



## **PUBLIC POWER CORPORATION S.A.**

### **Interim Condensed Consolidated and Separate Financial Statements**

**March 31, 2015**

**In accordance with  
International Financial Reporting Standards  
as adopted by the European Union  
(Translated from the Greek Original)**

The attached interim condensed separate and consolidated financial statements have been approved by the Board of Directors of Public Power Corporation S.A. on May 28<sup>th</sup>, 2015 and they are available on the web site of Public Power Corporation S.A. at [www.dei.gr](http://www.dei.gr).

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CHIEF EXECUTIVE  
OFFICER**

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CHAIRMAN**

**CHIEF FINANCIAL  
OFFICER**

**ACCOUNTING  
DEPARTMENT  
DIRECTOR**

**EMMANUEL M.  
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**GEORGE A.  
ANDRIOTIS**

**GEORGE C.  
ANGELOPOULOS**

**EFTHIMIOS A.  
KOUTROULIS**

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**PUBLIC POWER CORPORATION S.A.**  
**INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENTS OF INCOME**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015**  
**(All amounts in thousands of Euro – except share and per share data)**

|  | <b>GROUP</b>                      |  | <b>COMPANY</b>                    |  |
|--|-----------------------------------|--|-----------------------------------|--|
|  | <b>01.01.2015-<br/>31.03.2015</b> | <b>01.01.2014-<br/>31.03.2014<br/>(reclassified)</b> | <b>01.01.2015-<br/>31.03.2015</b> | <b>01.01.2014-<br/>31.03.2014<br/>(reclassified)</b> |
| <b>REVENUES:</b>   |                                   |  |                                   |  |
| Revenue from energy sales                                    | 1,507,131                         | 1,451,558  | 1,504,334                         | 1,448,573  |
| Other sales  | 41,454                            | 37,303   | 31,596                            | 26,681   |
|  | <b>1,548,585</b>                  | <b>1,488,861</b>                                     | <b>1,535,930</b>                  | <b>1,475,254</b>                                     |
| <b>EXPENSES:</b>   |                                   |  |                                   |  |
| Payroll cost   | 215,499                           | 228,095  | 136,894                           | 145,482  |
| Fuel   | 217,590                           | 294,888  | 217,590                           | 294,888  |
| Depreciation and amortization                                | 184,271                           | 147,316  | 165,171                           | 130,713  |
| Energy purchases   | 426,706                           | 368,716  | 435,576                           | 374,398  |
| Transmission system usage                                    | -                                 | -  | 49,638                            | 52,532   |
| Distribution network usage                                   | -                                 | -  | 100,299                           | 106,200  |
| Emission allowances  | 55,013                            | 49,631   | 55,013                            | 49,631   |
| Provisions   | 192,197                           | 147,937  | 192,536                           | 149,466  |
| Financial expenses   | 68,359                            | 68,409   | 62,190                            | 61,497   |
| Financial income   | (17,315)                          | (16,621)   | (18,985)                          | (16,183)   |
| Other (income) / expenses, net                               | 127,800                           | 90,175   | 98,141                            | 55,740   |
| Share of Loss / (gain) of associates and joint ventures, net | (1,219)                           | 3  | -                                 | -  |
| Impairment loss of marketable securities                     | 407                               | -  | 407                               | -  |
| Foreign currency loss / (gain)                               | 2,062                             | 1,050  | 2,060                             | 1,050  |
| <b>PROFIT / (LOSS) BEFORE TAX</b>                            | <b>77,215</b>                     | <b>109,262</b>                                       | <b>39,400</b>                     | <b>69,840</b>  |
| Income tax expense   | (21,547)                          | (27,954)   | (12,938)                          | (20,061)   |
| <b>NET PROFIT / (LOSS)</b>                                   | <b>55,668</b>                     | <b>81,308</b>  | <b>26,462</b>                     | <b>49,779</b>  |
| <b>Attributable to:</b>                                      |                                   |  |                                   |  |
| <b>Owners of the Parent</b>                                  | <b>55,668</b>                     | <b>81,308</b>  |                                   |  |
| <b>Non-controlling interests</b>                             | <b>-</b>                          | <b>-</b>   |                                   |  |
| <b>Earnings per share, basic and diluted</b>                 | <b>0.24</b>                       | <b>0.35</b>  |                                   |  |
| <b>Weighted average number of shares</b>                     | <b>232,000,000</b>                | <b>232,000,000</b>                                   |                                   |  |

Certain amounts have been reclassified and differ from the published interim condensed financial statements of March 31, 2014 and reflect amendments which are presented in note 10 of the interim report  
The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

**PUBLIC POWER CORPORATION S.A.**  
**INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015**  
**(All amounts in thousands of Euro)**

|   | Όμιλος                    |                           | Εταιρεία                  |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 01.01.2015-<br>31.03.2015 | 01.01.2014-<br>31.03.2014 | 01.01.2015-<br>31.03.2015 | 01.01.2014-<br>31.03.2014 |
| <b>Net Profit for the period</b>  | <b>55,668</b>             | <b>81,308</b>             | <b>26,462</b>             | <b>49,779</b>             |
| <b>Other Comprehensive income for the period</b>  |                           |                           |                           |                           |
| <i>Items of Other Comprehensive income to be reclassified to profit or loss in subsequent periods</i>     |                           |                           |                           |                           |
| Profit/(Loss) from change in fair values of available for sale financial assets during the period         | -                         | 151                       | -                         | 151                       |
| Foreign currency translation  | 25                        | -                         | -                         | -                         |
| <b>Net Other Comprehensive income to be reclassified to profit or loss in subsequent periods</b>          | <b>25</b>                 | <b>151</b>                | <b>-</b>                  | <b>151</b>                |
| <i>Items of Other Comprehensive income not to be reclassified to profit or loss in subsequent periods</i> |                           |                           |                           |                           |
| <b>Net Other Comprehensive income not being reclassified to profit or loss in subsequent periods</b>      | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  |
| <b>Other Comprehensive income for the period after tax</b>  | <b>25</b>                 | <b>151</b>                | <b>-</b>                  | <b>151</b>                |
| <b>Total Comprehensive income after tax</b>   | <b>55,693</b>             | <b>81,459</b>             | <b>26,462</b>             | <b>49,930</b>             |
| <b>Attributable to:</b>   |                           |                           |                           |                           |
| <b>Owners of the Parent</b>   | <b>55,693</b>             | <b>81,459</b>             |                           |                           |
| <b>Non-controlling interests</b>  | <b>-</b>                  | <b>-</b>                  |                           |                           |

The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

**PUBLIC POWER CORPORATION S.A.**  
**INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015**  
**(All amounts in thousands of Euro)**

|   | <b>GROUP</b>      |                   | <b>COMPANY</b>    |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | <b>31.03.2015</b> | <b>31.12.2014</b> | <b>31.03.2015</b> | <b>31.12.2014</b> |
| <b>ASSETS</b>   |                   |                   |                   |                   |
| <b>Non - Current Assets :</b>   |                   |                   |                   |                   |
| Property, plant and equipment, net                                    | 13,579,259        | 13,689,537        | 11,790,766        | 11,902,455        |
| Intangible assets, net  | 70,482            | 69,946            | 66,535            | 65,765            |
| Available for sale financial assets                                   | 1,987             | 2,394             | 1,987             | 2,394             |
| Other non – current assets  | 151,550           | 153,153           | 1,259,401         | 1,262,236         |
| <b>Total non – current assets</b>                                     | <b>13,803,278</b> | <b>13,915,030</b> | <b>13,118,689</b> | <b>13,232,850</b> |
| <b>Current Assets:</b>  |                   |                   |                   |                   |
| Materials, spare parts and supplies, net                              | 731,106           | 737,763           | 547,577           | 559,078           |
| Trade and other receivables and other current assets                  | 2,328,304         | 2,119,892         | 2,165,125         | 1,953,514         |
| Income tax receivable   | 21,047            | 21,445            | -                 | -                 |
| Restricted cash   | 143,357           | 144,720           | 143,357           | 144,720           |
| Cash and cash equivalents   | 495,796           | 434,511           | 245,632           | 248,318           |
| <b>Total current assets</b>   | <b>3,719,610</b>  | <b>3,458,331</b>  | <b>3,101,691</b>  | <b>2,905,630</b>  |
| <b>Total Assets</b>   | <b>17,522,888</b> | <b>17,373,361</b> | <b>16,220,380</b> | <b>16,138,480</b> |
| <b>EQUITY AND LIABILITIES</b>   |                   |                   |                   |                   |
| <b>Equity :</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           |
| Fixed assets' statutory revaluation surplus included in share capital | (947,342)         | (947,342)         | (947,342)         | (947,342)         |
| Revaluation surplus   | 4,833,301         | 4,833,594         | 4,082,393         | 4,082,686         |
| Reserves  | 25,956            | 25,931            | 118,168           | 118,168           |
| Retained earnings   | 1,104,566         | 1,048,597         | 1,567,813         | 1,541,057         |
|   | <b>6,190,360</b>  | <b>6,134,659</b>  | <b>5,994,911</b>  | <b>5,968,448</b>  |
| <b>Non – controlling interests</b>                                    | <b>90</b>         | <b>90</b>         | <b>-</b>          | <b>-</b>          |
| <b>Total equity</b>   | <b>6,190,450</b>  | <b>6,134,749</b>  | <b>5,994,911</b>  | <b>5,968,448</b>  |
| <b>Non – Current Liabilities:</b>                                     |                   |                   |                   |                   |
| Long - term borrowings  | 4,804,082         | 4,851,491         | 4,716,069         | 4,763,477         |
| Provisions  | 648,653           | 650,544           | 417,447           | 418,869           |
| Other non – current liabilities                                       | 2,952,994         | 3,011,149         | 2,737,695         | 2,796,257         |
| <b>Total non – current liabilities</b>                                | <b>8,405,729</b>  | <b>8,513,184</b>  | <b>7,871,211</b>  | <b>7,978,603</b>  |
| <b>Current Liabilities :</b>  |                   |                   |                   |                   |
| Trade and other payables and other current liabilities                | 2,033,334         | 1,971,805         | 1,831,275         | 1,806,881         |
| Dividends payable   | 147               | 147               | 147               | 147               |
| Income tax payable  | 132,384           | 74,932            | 128,087           | 71,908            |
| Short – term borrowings   | 147,016           | 97,016            | 100,000           | 50,000            |
| Current portion of long - term borrowings                             | 613,828           | 581,528           | 294,749           | 262,493           |
| <b>Total current liabilities</b>                                      | <b>2,926,709</b>  | <b>2,725,428</b>  | <b>2,354,258</b>  | <b>2,191,429</b>  |
| <b>Total Equity and Liabilities</b>                                   | <b>17,522,888</b> | <b>17,373,361</b> | <b>16,220,380</b> | <b>16,138,480</b> |

The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

**PUBLIC POWER CORPORATION S.A.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015**  
**(All amounts in thousands of Euro)**

|   | Share Capital    | Share Premium  | Legal Reserve  | Revaluation Surplus | Fixed Assets Statutory Revaluation Surplus | Other Reserves                                    |   |                      | Retained Earnings | Total            | Non-Controlling Interests | Total Equity     |
|---|------------------|----------------|----------------|---------------------|--|---|---|----------------------|-------------------|------------------|---------------------------|------------------|
|   |                  |                |                |                     |  | Fair value of available for sale financial assets | Foreign exchange, tax-free and other reserves | Other Reserves Total |                   |                  |                           |                  |
| <b>Balance, January 1, 2014</b>                             | <b>1,067,200</b> | <b>106,679</b> | <b>107,491</b> | <b>4,186,763</b>    | <b>(947,342)</b>                           | -   | <b>33,019</b>                                 | <b>33,019</b>        | <b>849,763</b>    | <b>5,403,573</b> | -                         | <b>5,403,573</b> |
| - Net profit for the period                                 | -                | -              | -              | -                   | -  | -   | -   | -                    | 81,308            | 81,308           | -                         | 81,308           |
| - Other comprehensive income for the period after tax       | -                | -              | -              | -                   | -  | 151   | -   | 151                  | -                 | 151              | -                         | 151              |
| <b>Total Comprehensive income for the period, after tax</b> | -                | -              | -              | -                   | -  | <b>151</b>  | -   | <b>151</b>           | <b>81,308</b>     | <b>81,459</b>    | -                         | <b>81,459</b>    |
| - Transfers from retirements of fixed assets                | -                | -              | -              | (11,063)            | -  | -   | -   | -                    | 11,063            | -                | -                         | -                |
| - Other movements   | -                | -              | -              | -                   | -  | -   | -   | -                    | 40                | 40               | -                         | 40               |
| <b>Balance, March 31, 2014</b>                              | <b>1,067,200</b> | <b>106,679</b> | <b>107,491</b> | <b>4,175,700</b>    | <b>(947,342)</b>                           | <b>151</b>  | <b>33,019</b>                                 | <b>33,170</b>        | <b>942,174</b>    | <b>5,485,072</b> | -                         | <b>5,485,072</b> |
| <b>Balance, January 1, 2015</b>                             | <b>1,067,200</b> | <b>106,679</b> | <b>109,203</b> | <b>4,833,594</b>    | <b>(947,342)</b>                           | -   | <b>(83,272)</b>                               | <b>(83,272)</b>      | <b>1,048,597</b>  | <b>6,134,659</b> | <b>90</b>                 | <b>6,134,749</b> |
| - Net profit for the period                                 | -                | -              | -              | -                   | -  | -   | -   | -                    | 55,668            | 55,668           | -                         | 55,668           |
| - Other comprehensive income for the period after tax       | -                | -              | -              | -                   | -  | -   | 25  | 25                   | -                 | 25               | -                         | 25               |
| <b>Total Comprehensive income for the period, after tax</b> | -                | -              | -              | -                   | -  | -   | <b>25</b>                                     | <b>25</b>            | <b>55,668</b>     | <b>55,693</b>    | -                         | <b>55,693</b>    |
| - Transfers from retirements of fixed assets                | -                | -              | -              | (293)               | -  | -   | -   | -                    | 293               | -                | -                         | -                |
| - Other movements   | -                | -              | -              | -                   | -  | -   | -   | -                    | 8                 | 8                | -                         | 8                |
| <b>Balance, March 31, 2015</b>                              | <b>1,067,200</b> | <b>106,679</b> | <b>109,203</b> | <b>4,833,301</b>    | <b>(947,342)</b>                           | -   | <b>(83,247)</b>                               | <b>(83,247)</b>      | <b>1,104,566</b>  | <b>6,190,360</b> | <b>90</b>                 | <b>6,190,450</b> |

