INDEPENDENT POWER TRANSMISSION OPERATOR SA

Financial Statements
1 January - 31 December 2013

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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INDEPENDENT POWER TRANSMISSION OPERATOR SA

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Page

REVIEW OF FISCAL YEAR BY THE CHAIRMAN & CEO 4
ANNUAL REPORT OF BOARD OF DIRECTORS 6
Report of the Board of Directors 8
INDEPENDENT CERTIFIED AUDITOR'S REPORT 14
STATEMENT OF INCOME 18
STATEMENT OF COMPREHENSIVE INCOME 19
STATEMENT OF FINANCIAL POSITION 20
STATEMENTS OF CHANGES IN EQUITY 21
STATEMENT OF CASH FLOWS 22
NOTES TO THE FINANCIAL STATEMENTS 24
1. ESTABLISHMENT, ORGANISATION AND OPERATION OF THE COMPANY 26
2. CHANGES IN THE LEGAL FRAMEWORK 26
3. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND MAJOR ACCOUNTING PRINCIPLES 27
3.1.1 BASIS OF PREPARATION 27
3.1.2 APPROVAL OF FINANCIAL STATEMENTS 27
3.1.3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS 27
3.1.4 REVIEW OF FINANCIAL STATEMENTS OF THE PREVIOUS FISCAL YEAR 28
3.2. SIGNIFICANT ACCOUNTING ESTIMATES AND THE MANAGEMENT JUDGMENTS 28
3.3. PRINCIPAL ACCOUNTING POLICIES 29
3.4. CHANGES IN ACCOUNTING POLICIES 35
4. SALES 38
5. PAYROLL FEES 39
6. DEPRECIATION AND AMORTIZATION 39
7. OTHER PROVISIONS 40
8. FINANCIAL EXPENSES 40
9. FINANCIAL INCOME 40
10. OTHER EXPENSES/ INCOME 40
11. INCOME TAXES (CURRENT AND DEFERRED) 40
12. TANGIBLE ASSETS 42
13. INTANGIBLE ASSETS 45
14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES 46
15.INVENTORY 46
16. TRADE RECEIVABLES 46
17. OTHER RECEIVABLES 47
18. CASH AND CASH EQUIVALENT 47
19. SHARE CAPITAL 47
20. LEGAL RESERVE 48
21. DIVIDENDS 48
22. INTEREST BEARING LOANS AND BORROWINGS 48
23. PERSONNEL BENEFITS 49
24. PROVISIONS 50
25. CUSTOMERS' CONTRIBUTIONS AND SUBSIDIES 51
26. TRADE AND OTHER PAYABLES 51
27. ACCRUED AND OTHER CURRENT LIABILITIES 51
28. CONTRACTING COST 51
29. COMMITMENTS AND CONTINGENCIES 51
30. FINANCIAL RISK MANAGEMENT POLICIES 53
31. SUBSEQUENT EVENTS 54

REVIEW OF FISCAL YEAR BY THE CHAIRMAN & CEO

Dear shareholders of IPTO and stakeholders,

In the brief presence of the company in the market, for third consecutive year, we present to you a financial report that confirms the company's capability to produce excellent results despite the difficult financial climate.

The total revenues of the company improved further and came up to €347 million compared to €325 million in 2012, with the operational profit-making (EBITDA) coming up to €174 million compared to €118 million in 2012 and the net operational cash flows –despite the liquidity problems in the market- up to €226 million. A milestone is the expected refinancing of the total borrowing of €337 million with a 5-year horizon under favorable terms, due to the support of the domestic banks that were first to support the financing effort of the country's power infrastructures.

Last year, 49,104 Gwh were safely transmitted through the company's networks while the availability levels of previous years were maintained at 99%.

The regulated asset base increased to €1,42 billion, and the investment plan of IPTO came up to approximately €119 million, a record level for the Greek environment, as it was carried out during a prolonged period of continuous financial, political and social crisis.

We are facing an energy market, where the power infrastructures are a priority for the country, both from a European and a Mediterranean perspective, and constitute the basic driving force for growth and employment. The domestic electricity consumption market is now in the process of being normalized with clear signs of stabilizing the total annual power demand at 50.7 TWh, a fact that allows us to more accurately plan future investments.

A strategic target of ADMIE for the future is to secure the required financial resources to be able the implementation of the ten-year operational growth plan. IPTO has for this reason elaborated a financing plan applied gradually whenever the market conditions are considered appropriate. As a starting point for the financing plan for 2014, €140 million have been secured from the European Investment Bank for the implementation of future investments.

In 2014, the foundations for the achievement of strategic targets are expected to be laid down. Our continuous commitment is to create infrastructures of value and support the National Transmission System which will allow us to face future challenges reducing the cost of the electricity system to the benefit of all, businesses and citizens, and to create value for our shareholders.

Yiannis Yiarentis

Chairman & CEO of IPTO

ANNUAL REPORT OF BOARD OF DIRECTORS

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INDEPENDENT POWER TRANSMISSION OPERATOR SA
Report of the Board of Directors
For period 1/1 – 31/12/2013

Dear Shareholders,

Following the end of fiscal year, from 1.1.2013 to 31.12.2013, of the Independent Power Transmission Operator SA (IPTO SA or the company) as a Société Anonyme, we have the honor to submit for approval, according to the Company's statutes, the financial statements for the year and our comments on the respective statements.

Based on article 134, L. 2190/1920, as currently in force, IPTO SA prepared the financial Statements in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

Amendment of the Institutional framework of the electricity market

1. By virtue of articles 98 and 99, L. 4001/2011 on the "Operation of Electricity and Natural Gas Energy Markets for Research, Production and Hydrocarbon Transmission networks and other regulations", the legal and operational unbundling of the activities under the General Directorate of Transmission from the other PPC SA Activities, has been concluded by means of company spin-off and contribution of the branch to a 100% PPC SA subsidiary under the name "INDEPENDENT POWER TRANSMISSION OPERATOR (IPTO) SA" (IPTO SA).

2. Paragraph 5, article 97, L. 4001/2011, which stipulated that ADMIE SA is under the direct or indirect control of the state has been abolished by virtue of article 4(3) of the Act of Legislative Content, published in GG A' 268/31.12.2011.

3. RAE issued a certification for IPTO SA as an Independent Power Transmission Operator, with decision No 672/26.07.2012 and then with decision No 962^{A}/05.12.2012, as laid down in articles 19 and 113 of L. 4001/2011. Up to issuing the above certification, IPTO SA exercised the competences of the Operator of the Hellenic Transmission System by virtue of the decision of the Minister of Development, No.Δ5/ΗΛ/Β/Φ1/7705/25.04.2001.

4. RAE with the decision, No 57/31.01.2012, approved the text of the Operation Code of the Hellenic Power Transmission System, in application of article 96, L. 4001/2011, while with its decision, No 261/30.03.2012, RAE approved the text of the Arbitration Regulation, in application of article 37, L.4001/2011. The Operation Code of the Hellenic Power Transmission System has been amended with RAE's decisions, Numbers 280/12.04.2012 (GG B/1365/27.04.2012), 772/13.09.2012 (GG B/2690/03.10.2012), 773/13.09.2012 (GG B/2654/28.09.2012), 797/27.09.2012 (GG B/2655/28.09.2012), 840/17.10.2012 (GG B/3060/19.11.2012), 94/21.02.2013 (GG B/502/05.03.2013), 308/03.07.2013 (GG B/1891/01.08.2013), 338/11.07.2013 (GG B/1795/25.07.2013), 366/02.08.2013 (GG B/2000/14.08.2013), 455/27.09.2013 (GG B/14.08.2013), 489/16.10.2013 (GG B/2991/25.11.2013) and 639/19.12.2013 (GG B/3346/30.12.2013).

5. The Manual of the System Operation Code was approved with RAE's decision, No 1047/27.12.2012 (GG B/53/16.01.2013).

6. By virtue of article 52(2), L.4042/2012 on the "Criminal Protection of the Environment – Harmonization with Directive 2008/99/EC – Waste Production and Management Framework – Harmonization with Directive 2008/99/EC – Regulation of Matters of the Ministry of Environment, Energy and Climate Change" and the decision of the said ministry, No Δ5/Β/οικ.3982 (GG B' 342/6.02.2012), IPTO SA calculates and collects on a monthly basis a special duty for lignite-generated power (Special Duty for Lignite-generated power) from each license holder of a lignite-fired power plant registered in the System Plant Registry. The revenues from the above charges constitute income of the Special Operating Account, as set up according to article 40, L. 2773/1999 and are therefore paid by IPTO SA to LAGIE SA every month.

7. The Ministerial Council Act, No 15/24.07.2013 (GG A/168/24.07.2013), as amended by L.4237/2014 (GG A/36/12.02.2014), stipulated the ownership unbundling of IPTO SA from the parent company PPC SA, by selling and transferring from PPC SA shares issued by IPTO SA corresponding to 66% of its share capital to an investor and by the Greek State acquiring the remaining 34%, securing to it statutory minority, according to the Greek legislation on public limited companies. The sale-purchase contract of the shares corresponding to 66% between IPTO SA and the investor to be chosen based on the procedure included in the above Ministerial Council Act, will be concluded up to the end of the second quarter of 2014.

The above-mentioned L. 4237/2014 also regulated real estate fragmentation matters transferred from and to IPTO SA as well as conveyance matters of the spin-off contract of IPTO SA from PPC SA.

Competences and composition of the Supervisory Board

IPTO SA has a Supervisory Board responsible to take decisions that could significantly affect the value of fixed assets. More specifically, decisions related to the approval of the annual financing plan, the borrowing level of IPTO SA and the dividends to be distributed to the shareholders. The Supervisory Board is not responsible for the daily operations of IPTO SA, in particular the ones related to the maintenance and operation of the Hellenic Electricity Transmission System and activities related to the elaboration of the 10-year Development Programme of the Hellenic Electricity Transmission System.

The Supervisory Board comprises of seven members with specialized experience in the electricity sector, appointed by the General Shareholders' Meeting of IPTO SA as follows: (a) four members are proposed by IPTO SA shareholders; (b) two members are proposed by the Greek State; (c) one member is proposed by the permanent personnel of IPTO SA.

RAE approved the composition of the Supervisory Board with its decision, No 140/2013, in accordance with article 106, L.4001/2011 for the compliance with independence requirements.

Compliance plan and compliance officer

IPTO SA, in the framework of its competences as the Hellenic Electricity Transmission System Operator, elaborates and executes a compliance plan with all the measures taken to prevent discriminatory conduct and assure the appropriate monitoring of the compliance to the said plan. The compliance plan sets out the specific duties of IPTO SA employees to achieve the said targets. This plan is subject to the approval of RAE. Without prejudice to RAE's competences, compliance with the plan is subject to the independent control of the Compliance Officer.

The Compliance Officer is appointed by the Supervisory Body, subject to RAE's approval, and could be a natural or legal person. RAE can decline to approve the Compliance Officer only for reasons of lack of independence or professional adequacy. Paragraphs 2-9, article 105 are also applied for the Compliance Officer.

The Compliance Officer is competent for (a) monitoring the execution of the compliance plan; (b) the preparation of an annual report determining the measures taken for the execution of the compliance plan and its submission to RAE; (c) the submission of a report to the Supervisory Board and the issuance of recommendations related to the compliance plan and its execution; (d) the notification of any material violation of the execution of the compliance plan to RAE; and (e) the submission of a report to RAE for all commercial and financial relations between PPC and ADMIE SA. Also, L.4001/2011 sets out the duties of the Compliance Officer.

The Compliance Officer was appointed with the decision of the supervisory board, No 5/29.2.2012.

Development of the Hellenic Electricity Transmission System and power to take decisions

IPTO SA submits every year on March 31 a ten-year Development Programme of the Hellenic Electricity Transmission System to RAE, following a prior consultation with all stakeholders, related to the period starting on January 1 of the immediately next year and based on the existing and expected supply and demand. The Programme includes exclusive measures to secure the System adequacy and supply security.

