	100%	100%	Greece - 2007	RES
Arkadikos Ilios Dio S.A.	100%	100%	Greece - 2007	RES
Iliako Velos Ena S.A.	100%	100%	Greece - 2007	RES
Iliako Velos Dio S.A.	100%	100%	Greece - 2007	RES
Solarlab S.A.	100%	100%	Greece - 2007	RES
Iliaka Parka Ditikis Makedonias Ena S.A.	100%	100%	Greece - 2007	RES
Iliaka Parka Ditikis Makedonias Dio S.A.	100%	100%	Greece - 2007	RES
PPC Finance PLC	100%	100%	UK - 2009	General Commercial Company
PPC Quantum Energy Ltd	51%	-	Cyprus	Engineering, construction and operation of a power plant
PHOIBE ENERGIAKI PHOTOVOLTAIKA S.A.	100%	49%	Greece - 2007*	RES

\*The above mentioned company was acquired by the Group the 2nd quarter 2012. Until the 1 quarter 2012 it was consolidated by the associate company Good Works S.A.

## 16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	31.12.13	31.12.12	31.12.13	31.12.12
Larco S.A.	-	-	-	-
PPC Renewables ROKAS S.A.	2,225	1,961	-	-
PPC Renewables TERNA Energiaki S.A.	1,988	1,738	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	2,264	2,103	-	-
PPC Renewables MEK Energiaki S.A.	1,936	1,540	-	-
PPC Renewables ELTEV SMIXIOTIKO S.A.	2,166	2,008	-	-
PPC Renewables EDF EN GREECE S.A.	10,925	10,528	-	-
Good Works S.A.	86	98	-	-
Aioliko Parko LOYKO S.A.	-	1	-	-
Aioliko Parko MBAMBO VIGLIES S.A.	-	-	-	-
Aioliko Parko KILIZA S.A.	-	1	-	-
Aioliko Parko LEFKIVARI S.A.	8	11	-	-
Aioliko Parko AGIOS ONOUFRIOS S.A.	2	6	-	-
Renewable Energy Applications LTD	27	27	-	-
WASTE SYCLO S.A. (note 39)	-	8	49	49
	<b>21,627</b>	<b>20,030</b>	<b>49</b>	<b>49</b>

Data concerning the above mentioned associates as well as the Group's ownership interest in them as at December 31, 2013 and 2012 are as follows:

Name	Note	Ownership Interest		Country and year of Incorporation	Principal Activities
		31.12.13	31.12.12		
Larco S.A.		11.45%	11.45%	Greece - 1989	Metallurgical
PPC Renewables ROKAS S.A.		49.00%	49.00%	Greece - 2000	RES
PPC Renewables TERNA Energiaki S.A.		49.00%	49.00%	Greece - 2000	RES
PPC Renewables NANKO Energy – MYHE Gitani S.A.		49.00%	49.00%	Greece - 2000	RES
PPC Renewables MEK Energiaki S.A.		49.00%	49.00%	Greece - 2001	RES
PPC Renewables ELTEVAIFOROS S.A.		49.00%	49.00%	Greece - 2004	RES
PPC Renewables EDF EN GREECE S.A.		49.00%	49.00%	Greece - 2007	RES
EEN VOIOTIA S.A.	1	46.60%	46.60%	Greece - 2007	RES
Good Works S.A.		49.00%	49.00%	Greece - 2005	RES
Aioliko Parko LOYKO S.A.		49.00%	49.00%	Greece - 2008	RES
Aioliko Parko MAMBO BIGLIES S.A.		49.00%	49.00%	Greece - 2008	RES
Aioliko Parko KILIZA S.A.		49.00%	49.00%	Greece - 2008	RES
Aioliko Parko LEFKIVARI A.E.		49.00%	49.00%	Greece - 2008	RES
Aioliko Parko AGIOS ONOUFRIOS S.A.		49.00%	49.00%	Greece - 2008	RES
Renewable energy applications LTD		49.00%	49.00%	Cyprus - 2010	RES
Waste Syclo S.A.		49.00%	49.00%	Greece - 2011	Waste Management

1. It is consolidated from the associate company PPC Renewables EDF EN GREECE S.A. as it participates by 95% in its share capital.



The following table presents condensed financial information of the PPC share in its associates' assets, liabilities and shareholders' equity as at December 31, 2013 and 2012:

	December 31, 2013		
	Assets	Liabilities	Equity
PPC Renewables ROKAS S.A.	2,634	833	1,801
PPC Renewables TERNA Energiaki S.A.	7,887	5,403	2,484
PPC Renewables NANKO Energy – MYHE Gitani S.A.	3,956	1,756	2,200
PPC Renewables MEK Energiaki S.A.	3,816	1,206	2,610
PPC Renewables ELTEV AIFOROS S.A.	4,952	2,763	2,189
PPC Renewables EDF EN GREECE S.A.	23,392	18,868	4,524
Good Works S.A.	62	2	60
Renewable Energy Applications LTD	29	2	27
Aioliko Parko LOYKO S.A.	36	7	29
Aioliko Parko MBAMBO VIGLIES S.A.	36	7	29
Aioliko Parko KILIZA S.A.	34	5	29
Aioliko Parko LEFKIVARI A.E.	50	6	44
Aioliko Parko AGIOS ONOUFRIOS S.A.	33	4	29
Waste Syclo S.A.	-	-	-
	<b>46,917</b>	<b>30,862</b>	<b>16,055</b>

	December 31, 2012		
	Assets	Liabilities	Equity
PPC Renewables ROKAS S.A.	2,423	(746)	(1,677)
PPC Renewables TERNA Energiaki S.A.	8,067	(5,845)	(2,222)
PPC Renewables NANKO Energy – MYHE Gitani S.A.	3,760	(131)	(3,629)
PPC Renewables MEK Energiaki S.A.	3,600	(901)	(2,699)
PPC Renewables ELTEV AIFOROS S.A.	3,980	(1,965)	(2,015)
PPC Renewables EDF EN GREECE S.A.	23,897	(19,564)	(4,333)
Good Works S.A.	22	(12)	(10)
Renewable Energy Applications LTD	29	(2)	(27)
Aioliko Parko LOYKO S.A.	32	(2)	(30)
Aioliko Parko MBAMBO VIGLIES S.A.	32	(2)	(30)
Aioliko Parko KILIZA S.A.	31	(1)	(30)
Aioliko Parko LEFKIVARI A.E.	46	(2)	(44)
Aioliko Parko AGIOS ONOUFRIOS S.A.	30	(1)	(29)
Waste Syclo S.A.	-	-	-
	<b>45,949</b>	<b>(29,174)</b>	<b>(16,775)</b>

PPC's share of its associates' revenue and results for the year ended December 31, 2013 and 2012 has as follows:

	December 31, 2013		December 31, 2012	
	Sales	Profit/(Loss)	Sales	Profit/(Loss)
PPC Renewables ROKAS S.A.	735	414	730	445
PPC Renewables TERNA Energiaki S.A.	1,217	369	1,113	289
PPC Renewables NANKO Energy – MYHE Gitani S.A.	740	407	620	309
PPC Renewables MEK Energiaki S.A.	1,134	565	1,099	678
PPC Renewables ELTEV AIFOROS S.A.	601	237	-	(57)
PPC Renewables EDF EN GREECE S.A.	2,971	(214)	2,778	(351)
Good Works S.A.	-	-	-	-
Renewable Energy Applications LTD	-	-	-	-
Aioliko Parko LOYKO S.A.	-	(4)	-	-
Aioliko Parko MBAMBO VIGLIES S.A.	-	(4)	-	-
Aioliko Parko LEFKIVARI A.E.	-	(3)	-	(3)
Aioliko Parko AGIOS ONOUFRIOS S.A.	-	(4)	-	(4)
Aioliko Parko KILIZA S.A.	-	(2)	-	(2)
Waste Syclo S.A.	-	-	-	-
	<b>7,398</b>	<b>1,761</b>	<b>6,340</b>	<b>1,304</b>

## 17. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

PPC balances with its subsidiaries and its associates as of December 31, 2013 and 2012 are as follows:

	December 31, 2013		December 31, 2012	
	Receivable	(Payable)	Receivable	(Payable)
<b>Subsidiaries</b>				
- IPTO	-	(619,057)	-	(526,268)
- PPC Renewables S.A.	10,872	(827)	43,485	(856)
- HEDNO(former PPC Rhodes S.A.)	-	(150,546)	-	(119,706)
- Arkadikos Ilios Ena S.A.	-	-	3	-
- Arkadikos Ilios Dio S.A.	-	-	1	-
	<b>10,872</b>	<b>(770,430)</b>	<b>43,489</b>	<b>(646,830)</b>
<b>Associates</b>				
PPC Renewables ROKAS S.A.	-	-	-	(96)
PPC Renewables TERNA Energiaki S.A.	-	-	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	-	-	-	-

	December 31, 2013		December 31, 2012	
	Receivable	(Payable)	Receivable	(Payable)
PPC Renewables NANKO Energy – MYHE Gitani S.A.	-	-	-	-
PPC Renewables MEK Energiaki S.A.	-	-	-	-
EEN VOIOTIA S.A.	-	-	-	-
- Larco (energy, lignite and ash)	197,854	-	144,561	-
Waste Syclo S.A.	150	-	61	-
	<b>198,004</b>	<b>-</b>	<b>144,622</b>	<b>(96)</b>

PPC's transactions with its subsidiaries and its associates as of December 31, 2013 and 2012 are as follows:

	2013		2012	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
<b>Subsidiaries</b>				
IPTO S.A.	36,222	(1,631,751)	10,885	(1,260,681)
PPC Renewables S.A.	4,472	-	7,184	(2,099)
HEDNO	222,214	(985,594)	292,944	(848,055)
Arkadikos Ilios Ena S.A.	-	-	-	-
Arkadikos Ilios Dio S.A.	-	-	-	-
	<b>262,908</b>	<b>(2,617,345)</b>	<b>311,013</b>	<b>(2,110,835)</b>
<b>Associates</b>				
PPC Renewables ROKAS S.A.	-	-	-	(337)
PPC Renewables TERNA Energiaki S.A.	-	-	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	-	-	-	-
PPC Renewables MEK Energiaki S.A.	-	-	-	-
PPC Renewables ELTEV AEIFOROS S.A.	-	-	-	-
EEN VOIOTIA S.A.	-	-	5	-
Larco S.A.	73,208	(6,794)	72,973	(9,385)
	<b>73,208</b>	<b>(6,794)</b>	<b>72,978</b>	<b>(9,722)</b>

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

As of 31.12.2013, the Parent Company has guaranteed total loans of € 8 mil. through account credit agreements. As of 31.12.2013 PPC Renewables S.A. has used € 670.

#### Provision of guarantee in favor of IPTO.

On December 31, 2013, the loans for the Parent Company's subsidiaries, guaranteed by the Parent Company, amounted to € 325 mil.

#### Litigation with LARCO S.A.:

On August 24, 2007 the Parent Company signed a contract for the procurement of lignite from LARCO S.A. for a total amount of 1.2 mil. tonnes (with a right to increase up to 15%) for a period of four years and a total amount of € 25.8 mil. Given the fact that at the time of signing the contract LARCO S.A. had outstanding payables of an equal amount to PPC from the supply of electricity, payments for the procurement of lignite would be settled against the abovementioned receivable from LARCO S.A. PPC had made a provision for the abovementioned receivables, which was reversed in 2007, due to the fact that the collection of the amount was secured not only by the abovementioned contract, but also by a guarantee bond that LARCO S.A. raised in favour of PPC, covering the total duration of the contract and the total contractual amount. Taking under consideration the worth of lignite deliveries until July 2011 and the invoicing for August 2011 for the revised lignite prices for the deliveries of the period 01.01.2010 – 31.12.2010, the payment in full of LARCO's old debt, through the 2007 contract is considered to be completed by July 2011.

LARCO S.A. is liable for sums due and payable to PPC related to the consumption of electricity since December 2008. For all sums due to PPC for the period November 1, 2008 until April 30, 2009, an action has been filed by PPC before the competent Multimembered Court of Athens (for a sum of € 24.2 mil.) whereas, for the sums due to PPC for the period May 2009 – October 2009 (for a total sum of € 18.8 mil.) an action has been filed against the said Company, the hearing of the case having been set for November 14, 2013 and which was canceled.

In July 2010 PPC's Board of Directors approved an agreement for the settlement of new debts incurred by LARCO's electricity consumption for the period 1.11.2008 to 30.06.2010. The above mentioned framework agreement was already approved by LARCO's Board of Directors.

As foreseen in the above mentioned agreement, a new framework agreement for the settlement of LARCO's new debts will be conducted, part of which will be paid by concluding a new lignite procurement contract, following the pattern set by the existing one. As far as payment of the rest of the debt is concerned, LARCO will disburse predetermined amounts, on a monthly basis, based on the fluctuation of nickel's stock market price. In addition with the aforementioned contract frame, LARCO is bound to pay in time the electricity bills for the consumption for the period following July 1, 2010.

The process of completing the contract for the settlement of new debts as well as the new contract for the procurement of lignite which depict the above mentioned framework agreement, was completed and approved by the Parent Company's Board of Directors in July 2011. It is noted that in view of the materialisation of the above mentioned contract for the settlement of new debts, LARCO has paid € 1 mil., in April 2011 and € 1 mil., in May 2011, and thus the final debt amounts to € 76.7mil. (principal not including interest).

The above mentioned contracts were signed on August 1, 2011.

PPC's Board of Directors decided on March 12, 2012, to address a Judicial Reminder of debtor's default to LARCO in accordance with the provision of article 11 par. 12 of the existing Code for Supply for the payment of sums due from LARCO to PPC. In case of non-payment within 20 days' time as of service of the same to LARCO, PPC is to proceed with discontinuation of the supply of electricity to the respective customer. Furthermore, it was decided upon to file interim measures as against LARCO as well as an action due to debtor's default in payment before the competent Courts in order to safeguard the payment of sums due to PPC. PPC served on 16.3.2012 a Judicial Statement- Protest- Reminder of debtor's default and summoning to LARCO reserving all its rights.

PPC, after the relevant decision 100/10.04.2012 of its Board of Directors proceeded with the filing of an application of interim measures before the competent Court of Athens against LARCO for the provisory seizure of any and all of the movable assets as well as all the real estate property of LARCO, with the simultaneous filing of an application for an injunction and also, the filing of an action due to debtor's default in payment before the Multimembered Court of Athens. The case was heard on 20.11.2012. The Court issued its decision against PPC.

Following the aforesaid the Board of Directors of PPC by its Decision 200/28.9.2012 decided also to approve the

termination of the contract between LARCO and PPC for the provision of energy after prior notice of 20 days' time for the payments by LARCO to PPC of any and all sums overdue.

On 29.10.2012 an action was filed by PPC against LARCO before the Multimembered Athens Court Of First Instance for the payment of all outstanding debts of LARCO to PPC amounting to the sum of € 72,058,436.10 for the sums due to energy supply to LARCO for the period of October 2011 to August 2012. The hearing of the said case has been set for 21.5.2015.

Furthermore, on November 9, 2012 PPC served to LARCO a Judicial Reminder of debtor's default for the payment of sums due from LARCO to PPC within 20 days' time as of service of the Judicial Reminder, stating that in all other cases, PPC will proceed with discontinuation of the supply of electricity to the respective customer .

On 18.10.2012 RAE's Decision 822/10.10.2012 was served to PPC (after the filing by LARCO of its RAE-I-153708/22.03.2012 Application – Complaint) in accordance to which, RAE ruled the application of the following interim measures in favour of LARCO with the form of a price for the supply of electricity for LARCO which was temporarily fixed at 50 Euro/MWh, plus fees for PSOs, Renewables and for the use of the Transmission System, plus other taxes and charges for a period of three (3) months from the issuance of the same Decision ( that is until 09.01.2013).

Following that, LARCO has asked for the extension of the above mentioned interim measures, but RAE rejected that claim by its Decision 28/2013. After that PPC's management has sent a letter to LARCO (dated 10.05.2013) with which has asked LARCO to settle its debts to PPC, or else PPC will proceed with the discontinuation of the supply. Despite the exchange of letters that followed however, LARCO did not act towards the settlement of its non-settled debts towards PPC .

On June 5, 2013 and following the Decision Nr 200/28.9.2013 of PPC BoD, PPC sent to LARCO and ADMHE its extrajudicial statement (dated 04.06.2013) by which PPC reserved its right to denounce the contract as between LARCO and PPC and by which PPC also declared that it would stop representing the meters of LARCO within a period of ten (10) days as of the date thereof, unless LARCO fulfils its obligations to PPC.

Following that LARCO filed an action as against PPC seeking injunctive relief as well as a judicial order before the Single Membered First Court of Lamia, which issued the 473/2013 decision, by which it rejected all relevant claims and petitions of LARCO as well as of the intervening third parties.

This Decision was served to LARCO, IPTO and RAE on 19.09.2013.

LARCO, following the signing of the contract for the settlement of its new debts does not pay the amounts for its current electricity bills, thus resulting to its total debt on December 31, 2013 (including consumptions up to November 2013) amounted to € 191,20 mi. (including debt by the current consumption of € 143.6 mil. and residual debt by 01.08.2011 settled amount of € 47.6 mil. ) plus interest (31.12.2012 € 139.2 mil.)

For the abovementioned PPC has made adequate provisions.

#### Transactions and balances with other government owned entities

The following table presents purchases and balances with government owned entities Hellenic Petroleum ("ELPE") and National Gas Company ("DEPA"), which are PPC's liquid fuel and natural gas suppliers, respectively and into which the Hellenic Republic participates.

	Purchases		Balance	
	2013	2012	2013	2012
ELPE, purchases of liquid fuel	145,738	162,359	10,222	6,858
DEPA, purchases of natural gas	393,089	443,419	75,519	(34,402)
	<b>538,827</b>	<b>605,778</b>	<b>85,741</b>	<b>(27,544)</b>

	December 31, 2013		December 31, 2012	
	Receivable	(Payable)	Receivable	(Payable)
EMO S.A.	478,585	(478,615)	363,420	(366,705)
	December 31, 2013		December 31, 2012	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
EMO S.A.	255,459	(599,602)	158,631	(850,558)

Further to the above, PPC enters into transactions with many government owned or nonprofit oriented entities within its normal course of business (sale of electricity, services received, etc.). All transactions with government owned entities are performed at arm's length terms.

It is noted that on February 15, 2013 PPC S.A. has transferred to the Greek State the sum of its EMO's shares.

**Management compensations**

Compensations concerning management members (Board of Directors and General Managers) for the year ended December 31, 2013 and 2012 are as follows:

	Group		Company	
	2013	2012	2013	2012
Compensation of members of the Board of Directors				
- Executive members of the Board of Directors	154	291	57	98
- Non-executive members of the Board of Directors	184	351	91	133
- Compensation / Extra fees	111	-	-	-
- Social security contributions	62	46	-	-
- Other Benefits	8	12	6	12
	<b>519</b>	<b>700</b>	<b>154</b>	<b>243</b>
Compensation of Deputy Managing Directors and General Managers				
- Regular compensation	698	893	641	845
- Social security contributions	232	168	211	157
- Compensation / Extra fees	-	-	-	-
	930	1,061	852	1,002
	<b>1,449</b>	<b>1,761</b>	<b>1,006</b>	<b>1,245</b>

Compensation to members of the Board of Directors does not include standard payroll, paid to representatives of employees that participate in the Parent Company's Board of Directors and related contributions to social security funds. Also, it does not include the electricity benefit based on the PPC personnel invoice to the Board of Director members, the Deputy Managing Directors and the General Managers.

Based on L. 4110/2013 the above mentioned compensation by the year 2013 was subject to an income tax of 40%. Since 01.01.2014 following the provisions of L. 4172/2013, the above mentioned compensation is considered as salary and is taxed accordingly

**18. MATERIALS, SPARE PARTS AND SUPPLIES, NET**

	Group		Company	
	2013	2012	2013	2012
Lignite	55,697	51,124	55,697	51,124
Liquid fuel	217,488	257,010	217,488	257,010
Materials and consumables	692,526	708,155	465,772	461,779
Purchased materials in transit	23,401	34,281	21,546	25,118
	<b>989,112</b>	<b>1,050,570</b>	<b>760,503</b>	<b>795,031</b>
Provision for materials' write down to recoverable amount	(203,787)	(195,233)	(172,317)	(165,432)
<b>Total</b>	<b>785,325</b>	<b>855,337</b>	<b>588,186</b>	<b>629,599</b>

During 2013, the Group and the Parent Company made an additional provision for materials' write down to recoverable amount expected to be realized from their use of € 8,027 (2012: € 4,534) and € 6,885 (2012: € 7,388) respectively. Materials, spare parts and supplies of the Parent Company and the Group are held free of encumbrances.

**19. TRADE RECEIVABLES, NET**

	Group		Company	
	2013	2012	2013	2012
High voltage	323,295	338,186	323,295	338,186
Medium and low voltage	1,487,104	1,231,377	1,489,227	1,233,228
Customers' contributions	10,084	19,603	10,084	19,603
Other energy suppliers	104,235	101,540	-	-
Subsidiaries' receivables	86,689	100,148	-	-
	<b>2,011,407</b>	<b>1,790,854</b>	<b>1,822,606</b>	<b>1,591,017</b>
Unbilled revenue	600,423	486,178	600,423	486,178
	<b>2,611,830</b>	<b>2,277,032</b>	<b>2,423,029</b>	<b>2,077,195</b>
Allowance for doubtful balances	(1,306,251)	(956,122)	(1,174,665)	(812,509)
<b>Total</b>	<b>1,305,579</b>	<b>1,320,910</b>	<b>1,248,364</b>	<b>1,264,686</b>

High voltage customer balances relate to: (a) receivables from sales of energy to 70 companies, including large industrial companies, which are invoiced at the end of each calendar month, based on individual agreements and actual metering and (b) exports to foreign customers.

Medium voltage customers are mainly industrial and commercial companies. Billing is made on a monthly basis based on actual meter readings. Low voltage customers are mainly residential and small commercial 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 mainly on the energy consumed during the corresponding period in the prior year.

There are different types of tariffs for both medium and low voltage customers with different tariff structures based on different types of energy use (commercial, residential, etc). Revenues from the supply of electricity to medium and low voltage customers provided during the period from the last meter reading or billing through each reporting date are accounted for as unbilled revenue.

The provision for doubtful receivables is established, on specific customer balances. For medium and low voltage customers, the Parent Company was establishing a provision for the total of their outstanding balances of more than 3 and 6 months respectively, per customer.

The movement of the provision for doubtful receivables is as follows:



	Group		Company	
	2013	2012	2013	2012
As at January 1	956,122	633,728	812,509	633,728
- Provision charge	364,984	376,332	364,984	316,197
- Reversal of unused provision	(12,027)	(51,386)	-	(51,386)
- Utilisation	(2,828)	(2,552)	(2,828)	(2,552)
- Spin-Off	-	-	-	(83,478)
As at December 31	<b>1,306,251</b>	<b>956,122</b>	<b>1,174,665</b>	<b>812,509</b>

At December 31, 2013 and 2012, the ageing analysis of the invoiced trade accounts receivable, impaired by the established provisions of the Parent Company, are as follows:

	Total	Non Past due and not impaired	Past due and not impaired (days)			
			< 45	45-180	180-365	> 365
2013	647,941	110,460	196,660	295,532	8,758	36,531
2012	778,507	142,355	207,924	365,123	27,848	35,257

## 20. OTHER RECEIVABLES, NET

	Group		Company	
	2013	2012	2013	2012
Value Added Tax	80,430	124,749	80,430	114,044
Assessed taxes and penalties	56,720	56,720	56,720	56,720
Social security funds			-	-
- in dispute	18,059	18,059	18,059	18,059
- current	3,195	3,195	3,195	3,195
State participation in employees' social security contributions	1,546	1,546	1,546	1,546
Pensioners' advances, in dispute	5,262	5,262	5,262	5,262
Loans to employees	12,092	12,556	8,318	8,796
Receivables from contractors	20,747	20,814	5,272	5,272
Receivables from subsidiaries	-	-	10,045	42,628
Receivable by DEPA	42,330	137,733	42,330	137,733
Fiber optic rentals	18,824	19,674	12,644	10,291
Other	27,290	40,824	33,768	24,028
	<b>286,495</b>	<b>441,132</b>	<b>277,589</b>	<b>427,574</b>
Allowance for doubtful balances	(36,471)	(36,395)	(33,903)	(33,903)
<b>Total</b>	<b>250,024</b>	<b>404,737</b>	<b>243,686</b>	<b>393,671</b>

### Assessed taxes and penalties:

The amount represents additional income taxes and penalties assessed to and paid by the Parent Company as a result of a preliminary tax audit performed in previous years by the tax authorities for the fiscal years from 1992 through to 1997. The amounts were paid in order for the company to be able to file a case against the tax courts. These amounts have as follows:

- For the fiscal year 1992, an amount of € 8,048 was paid during 2006 (income tax of € 1,064, additional taxes of € 2,724 and penalties of € 4,260).
- For the fiscal years from 1995 through to 1997, an amount of € 30,728 was paid (€ 18,173 paid in 2005 and € 12,555 paid in periods prior to December 31, 2004).
- For the fiscal years from 1994 through to 1995, an amount of € 1,480 was paid. Within 2007, this amount was settled against other tax liabilities. Against the above receivables, the Parent Company has established a provision of € 42,676 (note 30).

### Social Security Funds in Dispute

The amount relates to social security contributions and deductions (during years 1983-1993) for employees who have worked with other employers before joining PPC. As PPC undertook the obligation to cover the whole amount of their pensions and other related benefits, part of their contributions to other social security funds [mainly IKA (SSI i.e. Social Security Institute), the major Greek social security fund] has been claimed by PPC. The claim was not accepted by IKA and the case was brought by PPC before the courts. Following an adverse court decision, PPC together with PPC – PIO (currently TAYTEKO based on L. 3655/2008) appealed said decision before the second degree courts. The second degree court rejected PPC's appeal, whereas PPC-PIO's appeal against IKA is still pending. For the abovementioned amount, an equal provision has been established at the attached financial statements.

### Advances to Pensioners in Dispute

The amount of € 5,262 represents an advance payment made in 1993 to pensioners. A respective provision has been established of this amount

### State Participation in Employees' Social Security Contributions:

from the State for the latter's contribution to the social security contributions of employees who started working after January 1, 1993. For the above mentioned amount, an equal provision has been established.

The movement in the allowance for other receivables is as follows:

	Group		Company	
	2013	2012	2013	2012
<b>As at January 1</b>	<b>36,395</b>	<b>36,421</b>	<b>33,903</b>	<b>35,489</b>
- Provision charge	76	-	-	-
- Reversal of unused provision	-	(26)	-	-
- Utilisation	-	-	-	-
- Spin-off	-	-	-	(1,586)
<b>As at December 31</b>	<b>36,471</b>	<b>36,395</b>	<b>33,903</b>	<b>33,903</b>

## 21. INVESTMENTS AVAILABLE FOR SALE

	Group		Company	
	2013	2012	2013	2012
National Bank of Greece	3,959	4,113	3,959	4,113
Heracles Cement S.A.	720	667	720	667
Evetam	241	241	241	241
<b>Total</b>	<b>4,920</b>	<b>5,021</b>	<b>4,920</b>	<b>5,021</b>

The change in the fair value of investments equity securities available for sale (shares) totalled € 101/loss (2012: € 1,414/loss).

## 22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
Cash in hand	1,081	1,481	972	1,445
Cash at banks	80,997	69,446	75,541	60,763
Time deposits	178,200	208,500	109,000	159,000
<b>Total</b>	<b>260,278</b>	<b>279,427</b>	<b>185,513</b>	<b>221,208</b>

Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to € 6,448 (2012: € 11,546), for the Group and to € 4,464 (2012: € 9,298) for the Parent Company and are included in financial income in the accompanying statements of income (note 10).

All cash and cash equivalents are denominated in €.

Additionally on December 31, 2013 the Parent Company kept in a pledged deposit account an amount of € 161,693.

## 23. SHARE CAPITAL

Under Law 2773/1999 and P.D. 333/2000 PPC was transformed, into a société anonyme. By the Legislative Act of 07.09.2012, which was ratified by art. 2 of L. 4092/2012, the obligatory participation of the Greek State with at least 51% of the company's share capital was abolished. The Extraordinary General Shareholders' Meeting, which was convened on November 30, 2012 decided to abolish the article of incorporation which provided for the participation of the Greek State by at least 51% to the company's share capital. This amendment of the Articles of Incorporation on one hand harmonizes the articles with the legislation in effect, and on the other hand renders possible the reduction of the current participation percentage of the Greek State to the company's share capital. At December 31, 2013 and 2012, PPC's share capital (fully authorised and issued) amounted to € 1,067,200 divided into 232,000,000 common shares of € four and sixty cents (€ 4.60) per value each.

## 24. LEGAL RESERVE

Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their financial statements to a legal reserve, until such reserve equals one-third of the paid-in share capital. This reserve cannot be distributed through the life of the corporation.

