ΑΔΜΗΕ

INDEPENDENT POWER TRANSMISSION OPERATOR SA

Financial Statements
1 January - 31 December 2014

ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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INDEPENDENT POWER TRANSMISSION OPERATOR SA

ANNUAL FINANCIAL REPORT

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REVIEW OF FISCAL YEAR BY THE CHAIRMAN & CEO

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Dear shareholders of IPTO and stakeholders,

Year 2014 was a key year for the company, as the IPTO has a leading role in the developments. There have been many developments, both in the area of infrastructure and projects, in the field of new economic agreements, as well as in Regulatory issues that affect the future course.

It still comes as a priority SAFETY and sanitary work, aiming not only the "ZERO ACCIDENTS", but the overall continued reinforcement of culture that gives prime importance to safety, HEALTH and care for the ENVIRONMENT .

The successful completion of the tender process and the signing of the contracts for the first phase of the Interconnection of the Cyclades, a project whose design started 20 years ago, is the cornerstone of the success of the project. Today, management, executives and employees in IPTO, have every right to be proud that the interface of the Cyclades has already entered the phase of implementation and after completion of the A phase, will contribute to system reliability transport of electricity to the island complex of the Cyclades, protection of the natural environment, and saving resources by alleviating the PSO by 100 million, which is now being borne by the Greek Consumers.

The continuously improving quality provision of maintenance services by IPTO was rewarded with the agreement framework to provide technical support and maintenance of the fixed assets of the Distribution Network (DEDDHE) for 3 years with a cumulative price € 40 million revenue and extendable for 2 more years.

We are very happy that the company - despite the difficult economic climate - continues to generate strong profit before taxes, which amounted to € 96 million compared to € 74 million in 2013, up 28.6% from € 36 million in 2012. Similarly, net profits in 2014 are significantly improved by 25% compared to the previous year, amounted to € 69.9 million instead of € 55.9 million in 2013. Profitability was generated while a 19.9% decrease in operating expenses. The company's total revenue was limited to € 312 million in 2014 from € 347 million in 2013, due to a reduction in the rent of the transmission system and limited contract revenue from third parties.

In addition, the company continues to have strong operating cash flows that, despite liquidity problems on the market, amounted to € 192 million compared to € 226 million in 2013.

The expected refinancing of € 337 million with the domestic banks is in a sufficient degree of maturity. Due to strong cash and strong profitability, the company has the ability to cover its net borrowing 1.5 times, which allows it to serve its lending smoothly. As a result, it is a great reward for our strategic choices, and a confirmation message of our credibility by our foreign creditors, securing funding by signing € 135 million loan agreements from the European Investment Bank for the implementation of interconnection and infrastructure projects.

At the same time it fulfills its tax obligations by paying € 26 million.

IPTO distributed significant dividends to the main shareholder, PPC SA.

An important success is also the re-opening of Greece's Electric Interconnection with Italy, which was interrupted due to technical problems.

The availability of the UN transportation system still reaches the absolute at 99.07%.

In the area of Regulatory Issues, the contribution of IPTO was equally important. IPTO has been actively involved in shaping the Roadmap towards the Target Model, known as TARGET MODEL, to complete the Single European Market. At the same time, he continued to prepare studies to reduce the energy cost of the country to RAE, while he quickly assimilated and now applies the new calculation methodology of the Authorized Output at the suggestion of RAE. Finally, IPTO completed the review of the Regulatory Registry of Fixed Assets by a Certified Auditor, which RAE accepted.

Along with the fulfillment of business goals, IPTO continues to provide practical support to its largest capital, which is its human potential. In 2014, the Research, Technology and Development Division (DETA) was set up and started to build on and develop the existing know-how of its executives and employees.

The strategic goal of the IPTO for the future is still to secure the necessary financial resources to ensure the implementation of the 10-year development program. This is a commitment of the IPTO towards Greek society.

It’s still remains a challenge for IPTO, the Electric Interconnection of Crete with Mainland Greece, a project worth € 1bn, the realization of the 2nd and 3rd interconnection phase of the Cyclades worth approximately € 160 million, as well as the active participation of IPTO in EuroAsia Interconnector, a PCI's project aiming at the electrical interconnection of Mainland Greece Crete, Cyprus and Israel.

Our continued strategic commitment is still to build new infrastructure and upgrade existing ones by reducing the cost of the electricity system to the benefit of all businesses and citizens as well as creating value for our shareholders.