More specifically, the ten-year Development Programme of the Hellenic Electricity Transmission System (a) sets out the main transmission infrastructures that should be build or upgraded in the next ten (1) years, including the necessary infrastructures for RES penetration; (b) includes all investments contained in previous development programs and defines the new investments whose implementation is expected to start in the next three years; (c) provides technical/financial feasibility analysis for the important transmission projects of b above, especially the ones related to international interconnections and interconnections of islands with the Transmission System, including implementation schedules, estimated cash flows for the financing needs of the investment plans of the said works.

If RAE, in the framework of its competence, sees that IPTO SA does not secure the implementation of the investments included in the ten-year Development Programme of the System to be executed in the next three years, unless this delay is due to reasons outside the control of IPTO SA, then it takes at least one of the following measures: (a) orders IPTO SA to implement the said investments; (b) holds a tender for the said investments; and (c) obliges IPTO SA to capital increase in order to finance the necessary investments, allowing independent investors to participate in the corporate capital. If RAE makes use of its powers by virtue of b above, it can oblige IPTO SA to accept one or more: (a) financing of the investment by any third party; (b) financing and construction of the investment by any third party; (c) undertake the contracting work for the construction of the fixed assets of the investment; or (d) undertake the operation and management of the fixed assets of the investment.

The Ten-year Development Programme of the Hellenic Electricity Transmission System (ESMIE in Greek) was approved with RAE's decision No 560/2013, GG 3297/24.12.2013.

Evolution of Key Figures and Accounting Rations of year 2013

In million €:	2012 report	2012 report
Sales	€ 325	€ 347
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	€ 118	€ 174
Investments	€ 83,6	€ 119
Total Assets	€ 2,274	€ 2.436
Non current Assets	€ 1,545	€ 1.555
Regulated Asset Base (RAB)	€ 1,413	€ 1,429
Total Debt	€ 486	€ 448
Current Ratio	0.85	0.83

Quick Ratio	0.80	0.79
Cash Ratio	0.04	0.05
Operating cash flow ratio	0.20	0.13
Debt/Equity ratio	0.53	0.47
Financing cost coverage ratio	2.12	2.46
Interest coverage ratio	4.25	5.87
Net debt/ equity	0.49	0.42
Net debt/ Earnings before Interest, Taxes, Depreciation and Amortization	3.87	2.29
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin	36.3 %	50.2 %
Earnings before Interest, Taxes Margin	19.5 %	35.4 %
Net Income Margin	7.8 %	16.0 %
Net Operating Inflows/ Sales	0.63	0.54
Return on Equity (ROE)	3.9 %	7.8 %
Return on Assets (ROA)	2.8 %	5.0 %
Return on Capital Employed (ROCE)	4.5 %	8.7 %

Economic Review of year 2013

Operating Profit for 2013

The total income of the company increased by 7% in 2013 and came up to €347 million compared to €325 million last year. The "Income from Users' Projects", increased by 84%, (€71.8 million in 2013 compared to €39 million in 2012) in combination with the contribution from "Income from Maintenance of Third Parties", €14 million, compensated the 8% decrease from the "Income from the Transmission System Rent" and resulted in satisfactory income for 2013.

The Total Operating Costs (excluding depreciation and contracting cost) decreased by 40% to €101 million compared to €170 million in the previous fiscal year, mainly due to limited provisions and, secondly, due to the fluctuations in the compensations of third parties and other expenses. More specifically, there was a decrease in the current year in the provisions of impairment of receivables by €56 million and the provisions for energy clearance by €21 million.

The decreases in the operating costs mentioned above led to a significant improvement by 48% in the Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) which came up to €174 million compared to €118 million with the improved now EBITDA margin coming up to 50% vs. 36%. The Earnings before Interest, Taxes, Depreciation and Amortization continue to cover the company's borrowing to a very satisfactory degree and are also improving the possibility of faster payment of net borrowing, as shown by the Net Borrowing/EBITDA ratio to 2.3 vs. 3.8 in 2012.

The Net Profits over-doubled from €25 million to €55 million (16% margin in 2013 vs. 8% in 2012) despite the additional burden of the company with a financial cost of €22 million related to the provision of corporate guarantee of the parent company for part of the company's bank borrowing.

Debt evolution

The net debt was €399 million in 2013 vs. €456 million in the previous year, as the company's debt obligations were regularly paid and the total borrowing was decreased by €39 million while the company's cash flows were increased by €18 million (€48.7 million in 2013 vs. €30.4 million in 2012) despite the liquidity problems in the market. Consequently, the leverage ratio is kept over 40%, while the company's capability to offer the current credit to the market without resorting to new borrowing is maintained because the cash ratio is slightly improved at a 5% level compared to 4% of the previous year.

Cash Flows

The liquidity crisis of the Greek market affected the net cash flows to a degree but, nevertheless, they were adequate for investments of €119 million, loan payment of €39.5 million and interests of €24.3 million and dividend payment of €8.5 million.

Dividend Policy

For fiscal year 2013, the Board of Directors with its decision dated March 10, 2014, proposed the Supervisory Board of the company not to distribute dividends.

Debt evolution

The net debt was €399 million. Consequently, the net debt to equity ratio was 0.42 on 31.12.2013.

Evolution of activities and Investment Program

The total investments of IPTO SA came up to €119 including projects of third parties.
The major projects concluded are the following:

- Megalopoli High Voltage Center (HVC)
- Interconnecting Transmission Lines (TM) of 150 kV of Megalopoli HVC with Megalopoli Substations I & II
- Interconnecting TM of 400 kV of Megalopoli V
- Aliveri HVC
- Double circuit 400 kV TM of Aliveri HVC – Overhead and underground system
- Subsea cable of Kalamos Substation – Amarynthos Terminal
- Undergrounding of TM of 150 kV in Aliveri area
- Substation GIS of Soroni Thermal Power Station (completed – SLA for HEDNO)
- TM of 150 kV Lagkada HVC – Kilkis Substation
- Expansion of substation of Megalopoli I Thermal Power Station
- Expansion of substation of Megalopoli II
- Spilio substation (SLA for HEDNO)
- Replacement of conductors of 150kV TM of Substation of Soroni Thermal Power Plant – Substation of Rodinio Thermal Power Station (SLA for HEDNO)
- Afratio 400kV Terminal
- Avlida 400kV Terminal
- Replacement of conductors of Aktio – Lefkada 150kV TM

The major projects in progress are the following:

- Upgrading of Afantos Substation from 66 kV to 150 kV (SLA for HEDNO)
- Upgrading of Gennadio Substation from 66 kV to 150 kV (SLA for HEDNO)
- Polypotamos – Nea Makri 150kV TM (only the subsea section)
- Upgrading of Megalopoli I – Kalamata I 150 kV TM
- Polypotamos – Evia 7 150kV TM
- Patra – System 400 kV TM
- Expansion of N. Makri Substation
- Expansion and upgrading of Pallini HVC equipment
- Upgrading of 150 kV TM of Alexandroupoli – Substation of Orestiada
- Upgrading of Kastraki – Aktio 150 kV TM
- Underground cable TM of 150 kV of Thessaloniki HVC – Doxa Substation & Thessaloniki HVC – Polichni Substation

Prospects for 2014

The budget of IPTO SA for 2014 was approved by the Board of Directors in March 2014. The key economic figures are expected to be as follows:

Total Revenues	€ 345.2 million
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	€ 194.3 million
Investments	€ 144.7 million
Regulated Asset Base (RAB)	€1543.7 million
Total Debt	€ 418.6 million

Major risks - Uncertainties

The company's activities are subject to various risks. More specifically:

Interest rate risk: The major risk from the management of debt obligations focuses on the operating income and cash flows as a consequence of interest rate fluctuations.

Commodity price risk*:* The prices of the main raw materials used by the company both for the System operation and its development are determined by the international commodity markets and expose the company to the fluctuation risk of the relevant prices.

Credit risk: The company is exposed to a significant credit risk for its trade receivables. At the same **time** , the more general financial conditions negatively affects available liquidity due to payment difficulties customers face. In this framework, the company implements an assurance policy for the revenues via advance payments or guarantees.

Liquidity risk: The liquidity risk is related to the need for adequate financing for the company's operation and growth. The company manages the liquidity risk by monitoring and planning its cash flows and acts appropriately via securing adequate credit limits and cash flows, as much as possible, aiming at the same time to achieve extension of the average life of its debt and the diversification of its funding sources.

Risk from the absence of fixed asset insurance: The Company does not currently maintain insurance for its fixed assets in *operation* and as a result a possible severe damage to its assets could affect its profit-making, given the fact that it is self-insured. Furthermore, the inventory of materials and spare parts are not insured as well as civil liability risks. The company is currently examining the possibility of holding a tender to choose an insurance company for the coverage of its assets and liabilities against third parties.

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

Regulatory risk: Possible amendments or/and completions of the regulatory framework governing the electricity market, both in application of provisions of EU legislation as well as the Memorandum of Economic and Financial Policy signed between the Greek State, IMF and the European Central Bank may have a materially adverse effect the company's operations and financial results.

Litigations risk: The Company is defendant in several legal proceedings, and any adverse outcome may have a significant impact on its operating income.

Risk from tax and other regulations: Possible amendment of tax and other regulations may affect the company's operating results.

Risk from regulated returns of the activity: The regulated returns of the System's investments can negatively affect the company's profitability if they do not cover the reasonable return on the relevant invested capitals.

The company 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, holds 51% of the share capital of PPC and its subsidiaries, IPTO SA shall continue, in some sectors, to be considered 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 and redundancy of employees, as well as procurement policies. The said laws and regulations, particularly within the framework of the current financial conjecture and the relevant decisions of the Central Administration may limit its operational flexibility and may also have significant negative impact on its financial results, particularly the application of provisions of L.3833/2010 and L. 4024/2011, and may have significant negative impact on the company's operation. It should be noted that the company does not have the possibility to recruit or keep experienced personnel while the loss of specialized personnel may negatively affect its ability to elaborate and implement its strategy.

Significant transactions with related parties

The balances (receivables and payables) with related parties as of December 31, 2013 are as follows:

	December 31, 2013		**December 31, 2012**	
	Receivable	**(Payable)**	**Receivable**	**(Payable)**
PPC SA	997,597	(311,254)	787,475	(261,207)
HEDNO SA	15,559	(178)	9,926	(2,981)
PPC Renewables SA	83	(20)	(5)	(20)
	1,013,239	**(311,452)**	**797,396**	**(264,208)**

The transactions with related parties as of December 2013 and 2013 are as follows:

	2013		**2012**	
	Income	**Expenses**	**Income**	**Expenses**
PPC SA	2,357,800	(701,245)	1,828,153	(577,911)
HEDNO SA	25,437	(12,500)	12,323	(12,341)
PPC Renewables SA	75	-	26	-
	2,383,312	**713,745**	**1,840,502**	**590,252**

The specific receivables and payables in the financial position are adjusted.

Management Compensations

The compensations for the Board of Directors for the year ended December 31, 2013 came up to €147.6 thousand compared to €152.9 thousand of fiscal year 2012, which means that there was a 4% decrease. This amount includes employers' contributions but it does not include power supply based on PPC personnel tariff. The compensations of the members of the supervisory board set up in 2012, for 2013 came up to €80.2 thousand compared to € 50 thousand in 2012, increased by 60%.

Applied Key Accounting Principles

For the Statement of the Financial Position of the year ended and the Statement of Total Income, the accounting principles as analytically presented in the financial statements applied as well as the financial figures and the operation of the company in the previous period.

Following the above we would like to ask you to:

1. approve the Financial Position Statement, the Statement of Total Income the Statement of Equity Changes, the summary of significant accounting principles and methods and the other explanatory information for 2013 (accounting period 01/01/2013 - 31/12/2013).

2. relieve the BoD members and the auditors from any responsibility for fiscal year 2013 (accounting period 01/01/2013 - 31/12/2013).

3. appoint one (1) regular and one (1) substitute auditor for fiscal year 2014.