## 25. OTHER RESERVES

RESERVES	Group		Company	
	2013	2012 (restated)	2013	2012 (restated)
- Tax free	91,063	112,390	91,063	112,390
- Specially taxed reserves	95,597	95,597	95,597	95,597
Fair values of investments "held-for-sale"	-	(249)	-	(249)
Actuarial (gains)/losses (note 36)	(153,641)	(183,464)	(77,677)	(89,491)
<b>Total</b>	<b>33,019</b>	<b>24,274</b>	<b>108,983</b>	<b>118,247</b>

PPC's tax free reserves as at December 31, 2012 amounted to €112.4 mil. originating from interest revenues, gains from the sale of securities and gains from expropriation of land. According to article 72 of L. 4172/2013, non-distributed or non-capitalized reserves formed until December 31, 2013, amounting to €112.4 mil., will be subject until December 31, 2014 (at the latest) to an autonomous taxation with a tax rate of 19%. The Parent Company has recorded the estimated tax of € 21,3 mil. in the current year, and thus the tax free reserves of the Parent Company and the Group on December 31, 2013, amount to € 91 mil.

PPC's Specially taxed reserves amount to € 95,6 mil. and upon distribution will be subject to taxation with the applicable tax rate. For the years 2013 and 2012 PPC has not formed tax free reserves.

Due to the revision of IAS 19 the Group and the Parent Company proceeded to the restatement of all balances relating to actuarial gains and/or losses retrospectively which are now recognized in other comprehensive income (OCI). For the Group and the Parent Company the effect of this amendment is presented in Note 36.

## 26. DIVIDENDS

Under Greek corporate law, companies are required each year to declare and pay from statutory profits dividends of at least 35% of after-tax profit, after allowing for the legal reserve. However, with the consent of at least the 70% of the Company's shareholders, a company may not declare any dividend.

Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed. Specifically, no dividends can be distributed (a) as long as a company's net equity, as reflected in the statutory financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves, and (b) as long as the unamortized balance of "Pre-operating Expenses", as reflected in the statutory financial statements, exceeds the aggregate of distributable reserves plus retained earnings.

The General Shareholders' Meeting which was realized on June 29, 2013 approved the distribution of dividend of € 5.8 mil. (€ 0.025 per share).

At December 31, 2013, the unpaid balance of dividends was € 154.

Based on L. 4110/2013, the distributable earnings approved by the General Shareholders' Meetings since 01.01.2014 are subject to a withholding tax of 10%.

Given that PPC has declared losses for the year 2013, there is no ability of dividend distribution.

## 27. INTEREST BEARING LOANS AND BORROWINGS

	Group		Company	
	2013	2012	2013	2012
Bank loans	2,087,963	1,934,275	1,976,654	1,793,929
Bonds payable	2,765,983	2,869,176	2,475,871	2,571,250
<b>Total</b>	<b>4,853,946</b>	<b>4,803,451</b>	<b>4,452,525</b>	<b>4,365,179</b>
Less current portion:				
- Bank Loans	119,338	128,685	90,233	99,576
- Bonds payable	1,720,675	1,371,879	1,493,621	1,239,380
<b>Total</b>	<b>1,840,013</b>	<b>1,500,564</b>	<b>1,583,854</b>	<b>1,338,956</b>
<b>Long term portion</b>	<b>3,013,933</b>	<b>3,302,887</b>	<b>2,868,671</b>	<b>3,026,223</b>

The total interest expense on total debt for the period ended December 31, 2013 is included in financial expenses in the accompanying statements of income (Note 9). A further analysis of the long term debt of the Group and the Parent Company is presented in the table below:

	2013 (Group)	2012 (Group)	2013 (Parent)	2012 (Parent)
Bank loans and bonds				
- Fixed rate	50,000	50,000	50,000	50,000
- Floating rate	2,716,055	2,819,176	2,425,871	2,521,250
European Investment Bank				
- Fixed rate	1,587,444	1,311,300	1,558,277	1,271,715
- Floating rate	500,447	617,860	418,377	517,099
Projects financing				
- Fixed rate	-	-	-	-
- Floating rate	-	5,115	-	5,115
<b>Total</b>	<b>4,853,946</b>	<b>4,803,451</b>	<b>4,452,525</b>	<b>4,365,179</b>

Long term debt represents unsecured obligations of the Group and the Parent Company. Certain loans and bonds include certain non-financial covenants, the most important of which is that the Company should not cease to be a corporation controlled as to at least 51% by the Greek State. It should be noted that, after the implementation of the Medium Term Financial Strategy Framework in July 2011, all new loan agreements that have been signed include certain non-financial covenants that the Company should not cease to be a corporation controlled as to at least 34% by the Greek State. Certain loan agreements of outstanding balance as of December 31, 2013 of € 255.8 mil. (€ 108.7 mil. Parent Company) include financial covenants the non-compliance of which may lead to an event of default.

## Analysis of borrowings by currency (including bank overdrafts)

	2013 (Parent)	2013 (Group)	2012 (Parent)	2012 (Group)
€	100%	100%	99.9%	99.9%
CHF	-	-	0.1%	0.1%

During 2013, the Group proceeded to debt repayment amounting to € 435.7 mil. Also during the same period, the Parent Company refinanced debt amounting in total to € 1,229 mil. until 04.04.2014. In addition, the negotiations of its subsidiary IPTO S.A. are in the final stage with the total of its lending banks, for the long term refinancing of all its loan obligations

Furthermore:

- In April and May 2013, € 95 mil. and € 190 mil. were drawn respectively from the European Investment Bank, amounts which constitute new cash injections for the Parent Company. It is noted that for both loans the Greek State has provided guarantees.
- In September 2013, the Parent Company proceeded in signing a Bond Loan agreement, for a fifteen year duration, for an amount of € 739 mil., with a syndication of foreign banks. The Bond Loan Agreement is supported by the German Credit Insurance Organization Euler Hermes.
- In December 2013, € 415 mil. were approved by the European Investment Bank (EIB), for the financing of the Distribution Network. The above mentioned financing was approved by the Parent Company's BoD on January 14, 2014.

The annual principal payments required to be made subsequent to December 31, 2013 (based on the exchange rates as at December 31, 2013) are as follows:

	2013 (Group)	2012 (Group)	2013 (Parent)	2012 (Parent)
On demand or within one year	1,840,013	1,500,564	1,583,854	1,338,956
In the second year	874,384	569,925	845,205	440,818
In the third to fifth years inclusive	885,367	1,553,506	769,286	1,416,374
After five years	1,254,182	1,179,456	1,254,180	1,169,031
<b>Total</b>	<b>4,853,946</b>	<b>4,803,451</b>	<b>4,452,525</b>	<b>4,365,179</b>

In the debt redemptions maturing within one year an amount of € 124,621 is included, and concerns specific purpose of using it as collateral for existing financing lines, and for which the Parent Company keeps an equal amount in a pledged deposit account (Note 22).

## Credit Rating

During 2013 the rating house Standard and Poor's (S&P) upgraded the Parent Company's credit rating from CC with a negative outlook to CCC with negative outlook. In the year the rating house ICAP S.A. has maintained the Parent Company's and IPTOS's credit ratings to D and C, respectively.

## 28. FINANCIAL INSTRUMENTS

	Group		Company	
	2013	2012	2013	2012
<b>Derivative financial instruments</b>				
<b>Liabilities</b>	5,813	3,985	5,813	3,985
<b>Assets</b>	-	-	-	-

Derivative financial instruments represent interest swap agreements as well as currency forward contract. Changes in their fair values of these derivatives are included in financial expense, net, in the accompanying statement of income.

On December 31, 2013, PPC had an interest swap agreement in effect (from floating to fixed rate) for a loan agreement of nominal value of € 50 mil.

In addition, on December 31, 2013 the Parent Company has a forward currency contract outstanding, stemming from the purchase of an initial amount of YEN 4.1 bil. and of an outstanding amount of YEN 1 bil., which relates to an existing loan obligation gradually payable within the period January 2014-January 2016.

## 29. POST RETIREMENT BENEFITS

PPC's employees and pensioners of the Group are entitled to supply of energy at reduced tariffs. Such reduced tariffs to pensioners are considered to be retirement obligations and are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end based on the employees earning retirement benefit rights steadily throughout the working period. The relevant retirement obligations are calculated on the basis of financial and actuarial assumptions.

Net costs for the period are included in the payroll cost in the accompanying statements of income and consist of the present value of the benefits earned in the year, interest cost on the benefit obligation, prior service cost. The actuarial gains or losses are now recognized in other comprehensive income (OCI) based on the revised IAS 19. The retirement benefit obligations are not funded.

The results of the actuarial study for the years December 31, 2013 and 2012 as well as the restated results for the year ended December 31, 2012, are as follows:

	Group		Company	
	2013	2012	2013	2012
<b>Change in benefit obligation</b>				
Liability at beginning of year (restated)	422,807	434,406	244,582	408,383
Spin-off	-	-	-	(152,953)
Current Service cost	4,453	4,098	2,509	2,517
Interest cost	16,067	20,852	9,294	12,261
Actuarial (gains)/losses	(29,823)	(9,808)	(11,814)	(9,745)
Benefits utilised	(22,860)	(26,741)	(13,701)	(15,881)
<b>Liability, end of the year</b>	<b>390,644</b>	<b>422,807</b>	<b>230,870</b>	<b>244,582</b>
<b>Components of net service cost</b>				
Current Service cost	4,453	4,098	2,509	2,517
Interest cost	16,067	20,852	9,294	12,261
	<b>20,520</b>	<b>24,950</b>	<b>11,803</b>	<b>14,778</b>
<b>Statement of Comprehensive income</b>				
Cumulative amount, beginning of year (restated)	183,464	193,272	89,491	99,235
Actuarial (gains)/losses	(29,823)	(9,808)	(11,814)	(9,744)
Cumulative amount, end of year	<b>153,641</b>	<b>183,464</b>	<b>77,677</b>	<b>89,491</b>

## Assumption values, Actuarial Study

Valuation date	Discount rate	Tariff increases	Profit margin	Expectancy of future services
31/12/2012	3.80%	11.9% 1y	4.2% 1y	11.96
		2.2% 4y	13.40%	
		0%		
31/12/2013	3.60%	3.0% 1y	7.5% 1y	13.45
		2.2% 4y	13.40%	
		0%		



## Sensitivity disclosures

	Actuarial liability	Percentage change
Increase in discount rate by 0.5%	366,062	(6.29%)
Decrease in discount rate by 0.5%	417,974	7.00%
Increase in tariff increase rate by 1% for all years	442,176	13.19%
Increase in tariff increase rate by 1% for 2014-2017	404,683	3.59%

Further to the abovementioned benefits, the subsidiary company PPC Renewable S.A., has made a provision for personnel compensation in case of service termination amounting to € 12 (2012: 14) regarding the personnel which is directly employed from PPC Renewables.

## 30. PROVISIONS

	Group		Company	
	2013	2012	2013	2012
Litigation with employees / third parties (note 37)	159,147	162,172	78,747	76,532
Disputes with the tax authorities (note 20)	42,676	42,676	42,676	42,676
Mines' land restoration	17,719	14,371	17,719	14,371
PPC-PIO fixed assets	2,400	2,400	2,400	2,400
Other	3,625	2,757	-	-
<b>Total</b>	<b>225,567</b>	<b>224,376</b>	<b>141,542</b>	<b>135,979</b>

During the year ended December 31, 2013, the Group reversed the provision for litigation with employees and third parties by € 2,763 (2012: additional provision of € 8,272). In addition the Parent Company established an additional provision for litigation with employees and third parties of € 2,215 (2012: € 2,567).

The movement of the provisions for mines' restoration has as follows:

	Group		Company	
	2013	2012	2013	2012
<b>Balance at beginning of the year</b>	<b>14,371</b>	<b>12,895</b>	<b>14,371</b>	<b>12,895</b>
- Change in future outflows (fixed assets)	3,530	1,281	3,530	1,281
- Reversal of unused provision	(1,505)	(1,308)	(1,505)	(1,308)
- Finance cost (note 9)	1,323	1,503	1,323	1,503
<b>Balance at the end of the year</b>	<b>17,719</b>	<b>14,371</b>	<b>17,719</b>	<b>14,371</b>

## 31. DEFERRED CUSTOMERS' CONTRIBUTIONS AND SUBSIDIES

Group	Subsidies	Customer Contributions	Total
<b>Net book value</b>			
<b>December 31, 2011</b>	<b>426,459</b>	<b>1,440,619</b>	<b>1,867,078</b>
- Subsidies and contributions received	10,777	-	10,777
- Transfer to revenues (note 7)	(18,839)	(58,269)	(77,108)
<b>December 31, 2012</b>	<b>418,397</b>	<b>1,382,350</b>	<b>1,800,767</b>
- Subsidies and contributions received	4,150	-	4,150
- Transfer to revenues (note 7)	(18,593)	(57,514)	(76,107)
<b>December 31, 2013</b>	<b>403,953</b>	<b>1,324,836</b>	<b>1,728,810</b>

Parent Company	Subsidies	Customer Contributions	Total
<b>Net book value</b>			
<b>December 31, 2011</b>	<b>301,836</b>	<b>1,423,450</b>	<b>1,725,286</b>
- Subsidies and contributions received	7,224	-	7,224
- Transfer to revenues (note 7)	(14,110)	(56,766)	(70,876)
<b>December 31, 2012</b>	<b>294,950</b>	<b>1,366,684</b>	<b>1,661,634</b>
- Subsidies and contributions received	4,152	-	4,152
- Transfer to revenues (note 7)	(13,785)	(56,913)	(70,698)
<b>December 31, 2013</b>	<b>285,317</b>	<b>1,309,772</b>	<b>1,595,088</b>

## 32. OTHER NON-CURRENT LIABILITIES

	Group		Company	
	2013	2012	2013	2012
Customers' advances	534,131	528,750	534,131	528,750
Received guarantees	6,186	4,341	-	-
Other	38	14	38	14
<b>Total</b>	<b>540,355</b>	<b>533,105</b>	<b>534,169</b>	<b>528,764</b>

The amount of customers' advances relates to advances made from customers upon initial connection to the transmission and/or distribution networks and is considered as coverage against unbilled consumption outstanding as of any time. Such advances are refundable (non-interest bearing) upon termination of connection by the customer. As the refund of such amounts, which are payable on demand, is not expected to be realised within a short period of time the amounts are classified as non-current liabilities and they are not discounted.

## 33. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
<b>Trade:</b>				
Suppliers and contractors	668,625	827,489	322,890	378,243
Municipalities' duties	156,614	160,468	156,614	160,468
Social security funds, other	53,710	53,245	37,919	36,775
Greek TV	2,188	45,958	2,188	45,958
EMO	345,563	155,252	30	3,285
Taxes withheld	48,105	67,256	15,614	13,798
Excise Tax	12,577	12,462	12,577	12,462
Credit customers' balances	58,296	57,454	58,296	51,846
IPTO S.A.	-	-	632,483	536,207
HEDNO S.A	-	-	149,895	123,884
Special levy on real estate properties	189,815	203,780	189,815	203,780
Bank of Crete	12,053	12,053	12,053	12,053
Lignite Levy	63,938	37,994	63,938	37,994
Other	86,775	53,405	35,786	23,804
<b>Total</b>	<b>1,698,259</b>	<b>1,686,816</b>	<b>1,690,098</b>	<b>1,640,557</b>

**Municipal Duties and Greek TV:** The amounts represent duties collected by PPC through the bills issued to medium and low voltage customers and certain high 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 (NERIT S.A. former ERT), respectively. Such fees for the year 2013 amounted to € 27,937 (2012: € 29,201), and are recorded under other revenues in the accompanying statements of income. Furthermore, receivables from Municipalities relating to consumption of electricity are offset against amounts paid for the duties collected on behalf of the Municipalities. Since August 10, 2012, 25% of the amount for the Greek Television, was paid to EMO (Energy Market Operator) according to the provisions of L. 2317/10.08.2012 (YAPE /F1/2303/FIN. 16935).

**Special Levy on real estate properties**

According to law 4021/27.09.2011, as amended and complimented with L. 4047/2012 as well as to the interpretative circulars, concerning the imposition of an extraordinary special levy on buildings connected to the electricity grid, provides for the following:

- The special levy will be collected, through electricity bills, by PPC SA and the alternative power suppliers for the year 2011 in two equal installments, from October of 2011 until January 2012, while for the year 2012 in five equal installments, from April 2012 until January 2013 and for the year 2013 in five equal installments from June 2013 till February 2014 according to L. 4152/09.05.2013
- The amounts of the special levy to be collected by PPC SA will be paid to the Hellenic State within a period of twenty days as of the end of the month during which the respective bills were collected and following Law 4152/09.05.2013 art. 70b, subpar. A7 number 13-14 in ten days as of the end of the month during which the respective bills were collected .
- PPC SA and the alternative power suppliers may pay to the Hellenic State advances against the amounts to be paid from the collection of said levy and up to 25% of the collectable amount.

## 34. SHORT-TERM BORROWINGS

As at December 31, 2013, the Parent Company had drawn from its committed bank overdraft facilities an amount of € 50 mil. bearing interest at EURIBOR plus a margin.

	Group		Company	
	2013	2012	2013	2012
<b>Binding overdraft facilities</b>				
- Credit lines available	97,285	301,529	50,000	241,500
- Unused portion	-	-	-	-
- Used portion	97,285	301,529	50,000	241,500

## 35. ACCRUED AND OTHER CURRENT LIABILITIES

	Group		Company	
	2013	2012	2013	2012
Accrued interest on interest bearing loans and borrowings	22,176	27,670	18,170	24,896
Natural gas and liquid fuel purchases	81,129	42,631	81,129	42,631
Energy purchases	2,485	1,753	2,485	1,753
Additional expropriation costs	-	1,715	-	1,715
Personnel day off and overtime	85,050	84,739	54,823	57,391
RAE fees	11,238	7,498	11,238	7,498
Unbilled revenue from RES	5,656	7,698	-	-
Deferred interconnection rights	30,514	36,213	-	-
Deferred non-compliance charges	11,970	11,137	-	-
Purchase of Emission Allowances	32,734	3,730	32,734	3,730
Discounts on Medium Voltage customers	7,500	-	7,500	-
Other	18,284	34,181	12,194	5,905
<b>Total</b>	<b>308,736</b>	<b>258,965</b>	<b>220,273</b>	<b>145,519</b>

## 36. AMENDMENTS AND RECLASSIFICATIONS

- A.** Since 01.01.2013 the recognition policy in the financial statements of post-retirement benefits, has changed, by the implementation of IAS 19 as adapted by the European Union in the fourth quarter of 2013. Due to the revision of IAS 19 in relation to the accounting treatment for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss, the Parent Company and the Group proceeded in restating the Profit, Equity and the Liability for post retirement benefits as follows:

	1.1.2012-31.12.2012			
Profit (after tax)	Group		Company	
Profits before the application of the revised IAS 19	30,529		17,095	
Effect of the revised IAS 19	11,254		5,261	
Profit after the application of the revised IAS 19	<b>41,783</b>		<b>22,356</b>	
	Group		Company	
Equity	31.12.2012	01.01.2012	31.12.2012	01.01.2012
Equity before the application of the revised IAS 19	5,854,459	6,500,390	5,786,789	6,351,740
Effect of the revised IAS 19	(172,210)	(193,272)	(84,230)	(99,235)
Adjustment in deferred tax asset recognized in the income statement	-	38,654	-	19,847
Equity after the application of the revised IAS 19	<b>5,682,249</b>	<b>6,345,772</b>	<b>5,702,559</b>	<b>6,272,352</b>
	Group		Company	
Post Retirement Benefits	31.12.2012	01.01.2012	31.12.2012	01.01.2012
Provision before the application of the revised IAS 19	250,611	241,152	160,352	228,213
Effect of the revised IAS 19	172,210	193,272	84,230	99,235
Provision after the application of the revised IAS 19	<b>422,821</b>	<b>434,424</b>	<b>244,582</b>	<b>327,448</b>

The impact of the amendment on the Group's earnings per share for the year 2012 amounted to € 0.05 while the impact on the cash flows statement was not material.

B. In addition the Group and the Parent Company on December 31, 2013 have proceeded to the restatement of comparative items of the statement of income, as follows:

	Group		
	2012 Published	Reclassification effect	2012 reclassified
Energy purchases	1,716,273	76,411	1,792,684
Transmission system usage	92,690	(75,822)	16,868
Third parties fees	52,253	(589)	51,664
	Company		
	2012 Published	Reclassification effect	2012 reclassified
Energy purchases	1,734,376	84,311	1,818,687
Transmission system usage	283,768	(75,822)	207,946
Third parties fees	32,778	(8,489)	24,289

All the above mentioned restated items had no impact in the Group and the Parent Company's Equity or Income Statement.

## 37. COMMITMENTS, CONTINGENCIES AND LITIGATION

### OWNERSHIP OF PROPERTY

Major matters relating to the ownership of the Group's assets, are as follows:

1. The Parent Company has completed the registration of its property through a fixed assets registry. These assets (almost entirely) are registered at the relevant land registries over the country and the cadastral application is monitored. The update of the existent in the company new integrated information system for fixed assets management is in progress.
2. In a number of cases, expropriated land, as presented in the expropriation statements, differs (in quantitative terms), with what the Parent Company considers as its property.
3. Agricultural land acquired by the Parent Company through expropriation in order to be used for the construction of hydroelectric power plants, will be transferred to the State at no charge, following a decision of The Parent Company Board of Directors and a related approval by the Ministry of Development, if such land is no longer needed by the Parent Company for the fulfilment of its purposes.

The property, plant and equipment of the Parent Company are located all over Greece. Currently, the Group does not carry any form of insurance coverage on its property, plant and equipment, except for its information technology equipment, resulting to the fact that if a sizable damage is incurred to its property, might affect its profitability. Materials, spare parts as well as liabilities against third parties are not insured. The Group is currently evaluating the possibility in the newly formed legal framework, to conduct a tender for the selection of an insurance company to cover for its assets as well as liabilities against third parties.

### Litigation and Claims

The Group is a defendant in several legal proceedings arising from its operations. The total amount claimed as at December 31, 2013 amounts to € 1,525 mil. as further detailed below:

1. **Claims with contractors, suppliers and other claims:** A number of contractors and suppliers have raised claims against the Company. These claims are either pending before courts or under arbitration and mediation proceedings. The total amount involved is € 519 mil. In most cases the Group has raised counter claims, which are not reflected in the accounting records until the time of collection.
2. **Fire incidents and floods:** A number of individuals have raised claims against the Company for damages incurred as a result of alleged electricity-generated fires and floods. The total amount involved is € 57 mil. and € 11 mil., respectively.
3. **Claims by employees:** Employees are claiming the amount of € 188 m, for allowances and other benefits that according to the employees should have been paid by PPC.
4. **Litigation with PPC Personnel Insurance Organization (PPC-PIO) (in Greek it is "OAP-DEI" i.e. PPC's Social Security Fund):** Until December 31, 2013, the PPC Personnel Insurance Organization (former "PPC PIO", TAYTEKO/IKA at present) had filed, before the courts, seven (7) lawsuits against PPC, claiming an amount in total of € 87,704 and, aiming to: (a) obtain the ownership of a building sold by PPC in 1999 for an amount of € 13,294, (b) obtain the ownership of certain properties owned by PPC and collect the rents earned by PPC over a specified period of time, for an amount of € 6,962 (three actions), these cases will be resolved with the decision of the Plenary Session of the Supreme Court for one of these actions, (c) obtain the ownership of a building, of estimated value of € 8,000, (d) be compensated for securities and shares which became property of PPC, and part of which has been sold, as well as for related dividends collected by PPC for a total amount of € 59,393 and (e) to oblige PPC to render detailed accounts concerning management of bonds that PPC kept on behalf of PPC-PIO' of an amount of € 55. The aforementioned cases are strongly expected to be resolved in favor of PPC pursuant to the recently issued Decision No. 13/2010 of the Plenary Session of the Supreme Court regarding the (a) case, which

invalidates the 2007 Decision of the Court of Appeal, that had originally accepted PIOs' action against PPC.

Under Judgment by the Supreme Court No. 13/2010, the Court reached inter alia the decision that the prohibition of conveyance or any kind of freezing or change of Insurance Fund's "Insurance Fund of Personnel" (IFP / ΤΑΠ ΗΕΑΠ-ΕΗΕ) assets, provided for under art.5 par.3 Law No. 163/1975, extends from the application (20.09.1975) of Law No 163/1975 until the repeal of the above mentioned Insurance Fund (taken place on 31.5.1985) and does not extend to time subsequent of the repeal, when PPC would become the assets holder under art.5 par.1 Law No. 163/1975, PPC remains the asset holder also for the establishment of PPC/PIO according to Law No 2773/1999, as in force.

The abovementioned Decision of the Plenary Session remitted the case to the Court of Appeal for the typical final resolution of the said dispute. The aforementioned Decision creates a precedent in relation to all other abovementioned pending cases (b) to (e) and therefore the established provision on December 31, 2009 was reversed within 2010 fiscal year.

#### 5. General Federation of PPC Personnel (GENOP DEI/KHE) and Panhellenic Federation of Retirees' (POS DEI) lawsuit against PPC

GENOP DEI/KHE and POS DEI have filed a lawsuit against PPC in the Multimember Court of First Instance in Athens. By the above mentioned lawsuit they pursue that PPC will be obliged to pay to third parties, who are not litigants, in particular the insurance funds of IKA-ETAM and TAYTEKO the amount of € 634.8 mil. with interest, for the coverage of the resource, which according to the lawsuit, the State did not pay to the above mentioned insurance funds for the years 2010 and 2011. The lawsuit is scheduled to be heard in the Multimember Court of First Instance in Athens on September 18, 2014. In view of the fact that the above mentioned lawsuit is based on admissions which are in contrast with the provisions of Decision 13/2010 of the Supreme Court and Decision 668/2012 of the Athens Court of Appeals, the Parent Company considers that the possibilities of a positive outcome for the lawsuit in question are minimal and therefore, has not formed a provision.

#### 6. PPC's lawsuit against ETAA (former TSMEDE)

ETAA (former TSMEDE) by its Decision 7/2012 has imposed on PPC the amount of € 27.4 mil. in application of article 4 of L. 3518/2006, as employer contributions due to the Main pension Branch for the period 01.01.2007 – 30.04.2012 and pertain to the engineers insured before 01.01.1993 to the above mentioned Insurance Fund, that have been employed by PPC for the above mentioned period.

Against the above mentioned 7/2012 decision of the Insurance Fund in question, PPC has filed the 05.09.2012 appeal to the Athens Administrative Court of First Instance. The date for the discussion of the appeal has been defined by the court for discussion on 02.06.2014.

Since its employees – who are engineers- are insured mandatorily to PPC's Insurance Fund based on L. 4491/1966, thus resulting to PPC paying on their behalf to the above mentioned Insurance Fund the corresponding employer contributions while insurance for the above mentioned engineers in ETAA is optional and is done by choice, with them paying the corresponding insurance contributions provided for engineers that are independently employed, the Parent Company considers that the possibilities of a negative outcome of its appeal are minimal and therefore has not established a provision.

For the above amounts the Group and the Parent Company have established adequate provisions, which as at December 31, 2013 amounted approximately € 159 mil. and 79 mil., respectively (2012: 162 mil. for the Group and 77 mil. for the Parent Company).

#### PPC's relation to its personnel's Social Security Funds

Despite the fact that under the current legislation the Group does not have any obligation to cover in the future any deficit whatsoever between income and expenses (deficit) to PPC's personnel Social Security Funds, there can be no assurance that this regime will not change in the future.

#### "Alouminion of Greece" (ALOUMINION)

A. There is a pending action of ALOUMINION versus PPC where ALOUMINION claims the continuation of the status of the initial Contract of 1960 between the parties, which hearing was cancelled. There also are actions of PPC against ALOUMINION in the Multimember Court of Athens, regarding to the differences in tariffs for the period 2008-2009, (€ 4.3 mil. approximately, € 48.9 mil. approximately, plus an amount of € 414,000 for interest), of which the date of the hearing was cancelled in view of the provisions of the 04/08/2010 Framework Agreement between the parties (see below).

B. In August 2010, PPC's Board of Directors by its Decision 177/03.08.2010 approved a framework agreement, which pertains to the out of court settlement of the differences between PPC S.A. and ALOUMINION SA. The abovementioned framework agreement has been already accepted by ALOUMINION SA and is the basis that the two counterparties agreed to use in order to proceed to the signing of the new contract of electricity supply.

According to the Framework Agreement, the following are in force until 31/12/2013:

1. PPC S.A. will supply electricity to ALOUMINION S.A. for the hours that are within the off peak demand zone, including Saturdays, Sundays and holidays, with a charge of € 40.70/MWh, which corresponds to A 150 tariff, as it was valid at 30.06.2008 plus 10% increase.
2. ALOUMINION SA will cover its electricity needs of the rest 4,050 hours annually as self-supplied from the Pool alias and until it shall be possible, with a charge of monthly average limit value (plus other charges required by law).