The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

**PUBLIC POWER CORPORATION S.A.**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015**  
**(All amounts in thousands of Euro)**

|   | Share Capital    | Share Premium  | Legal Reserve  | Revaluation Surplus | Fixed Assets Statutory Revaluation Surplus | Other Reserves                                    |   |                      | Retained Earnings | Total Equity     |
|---|------------------|----------------|----------------|---------------------|--|---|---|----------------------|-------------------|------------------|
|   |                  |                |                |                     |  | Fair value of available for sale financial assets | Foreign exchange, tax-free and other reserves | Other Reserves Total |                   |                  |
| <b>Balance, January 1, 2014</b>                             | <b>1,067,200</b> | <b>106,679</b> | <b>107,491</b> | <b>3,478,917</b>    | <b>(947,342)</b>                           | -   | <b>108,983</b>                                | <b>108,983</b>       | <b>1,401,121</b>  | <b>5,323,049</b> |
| - Net profit for the period                                 | -                | -              | -              | -                   | -  | -   | -   | -                    | 49,779            | 49,779           |
| - Other comprehensive income for the period, after tax      | -                | -              | -              | -                   | -  | 151   | -   | 151                  | -                 | 151              |
| <b>Total Comprehensive income for the period, after tax</b> | -                | -              | -              | -                   | -  | <b>151</b>  | -   | <b>151</b>           | <b>49,779</b>     | <b>49,930</b>    |
| - Transfers from retirements of fixed assets                | -                | -              | -              | (11,063)            | -  | -   | -   | -                    | 11,063            | -                |
| - Other movements   | -                | -              | -              | -                   | -  | -   | -   | -                    | 1                 | 1                |
| <b>Balance, March 31, 2014</b>                              | <b>1,067,200</b> | <b>106,679</b> | <b>107,491</b> | <b>3,467,854</b>    | <b>(947,342)</b>                           | <b>151</b>  | <b>108,983</b>                                | <b>109,134</b>       | <b>1,461,964</b>  | <b>5,372,980</b> |
| <b>Balance, January 1, 2015</b>                             | <b>1,067,200</b> | <b>106,679</b> | <b>109,203</b> | <b>4,082,686</b>    | <b>(947,342)</b>                           | -   | <b>8,965</b>                                  | <b>8,965</b>         | <b>1,541,057</b>  | <b>5,968,448</b> |
| - Net profit for the period                                 | -                | -              | -              | -                   | -  | -   | -   | -                    | 26,462            | 26,462           |
| - Other comprehensive income for the period, after tax      | -                | -              | -              | -                   | -  | -   | -   | -                    | -                 | -                |
| <b>Total Comprehensive income for the period, after tax</b> | -                | -              | -              | -                   | -  | -   | -   | -                    | <b>26,462</b>     | <b>26,462</b>    |
| - Transfers from retirements of fixed assets                | -                | -              | -              | (293)               | -  | -   | -   | -                    | 293               | -                |
| - Other movements   | -                | -              | -              | -                   | -  | -   | -   | -                    | 1                 | 1                |
| <b>Balance, March 31, 2015</b>                              | <b>1,067,200</b> | <b>106,679</b> | <b>109,203</b> | <b>4,082,393</b>    | <b>(947,342)</b>                           | -   | <b>8,965</b>                                  | <b>8,965</b>         | <b>1,567,813</b>  | <b>5,994,911</b> |

The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.

**PUBLIC POWER CORPORATION S.A.**  
**INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015**  
**(All amounts in thousands of Euro)**

|   | <b>GROUP</b>                      |                                   | <b>COMPANY</b>                    |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | <b>01.01.2015-<br/>31.03.2015</b> | <b>01.01.2014-<br/>31.03.2014</b> | <b>01.01.2015-<br/>31.03.2015</b> | <b>01.01.2014-<br/>31.03.2014</b> |
| <b>Cash Flows from Operating Activities</b>                     |                                   |                                   |                                   |                                   |
| Profit before tax   | 77,215                            | 109,262                           | 39,400                            | 69,840                            |
| Adjustments :   |                                   |                                   |                                   |                                   |
| Depreciation and amortization                                   | 204,595                           | 166,275                           | 184,153                           | 148,388                           |
| Amortization of customers' contributions and subsidies          | (20,324)                          | (18,958)                          | (18,982)                          | (17,675)                          |
| Interest expense  | 61,956                            | 62,126                            | 56,068                            | 55,425                            |
| Other adjustments   | 21,342                            | 19,650                            | 21,699                            | 21,707                            |
| Changes in assets   | (234,883)                         | (438,642)                         | (233,965)                         | (332,608)                         |
| Changes in liabilities  | 53,107                            | 142,312                           | 22,003                            | (74,177)                          |
| <b>Net Cash from Operating Activities</b>                       | <b>163,008</b>                    | <b>42,025</b>                     | <b>70,376</b>                     | <b>(129,100)</b>                  |
| <b>Cash Flows from Investing Activities</b>                     |                                   |                                   |                                   |                                   |
| Capital expenditure of fixed assets and software                | (99,100)                          | (90,130)                          | (76,904)                          | (77,607)                          |
| Proceeds from customers' contributions and subsidies            | 701                               | -                                 | 704                               | -                                 |
| Interest and dividends received                                 | 17,315                            | 12,721                            | 16,344                            | 12,283                            |
| Investments   | (1,225)                           | (613)                             | -                                 | (113)                             |
| <b>Net Cash used in Investing Activities</b>                    | <b>(82,309)</b>                   | <b>(78,022)</b>                   | <b>(59,856)</b>                   | <b>(65,437)</b>                   |
| <b>Cash Flows from Financing Activities</b>                     |                                   |                                   |                                   |                                   |
| Net change in short term borrowings                             | 50,000                            | 6                                 | 50,000                            | -                                 |
| Proceeds from interest bearing loans and borrowings             | -                                 | 331,132                           | -                                 | 331,132                           |
| Principal payments of interest bearing loans and borrowings     | (18,123)                          | (37,976)                          | (18,123)                          | (37,976)                          |
| Interest paid   | (51,291)                          | (50,506)                          | (45,083)                          | (44,132)                          |
| <b>Net cash used in Financing Activities</b>                    | <b>(19,414)</b>                   | <b>242,656</b>                    | <b>(13,206)</b>                   | <b>249,024</b>                    |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>    | <b>61,285</b>                     | <b>206,659</b>                    | <b>(2,686)</b>                    | <b>54,487</b>                     |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>434,511</b>                    | <b>260,278</b>                    | <b>248,318</b>                    | <b>185,513</b>                    |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>495,796</b>                    | <b>466,937</b>                    | <b>245,632</b>                    | <b>240,000</b>                    |

The accompanying notes are an integral part of these interim, condensed, consolidated and separate financial statements.



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**SELECTED DISCLOSURE NOTES**

**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 March 31, 2015, the number of staff employed by the Group was 18,506 (2014: 19,049). At March 31, 2015, 95 employees of the Group (2014: 104), have been transferred to several State agencies (ministries, organizations, etc.), out of which, 91 were compensated by PPC (2014: 96). The total payroll cost of such employees, for the first quarter of 2015 amounted to Euro 832 (2014: Euro 942). Additionally, PPC's transferred employees in TAYTEKO-TAP/DEI and IKA- TAP/DEI amounted to 332 on 31.03.2015, for whom payroll at March 31, 2015, amounted to Euro 3,376.

PPC Group generates electricity in its own 62 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 12,273 kilometres (out of which 11,268 kilometres is 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 235,100 kilometres which are managed by its wholly owned subsidiary "Hellenic Distribution Network Operator (HEDNO S.A.)".

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

Group PPC has also constructed approximately 2,042 kilometres of fibre optics network along its transmission lines and approximately 164 kilometres of urban fibre optics network.

**2. LEGAL FRAMEWORK**

***CHANGES IN THE LEGAL FRAMEWORK FOR THE ELECTRICITY MARKET – 1<sup>st</sup> Quarter 2015***

***GENERAL PROVISIONS FOR THE INTERNAL ELECTRICITY MARKET***

By the Presidential Decree 24 (OG A' 20/27.01.2015) the Ministry of Reconstruction of Production, Environment & Energy was established, including the Services of the former Ministry of Environment, Energy and Climate Change along with jurisdiction, institutions, positions and personnel as well as with supervised bodies (among others PPC S.A.).

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**2. LEGAL FRAMEWORK (CONTINUED)**

- Laws 4237/2014 and 4273/2014  
In the above mentioned laws the following are included:
  1. The sale of IPTO S.A., according to L. 4273/2014, which specified the Council Of Ministers Act 1515/24.07.2013.
  2. The creation and sale of a new vertically integrated electricity company, according to the L. 4273/2014.Following the Government's policy statements, concerning the above mentioned subject (February 2015), the provisions of the above mentioned laws have been suspended.
- The final proposal of RAE concerning auctions of energy products derived from lignite and hydroelectric generation is pending.
- After the completion of the study-analysis of RAE on the evolution of the Variable Cost Recovery Mechanism (VCRM) the submission of IPTO, LAGIE and generators' views and the assessment of any possible impact from the abolition of the VCRM on the market for a representative period (seven months) RAE announced, on 25.2.2015, a public consultation on the following options for the development of VCRM, including:
  1. Focused Implementation of VCRM for Special cases
  2. Switching to Margin Bid Mechanism (Bid-recovery)
  3. Switching to Hybrid Covering Mechanism with the Operating Point Reduction
  4. Restoring of VCRM in its form before its abolition (30/06/2014)RAE's final proposal is pending.
- In relation to the specification by RAE of the new measures, as mentioned above, a joint study by RAE, LAGIE and IPTO was prepared entitled: "Basic Principles of the Design and Roadmap for the adaptation of the domestic electricity market to the requirements of the target model". In the context of the work group, the international consultant ECCO International Inc. prepared the above study which contains three phases for the complete redesign of the domestic wholesale market and the proposals for the detailed roadmap. The results of this joint study were recently submitted to a public consultation by RAE. The pillars of the proposed solution by the study are indicatively :
  - the creation of a forward contracts market including the compulsory delivery of energy products,
  - the possibility for bilateral contracts between producers and suppliers aside from the daily market,
  - The System Operator to maintain the centralized scheduling and real time allocation of the units,
  - the change of rules for the daily market,
  - the change of the Day Ahead Scheduling resolving methodology, and
  - the creation of an intraday market
- L. 4320/2015 (OG A'29/19.03.2015 "Provisions for immediate actions to address the humanitarian crisis, the organization of the Government and Governmental Institutions and other provisions" has entered into force. Specifically the provisions relating to the electricity sector are as follows:
  - The supply of electricity up to 300kWh per month, for the year 2015, as far as the main residence of households dwelling under extreme poverty conditions, is concerned, is free.
  - In the case of a supply termination until January 31, 2015 the reconnection of electricity is free of charge whilst arrears are settled
  - The terms and conditions for settling arrears are agreed according to a contract between the Ministry of Labor and Social Solidarity and the electricity suppliers.
  - The cash value of the above mentioned benefits is not to be included in any income prerequisites that are set in order to receive any other benefit of a social or welfare originThe eligibility criteria for the beneficiaries according to the law, are specified in the Joint Ministerial Decision 494 (OG B'577 / 9.4.15).
- Following two consecutive public consultations submitted by RAE, a final draft for the reorganization of the Capacity Assurance Mechanism is expected, according to which:
  - The means for the assurance of a long term availability of sufficient electricity generation capacity and the long term commitment of the suppliers to the market will be provided, by imposing capacity obligations on consumption and any market participant that creates further needs for the capacity availability assurance.

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**2. LEGAL FRAMEWORK (CONTINUED)**

- The means to address the weaknesses and failures of the market will be provided, mainly due to the existing structure and the degree of concentration in the wholesale as well as in the retail market, and particularly, in the absence of other mechanisms, which would address those failures and would optimize the market operation.