Athens, March 26 2014

For the Board of Directors

The Chairman

Yiannis Yiarentis

INDEPENDENT CERTIFIED AUDITOR'S REPORT

To the Shareholders of
INDEPENDENT POWER TRANSMISSION OPERATOR SA

Report on the Financial Statements
We have audited the attached financial statements of the **INDEPENDENT POWER TRANSMISSION OPERATOR SA,** which comprise the statement of financial position as at 31st December 2013, the statements of income and Total income, statements of changes in equity and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair representation of these financial statements in accordance with the International Financial Reporting Standards, as adopted by the European Union, and for such internal controls as management determines necessary to enable the preparation of the financial statements free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of INDEPENDENT POWER TRANSMISSION OPERATOR SA as at 31st December 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory issues
We confirmed that the information given in the Board of Director's Report is consistent with the accompanying financial statements in the context of the requirements of articles 43a and 37 of Codified Law 2190/1920.

The proposal of the Board of Directors of the Company for no distribution of dividends is subject to the approval of the Supervisory Board and the Ordinary General Meeting of its shareholders.

Metamorfosi, 27 March 2014

Kostas Tsekas
S.O.E.L. 19421

ERNST & YOUNG (HELLAS) Certified Auditors Accountants SA
11th KM National Road Athens Lamia – 14451 Metamorfosi -
S.O.E.L. R.N. 107

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INDEPENDENT POWER TRANSMISSION OPERATOR SA

Financial Statements
December 31, 2013

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

The attached financial statements have been approved by the Board of Directors of the Independent Power Transmission Operator SA on March 26, 2014, and they have been posted and are available on the web site www.admie.gr.

CHAIRMAN OF BOARD OF DIRECTORS & CEO	CHIEF FINANCIAL & ACCOUNTING OFFICER	For ACT SERVICES SA ACCOUNTING DEPARTMENT HEAD
Y. YIARENTIS	I. KOKKALIS	G. KAMPOUROGLOU
ID Card No 118022	ID Card No M 166459	ID Card No. P 527766 1st Class license No 0008253

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INDEPENDENT POWER TRANSMISSION OPERATOR SA
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013
(In thousands of Euros)

	Note	1/1-31/12/2013		1/1-31/12 2012 (revised)*	
NET SALES:					
Revenue from Transmission System Rent			252,031		268,539
Operator's Sales	4	2,139,562		1,942,271	
Operator's Purchases	4	(2,139,562)		(1,942,271)	
Other sales	4		95,421		56,650
			347,452		**325,189**
EXPENSES/(INCOME):					
Personnel compensations	5		64,008		63,078
Depreciation and Amortization	6		51,522		54,545
Contracting cost	28		71,454		37,113
Materials and consumables			2,649		1,892
Third party benefits			4,791		6,363
Third party fees			4,110		7,726
Taxes - duties			3,084		2,112
Provisions for risks	24		17,865		3,680
Provisions of Inventory value impairment	15		1,745		857
Provisions/(Release) of receivables impairment**	16		(12,027)		43,964
Other provisions**	7		13,171		34,306
Financial expenses	8		50,003		29,838
Financial income	9		(1,774)		(2,147)
Others (income)	10		(1,563)		(3,252)
Other expenses	10		3,690		8,621
			272,728		**288,696**
PROFIT / (LOSS) BEFORE TAXES			**74,724**		**36,493**
Income tax	11		(18,809)		(10,190)
NET PROFITS / (LOSS) OF FISCAL YEAR			**55,915**		**26,303**

*Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 3.1.4.

**In order to achieve a more material representation and publication of the provisions per category we re-classified certain categories of 2012 according to their nature. The specific change does not affect the total of operating results of 2012.

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

INDEPENDENT POWER TRANSMISSION OPERATOR SA
STATEMENT OF TOTAL INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

(In thousands of Euros)

	1/1-31/12 2013	1/1-31/12 2012 (revised)*
NET PROFITS	**55,915**	**26,303**
Other total income/ (loss)		
- Impairment of fixed assets (note 12)	-	(118,750)
- Actuarial profits/ (losses) based on IAS 19	2,617	(1,048)
- Tax impact	(14,700)	23,750
Other total income/ (losses) for the year after tax	**(12,083)**	**(96,048)**
Total income / (loss) after tax	**43,832**	**(69,745)**

* Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 3.1.4

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

INDEPENDENT POWER TRANSMISSION OPERATOR SA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(In thousands of Euros)

ASSETS	Note	31/12/2013	31/12/2012 (revised)*
Non Current Assets:			
Tangible assets	12	1,553,735	1,544,573
Intangible assets	13	127	662
Total non current assets		**1,553,862**	**1,545,235**
Current assets:			
Inventory	15	45,240	48,859
Trade receivables	16	730,705	612,412
Other receivables	17	57,962	37,584
Cash and cash equivalents	18	48,766	30,437
Total current assets		**882,673**	**729,292**
Total assets		**2,436,535**	**2,274,527**
EQUITY AND LIABILITIES			
Equity:			
Share capital	19	38,444	38,444
Legal reserve	20	12,815	11,205
Fixed assets' statutory revaluation		820,590	835,290
Accumulated Profit		86,078	37,637
Total equity		**957,927**	**922,576**
Non current liabilities:			
Interest bearing loans and borrowings	22	145,001	275,894
Personnel benefits	23	24,414	27,028
Provisions	24	38,930	21,065
Deferred tax liabilities	11	69,069	35,748
Customers' contributions and subsidies	25	128,729	133,796
Other non current liabilities		6,186	4,153
Total Non Current Liabilities		**412,329**	**497,684**
Current liabilities:			
Trade and other payables	26	652,529	511,684
Short-term borrowings	22	47,015	50,000
Current portion of interest bearing loans and borrowings	22	255,708	160,436
Accrued and other liabilities	27	111,027	132,147
Total current liabilities		**1,066,279**	**854,267**
Total Liabilities and Equity		**2,436,535**	**2,274,527**

* Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 3.1.4

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

INDEPENDENT POWER TRANSMISSION OPERATOR SA
STATEMENTS OF CHANGES IN EQUITY
DECEMBER 31, 2013
(In thousands of Euros)

	Share capital	Legal reserve	Fixed Assets Revaluation	Results carried forward	Total equity
	36,366	**9,930**	**931,856**	**51,180**	**1,029,332**
- Net income for the year	-	-	-	26,303	26,303
- Other total income/ (loss) for the year after tax			(95,000)	(1,048)	(96,048)
Total income for year 2012	**-**	**-**	**(95,000)**	**25,255**	**(69,745)**
- Contribution of activities from the transmission system operations from DESMIE	2,078				2,078
- Legal reserve formation		1,275		(1,275)	-
- Dividend distribution				(39,089)	(39,089)
- Transfer from retirements of fixed assets			(1,566)	1,566	-
Balance 31/12/2012(revised)*	**38,444**	**11,205**	**835,290**	**37,637**	**922,576**
- Net profits for the year				55,915	55,915
- Other total income/ (loss) for the year after tax			(14,700)	2,617	(12,083)
Total income for year 2013	**-**	**-**	**(14,700)**	**58,532**	**43,832**
- Dividend distribution				(8,481)	(8,481)
- Legal reserve formation		1,610		(1,610)	-
Balance 31/12/2013	**38,444**	**12,815**	**820,590**	**86,078**	**957,927**

*Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 3.1.4

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

INDEPENDENT POWER TRANSMISSION OPERATOR SA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(In thousands of Euros)

	Note	1/1-31/12 2013	1/1-31/12 2012 (revised)*
Cash flows from operating activities			
Profit/ (Loss) before tax		74,724	36.493
Adjustments:			
Depreciation of fixed and intangible assets	6	56,589	59,991
Amortization of customers' contributions and subsidies	6	(5,067)	(5,585)
Result of transitional period of spin-off sector		-	5,514
Credit interests	9	(1,774)	(2,147)
Other provisions		20,754	21,496
Transfer of fixed assets to contracting cost and write offs	12	71,928	43,402
Amortization of loan issuance expenses	8	1,009	525
Debit and other interests	8	25,554	27,761
Operating profit/(loss) before working capital change		**243,717**	**187,450**
(Increase)/decrease in:			
Trade and other receivables		(106,266)	(453,127)
Other receivables		(8,679)	5,796
inventory		1,874	3,109
Increase/(decrease) in:			
Trade obligations		140,845	390,549
Other liabilities and accrued expenses		(33,718)	102,367
Tax payment		(11,699)	(48,296)
Net cash flows/ (used) from operating activities		**226.074**	**187,848**
Cash flows from investing activities			
Interest received	9	1,774	2,147
Purchase of tangible and intangible assets	12	(137,144)	(83,675)
Net cash used in Investing Activities		**(135.370)**	**(81,528)**
Cash flows from financing activities			
Principal payments of interest bearing loans and borrowings	22	(39,480)	(29,107)
Dividends payable		(8,481)	(39,089)
Loan origination fees paid		(135)	-
Interest paid		(24,279)	(29,296)
Net cash used in financing activities		**(72.375)**	**(97,492)**
Net increase/ (decrease) in cash and cash equivalents		18.329	8,828
Cash and cash equivalents at beginning of the year		30.437	21,609
Cash and cash equivalents at the end of the year		**48.766**	**30,437**

* Certain amounts have been restated and differ from the published annual financial statements of December 31, 2012 and reflect amendments which are presented in note 3.1.4

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

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NOTES TO THE FINANCIAL STATEMENTS

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1. ESTABLISHMENT, ORGANISATION AND OPERATION OF THE COMPANY

The Independent Power Transmission Operator SA (IPTO SA or ADMIE SA or the company) is a continuation of PPC TELECOMMUNICATIONS SOCIETE ANONYME, established in 2000 in Greece following a change in its trade name, with the decision published in GG 10787/11.10.2, and its operation is governed by the Greek Law.

The aim of the company is to undertake the role and duties of the Owner and Operator of the Hellenic Transmission System (ESMIE in Greek), as stipulated in L. 4001/2011. More specifically, the aim of the company is the operation, exploitation, maintenance and development of the Hellenic Transmission System so as to ensure Greece's electricity supply in a safe, efficient and reliable manner. In the framework of the above, the company undertakes the duties and operates under the provisions of articles of chapters A to C, of the Fourth Part of L.4001/2011, and the delegated acts issued, mainly of the Operation Code of ESMIE and the operation license of ESMIE.

The headquarters of the company are located at 89, Dyrrachiou and Kifissou Streets, Athens 104-43, Greece, and its duration has been set up to December 31, 2100. On December 31, 2013, the company had 1,440 employees, 8 of whom were seconded to Public Sector services and 7 were paid by the company. The total payroll cost was € 212 thousand and is included in the profit and loss statement.

On December 31, 2013, 100% of the company's shares belonged to the Public Power Corporation SA (PPC or Parent Company).

2. CHANGES IN THE LEGAL FRAMEWORK

Changes in the legal framework of the electricity market

1. Article 1 of the System Operation Code was supplemented with RAE's Decision, No 94/2013 (GG B 502 - 05.03.2013) assigning the duties in the case of an Emergency.

2. RAE's decision, No 308/2013 (GG B 1891 - 01.08.2013) amended Articles 168, 178 and 275 of the System Operation Code. The amendment of Article 168 concerns the creation of an Account, Λ-Α, for the Transit Losses having as income the net inflow from the Inter-Transmission System Operator Compensation Mechanism for the losses and as outflow the cost of System Losses charged to participants' transit schedules. The amendment of article 178 is related to the approval of implementation details for the calculations of the return amounts of the transit loss cost and the management of the balance of account Λ-Α. Finally the changes in Article 275 concern the addition of the amount from the participation in the Inter-Transmission System Operator Compensation Mechanism for the use of infrastructures in the budget of the Required System Revenue of the System Use Charge.

3 Based on RAE's decision, No 338/2013 (GG B 1795 - 25.07.2013), Article 159 of the System Operation Code was amended regarding the Variable Cost Recovery Mechanism of the Power Plants. More specifically, the surcharge by a fixed and single percentage of the plants' variable cost for all Plants, which was determined in the past with RAE's decision and the last set value was 10%. Furthermore, a provision was added to the article for the repeal of the Variable Cost Recovery Mechanism as of July 1, 2014. In addition, Article 189 of the System Operation Code was amended so that the Maximum Hourly Demand used for the calculation of the Capacity Assurance Obligation would also include Network Generation. Based on the same decision, Article 191 of the System Operation Code so that RAE can, on its own decision, see that some Power Plants, according to the international practice have exhausted their technical and financial life and delete their Capacity Availability Certificates (CAC) from the CAC Registry. Article 288 of the System Operation Code was also amended with the extension of the duration of the Capacity Assurance Transitional Mechanism until Reliability Year 2013-2014. Finally, the said decision amends Article 290 to determine cutting edge technology plants until the end of Reliability Year 2013-2014, on RAE's decision, for which the System Operator registers double CACs in the CAC Registry.