Giannis Giarentis

President & CEO of IPTO

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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 – 31/12/2014

Dear Shareholders,

Following the end of fiscal year, from 1.1.2014 to 31.12.2014, 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 Decision of RAE No 339 / 19.06.2014 (Government Gazette B 1778 / 30.06.2014), Article 176 of the Code of System Management (CSM) was amended. The amendment to this article concerns the change in the organization of the SGEI-related L-IA Account. In particular, the Non-Interconnected Islands Operator (NIO) is designated to collect the PSO charges imposed on the NIO Clients via their Suppliers and to pay the amounts due to the Suppliers providing PSOs to the Clients in the NIOs while the IPTO is responsible for collecting the PSO charges levied on Customers of the Interconnected System through their Suppliers, and for balancing the PSO's Account by paying the above charges. Although the provisions of this Article are in line with the corresponding provisions of the new NIO Code, it has not been feasible to apply them until now initially for reasons of preparation and organization of PPCDE and ex post, because it generates large deficits in the UDMR on a monthly basis and on the other hand it causes acute liquidity problems to PPC.

2. On the basis of RAE Decision 459 / 27.08.2014 (Government Gazette 2499 / 19.09.2014) Article 189 of the CSM was amended where a new provision was added for the definition of the Load Loss Times. In particular, if the number of Dispatch Periods for which the available Reserve Rh is less than zero is less than three-hundred (300) then the Load Loss Probability Hours receive the three hundred (300) Span Assignment Periods with the less available Rh Reserve Available.

3. Articles 288 and 290 are amended by RAE Decision 474 / 04.09.2014 (Government Gazette B 2599 / 30.09.2014). The amendment of these articles concerns the transfer of the expiry date of the Transitional Safeguard Mechanism Effective from the end of the Reliability Year 2013 - 2014, ie September 30, 2014 at the end of the 2014 calendar year, that is December 31, 2014. This is the deadline for submission to the Transmission System Operator of the applications related to this mechanism by Market Participants October 20th 2014.

4. In virtue of Articles 288 and 290 which were amended by RAE Decision 474 / 04.09.2014 (Government Gazette B 2599 / 30.09.2014). The amendment of these articles concerns the transfer of the expiry date of the Transitional Safeguard Mechanism Effective from the end of the Reliability Year 2013 - 2014, ie September 30, 2014 at the end of the 2014 calendar year, that is December 31, 2014. This is the deadline for submission to the Transmission System Operator of the applications related to this mechanism by Market Participants October 20th 2014.

5. Pursuant to RAE Decision 625 / 30.10.2014 (Government Gazette B 3305 / 10.12.2014), Article 175 of the CSM concerning the accounting transactions for the special account of Article 143 of Law 4001/2011 was amended. In particular, the amounts that the System Operator calculates, collects or pays and repays or requires from the Market Operator does not include the amounts that the Suppliers through the Operator of the Non-Interconnected Islands have allocated for the production of the RES Units of the of islands, plus avoided costs calculated on the basis of the average cost of production in these islands. The calculation of the above amounts and the resulting transactions with the Market Operator is now the responsibility of the Non-Interconnected Islands Operator.

6. Pursuant to RAE's Decision 713 / 04.12.2014 (Government Gazette B 3524 / 30.12.2014) Article 159 of the CPC is amended regarding daily payments and charges. In particular, the validity of the Mitigating Cost Recovery Facility shall be abolished from 1 July 2014. The abolition of this mechanism does not apply to Units operating under the System Operator's instruction in circumstances of extraordinary circumstances, since their variable costs - due to their height - cannot be derived from their Techno-Economic Data Statement.

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 IPTO 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 27/19.03.2014.

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 2014

In million €:	2013 Report	2014 Report
Sales	€ 347	€ 312
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	€ 174	€ 213
Total assets	€ 2.436	€ 2.626
Non- current assets	€ 1.555	€ 1.537
Regulated Asset Base /PAB	€ 1.413	€ 1.397
Total debt	€ 448	€ 454
Current Ratio	0,83	0,88
Quick Ratio	0,79	0,85
Cash Ratio	0,05	0,10
Operating Cash flow ratio	0,13	0,16
Financing cost coverage ratio	2,46	4.36
Debt/Equity Ratio	0,42	0,33
Net debt/ Earnings before Interest, Taxes, Depreciation and Amortization	2,29	1.57
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin	50,2 %	68.2 %
Earnings before Interest, Taxes Margin	35,4 %	51.2%
Net income margin	16,0 %	31.8 %
Net Operating Inflows/ Sales	0,54	0,79
Return on Equity (ROE)	7,8 %	12.2%
Return on Assets (ROA)	5,0 %	6.1%
Return on Capital Employed (ROCE)	8,7 %	10.8

Economic Review of year 2014

Operating profit for the year 2014

The company's total revenues decreased by 10% in 2014 to € 312 million compared to € 347 million in the previous year. The decrease is mainly due to a 3.8% decrease in the revenue from transmission (€ 242m in 2014, instead of € 252m in 2013) and a 29% reduction in revenues from contracts with constructors (€ 50.8m in 2014, € 71.8 million in 2013).