**CODES AND MANUALS**

- Following IPTO's proposal, unit charges, uplift coefficients and other parameters were determined for calculating the non-compliance charges due to irregular offers and declarations for the calendar year 2015 (RAE Decision 1/2015). Specifically, for 2015, the numeric value for the tolerance BAL\_TOL is amended, while the remaining numerical values of the coefficients/ parameters used in the calculation of the non-compliance Charges remain unchanged.

**PUBLIC SERVICE OBLIGATIONS (PSOs)**

- The highest annual customer charge per consumption point, covering PSOs charges for the year 2015, was set to 793,525 Euro (RAE Decision 106/2015).

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

- Following L.4254/2014, RAE began to monitor the progress of integrating the necessary procedures for the implementation of the above mentioned Law and the assessment of the effects of the implementation, taking into account the data of the Monthly Bulletin Monitoring of the Special Account of EMO SA, by calculating and making public inputs and outputs in relation to the balance of the Special Account, on a monthly basis.

In the context of the above mentioned monitoring, RAE's Decision (772/2014) was issued where ETMEAR's allocation coefficients are readjusted and augmented as well as the relative charges per customer category, with effect from 01.01.2015, aiming to a total ETMEAR amount –for the year 2015- of Euro 1,048.35 mil.

Following this decision, Law 4324/2015 annulled the above mentioned RAE's decision, stating that, for the year 2015, the unit charges for the ETMEAR will remain unchanged at the level set for the year 2014. This regulation will be applied retroactively from 1.1.2015. The amounts that have already been charged by electricity suppliers, in excess of the law's provisions, will be recalculated and resulting differences will be offset or included in the corresponding ETMEAR fee, in the next clearing bill.

**OTHER ISSUES**

- In December 2011, the EU adopted Regulation 1227/2011 on the integrity and transparency of the wholesale energy market (Regulation on Wholesale Energy Markets Integrity and Transparency - REMIT). The REMIT Regulation applies to wholesale energy products trading and sets the framework for identifying and avoiding abusive practices affecting wholesale energy markets and establishes rules for the requirement of publishing details of trading energy products in the wholesale market. In this context EMO started the registration process with ACER («Agency for the Cooperation of Energy Regulators») for being included in the list of ("Registered Mechanisms Reference») (Registered Reporting Mechanisms-RRM). Upon completion of the registration as RRM, EMO will be able to take on, on behalf of participants (following an agreement), the obligation of sending to ACER, the relevant reports of transactions in the Greek wholesale energy market, thus satisfying the REMIT prerequisites. The link to the platform CEREMP (Central European Registry of Energy Market Participants) was also activated in order for the participants in the wholesale energy markets to register, in accordance with the provisions of the Regulation (RAE's announcement 27.02.2015).

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

**3.1 BASIS OF PREPARATION**

***Basis of preparation of financial statements***

The accompanying interim condensed consolidated and separate financial statements ("financial statements") for the three month period ended March 31, 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting" which defines the form and the content of the interim financial statements. The accompanying financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the latest annual financial statements as at December 31, 2014 made publicly available.

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**3.1. BASIS OF PREPARATION (CONTINUED)**

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 Euro and all values are rounded to the nearest thousand, except when otherwise indicated.

**Approval of Financial Statements**

The Board of Directors approved the accompanying financial statements on May 28, 2015.

**3.2 CHANGES IN ACCOUNTING POLICIES**

The accounting policies applied to the separate and consolidated financial statements are the same as those applied to the annual separate and consolidated financial statements for the year ended December 31, 2014 with the exception of the following interpretations, that are effective as of 1 January 2015 onwards.

• **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**

The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendment has not been endorsed by the EU. The management of the Group is in the process of assessing the impact of this amendment on the Group’s financial statements.

• **IAS 19 Employee benefits (Amended): Employee Contributions**

The amendment is effective for annual periods beginning on or after 1 February 2015. 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.

• **IFRS 9 Financial Instruments – Classification and measurement**

The standard is applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. The final phase of IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard has not yet been endorsed by the EU. The management of the Group is in the process of assessing the impact of this standard on the Group’s financial statements.

• **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The amendment has not yet been endorsed by the EU. The management of the Group is in the process of assessing the impact of this amendment on the Group’s financial statements.

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**3.2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

• **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. 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. This standard has not yet been endorsed by the EU.

• **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2017. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the EU. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

• **IAS 27 Separate Financial Statements (amended)**

The amendment is effective on or after 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. This amendment has not yet been endorsed by the EU. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

• **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – (Amendment): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective from annual periods commencing on or after 1 January 2016. The amendments have not yet been endorsed by the EU. 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 February 2015. The Group is in the process of assessing the impact of this amendment on the Group's financial statements.

- **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.

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**3.2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

- **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 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. The Group is in the process of assessing the impact of this amendment on the Group's financial statements.

- **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.

The IASB has issued the **Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. These annual improvements have not yet been endorsed by the EU. The Management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
- **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- **Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

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**3.2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

• **IFRS 10, Consolidated Financial Statements and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments have not yet been endorsed by the EU. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

• **IAS 1: Disclosure Initiative (Amendment)**

The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. These amendments have not yet been endorsed by the EU. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

**4. SEASONALITY OF OPERATIONS**

PPC's operations are subject to seasonality due to the increased demand for electricity during the summer and winter months, a trend which is not reflected in its operating results as these are affected by external factors (fuel prices, hydrological conditions etc.).

**5. INCOME TAXES (CURRENT AND DEFERRED)**

|                                 | Group         |               | Company       |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | 31.03.2015    | 31.03.2014    | 31.03.2015    | 31.03.2014    |
| Current income taxes            | 69,125        | 1,358         | 64,950        | 803           |
| Deferred income tax             | (49,136)      | 26,596        | (53,570)      | 19,258        |
| Additional taxes                | 1,558         | -             | 1,558         | -             |
| <b>Total income tax expense</b> | <b>21,547</b> | <b>27,954</b> | <b>12,938</b> | <b>20,061</b> |

The Group's companies that have their residence in Greece are subject to the provisions of L. 4172/2013 and an income tax rate of 26%. Tax returns for the companies residing in Greece are filed annually but profits or losses declared for tax purposes remain provisional until such time, as the tax authorities audit the returns and the records of the company and a final assessment is issued. The Group establishes a provision, if deemed necessary, by case and by company, against the event of additional taxes being imposed by the tax authorities.

Based on the applicable Income Tax Code, since the fiscal year 2011, the certified auditors issue an "Annual Tax Compliance 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 the tax law. 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". The Group's companies that are subject to the above mentioned provisions are: PPC S.A., IPTO S.A., HEDNO S.A., and PPC Renewables S.A. The tax audits for the fiscal year 2014 are in progress.

Moreover, effective January 2014, the appropriate tax authorities (Centre for Auditing Big Companies) have commenced a tax audit for the Parent Company's fiscal years 2009, 2010 and 2011, which is still in progress.

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**5. INCOME TAXES (CURRENT AND DEFERRED) (CONTINUED)**

In the following table unaudited tax years for the Parent Company and the subsidiaries of the Group are presented:

| Company                                    | Country        | Unaudited tax<br>years since |
|--|----------------|------------------------------|
| - PPC (Parent Company)                     | Greece         | 2009                         |
| - PPC Renewables S.A.                      | Greece         | 2012                         |
| - HEDNO S.A.                               | Greece         | 2012                         |
| - IPTO S.A                                 | Greece         | 2009                         |
| - 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 | 2009                         |
| - PPC QUANTUM ENERGY LTD                   | Cyprus         | 2011                         |
| - PPC BULGARIA JSCo                        | Bulgaria       | 2014                         |
| - PPC Elektrik Tedarik ve Ticaret A.S.     | Turkey         | 2014                         |
| - PHOIBE ENERGIAXH S.A.                    | Greece         | 2007                         |

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. More specifically, the value of the investment in PPC's tax books amounts to Euro 38,444, while the respective value in the accounting books amounts to Euro 916,376. By applying on the difference of Euro 877,932 the current income tax rate of 26%, a deferred tax liability of Euro 228,262 is derived.

Part of this surplus value arising in the tax books, of an amount of Euro 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 conducted 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 (Euro 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.

**6. INVESTMENTS IN SUBSIDIARIES**

The direct subsidiaries of the Parent Company and the value of the investment are as follows:

|                                     | <b>Company</b>    |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | <b>31.03.2015</b> | <b>31.12.2014</b> |
| IPTO S.A                            | 916,376           | 916,376           |
| HEDNO S.A.                          | 56,982            | 56,982            |
| PPC Renewables S.A.                 | 155,438           | 155,438           |
| PPC FINANCE PLC                     | 59                | 59                |
| PPC BULGARIA JSCo                   | 522               | 522               |
| PPC ELEKTRİK TEDARİK VE TİCARET A.S | 687               | 687               |
| PPC QUANTUM ENERGY LTD              | -                 | -                 |
|                                     | <b>1,130,064</b>  | <b>1,130,064</b>  |

The consolidated financial statements include the financial statements of PPC and its subsidiaries. The subsidiaries, included in the consolidation, are the following (full consolidation):



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**6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

| Name                                     | Ownership Interest |            | Country and Year of Incorporation and activity | Principal Activities                                     |
|--|--------------------|------------|--|--|
|  | 31.03.2015         | 31.12.2014 |  |  |
| PPC Renewables S.A.                      | 100%               | 100%       | Greece - 1998                                  | RES  |
| HEDNO S.A.                               | 100%               | 100%       | Greece - 1999                                  | HEDN   |
| IPTO 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                                      | Financing Services                                       |
| PPC Quantum Energy Ltd                   | 51%                | 51%        | Cyprus, 2011                                   | Engineering, construction and operation of a power plant |
| PPC BULGARIA JSCo                        | 85%                | 85%        | Bulgaria - 2014                                | Supply of power  |
| PPC Elektrik Tedarik ve Ticaret A.S.     | 100%               | 100%       | Turkey - 2014                                  | Supply of power  |
| PHOIBE ENERGIKI S.A.                     | 100%               | 100%       | Greece -2007                                   | RES  |

**7. INVESTMENTS IN ASSOCIATES**

The Group and the Parent Company's associates on 31.03.2015 and 31.12.2014 are as follows (equity method):

|  | Group         |               | Company      |              |
|--|---------------|---------------|--------------|--------------|
|  | 31.03.2015    | 31.12.2014    | 31.03.2015   | 31.12.2014   |
| Larco S.A.                                     | -             | -             | -            | -            |
| PPC Renewables ROKAS S.A.                      | 2,486         | 2,326         | -            | -            |
| PPC Renewables TERNA Energiaki S.A.            | 2,393         | 2,297         | -            | -            |
| PPC Renewables NANKO Energy – MYHE Gitani S.A. | 1,842         | 1,639         | -            | -            |
| PPC Renewables MEK Energiaki S.A.              | 1,481         | 1,241         | -            | -            |
| PPC Renewables ELTEV AIFOROS S.A.              | 2,462         | 2,292         | -            | -            |
| PPC Renewables EDF EN GREECE S.A.              | 11,016        | 10,683        | -            | -            |
| Aioliko Parko LOYKO S.A.                       | 27            | 28            | -            | -            |
| Aioliko Parko MBAMBO VIGLIES S.A.              | 30            | 31            | -            | -            |
| Aioliko Parko KILIZA S.A.                      | 30            | 30            | -            | -            |
| Aioliko Parko LEFKIVARI S.A.                   | 34            | 35            | -            | -            |
| Aioliko Parko AGIOS ONOUFRIOS S.A.             | 35            | 36            | -            | -            |
| Renewable Energy Applications LTD              | 32            | 27            | -            | -            |
| WASTE SYCLO S.A.                               | 50            | 26            | 162          | 162          |
| PPC Solar Solutions S.A.                       | 972           | 974           | 980          | 980          |
|  | <b>22,890</b> | <b>21,665</b> | <b>1,142</b> | <b>1,142</b> |

The full list of the Group and the Parent Company's associates, are as follows:

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**7. INVESTMENTS IN ASSOCIATES (CONTINUED)**

| Name   | Note | Ownership Interest |          | Country and year of Incorporation | Principal Activities |
|--|------|--------------------|----------|-----------------------------------|----------------------|
|  |      | 31.03.15           | 31.12.14 |                                   |                      |
| 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                  |
| Aioliko Parko LOYKO S.A.                       |      | 49.00%             | 49.00%   | Greece – 2008                     | RES                  |
| Aioliko Parko MBAMBO VIGLIES 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     |
| PPC Solar Solutions S.A.                       |      | 49.00%             | 49.00%   | Greece - 2014                     | RES                  |

1. It is consolidated from the associate company PPC Renewables EDF EN GREECE S.A. as it participates by 95% in its share capital.