In addition, the remaining debt for the electricity consumption for the period 01.07.08–30.06.10, is determined after compromise at the amount € 82.6mil.

Since then, ALOUMINION has made monthly payments of the above mentioned predetermined amount (of the 04.08.2010), thus resulting to the initial amount of € 82.6 mil. to be reduced to the amount of € 20.6 mil. on 31.12.2013. The part of the amount on which the parties disagree, is not included (such differences being mainly the issue of how to share certain fees). ALOUMINION did not proceed with signing the configured framework agreement.

Following that, with the arbitration agreement that was approved by PPC's Board of Directors Decision and was signed between PPC and ALOUMINION, and which was send to RAE, it was agreed to recourse to Arbitration at RAE (Article 37 of Law 4001/2011).

In particular, the parties have agreed that the arbitration court would update and adapt the tariff terms which were included in the drawn up, to be realized between the parties, of the agreement by 04.08.2010, draft agreement, which was drafted on 05.10.2010. It is noted that, in PPC's Decision by its Board of Directors which has approved the Arbitration Agreement and which has been notified to ALOUMINION in November 2011, it was stipulated as a pre-requisite the, until the arbitration's decision, temporary pricing as well as timely payment of the electricity consumptions plus all lawful charges and fees for the total of 8,760 hours annually according to the provisions of the 04.08.2010 framework agreement, independently of the citation of the matter to RAE's arbitration. The above has not been observed given that ALOUMINION did not pay in time the sums due by the electricity consumption bills.

C. PPC's Board of Directors decided to address a Judicial Reminder of debtor's default to ALOUMINION (15.03.2012) in accordance with the provision of article 11 para. 12 of the existing Code for Supply for the payment of sums due, with the proviso that in case of non-payment within 20 days' time as of service of the Judicial Reminder to ALOUMINION, PPC is to proceed with discontinuation of the supply of electricity. Furthermore that, PPC proceeded with the filing of an application of interim measures for the provisory seizure of any and all of the movable assets as well as all the real estate property of against ALOUMINION, before the competent Court of Athens, the hearing of which has been set for October 1, 2012, the hearing was postponed for 01.11.2013, when the action was heard. In December 2013, the above Court issued its decision which rejected PPC's application.



**D.** On March 16, 2012 ALOUMINION submitted to RAE a complaint – a request for specific regulatory measures – an application for interim measures seeking, inter alia, that RAE judged "that negotiations between ALOUMINION and PPC have been rejected and that the tariffing framework which is reflected in the various texts ... is contrary to mandatory rules ...", that the especially necessary regulatory measures as well as the necessary provisional measures. On 16.5.2012, RAE served to PPC its Decision 346/2012 by which it ruled that:

- 1) The price for the supply of electricity for ALOUMINION will be temporarily fixed at 42 Euro/ MWh plus the anticipated charges for PSOs, RES tax, use of the Transmission System, and other taxes.
- 2) The temporary price for the supply of electricity is to be applied until the issuing of the Decision by RAE with regard to the complaint filed by ALOUMINION, or until the issuing of the Decision of the competent Court of Arbitration, or until there is an (earlier) outcome of the negotiations between the two parties. Given that RAE, by its abovementioned Decision, accepted almost all pleas made before it, by ALOUMINION and thus resulting to PPC being under an obligation, until the final outcome of the case, to supply electricity to ALOUMINION below PPC's cost, PPC, following its BoD's decision, has filed legal actions before the Athens Administrative Court of Appeals, and the European Commission.

The hearing of the above mentioned PPC's appeals was initially set on the 26.9.2013, during which was adjourned for the 16.01.2014, when the hearing took place. Since then, the decision is pending. Furthermore in July 2012, PPC had filed before the competent Department of the European Commission a complaint according to article 107/EC concerning the provision of illegal state aid to ALOUMINION. In late 2013, the European Commission informed that is not intended to further examine the case, as it is of interim effect.

**E.** Given that, ALOUMINION continued not to pay the amounts due by its current electricity consumptions, PPC following relevant decisions of its Board of Directors, has sent to ALOUMINION new Judicial Reminders of debtor's default (on 19.09.2012, and on 15.03.2012, and on 18.01.2013 a written notice of termination of the contractual relationship along with a declaration to lift the presentation was sent to ALOUMINION). ALOUMINION proceeded, to complaints-petitions for interim measures against PPC, in front RAE (dated 02.10.2012 and 28.01.2013).

As far as the above-mentioned complaints-petitions for interim measures, RAE issued its Decisions No. 831A/2012 (October 2012) and 15/2013 (January 2013), RAE accepted the petition for the granting of the non-discontinuation of the supply of electricity by PPC S.A. to ALOUMINION S.A., but with its No. 15/2013 Decision, partially turned ALOUMINION's petition down as far as the retrospective effect of RAE's Decision 346/2012 was concerned and invited ALOUMINION to comply with the above mentioned Decision and pay the relevant amounts to PPC.

**F.** The amount due by the State aid :

On 27.07.2011 PPC received notification of the Decision No. E (2011) 4916/13.07.2011 of the European Commission after investigation on whether state aid (C2/2010) exists in favor of ALOUMINION of Greece and its successor ALOUMINION, addressed to the Hellenic Republic, with which, the Commission decided that state aid of the amount of € 17.4 mil. was granted in favor of ALOUMINION of Greece. According to this Decision, the Hellenic Republic shall ensure that this recovery takes place within four months from the date of the notification of the Decision. According to the Decision, the state aid was granted in the form of reduced electricity tariffs, which the PPC supplied to ALOUMINION of Greece from January 2007 up to March 2008. The above mentioned aid, according to the Commission's Decision should be refunded to PPC SA with the addition of statutory interest in accordance with the law on state aid. PPC SA has already sent to ALOUMINION SA an out-of-court declaration-invitation-notice without prejudice to its rights which was served upon ALOUMINION SA on October 18, 2011, (also notified to the Minister of Environment, Energy and Climate Change, the Minister of Finance and RAE), by which ALOUMINION SA was asked to pay to

PPC SA in order to implement the above Commission's decision, the amount of € 21.6 mil., the latest by November 2, 2011, plus the amount of € 2.6 per day from the date of service until November 2, 2011. In light of the fact that ALOUMINION has not paid the above mentioned amount, PPC has proceeded with legal actions against ALOUMINION.

In particular, following PPC's petition, the Athens Court of First Instance has issued a Payment Order N. 13601/04.07.2012 for ALOUMINION to pay to PPC the amount of the state aid of € 17,375,849.48, plus interest amounting to € 3,041,126.93 plus interest of € 1,696.22 on the total amount of the illegal state aid and the compound interest, for each passing day. The payment order was served to ALOUMINION on July 9, 2012. Consequently ALOUMINION filed on 11.07.2012 an appeal concerning the Payment Order with an additional request for the temporary suspension of its execution (article 632, para 3, of the Code of Civil Procedure). This request was granted until the date of the hearing, which was realized on January 23, 2013.

The as per above Court issued Decisions No. 857/2013 and Decision No. 860/2013.

The Court by its first Decision suspended the implementation of the payment order until the issuance of the final decision on the suspension by the national court. The Court by its second decision (860/2013) on the suspension decided to order the suspension of the discussion of the difference of the suspension until the issuance of a Decision on the existence of the claim of the state aid by the General Court of the European Commission, which is pending after the relevant (by 06.10.2011) recourse by ALOUMINION against the above mentioned Decision (by 13.07.2011) of the European Commission.

PPC filed a summons before the Single Membered Court (dated 03.07.2013), by which PPC asked the Court to hold a hearing and review its non-definitive Decision nr 860/2013. PPC, also filed a summons before the same Court to hold a hearing and review its aforementioned non-definitive Decision No. 857/2013, regarding the issuing by the same Court, of a writ for the suspension of enforcement. The case trial has been set for the hearing on September 25, 2013. The Hellenic Republic (represented by the Minister of Finance and the Minister of Environment Energy and Climate Change), was invited to file third party intervention proceedings, before the same Court, in favor of PPC as per the above referred hearings. The Court issued the Decisions No. 723/2014 and 724/2014 which recalled the Decisions of the same Court No. 857/2013 and 860/2013, respectively and validated the payment order No. 13601/2012. The above Decisions and the payment order along with a check to order served to ALOUMINION on 25.2.2014. PPC has not recognized, for now, the relevant income in its financial statements.

**G.** On 31.10.2013 the Arbitration Court of RAE issued, by a 2 to 1 majority, the Decision No. D1/1/2013, which fixes the price for the supply of electricity to ALOUMINION S.A. at € 40.7/MWh for the period 01.07.2010 until 31.12.2013. According to the Arbitration Decision, both fixed and variable energy costs are included in the price, as well as System Use Charges, Ancillary Services Charges, Services of General Interest, and state fees in behalf of RAE and HTSO/EMO, although Renewable Energy/Gaseous Pollutants special fees, Special Electricity Tax, DETE and other taxes imposed are not included. The burden of financial results of the third quarter of 2013 imposed by the as per above Decision, as far as the supply of electricity to ALOUMINION is concerned, for the period 1.7.2010 until 30.9.2013 amounts to € 105.5 mill. On December 31, 2013, PPC's debt to ALOUMINION amounted to € 39.0 mill., (€ 17.4 mil. according to Decision EC for the illegal state aid, € 20.6 mil. residual debt and € 1 mil. From the consumption bill November 2013) plus interest.

As the as per above Decision compels PPC to sell at a loss, PPC filed an appeal against it, which was scheduled to be heard on 4.12.2014, and, in addition, submitted a complaint for state aid before the European Commission (December 2013).

**H.** Within the above framework, the Board of Directors of PPC decided to send to both IPTO and RAE a Written Declaration of lifting the representation of ALOUMINION meters as well as a notice of termination of the contractual relationship with ALOUMINION, valid as of 18 November 2013. Furthermore, IPTO sent a

letter to PPC, according to which the Code of supply does not set the certain deadlines, as set by the PPC Written Declaration and moreover that such deadline should be longer than the ten-day deadline set by PPC. Following that, the PPC Board of Directors decided to send a letter to IPTO confirming its latter decision along with a request to IPTO to implement the termination within a reasonable time, and in any case until 31.12.2013. Following that, ALOUMINION submitted a complaint before the Hellenic Competition Commission, which is still pending.

- I. Given that the Arbitration Decision does not rule for the time period after 31.12.2013, the BoD decided to enter into negotiations with ALOUMINION in accordance to the existing regulatory regime, with a view to reach an agreement regarding the tariff for the supply of electricity of ALOUMINION after 01.01.2014. PPC has sent several proposals to ALOUMINION and there has been a correspondence between the two parties. Given the importance (direct and indirect) of the conclusion of a tariff price for the supply of energy as regards ALOUMINION, the PPC BoD decided on 07.01.2014 to submit for approval all actions taken by 31.12.2013, to the Extraordinary General Meeting of the Shareholders of the Company to be convened on 31.1.2014. The General Meeting was postponed for the 28 February 2014 on which date the General Meeting decided and approved all actions of the PPC Management regarding the relations of PPC with ALUMINIUM. In addition the General Assembly as well as after relevant proposal by the Hellenic Republic as PPC's main shareholder and given, in accordance with the Minutes of this General Meeting, the extraordinary financial circumstances prevailing at present decided the following :
- a) for High Voltage companies, an extraordinary reduction of 10% on the approved PPC tariffs for said category of customers, for 1+1 year as of 1.1.2014.
  - b) Furthermore, for all High Voltage companies with annual consumption exceeding 1,000 GWH a further volume reduction of 10% on the above reduction and
  - c) As a motivation for increasing consumption during the zone of minimum consumption (nights and weekends) an additional reduction of 25% on the A4 tariff to all High Voltage companies, apart from those whose consumption exceeds 1,000 GWH, for operation during the aforementioned zone.
- J. On 25.02.2014 the Greek Ministry of Foreign Affairs notified to PPC of the Complaint dated 12.02.2014 [in accordance with article 108 par 2 of Treaty on the Functioning of the European Union (TFEU)] by the European Commission before the Court of the European Communities against the Hellenic Republic, for the non-timely recovery of the unlawful state aid granted to ALOUMINION as provided by the above-mentioned Decision of 13.07.2011 of the European Commission and thus for non-compliance with the obligations deriving from the TFEU.
- K. Last, on 26.02.2014 ALOUMINION served to PPC an appeal before the Athens Administrative Court of Appeals regarding the Special Consumption Tax that was charged to ALOUMINION on its electricity supply bills of December 2013 and January 2014 (dispute relating to the partial annulment of these bills respectively).

#### Old Bank of Crete

The dispute with the old "Bank of Crete" is dating back to 1989, when the bank was under liquidation. More precisely, by a mandatory action of the then trustee of the Bank, the claims of PPC were obliged to be converted to stake-holding in the share capital of the Bank and to obligatory credit to the Bank. PPC by its July 22, 1991 lawsuit against the bank asked to be compensated for GRD 2.2 billion approximately, (€ 6.5 mil.) for the reason that the above mentioned Act of the trustee of the Bank was held invalid.

Moreover, PPC has received from the Bank, six (6) loan agreements for which it was agreed upon to be repaid gradually. On June 10, 1991, although PPC has paid the overdue installments, the Bank has terminated all the above mentioned loan agreements and thus on that date the claim against PPC became overdue for the whole amount of the loans.

For that reason, against PPC's above mentioned lawsuit, the Bank has proposed an offset of its claim resulting by the above mentioned loans, amounting to GRD 4 bil. approximately and furthermore has asked the payment of this amount by PPC by its lawsuit dated 28.12.1995. The Court of First Instance has postponed the hearing of the Bank's lawsuit against PPC until the final outcome of the hearing, which started with PPC's lawsuit against the Bank.

The action was rejected by the Multimember Court of Athens and PPC appealed against the said Decision of the Court which was also rejected by the Athens Appeal Court.

The above mentioned decision was brought to review by PPC before the Supreme Court, which accepted it and in consequence the case was again brought to trial before the Court of Appeals, which held that an expert report should take place. After the said expert report the Court's decision was held partially in PPC's favor.

However, a petition for review before the Supreme Court was filed against the aforementioned Decision which was then accepted by the Supreme Court and then was resubmitted to the Court of Appeals which by its inconclusive decision (Nr 4093/2009) ordered the completion of the expert report.

The official expert report was completed at the end of May 2012 and concluded that: a).The amount due by the Bank of Crete to PPC at the date of the filing of the a.m. action by PPC (July 22, 1991) was 1,254,706,688 Greek Drachmae, b). The amount due by PPC to the Bank of Crete on 1 of July 1991 due to the termination by the Bank of the a.m. loan agreements was 2,532,936,698 Greek Drachmae.

Following that, the hearing of the case would take place on October 25, 2012, but it was postponed for September 26, 2013, due to the strike of both judges and lawyers. The case was heard on the abovementioned date and the issuance of the decision is expected. Furthermore, the following should be noted:

In case PPC's action against the Bank of Crete is accepted, no amount will be adjudged in favor of PPC and also the action the Bank will be rejected.

In case PPC's action against the Bank of Crete is rejected, no amount will be adjudged in favor of PPC, also the Bank's action will be accepted (an amount up to GRD 1.278.000.000 will be adjudged plus legal interest).

#### Complaint against the European Commission's Decision regarding lignite extraction rights

On May 13th, 2008, PPC filed before the General Court of the European Union (General Court), an application for annulment of the Commission's decision of March 5, 2008 regarding the granting by the Hellenic Republic of lignite extraction rights.

The Greek State has intervened before the aforementioned Court in favour of PPC, while two undertaking companies – competitors of PPC – have intervened in favour of the European Commission. Furthermore, on August 4, 2009, the European Commission issued a decision (which was notified to PPC on August 7, 2009), in which the measures for the compliance with the decision of March 5, 2008 were defined as obligatory for the Hellenic Republic.

The Commission's Decision defined as obligatory for the Hellenic Republic the launching of public tender procedures for the concession of lignite rights for the mines of Drama, Ellassona, Vevi and Vegora to third parties excluding PPC, with the exception of those cases where there are no other valid and binding offers.

The Hellenic Republic was also obliged to assure that the third parties that would be awarded the relevant extraction rights, would not sell to PPC the extracted lignite from the specific mines with the exception of those cases where there would be no other valid and binding offers.

PPC submitted an application for annulment of the said decisions of the Commission before the CFI of the European Communities. Furthermore, the Hellenic Republic has intervened before the CFI in the said proceedings, in favour of PPC. The hearing of the cases took place before the General Court on February 2, 2012. The General Court of the European Union on 20.9.2012 issued decisions for both cases.

In particular, as far as case **T-169/08** is concerned, the Court has ruled the following:

- State measures, which were in effect prior to the liberalization of the energy market, are preserved and continue to affect the lignite supply market, although PPC is not responsible for other businessmen failing to gain access to lignite reserves.
- PPC's part in the lignite's supply market was limited to the exploitation of reserves for which extraction rights were granted.
- The Commission did not support that PPC exploited its dominant position in the above mentioned market.
- The Commission did not prove that the advantageous access to lignite was capable of creating a situation, in which PPC, simply by exercising its lignite extraction rights would abuse its dominant position in the energy wholesale supply market or could be led to such abusive conduct.
- The Commission by simply noting that PPC still has a dominant position does not define or adequately prove the abuse.
- It is not clear, that PPC is in an advantageous position opposite its competitors, in consequence of a state measure which constitutes an abuse of dominant position.
- It is not clear that, in order to admit the existence of a violation of article 86, para. 1 EC combined with article 82 EC, is adequate, in order to prove that a state measure falsifies competition by creating a situation of inequality of opportunities, between businesses without demanding definition of abuse of dominant position.

As far as case **T-421/09** is concerned the Court has annulled as obsolete the above mentioned Commission's Decision C(2009) 6244 (final) of August 4, 2009, following the annulment of the Commission's decision of March 5, 2008, given that, it pertained to the executive part of the violation ascertained in the decision of March 5, 2008.

The Commission appealed for the revision of the relevant decisions before the General Court of the European Union before the European Court of Justice (Cases C-553/12 and C-554/12). The abovementioned appeals have been notified to PPC on December 19, 2012.

On March 25, 2013 the companies "MYTILINEOS S.A – GROUP OF COMPANIES", "PROTERGIA S.A." and "ALOUMINION S.A." filed before the European Union Court, an intervention petition in favor of the European Union and against PPC, for the annulment of the above mentioned Decision of the Court of September 20th, 2012. The hearing of the case took place on October 3, 2013 and the relevant decision of the Court, of the intervention, is expected.

#### **Alleged claims of EMO (LAGIE) against PPC S.A.**

- **Implementation of methodology for the payments allocation due to deficits of the Day Ahead Schedule (DAS)**

It is noted that following the issuance of RAE's Decision 285/2013 (note 2 "Legal Framework"), EMO sent a letter to PPC, according to which an amount of € 96,6 mil. is seemingly allocated to PPC, based on the finalization of the methodology for fair allocation of payments to cover deficits in the Day Ahead Schedule (DAS) created by third party suppliers during 2011 and 2012. In continuation to this letter, EMO allocated the total amount of € 96.6 mil. in seven installments starting by August 2013 sent to PPC the relating briefing notes amounting to €13.8 mil., each. PPC considers that EMO's alleged claim violates fundamental principles of law, while simultaneously neither the amount nor the reasons for this claim are substantiated. In addition, the relevant RAE Decision has been contested in court. Moreover a petition for annulment and an application for writ of non-execution against this decision of RAE, have already been filed at the Council of State and the relevant initial position of the court is expected. However, as the above mentioned claim is based on a RAE's Decision, the legal dispute will be lengthy with an uncertain outcome for the parties involved. Since that claim is being disputed for its substance, and since the amount and the reasons for it are not substantiated, it is not possible until the issuance of the relative judicial outcome to estimate the potential liability that may arise for the Parent Company and therefore no provision has been recorded in the financial results of the year ended 31.12.2013.

- **Offsets of Photovoltaic Systems Producers in buildings**

Moreover, the above mentioned Decision 285/2013 of RAE which does not permit the netting of amounts that PPC owes to LAGIE based on DAS settlement, including energy generated by PVs on rooftops, with the amounts that PPC is contractually obliged to pay directly to the generators in question, based on the feed-in tariff, leads to delays in recovering the latter amounts from LAGIE. The absence of netting results in an additional and unjustified cash outflow, which is estimated at an average of approximately € 20 mil. per month.

Based on this Decision, LAGIE has expressed its disagreement with the aforementioned netting and also requests the return of € 137 mil., which according to LAGIE corresponds to amounts that PPC should have not netted, without though providing any relevant substantiation. LAGIE has already filed both a claim and an application for interim measures before the Court of First Instance of Athens against PPC and the relevant judicial judgment is being awaited. Nevertheless, it is assumed that this issue will be settled legislatively.

#### **Corrective settlements of IPTO concerning the Special Account of art. 143 of Law 4001/2011**

According to L.4152/2013, RES energy purchases are disbursed through the market operation, on the higher amount of either their income from DAS and Imbalances settlements or the value energy they inject to the system multiplied by the weighted average variable cost of the conventional thermal power plants. This amendment started being applied from 14.08.2013, when RAE's Decision 366/2013 was published in OG, amending the relevant articles of the Power Exchange Code and specifying the methodology of calculations, with which the provision of law was implemented. In October 2013, IPTO has sent to PPC S.A. corrective clearing statements for May, June, July and part of August of 2013, totaling an amount of € 48.2 m, which derives from the retrospective application of the relevant methodology. For this amount, PPC has raised an objection to IPTO and has not recorded any relevant provision, considering that retrospective application is not included in the relevant provisions of the Law.

#### **Environmental Obligations**

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

#### **HPP Messochora (161.6 MW)**

1. According to Greek Law 3481/2006, the environmental terms for the continuation, completion and operation of the projects of the Acheloos River Diversion Scheme to Thessaly, in which Messochora HPP is included, were approved and their fulfilment is a prerequisite for the implementation of the projects and for which responsibility lies with the administrator, responsible for construction and operation of the respective projects. Following the publication of the Law for Public Projects, as well as PPC's projects that have been auctioned and constructed or are under construction and are related to projects of the Acheloos River Diversion Scheme to Thessaly and energy projects are allowed to operate or be completed, according to the approved Administration Plan and the above-mentioned environmental terms.

Based on the above-mentioned terms the continuation of the project was allowed for the completion and operation of Messochora HPP as well as the completion of the construction project of the tunnel, which are already been completed and are finally delivered by 17.06.2010.

After the publication of Law 3734/2009, matters concerning the Messochora Hydroelectric Project are arranged, with which the completion and operation of the Project becomes possible. These matters concern expropriation of areas in the Messochora HEP Reservoir, expropriation of the Messochora Village and of the areas where it will be relocated and arrangement of compensations to the affected inhabitants. All the above mentioned expropriations are declared for public utility reasons of great importance and their settlement will allow the completion of the Project and the operation of the Messochora Power Plant.



Following the ruling No 141/2010 by the competent Suspension Committee of the Council of State, the immediate cease of all works has been ordered at all relevant projects, as well as the cease of operation of all completed projects. Further developments, namely the final judgment, will be issued by the Plenary of the Council of State after taking into consideration the (11.09.2012) Decision of the European Court of Justice, to which relevant preliminary questions had been addressed referring to the compatibility of the provisions of the Law 3481/2006 with the European legal framework. The Council of State by its recent Decision 26/2014 has decided to annul the 567/14.09.2006 letter by EYDE/OSYE, by which and according to the Court's Decision 3053/2009, it has been allowed, under the provisions of L. 3481/2006, and the approved environmental terms, the continuation of the diversion scheme in total. The above mentioned decision by the Council of State resulted to the inability to continue, complete and operate HEP Messochora.

The Parent Company considers that the Hydroelectric Plant of Messochora is independent from the Acheloos River Diversion to Thessaly Scheme and therefore it should not be affected from the abovementioned issues. PPC S.A. examines the possibility to disengage Messochora Power Plant from the overall Acheloos River Diversion Scheme, so that the Project can be dealt with as an independent unit and have its own environmental terms, i.e. independently from the other Projects of the Diversion Scheme. For this purpose, PPC has assigned the updating of the Environmental Impact Assessment for HEP Messochora, whilst waiting for the completion of the Water Management Study, ordered by the Ministry of Environment and Climate Change, related to the compilation of the Water Management Plan of the Catchment Areas in the water territories of the Western Central Greece, Epirus and Thessaly, in which the Catchment Area of the River Acheloos is included. Around mid December 2012, there were posted on the website <http://wfd.ypeka.gr>, the Strategic Environmental Assessment of the Water Management Plans for consulting. Based on the time required for consultancy and decision making, it is estimated that the Water Management Plans will be signed by the competent Authorities in the first four months of 2014. It is also estimated that the procedure for the issuance of the Environmental Permit for the project as an independent entity will be completed by the first half of 2014, with a possible few months delay due to the required procedures for approval. The Parent Company, on 31.12.2013, has, under IAS 36, reviewed the recoverability of the total project, as there were indications that its book value was not recoverable. The impairment test was conducted by calculating the Value in Use by using estimated future cash flows, which were projected in a period of fifty years by the estimated date of operation of the station and using the appropriate discount rate (Weighted Average Capital Cost – WACC).

Based on the above mentioned test the estimated recoverable amount exceeds its book value of the project and thus it is not impaired. It is noted that the Parent Company had recognized an impairment loss of € 8 mil. in the previous year.

On December 31, 2013 the aggregate amount for HPP Messochora amounted to € 286.9 mil. and is expected to require an additional amount of € 124.1 mil. to complete and operate the project, which is estimated to operate in 2017.

- Under IPPC (Integrated Pollution Prevention and Control) Directive, the Reference Document on Best Available Techniques for Large Combustion Plants (with a thermal capacity greater than 50 MW) was issued on July 2006 and is currently under revision. After the finalization of the revision process additional to the already foreseen investments at PPC's larger thermal power plant stations may be required. In accordance with European Directive 2001/80/EC, a pollutant emissions reduction plan for existing Large Combustion Plants has been approved by the Parent Company's Board of Directors, was submitted to the authorities and has been incorporated in the National Emissions Reduction Plan of the country for the period 2008-2015, according to the provisions of the aforementioned Directive.

After the issue (August 2008) of the Common Ministerial Decision for the National Emissions Reduction Plan, the environmental permits of SES Ptolemaida, Kardia, Amyntaio, Liptol and Agios Georgios were renewed. The same is expected within 2014 for the remaining thermal power plants as well. In December 2010, the new

Directive (2010/75/ EC) was issued for industrial emissions (Industrial Emissions Directive – IED), which is effective from 06.01.2011 and which amends Directives IPPC and 2001/80/ EC. Following the provisions of Article 32 of Directive 2010/75/EU, a Transitional National Emissions Reduction Plan (TNERP) for the period 2016-2020 was elaborated and officially submitted by the country to the EU at the end of 2012. The TNERP was approved by the EU on November 26, 2013. On December 2013, PPC submitted to the competent authority an application for several changes to the TNERP, along with its declaration to use the limited life-time derogation (Article 33) for certain Power Plants. After the approval of the competent authority the revised TNERP should be resubmitted by the country to the EU. Finally, according to the above, PPC's proposal is SES Agios Dimitrios, Meliti and Megalopolis A' and B' to be included in the NERP, while SES Amyntaion and Kardia to use the limited life-time derogation.

- The extent of land contamination has to be assessed for many of PPC's installations, following to the provisions of art. 22 of Directive 2010/75/EU. At present, there appears to be no requirement for large-scale remediation projects at PPC's sites in the short term, and it is unlikely that this will be required at the mining areas or at the lignite-fired power stations for the foreseeable future. Remediation, however, may be required, at some of the company's oil-fired power stations and depots, in the future.
- PPC has performed limited studies on the presence of asbestos-containing materials, at its premises. Upon submission by PPC of a full environmental impact assessment study, the Ministry of Environment issued in May 2004 the environmental permit for the construction and operation from PPC, in its premises in Ptolemaida area of an environmentally-controlled landfill site for the management and final disposal of asbestos containing construction materials, from the plants of the Northern System.
- During the operation of the Transmission Lines, Substations and Hyperhigh Voltage Centers, there is no electromagnetic radiation, but two separate fields, the magnetic and the electric field. At places where the public or the Company's personnel might find themselves close to the above mentioned lines and substations, the values for those fields are substantially less than the limits. Those limits were established by the International Commission on Non Ionizing Radiation Protection (ICNIRP) in collaboration with the World Health Organization (WHO). The above mentioned limits have also been adopted by the European Union as well as the Greek State. It must be noted though, that the limits stated in the above regulations for both fields do not constitute dangerous values, but rather contain large safety factors, in order to cover for some vagueness due to the limited knowledge about both the magnetic and electric fields' influence in order to fulfil the requirement for the prevention of any adverse impacts.
- The Environmental Impact Assessment for Klidi Mine, including Waste Management Plan and Ecological Assessment, was submitted to the Ministry of Environment, Energy and Climate Change for the issuing of Environmental Permit.
- The renewal of Environmental Permit of the Lignite burn for power generation in Megalopolis Power Station, solid By-products management, within Megalopolis Mine area (Thoknia Mine), is expected.