4. RAE's decision, No 366/2013 (GG B 2000 - 14.08.2013) amended Articles 175 & 293 of the System Operation Code. The change in Article 175 concerns the management of the Account of Article 143, L. 4001/2011 by adding a new income to the Account based on the weighted average variable cost of the thermal conventional plants. Article 293 sets 10 working instead of 10 calendar days after the last Distribution Day of the month to which the Settlement refers as the time within which the System Operator notifies the List of the Final Imbalance Settlement List to all Participants for the Distribution Days of the same month and sends all relevant documents to each Participant issuing at the same time the relevant bank orders.

2. CHANGES IN THE LEGAL FRAMEWORK (continued)

5. Based on RAE's decision, No 455/2013 (GG B 2468 - 02.10.2013), Article 189 of the System Operation Code was amended regarding the Capacity Assurance Mechanism. More specifically, the Maximum Hourly Demand of the previous Reliability Year used for the calculation of the Capacity Assurance Obligation was replaced with the average of the three previous Reliability Years.

6. Based on RAE's decision, No 489/2013 (GG B 2991 - 25.11.2013), Article 159 of the System Operation Code was amended so that when a Plant is in operation following an order of the System Operator in cases of emergency and its variable costs cannot be derived from the Statement of Technical/Financial Figures, the Variable Cost Coverage is carried out following an approval of the System Operator based on the relevant fuel supply documents.

7. Based on RAE's decision, No 639/2013 (GG B 3346 - 30.12.2013), Articles 170, 171 and 178 of the System Operation Code were amended. The changes in Articles 170 & 171 concern the clarification that the import losses are not taken into account when the transit quantity is calculated regarding the Surcharge Accounts ΛΠ-2 & ΛΠ-3 respectively. Provisions were added to Article 178 in relation to dealing with the annual deficit or surplus of Account Λ-Α.

3. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING PRINCIPLES

3.1.1 BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Council (IASC) and their relevant Interpretations, as issued by the International Accounting Standards Interpretation Committee and adopted by the European Union (EU) and are compulsorily applied for years ended at December 31, 2013.

3.1.2 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors of the company approved the financial statements of year 2013 on March 26, 2014. The financial statements are subject to approval by the company's General Meeting of Shareholders.

3.1.3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared under the historical cost convention (except for fixed assets measured at fair value) and the principle of IPTO SA continuing as a going concern. The financial statements are presented in thousands of Euros and all values are rounded to the nearest thousand except if otherwise stated.

As at December 31, 2013, the total current liabilities of the Company exceed the total current assets by the amount of Euro 184 mil. and the Company may not be able to pay part of its contractual liabilities if a considerable part of its debt obligations is not promptly refinanced.

As mentioned in note 22, the company renewed in 2013 the maturity of loans ended in 2013, of a total amount of €164.9 mil. with a new immaturity n 2014. The Company's management is at the final stage of negotiations with the lending banks to refinance its current debt obligations amounting to €337 mil. by issuing a syndicated bond loan of equal amount. More specifically, the Company has received a written letter of intention from the Banks covering 100% of the above syndicated bond loan with the basic refinancing terms. The Company's management estimates that these negotiations will be finalized in a short period to the benefit of both sides

In light of the above, the Company's management expects that the above mentioned refinancing will be successfully concluded and therefore the accompanying financial statements have been prepared on the basis of the continuation of the company as a going concern.

3.1.4 REVIEW OF FINANCIAL STATEMENTS OF THE PREVIOUS FISCAL YEAR

As mentioned in note 23 of the financial statements, the company harmonized its accounting policy related to the recognition of actuarial profits and losses from the defined benefit plans with the revised IAS 19, which entered into force on 1-1-2013. Under IAS 8 "Accounting Policies, Changes of Accounting Assessments and Mistakes", the changes have a retroactive force resulting in the revaluation of the previous year in the financial statements. Apart from the revisions carried out due to the changes stipulated in the revised IAS 19, the Company reclassified an amount of €189,145 from the account "Carried forward" to the account "Capital Gain of Immovable Property Revaluation" for purposes of fairer presentation. This reclassification had no impact on the total of the net position and the Company's results.

The change in the accounting policy and the reclassification mentioned above had the following impacts on the company's financial statements:

	31/12/2012 (revised)	**31/12/2012** (published)	**Impacts**
Statement of Financial Position			
Balance carried forward	37,637	240,135	(202,498)
Capital Gain of Fixed Assets Revaluation	835,290	646,145	189,145
Personnel benefits	27,028	13,675	13,353
Statement of Equity Changes			
Accumulated Profit, December 31, 2011	51,180	253,427	(202,247)
Capital Gain of Fixed Assets Revaluation	931,856	742,711	189,145
Total equity, December 31, 2011	1,029,332	1,042,434	(13,102)
Accumulated Profit, December 31, 2012	37,637	240,135	(202,498)
Capital Gain of Fixed Assets Revaluation	835,290	646,145	189,145
Total equity, December 31, 2012	922,576	935,929	(13,353)
Statement of operating income			
Payroll fees	63,078	63,875	(797)
Profit before taxes	36,493	35,696	797
Net profit	26,303	25,506	797
Statement of Cash Flows			
Profits/(Losses) before taxes	36,493	35,696	797
Other provisions	21,496	22,293	(797)

The change of the accounting policy and the reclassification mentioned above had the following impacts on the statement of the starting Financial Position of the period ended at 31/12/2012

	1/1/2012 (revised)	**31/12/2011** (published)	**Impacts**
Total of equity	1,029,332	1,042,434	(13,102)
Accumulated Profit	51,180	253,427	(202,247)
Capital Gain of Immovable Property Revaluation	931,856	742,711	189,145
Personnel benefits	26,023	12,921	13,102

3.2. SIGNIFICANT ACCOUNTING ESTIMATES AND THE MANAGEMENT JUDGMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of payables and receivables at the date of the financial

statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates. The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming twelve months period are as follows:

3.2. SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

Post-retirement benefits
The employees of the PPC Group and pensioners are entitled to supply of energy at reduced tariffs. Such reduced tariffs to pensioners are considered to be obligation of IPTO towards the parent company and are calculated as the current value of the future retirement benefits deemed to have accrued throughout their working period and are calculated based on financial and actuarial assumptions. Further details according to the basic assumptions and estimates are included in note 23.

Fair value and useful lives of tangible fixed assets
The company carries the tangible fixed assets at revalued amounts (estimated fair values) as determined by an independent firm of appraisers. Revaluations are performed periodically (every three to five years). Independent estimates are carried out periodically (every 3-5 years).The determination of the fair values of tangible fixed assets requires from management to make assumptions, estimates and judgements with respect to the ownership, the value in use and the existence of any economic, functional and physical obsolescence of the tangible fixed assets. Furthermore, the Management has to make certain estimates with respect to the total and the remaining useful lives of depreciable assets, which are subject to a periodic review. The total useful lives, as appraised, are included in Note 3.3.

Provisions for risks
The Group is establishing provisions concerning claims by third parties against it and which might lead to an outflow of resources for their settlement. Provisions are established based on the claim and the possible outcome of the trial. The risks are described in note 24 along with the amount of the relevant risks.

Impairment of fixed assets
The company assesses at each reporting date whether there is an indication that an asset may have been impaired. The determination of whether such indications exist, require assumptions and judgments with respect to external and internal factors that may affect the recoverability of its assets, as well as assumption on the determination of its cash generating units. Further details related to the basic judgments and estimates are included in note 12.

Provisions for income tax and deferred tax liabilities
Current income tax liabilities for the current and prior years are measured at the amounts expected to be paid to the taxation authorities, using the tax rates that have been enacted by the balance sheet date. Provision for income taxes includes taxes reported in the respective income tax returns and potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years on the basis of the findings of prior tax audits. The final settlement of the income taxes might differ from the income taxes that have been accounted for in the financial statements. Deferred taxes are recognized on carried forward tax losses to the extent that it is probable that future taxable profits will occur to offset carried forward tax losses. Deferred tax receivables that are recognized require Management to make assessments as to the time and level of realization of future taxable profits.

3.3. PRINCIPAL ACCOUNTING POLICIES

Foreign Currency Conversion
The functional and reporting currency is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates, which were in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities that are denominated in other currencies are adjusted to reflect the current exchange rates. Gains or losses resulting from foreign currency adjustments are reflected in foreign currency gains (losses), in the accompanying statements of income.

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

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible Assets

Tangible assets are initially recognised at their acquisition cost which includes all direct attributable expenses for their acquisition or construction. Subsequent of their initial recognition, tangible assets are valued at their fair values minus accumulated depreciation and eliminations. Estimations of fair values are performed periodically by independent appraisers (every three to five years) using Level 3 assumptions of the hierarchy stipulated in the IFRS 13 in order to ensure that fair value does not differ significantly from the undepreciated balance. The last evaluation was completed December 31, 2009 (by the parent company in whose financial statements the fixed assets were presented). The said fixed assets were transferred with the spin-off of the Transmission sector of PPC SA and their contribution to the Company based on L. 4001/2011. Any valuation increase is credited as reserve to the other total income/ losses, net of deferred taxes. At the date of revaluation, accumulated depreciation
Is offset against pre depreciation accounting values and net amounts are restated according to restated amounts. Any decrease is first offset against an earlier valuation increase in respect of the same fixed asset and thereafter charged to the income statement. Upon disposal of revalued tangible asset, the relevant portion of the revaluation surplus is released from the surplus directly to retained earnings. Repairs and maintenance are charged to expenses as incurred. Subsequent future expenditures are capitalized when they increase the asset's useful life, improve its productivity or decrease its operational cost. For all assets retired or sold, their acquisition cost and related depreciation are removed from the accounts at the time of sale or retirement, and any gain or loss is included in the statement of income. As mentioned in note 12 of the financial statements, the Company after taking into account the current condition of the Electricity Market in companion with specific decisions of RAE held an impairment check of the tangible assets on December 31, 2012 (note 12).

Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that needs a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the relevant assets. All the remaining borrowing costs are recognized as expenses in the period in which they are incurred.

Depreciation

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

General use buildings	50
Transmission lines	35
Transmission substations	35
Other equipment	35
Transportation means	15
Furniture and other equipment	5-25

Impairment of Nonfinancial Assets

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

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

Contracts for projects under construction
A construction contract is a contract concluded especially for the construction of an asset or a combination of assets which are closely interconnected or interdependent regarding their design, technology and operation or their final purpose or use.
The expenses related to construction contracts are recognized when realized.
When the result of construction contract cannot be reliably assessed as revenue from the contract, only the expenses realized and expected to be collected are recognized.
When the result of a construction contract can be reliably assessed, the contract revenue and expenses are recognized during the term of the contract as revenue and expenses respectively.

The company uses the percentage-of-completion method based on IFRS 11 to determine the appropriate amount of revenue and expenses recognized for a specific period. The completion stage is measured based on the expenses carried out up to the balance sheet date compared to the total estimated expenses for each contract. When the total contract cost is possible to exceed the total revenue, then the expected loss is directly recognized in the profit and loss as expenditure.

In order to determine the cost incurred up to the end of the fiscal year, possible expenses related to future works of the contract are exempted and presented as project in progress. The total cost realized and the total profit/ loss realized for each contract is compared to the progressive pricings up to the end of the period.

Investments and Other Financial Assets
Financial assets in the scope of IAS 39 are classified based on their nature and their characteristics in financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, and available for sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, revalued this designation on the trade date (the date in which the Company is committed to buy the financial asset item). Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place

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

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

Held-to-maturity investments
Financial assets with fixed payments and fixed maturity are classified as held-to-maturity, when the company has the intention and the ability to hold them to maturity. Held–to–maturity investments which are held for an infinite or non–defined maturity cannot be classified into this category. Held–to–maturity investments are carried at amortized cost using the effective interest method. Gains and losses are recognized in income when the investments are derecognized or eliminated as well as through the amortization process.