**8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

PPC balances with its subsidiaries and its associates as of March 31, 2015 and December 31, 2014, are as follows:

|                                 | March 31, 2015 |                    | December 31, 2014 |                    |
|---------------------------------|----------------|--------------------|-------------------|--------------------|
|                                 | Receivable     | (Payable)          | Receivable        | (Payable)          |
| <b>Subsidiaries</b>             |                |                    |                   |                    |
| - IPTO                          | 167,721        | (855,806)          | 306,804           | (1,058,258)        |
| - PPC Renewables S.A.           | 6,437          | (837)              | 5,583             | (837)              |
| - HEDNO S.A.                    | 132,075        | (250,621)          | 75,696            | (192,711)          |
| - PPC Finance PLC               | -              | (15,424)           | -                 | (6,171)            |
| - PPC Elektrik                  | 277            | (450)              | -                 | -                  |
|                                 | <b>306,510</b> | <b>(1,123,138)</b> | <b>388,083</b>    | <b>(1,257,977)</b> |
| <b>Associates</b>               |                |                    |                   |                    |
| LARCO (energy, lignite and ash) | 239,369        | -                  | 229,321           | -                  |
|                                 | <b>239,369</b> | <b>-</b>           | <b>229,321</b>    | <b>-</b>           |

PPC's transactions with its subsidiaries and its associates for the period ended March 31, 2015 and 2014, respectively, are as follows:

|                       | March 31, 2015 |                  | March 31, 2014 |                  |
|-----------------------|----------------|------------------|----------------|------------------|
|                       | Invoiced to    | Invoiced from    | Invoiced to    | Invoiced from    |
| <b>Subsidiaries</b>   |                |                  |                |                  |
| - IPTO S.A.           | 32,058         | (404,986)        | 146,009        | (513,488)        |
| - PPC Renewables S.A. | 843            | -                | 858            | -                |
| - HEDNO S.A.          | 305,394        | (477,169)        | 309,393        | (472,857)        |
| - PPC Finance PLC     | -              | (9,252)          | -              | -                |
| - PPC Elektrik        | 277            | (540)            | -              | -                |
|                       | <b>338,572</b> | <b>(891,947)</b> | <b>456,260</b> | <b>(986,345)</b> |
| <b>Associates</b>     |                |                  |                |                  |
| Larco                 | 20,019         | (1,033)          | 21,776         | (1,797)          |
|                       | <b>20,019</b>  | <b>(1,033)</b>   | <b>21,776</b>  | <b>(1,797)</b>   |

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

As of 31.03.2015, the Parent Company has guaranteed for an overdraft credit line of up to Euro 8 mil. As of 31.03.2015 PPC Renewables S.A. has utilized Euro 785, which relates to letters of guarantee.

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**8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

**Guarantee in favor of the subsidiary IPTO SA**

As of 31.03.2015, the Parent Company has guaranteed for bilateral loans amounting to Euro 325 mil.

In addition, in March 2014, PPC's Board of Directors decided to provide an additional guarantee of Euro 12.1 mil. for an existing loan agreement between IPTO and a commercial bank, which until that time was not covered by a guarantee.

The Parent Company receives commission for rendering this service.

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

The following table presents purchases and balances with 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. Additionally, transactions and balances with the Electricity Market Operator ("EMO"), are presented.

|                                | Purchases     |                | Balance       |               |
|--------------------------------|---------------|----------------|---------------|---------------|
|                                | 31.03.2015    | 31.03.2014     | 31.03.2015    | 31.12.2014    |
| ELPE, purchases of liquid fuel | 26,185        | 28,843         | 6,973         | 4,416         |
| DEPA, purchases of natural gas | 60,684        | 78,626         | 32,271        | 29,987        |
|                                | <b>86,869</b> | <b>107,469</b> | <b>39,244</b> | <b>34,403</b> |

|          | March 31, 2015 |           | December 31, 2014 |           |
|----------|----------------|-----------|-------------------|-----------|
|          | Receivable     | (Payable) | Receivable        | (Payable) |
| EMO S.A. | 165,189        | (105,709) | 166,038           | (65,349)  |

|          | March 31, 2015 |               | March 31, 2014 |               |
|----------|----------------|---------------|----------------|---------------|
|          | Invoiced to    | Invoiced from | Invoiced to    | Invoiced from |
| EMO S.A. | 525,673        | (779,734)     | 566,376        | (733,083)     |

In addition to the above, and within its normal course of business (sale of electricity, services received, etc.), PPC enters into transactions with a large number of entities (profit or nonprofit) which are owned by the Government. All transactions with government owned entities are at arm's length terms.

**Management compensation**

Management Members compensation (Board of Directors and General Managers) for the three month period ended March 31, 2015 and 2014, is as follows:

|   | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| <u>Compensation of members of the Board of Directors</u>              |            |            |            |            |
| - Executive members of the Board of Directors                         | 54         | 54         | 14         | 14         |
| - Non-executive members of the Board of Directors                     | 15         | 18         | -          | -          |
| - Compensation / Extra fees   | 9          | 14         | -          | -          |
| - Contribution to defined contribution plans                          | 12         | 13         | -          | -          |
| - Other Benefits  | 13         | 28         | 13         | 27         |
|   | <b>103</b> | <b>127</b> | <b>27</b>  | <b>41</b>  |
| <u>Compensation of Deputy Managing Directors and General Managers</u> |            |            |            |            |
| - Regular compensation  | 171        | 171        | 143        | 157        |
| - Contribution to defined contribution plans                          | 52         | 59         | 43         | 54         |
| - Compensation / Extra fees   | -          | -          | -          | -          |
|   | <b>223</b> | <b>230</b> | <b>186</b> | <b>211</b> |
| <b>Total</b>  | <b>326</b> | <b>357</b> | <b>213</b> | <b>252</b> |

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**8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

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 Directors members, the Deputy Managing Directors and the General Managers.

**9. LOANS AND BORROWINGS**

During the first quarter of 2015, the Parent Company proceeded to debt repayments amounting to Euro 17.2 mil.

In January 2015, the total credit line of an overdraft facility by a commercial bank amounting to Euro 50 mil. was drawn by the Parent Company.

The Parent Company and the Group's loan obligations on March 31, 2015 are as follows:

|  | <b>GROUP</b>      |                   | <b>COMPANY</b>    |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>31.03.2015</b> | <b>31.12.2014</b> | <b>31.03.2015</b> | <b>31.12.2014</b> |
| Bank Loans                                 | 2,373,035         | 2,388,538         | 2,255,906         | 2,271,406         |
| Bonds Payable                              | 3,086,595         | 3,087,959         | 2,796,492         | 2,797,856         |
| Unamortized portion of loan issuance fees  | (41,720)          | (43,478)          | (41,580)          | (43,292)          |
| <b>Total long term borrowings</b>          | <b>5,417,910</b>  | <b>5,433,019</b>  | <b>5,010,818</b>  | <b>5,025,970</b>  |
| Less current portion:                      |                   |                   |                   |                   |
| - Bank Loans                               | 165,485           | 133,305           | 136,378           | 104,196           |
| - Bonds Payable                            | 456,991           | 456,991           | 166,879           | 166,879           |
| Unamortized portion of loan issuance fees  | (8,648)           | (8,768)           | (8,508)           | (8,582)           |
| <b>Total current portion of borrowings</b> | <b>613,828</b>    | <b>581,528</b>    | <b>294,749</b>    | <b>262,493</b>    |
| <b>Non-current portion of borrowings</b>   | <b>4,804,082</b>  | <b>4,851,491</b>  | <b>4,716,069</b>  | <b>4,763,477</b>  |
| Short term borrowings                      | 147,016           | 97,016            | 100,000           | 50,000            |
| <b>Total loans and borrowings</b>          | <b>5,564,926</b>  | <b>5,530,035</b>  | <b>5,110,818</b>  | <b>5,075,970</b>  |

**Credit Rating**

In February 2015, the credit rating agency Standard and Poor's (S&P), following a respective downgrade of the Hellenic State, downgraded PPC to 'B-' from 'B' and in April 2015 to 'CCC+' from 'B-'.

In April 2015, the credit rating agency ICAP lowered PPC's corporate credit rating to 'C' from 'B' with negative outlook.

**10. RECLASSIFICATIONS**

On March 31, 2015 the Group and the Parent Company have proceeded to the reclassification of comparative figures in the income statement, as follows:

|                               | <b>Group</b>                   |                                |                                   | <b>Company</b>                 |                                |                                   |
|-------------------------------|--------------------------------|--------------------------------|-----------------------------------|--------------------------------|--------------------------------|-----------------------------------|
|                               | <b>01.01-31.3.14 published</b> | <b>Reclassification effect</b> | <b>01.01-31.3.14 reclassified</b> | <b>01.01-31.3.14 published</b> | <b>Reclassification effect</b> | <b>01.01-31.3.14 reclassified</b> |
| Payroll Cost                  | 175,227                        | 52,868                         | 228,095                           | 92,614                         | 52,868                         | 145,482                           |
| Fuel                          | 459,733                        | (164,845)                      | 294,888                           | 459,733                        | (164,845)                      | 294,888                           |
| Depreciation and Amortization | 117,335                        | 29,981                         | 147,316                           | 100,732                        | 29,981                         | 130,713                           |
| Energy Purchases              | 368,019                        | 697                            | 368,716                           | 374,398                        | -                              | 374,398                           |
| Other(income) / expenses      | 8,876                          | 81,299                         | 90,175                            | (26,256)                       | 81,996                         | 55,740                            |

These reclassifications were made in order to provide improved information and mainly pertain to the presentation of lignite cost.

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**11. FAIR VALUE AND FAIR VALUE HIERARCHY**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

The following tables present a comparison of the carrying amount of the Group and the Company's financial instruments that are carried at amortized cost to their fair value as well as the tangible fixed assets which are revalued periodically (the last revaluation was conducted on 31.12.2014) :

| Group                         | Carrying amount |            | Fair value |            |
|-------------------------------|-----------------|------------|------------|------------|
|                               | 31.03.2015      | 31.12.2014 | 31.03.2015 | 31.12.2014 |
| <b>Non – financial assets</b> |                 |            |            |            |
| Fixed Assets                  | 13,579,259      | 13,689,537 | 13,579,259 | 13,689,537 |
| <b>Financial Assets</b>       |                 |            |            |            |
| Trade receivables             | 2,017,552       | 1,772,670  | 2,017,552  | 1,772,670  |
| Restricted cash               | 143,357         | 144,720    | 143,357    | 144,720    |
| Cash and cash equivalents     | 495,796         | 434,511    | 495,796    | 434,511    |
| <b>Financial Liabilities</b>  |                 |            |            |            |
| Long-term borrowings          | 5,417,910       | 5,433,019  | 5,240,761  | 5,314,018  |
| Trade payables                | 1,505,160       | 1,672,772  | 1,505,160  | 1,672,772  |
| Short term borrowings         | 147,016         | 97,016     | 147,016    | 97,016     |

| Parent Company                | Carrying amount |            | Fair value |            |
|-------------------------------|-----------------|------------|------------|------------|
|                               | 31.03.2015      | 31.12.2014 | 31.03.2015 | 31.12.2014 |
| <b>Non – financial assets</b> |                 |            |            |            |
| Fixed Assets                  | 11,790,766      | 11,902,455 | 11,790,766 | 11,902,455 |
| <b>Financial Assets</b>       |                 |            |            |            |
| Trade receivables             | 1,887,658       | 1,638,789  | 1,887,658  | 1,638,789  |
| Restricted cash               | 143,357         | 144,720    | 143,357    | 144,720    |
| Cash and cash equivalents     | 245,632         | 248,318    | 245,632    | 248,318    |
| <b>Financial Liabilities</b>  |                 |            |            |            |
| Long-term borrowings          | 5,010,818       | 5,025,970  | 4,833,669  | 4,906,969  |
| Trade payables                | 1,393,530       | 1,601,802  | 1,393,530  | 1,601,802  |
| Short term borrowings         | 100,000         | 50,000     | 100,000    | 50,000     |

The fair value of investments available for sale, restricted cash, cash and cash equivalents as well as financial derivative instruments equals their carrying amount.

Fair value of trade receivables and trade accounts payable approximate their carrying amounts. Fair value of the remaining financial assets and financial liabilities is based on future cash flows discounted using either direct or indirect observable inputs and are within the Level 2 of the fair value hierarchy.

Fair value of tangible assets is included in level 3 of fair value hierarchy.

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**11. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)**

As at March 31, 2015, the Group and the Parent Company held the following financial instruments measured at fair value:

| Group and Parent Company<br>Financial Assets | Fair value |            | Fair value Hierarchy |
|--|------------|------------|----------------------|
|  | 31.03.2015 | 31.12.2014 |                      |
| Investments available for sale               | 1,987      | 2,394      | Level 1              |
| Financial derivative instruments             | 1,982      | 3,565      | Level 2              |

**12. COMMITMENTS, CONTINGENCIES AND LITIGATION**

**12.1. OWNERSHIP OF PROPERTY**

Key issues 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's 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.

Property, plant and equipment of the Group 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, it 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.