#### CO<sub>2</sub> Emissions

In November 2007, PPC submitted 31 applications to the competent authority for the issuance of the emissions permits for its bound power plants, concerning the period 2008-2012. In December 2007, the competent authority approved the submitted Monitoring Plans for PPC's 31 installations and issued the respective permits for the second trading period 2008-2012. In December 2008 the Greek National Emission Reduction Allocation Plan for the period 2008 – 2012 was approved.

According to the final allocation, 42.5 Mt CO<sub>2</sub> allowances have been allocated to PPC for 2012. Additional



allowances 0.6 Mt CO<sub>2</sub> for the year 2012 were allocated to PPC's new entrant units (extension to the installed capacity of existing plants). By the end of March 2013, the verification of the annual emissions reports, by accredited third party verifiers was completed successfully and the reports were promptly submitted to the Competent Authority. The total verified emissions of all 31 bound plants of PPC for 2012 amount to 47.5 Mt CO<sub>2</sub>. According to the allocation of CO<sub>2</sub> emissions allowances and the final CO<sub>2</sub> emissions from PPC's bound plants, PPC exhibited a CO<sub>2</sub> emission rights deficit of 4.4 Mt CO<sub>2</sub> for 2012.

In April 2013, PPC surrendered 47.5m tonnes CO<sub>2</sub> emission rights to the Greek part of the EU Greenhouse Gas Emission Allowances Trading Registry (EU Registry) to fulfill its compliance obligations for the year 2012.

During March and May 2013, CO<sub>2</sub> emission licenses have been issued for all 31 PPC installations, for the period 2013-2020.

## INVESTMENTS

### Combined cycle natural gas fired power plant of a 416.95 MW in Aliveri

After an international tender, the Project "Study, supply, transportation, installation and putting in operation of a 416,95 MW net combined cycle natural gas fired Unit V at Aliveri" was awarded to the successful bidder company Metka S.A. The contract for the construction of the Project was signed in October 2007, with a contractual price of € 219 mil.

In July 2009, the Building Permission was issued, and in September 2009, the construction began.

In May 2010, the Supplement No 2 of the Contract was signed, according to which PPC shall pay the Contractor the amount of € 31.15 mil. for the delay of the Project, due to antiquities found on the construction site and difficulties about the progress of the permissions, as well as for additional works.

In October 2010, the Supplement No 3 of the Contract was signed, according to which the valid period of guarantee of the Project and consequently of the Equipment is extended for 2 months with the payment to the Contractor of the amount of € 1.8 mil. and according to the provisions of the Supplement No 2.

On February 18, 2011, PPC accepted the terms for the connection of the above Unit with the System following a relative correspondence with HTSO.

On January 21, 2011, the Board of Directors of PPC approved the additional extension of the new guarantee period of the Project for 8 months, with the payment to the Contractor of the amount of € 7,2 mil. In February 2011, the Supplement No 4 of the Contract was signed.

On October 2012, PPC's Board of Directors approved the modification of the Time-Schedule of the Project, the extension of the guarantee period of the Project for 11 months with the same terms provided for in Supplements Nos 2, 3, 4 to the Contract, the covering of Contractor's expenses with the amount of € 5.5 mil. due to the extension of the Time-Schedule of the Project, as well as the assignment to the Contractor of the supply and installation of the necessary equipment for the construction of the natural gas pressure reducing station (from 75 barg to 38 barg). The relevant Supplement No 5 of the Contract was signed on 19.11.2012.

On March 2013 the Connection Contract between IPTO and PPC S.A. was signed in order for the unit to be connected to the System.

The initial firing of the Gas-turbine was effected on 09.03.2013 and it was put in operation on 15.03.2013.

The Unit is in commercial operation by 12.08.2013.

In February 2014, the Unit was registered in both the Units' Register and IPTO's Allocated Units' Register.

The work of the Committee for the Temporary and Final Acceptance of the Project is in progress.

On 31.12.2013 the total expenditure for the project amounted to € 297.4 mil.

### A new Steam Electric unit 660 MW in Ptolemaida

The International tender was announced on April 20, 2010. The total budget of the Project amounts to € 1.32 bil. In September 2010 the Ministry for Environment and Climate Change has issued the relative Generation License as well as the Distribution of Thermal Energy license.

On June 28, 2011, the following two bids were submitted:

- The bid from TERNA S.A.

- The bid from the Consortium led by Alstom Power Systems S.A. and including also ALSTOM Power Systems GmbH, ALSTOM Hellas S.A, METKA S.A and DAMCO Energy S.A.

In November 2011, the Board of Directors of PPC decided to award the project to the successful bidder company "Terna S.A."

On 11.12.2012, PPC's Board of Directors decided, that the Contract of said Project would be signed.

The above mentioned contract was signed in Ptolemaida on March 9, 2013 and according to a relevant term it is subject to the resolute condition of the approval of PPC's General Shareholders' Meeting. The final contractual price amounts to € 1.39 bil.

On 29.03.2013, the General Meeting of PPC'S S.A. Shareholders approved the realization of the investment for the construction of the Unit as well as the relevant Contract. The realization of the project will be accomplished in two stages.

In the first stage, with a duration of 20 months by the entry into force of the contract, the study for the licensing of the project as well as the licensing itself, will be realized. The contractor will also conduct the study for the licensing as well as the construction of the building for PPC's inspection unit.

In the second stage, with a duration of 50 months by the issuance of the building permit, the project's study will be completed as well as the construction and the commercial operation of the unit.

On 23.09.2013, PPC S.A. announced the signing of a Bond Loan of an amount up to € 739 mil. with a syndicate of foreign banks, in order to finance part of the construction of the above mentioned unit. The loan with annual all-in-costs of close to 5% has a duration of 15 years and will be supported by the German Credit Insurance Organization Euler Hermes. In December 2013 the final insurance coverage was issued by Euler Hermes while all the prerequisites for the drawdown of the loan were satisfied.

On 31.12.2013 the total expenditure for the project amounted to € 50.8 mil.

### A new diesel engine Power Plant 115,4 MW in South Rodos burning of heavy fuel oil with low sulphur content

After an international tender, the Project was assigned to the successful bidder company (TERNA S.A.). In July 2009, the relevant Contract was signed. The Contract price is € 182.8 mil.

In September 2010, the Decision of the Ministry of Environment Energy and Climate Change for the modification of the Generation License concerning the power (115.439 MW) and the number of units (7 generating sets) was issued.

On 01.12.2010, the Common Ministerial Decision Approval of Environmental Terms was issued.

On June 29, 2011, the relevant contract for the purchase of the land of the main Station was signed.

In September 2011, the Installation License was issued and was modified on January 20, 2012.

On January 25, 2011 the Building Permit (6/2011) was issued and on February 16, 2011 the construction of a temporary warehouse begun.

On February 2, 2012 the Building Permit (25/2012) regarding earthworks has been issued and on March 26, 2012 begun the relevant works at the plot of the main facilities of the station.

On August 3, 2012 the building permit (184/2012) was issued for the main facilities of the station.

On August 20, 2012 the certificate for the land uses was issued and the building terms for the coastal facilities were approved. After that, the procedure for the purchase of the land of the coastal facilities was started.

In the context of the implementation of the Contract two supplements were issued until today.

By Supplement No 1 (15.12.2010) certain articles of the contract were modified. By Supplement No 2 (22.06.2012) certain subjects regarding the transfer of equipment, the assignment of the study and the construction of the temporary site warehouse, the surveyors' building as well as the guesthouse, were adjusted.

On February 15, 2011 the society called "Citizen's initiative for environmental protection and development of

Southern Rhodos" filed an application for a stay of execution with the Council of State by application number 119, for the following:

- a) The Environmental Impact Assessment 162761/12-2010 for the new diesel engine power plant and
- b) The No. 6/2011 Building Permit which was granted to PPC for the construction of the temporary site warehouse at the plot for the construction of the new power plant.

In implementation of the Temporary Order of the Council of State the competent authority for urban planning has issued the 2276/06.04.2012 suspension of construction for the 25/2012 building permit.

The Council of State with its Decision No. 4413/12 annulled the Act of Approval of Environmental Conditions for the installation and the operation of the new Thermoelectric Power Plant in South Rhodes and the building permit for the temporary warehouse at site, considering that the Act of Approval of Environmental Conditions was not in accordance with those defined in Art 6 par. 3 of the Directive 92/43/EEC (for the conservation of natural habitats and of wild fauna and flora).

Since March 27, 2011 the delivery of equipment for the project to warehouses in the port of Elefsina has started. On 31.07.2012, the Parent Company's Board of Directors approved the payment to the Contractor of the amount of € 4.250.000, as a result of Amicable Settlement, for the full settlement of Contractor's claims for the time period until 31.01.2012 due to the delay of Project Permission.

The Ministry of Environment, Energy and Climatic Change, in response to PPC's relative letter on 21.01.2013, notified PPC S.A. that there have not been changed the needs for which the Generation and Installation Licenses were granted, and therefore asked for the completion of the Environmental Impact Assessment and the Specific Ecological Evaluation. Thereafter, PPC has already proceeded to the award to Consultant of the drawing up of the Specific Ecological Evaluation.

Subsequently, PPC proceeded to the preparation of the following studies:

- Special ecological study
- Land planning study
- Environmental Impact Assessment study
- Aggregate study of evaluation of social impact.

The Environmental Impact Assessment study has already been concluded and it was submitted to the Ministry for the Environment and Climate Change, on 17.05.2013, including all the above mentioned studies.

The Ministry of Environment, Energy and Climatic Change forwarded on 03.07.2013 the Environmental Impact Assessment study to the Regional Council of S. Aegean in order to make it public to the competent Bodies for their relevant opinions. Following the relative opinions of the appropriate Bodies, the Ministerial Decision of the Approval of Environmental Conditions of the Power Station, as well as the ancillary projects (a substation of 150/20KV and a new road to the coastal installations of 1 km) was issued on November 5, 2013.

On 30.08.2013, there were published in the Government's Gazette, the land use decisions for the coastal public property, necessary for the erection of the on-shore installations.

The Secretary General of the Regional Administration of Aegean has signed, on 08.01.2014, the "Land Purchase Contracts" for the coastal public property, necessary for the erection of the on-shore installations.

PPC and Contractor continue the preventive maintenance of engines, generators and transformers, which are temporarily stored in Elefsis port.

Restart of works is expected within May of 2014. In relation to the implementation above contracts, PPC paid on 18.12.2013 an amount of € 1 mil..

On 31.12.2013 the total expenditure for the project amounted to € 95.3 mil.

#### A new combined cycle unit at Megalopolis

On August 25, 2009 the Board of Directors of the Parent Company approved the award of the Project to the successful bidder Consortium METKA S.A. and ETADE S.A. Furthermore, the contractor has accepted that no claims will be raised related to eventual delay up to 13 months, due to unavailability of Transmission Network of

400 kV or/and Natural Gas. This time interval of 13 months starts, for the delay of supply of natural gas in the Unit, 26 months as from the date of signing of the Contract and for the delay of connection with the network 400 KV, 24 months as from the date of signing of the Contract.

On November 13, 2009, the relevant Contract for the implementation of the Project was signed and the contract price amounts to € 499.5 mil.

In November 2010, PPC accepted the terms for the connection of the above Unit with the System following a relative correspondence with HTSO.

On May 31, 2011 the Contract for the Long Term Maintenance of the Unit was signed with the company METKA S.A.

On July 8, 2011, the Building Permission of the above Unit was issued.

On October, 17, 2011, after a related request from the Contractor Joint Venture «METKA S.A. – ETADE S.A.», the Board of Directors of the Parent Company approved the substitution of the above Joint Venture from the Joint Venture «METKA S.A. – TERNA S.A.»

The related Supplement No.1 came into force on December, 12, 2011.

On May 8, 2012, the Board of Directors of the Parent Company approved the assignment of additional works related to the water supply of the Unit V amounting to € 1.82 mil. On 10.10.2012 the relevant Supplement No 2 to the Contract was issued. On 10.05.2012 the connection agreement to the National Natural Gas System was signed.

In present, civil works construction as well as installation-commissioning of electromechanical equipment are in progress. The Unit is expected to enter commercial operation within the fourth quarter of 2014.

On 31.12.2013 the total expenditure for the project amounted to € 469 mil.

#### HPP METSOVITIKO (29MW)

The process of tender evaluation for the procurement and installation of the project's Electromechanical Equipment has been concluded and PPC's Board of Directors has awarded the contract to the lowest bidder. Due to changes in circumstances, no contract signing with the lowest bidder was possible and consequently the initiation of works and PPC will immediately proceed to a new tender in order to proceed with the main and auxiliary electromechanical equipment's construction.

With respect to the contract for the remaining Civil Engineering works, on January 2014 PPC's Board of Directors awarded the contract to the lowest bidder, AKTOR ATE and decided the signing of the relevant contract effective June 1, 2014. The project is expected to be operational by the beginning of 2018.

The Parent Company proceeded, according to IAS 36, in reviewing the recoverability of the project, as indication existed that its book value (€12.4 mil. after the impairment charges recognized in prior years) was not recoverable. The impairment test was performed by calculating the Value in Use based on the discounted estimated future cash flows projected in a fifty year period from the estimated date of the station's operational date, using the appropriate discount rate (Weighted Average Capital Cost –WACC).

Based on the above mentioned impairment test, the book value of the project exceeds its estimated recoverable amount and thus an additional impairment loss of €3.7 mil. was recognized, charging the financial results of the year 2013. It is noted that the cumulative impairment losses for the project amount as at December 31, 2013 to € 28,5 mil., while its book value after the impairment amounts to approximately € 8.8 mil.

#### HPP ILARION (157 MW)

In July 2012, PPC SA announced the successful tapping of the diversion tunnel of the Ilarionas Hydroelectric Project and the start of the Reservoir impoundment. The works in the Substation, as well as the remaining works in the riverbed area downstream of the Dam, have been completed and it is programmed to set the Plant in commercial operation in the first semester of 2014.

The total installed capacity of the plant is 157 MW and it is expected to generate, on an annual basis, approximately 330 GWh of net electricity.

On 31.12.2013 the total expenditure for the project amounted to € 284.6 mil.

**PPC RENEWABLE (PPCR)****Construction of nine (9) new Wind Parks from PPCR S.A.**

In February 2009, PPCR announced the construction of nine new Wind Parks, of total installed power 35.1 MW, in the Greek islands and more particularly two in Crete (Akoumia and Koprino), two in Samos (Marathokampos and Pythagoreio) and one in Paros, Lesvos, Rhodes, Sifnos and Limnos an investment of € 59.16 mil., without including any additional contractual revisions. The installation process and connection to the network of the Wind Farms in Paros, Lesvos, Rhodes, Samos (Marathokampos), Crete (Akoumia) and Limnos has been completed.

In December 2013, the E/M equipment for W/P Koprino (Rethymno) was received and began the construction of the project's eleven (11) wind turbines. The wind park is expected to be completed and to be connected to the grid within the first quarter of 2014.

**Hybrid Project in Ikaria**

The contracts IKH-1 (1278008) and IKH-1N (02/094/27-09-10), as applicable, performed by the projects' Contractor: a) construction of the Hybrid Project in Ikaria and b) Municipal road construction. During 2013 the hybrid project in Ikaria was under construction and is expected to be completed in 2014. The project of 6.85 MW of total power, is comprised of two small hydro power plants (SHPP of Proesperas, with an installed capacity of 1.05 MW and SHPP of Kato Proesperas with an installed capacity of 3.10 MW), a Pumping Station (with 12 pumps of 250 KW each) and a Wind Farm with three wind turbines with a total installed capacity of 2.70 MW, combining these two renewable energy sources. Apart from the on-site works, the electromechanical equipment has been constructed for both SHPPs while the erection of the wind generators in the wind park of Stravokountoura (2.70 MW), has been completed.

**Re-launch Megalopolis Photovoltaic (PV) Plant**

In February 2013, PPCR has announced again the tender for the Megalopolis Photovoltaic (PV) Plant with total installed power 50MW. In particular the following tenders have been published and are in progress:

1. "Study and construction of civil works, installation of electromechanical equipment and put in operation of two P/V stations of 39MW power and 11MW power in Megalopolis, Arcadia"  
On March 20, 2013 which was the deadline for the submission of offers, one bid was submitted by the company "ERGOTEM ATEVE"
2. "Procurement, Transfer, and quest for financing for the procurement of electromechanical equipment and put in operation two P/V stations of 39MW power and 11MW power in Megalopolis, Arcadia"  
On March 20, 2013 which was the deadline for the submission of offers, no bids were submitted.
3. "Study- procurement of equipment and construction of one new substation 150/20KV of an outdoor type for the connection of Megalopolis' P/V plants.  
On March 20, 2013 which was the deadline for the submission of offers, no bids were submitted.

On 26.04.2013 PPCR's Board of Directors decided to annul the tender under 1 above and to cancel the tenders under 2 and 3 above.

Under the status of the declining prices of PV Panels, PPC Renewables SA is currently pending the finalization of the legal framework and is looking at removing licensing barriers, in order to consider alternative scenarios for the Project's implementation.

**Public Tender Procedure for two P/V plants in Kozani**

In February 2013, PPCR has announced the public tender for two P/V plants, of a total power of 15MW each, in Western Macedonia Lignite Center by the procedure of engineering, procurement and construction. The tender's objects are the study, procurement, installation, put in operation and financing of two P/V plants in

the Ptolemaida area of the Kozani prefecture, of a total power 30MW.

On March 26, 2013 which was the deadline for the submission of offers, no bids were submitted. Additionally, on April 26, 2013, the Board of Directors of PPC Renewables S.A. decided to terminate the above mentioned public tender.

Under the status of the declining prices of PV Panels, PPC Renewables SA is currently pending the finalization of the legal framework, in order to consider alternative scenarios for the Project's implementation.

**PV Plants in Industrial Areas**

In March 2013, the Board of Directors of PPC Renewables SA approved a public tender for the Design, Supply, Transportation, Installation and Commissioning of a F / B Station in the Industrial Drama area of nominal power 1,99 MW. On April 2013, Phoibe Energeiaki S.A. which is one of PPCR's wholly owned subsidiaries, has proceeded with the launch of the above mentioned tender. The changes occurred to Feed in Tariff system concerning the electricity generated by photovoltaic plants, by the Ministerial Decision No Y.A.Π.Ε./Φ1/1288/9011/30-04-2013 made the realization of this investment unprofitable for the company. On June 26, 2013 the Board of Directors of PPCR decided for the above mentioned tender to be terminated. In addition, on July 2013 the Board of Directors of PPCR decided not to implement the project.

**Rights of the exploitation of the geothermal fields**

By decisions of the Deputy Minister for Environment, Energy and Climate Change the Public International Bidding Contest (tender date 07.09.2011) for the lease of rights of exploitation of geothermal fields in the following areas: a)Sousaki in the Korinthos prefecture, b) the Spherhios basin in the Fthiotida prefecture, c) Akropotamos in the Kavala prefecture and d) the island of Ikaria, was awarded. While the leases have been accepted by the company the notarial deeds have not yet been signed by the Ministry. The deadline for signing the above notarial deeds leases has been extended until March 31, 2014.

**Applications for the renewal and modification of production license of a 1,575 MW W/P (Andros Island) and for W/P clusters of total capacity of 1,047 MW (Southern Aegean)**

In March 2013, PPCR SA submitted an application concerning the renewal and amendment of the production license of the existing W/P, in Kalivari Andros of 1,575 MW capacity. The W/P operates from July 1992.

In September 2013, PPCR applied to RAE for the production license for a number of wind farms with a total installed capacity of 1.047 MW in islands of South Aegean Prefecture, through their interconnection to National Power Grid.

More specifically, the application submitted includes the following W/P clusters: Amorgos Island - 132MW, Astypalaia Island - 54MW, Ios Island - 48MW, Kimolos Island - 60MW, Milos Island - 267MW, Polyaiagos Island - 93MW, Kithnos Island - 81MW, Kos Island - 186MW, Sikinos Island - 63MW, Folegandros Island - 48MW and Tilos Island - 15MW.

**Small Hydroelectric Power Plants**

In January 2013, SHPP Alatotetra, of 4.95 MW total power, has entered under testing operational status. The SHHP belongs to PPCR's affiliated company PPC Renewables - ELLINIKI TEXNODOMIKI TEB ENERGEIAKI S.A. with a share equal to 49%.

During 2013, the construction of SHPP Ilarion with a total power 4.2 MW has been continued and the SHPP is expected to be put in testing operation within the first quarter of 2014.

In addition, the conversion of old SHPP Agias, which is no longer operational and has been conceded to Crete Prefecture, into an exhibition area accessible to the public has been continued. The conversion procedure began in the summer of 2012 and is expected to be completed in 2014.



### Construction of six (6) new Wind Parks in Aegean islands

In September 2013, the Board of Directors of PPC Renewables S.A. decided to approve:

1. The construction of six (6) new wind parks of total installed capacity 13.5 MW, in Aegean islands. The project's total budget equals to € 17 mil.
2. An international public tender for the Design, Supply, Transportation, Installation and Commissioning of six (6) new wind parks of total installed capacity 13.5 MW and of € 16.2 mil. budget in the following locations: Marmari (Euboea Island) 5.4 MW, Sigri (Lesvos Island) 2.7 MW, Pythagoreio (Samos Island) 1.8 MW, Tigani (Mykonos Island) 1.8 MW, Vigla (Limnos Island) 0.9 MW, Potamia (Chios Island) 0.9 MW.

In October 2013, PPC Renewables' Extraordinary General Shareholders Meeting approved the above mentioned decisions.

### Repowering of SHPP Louros

In October 2013, the Board of Directors of PPC Renewables S.A. decided to approve:

1. The repowering of SHPP Louros, placed to Louros river in the borders of Preveza and Arta regions. The project's total budget equals to € 6.4 mil.
2. An international public tender for the Design, Renovation of the SHPP's building facilities, water intake and adduction facilities, and supply, transportation, installation and commissioning of E/M Equipment of SHPP LOUROS nominal capacity 8,84 MW, placed to the borders of Preveza and Arta regions.

In January 2014, PPC Renewables' Extraordinary General Shareholders Meeting approved the above mentioned decisions.

### Share Capital Increase of PPC Renewables S.A.

In October 2013 the PPC Renewables' Extraordinary General Shareholders Meeting in 04.11.2013 approved the increase of PPC Renewables' share capital by € 13,600,000 through the issuance of 13,625,000 shares of one (1) € nominal value and par value of two euros and twenty cents (2.20) ie at a price of three euros and twenty cents (3.20) each, as well as the formation of share premium amounting to twenty-nine mil. nine hundred seventy five thousand € (29,975,000).

### Business Plan 2014 -2018

On February 20, 2014 the PPC's Board of Directors, approved the five-year Business Plan 2014-018 of PPC Renewables. By completing the implementation of its Business Plan, PPCR is expected to have more than double its Installed Capacity Portfolio and to increase significantly its market share. As provided for in Business Plan 2014 -2018, total investments shall equal to € 398,24 mil and installed capacity to 331 MW by the end of 2018.

### IPTO S.A.

#### Electrical Interconnection of "NEA MAKRI - POLYPOTAMOS"

The electrical interconnection of Nea Makri with Polypotamos –which has been characterized as project "of an overall significance for the country's economy" in L. 3175/2003– is in the final stage of its implementation. The submarine cables have already been immersed in the maritime area between Evia and Nea Makri.

The construction of the project constitutes the completion of a multi-year effort of the State, competent authorities and RES investors, the implementation of which has been assumed by IPTO SA, thus contributing to the efforts of the State for the attraction of new investments. It is noted that the interconnection cost is more than € 80 mil. while the RES investments, which are directly connected to the project are more than € 700 mil. With the completion of the overhead cable connecting Polypotamos to South Evia and the installation of the subterranean cables up to Nea Makri's High Voltage Center, the project is expected to be completed and be ready for electrification before the end of 2014. It should be noted though, that there is already a significant delay in the installation of the subterranean cables to the Nea Makri's High Voltage Center, due to considerable reactions by the Municipality of Marathonas (former Municipality of N. Makri) and the non-granting of excavation license. Additionally, there are delays in the necessary expropriations relating to the 150 kV transmission lines from the Evoia Estate Authorities.

### Construction of High Voltage Center (HVC) in Aliveri and interconnection transmission line of 400 kV

The construction of Aliveri's (GIS) HVC, which will be serving new thermal power units and RES generators in Evia, has been recently concluded. In February 2013 it was electrified for the first time while in April 2013 the first circuit of the 400kV line, which connects the new Aliveri HCV with the backbone of the national 400 kV transmission system in the Viotia area, was put under load. The second circuit was electrified and put under load at the end of August 2013. The line which consists of two circuits, both overhead and subterranean parts, with a length of 56 and 13.5 kilometres, respectively, has already received injections of electricity by PPC's new natural gas unit in Aliveri which by 05.02.2014 is an allocated unit and is in proper operation.

### Construction of High Voltage Center (HVC) in Megalopolis, Peloponnese

Within a time frame of only two years, IPTO constructed the new High Voltage Center (HVC) in Megalopolis. The 150 kV side of the circuit was electrified in April 2013 while the 400kV side has also been electrified to date. The new HVC is ready to receive injection of electricity by generators in the greater area, including PPC's new natural gas unit (Megalopolis V), when the said unit is completed.

### Interconnection of Cyclades

IPTO has proceeded with re-declaring the tender for the interconnection of the Cyclades Islands with the Hellenic Power Transmission System with a total budget of € 240 mil. following the conclusion of the public consultation. The unsealing of the offers was held on October 15, 2013 and the process for the finalization of the tender is underway.

The above mentioned project is characterized as one of extreme interest and general importance for the country's economy and aims to the reliability of the interconnected islands' power supply, in the achievement of the maximal possible reduction in Public Services Obligations' cost, due to the operation of oil thermal units as well as the reduction of CO<sub>2</sub> emissions. The islands' interconnection with the mainland system as well as with each other will be realized through submarine cable connections.

### Ten Year Network Development Plan (TYNDP) of the subsidiary IPTO S.A. for the period 2014-2023.

By its Decision 560/2013, RAE has approved the Ten Year Network Development Plan (TYNDP) of the subsidiary IPTO S.A. for the period 2014-2023, after having imposed some amendments concerning the schedule for the Cyclades Interconnection (3rd phase). Following that IPTO S.A. has incorporated the above mentioned amendments in the TYNDP 2014 -2023 and has submitted to RAE the final issuance of the TYNDP, awaiting approval in order to formally publish it.

### HEDNO S.A.

#### Lawsuits against PPC – HEDNO

The companies "CANTOR" (former "ENERGA") and "NEW APPLICATION" (former "HELLAS POWER") have filed lawsuits against PPC by which they claim amounts of € 520.8 mil. and € 361.3 mil., respectively.

By the review of the documents and the assessment of the individual amounts reported in them, it is accrued that the lawsuits in question contain many undetermined amounts which are deemed, legally or otherwise, unfounded. Thus the above mentioned lawsuits have little chance of success. For that, a provision has not been formed.

### Conformity Program

In order to avoid discriminating behavior, partial company practices and competition's distortions during the exercise of its duties, HEDNO is obliged to run a conformity program (article 124, para.7, L. 4001/2011).

The program in question has been compiled by the conformity expert in collaboration with HEDNO and was submitted in due time for approval to RAE, which has set it in public consultation in July 27, 2012. RAE by a letter to HEDNO has made specific comments and has asked for the update of the Conformity Program based on those comments. HEDNO has proceeded to the said update and has sent the conformity program to RAE again. The conformity program's approval by RAE is expected.



## BUSINESS COLLABORATION

### PPC's Participation in waste management tenders

Waste Syclo, is a company established in February 2011 by PPC S.A. and Spanish Urbaser S.A, with Urbaser owning 51% and PPC 49% of the share capital, responsible for the study, performance of projects, rendering of all types of services related to waste management in general, electricity generation from waste management, and urban and industrial waste water treatment, within the territory of Greece. In 2012 Urbaser expressed its wish to withdraw from the Greek market and its participation in Waste Syclo. Following Urbaser's decision to leave the Greek market, TERNA ENERGY submitted a binding offer to Urbaser in order to buy Urbaser's share in Waste Syclo. Since February 2013, PPC S.A. and TERNA ENERGY had filed the Notification procedures to the Hellenic Competition Committee, for the collaboration by which TERNA ENERGY will acquire 51% of Waste Syclo's shares, therefore substituting Urbaser as a jointly controlling shareholder of Waste Syclo alongside PPC S.A. The Hellenic Competition Commission with its 577/VII/2013 decision approved the collaboration of PPC and TERNA ENERGY in 25.10.2013. In December 2013, the Parent Company's BoD has approved PPC's participation in Waste Syclo's share capital increase. In 2014 PPC has paid € 112.7 which corresponds to its participation in the above mentioned share capital.