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

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of Financial Assets
The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The remaining of the asset can be reduced either through deletion or recognition of provision. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss. The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost on the reversal date

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

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

Inventories
Inventories include consumables, materials and spare parts of fixed assets which are stated at the lower of cost or net realizable value, the cost being determined using the weighted average method. These materials are recorded in inventory when purchased and then are expensed or capitalized to plant, as appropriate, when used. A provision exists for their value impairment based on the recoverable amount from the use of said materials.

Cash and Cash Equivalents
Time deposits and other highly liquid investments with original maturity of three months or less are considered to be cash equivalents.

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

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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

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

Contributions in the construction of Fixed Assets and Contributions of Fixed Assets
Customers and producers, who are connected with the transmission and distribution network, are required to participate in the initial network connection cost or other type of infrastructure, through the deposit of institutionally defined amounts or through fixed assets contribution.
Until December 31, 2008, due to the lack of detailed accounting guidance under current IFRS, PPC has elected to record upon collection of contribution from customers and producers, for the construction of assets needed for their connection with the network, and were reflected in the Balance Sheet as deferred income. Their amortization was accounted for in accordance with the remaining useful life of the related financed assets and was included in the depreciation and amortisation of the income statement (implemented, that is, the accounting policy used for subsidies). From January 1, 2009, PPC and then IPTO implementing earlier the Interpretation 18 “Transfers of Assets from Customers” recognize the cash and the assets received from customers and producers needed for their connection with the network, in fair values in the Income Statement. For cash received until December 31, 2008, the accounting policy valid until then due to the non retrospective application of Interpretation 18 applies.

Post-retirement Benefits
The employees of the PPC Group and pensioners are entitled to supply of energy at reduced tariffs. Such reduced tariffs to pensioners are considered to be obligation of IPTO towards the parent company and are calculated as the current value of the future retirement benefits deemed to have accrued throughout their working period and are calculated based on financial and actuarial assumptions. Net costs for the period are included in the payroll cost in the accompanying statements of income decreased by the amount of benefits offered to the pensioners. The obligation for post-retirement benefits is not funded. The company, up to year 2012, recognized only actuarial gains and losses from experiential adjustments and changes in the actuarial assumptions exceeding accumulatively 10% of the provision for the obligation at the beginning of each period and recorded in the profit and loss in equal amounts, depending on the average time of remaining service of the relevant employees applying the corridor method of IAS 19. As a result, the company’s Statement of Profits and Losses did not show a significant part of the net non-realized actuarial profits and losses. In compliance with the International Accounting Standards, the Company changed the above accounting policy in 2013 and recognizes all actuarial gains and losses in the

statement of total income when they are incurred. The above change resulted in the complete recognition of the obligations as they include actuarial results. In this way, the company's financial statements give a more reliable and relevant information.

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

Income Tax (Current and Deferred)

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

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

Defined Contribution Plan
The Company recognizes as an expense the contribution for the employees' services payable to TAYTEKO/IKA (former OAP–DEI) (defined contribution plans) and as a liability the amount that has not been paid yet.

Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from the rent of the Transmission System is accounted in the fiscal year they are related to. Revenue from rendering of services is recognized based on the stage of completion of the service rendered and to the extent that the related receivable will be collected. Revenue from interest is recognized within the period incurred.

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

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

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

Subsequent Events
Post period-end events that provide additional information about the company's position at the balance sheet date and meet the recognition criteria are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes.

3.4. CHANGES IN ACCOUNTING POLICIES

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

- ***IAS 1*:** Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income
- ***IAS 19:*** Employee Benefits (Revised)
- ***IFRS 7*:** Financial Instruments: Disclosures (Amended) – Offsetting Financial Assets and Financial Liabilities
- ***IFRS 13:*** Fair Value Measurement
- Annual improvements of IFRSs 2009 -2011 cycle

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

IAS 19 Employee Benefits (Revised)
Revised IAS 19 initiates a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan as sets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation. The unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. In case of the company, the effect of this amendment is included analytically in note 3.1.

IFRS 7 Financial Instruments: Disclosures (Amended) – Offsetting Financial Assets and Financial Liabilities
These amendments require a company to provide disclosures in their offsetting rights and relevant settlements (i.e. security settlement). These disclosures give information to the users useful for the assessment of the impact of offsetting settlements on the financial position of a company. The new disclosures are required for all financial instruments recognized and have been offset under *IAS 32 Financial Instruments: Presentation.* The disclosures also apply to financial instruments subject to master netting arrangements or similar ones, irrespective of whether they have been offset under IAS 32. This amendment does not significantly affect the company's financial statements.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when the company is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the company. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. This amendment does not significantly affect the company's financial statements.

IASB issued a cycle of annual improvements of IFRSs 2009-2011, including amendments of the standers and the relevant conclusion bases. The annual improvement cycle gives a mechanism to apply the necessary but not urgent amendments of IFRSs.

- ***IAS 1 Presentation of Financial Statements:*** This improvement clarifies the difference between voluntary additional information and the comparative information required as a minimum. In general, the required comparative period required as a minimum is the previous period.
- ***IAS 16 Tangible assets:*** This improvement clarifies that the basic spare parts and the maintenance equipment meeting the definition of tangible assets and equipment cannot be considered stock.
- ***IAS 32 Financial Instruments: Presentation:*** This improvement clarifies that the income tax from the distributions of equity instrument holders are calculated according to IAS 12 Income Taxes.
- ***IAS 34 Interim financial reporting:*** This improvement harmonizes the disclosure requirements for the assets per information sector with all obligations per information sector in the interim financial

statements. This clarification also secures the compliance of disclosures in the interim financial statements with the annual ones.

The specific amendments do not have significant impact on the company's financial statements.

3.4 CHANGES IN ACCOUNTING POLICIES (continued)

The following standards were issued but have not been adopted by the Company and were not used in the accounting period.

IAS 28 Investments in Associates and Joint Ventures (revised)
The Standard is effective for annual periods beginning on or after 1 January 2014. As a consequence of the new IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", IAS 28 "Investments in Associates", has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The management of the company has assessed that this revision has no impact on the financial statements.

IAS 32 Financial Instruments: Presentation (Amended) – Offsetting Financial Assets and Financial Liabilities
The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The management of the company is in the process of assessing the impact of this amendment on its financial statements.

IFRS 9 Financial Instruments: Classification and Measurement and subsequent amendments to IFRS 9 and IFRS 7 - Mandatory Effective Date and Transition Disclosures; Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The subsequent package of amendments issued in November 2013 initiate further accounting requirements for financial instruments. These amendments a) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; b) allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 *Financial Instruments* to be applied in isolation without the need to change any other accounting for financial instruments; and c) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. These standard and subsequent amendments have not yet been endorsed by the EU. The company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The management of the company estimates that this amendment does not have a material impact on its financial statements

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

IFRS 12 Disclosures of Interests in other entities
The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The management of the company estimates that this amendment does not have an impact on its financial statements.

3.4 CHANGES IN ACCOUNTING POLICIES (continued)

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
The guidance is effective for annual periods beginning on or after 1 January 2014. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period
If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. The management of the company estimates that this amendment does not have an impact on its financial statements.

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

IAS 36 Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial Assets
This amendment is effective for annual periods beginning on or after 1 January 2014. These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. The management of the company is in the process of assessing the impact of this amendment on the company's financial statements.

IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
This amendment is effective for annual periods beginning on or after 1 January 2014. Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument. The management of the company is in the process of assessing the impact of this amendment on the company's financial statements.

IAS 19 Defined Benefit Plans (Amended): Employee Contributions
This amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The European Union has not yet endorsed the amendment. The management of the company is in the process of assessing the impact of this amendment on the company's financial statements.

FRIC Interpretation 21: Levies
The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The management of the company is in the process of assessing the impact of this amendment on the company's financial statements.

3.4 CHANGES IN ACCOUNTING POLICIES (continued)

The **IASB has issued the Annual Improvements to IFRSs 2010–2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU. The management of the company is in the process of assessing the impact of this amendment on the company'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.
- ***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 Tangible Assets****:* The amendment clarifies that when an item of tangible assets 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 when a company providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- ***IAS 38 Intangible assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The **IASB has issued the Annual Improvements to IFRSs 2011–2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU. The management of the company is in the process of assessing the impact of this amendment on the company's financial statements.

- ***IFRS 3 Business combinations:*** This improvement clarifies that IFRS 3 excludes from its cope 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 13 *Financial Instruments: Recognition and Measurement or* IFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation.*
- ***IAS 40 Investment Properties:*** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 *Business Combinations* and investment property as defined in IAS 40 *Investment Property* requires the separate application of both standards independently of each other.

4. SALES

	1/1-31/12/2013	1/1-31/12/2012
Revenue from Transmission System Rent	**252,031**	**268,539**
Energy sales		
-Periodical Network Settlement	845	11,425
-Capacity assurance	510,516	610,967
-Special Lignite Duty	46,461	48,302
-Operator of non-interconnected islands	23,130	24,887
-Renewable Energy Sources	627,458	309,597
-Charge based on average-weighted cost (RES)*	83,022	-
-Public Service Obligations	20,418	32,327
-Cross-border trade	-	3,989

-Deviations	60,991	131,603
-Ancillary Services	31,785	16,916
-Settlement Balance	31,156	56,110
-Variable Cost Coverage	556,066	433,922
-Special Consumption Tax	147,714	154,716
- Transmission System Rent of spin-off branch	-	107,510
Total Energy Sales	**2,139,562**	**1,942,271**
Energy purchases		
-Periodical Network Settlement	845	11,425
-Capacity assurance	510,516	610,967
-Special Lignite Duty	46,461	48,302
-Operator of non-interconnected islands	23,130	24,887
-Special duty of article 40, L.2773/1999	627,458	309,597
-Public Service Obligations	20,418	32,327
-Cross-border trade	-	3,989
- Charge based on average-weighted cost (RES)	83,022	-
-Deviations	92,436	187,149
-Ancillary Services	31,496	8,760
-Variable Cost Coverage	556,066	433,922
-Special Consumption Tax	147,714	163,436
- Transmission System Rent of spin-off Branch	-	107,510
Total Energy Purchases	**(2,139,562)**	**(1,942,271)**
Other sales:		
- Revenues from contracts	71,899	39,053
- Received customers' participations	5,382	6,017
- Revenues from the recovery of Administrative Costs	711	7,746
- Rent of optical fibers	1,916	1,927
- Revenues of HEDNO Fixed Assets Support	13,988	-
- Other Sales	1,525	1,907
Total other Sales	**95,421**	**56,650**
General Total	**347,452**	**325,189**

The charge based on average-weighted cost of RES includes an amount of €48,937 for which an objection has been raised and is questioned by the participants, as they do not recognize the fact that it is retrospective from May to August 2013. The specific amount does not affect profits and losses.

5. PAYROLL FEES

	1/1-31/12/2013	**1/1-31/12/2012**
Payroll cost	58,020	59,493
Employer's social contributions	19,823	18,995
Benefits to personnel	652	586
Allowance for away from base work	6,475	5,047
Cost for reduced tariff to employees	891	794
Net provision for reduced tariff to pensioners	1,293	1,068
Payroll fee included in tangible fixed assets	(23,146)	(22,905)
Total	**64,008**	**63,078**

6. DEPRECIATION AND AMORTIZATION

	1/1-31/12/2013	**1/1-31/12/2012**
Depreciation/ amortization		
- Fixed assets (note 12)	56,012	59,557
- Software (note 13)	577	788
- Subsidies and consumers' contributions (note 25)	(5,067)	(5,800)
Total	**51,522**	**54,545**

7. OTHER PROVISIONS

	1/1-31/12/2013	1/1-31/12/2012
Provisions for energy settlement	13,171	34,306
Total	**13,171**	**34,306**

8. FINANCIAL EXPENSES

	1/1-31/12/2013	1/1-31/12/2012
Interest expenses (note 22)	25,554	27,761
Amortization of loans' issuance costs	1,009	525
Commissions on letters of guarantee	706	853
Commissions on PPC guarantee (note 22)	22,682	-
Other	52	699
Total	**50,003**	**29,838**

9. FINANCIAL INCOME

	1/1-31/12/2013	1/1-31/12/2012
Interest on bank deposits (note 18)	1,774	2,147
Total	**1,774**	**2,147**

10. OTHER EXPENSES/ INCOME

OTHER EXPENSES	1/1-31/12/2013	1/1-31/12/2012
Loss from dismantling and withdrawal of fixed assets	563	6,656
Transportation and travel expenses	1,283	747
Other	1,844	1,218
Total	**3,690**	**8,621**

OTHER REVENUE	1/1-31/12/2013	1/1-31/12/2012
Other revenue from generators' connections	1,421	3,103
Other	142	149
Total	**1,563**	**3,252**

In order to achieve a more substantial presentation and disclosure of the expenses per category, we reclassified certain categories of 2012 according to their nature. The specific change does not materially affect the expenses of 2012.