**12.2. LITIGATION AND CLAIMS**

The Group is a defendant in several legal proceedings arising from its operations. The total amount claimed as at March 31, 2015, amounts to Euro 1,632 mil. as further detailed below:

1. **Claims with contractors, suppliers and other claims:** A number of contractors and suppliers have raised claims against the Group. These claims are either pending before courts or under arbitration and mediation proceedings. The total amount involved is Euro 622 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 Group for damages incurred as a result of alleged electricity-generated fires and floods. The total amount involved is Euro 53 mil. and Euro 11 mil., respectively.
3. **Claims by employees:** Employees are claiming the amount of Euro 196 mil., 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 March 31, 2015, 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 Euro 87,704,000 and particularly seeking to:
  - (a) obtain the ownership of a building sold by PPC in 1999 for an amount of Euro 13,294,203. For this particular claim, a series of decisions have been issued (1767/2014 Supreme Court and most important 13/2010 Supreme Court), the latest being Decision Nr. 4909/13 of the Multi-Member Court of Appeal of Athens (MMCAA), which reversed Decision Nr. 2579/05 of the Multi-Member Court of First Instance of Athens (MMCFIA), which had declared void the transfer of the building, thereby questioning the ownership of PPC over it,

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- (b) obtain the ownership of the ground floor of the above mentioned building, owned by PPC and collect the rents amounting to Euro 2,318,076 (concerns rents until 30.04.2008) earned by PPC over a specified period of time by renting out the particular property. The outcome of the case has been resolved with Decision Nr. 1760/2014 of the Multi-Member Court of First Instance of Athens (MMCFIA) in favour of PPC.
- (c) obtain the ownership of another building, of an estimated value of Euro 8,000,000. For the above mentioned case, there have been issued Decision Nr. 13/2010 of the PSSC and Decision Nr. 4841/13 of the MMCAA, (the later reversed Decision Nr. 7420/07 of the MMCFIA, which had declared void the transfer of the building, thereby questioning the ownership of PPC over it and an appeal is filed in the Supreme Court which was heard on 04.02.2015 and a decision is pending).

The above mentioned (a), (b) and (c) were based on Decision 13/2010 of the PSSC.

- (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 Euro 59,392,823. For the above mentioned case Decisions 2666/09 MMCFIA and 668/12 MMCAA were issued, in favour of PPC, while on an appeal was filed against Decision 668/12, which was heard on 24.11.2014 and for which a decision is pending.
- (e) to oblige PPC to render detailed accounts concerning management of bonds that PPC kept on behalf of PPC – PIO' of an amount of Euro 55.000. For the above-mentioned matter Decision 495/2008 of the Athens Multi Member Court, Decision 1459/2009 of the Athens Appeals' Court were issued, and a positive outcome by the Supreme Court is expected.
- (f) Finally, two (2) more lawsuits have been filed against PPC, before the MMCFIA with a total claim of Euro 3,961,924. The first lawsuit by OAP – DEI, TAYTEKO etc. (compensation regarding medical offices rentals due to non-concession of the Geraniou street property of Euro 1,643,848) was scheduled to be discussed on 06.11.2014 and was postponed for 06.04.2017 and the second lawsuit by OAP – DEI, TAYTEKO etc. was heard on 13.11.2014 (compensation for illegally collected rentals in the Filellinon street property for the period 01.10.2005- 30.04.2008 for Euro 2,318,076)

The aforementioned cases (b) – (e) are strongly expected to be resolved in favour of PPC pursuant to the recently issued Decision No 13/2010 of the Plenary Session of the Supreme Court regarding the (a) case, according to which reversed Decision 2567/2007 of the Court of Appeals, that had originally accepted PIOs' action against PPC.

Under a decision by the Supreme Court, 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" 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 Appeals, which in turn issued Decision 4909/13 MMCAA and Decision 4841/13 MMCAA (an appeal has been filed as abovementioned in the Supreme Court was heard on 04.02.2015 and a decision is pending), in favour of PPC. The aforementioned Decision 13/2010 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 Euro 634.8 mil. plus 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 was scheduled to be heard in the Multimember Court of First Instance in Athens on September 18th, 2014 but it was postponed for February 23, 2017. 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 an adverse outcome for PPC, for the lawsuit in question, are minimal and therefore, has not formed a provision.

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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

**6. PPC's lawsuit against ETAA (former TSMEDE)**

ETAA (former TSMEDE) by its Decision 7/2012 has imposed on PPC the amount of Euro 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 pertaining 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 postponed by the court for discussion on 03.11.2014. The discussion of the appeal took place and the issuance of a decision is expected.

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.

**7. Lawsuits against HEDNO**

The companies "KENTOR" (former "ENERGA") and "NEW APPLICATION" (former "HELLAS POWER") have filed lawsuits before the MMCFA against HEDNO, which were to be discussed on 12.02.15 and 19.02.15 respectively, by which they claim amounts of Euro 520.8 mil. and Euro 361.3 mil., respectively. On 02.03.2015 both companies resigned expressly and unreservedly from the above mentioned lawsuits, by an out of court declaration.

For the above amounts the Group and the Parent Company have established adequate provisions, which as at March 31, 2015 amounted approximately to Euro 160 mil. and 107 mil., respectively (31.03.2014: Euro 151 mil. for the Group and 73 mil. for the Parent Company), which are considered adequate for the expected losses, which will derive by the final judgement.

**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 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 one of the largest industrial groups in Greece, with complex activities and operations across the country and in the ordinary course of its business, from time to time, competitors, suppliers, customers, owners of property adjacent to its properties, media outlets, activists, and ordinary citizens, raise complaints (even to public prosecutors) about the Group's operations and activities, to the extent they feel that its activities and operations cause or are likely to cause economic damage to their views and/or interests, businesses or properties. In this context press reports containing complaints concerning alleged illegal actions against the Group, usually entails the public prosecutor being 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, the Group, its Board of Directors' members and its officers 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 its activities in the ordinary course of business. These investigations and legal proceedings may be disruptive to the Group's daily operations to the extent that officers and directors involved need to spend time and resources in connection therewith. They may also adversely affect the Group's reputation. To date, none of the proceedings initiated against the Group, its officers or directors has resulted in any criminal convictions.



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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

***“Alouminion of Greece” (ALOUMINION)***

1. On 31.10.2013 with a majority of two to one (2/1) Decision No. D1/1/2013, the Permanent Arbitration Court of RAE decided the price for the supply of electricity to ALOUMINION S.A. at Euro 40,7/MWh for the period 01.07.2010 until 31.12.2013. At the abovementioned price both the fixed and variable energy costs are included, as well as System Use Charges, Ancillary Services Charges, Public Service Obligation, and state fees on behalf of RAE and HTSO/EMO, although Renewable Energy/Gaseous Pollutants special fees/ETMEAR Special Electricity Tax, DETE and other taxes imposed are not included. The burden on the financial results of the third quarter of 2013 imposed by the above mentioned Decision, as far as the supply of electricity to ALOUMINION is concerned, for the period 01.07.2010 until 30.9.2013 amounted to Euro 105.5 mil.

As the abovementioned Decision compels PPC to sell at a loss, PPC filed an action for invalidity against it, which was scheduled to be heard on 04.12.2014, and was postponed for 01.10.2015 and, in addition, submitted a complaint for state aid before the European Commission (December 2013). The Commission by a letter in June 2014, has notified PPC that it does not intend to further examine the complaint, given that, according to the Commission, the complaint in question pertains to amounts which were defined following an arbitration by an arbitrary court to which the parties resorted to mutually and therefore it cannot constitute a “vehicle” of state aid, since it is not a state entity.

PPC has challenged the 22/8/2014 Commission’s decision in front of the General Court of the European Union (case T-639/2014). The General Court of the EU has set June 24, 2015 as a deadline the challenge on behalf of the Commission.

On 17.04.2015 PPC was notified of a subsequent decision (dated 25.03.2015) of the European Commission, through which, the latter concluded, in relation to the decision dated 12.06.2014, that PPC’s complaint concerning illegal state aid towards Alouminion does not require further investigation concerning state aid but using a different rationale. Specifically the new decision is based mostly on the fact that the decision to resort to arbitration met the criteria of a private investor and therefore that it could not lead to an illegal state aid.

On 20.05.2015 the General Court of the European Union passed on to PPC a document by which the latter requests the dismissal of the above mentioned trial which is pending following the T-639/14 complaint by PPC, reasoning that a decision is no longer necessary since the Commission has issued a subsequent decision dated 25.03.2015 replacing its previous decision dated 12.06.2015. The Court has set a deadline for PPC to answer by July 3<sup>rd</sup>, 2015, in relation to the above mentioned dismissal. PPC is examining all appropriate means in order to protect its interests since there is no obligation on its part to sell below cost.
2. ALOUMINION does not accept tariffs for the High Voltage Customers, which were decided on PPC’s 28.02.2014 General Shareholders’ Meeting and proceeds with a partial payment of the amounts due to PPC for the consumptions of its industrial installations, calculating, by its statement, the supply tariff of the energy consumed for the year 2014, on the base of the 1/31.10.2013 Arbitration Decision. In addition, ALOUMINION, in months of negotiations has declined all proposed tariffs by PPC, since 2013, including the tariff decided by PPC’s General Shareholders Agreement on 28.02.2014. PPC through its General Shareholders’ Meeting on 28.02.2014 has decided –as far as High Voltage Customers are concerned- the following : “ the Management should have been committed to take measures against the companies not signing supply contracts for 2014”. Following that, PPC proceeded on 02.01.2015 to an order for the deactivation of ALOUMINION’s load meters and invited IPTO to proceed to all necessary actions.

Following that ALOUMINION has filed the RAE I-191545/09.01.2015 complaint –application of interim measures- application of special regulatory measures against PPC, which was notified to IPTO. PPC asked that the complaint being dropped, the immediate payment of all amounts due by ALOUMINION being ordered and the infliction of administrative penalties to ALOUMINION, RAE, by its letter to PPC and IPTO–notified to ALOUMINION- has proceeded to a recommendation to all parties to not execute the above mentioned order of deactivation.

Afterwards, on 28.04.2015 RAE by a letter, notified an excerpt of its 11.03.2015 plenary session, by which the discussion and decision on Alouminion’s complaint are suspended until the resolving of some issues relating to the quorum demanded by law in order for a decision to be made on the above mentioned complaint.

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On 20.03.2015 a document of the Competition Committee (CC) was notified to PPC, by which CC asks the submission of PPC's views on a memo by ALOUMINION, with which the latter asked CC, in 25.02.2015, to apply interim measures (among others the suspension of PPC's complaint regarding its supply relationship dated 07.11.2013, as well as its January 2015 declaration of discontinuation of representation of ALOUMINION's meters). PPC has submitted the relevant data in time. The relevant decision is pending.

***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, PPC's deposits were mandatorily 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, (Euro 6.5 mil.) for the reason that the above mentioned Act of the trustee of the Bank was held invalid.

Moreover, PPC had outstanding loan balances, received under 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 of 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 (Court of Appeals decision 2005).

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.

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 above-mentioned date and decision 3680/2014 of the Court of Appeals was issued, which only partially accepts PPC's lawsuit while essentially accepting the results of the ordered by the Court above mentioned official expert report, as following :

- a) The amount owed by the Bank of Crete to PPC at the time of the filing of the lawsuit by PPC on 22.07.1991 amounted to GRD 1,268,027,987 and
- b) The amount owed by PPC to the Bank of Crete on 01.07.1991 due to the loan amounts becoming overdue by the Bank and after the suggested by the Bank set off of its counterclaim against the above-mentioned PPC's claim, amounted to GRD 2,532,936,698.

PPC intends to appeal against the above mentioned decision. It is noted that until the final judgment on the appeal, the discussion of the aforementioned (28 December 1995) lawsuit of the Bank of Crete against PPC is pending.

In case that the Supreme Court accepts PPC's annulment, then it will judge the case anew and the decision which it will issue will be irrevocable. In case of a positive outcome for PPC, for which there are increased probabilities, then the case of the Bank against PPC might be rejected.

**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 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.

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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

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 sixth circuit 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 companies 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 simply noted that PPC still has a dominant position.
- It is not clear, that PPC is in an advantageous position opposite to 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. Therefore it decided that granting to PPC the specific rights is not against European Union's law [ art.106 para.1(special or exclusive rights to public companies) combined with art. 102 (abuse of dominant position) of the Treaty for the operation of the European Union)].

As far as case T-421/09 is concerned the Court has annulled as irrelevant the above mentioned Commission's Decision 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 (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 20<sup>th</sup>, 2012. The hearing of the case took place on October 3, 2013.

On July 17, 2014, the Court of the European Union has issued a decision on the annulment requests for the Commission, by accepting them. In particular the Court of the European Union, by citing cases, has accepted that for the application of the directives in question of the union law it is required (but also enough) the adoption of a measure, by which a member state exclusively grants rights to a public company, creates an inequality of opportunities between companies and thus it is able to drive the company to an abuse of dominant position. The European Union's Court has not accepted the Commission's request to judge the case in its substance following the injunction of the decision in the first degree but referred the case again to the General Court of the European Union, in order for it to deliver a decision on the remaining annulment reasons, which, although PPC had invoked in front of the Court, the General Court had not examined. PPC has submitted a Memo with its observations to the Court within the legal deadline.

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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

**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, EMO sent a letter to PPC, according to which an amount of Euro 96.6 million is seemingly allocated to PPC, based on the finalization of the methodology by RAE 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 allocating the total amount of Euro 96.6 mil. in seven monthly installments starting by August 2013 sent to PPC the relating briefing notes amounting to Euro 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.

In particular, PPC has already filed an application for annulment of RAE's Decision 285/2013, before the Council of State, as well as, an action for suspension of such Decision, until a final judgment is issued by the Council of State. The hearing for the application for the annulment took place on March 18, 2014, and the decision is pending. In the meantime, the Council of State has issued an interim Decision (n. 62/2014), which suspended the payment of 50% of the amount of Euro 96.6 mil., which is attributable to PPC.

In spite of the assessment that there are reasonable chances for a favorable outcome, following the intermediate decision of the Supreme Court, PPC has recognized in its books a provision of 50% of the amount of Euro 96.6 mil. due to the uncertainty of the recoverability of this amount.