### PPC collaboration with Terna Energy for Attica Waste Tenders

In January/February 2013 PPC in collaboration with TERNA ENERGY, submitted Expressions of Interest in the tenders of the Integrated Waste Management Facilities of Attica Region, through a Public Private Partnership (4 tenders). The JV has been preselected in three tenders and has recently participated in Phase B I of the competitive dialogue for the North Western Attica tender which was completed in January 2014. At the moment the announcements for Phase B II - Submission of Bids for North Western Attica, as well as the announcement of Phase B I - competitive dialogue for the rest of the tenders (Ano Liosia and Fyli) are expected.

### Kosovo Energy Project

PPC is participating in the project since March 2010. The project, according to the new RfP published in April 5, 2013, includes the development of the mine and the construction of a new electric power generation plant with estimated installed capacity of 2X320 MW. PPC is examining its participation in the next phase of the tender, based on the upcoming amendments of the tender.

### International public tender in FYROM

The tender involves the design, financing, construction, operation and maintenance of two new hydro power plants Cebren (333 MW) and Galiste (193.5 MW) as well as operation of the existing hydro power plant Tikves (116 MW). The government of FYROM relaunched the tender in January 31 2014 with the deadline for bid submission in April 16 2014. PPC continues to have interest in the project, and will examine its participation based on the new tender documents.

### Business Collaboration with Quantum Corporation Ltd and the former Bank of Cyprus

PPC - QUANTUM ENERGY LTD, a joint company founded by PPC, Quantum Corporation LTD and the former Bank of Cyprus, with share capital participation 51%, 40% and 9% respectively, whose objectives are studying, designing, founding, constructing, operating, managing and exploiting of power plants in the region of the Republic of Srpska, is expanding the purpose of its establishment and is planning and exploring future energy needs of Greece and Cyprus and is studying the interconnection between Greece and Cyprus, as well as between Israel – Cyprus – Greece. In this direction, PPC QUANTUM ENERGY LTD has signed a Memorandum of Understanding with Israeli Electric Cooperation regarding the feasibility study of an underwater cable which will transfer electrical energy from Israel to Europe. (EuroAsia Interconnector Project).

### Establishment of a Société Anonyme jointly with DAMCO ENERGY S.A.

On August,7 2013 PPC's BoD approved the establishment, jointly with DAMCO ENERGY SA, of a Société Anonyme, named "PPC Solar Solutions S.A." in which PPC S.A. will participate with 49%. The objective of "PPC Solar Solutions S.A." will be the promotion, through a national franchising network, of integrated solutions for household photovoltaic systems and energy efficiency technologies, the provision of energy services, as well as the provision of services to PPC's customers. The establishment of the above Société Anonyme was approved by the Competition Commission, by its 587/2014 decision.

### Option for acquisition of DEPA shares

PPC had acquired an option for the acquisition of a number of DEPA shares, based on L. 2593/1998, in accordance with a relevant contract signed between the Greek State and PPC S.A. PPC's Extraordinary Shareholders' Meeting, on October 4, 2012, approved the Private Agreement between PPC and HRADF, by virtue of which the parties agree that, PPC waives its right on the option in DEPA, following the compensation payment of € 32.9 mil., as resulted by the evaluation of the independent financial advisor Citibank. The waiver of PPC's right is subject to the completion of the privatization process and to the fulfillment of the compensation payment due to PPC by HRADF.

### Expansion of the activities of PPC abroad and establishment of commercial subsidiaries

A joint venture contract was signed between PPC and Alpiq Central Europe Ltd for the establishment of a commercial subsidiary company in Bulgaria, under the name PPC Bulgaria (PPC BG).

PPC S.A. will hold a 85% stake of the share capital of the joint venture company and Alpiq Central Europe Ltd will hold 15%.

Through this partnership, PPC seeks to penetrate neighboring electricity markets, to expand its cross-border activity beyond Greek borders and also to achieve synergies on know-how in regards to trading in multiple electricity markets, by acting together with an established company with presence in many European countries and significant experience in cross-border electricity trading.

In addition the Parent Company's Board of Directors has decided to establish a wholly owned subsidiary in Turkey, based in Constantinople, in order for the Group to establish itself in the fast growing Turkish Market, and the cross-border trade in electricity to and from Turkey.

### Collaboration framework with DEPA S.A.

Following the relevant approval of the Extraordinary General Shareholders' Meeting of PPC S.A. held on October 4th, 2012, PPC proceeded, on October 29, 2012, to the signing with DEPA of a new Contract for the Procurement of Natural Gas and of a Private Agreement by which all differences and mutual claims which derive by the existing between the parties Contract for the Procurement of Natural Gas of June 9, 1994, are settled.

The new contract of 29.10.2012 between PPC and DEPA pertains to the procurement and transportation of a total quantity of 11,260 mil. Nm<sup>3</sup> of natural gas to the energy generating units of PPC for the period 01.01.2012 until 31.12.2020. The Minimum Annual Contractual Quantity (take or pay clause) is defined in 80% of each Annual Contractual Quantity, with the right for PPC to reduce it to 75% for two, non-consecutive, years of its selection, with a six month notice of DEPA.

The price for the procurement of natural gas as well as the height of the payment guarantee provided by PPC, will be derived by the mechanisms applied by DEPA for its other energy generating customers. Among others it is provided for, PPC's right for the readjustment/ renegotiation of the contract in case of changes and /or significant changes in the national or international natural gas market and /or the Greek energy market.

Following DEPA's commitments, which were accepted by the Competition Commission by its decision on November 13, 2012, PPC has already proceeded with the readjustment of the Annual Contractual Quantity for the years 2013 and 2014 while according to the contractual provisions, PPC has already exercised its right to reduce it to 75% for the year 2014.

For the year 2013 PPC has more than covered its obligation as far as take-or-pay is concerned and thus such a clause is not in effect for 2013.

Furthermore PPC in the context of the legal framework has proceeded in November and December 2013 in the resale of minor quantities of natural gas, purchased by DEPA according to the existing contract, to its industrial customers. In the year 2013 DEPA has proceeded to a unilateral determination of the provisions on the contract between DEPA - PPC, of the implementation of the new DESFA tariffs, as far as the usage cost of borders' entry points is concerned as well as invoicing purchases of natural gas. The abovementioned charges have not been accepted by PPC and the relevant amounts of the invoices issued by DEPA, have not yet been paid. Both parties are in contact in order to settle the abovementioned matter.

As far as the 2013 settlement is concerned, the certification of the relevant calculation formulas by an independent verifier, in accordance with the data by the long term contracts between DEPA and its suppliers. Moreover, following the publication of the revised Operational Code for the National Gas System and according to the contractual provisions and DEPA's commitments to the Competition Commission, the latter has send to PPC, on February 5, 2014 a draft of the contract for the supply of natural gas without the inclusion of transportation through the national natural gas system. The draft in question is being examined by the Parent Company.

Finally, the provisions of the private agreement dated 29.10.2012, for the settlement of PPC's claims against DEPA until 31.12.2011, which have arisen during the implementation of the 09.06.1994 contract between PPC and DEPA as well as the settlement of the matters pending for 2012, have been settled cash wise.

#### **DEPA – GAZPROM agreement for the retrospective reduction of the price of Natural Gas**

Regarding DEPA's request for the revision of the supply cost of natural gas from Russia based on the Greek-Russian supply contract,

On 25.02.2014 the Ministry for the Environment and Climate Change, has announced, via a press release, that an agreement was reached between DEPA and Gazprom, which secures a significant discount in the procurement of natural gas.

The new price reflects a 15% discount compared to the price in effect by 25.02.2014. The new price has a retrospective effect – based on the transnational agreement – effective July 1, 2013 which will lead to discounts to the total of natural gas consumers (both industrial and domestic), and is implemented in the context of the transnational agreement until 2016, with a possible extension up to another decade and also the opportunity for two more revisions, the first able to be effected after two years.

The revised supply contract has a series of favorable parameters, beyond the contractual price as the reduction of the threshold, below which, the take or pay clause is activated.

By reducing the limits of the above mentioned clause DEPA becomes more flexible and thus its industrial customers as well.

Given that, until the publication date of the financial statements for the year 2013, DEPA had not sent any data to PPC for an estimate of the above mentioned retrospective discount, PPC has not recognized the relative benefit.

#### **Special Consumption Tax on Electricity**

The Custom House's audit in relation to the special consumption tax on electricity for the period May 2010 to September 2012 is ongoing. Energy self-consumptions are audited, which for the period in question amounted to 3,348,360 MWh. The Parent Company has submitted a memo to the Custom House for further clarifications, after being invited to do so.

#### **Tax Certificate 2012**

The tax audit for the year 2012 was undertaken by the Company's statutory auditors according to the Income Tax Code and on 26.09.2013 the auditors issued a tax conformity report with an "unmodified opinion".

#### **Tax audit**

From January 2014, the Centre for Auditing Big Companies is executing a tax audit for the years 2009, 2010 and 2011.

#### **Advance payment to PPC against sums due by Government Bodies**

In June 2013 and based on L. 4075/2012 art. 58, PPC was paid an advance of € 43.7 mil. against overdue bills

of electricity consumption by the General Government bodies. The amount of the above mentioned advance was returned by September 30, 2013.

In October 2013 and based on L. 4075/2012 art. 58, PPC was paid an advance of € 64.5 mil. against overdue bills of electricity consumption by the General Government bodies for the period 01.01.2013 -31.08.2013. The amount of the above mentioned advance was returned by December 27, 2013. At the same day PPC was paid a new advance of € 100 mil. which were returned on February 28, 2014. On March 4, 2014 a new advance of € 90.9 mil. was paid to PPC which will be returned in May 2014.

#### **Updated study of Booz & Co about the margin improvement of PPC's efficiency**

In April 2013 PPC S.A. announced the updated study (based on 2012 data) of Booz & Co, to which the initial study for the improvement of PPC's efficiency was assigned in 2007 when upon the potential scope for improvements for the whole spectrum of operations (Personnel, Generation, Mines, Supply, Distribution, Transmission) was examined.

According to the results of the 2007 study, the scope for improvement amounted to € 744 mil (2006 prices). If the activities of Distribution and Transmission are excluded (natural monopoly subsidiaries), since these have been spanned off, the updated study's result exhibit a scope of improvement of € 557 mil.

Given the finalized 2012 data, PPC requested the same company to undertake an update of the study using the exact same methodology for comparability purposes. The updated study resulted to the following:

1. Mines – elimination of lignite's competitiveness deficit by € 274 mil.
2. Generation – reduction of the efficiency margin by € 139 mil.
3. Administration - reduction of the efficiency margin by € 33 mil.
4. Supply– increase of the efficiency margin by € 13 mil.
5. Payroll – reduction of the payroll cost by 27% if compared to 2006 and by 43% if compared to 2009

Taking the above into account, the scope for improvement decreased to € 124 mil. benchmarked against the per activity best practices (and not benchmarked against the averages of European companies with similar activities). The reduction in the scope for improvement was due to the Company's actions as well as due to external and structural changes. For example, lignite is now competitive to coal, foregone sale revenues due to reduced capacity of power plants have decreased, controllable expenses have also decreased, the generation portfolio has improved and most importantly both the number of employees and payroll related costs decreased.

#### **Extraordinary events in Generation Units**

During 2013 three major failures happened in Power Stations:

The first one occurred in Unit I of Kardia Steam Electric Station (SES), in 8/7/2013, in the Unit's main transformer. The Unit, after replacing the transformer, operated again in 24/8/2013.

The second one occurred in Meliti SES, in 25/7/2013, where a fire broke up in the belt conveyors of the Lignite Handling System. After repairing the failure the Station operated again in September 25, 2013.

The two above mentioned failures had an adverse effect in the lignite produced electricity during the second semester of 2013 though this effect, for Meliti SES, was reduced due to the fact that at the time of repairing the failure Station's yearly maintenance, programmed for October 2013, was also performed.

The third major failure happened in Thira's Autonomous Power Station (APS), in 13/8/2013, when a fire broke up in one of APS's Units also damaging neighbouring Units as well as part of APS's auxiliary equipment. Electricity power in the island was gradually restored until 16/8/2013 by transferring and installing portable Generating Sets (G/S), both PPC's and hired, as well as partial repair of the failure.

#### **Expropriation of the Mavropigi settlement in the Eordea municipality**

In the period 01.01.2013 - 31.12.2013 an amount of € 79,3 mil. was expended, which concerns the compensation for the compulsory expropriation of the Mavropigi settlement – which is to be relocated- and which extends in 415,00 m2, in order to exploit the underlying lignite deposit, which was declared in favor of the Greek State and the expense of PPC as the applicant. The above mentioned amounts are included in the Parent Company's investments.

## 38. FINANCIAL RISK MANAGEMENT

### Fair value

The carrying amounts reflected in the accompanying balance sheets for cash and cash equivalents, short-term 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 carrying amounts of the long-term borrowing approximate their fair value because, the loans are in local currency and interest at a floating rate.

For all swap agreements, the fair values are confirmed to the Group by the financial institutions through which the Group has entered into these contracts.

### Credit Risk

Our business, results of operations, financial condition and prospects depend highly on the social and macroeconomic conditions in Greece, as practically all of our assets and operations are in Greece. Despite the fact that, the electricity sales are dispersed over a large number of customers with a wide and diversified range of economic activities, our business activities and results of operations are highly dependent on our customers' ability to repay their liabilities. The current economic environment and the recent recession may have a material adverse impact on the liquidity of the Group mainly resulting from:

- Difficulties in payment and increases in delayed payments, by Low and Medium voltage customers as well as High voltage (Industrial) customers, especially those with large outstanding balances.
- A sizeable number of enterprises, especially small and medium sized, which cease their operations due to the economic conjecture and leave behind unpaid bills.

We may also face difficulties or delays in our ability to collect payments from our customers as a result of additional measures such as the inclusion of new significant taxes, levies or fees included in our electricity bills or a substantial increase of the existing applicable taxes, levies such as the Renewables levy (ETMEAR) or fees in our electricity bills. The above This might extend the delay of collecting our electricity bills and create additional needs of working capital for the Parent Company, bearing also in mind that ETMEAR, amongst others, is paid regardless of whether it has been collected from the customer.

Additionally, our collection enforcement mechanisms may be affected by legislation or other administrative acts, (for example by restricting disconnections for non-payment for certain categories of customers or for certain time periods), which can adversely affect our results of operations, business, financial condition and cash flows.

### Interest rate risk and foreign currency risk

Our principal financial liabilities consist of bank loans, bonds and overdrafts. It is our policy to hedge on a case by case basis through derivatives, solely for risk reduction purposes, against the fluctuation of floating interest rates and/or foreign currency exchange rates affecting our debt portfolio. Our existing derivative transactions include interest rate swaps (conversion of floating rate liabilities to fixed rate liabilities) and forward currency contracts. Furthermore, the fluctuation of the Euro against U.S. dollar exchange rate may adversely impact the prices of our liquid fuel purchases (mainly diesel and heavy fuel oil). As oil prices are expressed in U.S. dollars, we are exposed to foreign currency risk in the event of an appreciation of the U.S. dollar against the euro. In order to cover the foreign currency risk arising from liquid fuel purchases, we are undertaking, on a case by case basis and according to the prevailing circumstances, hedging transactions for this risk. Any hedging transactions that we may have in place may not provide full or adequate protection against these risks.

### Liquidity Risk

Liquidity risk is connected with the need to ensure adequate cash flow for the financing of the operation and the development of the Group, as well as serving its debt. The Group manages its liquidity risk by continuously monitoring and programming its policy for fulfilling its cash flows liabilities. General aim of the Group is to ensure

sufficient credit lines and available cash, while aiming at the same time at the extension of the average maturity of its debt and the diversification of its funding sources. As a matter of fact said risk has been intensified due to the general situation of the Greek economy and the banking sector, where the liquidity is limited or almost inexistent. A significant part of 2013 maturities which pertains mainly to Greek Banks, is in advanced negotiations, concerning the finalization of their refinancing.

(In mil. €)	On demand	3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year ended 31 December 2012 (Group)</b>						
Overdraft facilities	-	110.0	191.5	-	-	<b>301.5</b>
Short term borrowings	2.0	296.0	1,202.6	-	-	<b>1,500.6</b>
Interest bearing loans and borrowings	-	-	-	2,124.2	1,191.5	<b>3,315.7</b>
<b>Total</b>	<b>2.0</b>	<b>406.0</b>	<b>1,394.1</b>	<b>2,124.2</b>	<b>1,191.5</b>	<b>5,117.8</b>
<b>Year ended 31 December 2013 (Group)</b>						
Overdraft facilities	-	97.1	0.2	-	-	<b>97.3</b>
Short term borrowings	-	20.0	1,199.0	-	-	<b>1,219.0</b>
Interest bearing loans and borrowings	-	147.1	473.9	1,759.8	1,254.2	<b>3,635.0</b>
<b>Total</b>	<b>-</b>	<b>264.2</b>	<b>1,673.1</b>	<b>1,759.8</b>	<b>1,254.2</b>	<b>4,951.3</b>
<b>Year ended 31 December 2012 (Parent)</b>						
Overdraft facilities	-	60.0	181.5	-	-	<b>241.5</b>
Short term borrowings	-	296.0	1,043.0	-	-	<b>1,339.0</b>
Interest bearing loans and borrowings	-	-	-	1,857.2	1,169.0	<b>3,026.2</b>
<b>Total</b>	<b>-</b>	<b>356.0</b>	<b>1,224.5</b>	<b>1,857.2</b>	<b>1,169.0</b>	<b>4,606.7</b>
<b>Year ended 31 December 2013 (Parent)</b>						
Overdraft facilities	-	50.0	-	-	-	<b>50.0</b>
Short term borrowings	-	20.0	1,199.0	-	-	<b>1,219.0</b>
Interest bearing loans and borrowings	-	17.2	347.7	1,614.5	1,254.1	<b>3,233.5</b>
<b>Total</b>	<b>-</b>	<b>87.2</b>	<b>1,546.7</b>	<b>1,614.5</b>	<b>1,254.1</b>	<b>4,502.5</b>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) (in € mil.):

	Increase / Decrease in basis points (%)	Effect on profit before tax (Group)	Effect on profit before tax (Parent)
<b>2013</b>			
Euro	+50	(16.57)	(14.47)
Euro	-50	16.57	14.47
<b>2012</b>			
Euro	+50	(18.3)	(16.1)
CHF	+50	(0.026)	(0.026)
Euro	-50	18.3	16.1
CHF	-50	0.026	0.026

The following table demonstrates the sensitivity to reasonably possible changes in the Swiss Franc exchange rate, with all other variables held constant, of the Group's profit before tax through the impact on foreign currency borrowings (€ mil.):

	Increase / Decrease CHF	Effect on profit before tax (CHF)
<b>2013</b>	-	-
	-	-
<b>2012</b>	+5%	(0.8)
	-5%	0.7

#### Market risk

The sensitivity analysis on natural gas, liquid fuel and system marginal price are as follows:

	Liquid Fuel (tones)	Natural Gas (in m3)	System Marginal Price (MWH)
Change in price unit	+1€ (+ one Euro)	+0.01 € (+ one Cent of Euro)	+1€ (+ one Euro)
Impact	€ 1.1 mil.	€ 8.3 mil.	€ 13.2 mil.

The change in the \$/€ rate by 5 cents of the dollar is estimated to affect the profit before tax 2014 by € 33 mil.

#### Availability of lignite reserves

Management believes that exploitable 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.

#### Progression of net debt ratio

The Group's net debt/equity ratio is as follows:

	2013	2012
Long term loans	4,853,946	4,803,451
Short term borrowings	97,285	301,529
Minus: cash and pledged deposits	(421,971)	(420,927)
Net debt	4,529,260	4,684,053
Shareholders' equity	5,403,573	5,682,249
Minus: reserve of evaluation of investments "held-for-sale"	-	(249)
	<b>5,403,573</b>	<b>5,682,000</b>
Net debt/equity ratio	83.8%	82.4%

### 39. OPERATING LEASE ARRANGEMENTS

	Group		Company	
	2013	2012	2013	2012
Minimum lease payments under operating leases recognized as expense	29,920	31,357	23,763	22,901

At the balance sheet date, the Group's outstanding commitments for future minimum lease payments under non-cancellable operating leases are approximately the current year's lease expenses, which are expected not to be significantly alter during the next years.

Operating lease payments represent mainly rentals payable by the Group for certain of its office properties, machinery, vehicles, furniture and equipment. Lease fees for office properties are generally fixed for an average term of twelve years. Lease fees for machinery and vehicles are generally fixed for an average of 1 and 3 year, respectively.

### 40. SUBSEQUENT EVENTS

#### Bond and Loan Agreements

The Parent Company has essentially concluded negotiations with the Greek lending banks, for the refinancing of its whole loan portfolio.

At the same time, the possibility of a potential bond issuance is considered, through access to the international capital markets in 2014, subject to market conditions.

In the period January 2014-March 2014, PPC received a € 96,1 mil. partial disbursement, from the € 739 mil. bond loan, for the partial financing of the construction costs of the new lignite-powered unit "PTOLEMAIDA V", contracted with a syndication of foreign banks and supported by the German Credit Insurance Organization Euler Hermes.

In March 2014 the first contract of € 235 mil. was signed, part of the €415 mil. credit line approved by EIB, for investments and upgrades in the Hellenic Electricity Distribution Network of the mainland and the islands.



**Extraordinary General Meeting of PPC's Shareholders**

PPC's Board of Directors decided to convene an Extraordinary General Meeting of PPC's Shareholders on 31.01.2014, according to the invitation posted on 07.1.2014.

The items on the agenda that were discussed by The Extraordinary General Meeting of the Shareholders were as follows :

- 1 Item:** "Pricing of "ALUMINIUM S.A." as of 1.1.2014 – Submission for approval of actions taken by the Board of Directors"
- 2nd Item:** Approval of the capacity of a Member of the Board of Directors.
- 3rd Item:** Approval of the appointment, pursuant to article 37 of L. 3693/2008, of a Member of the Audit Committee.

With regard to the 1 Item, the Hellenic State submitted, by virtue of article 39, par. 3 of Codified Law 2190/1920, the following request for postponement of the relative discussion: "Given that the Hellenic State has to ensure: a) as PPC shareholder, the long term interests of the company, b) as responsible for shaping the energy and industrial policy, the sustainability and the competitiveness of the market, therefore, based on these priorities and roles, I request the postponement of decision taking on the 1 item on the Agenda of the Extraordinary General Meeting of the Shareholders, so as to allow sufficient time for consultation with all interested parties for the settlement of technical issues with regard to electricity pricing".

Therefore the discussion on the 1 item was postponed for Friday, February 28, 2014.

**Repetition of the Extraordinary General Meeting of PPC's Shareholders**

On February 28, 2014 the postponed Extraordinary General Shareholders Meeting was repeated, where the representative of the Majority Shareholder, namely the Hellenic Republic, proposed and the General Shareholders Meeting approved an extraordinary tariff discount of 10% to PPC's approved tariffs for High Voltage customers with the duration of one year plus one by 01.01.2014. Especially for businesses with an annual consumption of larger than 1,000 GWh there will be a further volume reduction of 10% in addition to the above mentioned discount.

Additionally, as a motive for increasing consumption during the zone of minimum consumption (nights and weekends) a further 25% discount on the A4 tariff for all High Voltage will be granted to customers except to those of an annual consumption more than 1,000 GWh and for their time of operation in the above mentioned zone.

Finally, the Shareholders General Meeting approved the up to now actions of the Company's Management regarding the ALOUMINION case.

**Appendix I****UNBUNDLED FINANCIAL STATEMENTS**

Under the provisions of L. 4001/2011 and the approved methodology of the Regulatory Authority for Energy.

GROUP UNBUNDLED INCOME STATEMENT DECEMBER 2013

(expressed in mil. €)	MINES		GENERATION		DISTRIBUTION NETWORK		SUPPLY	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>								
<b>REVENUES FROM 3RD PARTIES</b>	6	9	2,312	2,693	406	461	6,414	6,080
Energy sales to customers	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	5,698.9	5,648.3
Energy sales to wholesale market	(0.0)	(0.0)	1,919.6	2,295.3	(0.0)	(0.0)	(0.0)	(0.0)
Energy exports	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	52.1	56.8
Capacity assurance mechanism	(0.0)	(0.0)	370.5	379.2	(0.0)	(0.0)	(0.0)	(0.0)
Other Services to wholesale market	(0.0)	(0.0)	7.0	3.2	(0.0)	(0.0)	(0.0)	(0.0)
Network rentals	(0.0)	(0.0)	(0.0)	(0.0)	308.3	344.9	(0.0)	(0.0)
Customer's contribution	(0.0)	(0.0)	(0.0)	(0.0)	84.8	106.5	(0.0)	(0.0)
PSO's revenues of other suppliers	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	12.7	12.6
Transmission system usage fees	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other Sales	1.0	1.5	11.7	8.8	12.5	9.4	648.5	361.0
Allocated Administration Revenues	5.0	7.3	3.0	6.5	(0.0)	(0.0)	1.9	0.9
<b>INTERDEPARTMENTAL REVENUES</b>	756	868	627	975	(0)	(0)	227	110
Public Service Obligations	(0.0)	(0.0)	498.8	708.7	(0.0)	(0.0)	140.8	(0.0)
Energy	(0.0)	(0.0)	128.1	266.6	(0.0)	(0.0)	86.1	110.2
Lignite	740.5	853.5	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other Services	15.6	14.4	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>REVENUES</b>	<b>762.1</b>	<b>876.7</b>	<b>2,938.8</b>	<b>3,668.3</b>	<b>405.6</b>	<b>460.9</b>	<b>6,641.1</b>	<b>6,189.8</b>
<b>EXPENSES (3RD PARTIES)</b>	742	707	2,290	2,182	225	251	5,967	6,052
Payroll Cost	229.3	228.5	272.2	274.3	0.0	0.0	41.9	40.5
Third party lignite and lignite reserve variation	(3.5)	(7.5)	50.2	48.4	0.0	0.0	0.0	0.0
Liquid fuel	0.0	0.0	792.6	940.7	0.0	0.0	0.0	0.0
Natural Gas	0.0	0.0	401.9	444.5	0.0	0.0	0.0	0.0
Depreciations	141.7	131.8	251.3	256.4	157.5	185.6	1.2	1.1
Energy Purchases from third party	0.0	0.0	8.6	4.8	0.0	0.0	412.9	157.7
Energy imports	0.0	0.0	0.0	0.0	0.0	0.0	134.7	133.7
Energy Purchases to wholesale market	0.0	0.0	0.0	0.0	0.0	0.0	2,751.9	3,614.7
Charge for the capacity assurance mechanism	0.0	0.0	0.0	0.0	0.0	0.0	500.5	450.5
Transmission Network Fees	0.0	0.0	0.0	0.0	0.0	0.0	209.4	207.9
Distribution Network Fees	0.0	0.0	0.0	0.0	0.0	0.0	741.6	752.8
HTSO uplift charge	0.0	0.0	0.0	0.0	0.0	0.0	713.9	410.0
Materials & Consumables	80.1	67.5	55.3	56.9	0.0	0.0	1.0	1.2
Utilities & Maintenance	187.6	174.2	41.1	51.3	0.0	0.0	26.7	29.3
Third party fees	1.2	1.4	10.3	11.8	0.0	0.0	9.7	12.6
Taxes and duties	30.6	30.5	50.5	52.7	0.0	0.0	4.0	4.3
Provisions	0.8	2.0	7.8	7.7	0.0	0.0	365.5	265.0
Financial expenses	33.0	34.8	130.8	138.4	70.8	68.6	0.0	0.0
Financial income	(5.7)	(6.8)	(20.9)	(26.6)	(11.3)	(13.1)	(36.5)	(27.6)
Other (income)/ expense, net	1.7	5.7	8.2	(179.1)	5.8	8.0	80.1	(15.1)
CO <sub>2</sub> Emissions	0.0	0.0	187.5	57.1	0.0	0.0	0.0	0.0
Impairment loss of marketable securities	0.5	0.2	1.9	0.8	1.0	0.4	0.0	0.0
Foreign currency gains/ (losses), net	(0.1)	0.2	(0.5)	0.7	(0.3)	0.3	0.0	0.0
Allocated Administration Expenses	44.9	45.0	41.4	41.0	1.5	0.9	8.9	13.6
<b>INTERDEPARTMENTAL EXPENSES</b>	67	78	776	900	0	0	768	975
Public Service Obligations	0.0	0.0	0.0	0.0	0.0	0.0	639.6	708.7
Energy	66.5	78.2	19.6	32.0	0.0	0.0	128.1	266.6
Lignite	0.0	0.0	740.5	853.5	0.0	0.0	0.0	0.0
Other Services	0.0	0.0	15.6	14.4	0.0	0.0	0.0	0.0
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(46.5)</b>	<b>91.0</b>	<b>(127.0)</b>	<b>586.7</b>	<b>180.6</b>	<b>210.2</b>	<b>(94.0)</b>	<b>(837.7)</b>