11. INCOME TAXES (CURRENT AND DEFERRED)

	1/1-31/12/2013	1/1-31/12/2012
Current income taxes	-	21,935
Deferred income taxes	18,809	(11,745)
Total income tax expense	**18,809**	**10,190**

The company's nominal tax rate is 26% for 2013 and 20% for 2012.
Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the company and a final assessment is issued. Tax losses, to the extent they are admitted by tax authorities, can net future profits for five years after the year they incurred. The company has not recognized tax losses for netting of previous years. The company has not been audited by tax authorities for fiscal years 2007-2010. For fiscal years 2011 and 2012, a tax conformity check, as provided for article 82(5), L.2238/1994 and the decision of the Ministry of Finance No ΠΟΛ 1159/22.7.2011, was held. This check did not show significant tax obligations apart from the ones registered and shown in the financial statements. For year 2013, the tax audit is already being under way by the legal auditors of the Company. This management of the company does not expect this tax audit to show significant tax obligations apart from the ones shown and recorded in the financial statements. An analysis and numerical reconciliation between tax expense and the product of accounting profit multiplied by the nominal tax rate is set out below:

	1/1-31/12/2013	1/1-31/12/2012
Profit before taxes	**74,724**	**35,696**
Nominal tax rate	26%	20%
Tax calculated at nominal tax rate	19,428	7,139
Tax decrease due to tax adjustment	-	(1,158)
Impact of tax rate change	(3,326)	-
Non deductible expenses	2,707	4,209
Income tax	**18,809**	**10,190**
	25.2%	**28.6%**

Deferred tax receivables and liabilities are further analyzed as follows:

	31/12/2013	31/12/2012
Deferred tax receivables		
- Impairment of trade and other receivables	8,620	9,036
- Inventory impairment	4,933	3,413
- Other provisions for risks and expenses	15,877	12,325
- Subsidies and consumers' contributions	2,625	241
- Tax losses	9,043	-
- Other	1,583	2,311
Gross deferred tax receivables	**42,681**	**27,326**
Deferred tax liabilities		
- Loan issuance expenses	(168)	(303)
- Adjustment of fixed assets & difference of depreciation of tangible & intangible assets	(111,582)	(62,771)
Gross deferred tax liabilities	**(111,750)**	**(63,074)**
Net gross tax liabilities	**(69,069)**	**(35,748)**

Deferred income tax charged (credited) in the statement of income is broken down as follows:

	1/1-31/12/2013	1/1-31/12/2012
Adjustment & depreciations of tangible & intangible assets	34,111	4,572
Impairment of trade & other receivables	416	(8,850)
Inventory impairment	(1,520)	(139)
Subsidiaries and consumers contributions	(2,384)	265
Loan issuance expenses	(134)	(105)
Other provisions for risks and expenses	(3,552)	(6,154)
Tax losses	(9,043)	-
Other	915	(1,334)
Total	**18,809**	**(11,745)**

Deferred income tax charged (credited) in the net position of income is broken down as follows:

	31/12/2013	31/12/2012
Impact of tax rate change on the appreciation revaluation	(14,700)	-
Impairment of Fixed Assets	-	23,750
Total	**(14,700)**	**23,750**

12. TANGIBLE ASSETS	**Land**	**Buildings - Technical Works**	**Machinery & equipment**	**Transportation**	**Fixtures and Furniture**	**Construction in Progress**	**Total**
December 31, 2011	**250,870**	**72,007**	**1,088,614**	**5,326**	**10,309**	**251,184**	**1,678,310**
- Undertaking of tangible assets from the contribution of the Hellenic Electricity Transmission System Operator (currently LAGIE) from September 1, 2011	-	642	-	-	254	4,105	**5,001**
- Additions	-	-	-	-	-	83,675	**83,675**
- Depreciation	-	(3,336)	(53,674)	(580)	(1,967)	-	**(59,557)**
- Disposals		(6)	-	-	(7)	-	**(13)**
- Impairment	(34,782)	(4,075)	(79,594)	(157)	(142)		**(118,750)**
- Transfers from constructions in progress	1,011	7,478	65,152	14	522	(74,931)	**(754)**
- Transfers to contract cost	-	-	-	-	-	(37,113)	**(37,113)**
- Other movements	-	-	(494)	-	494	(6,225)	**(6,225)**
December 31, 2012	**217,099**	**72,710**	**1,020,004**	**4,603**	**9,463**	**220,695**	**1,544,573**
December 31, 2012	**217,099**	**72,710**	**1,020,004**	**4,603**	**9,463**	**220,695**	**1,544,573**
- Additions	-	-	-	-	-	137,144	**137,144**
- Depreciations	-	(3,379)	(50,367)	(533)	(1,734)	-	**(56,012)**
- Disposals	-	-	-	(1)	(15)	-	**(16)**
- Transfers from CIP	162	12,106	76,905	161	580	(89,962)	**(48)**
- Transfers	-	-	-	-	-	(71,454)	**(71,454)**
- Other movements	-	-	-	-	-	(452)	**(452)**
December 31, 2013	**217,261**	**81,437**	**1,046,542**	**4,230**	**8,294**	**195,971**	**1,553,735**

(All amounts in thousands of Euros unless otherwise stated)

	Land	Buildings - Technical Works	Machinery & equipment	Transportation	Fixtures and Furniture	Construction in Progress	Total
December 31, 2012							
Acquisition value	217,099	90,380	1,186,108	6,462	22,860	220,695	**1,743,604**
Accumulated depreciation	-	(17,670)	(166,104)	(1,859)	(13,397)	-	**(199,030)**
Non-depreciated balance	**217,099**	**72,710**	**1,020,004**	**4,603**	**9,463**	**220,695**	**1,544,573**
December 31, 2013							
Acquisition value	217,261	102,486	1,263,013	6,618	24,994	195,971	**1,810,343**
Accumulated depreciation	-	(21,049)	(216,471)	(2,388)	(16,700)	-	**(256,608)**
Non-depreciated balance	**217,261**	**81,437**	**1,046,542**	**4,230**	**8,294**	**195,971**	**1,553,735**

12. TANGIBLE ASSETS (continued)

Ownership of Assets: The company is in the process of recording its real estate in detail and creating a real estate registry for all its property in the competent land registries to take ownership titles and encumbrance certificates. When the procedure is concluded the company will have strong ownership titles against any third party with the full application and operation of the National Cadastre. *(see Note 29)*

Insurance Coverage: Tangible fixed assets are dispersed all over Greece and, thus, the risk of serious loss is reduced. IPTO SA (as all PPC Group companies) does not have an insurance coverage of the tangible fixed assets.

Encumbrances on tangible assets: Tangible assets are held free from encumbrances.

Revaluation of Tangible Fixed Assets: PPC proceeded with the revaluation of its operating fixed assets as of December 31, 2009, as they were on that date, including the fixed assets contributed via the application of article 98, L.4001/2011. The revaluation was carried out by an independent firm of appraisers, according to IAS 16. The results of the revaluation were recorded in the books of PPC on December 31, 2009 (and therefore were transferred in revalued values through the spin-off and contribution of the transmission branch). The previous revaluation was carried out on December 31, 2004.

The method and significant assumptions applied by the independent firm of appraisals were the following:

(a) The total of the assessed real estate was considered to belong in full ownership to the company, while real estate for which the company informed the independent firm of appraisals or which were found during the on-site inspection of the appraisals that they carried commitments were not included in the scope of appraisal.

(b) The appraisals assumed that for the total of its real estate, the company has ownership titles, licenses for buildings and other similar approvals, as stipulated in the Greek law.

(c) The majority of real estate appraised was considered to be of own use by the company and that the same use will apply for their remaining useful life.

(d) To determine the Fair Value of land, building and other equipment the Market Approach was applied by professional appraisals (documentation based on market conditions). In special-use buildings, machinery and technical works, fair value was determined based on the Cost Approach, mainly the non-depreciated replacement cost in the context of which the required revaluations were carried out reflecting their physical, operational and financial devaluation.

(e) Financial devaluation was determined by the appraisal applying the revenue method with the help of the analysis of discounted cash flows. Financial devaluation was respectively distributed to tangible fixed assets appraised on the basis of the Cost approach, as stipulated in the International Appraisal Standards.

The total appreciation revaluation from all the appraisals carried out by PPC, related to the tangible assets assumed by the company in the context of the transmission branch spin-off and contribution by PPC to IPTO SA, comes up to €737,300 (net value from deferred taxes € 184,325) and was recognized in the other total income of the company. Furthermore, in the spin-off transitional period (January 1, 2011 to November 30, 2011) additional fixed assets were assumed whose appreciation revaluation comes up to € 5,411 (net from deferred taxes of € 1,352) also recognized in the other total incomes of the company.

Regulated Annual Transmission Fee for 2011, 2012 and 2013

On December 31, 2010, the Annual Cost budget and the Unit Use Charges of the Transmission System were approved. RAE, with its relevant opinions to the Ministry of Environment, Planning and Public Works, considered advisable not to take into account the capital gain from the revaluation of the fixed assets in operation of the Transmission operation in the unit charge for 2012, based on the International Appraisal Standards and the IFRS. The opinion rational mentions that the above was deemed advisable for the protection of the consumer from significant and non linear changes of the charges related to electricity power activities. The capital gain recognized on December 31, 2009, came up to € 340.5 mil. The above position differs from the up-to-date practice of RAE which took into account for the calculation of the Annual Remuneration of the Transmission System the results of the revaluation of the fixed assets both of 2000 as well as of 2004.

12. TANGIBLE ASSETS (continued)

Following the above, the Company proceeded according to IAS 36 to a control of recoverability of the non-depreciated value of the fixed assets of the Transmission operation, on December 31, 2012, due to the decrease in the revenues from the non-integration of the capital gain of the revaluation of the unit charge.

The recoverable amount of the fixed assets of the Transmission operation (as a unit generating cash flows of the then PPC) was determined on the basis of the value in use method. The value in use was calculated using future cash flow assessments of the transmission operation which were initially projected for a five-year period and then for ever. For the calculation the following were used:

- Budgetary operating profit margins and EBITDA, based on the historical data of recent years, adjusted in order to take into account also the expected changes in profitability.
- Discount rate based on the data of the transmission operation in order to determine the current value of its future cash flows.

The basic assumptions used are consistent with independent external information sources. Based on the results of the impairment audit on December 31, 2012, the impairment loss for the fixed assets of the transmission activity amounted to €118,750 netting the capital gains from previous revaluations, while the net value of €95,000 directly burdened the other total income of the company decreasing the reserve of fixed asset revaluation of previous fiscal years.

In the framework of its competences related to the approval of the Annual Cost of the Transmission operations and in the framework of re-examining the calculation methodology of the Annual Rent for the Networks, RAE considered necessary in 2011, to further analyze the parameters comprising the Annual Cost of the Transmission System. For this reason, it carried out a further assessment study of the above valuation of the tangible assets of PPC conducted by an independent company of appraisals based on the International Appraisal Standards and the IFRS with reference date the 31st December 2009. Furthermore, it considered necessary to further study the calculation of the fair return as a calculation parameter of the allowed income of regulated networks. RAE, with its decision, No 1016/20.12.2011, judged that it was advisable to keep the system use charges at the levels approved with the relevant ministerial decisions for 2011 (GG B 2094/31.12.2010 & GG B 45/24.01.2011).

In the context of its competences (article 140(3), L.4001/2011) and in continuation of the relevant recommendations of the Electricity Transmission System Operator, RAE issued the decision No 1016/2012 determining the required system inflow for years 2012 and 2013 at €224,016,507 and € 230,154,374 respectively.