In parallel EMO has filed a lawsuit in the Multimember Court of First Instance for an amount of Euro 55 mil. which is the equivalent of 4 equal installments out of a total amount of Euro 96.6 mil. The hearing of this lawsuit has been scheduled for December 9, 2015. Consequently and under the prerequisite that the State Council will not have issued a final decision, by that date, there is the prospect of postponing the above mentioned lawsuit since the validity of RAE's Decision 285/2013, depends on the State Council's decision, which constitutes the legal basis of the dispute in the court. Consequently PPC has not established a provision beyond the one mentioned previously.

Additionally, the company "ELPEDISON" by a lawsuit request EMO to be ordered to pay to "ELPEDISON" an amount of Euro 89.4 mil. (with interest), by its participation to DAS. The lawsuit is founded to RAE's Decision 285/2013, according to its second part, which forbids the practice of offsetting claims by participating in DAS with claims from other causes. Specifically, it claims that EMO's negligence to demand from PPC to stop the practice of offsetting out of the DAS market led to EMO's inability to pay ELPEDISON timely which is why it claims the above mentioned amounts by EMO.

EMO has asked PPC to participate in the trial as a procedural guarantor asking with an incidental request that PPC is reprobated to pay the above mentioned sums in case of defeat. The lawsuit was scheduled to be heard in the Multimember Court of Piraeus on May 27, 2015, but was postponed for January 27, 2016. PPC considers that there is the possibility of postponement of the hearing of the EMO's lawsuit since a decision by the State Council is expected, considering the validity of RAE's Decision 285/2013, which is the legal base for the trial in the Court of First Instance. Consequently, PPC has not established a provision.

- **Application for interim measures of EMO against IPTO.**

EMO has applied for interim measures against IPTO, asking for interim measures as well as a garnishment of all assets, movable or immovable up to the amount of Euro 300 mil. or that IPTO is obligated to guarantee in favor of EMO up to the amount of Euro 300 mil. to ensure its claims against IPTO, which pertain to capital and interest derived from invoices, which either remain due or have been paid belatedly. For the above mentioned claims, EMO has already filed three lawsuits against IPTO asking that IPTO is obligated to pay to EMO an amount of Euro 500 mil. approximately, as specified in the relative lawsuits. The hearing of the interim measures has been set –following an adjournment- for April 24, 2015 on which EMO dropped the case of the interim measures.

- **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 EMO based on DAS settlement, including energy generated by PVs on rooftops, with the amounts that PPC is contractually required to pay directly to the generators in question, based on the feed - in tariff, leads to delays in recovering the latter amounts from EMO.

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Non implementation of an offset does not impact financial results but will have a negative effect on cash flows, due to the increased working capital needs, since PPC is obliged to await payments in cash from EMO through the relevant special RES account. The issue in question concerns amounts which range from Euro 11 mil. to Euro 31 mil. per month and the total amount to be recovered could reach approximately Euro 120 mil. based on an estimated eight-month waiting period. EMO has already filed both a claim and an application for interim measures before the Court of First Instance of Athens against PPC. On the application for interim measures Decision 6022/2014 of the Multimember First Instance Court of Athens was issued, ordering a temporary injunction on offsetting of liabilities of DAS with liabilities of other causes at a rate of 50% of these liabilities. The hearing is scheduled for January 12, 2017, nonetheless it is estimated that the matter 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 in the Interconnected System are disbursed through the market operation, on the higher amount of either their income from DAS and Imbalances settlements or the value of 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 to an amount of Euro 48.2 m, which derived from the retrospective application of the relevant methodology. For this amount, PPC considers that retrospective application is not included in the relevant provisions of the Law and thus has not recorded any relevant provision. For the above, PPC S.A. has filed a lawsuit at the Multimember Athens Court, which is scheduled to be discussed on 22.09.2016.

**12.3. 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:

**1. HPP Messochora (161.6 MW)**

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 were under construction and were related to projects of the Acheloos River Diversion Scheme to Thessaly as well as energy projects were 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. 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 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 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 HPP Messochora.

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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

The Parent Company (PPC S.A.), considering 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 and examining 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, independently from the other Projects of the Diversion Scheme, proceeded to the review and the updating of the Environmental Impact Assessment (EIA) for HPP Messochora. After the completion of the approval process and the publication, by the relevant OG (9.2014), of the Decisions for the approval of Management Plans for River basins of the Western Sterea Hellas Water District and the Thessaly Water District the EIA is completed and submitted to the Directory of Environmental Permits (DEP) of the Ministry of Environment, Energy and Climate Change, in order to proceed with the procedures for the Decision of the relevant Ministers regarding the Environmental Terms for the Project, which is estimated to be completed in the first half of 2015.

After the publication of the Environmental Terms Decision, the construction of the remaining works and the procedure for expropriation of the remaining land will proceed, in order to make it possible to start the operation of the Project, which is estimated in the first quarter of 2018.

On March 31, 2015 the aggregate expenditure amount for HPP Messochora amounted to Euro 280 mil., approximately and is expected to require an additional amount Euro 122 million to complete and operate the project, which is estimated to operate in 2018.

2. 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 investments, to the already foreseen in the Parent Company's investment plan, for its main thermal power plants may be required. In accordance with European Directive 2001/80/EC, a pollutants 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.

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 was resubmitted on March 18, 2014 by the country and was approved by the EU on July 07, 2014. Finally, according to the above, SES Agios Dimitrios, Meliti and Megalopolis A' and B' are included in the TNERP, while SES Amyntaion and Kardias will use the limited life-time derogation.

3. 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, 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 in the future.
4. 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.
4. 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.

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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

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.

6. The Environmental Permit for Klidi Mine is expected to be issued.
7. Furthermore the Parent Company's Mine Environmental Department has carried out all required procedures, for the renewal of Environmental Permit for Amyntaio and Megalopolis Mines

***CO<sub>2</sub> Emissions***

During March and May 2013, CO<sub>2</sub> emission licenses have been issued for all 31 PPC installations, for the 3<sup>rd</sup> implementation phase of the European Union Emissions Trading System (EU ETS phase III, from 1 January 2013 to 31 December 2020).

By the end of March 2015, the verification of the annual emissions reports for 2014 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 2014 amounted to 39.2 Mt CO<sub>2</sub>.

***Emission Allowances (CO<sub>2</sub>)***

According to the current European and National legislation, during the 3<sup>rd</sup> implementation phase of the EU ETS (period 2013-2020), PPC is not entitled to free allocation of emission allowances, with the exception of allowances allocated for emissions corresponding to the generation of thermal power for district heating.

In accordance with its verified CO<sub>2</sub> emissions for 2014, the emission allowances that PPC delivered to the Greek part of the EU Greenhouse Gas Emission Allowances Trading Registry (EU Registry) to fulfil its compliance obligations for the year 2014 amount to 39.2 Mt. During 2014, PPC has been allocated with about 150.6 thousands allowances for district heating emissions.

Based on the provisional ex-post data for 2015, the CO<sub>2</sub> emissions of the Parent Company's bound plants for the period 01.01.2015 – 31.03.2015 amount to 8.1 Mt. In addition, PPC's emissions for the rest of the year (01.04.2015 – 31.12.2015) are estimated at 29.5 Mt. It should be noted that the emissions of 2015 will be considered final by the end of March 2016, when the verification of the annual emissions reports by accredited third party verifiers is completed. Consequently, the total CO<sub>2</sub> emissions that PPC will have to deliver for compliance purposes for the period 01.01.2015 – 31.12.2015 are estimated at 37.6 Mt.

**12.4. INVESTMENTS**

***A new Steam Electric unit 660 MW in Ptolemaida***

The drawing up by the Contractor of the studies for the Project licensing and their submission to the Corporation for review have been completed. The review of the submitted requests by the pertinent Bodies, for their necessary opinions, which are prerequisites for the submission to the authority for urban planning of the municipality of Eordaia of the request for the approval of the building permit, is in progress. It is noted that, on 24.04.2015, the Installation License of the Project was issued by the Ministry of Reconstruction of Production, Environment and Energy, which License is also prerequisite for the submission of the request for the approval of building permit.

On 31.03.2015 the total expenditure for the project amounted to Euro 118 mil.

***A new diesel engine Power Plant 115,4 MW in South Rhodos burning of heavy fuel oil with low sulphur content***

Civil Works which begun in September 2014 at the area of main facilities of the Power Station in accordance with the Environmental Impact Assessment study and the new time schedule, are in progress.

PPC and the Contractor continue the preventive maintenance of engines, generators and transformers, which are temporarily stored in Elefsis port, and they are scheduling the transportation of said equipment at the Project site within the second quarter of 2015.

On 31.03.2015 the total expenditure for the project amounted to Euro 105 mil.

***A new combined cycle unit at Megalopolis 811 MW***

All required works for putting the Unit into operation have been completed. The Unit tests with use of natural gas which has been supplied by DESFA on 05.01.2015, are in progress.

The Unit is expected to enter commercial operation within the second half of 2015.

On 31.03.2015 the total expenditure for the project amounted to Euro 497 mil.

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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

**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, the Units tests have been finished and the procedure of registering in the Independent Power Transmission Operator's Units Registry, is to be completed within the second quarter of 2015.

The Plant is expected to be set in commercial operation in the third quarter of 2015.

The total installed capacity of the plant is 157 MW and it is expected to generate, on an annual basis, approximately 330 GWh of "clean" electricity.

On 31.03.2015 the total expenditure for the project amounted to Euro 299 mil.

**12.5. PPC RENEWABLES (PPCR)**

**Construction of nine (9) new Wind Parks from PPC Renewables S.A.**

Until today the construction and interconnection of the Wind Parks, in Paros, Lesvos, Rhodes, Samos, Crete and Limnos, of total installed power 22.5 MW has been completed.

In March 2014, the construction of eight wind turbines, out of a total of eleven, in the wind park of Rethimnon (Koprino) was completed, since by its 13.02.2014 Temporary Order, followed by its Decision 401/2014, the Suspension Committee of the Council of State, ordered the cessation of construction and operation of three non-installed wind turbines until the issuance of a decision on the relevant suspension request, which has already been discussed in the Council of State's Section E' pending a decision.

In December 2014 the interconnection of the wind park to HEDNO's network was initiated, following the issuance of a partial operation license by Crete's Decentralized Administration.

In Sifnos the preparation of studies as well as the licensing for constructing the pier by the proper authorities is expected, in order to initiate the selection of a contractor through an RfP and the construction of the project. Additionally, the arrangement of various legal and licensing pending matters is expected, in order for the contractor to commence operations.

**Hybrid Project in Ikaria**

The project of 6.85 MW of total power, combines two renewable energy sources, Wind and Hydroelectric. The hybrid project in Ikaria is expected to be completed and commence operation in 2015.

**Exploitation Rights of the geothermal fields**

By decisions of the Deputy Minister for Environment, Energy and Climate Change concerning the outcome of the Public International Bidding Contest (tender date 07.09.2011) for the lease of rights of exploitation of geothermal fields has been awarded in the following areas:

a) Sousaki in the Corinthos prefecture, b) the Sperhios basin in the Fthiotida prefecture, c) Akropotamos in the Kavala prefecture and d) the island of Ikaria, was awarded. The BoD has approved the acceptance of leases, however, the notarial deeds have not been signed by the Ministry yet. The deadline for signing the above notarial deeds leases has been extended until April 30, 2015 while a petition for an extension until December 31, 2015 has been filed, where its approval is expected.

**Production Licenses of two new Wind Parks in Rodopi**

In October 2014, the Regulatory Authority of Energy has issued the production licenses for two new PPC Renewables' wind parks of 106 MW total capacity and Euro 127.2 mil. in Rodopi region.

**Repowering of SHPP Louros**

In March 2014, PPC Renewables issued a public tender concerning the assignment of the project of the modernization and renovation of SHHP LOUROS, of 8.84 MW nominal capacity, with a budget of Euro 6.4 mil. and a submission deadline of June 24, 2014.

During the evaluation of the bids, new data arose as far as the amendment of technical requirements is concerned, thus leading to the annulment of the tender and its reissuance in 2015.

**12.6. IPTO S.A.**

**New investments by IPTO in the Energy Transmission System**

• **Electrical Interconnection of "NEA MAKRI - POLYPOTAMOS"**

Following efforts which have spanned years, the part of the subterranean interconnection between the Nea Makri High Voltage Center to the Polypotamos High Voltage Center has successfully been electrified on 07/04/2015. The overhead cable of the interconnection between the Polypotamos High Voltage Center and South Evia (Evia 7 High Voltage Center) is pending completion.