ELIMINATIONS		TOTAL PPC		IPTO		HEDNO		"SUBSIDIARIES AFFILIATES"		OTHER COMPANIES ELIMINATIONS		TOTAL GROUP	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
(3,219)	(3,354)	5,919	5,888	2,402	2,230	1,525	1,168	28	24	(3,903)	(3,325)	5,971	5,985
(0.0)	(0.0)	5,698.9	5,648.3	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	5,698.9	5,648.3
(1,919.6)	(2,295.3)	(0.0)	(0.0)	2,401.4	2,228.3	(0.0)	(0.0)	28.4	24.3	(2,377.6)	(2,237.3)	52.2	15.3
(0.0)	(0.0)	52.1	56.8	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	52.1	56.8
(370.5)	(379.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(7.0)	(3.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.6)	(0.0)	(0.6)
(308.3)	(344.9)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	84.8	106.5	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	84.8	106.5
(0.0)	(0.0)	12.7	12.6	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	12.7	12.6
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	1,525.1	1,167.9	(0.0)	(0.0)	(1,525.1)	(1,167.9)	(0.0)	(0.0)
(613.5)	(331.7)	60.1	49.0	0.4	1.9	(0.0)	(0.0)	(0.0)	(0.0)	(0.4)	80.7	60.1	131.7
(0.0)	(0.0)	9.9	14.6	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	9.9	14.6
(1,610)	(1,953)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
(639.6)	(708.7)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(214.3)	(376.8)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(740.5)	(853.5)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(15.6)	(14.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>(4,828.9)</b>	<b>(5,307.8)</b>	<b>5,918.7</b>	<b>5,887.9</b>	<b>2,401.9</b>	<b>2,230.3</b>	<b>1,525.1</b>	<b>1,167.9</b>	<b>28.4</b>	<b>24.3</b>	<b>(3,903.1)</b>	<b>(3,325.2)</b>	<b>5,970.8</b>	<b>5,985.2</b>
(3,219)	(3,354)	6,243	5,866	2,346	2,204	1,486	1,158	21	17	(3,899)	(3,301)	6,196	5,943
0.0	0.0	543.4	543.3	64.0	63.1	272.9	267.4	2.9	2.4	(12.2)	(12.9)	871.0	863.3
0.0	0.0	46.7	40.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46.7	40.9
0.0	0.0	792.6	940.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	792.6	940.7
0.0	0.0	401.9	444.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	401.9	444.5
0.0	0.0	551.7	575.0	51.5	54.5	6.6	5.0	6.8	5.1	1.1	0.0	617.6	639.7
(421.5)	(162.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(134.7)	(133.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(1,089.1)	(1,796.0)	1,662.8	1,818.7	2,139.6	1,978.4	425.1	140.8	0.0	0.0	(2,587.7)	(2,145.2)	1,639.9	1,792.7
(500.5)	(450.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	209.4	207.9	0.0	0.0	0.0	0.0	0.0	0.0	(209.4)	(191.1)	0.0	16.9
(308.3)	(344.9)	433.4	407.9	0.0	0.0	0.0	0.0	0.0	0.0	(433.4)	(407.9)	0.0	0.0
(713.9)	(410.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	136.4	125.5	2.6	1.9	43.1	36.0	0.0	0.0	(9.0)	0.0	173.1	163.4
0.0	0.0	255.4	254.8	4.8	6.4	708.5	631.0	4.6	4.4	(666.8)	(583.9)	306.5	312.7
(4.6)	(8.5)	16.6	17.2	4.1	7.7	32.9	30.9	0.8	1.2	(16.1)	(12.5)	38.4	44.6
(46.5)	(48.3)	38.6	39.1	3.1	2.1	4.2	2.8	3.9	2.2	(0.7)	0.0	49.1	46.2
0.0	0.0	374.0	274.8	20.7	48.5	(23.7)	14.2	0.1	0.0	(12.9)	0.0	358.2	337.4
0.0	0.0	234.6	241.8	50.0	29.8	0.1	0.2	0.5	1.3	(22.7)	0.0	262.6	273.3
0.0	0.0	(74.4)	(74.2)	(1.8)	(2.1)	(0.4)	(0.2)	(0.3)	(0.6)	31.2	37.0	(45.7)	(40.2)
0.0	0.0	95.8	(180.5)	(11.6)	3.5	13.0	5.1	0.7	0.4	41.1	15.7	139.1	(155.8)
0.0	0.0	187.5	57.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	187.5	57.1
0.0	0.0	3.3	1.4	0.0	0.0	0.0	0.0	(1.6)	(2.1)	0.0	0.0	1.8	(0.7)
0.0	0.0	(0.9)	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.9)	1.2
0.0	0.0	96.7	100.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	96.7	100.6
(1,610)	(1,953)	0	0	0	0	0	0	0	0	0	0	0	0
(639.6)	(708.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(214.3)	(376.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(740.5)	(853.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(15.6)	(14.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>(0.0)</b>	<b>(0.0)</b>	<b>(86.9)</b>	<b>50.2</b>	<b>74.7</b>	<b>36.5</b>	<b>42.6</b>	<b>34.6</b>	<b>10.0</b>	<b>9.9</b>	<b>(5.6)</b>	<b>(2</b>		

**INTERCONNECTED SYSTEM UNBUNDLED INCOME STATEMENT  
DECEMBER 2013**

(expressed in mil. €)	MINES		GENERATION	
	2013	2012	2013	2012
<b>REVENUES</b>				
<b>REVENUES FROM 3RD PARTIES</b>				
Energy sales to customers	(0.0)	(0.0)	(0.0)	(0.0)
Energy sales to wholesale market	(0.0)	(0.0)	1,693.6	2,295.3
Energy exports	(0.0)	(0.0)	(0.0)	(0.0)
Capacity assurance mechanism	(0.0)	(0.0)	370.5	379.2
Other Services to wholesale market	(0.0)	(0.0)	7.0	3.2
Network rentals	(0.0)	(0.0)	(0.0)	(0.0)
Customer's contribution	(0.0)	(0.0)	(0.0)	(0.0)
PSO's revenues of other suppliers	(0.0)	(0.0)	(0.0)	(0.0)
Transmission system usage fees	(0.0)	(0.0)	(0.0)	(0.0)
Other Sales	1.0	1.5	11.4	8.6
Allocated Administration Revenues	5.0	7.3	2.1	5.0
<b>INTERDEPARTMENTAL REVENUES</b>				
Public Service Obligations	(0.0)	(0.0)	(0.0)	(0.0)
Energy	(0.0)	(0.0)	(0.0)	(0.0)
Lignite	740.5	853.5	(0.0)	(0.0)
Other Services	15.6	14.4	(0.0)	(0.0)
<b>REVENUES</b>	<b>762.1</b>	<b>876.7</b>	<b>2,084.6</b>	<b>2,691.3</b>
<b>EXPENSES (3RD PARTIES)</b>				
Payroll Cost	229.3	228.5	207.7	211.8
Third party lignite and lignite reserve variation	(3.5)	(7.5)	50.2	48.4
Liquid fuel	0.0	0.0	58.5	77.3
Natural Gas	0.0	0.0	401.9	444.5
Depreciations	141.7	131.8	205.0	211.9
Energy Purchases from third party	0.0	0.0	0.5	0.1
Energy imports	0.0	0.0	0.0	0.0
Energy Purchases to wholesale market	0.0	0.0	0.0	0.0
Charge for the capacity assurance mechanism	0.0	0.0	0.0	0.0
Transmission Network Fees	0.0	0.0	0.0	0.0
Distribution Network Fees	0.0	0.0	0.0	0.0
HTSO uplift charge	0.0	0.0	0.0	0.0
Materials & Consumables	80.1	67.5	29.8	37.2
Utilities & Maintenance	187.6	174.2	34.4	42.6
Third party fees	1.2	1.4	7.0	7.4
Taxes and duties	30.6	30.5	49.7	51.8
Provisions	0.8	2.0	5.9	5.7
Financial expenses	33.0	34.8	106.4	106.1
Financial income	(5.7)	(6.8)	(17.0)	(20.4)
Other (income)/ expense, net	1.7	5.7	1.0	(179.3)
CO <sub>2</sub> Emissions	0.0	0.0	172.8	54.8
Impairment loss of marketable securities	0.5	0.2	1.5	0.6
Foreign currency gains/ (losses), net	(0.1)	0.2	(0.4)	0.5
Allocated Administration Expenses	44.9	45.0	31.1	31.6
<b>INTERDEPARTMENTAL EXPENSES</b>				
Public Service Obligations	0.0	0.0	0.0	0.0
Energy	66.5	78.2	17.4	30.0
Lignite	0.0	0.0	740.5	853.5
Other Services	0.0	0.0	15.6	14.4
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(46.5)</b>	<b>91.0</b>	<b>(35.0)</b>	<b>661.0</b>

DISTRIBUTION NETWORK		SUPPLY		TOTAL	
2013	2012	2013	2012	2013	2012
(0.0)	(0.0)	5,052.6	5,012.0	5,052.6	5,012.0
(0.0)	(0.0)	(0.0)	(0.0)	1,693.6	2,295.3
(0.0)	(0.0)	52.1	56.8	52.1	56.8
(0.0)	(0.0)	(0.0)	(0.0)	370.5	379.2
(0.0)	(0.0)	(0.0)	(0.0)	7.0	3.2
272.0	300.2	(0.0)	(0.0)	272.0	300.2
74.2	96.4	(0.0)	(0.0)	74.2	96.4
(0.0)	(0.0)	12.7	12.6	12.7	12.6
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
10.6	8.1	573.7	336.7	596.7	354.8
(0.0)	(0.0)	1.7	0.8	8.9	13.1
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	84.0	108.2	84.0	108.2
(0.0)	(0.0)	(0.0)	(0.0)	740.5	853.5
(0.0)	(0.0)	(0.0)	(0.0)	15.6	14.4
<b>356.8</b>	<b>404.7</b>	<b>5,776.9</b>	<b>5,527.1</b>	<b>8,980.4</b>	<b>9,499.8</b>
0.0	0.0	37.2	36.1	474.1	476.4
0.0	0.0	0.0	0.0	46.7	40.9
0.0	0.0	0.0	0.0	58.5	77.3
0.0	0.0	0.0	0.0	401.9	444.5
134.2	157.4	1.0	1.0	482.0	502.1
0.0	0.0	0.0	0.0	0.5	0.1
0.0	0.0	134.7	133.7	134.7	133.7
0.0	0.0	2,751.9	3,614.7	2,751.9	3,614.7
0.0	0.0	500.5	450.5	500.5	450.5
0.0	0.0	209.4	207.9	209.4	207.9
0.0	0.0	672.1	685.9	672.1	685.9
0.0	0.0	713.9	407.0	713.9	407.0
0.0	0.0	0.9	1.1	110.9	105.7
0.0	0.0	23.4	26.3	245.4	243.1
0.0	0.0	8.6	11.8	16.9	20.5
0.0	0.0	3.6	3.9	83.9	86.1
0.0	0.0	338.2	237.2	344.9	244.9
59.3	61.4	0.0	0.0	198.7	202.3
(9.5)	(11.8)	(32.2)	(24.4)	(64.4)	(63.4)
4.8	5.9	81.5	(13.5)	89.1	(181.2)
0.0	0.0	0.0	0.0	172.8	54.8
0.8	0.4	0.0	0.0	2.8	1.2
(0.2)	0.3	0.0	0.0	(0.7)	1.0
1.3	0.8	7.6	12.2	84.9	89.7
0.0	0.0	535.9	591.6	535.9	591.6
0.0	0.0	0.0	1.0	83.9	109.2
0.0	0.0	0.0	0.0	740.5	853.5
0.0	0.0	0.0	0.0	15.6	14.4
<b>166.1</b>	<b>190.3</b>	<b>(211.4)</b>	<b>(856.9)</b>	<b>(126.8)</b>	<b>85.3</b>

**CRETE UNBUNDLED INCOME STATEMENT  
DECEMBER 2013**

(expressed in mil. €)	GENERATION	
	2013	2012
<b>REVENUES</b>		
<b>REVENUES FROM 3RD PARTIES</b>		
Energy sales to customers	(0.0)	(0.0)
Energy sales to wholesale market	113.4	(0.0)
Energy exports	(0.0)	(0.0)
Capacity assurance mechanism	(0.0)	(0.0)
Other Services to wholesale market	(0.0)	(0.0)
Network rentals	(0.0)	(0.0)
Customer's contribution	(0.0)	(0.0)
PSO's revenues of other suppliers	(0.0)	(0.0)
Transmission system usage fees	(0.0)	(0.0)
Other Sales	0.2	0.1
Allocated Administration Revenues	0.2	0.5
<b>INTERDEPARTMENTAL REVENUES</b>		
Public Service Obligations	244.2	353.4
Energy	62.7	133.0
Lignite	(0.0)	(0.0)
Other Services	(0.0)	(0.0)
<b>REVENUES</b>	<b>420.7</b>	<b>487.0</b>
<b>EXPENSES (3RD PARTIES)</b>		
Payroll Cost	23.8	23.5
Third party lignite and lignite reserve variation	0.0	0.0
Liquid fuel	387.5	467.6
Natural Gas	0.0	0.0
Depreciations	19.0	18.7
Energy Purchases from third party	0.0	3.0
Energy imports	0.0	0.0
Energy Purchases to wholesale market	0.0	0.0
Charge for the capacity assurance mechanism	0.0	0.0
Transmission Network Fees	0.0	0.0
Distribution Network Fees	0.0	0.0
HTSO uplift charge	0.0	0.0
Materials & Consumables	8.8	5.5
Utilities & Maintenance	1.3	3.0
Third party fees	0.1	0.2
Taxes and duties	0.3	0.5
Provisions	1.0	0.8
Financial expenses	9.3	16.0
Financial income	(1.5)	(3.1)
Other (income)/ expense, net	1.0	(0.3)
CO <sub>2</sub> Emissions	7.9	1.1
Impairment loss of marketable securities	0.1	0.1
Foreign currency gains/ (losses), net	0.0	0.1
Allocated Administration Expenses	3.5	3.2
<b>INTERDEPARTMENTAL EXPENSES</b>		
Public Service Obligations	0.0	0.0
Energy	1.6	1.4
Lignite	0.0	0.0
Other Services	0.0	0.0
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(43.0)</b>	<b>(54.2)</b>

DISTRIBUTION NETWORK		SUPPLY		TOTAL	
2013	2012	2013	2012	2013	2012
(0.0)	(0.0)	337.3	332.0	337.3	332.0
(0.0)	(0.0)	(0.0)	(0.0)	113.4	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
18.8	18.0	(0.0)	(0.0)	18.8	18.0
5.4	5.2	(0.0)	(0.0)	5.4	5.2
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
1.2	0.6	38.9	12.6	40.3	13.3
(0.0)	(0.0)	0.1	(0.0)	0.3	0.5
(0.0)	(0.0)	73.5	(0.0)	317.7	353.4
(0.0)	(0.0)	1.6	1.4	64.3	134.5
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>25.4</b>	<b>23.9</b>	<b>451.4</b>	<b>346.1</b>	<b>897.5</b>	<b>857.0</b>
0.0	0.0	2.7	2.5	26.5	26.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	387.5	467.6
0.0	0.0	0.0	0.0	0.0	0.0
11.9	12.8	0.1	0.0	30.9	31.6
0.0	0.0	208.3	83.1	208.3	86.1
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	35.3	33.7	35.3	33.7
0.0	0.0	0.0	1.5	0.0	1.5
0.0	0.0	0.0	0.1	8.8	5.5
0.0	0.0	1.5	1.5	2.8	4.5
0.0	0.0	0.7	0.6	0.8	0.7
0.0	0.0	0.2	0.2	0.5	0.7
0.0	0.0	9.9	15.1	11.0	15.9
5.6	2.4	0.0	0.0	14.9	18.4
(0.9)	(0.5)	(2.1)	(1.6)	(4.4)	(5.2)
0.1	0.7	(0.8)	(0.8)	0.3	(0.5)
0.0	0.0	0.0	0.0	7.9	1.1
0.1	0.0	0.0	0.0	0.2	0.1
0.0	0.0	0.0	0.0	(0.1)	0.1
0.1	0.0	0.7	0.8	4.3	4.0
0.0	0.0	54.1	61.5	54.1	61.5
0.0	0.0	62.7	133.1	64.3	134.5
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
<b>8.6</b>	<b>8.4</b>	<b>78.0</b>	<b>14.8</b>	<b>43.6</b>	<b>(31.0)</b>



OTHER NON INTERCONNECTED ISLANDS UNBUNDLED INCOME STATEMENT  
(INCL. RHODES) DECEMBER 2013

(expressed in mil. €)	GENERATION	
	2013	2012
<b>REVENUES</b>		
<b>REVENUES FROM 3RD PARTIES</b>		
Energy sales to customers	(0.0)	(0.0)
Energy sales to wholesale market	112.7	(0.0)
Energy exports	(0.0)	(0.0)
Capacity assurance mechanism	(0.0)	(0.0)
Other Services to wholesale market	(0.0)	(0.0)
Network rentals	(0.0)	(0.0)
Customer's contribution	(0.0)	(0.0)
PSO's revenues of other suppliers	(0.0)	(0.0)
Transmission system usage fees	(0.0)	(0.0)
Other Sales	0.1	0.2
Allocated Administration Revenues	0.7	1.0
<b>INTERDEPARTMENTAL REVENUES</b>	<b>(320)</b>	<b>(489)</b>
Public Service Obligations	254.6	355.2
Energy	65.4	133.6
Lignite	(0.0)	(0.0)
Other Services	(0.0)	(0.0)
<b>REVENUES</b>	<b>433.4</b>	<b>490.0</b>
<b>Expenses (3rd Parties)</b>		
Payroll Cost	40.7	39.0
Third party lignite and lignite reserve variation	0.0	0.0
Liquid fuel	346.6	395.8
Natural Gas	0.0	0.0
Depreciations	27.2	25.8
Energy Purchases from third party	8.0	1.7
Energy imports	0.0	0.0
Energy Purchases to wholesale market	0.0	0.0
Charge for the capacity assurance mechanism	0.0	0.0
Transmission Network Fees	0.0	0.0
Distribution Network Fees	0.0	0.0
HTSO uplift charge	0.0	0.0
Materials & Consumables	16.6	14.2
Utilities & Maintenance	5.4	5.8
Third party fees	3.2	4.3
Taxes and duties	0.5	0.4
Provisions	0.8	1.2
Financial expenses	15.2	16.2
Financial income	(2.4)	(3.1)
Other (income)/ expense, net	6.2	0.5
CO <sub>2</sub> Emissions	6.9	1.3
Impairment loss of marketable securities	0.2	0.1
Foreign currency gains/ (losses), net	(0.1)	0.1
Allocated Administration Expenses	6.8	6.2
<b>INTERDEPARTMENTAL EXPENSES</b>		
Public Service Obligations	0.0	0.0
Energy	0.6	0.6
Lignite	0.0	0.0
Other Services	0.0	0.0
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(49.0)</b>	<b>(20.1)</b>

DISTRIBUTION NETWORK		SUPPLY		TOTAL	
2013	2012	2013	2012	2013	2012
(0.0)	(0.0)	309.0	304.3	309.0	304.3
(0.0)	(0.0)	(0.0)	(0.0)	112.7	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
17.4	26.7	(0.0)	(0.0)	17.4	26.7
5.3	4.9	(0.0)	(0.0)	5.3	4.9
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
0.7	0.7	35.9	11.8	36.7	12.6
(0.0)	(0.0)	0.1	(0.0)	0.8	1.0
(0)	(0)	(68)	(1)	(388)	(489)
(0.0)	(0.0)	67.4	(0.0)	322.0	355.2
(0.0)	(0.0)	0.5	0.5	65.9	134.1
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>23.4</b>	<b>32.4</b>	<b>412.8</b>	<b>316.7</b>	<b>869.7</b>	<b>839.0</b>
0.0	0.0	2.0	1.9	42.7	40.9
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	346.6	395.8
0.0	0.0	0.0	0.0	0.0	0.0
11.4	15.4	0.1	0.1	38.8	41.3
0.0	0.0	204.6	74.6	212.7	76.3
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	34.2	33.2	34.2	33.2
0.0	0.0	0.0	1.5	0.0	1.5
0.0	0.0	0.0	0.0	16.7	14.2
0.0	0.0	1.8	1.5	7.2	7.3
0.0	0.0	0.4	0.2	3.6	4.5
0.0	0.0	0.2	0.2	0.7	0.6
0.0	0.0	17.3	12.7	18.2	13.9
5.9	4.9	0.0	0.0	21.1	21.1
(0.9)	(0.9)	(2.2)	(1.6)	(5.6)	(5.7)
0.9	1.4	(0.7)	(0.7)	6.4	1.2
0.0	0.0	0.0	0.0	6.9	1.3
0.1	0.0	0.0	0.0	0.3	0.1
0.0	0.0	0.0	0.0	(0.1)	0.1
0.1	0.1	0.6	0.6	7.5	6.9
0.0	0.0	49.6	55.6	49.6	55.6
0.0	0.0	65.4	132.6	66.0	133.1
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
<b>5.9</b>	<b>11.5</b>	<b>39.4</b>	<b>4.3</b>	<b>(3.6)</b>	<b>(4.2)</b>

GROUP UNBUNDLED BALANCE SHEET DECEMBER 2013

(expressed in mil. €)	ADMINISTRATION		MINES		GENERATION		DISTRIBUTION NETWORK		SUPPLY	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>										
<b>NON-CURRENT ASSETS</b>										
Tangible Assets	0.0	0.0	1,539.1	1,510.3	5,045.4	5,118.0	4,460.2	4,365.0	32.1	35.0
Intangible Assets	0.0	0.0	0.5	0.0	18.6	51.1	0.0	0.0	0.2	0.0
Investments in related parties	1,109.3	1,065.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Long-term Receivables	0.0	0.0	1.6	2.5	5.2	8.4	0.0	0.0	8.6	18.6
Marketable and other securities	0.0	0.0	0.7	0.7	2.9	3.0	1.6	1.5	(0.4)	(0.3)
Administration non-current assets	0.0	0.0	11.6	18.2	38.1	50.2	32.7	51.5	0.3	0.6
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,109.3</b>	<b>1,065.7</b>	<b>1,553.5</b>	<b>1,531.8</b>	<b>5,110.2</b>	<b>5,230.7</b>	<b>4,494.5</b>	<b>4,418.0</b>	<b>40.9</b>	<b>53.9</b>
<b>CURRENT ASSETS</b>										
Inventories	0.0	0.0	93.6	109.8	487.0	511.7	0.0	0.0	0.0	0.0
Trade Accounts Receivable	0.0	0.0	0.0	0.0	(0.2)	(0.2)	(8.7)	4.4	1,252.2	1,201.3
Various Debtors	0.0	0.0	17.1	20.8	650.5	649.3	4.2	66.5	198.9	10.5
Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash in hand	0.0	0.0	22.8	23.1	94.1	95.9	50.9	47.5	176.5	193.5
Other current assets	0.0	0.0	3.0	(0.9)	2.3	(1.2)	9.3	(13.5)	(72.8)	89.9
Administration current assets	0.0	0.0	11.9	16.0	106.0	124.6	4.4	12.1	144.9	122.9
<b>TOTAL CURRENT ASSETS</b>	<b>0.0</b>	<b>0.0</b>	<b>148.5</b>	<b>168.8</b>	<b>1,339.7</b>	<b>1,380.1</b>	<b>60.1</b>	<b>117.0</b>	<b>1,699.7</b>	<b>1,618.1</b>
<b>TOTAL ASSETS</b>	<b>1,109.3</b>	<b>1,065.7</b>	<b>1,702.0</b>	<b>1,700.6</b>	<b>6,450.0</b>	<b>6,610.8</b>	<b>4,554.6</b>	<b>4,535.0</b>	<b>1,740.6</b>	<b>1,672.1</b>
<b>LIABILITIES AND EQUITY</b>										
<b>EQUITY</b>										
Share Capital	1,067.2	1,067.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Revaluation Surplus	106.7	106.7	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Legal reserve	107.5	107.5	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Revaluation Gain of Fixed Assets	3,478.9	3,559.3	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Capitalised Fixed assets' tax revaluation surplus	109.0	118.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Reserves	1,401.1	1,691.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Fixed assets' revaluation surplus	(947.3)	(947.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>TOTAL EQUITY</b>	<b>5,323.0</b>	<b>5,702.6</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>CAPITAL FUNDING TO BUSINESS UNITS</b>	<b>(9,026.9)</b>	<b>(9,585.7)</b>	<b>1,361.3</b>	<b>1,451.6</b>	<b>5,524.1</b>	<b>5,922.2</b>	<b>2,813.8</b>	<b>2,794.3</b>	<b>(672.2)</b>	<b>(582.4)</b>
<b>NON-CURRENT LIABILITIES</b>										
Long-term debt	2,868.7	3,026.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Actuarial provision and provision for risks	304.7	338.0	--	--	--	--	-	-	--	--
Deferred tax liability, long term	(0.0)	(0.0)	71.1	30.4	293.4	126.2	158.7	62.6	(41.6)	(13.6)
Subsidies for fixed assets acquisition	(0.0)	(0.0)	1.6	1.5	215.9	231.9	1,377.6	1,428.5	(0.0)	(0.0)
Other long-term liabilities & Customers' advances	(0.0)	(0.0)	(0.0)	(0.0)	0.1	0.1	(0.0)	(0.0)	534.1	528.7
Administration non-current liabilities	(0.0)	(0.0)	4.9	2.4	24.8	11.1	40.0	25.1	7.5	7.5
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,173.4</b>	<b>3,364.2</b>	<b>77.6</b>	<b>34.3</b>	<b>534.2</b>	<b>369.2</b>	<b>1,576.2</b>	<b>1,516.2</b>	<b>499.9</b>	<b>522.5</b>
<b>CURRENT LIABILITIES</b>										
Accounts Payable and Various Creditors	(0.0)	(0.0)	189.6	136.7	159.8	112.1	142.2	173.1	1,818.8	1,571.1
Short-term Debt	50.0	241.5	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Current portion of long-term bank loans	1,583.9	1,339.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
SWAPs	5.8	4.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Accrued and other current liabilities	(0.0)	(0.0)	63.7	52.3	203.1	123.5	7.4	7.5	4.2	13.5
Income Tax Payable	(0.0)	(0.0)	5.7	16.9	23.5	70.2	12.7	34.8	(3.3)	(7.6)
Dividends payable	0.2	0.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Administration current liabilities	(0.0)	(0.0)	4.1	8.8	5.3	13.6	2.3	9.2	93.2	154.9
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,639.8</b>	<b>1,584.6</b>	<b>263.1</b>	<b>214.8</b>	<b>391.6</b>	<b>319.4</b>	<b>164.6</b>	<b>224.6</b>	<b>1,912.9</b>	<b>1,731.9</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,109.3</b>	<b>1,065.7</b>	<b>1,702.0</b>	<b>1,700.6</b>	<b>6,450.0</b>	<b>6,610.8</b>	<b>4,554.6</b>	<b>4,535.0</b>	<b>1,740.6</b>	<b>1,672.1</b>