Total Operating Expenses (excluding depreciation and construction costs) decreased by 20% to € 81m. compared to € 101 million in the previous year mainly due to the release of provisions for risks and impairment of receivables totaling € 29.5m.

The reductions in operating expenses mentioned above as well as the decrease in financial costs (2014: € 36.7m - 2013: € 50m) led to a further improvement of 5.2% in Profits before Interest, Taxes and Depreciation (EBITDA) which amounted to € 183m. compared to € 174 million, with the improved EBITDA margin of 58% compared to 50%. Earnings before Interest and Depreciation continue to very well cover the borrowing of the company as shown by the Net Borrowing / EBITDA ratio at 1.8 versus 2.3 in 2013. Additionally, Net Profit increased by 25% from € 55, 9 million to € 69.9 million (22.4% margin in 2014, compared to 16% in 2013).

Debt evolution

Net debt is improved due to high cash reserves (€ 118.3 million in 2014, compared to € 48.7 million in 2013) and stands at € 336 million in 2014 against € 399 million in the previous year while the company continues to serve smoothly its debt obligations.

Cash flows

Net operating cash flow was sufficient to repay loans of € 29 million and interest payments of € 21.2 million and to pay dividends of € 19 million.

Dividends policy

The Board of Directors approved the financial statements for the year 2014, March 26, 2015, and proposed to the Supervisory Board and the Annual General Meeting of Shareholders the distribution of the minimum dividend from the profits of previous years.

Evolution of activities and Investment Program

The total investments of IPTO SA came up to €89,6 (only for the department of new transport projects) including projects of third parties.

The major projects concluded are the following:

- HVC of Aliveri (replacing an induction of 400 kV 30 MBAr with a 50MBAr)
- HVC of Pallini (replacement of 400kV switchgear, installation of a 150kV GSM gateway)
- 50kV Aegion Terminal Systems with double-circuit and A / C Aegium (conversion of 2-port 150kV overhead GSM to cable)
- Arachthos HVC (Replacement 400 / 150kV 280MVA Auto Transformer due to failure)
- HVC Larymna (replacement of 400kV switchgear)
- Actium Extension (one new gate 150kV)
- Extension of the Acheloos CBC (a new gate 150kV)
- Extension of Nea Makris Y / C
- S/L Ialyssos (SLA with PPC / DEDDIE)
- Terminal Installations of 150kV Multipotam
- Installation of 150kV weighing disconnectors at Thebes, Xanthi, Chalkis I and Vavdos.
- Automated Control System of Medium Voltage Compensation Capacitors in HVC / IPTO of the years 2012 - 2013 (SLA with PPC / DEDDIE)
- Lygourio (New Epidaurus) substation (SLA with PPC / DEDDIE)
- Aegini S / W (SLA with PPC / DEDDIE)
- Pillar II P / S (SLA with PPC / DEDDIE)
- Kalamos submarine cable - Amarinthos Terminal
- Underground GM. 150 kV Aliveri area
- Underground GM. 150 KW Thessaloniki - Polichni

The main projects underway are the following:

- Interconnection of the Cyclades
- Lavrion GIS (addition of 2 new 400kV GIS cable gates)
- Lavrion GIS (New 150 / 400kV Coupler)
- New Synthetic GIS System 150kV / MT
- Reactive Power Compensation (SVC) on the new GIS Syrian GIS
- Paros GIS Particle 150kV / MT
- New Mykonos GIS 150kV / MT
- 150kV Submarine Cable Interconnection of Lavrio - Syros Synagogue (1st Phase, Group A ')
- 150kV Submarine Cable Interconnection of Syros - Paros Motorway (1st Phase, Group B)
- Underwater Cable Interconnection 150kV Syrou - Tinos (A Phase, Group B)
- 150kV Submarine Cable Interconnection of Sykros - M / S Micon (A Phase, Group B ')
- St. Stephen's CTV (installation of a 400kV 30MVAr Induction)
- Expansion of Multipot
- KYT New Santa. The completion of the project will take place in the first quarter of 2015.
- Extension of Orestiadas Y / S (addition of a new 150kV MW gateway and upgrading of two single gate gates of 150kV in full)
- Expansion of the Kalamata motorway (modification of 2 gates 150kV in cable)
- Extension of Multipurpose Pump Plant (addition of 2 GV 150kV gates)