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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

- **High Voltage Center (HVC) 400 kV in Aliveri , Evia**  
The construction of Aliveri's (GIS) HVC, which will be serving the new thermal power unit and RES generators in Evia, has been recently concluded. The temporary and the final acceptance of the HVC is pending.
- **High Voltage Center (HVC) in Megalopolis and initial connection with the Transmission System (400 kV and 150 kV)**  
Within a time frame of only two years, IPTO constructed the new High Voltage Center (HVC) of GIS type and open air insulation in Megalopolis. The HVC was electrified in August 2013. The construction of the 150 kV interconnecting transmission lines of the HVC as well as both 400 kV transmission lines connecting the HVC with the new natural gas unit of Megalopolis V, has been concluded.  
As far as the construction of the 400 kV interconnection lines of the Megalopolis HVC to the Patra area and from there through submarine and overhead transmission lines to the 400 kV Mainland System, the approval of Environmental Terms was granted at May 23, 2014 and the completion of the land expropriations is pending. It must be noted that there is a recourse against the Ministry of Environment (currently the Ministry of Reconstruction of Production, Environment & Energy) in the State Council against the annulment of the obligatory land expropriations in the Antirio area and objections to the construction of the transition station in the area of the Patras University. At the same time preliminary construction works are underway aiming to shorten the period of time needed for completing the project.
- **Interconnection of Cyclades to the Mainland Transmission System**  
The contracts of the project have been signed since September 10, 2014 with the four contractors with a budgeted cost of Euro 231 mil., approximately. The submarine cables of the interconnection are under construction, and the immersion of the Syros – Mykonos cable has been completed. The construction of the civil engineer works has started on the GIS station in Syros and the GIS station in Lavrio. The completion of the whole project is scheduled for the end of July 2016.
- **Interconnection of Crete to the Mainland Transmission System**  
IPTO has proceeded to preliminary actions for the implementation of the project, aiming to achieve the interconnection within the current decade. In the abovementioned context, a preliminary study of the seabed in collaboration with the University of Patras, has been conducted for the immersion of submarine cables. At the same time several locations that have been deemed appropriate for the construction of terminal stations were considered in Crete, without being accepted by various local authorities in Crete. The Crete Region and other local authorities, are indicating the Korakia position along the borders of the Rethimnon and Heraklion provinces as an acceptable position. The position is under consideration as are positions in the mainland such as positions in Attica or the Peloponnese.
- **Project for the reinforcement of the “Nea Santa” High Voltage Center (HVC)**  
The “Nea Santa” HVC is a project of extreme importance for the Eastern Macedonia and Thrace areas. By the interconnection of the Hellenic Electricity Transmission System with the Turkish one and the Bulgarian one (Maritsa) in the future, the absorption of the total of the produced energy by the new RES station in Thrace as well as the upgrade of the reliability of the Northeastern System has been achieved. The project is in the acceptance stage (150kV side and automated substation system).
- **Construction project for the transmission line of 400 kV between the Lagadas and Filippi HVCs.**  
In July 2014, the contract for the construction of the transmission line 400 kV from the HVC Lagadas to the HVC Filippi, with an approximate length of 110 km, ATERMON S.A. as the contractor and a contractual price of Euro 26.7 mil. The project is to be completed by early 2017.
- **Upgrading projects of the 400kV System**
  - Replacement of switchgear equipment of 400kV in HVCs is currently being performed in the Pallini, Kardia, Larissa, Thessaloniki and Larimna HVCs. Specifically, obsolete air insulated 400 kV switches, are replaced with new SF6 insulated ones.
  - Reactive power compensation projects for 400kV Transmission lines by installing 400 kV self-inductances. More specifically the installation of two 400kV 30MVAR self-inductances in the Larimna and Agios Stefanos HVCs, respectively and one 50MVAR self-inductance in the Aliveri HVC (almost completed), have been included in the investment plan. Additionally, the siting for three 400kV self-inductances in the Megalopolis HVC, has also been included in the investment plan.

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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

**Ten Year Network Development Plan (TYNDP) of the subsidiary IPTO S.A. for the period 2014-2023.**

By its Decision 560/25.11.2013 which was published in OG B 3297/24.12.2013, 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 (3<sup>rd</sup> phase). The approved TYNDP 2014-2023, was published in OG B' 556/05.03.2014, based on RAE's Decision 77A/2014/18.02.2014.

From February 17, 2014 until March 17, 2014, IPTO has put into public consultation the preliminary draft of the TYNPD 2015-2024. Following that and after taking under consideration the outcome of the above mentioned public consultation, IPTO submitted the Ten Year Network Development Plan (TYNDP) for the period 2015-2024 to RAE, following Decision 34/20.05.2014 of IPTO's BoD. In the context of the approval process on June 16, 2014 RAE has submitted the TYNPD 2015-2024 to a new public consultation, with a deadline of July 18, 2014, pending the final decision.

**Approval of the Annual Cost and Usage Charges for the Hellenic Transmission System for 2015**

RAE by its Decision 572/2014 has approved the Allowed Revenue for the regulated period 2015-2017 to Euro 254.7mil., 250.2 mil. and 261 mil. per year, respectively, as well as the required revenue for the year 2015 amounting to Euro 215.1mil. A decision by RAE is pending as far as the definition of the unit charges for the Use of the System for 2015.

**Use of Congestion Income, from the country's international interconnections access rights, for the year 2015.**

With its 571/2014 decision, RAE approved the use of Euro 25 mil. from the Reserves Account (Interconnections Transfer Capacity Allocation according to article 178 of the Greek Grid Control Code For Electricity) that IPTO keeps for the reduction of the Transmission System Annual Cost for the year 2015.

**12.7. BUSINESS COLLABORATION**

**PPC's Participation in waste management tenders.**

Waste Syclo, is a joint company by PPC S.A. and Terna Energy, with Terna Energy owning 51% and PPC 49% of the share capital, responsible for the study, construction of projects, provision 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.

Waste Syclo submitted in May 6<sup>th</sup> 2014, an Expression of Interest in Phase A' of the tender published by the municipality of Corfu for the construction of an integrated solid waste management facility of Corfu, and has been preselected to continue to Phase B' when it will be tendered. At the same time the revision of the framework for the management of Attica's waste is expected, following the annulment of the previous tenders by the Attica prefecture in December 2014.

**Business Collaboration with Quantum Corporation Ltd and the former Bank of Cyprus**

PPC - QUANTUM ENERGY LTD, is a company founded by PPC, Quantum Corporation LTD and the Bank of Cyprus, with share capital participation 51%, 40% and 9% respectively. This company has been appointed as the contractor for the "EuroAsia Interconnector" Project, according to the regulatory provisions of the European Regulation 347/2013. On November 11, 2014, following IPTO's letter of intent for the acquisition of 51% of PPC's participation in PPC QUANTUM ENERGY LTD, PPC's Board of Directors decided to initially accept, pending the fulfilment of certain commitments posed by IPTO S.A., by the abovementioned letter of intent. The abovementioned commitments have been fulfilled and the completion of the procedure is expected by IPTO.

**Collaboration framework with DEPA S.A.**

PPC covers its needs for natural gas by the new contract signed on October 29<sup>th</sup>, 2012 with DEPA which pertains to the procurement and transportation through the Hellenic Natural Gas System (HNGT).

Following DEPA's commitments, which were accepted by the Competition Commission in relation to the contractual obligations by DEPA's clients, the Parent Company proceeded for the year 2015 to the readjustment of the Annual Contractual Quantity according to its real needs.

Furthermore the Parent Company proceeded to the supply of small quantities of natural gas through auctions (annual – 2015 and quarterly Q1 2015) to which DEPA proceed in application of the Competition Commission's decisions.

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**12. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

For the year 2013 - and until today – 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.

Furthermore, the certification of the relevant calculation formulae by an independent verifier, in accordance with the long term contracts between DEPA and its suppliers, is still pending for the previous years (2012-2014).

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 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 currently being negotiated by the two parties.

**Special Consumption Tax on Electricity**

The Parent Company is currently being audited by the Custom House, in relation to the special consumption tax on electricity for the period May 2010 to September 2012, regarding energy self-consumption.

**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 did not have for several years (till today) the possibility to recruit its experienced personnel in the range of its business activities while, today's average personnel age is approximately 49 years. The Group's inability to recruit specialized personnel negatively affects the ability of PPC Group to elaborate and implement its strategy in the new competitive and financial environment, as well as to adequately staff operations. Finally, there is a risk of "losing "managers and experts to competition mainly because of restrictions on remuneration policies and dramatic salary reductions. The viability and development of PPC Group in the new business environment notably depend on its ability to attract and maintain skilled and specialized personnel and executives. According to L. 3833/2010 and L. 4057/2012 , concerning the recruiting of permanent staff an approval of the Interministerial Committee is necessary (AIC 33/2006), as well as an allocative act of the Minister of the Interiors and Administrative reorganization according to the 1:5 ratio (a recruitment for every five employees leaving).By the above mentioned and introduced by law hiring procedure, the Parent Company's recruitment needs are significantly hindered and any potential denial or delay of the aforementioned approval creates critical lack of personnel and managers and may have a negative impact on the implementation of the Groups' activity.

**13. SIGNIFICANT EVENTS**

**High Voltage Tariffs**

In the context of the February 28, 2014 Extraordinary General Shareholders Meeting, in which 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. Out of the twenty four High Voltage supplies, PPC has signed twenty two (22) supply contracts with High Voltage clients – which represent in consumption more than 99% for the total of High Voltage customers.

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**13. SIGNIFICANT EVENTS (CONTINUED)**

In addition, in January 2015, PPC announced that, in application of the Extraordinary General Shareholders Meeting of December 22, 2014 and in view of securing the public interest the Parent Company has reached an agreement with LARCO, for the signing of a contract for the supply of electricity, from 01.01.2014 onwards according to PPC's General Shareholders' Meeting of February 28, 2014,, as well as methods of settling past differences between the two companies. Specifically, PPC's BoD by its decision dated 30.12.2014 has decided to accept LARCO's proposal for the direct referral to arbitration, according to the provisions of Civil Procedure, of the dispute between the two companies relating to the energy supply tariff for the sums due by LARCO until December 31, 2013 and the signing of a supply contract with the above mentioned company according to the tariff in accordance with the decision of PPC's Extraordinary Shareholders' Meeting of 28.02.2014, for the year 2014 as well as the year 2015 and until the next convention of PPC's General Meeting relevant to the matter of the High Voltage Tariffs. In the above mentioned supply contract it is provided for that in two months' time the two parties will agree on the settlement of LARCO's debts for the period 01.01.2014 – 31.12.2014.

Larco's General Shareholders' Meeting, by its 30.12.2014 decision, has decided to sign the supply contract with PPC and to refer to arbitration, according to the provisions of Civil Procedure, of the dispute between the two companies relating to the energy supply tariff for the sums due by LARCO until December 31, 2013. Until today no relative supply contract has been signed between the two companies.

**VAT refund request**

On December 3, 2014 the Parent Company submitted a request to the Athens Tax Office for the Societes Anonymes, in order to receive a refund concerning VAT amounts of Euro 40 mil. for the period 01.01.2014 - 30.09.2014. By a decision of the Secretary General for Public Revenues published in the Official Gazette 372 / B of 18.03.2015, the Audit Center for Large Businesses was ordered to conduct a tax audit in order for the applicant VAT amount to be refunded. The audit is in progress.

**14. SUBSEQUENT EVENTS**

**Bonds - borrowings**

During the period 01/04/2015 – 30/05/2015, the Group proceeded to debt repayments amounting to Euro 5.83 million (Parent Company: Euro 3.75 million).

**Formation into body of the new BoDs of PPC S.A, IPTO S.A. and HEDNO S.A.**

In April and May 2015, the new BoDs of the Parent company and its subsidiaries IPTO S.A and HEDNO S.A were formed into body.

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**15. SEGMENT INFORMATION**

Sales and inter segment results are as follows:

|   | Sales                      |                            | Results                    |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | 01.01.2015 –<br>31.03.2015 | 01.01.2014 –<br>31.03.2014 | 01.01.2015 –<br>31.03.2015 | 01.01.2014 –<br>31.03.2014 |
| <b><u>Interconnected system</u></b>             |                            |                            |                            |                            |
| Mines   | 170,084                    | 190,258                    | (24,236)                   | (10,402)                   |
| Generation                                      | 489,117                    | 626,398                    | 18,669                     | 109,140                    |
| Distribution Network                            | 77,735                     | 77,790                     | 37,960                     | 26,261                     |
| Supply  | 1,635,103                  | 1,571,767                  | (42,331)                   | (96,942)                   |
|   | <b>2,372,039</b>           | <b>2,466,213</b>           | <b>(9,938)</b>             | <b>28,057</b>              |
| <b><u>Creta Network</u></b>                     |                            |                            |                            |                            |
| Generation                                      | 100,317                    | 106,454                    | 8,232                      | 8,570                      |
| Distribution Network                            | 5,790                      | 5,502                      | 1,979                      | 904                        |
| Supply  | 179,262                    | 154,032                    | 11,904                     | 8,243                      |
|   | <b>285,369</b>             | <b>265,988</b>             | <b>22,115</b>              | <b>17,717</b>              |
| <b><u>Non-Interconnected Islands System</u></b> |                            |                            |                            |                            |
| Generation                                      | 106,929                    | 103,467                    | 11,335                     | 14,307                     |
| Distribution Network                            | 5,017                      | 7,316                      | 1,466                      | 2,050                      |
| Supply  | 168,275                    | 139,620                    | 13,576                     | 5,503                      |
|   | <b>280,221</b>             | <b>250,403</b>             | <b>26,377</b>              | <b>21,860</b>              |
| Parent Company Eliminations                     | (1,401,699)                | (1,507,350)                | 846                        | <b>2,206</b>               |
| <b>Total (Parent Company)</b>                   | <b>1,535,930</b>           | <b>1,475,254</b>           | <b>39,400</b>              | <b>69,840</b>              |
| IPTO S.A.                                       | 399,616                    | 542,259                    | 20,451                     | 27,867                     |
| HEDNO S.A.                                      | 469,154                    | 489,866                    | 9,463                      | 8,696                      |
| Other Subsidiaries - Affiliates                 | 16,271                     | 5,963                      | 4,256                      | 1,317                      |
| Group Eliminations                              | (872,386)                  | (1,024,481)                | 3,645                      | 1,542                      |
| Group Income tax                                | -                          | -                          | (21,547)                   | (27,954)                   |
| <b>Grand total (Group)</b>                      | <b>1,548,585</b>           | <b>1,488,861</b>           | <b>55,668</b>              | <b>81,308</b>              |

## FIGURES AND INFORMATION



# PUBLIC POWER CORPORATION S.A.

Company's number 786301000 of the General Electronic Commercial Registry(former Company's Reg. No: 47829/06/B/00/2)  
Chalkokondyli 30 - 104 32 Athens

## FINANCIAL DATA AND INFORMATION FOR THE PERIOD

January 1, 2015-March 31, 2015

In accordance with the Decision 4/507/28.04.2009 of the Hellenic Capital Market Commission  
(All amounts in thousands of Euro, 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.