Furthermore, with its announcement, RAE, on 27.12.2012, started a public consultation, which is now in progress, on its proposal for the modification of the calculation methodology of the required income of the Electricity Transmission System.

RAE has not issued up to now decisions on the annual cost and unit charges of the Hellenic Electricity Transmission System for 2014.

13. INTANGIBLE ASSETS

Intangible assets include software.
Software value is broken down as follows:

December 31, 2011	
Acquisition cost	1,211
Accumulated amortization	(1,099)
Net carrying amount	**112**
December 31, 2012	
Acquisition cost	6,431
Accumulated amortization	(5,769)
Net carrying amount	**662**
December 31, 2013	
Acquisition cost	5,971
Accumulated amortization	(5,845)
Net carrying amount	**126**

In the year ended at December 31, 2013, the additions came up to €48 and amortizations to € 577

14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances (receivables and payables) with related parties as of December 31, 2013 and 2012 are as follows:

	31 December 2013		31 December 2012	
	Receivables	**(Payables)**	**Receivables**	**(Payables)**
PPC SA	997,597	(311,254)	787,475	(261,207)
HEDNO SA	15,559	(178)	9,926	(2,981)
PPC Renewables SA	83	(20)	(5)	(20)
	1,013,239	**(311,452)**	**797,396**	**(264,208)**

Transactions (invoiced to and invoiced from) with its associates for the years ended on December 31, 2013 and 2012, are as follows:

	2013		2012	
	Invoiced to	**Invoiced from**	**Invoiced to**	**Invoiced from**
PPC SA	2,357,800	(701,245)	1,828,153	(577,911)
HEDNO SA	25,437	(12,500	12,323	(12,341)
PPC Renewables SA	75	-	26	-
	2,383,312	**713,745**	**1,840,502**	**590,252**

The company, in the context of usual business activities, has transactions with associates. These transactions are carried out with the market terms and conditions.

Management compensations

The compensations for the Board of Directors for the year ended December 31, 2013 came up to €147.6 thousand compared to €152.9 thousand of fiscal year 2012, which means that there was a 4% decrease. This amount includes employers' contributions but it does not include power supply based on PPC personnel tariff. The compensations of the members of the supervisory board set up in 2012 came up to €80.2 thousand compared to € 50 thousand in 2012, increased that is by 60%.

15. INVENTORY

	31/12/2013	31/12/2012
Materials, spare parts and consumables	62,795	65,991
Advance payment for stock purchases	1,418	96
Provision for write-down of materials and spare parts to recoverable amount	(18,973)	(17,228)
Total	**45,240**	**48,859**

The movement of the provision for the write off of materials and spare parts is as follows:

	2013	2012
Balance at beginning	**17,228**	**16,371**
Additional provision	1,745	857
Provision reversal	-	-
Balance at end	**18,973**	**17,228**

Company's stock is held free of encumbrances.

16. TRADE RECEIVABLES

	31/12/2013	31/12/2012
Receivables from Electricity Market transactions	624,265	531,737
Trade Receivables	915	-
Receivables from PPC contracting works	89,024	46,462
Market Revenue Receivable	3,615	16,781
Advance payments	208	275
Total receivables from customers without delay and value impairment	**718,027**	**595,255**

Total receivables from customers with delay and value impairment	44,992	61,498
Less: provision of value impairment of receivables	(32,314)	(44,341)
Total	**730,705**	**612,412**

The movement of the provision for value impairment of the receivables is as follows:

	31/12/2013	31/12/2012
As at beginning	44,341	-
Provision from spin-off of transmission branch and contribution from Hellenic Electricity Transmission System Operator	-	377
Additional provision	-	43,964
Provision release	(12,027)	-
As at end	**32,314**	**44,341**

The receivables from customers in delay with value impairment include mainly receivables from Energa Power Trading SA, Hellas Power SA and Vivid Power of about € 44 mil. These receivables came from the transmission system operation branch spin-off and contribution from the Hellenic Electricity Transmission System Operator (currently LAGIE). The management of the company in the previous fiscal year lodged actions to claim the above debts and, after assessing the possibilities of having favorable outcome for said cases, formulated an impairment provision of approximately € 44 mil. The decrease of doubtful receivables compared to the previous year is mainly due to the issuance of final settlements for past energy purchase services of the company carried out in 2013.

17. OTHER RECEIVABLES

	31/12/2013	31/12/2012
Advance payment of income tax	14,641	484
Optical fiber rental	6,180	9,383
Net receivable from PPC for settlement of transmission branch spin-off	10,585	7,691
Receivables from employees	609	514
Receivable from contractors	13,177	11,620
Other	13,702	8,824
Total before provisions	**58,894**	**38,516**
Allowance for doubtful receivables	(932)	(932)
Total	**57,962**	**37,584**

18. CASH AND CASH EQUIVALENT

	31/12/2013	31/12/2012
Cash in hand	8	5
Cash at banks	2,458	932
Time deposits	46,300	29,500
Total	**48,766**	**30,437**

Interest earned on cash at banks and time deposits amounts to €1,774 (2012: €2,147) and are included in the financial income in the statement of income (note 9). All cash and cash equivalent are denominated in Euro.

19. SHARE CAPITAL

On December 31, 2009 and 2010, the company's share capital was fully paid and amounted to € 4,441 divided into 4,440,928 common shares of € 1.00 par value each.

The share capital increased with the decision of the Extraordinary Shareholders' General Meeting, dated November 7, 2011, by € 31,924 from the capitalization of the accounting value of the contributed (to the company) branch of the General Transmission Directorate of the Parent Company (PPC) on January 1, 2011, by issuing 31,924,671 common shares of €1.00 par value each.

Following the above, on December 31, 2011, the company's share capital was fully paid and amounted to € 36,366 divided into 36,365,599 common shares of €1.00 par value each.

19. SHARE CAPITAL (continued)

The share capital increased with the decision of the Extraordinary Shareholders' General Meeting, dated January 13, 2012, by € 2,078, from the capitalization of the accounting value of the contributed (to the company) branch of the Transmission System Operator of the Hellenic Electricity Transmission System Operator SA on August 31, 2011, by issuing 2,078,594 common shares of € 1.00 par value each. Following the above, on December 31, 2012 and 2013, the company's share capital amounted to € 38,444 divided into 38,444,193 common shares of € 1.00 par value each.

20. LEGAL RESERVE

Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their financial statements to a legal reserve, until such reserve equals one-third of the paid-in share capital. This reserve cannot be distributed throughout the life of the corporation. In 2013, the company formed a legal reserve of €1,610 and thus the total of the legal reserve was on December 31, 2013, € 12,815 (2012: € 11,205).

21. DIVIDENDS

Under Greek corporate law, companies are required each year to declare and pay from statutory profits dividends of at least 35% of after-tax profit, after allowing for the legal reserve. However, with the consent of at least the 70% of the Company's shareholders, a company may not distribute any dividend.

Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed. Specifically, no dividends can be distributed (a) as long as a company's net equity, as reflected in the balance sheet after such distribution will be less than the outstanding capital plus non-distributable legal reserves, and (b) as long as the unamortized balance of "Pre-operating Expenses" exceeds the aggregate of distributable reserves plus retained earnings.

It is noted that the Company's books show a special reserve under L.2941/2001 of € 589,615 related to the spin-off Transmission branch and was transferred with succession to the Company. The said reserve is included in the item "Capital Gain of Immovable Property Revaluation" of the Statement of the Company's Financial Position. According to article 98(3)(f), L.4001/2011, any tax or accounting approach was carried out by PPC SA related to the Transmission Branch with future benefits or encumbrances is transferred to the benefit or detriment of the Company. Therefore, when the Company's shares are transferred by PPC SA and there is good gill based on the parent company's books equal to or higher than the amount of the special reserve under L.2941/2001, after paying the income tax by PPC SA, the Company as a successor is entitled to transfer the said reserve to the retained earnings for further distribution without paying the income tax of legal persons.

The Board of Directors of the company approved the financial statements of 2013, on March 26, 2014 and recommended to the Supervisory Board and the Shareholders' General Meeting not to distribute dividend for 2013.

22. Interest Bearing Loans and Borrowings

	31/12/2013	31/12/2012
Bank loans	158,252	190,344
Bonds payable	290,112	297,500
Unamortized portion of loan origination fees	(641)	(1,514)
Total borrowing	**447,723**	**486,330**
Less current portion:		
Bank loans	76,122	79,107
Bonds payable	227,052	132,500
Unamortized portion of loan origination fees	(452)	(1,171)
Total	**302,722**	**210,436**
Long-term portion	**145,001**	**275,894**

The total interest expense on total debt for the period ended December 31, 2013 and 2012 is included in the financial expenses in the accompanying statements of income (Note 8). The total borrowing is denominated in Euro. A further analysis of the long-term debt of the company per type of interest rate is presented in the table below:

22. LONG-TERM BORROWING (continued)

	31/12/2013	31/12/2012
Bank loans and bonds		
- Floating rate	337,127	347,500
European Investment Bank		
- Fixed rate	29,167	39,583
- Floating rate	82,070	100,761
Total	**448,364**	**487,844**

The parent company, PPC, provides guarantees for the majority of the above bank loans, while, the loans granted by European Investment Bank are guaranteed by the Greek State. The parent company proceeded in 2013 to invoicing of total amount of €22,682 as commission for loan guarantee. The amount is included in the financial expenses of the income statement, note 8.

Certain loans and bonds agreements include certain covenants, the non compliance of which may lead to an event of default, most important of which are the Parent Company, PPC, should not cease to be a corporation controlled as to at least 51% by the Greek State, the company's shareholders' composition does not change or company's credit rating must not be downgraded. Also certain loans and bonds include the compliance of financial covenants by the guarantor.

The annual repayment programme of the long-term borrowing after December 31, 2013 and 2012 is the following:

	2013	2012
2014	303,174	199,107
2015	29,107	129,107
2016 – 2018	116,083	137,130
After 2018	-	22,500
Total	**448,364**	**487,844**

In 2013, the company renewed the maturity of the loans ending in 2013, amounting to €164.9 mil. with new maturity in 2014. The said loans are to be included in a general refinancing of existing loan obligations amounted approximately €337.1 mil. through the conclusion of a syndicated loan of equal amount. The Company has advanced its negotiation with the syndication of existing lending banks participating in the said refinancing. At December,2013the available short term financing line amounted to €47,015, which was disbursed in full.

The loan payments for the period ended December 31, 2013, amounted to €39,480.

23. PERSONNEL BENEFITS

PPC's employees and pensioners of the Group are entitled to supply of energy at reduced tariffs. Such reduced tariffs to pensioners are considered to be retirement obligations and are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end based on the employees earning retirement benefit rights steadily throughout the working period. The relevant retirement obligations are calculated on the basis of financial and actuarial assumptions. Net costs for the period are included in the payroll cost in the accompanying statements of income decreased by the amount of benefits offered to the pensioners. The obligation for post-retirement benefits is not funded. The company harmonized its accounting policy related to the recognition of actuarial profits and losses from the defined benefit plans with the revised IAS 19, which entered into force on 1-1-2013 (notes 3.1 and 3.2).

The results of the actuarial study for the year ended December 31, 2013 and the changes in the net obligation are as follows:

	2013	2012
Net liability on January 1 (restated)	27,028	26,023
Paid Employers' contributionsη	(1,353)	(1,529)
Expenses to be registered in the financial statements	1,357	1,486
(Revenues)/Expenses for entering in the statement of other total income	(2,618)	1,048
Net liability on December 31	**24,414**	**27,028**

23. PERSONNEL BENEFITS (continued)

Assumption values, Actuarial Study

Valuation date	Discount rate	Tariff increases	Profit margin
31/12/2012	3.800%	11.9% 1y 2.2% 4y 0%	4.2% 1y 13.4%
31/12/2013	3.600%	3.0% 1y 2.2% 4y 0%	7.5% 1y 13.4%

The average life of the benefit to personnel comes up to 16.26 years.