- Terminal 150kV Amarinthos (addition of 150kV Induction)
- Heat Cage (400kV Interchangeable Equipment)
- Kythera Larissa (replacement of 400kV switchgear)
- KYT Thessaloniki (replacement of 400kV switchgear)
- Expansion of the Philippine CYT (adding a 400kV gateway)
- Extension of LGK Lagadas (addition of a 400kV GM gateway)
- Aliveri CUT (replacement of a 400kV 30MVAr Injection with a 50MVAr)
- Larymna CTV (replacement of additional 400kV interrupter and installation of 400kV 30MVAr Self-drainage)
- Expansion of the Amyntai CBC (addition of an 400 / 150kV 280MVA Transformer (AMP), 400kV AMG gateway and 150kV AMC gate)
- GIS THIS Soronis GIS (SLA with PPC / DEDDIE)
- GIS Theos of Notias Rodos (SLA with PPC / DEDDIE)
- - Y/C Eligia (SLA with PPC / DEDDIE)
- - Y/C Cranidi (SLA with PPC / DEDDIE)
- - Installation of 150kV weighing disconnectors at Schimatari, Grevena, Moudania, and Komotini
- - 150kV Rodinium Terminal Installations (SLA with PPC / DEDDIE)
- - Automated Control System of Medium Voltage Compensation Capacitors in ULPM / NDDIE years 2014 - 2016 (SLA with PPC / DEDDIE)
- - Upgrade GM 150 kV Megalopolis I - Kalamata I
- - Y / C Cable GM 150 kV Megalopoli I - Kalamata I (in Kalamata)
- - GM 400 kV KYT Lagada - Philippines CYT
- - GM 400 kV Patras CTV - System
- - Upgrade GM 150 kV Kastraki - Aktio
- - Y / C Cable GM 150 kV Kastraki - Aktio (new section)
- - GM 400 kV Patras - KET of Megalopolis
- - Upgrade GM 150 kV Alexandroupoli - Orestiada
- - Underground cable grids 150 kV KYT THESSALONIKI - WESTERN DWASH (A / C Agra - Kavala)
- - Upgrading of the Gennadiyos from 66 kV to 150 kV (SLA with DEDDIE)
- - GM 150 kV Polyotamos - N. Makris (only the underground cable section)
- - GM 150 kV Polyotamos - Evia 7

Prospects for 2015.

The main financial figures for the 2015 according to the budget of the company are set out as follows:

Total revenue	€ 312,0 mil.
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	€ 179,1 mil.
Investments	€ 224,8 mil.
Regulated Asset BaseRAV/PAB	€1372,4 mil.
Total Debt	€ 439,5 mil.

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, 2014 and 2013 are as follows:

	31 December 2014		31 December 2013	
	Receivables	**(Payables)**	**Receivables**	**(Payables)**
PPC S.A	1.112.682	(312.237)	997.597	(311.254)
HEDNO S.A.	14.352	(91)	15.559	(178)
PPC Renewable S.A.	127	(20)	83	(20)
	1.127.161	**(312.348)**	**1.013.239**	**(311.452)**

The transactions with related parties as of December 2014 and 2013 are as follows:

	2014		2013	
	Revenue	**Expenses**	**Revenue**	**Expenses**
PPC S.A	2.096.286	(589.116)	2.357.800	(701.245)
HEDNO S.A.	54.049	(17.749)	25.437	(12.500)
PPC Renewable S.A.	334	-	75	-
	2.150.669	**(606.865)**	**2.383.312**	**(713.745)**

Application for Insurance Measures against IPTO S.A.

LAGIE SA has filed a lawsuit against ADMIE SA an application for interim measures requesting an injunction and imposing a precautionary seizure of any property, movable or immovable property of the defendant, up to the amount of 300.000.000 euros, otherwise, to provide a guarantee in favor of LAGEE SA, amounting to 300,000,000 Euros to secure its claims against the company. which relate to capital and interest and derive from invoices, which either remain unpaid or have been paid late. For these requirements, LAGIE SA has already filed three lawsuits against UDMI SA requesting that the latter be ordered to pay to LAGIE approximately EUR 500,000,000, as analyzed in the relevant lawsuits.