Web site address: www.dei.gr  
Date of approval by the Board of Directors: May 28, 2015

### DATA FROM STATEMENT OF FINANCIAL POSITION

| ASSETS  | GROUP             |                   | COMPANY           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 31.03.2015        | 31.12.2014        | 31.03.2015        | 31.12.2014        |
| Tangible assets                                       | 13.579.259        | 13.689.537        | 11.790.766        | 11.902.455        |
| Intangible assets, net                                | 70.482            | 69.946            | 66.535            | 65.765            |
| Other non-current assets                              | 24.877            | 24.059            | 1.133.193         | 1.133.600         |
| Materials, spare parts and supplies                   | 731.106           | 737.763           | 547.577           | 559.078           |
| Trade receivables                                     | 2.017.546         | 1.772.670         | 1.887.652         | 1.638.789         |
| Other current assets                                  | 331.805           | 368.667           | 277.473           | 314.725           |
| Available for sale financial assets                   | 128.660           | 131.488           | 128.195           | 131.030           |
| Restricted cash                                       | 143.357           | 144.720           | 143.357           | 144.720           |
| Cash and cash equivalents                             | 495.796           | 434.511           | 245.632           | 248.318           |
| <b>TOTAL ASSETS</b>                                   | <b>17.522.888</b> | <b>17.373.361</b> | <b>16.220.380</b> | <b>16.138.480</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                                    | 5.016.481         | 4.960.780         | 4.821.032         | 4.794.569         |
| Equity attributable to shareholders of the parent (a) | 6.190.360         | 6.134.659         | 5.994.911         | 5.968.448         |
| Minority interests (b)                                | 90                | 90                | 0                 | 0                 |
| Total Equity (c)=(a)+(b)                              | 6.190.450         | 6.134.749         | 5.994.911         | 5.968.448         |
| Interest bearing loans and borrowings                 | 4.804.082         | 4.851.491         | 4.716.069         | 4.763.477         |
| Provisions / other non current liabilities            | 3.601.647         | 3.661.693         | 3.155.142         | 3.215.126         |
| Short term borrowings                                 | 760.844           | 678.544           | 394.749           | 312.493           |
| Other current liabilities                             | 2.165.865         | 2.046.884         | 1.959.509         | 1.878.936         |
| Total liabilities (d)                                 | 11.332.438        | 11.238.612        | 10.225.469        | 10.170.032        |
| <b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>         | <b>17.522.888</b> | <b>17.373.361</b> | <b>16.220.380</b> | <b>16.138.480</b> |

### DATA FROM STATEMENT OF CHANGES IN EQUITY

|  | GROUP            |                  | COMPANY          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31.03.2015       | 31.03.2014       | 31.03.2015       | 31.03.2014       |
| Total equity at beginning of the period (01.01.2015 and 01.01.2014 respectively) | 6.134.749        | 5.403.573        | 5.968.448        | 5.323.049        |
| Total comprehensive income after tax   | 55.693           | 81.459           | 26.462           | 49.930           |
| Other  | 8                | 40               | 1                | 1                |
| Equity at the end of the period (31.03.2015 and 31.03.2014, respectively)        | <b>6.190.450</b> | <b>5.485.072</b> | <b>5.994.911</b> | <b>5.372.980</b> |

### ADDITIONAL DATA AND INFORMATION

All amounts in thousands of Euro, unless otherwise stated

- The Group's companies which are included in the interim condensed 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 5, 6 and 7 of the Interim Condensed Financial Statements.
- The accounting policies adopted in the preparation of the financial statements are presented in Note 3 of the Interim Condensed Financial Statements and are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2014, except from these which are presented in Note 3.2 of the Interim Condensed Financial Statements.
- 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 March 31, 2015 are as follows:

|   | Group   | Company |
|---|---------|---------|
| a) Provision for litigation and arbitration | (349)   | (349)   |
| b) Tax provisions                           | 1.558   | 1.558   |
| c) Other provisions                         | 192.546 | 192.885 |

- Total payrolls of the Group and the Parent Company number 18.506 and 10.538 as of March 31, 2015 (2014: 19.049 and 10.800 respectively). Further information is presented in Note 1 of the Interim Condensed Financial Statements.
- Sales and purchases of the Group and the Parent Company for the period ended March 31, 2015 as well as receivables and payables as of March 31, 2015 of the Group and the Parent Company, according to IAS 24 are as follows:

|  | Group   | Company   |
|--|---------|-----------|
| a) Sales   | 20.019  | 358.591   |
| b) Purchases   | 1.033   | 892.980   |
| c) Receivables from related parties                        | 239.369 | 545.879   |
| d) Payables to related parties                             | 0       | 1.123.138 |
| e) Key management personnel compensations                  | 326     | 213       |
| 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 period ended March 31, 2015 amounted to Euro 76,2 million and to Euro 98,4 million respectively.
- Other Comprehensive income / (loss) after tax which was recognized directly in equity for the period ended March 31, 2015 are as follows:

|  | Group | Company |
|--|-------|---------|
| Impairment of fixed assets                   | 0     | 0       |
| Deferred taxes of impairment of fixed assets | 0     | 0       |
| Actuarial gains/(losses)                     | 0     | 0       |
| Foreign exchange differences                 | 25    | 0       |
| Total  | 25    | 0       |

### DATA FROM STATEMENT OF COMPREHENSIVE INCOME

|   | GROUP            |                  | COMPANY          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 01.01-31.03.2015 | 01.01-31.03.2014 | 01.01-31.03.2015 | 01.01-31.03.2014 |
| Sales   | 1.548.585        | 1.488.861        | 1.535.930        | 1.475.254        |
| Gross operating results   | 349.772          | 311.195          | 299.709          | 265.421          |
| Profit / (Loss) before tax, financing and investing activities                          | 129.509          | 162.103          | 85.072           | 116.204          |
| Profit / (Loss) before tax  | 77.215           | 109.262          | 39.400           | 69.840           |
| Profit / (Loss) after tax (A)   | <u>55.668</u>    | <u>81.308</u>    | <u>26.462</u>    | <u>49.779</u>    |
| <b>Distributed to:</b>  |                  |                  |                  |                  |
| - Owners of the Parent  | 55.668           | 81.308           | 26.462           | 49.779           |
| - Minority interests  | 0                | 0                | 0                | 0                |
| Other comprehensive income/ (Loss) after tax (B)  | <u>25</u>        | <u>151</u>       | <u>0</u>         | <u>151</u>       |
| Total comprehensive income / (Loss) after tax (A) + (B)                                 | <u>55.693</u>    | <u>81.459</u>    | <u>26.462</u>    | <u>49.930</u>    |
| - Owners of the Parent  | 55.693           | 81.459           | 26.462           | 49.930           |
| - Minority interests  | 0                | 0                | 0                | 0                |
| Earnings / (Loss) per share, basic and diluted (in Euro)                                | 0,2399           | 0,3505           | 0,1141           | 0,2146           |
| Profit before tax, financing and investing activities and depreciation and amortisation | 313.780          | 309.419          | 250.243          | 246.917          |

### DATA FROM STATEMENT OF CASH FLOW

|   | GROUP            |                  | COMPANY          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 01.01-31.03.2015 | 01.01-31.03.2014 | 01.01-31.03.2015 | 01.01-31.03.2014 |
| <b>Cash Flows from Operating Activities</b>   |                  |                  |                  |                  |
| Profit / (Loss) before tax  | 77.215           | 109.262          | 39.400           | 69.840           |
| Adjustments:  |                  |                  |                  |                  |
| Depreciation and amortisation   | 204.595          | 166.275          | 184.153          | 148.388          |
| Amortisation of customers' contributions and subsidies                              | (20.324)         | (18.958)         | (18.982)         | (17.675)         |
| Provision for CO <sub>2</sub> emission rights                                       | 0                | (18.185)         | 0                | (18.185)         |
| Impairment loss of marketable securities  | 407              | 0                | 407              | 0                |
| Fair value (gain) / loss of derivative instruments                                  | (1.583)          | (1.176)          | (1.583)          | (1.176)          |
| Share of (gain) / loss of associates  | (1.219)          | 3                | 0                | 0                |
| Interest income   | (17.315)         | (16.621)         | (18.985)         | (16.183)         |
| Sundry provisions   | 190.654          | 146.881          | 191.462          | 148.515          |
| Unrealised foreign exchange losses (gains) on interest bearing loans and borrowings | 1.258            | 894              | 1.258            | 894              |
| Unbilled revenue  | (152.818)        | (93.993)         | (152.818)        | (93.993)         |
| Retirement of fixed assets and software   | 1.958            | 1.847            | 1.958            | 1.835            |
| Amortisation of loan origination fees   | 2.183            | 2.452            | 2.136            | 1.998            |
| Interest expense  | 59.773           | 59.674           | 53.932           | 53.427           |
| Working capital adjustments:  |                  |                  |                  |                  |
| (Increase) / Decrease in:   |                  |                  |                  |                  |
| Accounts receivable, trade and other  | (237.524)        | (364.172)        | (251.702)        | (268.930)        |
| Other current assets  | 1.952            | (124.362)        | 12.748           | (116.654)        |
| Materials, spare parts and supplies   | 689              | 49.892           | 4.989            | 52.976           |
| Increase / (decrease) in:   |                  |                  |                  |                  |
| Trade and other payables  | (158.012)        | 16.188           | (198.672)        | (222.914)        |
| Other non-current liabilities   | 10.604           | 28.283           | 13.286           | 16.290           |
| Accrued / other liabilities excluding interest                                      | 220.359          | 101.741          | 227.273          | 132.447          |
| Income tax paid   | (19.844)         | (3.900)          | (19.884)         | 0                |
| <b>Net Cash from Operating Activities (a)</b>                                       | <b>163.008</b>   | <b>42.025</b>    | <b>70.376</b>    | <b>(129.100)</b> |
| <b>Cash Flows from Investing Activities</b>   |                  |                  |                  |                  |
| Interest received   | 17.315           | 12.721           | 16.344           | 12.283           |
| Capital expenditure of fixed assets and software                                    | (99.100)         | (90.130)         | (76.904)         | (77.607)         |
| Proceeds from customers' contributions and subsidies                                | 701              | 0                | 704              | 0                |
| Investments in subsidiaries and associates  | (1.225)          | (613)            | 0                | (113)            |
| <b>Net Cash used in Investing Activities (b)</b>                                    | <b>(82.309)</b>  | <b>(78.022)</b>  | <b>(59.856)</b>  | <b>(65.437)</b>  |
| <b>Cash Flows from Financing Activities</b>   |                  |                  |                  |                  |
| Net change in short-term borrowings   | 50.000           | 6                | 50.000           | 0                |
| Proceeds from interest bearing loans and borrowings                                 | 0                | 331.132          | 0                | 331.132          |
| Principal payments of interest bearing loans and borrowings                         | (18.123)         | (37.976)         | (18.123)         | (37.976)         |
| Interest paid   | (51.291)         | (50.506)         | (45.083)         | (44.132)         |
| <b>Net Cash used in Financing Activities (c)</b>                                    | <b>(19.414)</b>  | <b>242.656</b>   | <b>(13.206)</b>  | <b>249.024</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)</b>           | <b>61.285</b>    | <b>206.659</b>   | <b>(2.686)</b>   | <b>54.487</b>    |
| <b>Cash and cash equivalents at the beginning of the period</b>                     | <b>434.511</b>   | <b>260.278</b>   | <b>248.318</b>   | <b>185.513</b>   |
| <b>Cash and cash equivalents at the end of the period</b>                           | <b>495.796</b>   | <b>466.937</b>   | <b>245.632</b>   | <b>240.000</b>   |

- Information regarding ALOUMINION S.A. is presented in Note 12 of the Interim Condensed Financial Statements.
- 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 12 of the Interim Condensed Financial Statements.
- 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 is presented in Note 12 of the Interim Condensed Financial Statements.
- A reclassification of comparative items of the statement of income has been made, with no impact on the equity or the results of the Group and the Parent Company. This reclassification is presented in Note 10 of the Interim Condensed Financial Statements.

Athens, May 28, 2015

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CHIEF FINANCIAL OFFICER  
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