ELIMINATIONS		TOTAL PPC		IPTO		HEDNO		SUBSIDIARIES AFFILIATES		OTHER COMPANIES ELIMINATIONS		TOTAL GROUP	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
0.0	0.0	11,076.9	11,028.3	1,553.7	1,544.6	74.2	77.0	156.7	140.3	(3.8)	(2.1)	12,857.7	12,788.0
0.0	0.0	19.3	51.1	0.1	0.7	0.8	0.6	0.0	0.1	(0.4)	(0.4)	19.9	52.1
0.0	0.0	1,109.3	1,065.7	0.0	0.0	0.0	0.0	21.6	20.0	(1,109.3)	(1,065.7)	21.6	20.0
0.0	0.0	15.4	29.6	0.6	1.5	0.0	0.1	0.4	0.4	0.0	0.0	16.4	31.5
0.0	0.0	4.8	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.8	4.9
0.0	0.0	82.7	120.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	82.7	120.6
<b>0.0</b>	<b>0.0</b>	<b>12,308.4</b>	<b>12,300.2</b>	<b>1,554.5</b>	<b>1,546.7</b>	<b>75.0</b>	<b>77.6</b>	<b>178.7</b>	<b>160.8</b>	<b>(1,113.4)</b>	<b>(1,068.1)</b>	<b>13,003.1</b>	<b>13,017.2</b>
0.0	0.0	580.7	621.4	45.2	48.9	151.1	175.9	0.8	1.0	0.0	0.0	777.8	847.2
0.0	(3.3)	1,243.4	1,202.3	637.9	548.9	16.4	3.1	15.1	16.3	(612.1)	(512.1)	1,300.6	1,258.5
(769.4)	(577.7)	101.5	169.5	119.1	71.8	152.0	139.6	1.7	12.6	(266.5)	(212.9)	107.8	180.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	344.2	359.9	48.8	30.4	13.2	22.1	12.8	5.7	0.0	0.0	418.9	418.1
(13.3)	(7.2)	(71.5)	67.1	31.7	29.3	1.1	1.6	10.5	1.0	(27.6)	(37.1)	(55.9)	62.0
0.0	0.0	267.2	275.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	267.2	275.7
<b>(782.6)</b>	<b>(588.1)</b>	<b>2,465.4</b>	<b>2,695.9</b>	<b>882.7</b>	<b>729.3</b>	<b>333.7</b>	<b>342.4</b>	<b>40.9</b>	<b>36.4</b>	<b>(906.2)</b>	<b>(762.0)</b>	<b>2,816.4</b>	<b>3,041.9</b>
<b>(782.6)</b>	<b>(588.1)</b>	<b>14,773.8</b>	<b>14,996.1</b>	<b>2,437.2</b>	<b>2,276.0</b>	<b>408.7</b>	<b>420.0</b>	<b>219.6</b>	<b>197.2</b>	<b>(2,019.6)</b>	<b>(1,830.2)</b>	<b>15,819.6</b>	<b>16,059.1</b>
(0.0)	(0.0)	1,067.2	1,067.2	38.4	38.4	37.6	37.6	75.7	62.1	(151.7)	(138.1)	1,067.2	1,067.2
(0.0)	(0.0)	106.7	106.7	(0.0)	(0.0)	(0.0)	(0.0)	55.5	25.6	(55.5)	(25.6)	106.7	106.7
(0.0)	(0.0)	107.5	107.5	12.8	11.2	0.2	(0.0)	1.4	1.3	(14.4)	(12.5)	107.5	107.5
(0.0)	(0.0)	3,478.9	3,559.3	631.4	646.1	45.1	48.3	6.9	7.3	24.3	23.6	4,186.8	4,284.6
(0.0)	(0.0)	109.0	118.2	(0.0)	(14.2)	(0.0)	(79.8)	(0.0)	(0.0)	(76.0)	(0.0)	33.0	24.3
(0.0)	(0.0)	1,401.1	1,691.0	275.2	240.9	(44.8)	(21.0)	29.3	22.4	(811.1)	(894.0)	849.8	1,039.3
(0.0)	(0.0)	(947.3)	(947.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(947.3)	(947.3)
<b>(0.0)</b>	<b>(0.0)</b>	<b>5,323.0</b>	<b>5,702.6</b>	<b>957.9</b>	<b>922.6</b>	<b>38.1</b>	<b>(15.0)</b>	<b>168.8</b>	<b>118.7</b>	<b>(1,084.3)</b>	<b>(1,046.6)</b>	<b>5,403.6</b>	<b>5,682.2</b>
<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(0.0)	(0.0)	2,868.7	3,026.2	145.2	276.2	(0.0)	(0.0)	0.1	0.4	(0.0)	(0.0)	3,013.9	3,302.9
-	-	304.7	338.0	63.3	48.1	176.8	215.8	3.6	2.8	(0.0)	(0.0)	548.5	604.6
(0.0)	(0.0)	481.5	205.5	69.1	35.6	(39.6)	(34.2)	2.4	3.3	(3.3)	(1.6)	510.0	208.6
(0.0)	(0.0)	1,595.1	1,661.8	128.7	133.8	(0.0)	(0.0)	5.0	5.3	(0.0)	(0.0)	1,728.8	1,801.0
(0.0)	(0.0)	534.1	528.7	6.2	4.3	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	540.3	533.1
(0.0)	(0.0)	77.2	46.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	77.2	46.1
<b>(0.0)</b>	<b>(0.0)</b>	<b>5,861.3</b>	<b>5,806.4</b>	<b>412.5</b>	<b>498.0</b>	<b>137.2</b>	<b>181.5</b>	<b>11.1</b>	<b>11.8</b>	<b>(3.3)</b>	<b>(1.6)</b>	<b>6,418.8</b>	<b>6,496.2</b>
(769.6)	(576.8)	1,540.9	1,416.2	652.5	511.7	197.3	212.3	38.1	55.5	(879.7)	(733.3)	1,549.0	1,462.4
(0.0)	(0.0)	50.0	241.5	47.0	50.0	(0.0)	(0.0)	0.3	10.0	(0.0)	(0.0)	97.3	301.5
(0.0)	(0.0)	1,583.9	1,339.0	256.2	161.6	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	1,840.0	1,500.6
(0.0)	(0.0)	5.8	4.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	5.8	4.0
(13.0)	(11.4)	265.4	185.5	111.0	132.1	29.6	29.7	0.2	0.3	(52.3)	(48.7)	353.8	298.9
(0.0)	(0.0)	38.5	114.3	(0.0)	(0.0)	6.5	11.4	1.2	0.8	(0.0)	(0.0)	46.2	126.6
(0.0)	(0.0)	0.2	0.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.2	0.2
(0.0)	(0.0)	104.9	186.5	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	104.9	186.5
<b>(782.6)</b>	<b>(588.1)</b>	<b>3,589.5</b>	<b>3,487.1</b>	<b>1,066.7</b>	<b>855.4</b>	<b>233.4</b>	<b>253.4</b>	<b>39.7</b>	<b>66.7</b>	<b>(932.1)</b>	<b>(782.0)</b>	<b>3,997.2</b>	<b>3,880.7</b>
<b>(782.6)</b>	<b>(588.1)</b>	<b>14,773.8</b>	<b>14,996.1</b>	<b>2,437.2</b>	<b>2,276.0</b>	<b>408.7</b>	<b>420.0</b>	<b>219.6</b>	<b>197.2</b>	<b>(2,019.6)</b>	<b>(1,830.2)</b>	<b>15,819.6</b>	<b>16,059.1</b>

**INTERCONNECTED SYSTEM UNBUNDLED BALANCE SHEET  
DECEMBER 2013**

(expressed in mil. €)	MINES		GENERATION	
	2013	2012	2013	2012
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Tangible Assets	1,539.1	1,510.3	4,153.9	4,141.6
Intangible Assets	0.5	0.0	17.0	47.4
Investments in related parties	0.0	0.0	0.0	0.0
Other Long-term Receivables	1.6	2.5	4.4	7.0
Marketable and other securities	0.7	0.7	2.4	2.4
Administration non-current assets	11.6	18.2	31.4	40.5
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,553.5</b>	<b>1,531.8</b>	<b>4,209.1</b>	<b>4,238.9</b>
<b>CURRENT ASSETS</b>				
Inventories	93.6	109.8	277.4	291.3
Trade Accounts Receivable	0.0	0.0	(0.2)	(0.2)
Various Debtors	17.1	20.8	677.0	586.8
Financial Assets	0.0	0.0	0.0	0.0
Cash in hand	22.8	23.1	77.1	76.0
Other current assets	3.0	(0.9)	1.8	5.3
Administration current assets	11.9	16.0	86.5	84.2
<b>TOTAL CURRENT ASSETS</b>	<b>148.5</b>	<b>168.8</b>	<b>1,119.7</b>	<b>1,043.4</b>
<b>TOTAL ASSETS</b>	<b>1,702.0</b>	<b>1,700.6</b>	<b>5,328.8</b>	<b>5,282.3</b>
<b>LIABILITIES AND EQUITY</b>				
<b>EQUITY</b>				
Share Capital	(0.0)	(0.0)	(0.0)	(0.0)
Revaluation Surplus	(0.0)	(0.0)	(0.0)	(0.0)
Legal reserve	(0.0)	(0.0)	(0.0)	(0.0)
Revaluation Gain of Fixed Assets	(0.0)	(0.0)	(0.0)	(0.0)
Capitalised Fixed assets' tax revaluation surplus	(0.0)	(0.0)	(0.0)	(0.0)
Reserves	(0.0)	(0.0)	(0.0)	(0.0)
Fixed assets' revaluation surplus	(0.0)	(0.0)	(0.0)	(0.0)
<b>TOTAL EQUITY</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>CAPITAL FUNDING TO BUSINESS UNITS</b>	<b>1,361.3</b>	<b>1,451.6</b>	<b>4,540.1</b>	<b>4,701.2</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term debt	(0.0)	(0.0)	(0.0)	(0.0)
Actuarial Provision and Provision for Risks	--	--	--	--
Deferred tax liability, long term	71.1	30.4	240.5	100.1
Subsidies for fixed assets acquisition	1.6	1.5	214.1	229.4
Other long-term liabilities & Customers' advances	(0.0)	(0.0)	0.1	0.1
Long-term Liabilities	4.9	2.4	21.6	9.3
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>77.6</b>	<b>34.3</b>	<b>476.2</b>	<b>338.8</b>
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Various Creditors	189.6	136.7	114.2	74.5
Short-term Debt	(0.0)	(0.0)	(0.0)	(0.0)
Current portion of long-term bank loans	(0.0)	(0.0)	(0.0)	(0.0)
SWAPs	(0.0)	(0.0)	(0.0)	(0.0)
Accrued and other current liabilities	63.7	52.3	174.9	102.3
Income Tax Payable	5.7	16.9	19.2	55.7
Dividends payable	(0.0)	(0.0)	(0.0)	(0.0)
Administration current liabilities	4.1	8.8	4.3	9.9
<b>TOTAL CURRENT LIABILITIES</b>	<b>263.1</b>	<b>214.8</b>	<b>312.5</b>	<b>242.3</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,702.0</b>	<b>1,700.6</b>	<b>5,328.8</b>	<b>5,282.3</b>

DISTRIBUTION NETWORK		SUPPLY		TOTAL	
2013	2012	2013	2012	2013	2012
3,753.8	3,733.9	30.1	32.9	9,476.9	9,418.7
0.0	0.0	0.2	0.0	17.8	47.5
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	8.6	18.6	14.6	28.2
1.3	1.3	(0.4)	(0.3)	4.0	4.1
28.2	44.9	0.3	0.5	71.4	104.2
<b>3,783.3</b>	<b>3,780.1</b>	<b>38.8</b>	<b>51.8</b>	<b>9,584.8</b>	<b>9,602.6</b>
0.0	0.0	0.0	0.0	371.1	401.0
(7.9)	3.1	1,133.5	1,096.6	1,125.5	1,099.5
3.3	57.3	164.0	12.2	861.4	677.1
0.0	0.0	0.0	0.0	0.0	0.0
42.6	41.6	158.6	172.1	301.1	312.9
(2.3)	(2.7)	(68.7)	82.5	(66.2)	84.2
2.9	10.9	127.7	110.9	229.0	222.1
<b>38.5</b>	<b>110.3</b>	<b>1,515.1</b>	<b>1,474.4</b>	<b>2,821.8</b>	<b>2,796.9</b>
<b>3,821.8</b>	<b>3,890.4</b>	<b>1,553.9</b>	<b>1,526.1</b>	<b>12,406.6</b>	<b>12,399.5</b>
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>2,356.4</b>	<b>2,452.4</b>	<b>(717.6)</b>	<b>(620.7)</b>	<b>7,540.2</b>	<b>7,984.4</b>
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
-	-	--	--	--	--
132.9	54.9	(43.2)	(14.1)	401.2	171.3
1,153.4	1,150.4	(0.0)	(0.0)	1,369.0	1,381.2
(0.0)	(0.0)	464.3	463.2	464.4	463.3
33.6	19.8	4.8	6.0	64.9	37.4
<b>1,319.9</b>	<b>1,225.0</b>	<b>425.9</b>	<b>455.1</b>	<b>2,299.6</b>	<b>2,053.2</b>
127.4	167.9	1,753.2	1,529.5	2,184.4	1,908.6
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
5.5	6.6	2.0	12.2	246.0	173.4
10.6	30.5	(3.5)	(7.8)	32.1	95.3
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
2.1	8.0	93.9	157.8	104.3	184.5
<b>145.6</b>	<b>213.0</b>	<b>1,845.6</b>	<b>1,691.7</b>	<b>2,566.9</b>	<b>2,361.8</b>
<b>3,821.8</b>	<b>3,890.4</b>	<b>1,553.9</b>	<b>1,526.1</b>	<b>12,406.6</b>	<b>12,399.5</b>

**CRETE UNBUNDLED BALANCE SHEET  
DECEMBER 2013**

(expressed in mil. €)	GENERATION	
	2013	2012
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Tangible Assets	348.2	505.4
Intangible Assets	0.8	2.0
Investments in related parties	0.0	0.0
Other Long-term Receivables	0.3	0.5
Marketable and other securities	0.2	0.3
Administration non-current assets	2.6	4.4
<b>TOTAL NON-CURRENT ASSETS</b>	<b>352.1</b>	<b>512.6</b>
<b>CURRENT ASSETS</b>		
Inventories	78.2	97.5
Trade Accounts Receivable	0.0	0.0
Various Debtors	(17.2)	27.6
Financial Assets	0.0	0.0
Cash in hand	6.4	10.1
Other current assets	0.0	(2.2)
Administration current assets	6.8	13.6
<b>TOTAL CURRENT ASSETS</b>	<b>74.3</b>	<b>146.5</b>
<b>TOTAL ASSETS</b>	<b>426.4</b>	<b>659.1</b>
<b>LIABILITIES AND EQUITY</b>		
<b>EQUITY</b>		
Share Capital	(0.0)	(0.0)
Revaluation Surplus	(0.0)	(0.0)
Legal reserve	(0.0)	(0.0)
Revaluation Gain of Fixed Assets	(0.0)	(0.0)
Capitalised Fixed assets' tax revaluation surplus	(0.0)	(0.0)
Reserves	(0.0)	(0.0)
Fixed assets' revaluation surplus	(0.0)	(0.0)
<b>TOTAL EQUITY</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>CAPITAL FUNDING TO BUSINESS UNITS</b>	<b>371.7</b>	<b>611.4</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term debt	(0.0)	(0.0)
Actuarial Provision and Provison for Risks	--	--
Deferred tax liability, long term	20.0	13.3
Subsidies for fixed assets acquisition	1.0	1.1
Other long-term liabilities & Customers' advances	(0.0)	(0.0)
Administration non-current liabilities	1.2	0.7
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>22.2</b>	<b>15.0</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Various Creditors	16.5	15.6
Short-term Debt	(0.0)	(0.0)
Current portion of long-term bank loans	(0.0)	(0.0)
SWAPs	(0.0)	(0.0)
Accrued and other current liabilities	14.0	8.2
Income Tax Payable	1.6	7.4
Dividens payable	(0.0)	(0.0)
Administration current liabilities	0.3	1.4
<b>TOTAL CURRENT LIABILITIES</b>	<b>32.4</b>	<b>32.6</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>426.4</b>	<b>659.1</b>

DISTRIBUTION NETWORK		SUPPLY		TOTAL	
2013	2012	2013	2012	2013	2012
334.0	294.3	1.0	1.0	683.2	800.6
0.0	0.0	0.0	0.0	0.8	2.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.3	0.5
0.1	0.1	0.0	0.0	0.3	0.4
1.8	2.7	0.0	0.0	4.4	7.0
<b>335.9</b>	<b>297.0</b>	<b>1.0</b>	<b>1.0</b>	<b>689.0</b>	<b>810.6</b>
0.0	0.0	0.0	0.0	78.2	97.5
(0.4)	0.9	65.0	57.5	64.7	58.4
0.2	4.0	17.5	(0.9)	0.6	30.7
0.0	0.0	0.0	0.0	0.0	0.0
4.0	2.5	9.3	11.7	19.7	24.2
1.7	(10.6)	(2.1)	3.8	(0.4)	(9.0)
0.3	0.3	9.1	6.5	16.3	20.4
<b>6.0</b>	<b>(2.9)</b>	<b>98.8</b>	<b>78.5</b>	<b>179.0</b>	<b>222.2</b>
<b>341.8</b>	<b>294.1</b>	<b>99.8</b>	<b>79.5</b>	<b>868.0</b>	<b>1,032.7</b>
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>222.5</b>	<b>143.5</b>	<b>28.7</b>	<b>24.9</b>	<b>622.9</b>	<b>779.8</b>
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
-	-	--	--	--	--
12.6	3.3	1.1	0.3	33.6	16.9
95.5	147.0	(0.0)	(0.0)	96.5	148.1
(0.0)	(0.0)	33.7	31.8	33.7	31.8
2.7	2.9	1.4	0.7	5.2	4.3
<b>110.7</b>	<b>153.2</b>	<b>36.2</b>	<b>32.9</b>	<b>169.1</b>	<b>201.1</b>
6.5	(5.5)	34.0	22.4	57.0	32.5
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
1.0	0.4	1.2	0.7	16.3	9.3
1.0	1.8	0.1	0.2	2.7	9.4
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
0.1	0.8	(0.4)	(1.5)	(0.0)	0.7
<b>8.6</b>	<b>(2.5)</b>	<b>34.9</b>	<b>21.8</b>	<b>76.0</b>	<b>51.9</b>
<b>341.8</b>	<b>294.1</b>	<b>99.8</b>	<b>79.5</b>	<b>868.0</b>	<b>1,032.7</b>



OTHER NON INTERCONNECTED ISLANDS UNBUNDLED BALANCE SHEET  
(INCL. RHODES) DECEMBER 2013

(expressed in mil. €)	GENERATION	
	2013	2012
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Tangible Assets	543.3	471.0
Intangible Assets	0.8	1.7
Investments in related parties	0.0	0.0
Other Long-term Receivables	0.5	0.9
Marketable and other securities	0.3	0.3
Administration non-current assets	4.1	5.4
<b>TOTAL NON-CURRENT ASSETS</b>	<b>549.0</b>	<b>479.2</b>
<b>CURRENT ASSETS</b>		
Inventories	131.4	122.9
Trade Accounts Receivable	0.0	0.0
Various Debtors	(9.3)	34.9
Financial Assets	0.0	0.0
Cash in hand	10.6	9.8
Other current assets	0.4	(4.2)
Administration current assets	12.6	26.8
<b>TOTAL CURRENT ASSETS</b>	<b>145.8</b>	<b>190.2</b>
<b>TOTAL ASSETS</b>	<b>694.7</b>	<b>669.4</b>
<b>LIABILITIES AND EQUITY</b>		
<b>EQUITY</b>		
Share Capital	(0.0)	(0.0)
Revaluation Surplus	(0.0)	(0.0)
Legal reserve	(0.0)	(0.0)
Revaluation Gain of Fixed Assets	(0.0)	(0.0)
Capitalised Fixed assets' tax revaluation surplus	(0.0)	(0.0)
Reserves	(0.0)	(0.0)
Fixed assets' revaluation surplus	(0.0)	(0.0)
<b>TOTAL EQUITY</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>CAPITAL FUNDING TO BUSINESS UNITS</b>	<b>612.3</b>	<b>609.6</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term debt	(0.0)	(0.0)
Actuarial Provision and Provision for Risks	--	--
Deferred tax liability, long term	32.9	12.8
Subsidies for fixed assets acquisition	0.8	1.4
Other long-term liabilities & Customers' advances	(0.0)	(0.0)
Administration non-current liabilities	2.0	1.1
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>35.8</b>	<b>15.4</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Various Creditors	29.1	21.9
Short-term Debt	(0.0)	(0.0)
Current portion of long-term bank loans	(0.0)	(0.0)
SWAPs	(0.0)	(0.0)
Accrued and other current liabilities	14.2	13.1
Income Tax Payable	2.6	7.1
Dividends payable	(0.0)	(0.0)
Administration current liabilities	0.7	2.3
<b>TOTAL CURRENT LIABILITIES</b>	<b>46.7</b>	<b>44.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>694.7</b>	<b>669.4</b>

DISTRIBUTION NETWORK		SUPPLY		TOTAL	
2013	2012	2013	2012	2013	2012
372.5	336.8	1.0	1.1	916.8	809.0
0.0	0.0	0.0	0.0	0.8	1.7
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.5	0.9
0.1	0.1	0.0	0.0	0.5	0.4
2.7	4.0	0.0	0.0	6.8	9.4
<b>375.3</b>	<b>340.9</b>	<b>1.1</b>	<b>1.2</b>	<b>925.4</b>	<b>821.3</b>
0.0	0.0	0.0	0.0	131.4	122.9
(0.4)	0.3	53.7	47.2	53.3	47.6
0.7	5.2	17.4	(0.8)	8.9	39.4
0.0	0.0	0.0	0.0	0.0	0.0
4.2	3.4	8.6	9.6	23.4	22.8
9.9	(0.2)	(2.0)	3.6	8.3	(0.9)
1.2	0.9	8.1	5.5	21.9	33.2
<b>15.6</b>	<b>9.6</b>	<b>85.8</b>	<b>65.2</b>	<b>247.2</b>	<b>265.0</b>
<b>390.9</b>	<b>350.5</b>	<b>86.9</b>	<b>66.4</b>	<b>1,172.5</b>	<b>1,086.3</b>
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>234.9</b>	<b>198.4</b>	<b>16.7</b>	<b>13.5</b>	<b>863.9</b>	<b>821.5</b>
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
-	-	--	--	--	--
13.2	4.4	0.5	0.1	46.6	17.4
128.7	131.1	(0.0)	(0.0)	129.5	132.5
(0.0)	(0.0)	36.0	33.6	36.0	33.6
3.7	2.5	1.3	0.7	7.1	4.3
<b>145.6</b>	<b>138.0</b>	<b>37.8</b>	<b>34.5</b>	<b>219.2</b>	<b>187.9</b>
8.3	10.7	31.6	19.2	69.1	51.9
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
0.9	0.5	1.0	0.5	16.1	14.1
1.1	2.5	(0.0)	0.1	3.7	9.7
(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
0.1	0.4	(0.3)	(1.4)	0.6	1.3
<b>10.4</b>	<b>14.1</b>	<b>32.3</b>	<b>18.4</b>	<b>89.5</b>	<b>77.0</b>
<b>390.9</b>	<b>350.5</b>	<b>86.9</b>	<b>66.4</b>	<b>1,172.5</b>	<b>1,086.3</b>

## Notes to the Unbundled Financial Statements

### 1. GENERAL INFORMATION

According to the provisions of European Directive 2009/72/EC, as well as the provisions of Law 4001/2011, which integrates the aforementioned European Directive into the national legislation, unbundling is the separation of financial statements (balance sheet and income statement) of an integrated electric utility into different financial statements for each one of its activities. The unbundled financial statements will reflect each activity's financial position, assets and liabilities, as if such activities prepared financial statements had they been separate (independent) legal entities.

PPC, as a vertically organized integrated electric utility, keeps in its internal accounting, separate accounts for its activities and prepares separate balance sheets and statements of income for each one of its activities (balance sheet and statement of income before tax – hereinafter referred to as “unbundled financial statements”), as if these activities were carried out by different entities, in order to avoid discriminations, cross subsidization and distortion of competition.

Further to the above, PPC should keep separate accounts for its activities carried out in the non-interconnected islands in accordance with the provisions of Law 4001/2011.

The summary totals of the unbundled financial statements are equal and agree with PPC's issued consolidated balance sheet and statement of income, prepared in accordance with International Financial Reporting Standards, with the exception of provision for income tax, as unbundled statements of income are presented before tax.

The accounting principles applied for the preparation of the unbundled financial statements are those applied for the preparation of the Company's separate and consolidated financial statements.

The preparation of the unbundled financial statements requires management to make estimates, assumptions and judgments that affect the reported assets and liabilities for each activity. Such estimates, assumptions and judgments are regularly reviewed in order to reflect the Managements' current view on facts and transactions concerned.

The unbundling methodology applied by the Company for the preparation of the accompanied unbundled financial statements was approved by the 142,178/2013 Decision of the Regulatory Authority for Energy.

In 2011 the activity of Transmission was transferred to the subsidiary of PPC SA, “Independent Power Transmission Operation” (IPTO), that was established in compliance with Law 4001/2011 and European Union Directive 2009/72/EC regarding the adoption of common rules in the organization of EU electricity markets. According to Law 4001/2011 IPTO undertakes the role of Transmission System Operator for the Hellenic Electricity Transmission System and as such performs the duties of System operation maintenance and development so as to ensure Greece's electricity supply in a safe, efficient and reliable manner. Although a wholly owned subsidiary of PPC S.A., IPTO is entirely independent from its parent company in terms of its management and operation, retaining effective decision-making rights, in compliance with all relevant independence requirements of Law 4001/2011 and Directive 2009/72/EC.

In 2012 the activity of Distribution was transferred to the subsidiary of PPC SA “HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR” ( HEDNO SA). The Distribution Unit is responsible for the power distribution within the whole Greek territory, not only to the interconnected system area but also to the non-interconnected islands. The energy is received from the Transmission network providing the possibility to supply all Network users with the energy needed. According to Law 2773/1999, PPC through the Supply Division constitutes the only power supplier in Greece while acts as the Operator of the Distribution Network. In 2012, the network management and provision of services for the whole country, as well as the activities of the non-Interconnected islands Operator were transferred as a whole (100%) to the subsidiary of PPC S.A. However the assets of the Distribution Network and of the Network of non-interconnected islands remained at the ownership of PPC SA.

The unbundled financial statements were approved by the Company's Board of Directors, in its meeting, held on March 27, 2014.

### 2. ACCOUNTING UNBUNDLING METHODOLOGY

The methodology applied for the preparation of the unbundled financial statements consists of the following phases:

- Determination of activities into which the integrated electric utility should be unbundled
- Preparation of unbundled trial balances
- Preparation of unbundled balance sheets and establishment of «Capital Funding» account
- Preparation of the unbundled statements of income
- Quantification of inter-segment revenues and expenses among activities through the application of an internal pricing system

#### Determination of activities into which the integrated electric utility should be unbundled

The activities for unbundled financial statements are prepared, on a first level, are Mines, Generation, Distribution Network, Supply, and Corporate.

On a second level, these activities are presented as follows:

- Interconnected System
  - Mines
  - Generation
  - Distribution network
  - Supply
- System of Crete
  - Generation
  - Distribution network
  - Supply
- System of other non-interconnected islands
  - Generation
  - Distribution network
  - Supply
- Corporate

Mines include the lignite extraction activity carried out in the Lignite Centers of West Macedonia and Megalopolis.

Generation includes the electricity generation activities in the Interconnected System, the System of Crete and the System of Non-Interconnected Islands.

Distribution Network includes the rental of assets to HEDNO SA in the Interconnected System, the System of Crete and the System of Non-Interconnected Islands.

Supply reflects the Company's activity which monitors relationships with final customers in the Interconnected System, the System of Crete and the System of Non-Interconnected Islands.

The Corporate acts as the lender (funding source) of all activities and keeps on its balance sheet all investments in subsidiaries, associates and joint ventures and its liabilities and shareholders' equity all equity accounts, funding and provisions of a financial nature.

The capital funding account which is also presented in the liabilities side of Corporate reflects the funds that have been given to activities in order to finance their operations.

The Balance Sheet and Statement of Income of the Corporate is further allocated based on certain allocation rules, which are described in detail in the following pages.

Related parties are reflected as a separate activity in the group unbundled financial statements.

#### Preparation of unbundled trial balances

In the Company's accounting system, each cost centre represents an organizational entity, in which the assets and liabilities are recorded.

General and Cost Accounting trial balances, through the codification of each cost centre, provide the ability of detection and grouping of data, which are directly ascribed to activities.

These trial balances include the balances of all Balance Sheet and Statement of Income accounts per activity.

In order for these trial balances to be generated, the following tasks are performed, which are applied per account and cost centre for the minimum account degree in General and Cost Accounting:

- Cost centers are recorded in order to identify the boundaries of activities and then all cost centers to be assigned to activities with which they are related to.
- The sum totals of the cost centers and accounts are reconciled with the comprehensive trial balance of the Company.
- The trial balance accounts are codified and grouped into sections of the balance sheet and of the income statement based on Company's consolidated Financial Statements.

The allocation criteria are the following:

#### Payroll

applies for the allocation of account balances related either with payroll or with general personnel issues (e.g. various payroll receivables and obligations, social securities funds, personnel loans etc).

#### Material consumption

applies for the allocation of account balances which are related to the materials consumption and suppliers cycle (e.g. orders from abroad, purchases in transit, suppliers etc.).

#### Net book value of assets

applies for the allocation of the account balances that are related to the fixed assets cycle (e.g. projects receivables, projects advances, subsidies, contractor works beneficiaries, contractors taxes etc).

#### Total Operating Expenses

used for the allocation of general nature's accounts balances.

#### Compensation and third party fees

applies for the allocation of the corresponding category of accounts.

#### Third party allowances

used for the allocation of the trial balance accounts that relate to third party allowances (apart from contract works), such as rentals, water supply, postage, etc.

#### Various expenses

used for the allocation of various expenses accounts balances except for travel expenses, which relate to payroll.

#### Depreciation Expense

applies for the allocation of depreciation expense accounts balances.

#### Sales

it is used for the allocation of accounts balances that relate to the Company's sales.