A sensitivity analysis of results based on the changes of significant percentage assumptions is presented below:

	Actuarial liability change	Percentage change
Increase in discount rate by 0.5%	-1,601	(6.56%)
Decrease in discount rate by 0.5%	+1,785	7.31%
Increase in tariff increase rate by 1% for all years	+3,317	13.59%
Increase in tariff increase rate by 1% for 2014 – 2017	+880	3.60%

24. PROVISIONS

	2013	2012
Balance at the beginning	**21,065**	**17,385**
Additional provision	23,407	3,680
Provision release	(5,542)	-
Balance at the end	**38,930**	**21,065**

The company is a defendant in several legal proceedings arising from its operations. The total amount claimed as at December 31, 2013 amounts to € 90,993 (2011: € 80,598), as further detailed below:

1. ***Claims raised by Contractors/ Suppliers and other Claims:*** A number of third parties and suppliers/ contractors have raised claims either pending before courts or under arbitration or/ and mediation proceedings. The total amount involved is € 66,728 (2012: € 41,694). In most cases the company has raised counter claims which are not reflected in its accounting books until they are collected.

2. ***Fires and floods:*** A number of individuals have raised claims against the company for damages incurred as a result of the alleged liability of the company causing fires and floods. The total amount involved is € 21,178 (2012: € 31,713).

3. ***Claims by Employees:*** Employees of the company are claiming the amount of € 3,087 (2012: € 7,191) for assumptions and allowances which, as they claim, should have been paid to them.

For all the above amounts a provision has been established which on December 31, 2013 comes up to € 38,930 (2012: € 21,065).

LAGIE, with the application for provisional, including protective, measures against HEDNO and IPTO requests a provisional settlement of the operation of the Special Account of article 143, L. 4001/2011, with regard to its revenues from the source of article 143(2)(b). More specifically, it claims that HEDNO should not have proceeded with nettings but give the amounts collected to LAGIE via ADMIE, and the last one to claim these amounts from HEDNO.
IPTO, apart from the arguments related to the justification of the application, claims that the said transaction is carried out in the way laid down in the System Operation Code and the relevant Settlement Manual, as in force and approved by RAE.
The application of the provisional, including protective, measures has been discussed and a decision is pending.

25. CUSTOMERS' CONTRIBUTIONS AND SUBSIDIES

	Customer contributions	Subsidies	Total
December 31, 2011	**17,169**	**118,854**	**136,023**
Acceptance of costumers' contributions and subsidies from the Hellenic Electricity Transmission System Operator	-	3,573	3,573
Transfer to revenues (note 6)	(1,503)	(4,297)	(5,800)
December 31, 2012	**15,666**	**118,130**	**133,796**
Transfer to revenues (note 6)	(601)	(4,466)	(5,067)
December 31, 2013	**15,065**	**113,664**	**128,729**

26. TRADE AND OTHER PAYABLES

	2013	2012
Market obligations	591,138	460,769
Other suppliers and contractors	45,665	25,883
Customers' advance payments	4,957	5,608
Other payable taxes	4,179	12,126
Social security contributions, payable	2,875	3,301
Other creditors	3,715	3,997
Total	**652,529**	**511,684**

27. ACCRUED AND OTHER CURRENT LIABILITIES

	2013	2012
Accrued interest on loans	4,006	2,774
Deferred interconnection rights	38,585	43,258
Deferred non-compliance charges	24,464	19,037
Deferred Extraordinary Surplus of Energy Imports	242	-
Other future revenues	17,988	11,258
Expenses, payable, energy settlement	16,334	49,585
Other expenses, payable	2,824	-
Personnel day off, overtime and leaves	6,584	6,235
Total	**111,027**	**132,147**

28. CONTRACTING COST

The company during the year ended recognized total income based on IFAS 11 for the construction of third party works of total value of € 71,899 (see note 4). The total contracting cost for the year ended at December 31, 2013, amounts to € 71,454.

29. COMMITMENTS AND CONTINGENCIES

Ownership of property

The Public Power Corporation SA is the legal successor of all economic rights of the previous legal entity of PPC and respectively IPTO SA is the legal successor in interest of all economic rights of the transmission operation of PPC after assuming them through the branch spin-off and contribution held under article 98, L.4001/2011. Its assets are to their biggest part free of encumbrances. Although the assets have been legally acquired, the titles on the land, plots and buildings will not be legally valid because the titles may not be valid against third parties until the property is registered in the relevant land registries in the name of PPC and, respectively, of IPTO SA. PPC and IPTO SA are in the process of transcribing their property without financial charge in the relevant land registries following a simplified transcription process, which has not yet been concluded.

Environmental obligations

The basic parameters that may affect the final amount of environmental investments required to be held in the next decade, include the following:

29. COMMITMENTS AND CONTINGENCIES (continued)

1. The environmental licenses related to the national Transmission Network for which the Environmental Impact Assessment has been submitted to the Ministry of Environment, Planning and Public Works, are expected to be issued.

   During the operation of the Transmission System (Lines, Substations and HVC) there is no electromagnetic radiation but two independent fields, the electric and magnetic ones. The values of these fields at the access positions of the public and the company's employees are far lower than the values of the limits. These values have been set up by the International Committee for Non-Ionizing Radiation Protection (ICNIRP) in cooperation with the World Health Organization (WHO). These limits have been integrated in a directive of the European Union which has been harmonized in the Greek Legislation. It should be noted that the limits of electric and magnetic fields in the regulations are not hazard limits but include big safety coefficients so as to cover some vagueness from the restricted knowledge regarding the impact of fields and meet the requirement for the prevention of possible adverse impacts.

Interconnection of "Nea Makri – Polypotamos"

The electrical interconnection of Nea Makri with Polypotamos – which has been characterized as project "of an overall significance for the country's economy" in L. 3175/2003 - is in the final stage of its implementation.

The submarine cables have already been immersed in the sea area between Evia and Nea Makri.

The construction of the project constitutes the completion of a multi-year effort of the State, competent authorities and RES investors, the implementation of which has been assumed by IPTO SA, thus contributing to the efforts of the State for the attraction of new investments. It is noted that the interconnection cost is more than Euro 80 mil. while the RES investments, which are directly connected to the project are more than €700 mil.

With the completion of the overhead cable connecting Polypotamos to South Evia and the installation of the subterranean cables up to Nea Makri's High Voltage Center, the project is expected to be completed and be ready for electrification before the end of 2014. It should be noted though, that there is already a significant delay in the installation of the subterranean cables to the Nea Makri's High Voltage Center, due to considerable reactions by the Municipality of Marathonas (former Municipality of N. Makri) and the non -granting of excavation license. Additionally, there are delays in the necessary expropriations relating to the Polypotamos – South Evia 150 kV transmission lines from the Evoia Estate Authorities.

Construction of High Voltage Center (HVC) in Aliveri and interconnection transmission line of 400 kV

The construction of Aliveri's (GIS) HVC, which will be serving new thermal power units and RES generators in Evia, has been recently concluded. In February it was electrified for the first time while in April the first circuit of the 400kV line, which connects the new Aliveri HCV with the backbone of the national 400 kV transmission system in the Viotia area, was put under load. The second circuit was electrified and put under load at the end of August. The line which consists of two circuits, both overhead and subterranean parts, with a length of 56 and 13.5 kilometres, respectively, has already received injections of electricity by PPC's new natural gas unit in Aliveri which by 07.02.2014 is an allocated unit and is in proper operation.

Construction of High Voltage Center (HVC) in Megalopolis, Peloponnese

Within a time frame of only two years, IPTO constructed the new High Voltage Center (HVC) in Megalopolis. The 150 kV side of the circuit was electrified in April 2013 while the 400Kv side has also been electrified to date. The new HVC is ready to receive injection of electricity by generators in the greater area, including PPC's new natural gas unit (Megalopolis V), when the said unit is completed

Interconnection of Cyclades

IPTO has proceeded with re-declaring the tender for the interconnection of the Cyclades Islands with the Hellenic Power Transmission System with a total budget of €240,000,000 following the conclusion of the public consultation.

The unsealing of the offers was held on October 15, 2013 and the process for the finalization of the tender is underway.

29. COMMITMENTS AND CONTINGENCIES (continued)

The above mentioned project is characterized as one of extreme interest and general importance for the country's economy and aims to the reliability of the interconnected islands' power supply, in the achievement of the maximal possible reduction in Public Services Obligations' cost, due to the operation of oil thermal units as well as the reduction of CO_2 emissions. The islands' interconnection with the mainland system as well as with each other will be realized through submarine cable connections

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

By its Decision 560/2013, RAE has approved the Ten Year Network Development Plan (TYNDP) for the period 2014-2023, concerning the schedule for the Cyclades Interconnection (3rd phase). Following that IPTO S.A. has incorporated the above mentioned amendments in the TYNDP 2014-2023 and has submitted to RAE with its letter No ΓΡ.Δ/20500/23.12.2013 the final issuance of the TYNDP, awaiting approval in order to formally publish it

30. FINANCIAL RISK MANAGEMENT POLICIES

Risk management focuses on the uncertainty of financial and non-financial markets and seeks to minimize adverse effects in the company's financial position. The company identifies, evaluates and, if necessary hedges for risks related to its operating activities, while it auctions and revises the relevant policies and procedures in connection with the financial risk management on a periodical basis. Also, no transactions of a speculative nature are undertaken by the company.

Credit risk
For trade receivables, the company is exposed to credit risk. In this fiscal year, the Company has assumed the operation of the Transmission System from LAGIE, where the credit risk has been considerably mitigated given that for such activities the company acts as an intermediary (collection from participants in order to pay participants). Therefore, the company applies payment policies for debts after collecting the respective receivables in order to decrease the credit risk. Finally, the company fully applies the provisions of the energy legislation for guarantees given by the participants.

Fair Value
The carrying amounts reflected in the accompanying balance sheets for cash and cash equivalents, short-term receivables, and current liabilities approach their respective fair values due to the relatively short-term maturity. The carrying amounts of the long-term borrowing approach their fair value as these loans are in local currency and interest-bearing with a floating rate.

Liquidity risk
Liquidity risk is connected with the need to ensure adequate cash flow for the financing of the operation and the development of the company. The company manages its liquidity risk by continuously monitoring and programming its its cash, and properly acting to ensure sufficient credit lines and cash deposits, while aiming at the same time at the extension of the average maturity of its debt and the diversification of its funding sources.

The contractual expiry dates of the principal financial obligations (loan obligations) not including interest payments are as follows:

In mil. Euro

December 31, 2012	**ON DEMAND**	**3 Months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Overdraft facilities	-	50	-	-	-	50
Loans	-	50	99.1	288.7	**-**	437.8
Total	-	**100**	**99.1**	**288.7**	**-**	**487.8**
December 31, 2013	**ON DEMAND**	**3 Months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Overdraft facilities	-	47	-	-	-	47
Loans	-	130	126.1	145.3	**-**	401.4
Total	-	**177**	**126.1**	**145.3**	**-**	**448.4**

30. FINANCIAL RISK MANAGEMENT POLICIES (continued)

Interest rate risk
The company's debt obligations consist of long-term bank loans. The company does not currently have a hedging policy of interest rate risks. The main risk arising from managing the loan liabilities focuses on the results and cash flows as a consequence of the fluctuations of interest rates .

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's profit before tax, through the impact on the floating rate borrowings:

	Increase / Decrease in basis points (%)	Effect on profit before taxes
2013		
Euro	+15	(629)
Euro	-15	629
2012		
Euro	+15	(675)
Euro	-15	672

Foreign currency risk
There is a minimum risk from foreign currency changes for the company and is mainly associated with possible materials or equipment supply contracts that are paid in foreign currency.

Evolution of net debt ratio
The company aims at maintaining the net debt ratio at the best possible level compared to the Group it belongs and similar companies at a European level., The f net debt/ equity ratio is currently as follows:

	31/12/2013	31/12/2012
Long-term debts	145,001	275,894
Current portion of debt	255,708	160,436
Short-term borrowings	47,015	50,000
Minus: cash and cash equivalent	(48,766)	(30,437)
Net debt	**398,958**	**455,893**
Equity	**957,927**	**922,576**
Net debt/ equity ratio	42%	50%

31. SUBSEQUENT EVENTS

There are no subsequent events apart from the ones already disclosed in the above notes requiring disclosure or adjustment of the attached financial statements.