The account balances of financial nature included in the balance sheet and income statement (cash and cash equivalents, loans, derivatives, financial expenses etc), are aggregated separately, in order to be further allocated in the activities.

#### Preparation of unbundled balance sheets and establishment of «Capital Funding» account

The balances of Balance Sheet accounts of financial nature are allocated in the Activities according to each Activity's capital funding, which equals the capital employed of every Activity including the provisions of liabilities.

Then, the Balance Sheet accounts' balances are allocated in the Activities, which have still remained to the Corporate (fixed assets, inventories, cash & cash equivalents, equity and interest bearing loans and borrowings etc.).

Upon completion of the aforementioned allocations, the balance sheets per activity are prepared.

Capital Funding, presented in separate line of liabilities, represents capitals been granted from the Company to every activity for the achievement of its business goals.

The allocated assets and liabilities of Corporate, are presented in a separate line item in each Activity's Financial Statement.

#### Preparation of the unbundled statements of income

Income statement accounts of financial nature are allocated to Activities based on Capital Funding of every activity, as calculated above.

Then, income statement account balances that have remained in Corporate are allocated in the Activities. For the allocation of revenues and expenses to Activities the criterion is based on direct expenses of every Activity, with the exception of expenses that relate to the "ERMIS" system of customers' monitoring and billing that are assigned only to Supply.

Upon completion of the above allocations, the Statements of income for each Activity are prepared.

A Corporate expenses and revenues allocated to the Activities are presented separately in a line item in each activity.

**Quantification of inter-segment revenues and expenses among Activities through the application of an internal pricing system**

Within the framework of an integrated utility products and services are exchanged among its Activities, which would be recorded if these Activities would operate as independent entities.

In order for these products and services to be quantified and recorded, an internal pricing system is applied if necessary (where there is no external determination of internal exchanges).

The most important services and products internally exchanged in PPC among its Activities, that are presented in the Unbundled Financial Statements are the following:

Product/ Service	Activity which	
	renders	receives
<b>Interconnected system</b>		
Lignite	Mines	Generation
Other Services	Mines	Generation
Self-consumption energy	Supply	Mines, Generation
<b>System of Crete</b>		
Energy	Generation	Supply
Self-consumption Energy	Supply	Generation
<b>System of other non-interconnected islands</b>		
Energy	Generation	Supply
Self-consumption Energy	Supply	Generation
<b>Return of receivable Public Service Obligations (Q1 to Q3 2013)</b>		
Return of receivable Public Service Obligations	Interconnected Supply	Generation of Non-interconnected System
Return of receivable Public Service Obligations	Crete supply	Generation of Non-interconnected System
Return of receivable Public Service Obligations	Supply of non-interconnected islands	Generation of Non-interconnected System

In the non-Interconnected System, internal billing is in effect for the period Q1 to Q3 2013, while in the Q4 the procedure of purchase and sale of energy through HEDNO was established, according to RAE's Decision 641/2013

Each Activity's revenues from product sales or services to another Activity are quantified, through the internal pricing system.

Also, the Activity that receives the product/service records the related cost (expense).

For purpose of preparation of the unbundled Financial Statements, accounts receivables and payables between the Activities are not registered, for internal billings movements.

- The internal energy sales for self-consumption in the interconnected system are calculated based on each Activity's metered consumption of energy, the average marginal price including the Return of receivable Public Service Obligations, Transmission System Tariffs and HTSO uplift charge.
- In the system of Crete and in the system of other non-interconnected islands the inter-segment energy sales for self-consumption are calculated with the third party sales of the same customer class.

The internal revenues – expenses for each Activity are defined as follows:  
In the interconnected system:

**Mines**

The Mines internal revenue is calculated in accordance of the agreement for the lignite supply between Mines and Generation.

The lignite supply contract determines the internal lignite market, i.e the lignite sales of the activity of the Lignite General Division to the activity of the Generation General Division. The contract has to do with the consumption of the lignite stations on a continuous basis, as well as with the necessary stock for the specific period. The calculation of the relative amounts takes place on the monthly basis, taking into account the monthly consumption and the calorific value of the lignite delivered.

In the Non-Interconnected system:

**Generation**

For the period Q1 – Q3 2013

by the sale of electricity to Supply) are calculated based on the corresponding thermal generation and the weighted average system marginal price of the interconnected system

- The internal revenues by PSOs are attributed by Supply (Interconnected System and Crete's System and the Non-Interconnected Islands).

For Q4 2013

- The revenues (Supply's energy sales) are defined in detail per Autonomous Power Station/Local Power Station, based on RAE'S Decision 641/2013.

**Supply**

For the period Q1 –Q3 2013

- Supply's internal expenses are calculated by the purchases of Generation's energy and the attribution of the relevant PSOs for the corresponding period

For the period Q4 2013

- The revenues (Supply's energy sales) are defined in detail per island of the Non-Interconnected System, based on RAE'S Decision 641/2013.





### Distribution of Profits for the year 2013

	Loss of the year	86,878,000
<b>PLUS</b>	Profit carried forward	791,114,350
	<b>Total</b>	<b>704,236,350</b>
<b>MINUS</b>	Income Tax	237,447,000
	<b>Retained earnings</b>	<b>466,789,350</b>
	1. Legal Reserve	0
	2. Dividends	0
	3. Retained Earnings	466,789,350
	<b>Total</b>	<b>466,789,350</b>

**Note**

Because of the loss of financial results for the fiscal year 2013, there is not obligation for profit distribution.



### Financial Data and Information for the year January 1, 2013 -December 31, 2013

(Published in accordance to the article 135 of the Corporate Law 2190, for companies who prepare the annual consolidated and stand-alone financial statements in accordance with IAS/IFRS)

(All amounts in thousands of €, unless otherwise stated)

The purpose of the following data is to provide users with general financial information about the financial condition and the results of operations of "Public Power Corporation S.A." and PPC Group. Therefore, we recommend users that, before proceeding to any kind of investing activity or transaction with the Company, to access the company's web site where the financial statements and the auditor's review report, when is required are published.



## COMPANY'S DATA

Corporate Seat	Chalkokondyli 30 - 104 32 Athens
Company's number	786301000 (former Company's Reg. No: 47829/06/B/00/2)
Appropriate Authority:	Ministry of Energy and Climate Change
Web site address:	<a href="http://www.dei.gr">www.dei.gr</a>
Date of approval by the Board of Directors:	March 27, 2014
<b>Certified auditor accountant:</b>	<b>Papazoglou Panagiotis</b>
Audit company:	Ernst & Young (Hellas) Certified Auditors Accountants S.A.
Type of auditors' report:	Unqualified Opinion - emphasis of matters

<b>Board of Directors:</b>	
Chairman & Chief Executive Officer:	Zervos Arthouros
Vice Chairman & Deputy Chief Executive Officer:	Dologlou Konstantinos
Deputy Chief Executive Officer:	Ekaterinari Ourania
Independent - non executive members:	Alexakis Panagiotis Vassilogeorgis Charilaos Vernikos Nikolaos Zontanos Konstantinos Thomoglou Pavlos Tavis Filippis
Non executive members:	Karaleftheris Pantelis Fotopoulos Nikolaos

Athens, March 27, 2014

CHAIRMAN & CHIEF  
EXECUTIVE OFFICERARTHOUROS C.  
ZERVOSVICE CHAIRMAN  
& DEPUTY CHIEF  
EXECUTIVE OFFICERKONSTANTINOS D.  
DOGLOUCHIEF FINANCIAL  
OFFICERGEORGE C.  
ANGELOPOULOSACCOUNTING  
DEPARTMENT  
DIRECTOREFTHIMIOS A.  
KOUTROULIS  
License Number  
0051612

## DATA FROM STATEMENT OF FINANCIAL POSITION

Amounts in thousands of €

	Group		Company	
	31.12.2013	(restated) 31.12.2012	31.12.2013	(restated) 31.12.2012
<b>ASSETS</b>				
Tangible assets	12,931,720	12,903,591	11,150,928	11,143,858
Intangible assets, net	22,174	54,377	21,618	53,445
Other non-current assets	44,328	54,178	1,130,935	1,097,864
Materials, spare parts and supplies	785,325	855,337	588,186	629,599
Trade receivables	1,305,579	1,320,910	1,248,364	1,264,686
Other current assets	303,569	444,771	281,637	438,893
Available for sale financial assets	4,920	5,021	4,920	5,021
Restricted cash	161,693	141,500	161,693	141,500
Cash and cash equivalents	260,278	279,427	185,513	221,208
<b>TOTAL ASSETS</b>	<b>15,819,586</b>	<b>16,059,112</b>	<b>14,773,794</b>	<b>14,996,074</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	1,067,200	1,067,200	1,067,200	1,067,200
Share premium	106,679	106,679	106,679	106,679
Other equity items	4,229,694	4,508,370	4,149,170	4,528,680
Equity attributable to shareholders of the parent (a)	5,403,573	5,682,249	5,323,049	5,702,559
Minority interests (b)		0	0	0
Total Equity (c)=(a)+(b)	5,403,573	5,682,249	5,323,049	5,702,559
Interest bearing loans and borrowings	3,013,933	3,302,887	2,868,671	3,026,223
Provisions / other non current liabilities	3,404,843	3,193,323	2,992,588	2,780,208
Short term borrowings	1,937,298	1,802,093	1,633,854	1,580,456
Other current liabilities	2,059,939	2,078,560	1,955,632	1,906,628
Total liabilities (d)	10,416,013	10,376,863	9,450,745	9,293,515
<b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>	<b>15,819,586</b>	<b>16,059,112</b>	<b>14,773,794</b>	<b>14,996,074</b>

## DATA FROM STATEMENT OF COMPREHENSIVE INCOME

## Amounts in thousands of €

	Group	
	01.01-31.12.2013	(restated) 01.01-31.12.2012
Sales	5,970,826	5,985,222
Gross operating results	1,090,664	474,645
Profit / (Loss) before tax, financing and investing activities	255,229	342,190
Profit / (Loss) before tax from continuing operations	34,889	106,652
Profit / (Loss) after tax from continuing operations (a)	(225,288)	41,783
Profit / (Loss) after tax from discontinuing operations (b)	0	0
<b>Profit / (Loss) after tax from (continuing and discontinuing operations )(a)+(b)=(c)</b>	<b>(225,288)</b>	<b>41,783</b>
Distributed to:		
- Owners of the Parent	(225,288)	41,783
- Minority interests	0	0
Other comprehensive income after tax (d)	(47,972)	(705,846)
Total comprehensive income after tax (c)+(d)	(273,260)	(664,063)
- Owners of the Parent	(273,260)	(664,063)
- Minority interests	0	0
Earnings / (Loss) per share, basic and diluted (in €)	0.0115	0.1316
Interim dividend (in €)	0.0000	0.0250
"Profit before tax, financing and investing activities and depreciation and amortisation"	881,609	1,002,109

	Company	
	01.01-31.12.2013	(restated) 01.01-31.12.2012
Sales	5,918,652	5,887,911
Gross operating results	916,677	576,060
Profit / (Loss) before tax, financing and investing activities	78,386	222,301
Profit / (Loss) before tax from continuing operations	(86,878)	50,152
Profit / (Loss) after tax from continuing operations (a)	(324,325)	22,356
Profit / (Loss) after tax from discontinuing operations (b)	-	-
<b>Profit / (Loss) after tax from (continuing and discontinuing operations )(a)+(b)=(c)</b>	<b>(324,325)</b>	<b>22,356</b>
Distributed to:		
- Owners of the Parent	(324,325)	22,356
- Minority interests	0	0
Other comprehensive income after tax (d)	(49,324)	(592,103)
Total comprehensive income after tax (c)+(d)	(373,649)	(569,747)
- Owners of the Parent	(373,649)	(569,747)
- Minority interests	0	0
Earnings / (Loss) per share, basic and diluted (in €)	(0.3745)	0.0737
Interim dividend (in €)	0.0000	0.0250
"Profit before tax, financing and investing activities and depreciation and amortisation"	638,834	817,495

## DATA FROM STATEMENT OF CHANGES IN EQUITY

	Group		Company	
	31.12.2013	(restated) 31.12.2012	31.12.2013	(restated) 31.12.2012
"Total equity at beginning of the year (01.01.2013 and 01.01.2012, respectively)"	5,682,249	6,448,695	5,702,559	6,300,045
Remeasurement of fixed assets' deferred tax as of 1 January 2012	0	51,695	0	51,695
Effect from the application of the revised IAS 19	0	(193,272)	0	(99,235)
Adjustment in deferred tax asset resulting from the application of the revised IAS 19	0	38,654	0	19,847
Total comprehensive income after tax	(273,260)	(664,063)	(373,649)	(569,747)
Dividends	(5,800)	0	(5,800)	-
Other	384	540	(61)	(46)
<b>"Equity at the end of the year (31.12.2013 and 31.12.2012, respectively)"</b>	<b>5,403,573</b>	<b>5,682,249</b>	<b>5,323,049</b>	<b>5,702,559</b>



## DATA FROM STATEMENT OF CASH FLOW

(Amounts in thousands of €)

	Group		Company	
	01.01-31.12.2013	(restated) 01.01-31.12.2012	01.01-31.12.2013	(restated) 01.01-31.12.2012
<b>Cash Flows from Operating Activities</b>				
Profit / (Loss) before tax from continuing operations	34,889	106,652	(86,878)	50,152
Profit / (Loss) before tax from discontinuing operations	0	0	0	0
Adjustments:				
Depreciation and amortisation	698,829	722,527	627,488	651,570
Devaluation of fixed assets	3,658	14,500	3,658	14,500
Amortisation of customers' contributions and subsidies	(76,107)	(76,893)	(70,698)	(70,876)
Provision for CO <sub>2</sub> emission rights	32,073	51,321	32,073	51,321
Impairment of investments available for sale				
Impairment loss of marketable securities	3,393	0	3,393	0
Fair value (gain) / loss of derivative instruments	(1,365)	912	(1,365)	912
Share of loss of associates	(1,561)	(2,067)	0	0
Interest income	(47,398)	(42,309)	(76,085)	(76,343)
Sundry provisions	364,574	313,518	379,330	277,274
Unrealised foreign exchange losses (gains) on interest bearing loans and borrowings	298	504	298	504
Unbilled revenue	(114,245)	(126,731)	(114,245)	(126,731)
Retirement of fixed assets and software	21,120	25,307	20,531	24,583
Amortisation of loan origination fees	7,406	7,930	6,397	7,405
Interest expense	236,070	251,776	210,124	222,646
<b>Working capital adjustments:</b>				
(Increase) / Decrease in:				
Accounts receivable, trade and other	(189,047)	(490,021)	(213,216)	(526,264)
Other current assets	(13,511)	20,388	7,269	(18,929)
Materials, spare parts and supplies	61,458	(13,928)	34,528	(34,702)
Increase / (decrease) in:				
Trade and other payables	11,443	295,570	49,541	390,957
Other non-current liabilities	7,250	34,855	5,405	30,574
Accrued / other liabilities excluding interest	49,892	16,808	87,333	(54,865)

	Group		Company	
	01.01-31.12.2013	(restated) 01.01-31.12.2012	01.01-31.12.2013	(restated) 01.01-31.12.2012
Income tax paid	(25,543)	(50,370)	(11,287)	0
Distribution business unit spin-off	0	0	0	216,998
<b>Net Cash from Operating Activities (a)</b>	<b>1,063,576</b>	<b>1,060,249</b>	<b>893,594</b>	<b>1,030,686</b>
<b>Cash Flows from Investing Activities</b>				
Interest received	47,398	42,309	53,403	39,367
Capital expenditure of fixed assets and software	(721,615)	(798,033)	(605,422)	(728,761)
Proceeds from customers' contributions and subsidies	4,150	10,582	4,152	7,224
Investments in subsidiaries and associates	(3,299)	(2,224)	(46,644)	(8,578)
Distribution business unit spin-off	0	0	0	(120,167)
Discontinuing operations	0	0	0	0
<b>Net Cash used in Investing Activities (b)</b>	<b>(673,366)</b>	<b>(747,366)</b>	<b>(594,511)</b>	<b>(810,915)</b>
<b>Cash Flows from Financing Activities</b>				
Net change in short-term borrowings	(72,744)	67,794	(60,000)	17,500
Proceeds from interest bearing loans and borrowings	285,000	1,080,500	285,000	1,080,500
Principal payments of interest bearing loans and borrowings	(363,254)	(1,272,296)	(326,259)	(1,193,561)
Interest paid	(252,540)	(273,914)	(227,698)	(242,506)
Dividends paid	(5,821)	(35)	(5,821)	(35)
<b>Net Cash used in Financing Activities (c)</b>	<b>(409,359)</b>	<b>(397,951)</b>	<b>(334,778)</b>	<b>(338,102)</b>
<b>"Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c) "</b>	<b>(19,149)</b>	<b>(85,068)</b>	<b>(35,695)</b>	<b>(118,331)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>279,427</b>	<b>364,495</b>	<b>221,208</b>	<b>339,539</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>260,278</b>	<b>279,427</b>	<b>185,513</b>	<b>221,208</b>

## ADDITIONAL DATA AND INFORMATION

## All amounts in thousands of €, unless otherwise stated

- The Group's companies which are included in the consolidated and separate financial statements, their country, the Group's participating interest (direct and indirect), the method of consolidation, and their unaudited tax years are presented in Notes 12, 15 and 16 of the Financial Report.
- The accounting policies adopted in the preparation of the financial statements are presented in Note 3 of the Financial Report and are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2012, except from these which are presented in Note 3.2 of the Financial Report.
- No burdens exist on the Parent's and the Group's fixed assets.
- Adequate provisions have been established for all litigation.
- Provisions of the Group and the Parent Company as of December 31, 2013 are as follows:

	Group	Company
a) Provision for litigation and arbitration	(2,763)	2,215
b) Tax provisions	13,089	13,089
c) Other provisions	361,059	371,870

- Total payrolls of the Group and the Parent Company number 19.093 and 10.826 as of December 31, 2013 (2012: 20.030 and 11.369 respectively). Further information is presented in Note 1 of the Financial Report.
- Sales and purchases of the Group and the Parent Company for the year ended December 31, 2013 as well as receivables and payables as of December 31, 2013 of the Group and the Parent Company, according to IAS 24 are as follows:

	Group	Company
a) Sales	73,208	336,116
b) Purchases	6,794	2,624,139
c) Receivables from related parties	198,004	208,876
d) Payables to related parties	-	770,430
e) Key management personnel compensations	1,449	1,761
f) Receivables from key management personnel compensations	0	0
g) Payables to key management personnel compensations	0	0

- Capital expenditure of the Parent Company and the Group for the year ended December 31, 2013 amounted to € 601.9 mil. and to € 718.1 mil. respectively.

- Other Comprehensive income / (loss) after tax which was recognized directly in equity for the year ended December 31, 2013 are as follows:

	Group	Company
Profit / (Loss) from fair value available for sale financial assets	249	249
Actuarial gains/(losses)	29,823	11,814
Income tax effect due to change in the tax rate	(78,044)	(61,387)
<b>Total</b>	<b>(47,972)</b>	<b>(49,324)</b>

- As of January 1, 2012 the fixed assets' deferred tax was remeasured, without an effect on the Parent Company and the Group's financial position and income.
- Due to the amendment of IAS 19, certain adjustments have been made in profit, equity, deferred tax liability and provision for post retirement benefits of prior years which had as a result the increase of the profit of the Group and the Parent Company by 11.254 and 5.261, respectively. Further information is presented in Note 36 of the Financial Report.
- Regarding the terms of electricity supply between PPC S.A. and ALOUMINION S.A. the Decision 1/2013 of the Arbitration Court in RAE was issued which defines the sale price of electricity to ALOUMINION S.A. to 40.7 €/MWh. Due to this Decision PPC's and Group's results have been charged by an amount of € 105.5 mil. Further information is presented in Note 37 of the Financial Report.
- Information regarding the agreement for the settlement of debts incurred by LARCO's electricity consumption as well as the new contract for the procurement of lignite and the relation between PPC and LARCO, is presented in Note 17 of the Financial Report.
- Information regarding RAE's Decision 285/2013 – "Implementation of the methodology for the allocations of payments due to shortages in the Day Ahead Schedule (DAS)" is presented in Note 37 of the Financial Report.
- Information regarding the Offsets of Photovoltaic Systems Producers in buildings and the corrective settlements of IPTO concerning the Special Account of art. 143 of Law 4001/2011 are presented in Note 37 of the Financial Report.
- Information regarding the corrective settlements of IPTO concerning the Special Account of art 143 of Law 4001/2011 are presented in Note 37 of the Financial Report
- The Plan for the reorganization and the privatization of PPC was published in the O.G. A' 168/24.07.2013 and on March 10, 2014 the draft law was put under public consultation, for which further information is presented in Note 2 of the Financial Report.



## RELATED PARTY TRANSACTIONS FOR THE YEAR 2013

(Amounts in thousands of €)

	31.12.13
<b>Due from:</b>	
IPTO S.A.	-
PPC RENEWABLES S.A.	10,872
HEDNO S.A.	-
<b>TOTAL</b>	<b>10,872</b>
<b>Due to:</b>	
IPTO S.A.	619,057
PPC RENEWABLES S.A.	827
HEDNO S.A.	150,546
<b>TOTAL</b>	<b>770,430</b>
<b>Revenues from:</b>	
SERVICES RENDERED TO IPTO S.A.	36,222
SERVICES RENDERED TO PPC RENEWABLES S.A.	4,472
SERVICES RENDERED TO HEDNO S.A.	222,214
<b>TOTAL</b>	<b>262,908</b>
<b>Expenses to:</b>	
EXPENSES FROM SERVICES TO IPTO S.A.	1,631,751
EXPENSES FROM SERVICES TO PPC RENEWABLES S.A.	-
EXPENSES FROM SERVICES TO HEDNO S.A.	985,594
<b>TOTAL</b>	<b>2,617,345</b>





## TABLE OF ANNOUNCEMENTS 2013

The Company's announcements that were publicized for the briefing of the investor community, during 2013, according to the Law 3401/2005 –article 10, are available on the company's website ([www.dei.gr](http://www.dei.gr)), in the electronic address [www.dei.gr/Investor Relations/Announcements](http://www.dei.gr/Investor_Relations/Announcements)

1.	New General Manager of Human Resources of PPC S.A. (Jan 09 2013)
2.	Term Renewal of Deputy CEO (Jan 11 2013)
3.	Increase in hydro generation (Jan 25 2013)
4.	Comment on press articles (Jan 31 2013)
5.	Release of Regulated Information, Law 3340/2005 (Feb 04 2013)
6.	Tenders for PV in Megalopolis (Feb 05 2013)
7.	Release of Regulated Information, Law 3340/2005 (Feb 11 2013)
8.	Tender for PVs in Kozani (Feb 12 2013)
9.	2013, Budget approval by the BoD (Feb 13 2013)
10.	Election of Members of the BoD of DEDDIE S.A. (Feb 20 2013)
11.	New BoD at PPC RENEWABLES S.A. (Feb 20 2013)
12.	Invitation in an Extraordinary General Meeting of Shareholders (Mar 06 2013)
13.	Signing of the contract Ptolemais V (Mar 06 2013)



14.	Comment on press articles (Mar 08 2013)
15.	Clarifications on the Agenda of EGM (Mar 12 2013)
16.	Election of two new BoD Members and formation as a Body (Mar 14 2013)
17.	Addition of second item on the Agenda of the EGM (Mar 14 2013)
18.	Clarifications on the second item on the agenda of EGM (Mar 15 2013)
19.	Release Date of FY 2012 Financial Results (Mar 20 2013)
20.	Appointment of Deputy CEO & Network's Supervisor (Mar 20 2013)
21.	New time of 12M 2012 Financial Results (CORRECTION) (Mar 27 2013)
22.	Additional Information for Extraordinary General Meeting (Mar 28 2013)
23.	Reply to the Capital Market Commission letter (Mar 28 2013)
24.	12M 2012 Financial Results (Mar 28 2013)
25.	Financial calendar for the year 2013 (Mar 28 2013)
26.	Resolutions of the Extraordinary General Meeting of the Shareholders of PPC S.A. (Mar 29 2013)
27.	12M 2012 Financial Statements (Mar 29 2013)
28.	Presentation to Analysts for 12M 2012 (Apr 02 2013)
29.	Reduction of efficiency improvement potential of PPC S.A. from € 557mil. in 2006 to €124mil. in 2012 (Apr 18 2013)

30.	New Director of Financial Services and Control Department (May 14 2013)
31.	Modification of Financial Calendar for the year 2013 (May 17 2013)
32.	Comment on press articles (May 20 2013)
33.	Release date of 1Q2013 Financial Results (May 22 2013)
34.	New financing by the European Investment Bank (May 29 2013)
35.	Press Release financial results 3M2013 (May 30 2013)
36.	Financial Results 3M2013 (May 30 2013)
37.	New composition of the BoD of PPC S.A. (May 31 2013)
38.	Presentation to the Analysts 3M2013 (May 31 2013)
39.	Invitation to an Ordinary General Meeting of the Shareholders 29.6.2013 (Jun 5 2013)
40.	New composition of the BoD of HEDNO S.A. (Jun 11 2013)
41.	Clarifications on the items of AGM Agenda (Jun 11 2013)
42.	Payment of dividend for the FY 2012 (Jul 01 2013)
43.	Results of the EGM of the Shareholders-except the minority Shareholders of PPC S.A. (Jul 01 2013)
44.	Results of the 11th OGM of the Shareholders of PPC S.A. (Jul 01 2013)
45.	Results of the 11th OGM of the Shareholders of PPC S.A. (Revision) (Jul 05 2013)

46.	Announcement regarding press comments (Jul 10 2013)
47.	Formation of Body of the BoD of PPC S.A. (Jul 11 2013)
48.	Fine imposed by RAE (Jul 11 2013)
49.	Formation of Body of the BoD of ADMIE S.A. (Jul 12 2013)
50.	Board Member appointed for monitoring CSR issues (Jul 23 2013)
51.	Board Member appointed of the Audit Committee (Jul 23 2013)
52.	Establishment of Commercial Subsidiary in Bulgaria (Aug 01 2013)
53.	New tariffs in High and Medium Voltage (Aug 02 2013)
54.	Establishment of the Company under the trade name PPC SOLAR SOLUTIONS S.A. (Aug 08 2013)
55.	Date of 1H2013 Financial Results (Aug 20 2013)
56.	Presentation to the Analysts – 1H2013 (Aug 29 2013)
57.	1H2013 Financial Results (Aug 29 2013)
58.	1H2013 Financial Statements (Aug 29 2013)
59.	Mrs. A. Konida Director of Investor Relations & Treasury Department (Sep 02 2013)
60.	Signing of Bond Loan (Sep 23 2013)
61.	Expiration of the five year period for the collection of the year 2007 dividend (Oct 04 2013)
62.	Announcement regarding press comments (Oct 09 2013)

63.	Comments on press article (Oct 14 2013)
64.	Share capital increase of PPC RENEWABLES S.A. (Oct 29 2013)
65.	RAE ' s decision regarding ALUMINIOUM S.A. electricity price (Nov 04 2013)
66.	Answer to the Capital Market Committee (Nov 05 2013)
67.	Termination – notice of contract with ALUMINIOUM S.A. (Nov 08 2013)
68.	Chairman & CEO Statements (Nov 08 2013)
69.	Comments on press articles (Nov 14 2013)
70.	Answer to the Capital Market Committee (Nov 15 2013)
71.	Date of 9M2013 Financial Results (Nov 19 2013)
72.	Comment on the Arbitration Decision for ALUMINIOUM S.A. (Nov 25 2013)
73.	9M2013 Financial Results (Nov 26 2013)
74.	9M2013 Presentation to Analysts (Nov 26 2013)
75.	9M 2013 Financial Statements (Nov 26 2013)
76.	Issuance of final credit cover for a €739mln loan for "PTOLEMAIS V" new lignite unit (Dec 20 2013)
77.	BoD decision for ALUMINIOUM S.A. (Dec 24 2013)



Public Power Corporation S.A.  
Energy for everyone

**PUBLIC POWER CORPORATION**

Company's number: 786301000 (former Company's Reg. No : 47829/06/B/00/2)

**Corporate Seat:** 30 Halkokondili - 104 32 Athens

Call center: +30 210 52 30 301 Fax: 210 5234 379  
[www.dei.gr](http://www.dei.gr)

**Material Supervision:** Investor Relations and Treasury Department, PPC S.A.  
Accounting Department, PPC S.A.

**Publication Supervision:** Corporate Affairs and Communications Department PPC S.A.

**Design and Art Supervision:** Bold Ogilvy

Copies of the Report are available at:  
Announcements and Shareholders' Office.  
30 Halkokondili str.- 104 32 Athens  
Tel.: +30 210 52 30 301  
Fax: +30 210 5230 394  
e-mail: [c.tsiaka@dei.com.gr](mailto:c.tsiaka@dei.com.gr)



Public Power Corporation S.A.  
Energy for everyone