The discussion of the insurance claim was originally scheduled for the hearing on 16 February 2015 and postponed for the hearing on 16 March 2015, when it was postponed for the hearing on 24 April 2015. During the initial hearing, they have taken additional action in favor of LAGIE SA, the Electricity Producers Association (EPEE), the Panhellenic Association of Electricity Producers Associations (POPEEF) and Georgios Markianos, while at the hearing on March 16, additional intervention in favour of IPTO SA, PPC SA and the Greek State. During the discussion of the application, IPTO will raise allegations concerning both the formal and the substance of the application, in order to be totally rejected.

Management fees

The gross remuneration of the Board of Directors for the period ended December 31, 2014 amounted to € 111 thousand compared to € 148 thousand in the year 2013, ie a decrease of 25%. This amount includes employers' contributions but does not include the electricity supply based on the PPC staff tariff. The remuneration of the members of the Supervisory Board amounted to € 97 thousand in 2014 against € 76 thousand in 2013, an increase of 28%. These fees do not include the remuneration of employees' representatives, who are not remunerated as members of the administrative and supervisory board.

Applied Key Accounting Principles

For the preparation of the Statement of Financial Position of the current fiscal year as well as the Statement of Comprehensive Income, the accounting principles have been applied as they are presented in detail in the financial statements, as well as the financial figures and the activity of the company during the previous year.

Following the above-mentioned please:

1. Approve the Statement of Financial Position, Income Statement, Statement of Changes in Equity, Cash Flow Statement, summary of significant accounting policies and methods and other explanatory information for the year 2014 (management period 01/01/2014 – 31/12/2014),

2. Discharge the members of the Board of Directors and auditors from all responsibility for the financial year 2014 (management period 01/01/2014 - 31/12/2014),

3. Appoint for the year 2015 one (1) regular and one (1) alternate certified auditor-accountant.

Athens, 26 March 2015

For the Board of Directors

The president
Ioannis Yaredis

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company

INDEPENDENT POWER TRANSMISSION OPERATOR S.A

Report on the Financial Statements

We have audited the accompanying financial statements of the company INDEPENDENT POWER TRANSMISSION OPERATOR SA which comprise the statement of financial position as of December 31, 2014, the statement of income and total income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

The audit involves performing procedures for obtaining audit evidence about amounts and disclosures in the financial statements. The procedures selected are based on the judgment of the auditor, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. When conducting these risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the company's financial statements in order to design audit procedures appropriate to the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. The audit also includes evaluating the appropriateness of the accounting policies and methods used and the reasonableness of the estimates made by the 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 establish our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company INDEPENDENT TRANSMITTER OF ELECTRICITY SA as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Issues

We have verified the agreement and correspondence of the content of the Board of Directors' Report with the accompanying financial statements, within the framework of the provisions of Articles 43a and 37 of CL. 2190/1920.

Metamorphosis, March 30, 2015

Kostas Tsekas

CPA No 19421

ERNST & YOUNG (Greece) Certified Auditors Accountants SA

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A.M. GROUP OF COMPANIES 107

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INDEPENDENT POWER TRANSMISSION OPERATOR S.A.

Financial Statements
December 31, 2014

In accordance with the
International Financial Reporting Standards
as 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, 2015, and they have been posted and are available on the web site www.admie.gr.

CHAIRMAN OF BOARD OF DIRECTORS & CEO	CHAIRMAN OF BOARD OF DIRECTORS & CEO	CHAIRMAN OF BOARD OF DIRECTORS & CEO
Y . YIARENTIS	I. KOKKALIS	G. KAMPOUROGLOU
ID CARD No 118022	ID CARD No 027432	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, 2014
(In thousands of Euros)

	Note	1/1-31/12/2014			1/1-31/12 2013
NET SALES:					
Revenue from Transmission System Rent			242.309		252.031
Operator's sales	4	2.000.161		2.139.562	
Operator's Purchases	4	(2.000.161)		(2.139.562)	
Other sales	4		70.249		95.421
			312.558		**347.452**
EXPENSES/(INCOME):					
Payroll expenses	5		63.364		64.008
Depreciation	6		53.195		51.522
Construction's cost	28		47.677		71.454
Materials and consumables			2.617		2.649
Third party benefits			5.305		4.791
Third party fees			5.036		4.110
Taxes- duties			2.263		3.084
Provisions for risks	24		(21.718)		17.865
Provisions for inventory obsolescence	15		2.268		1.745
Provisions (Release) of receivables impairment	16		(10.015)		(12.027)
Other provisions	7		-		13.171
Revaluation expense of fixed assets	12		29.501		-
Financial expenses	8		36.724		50.003
Financial income	9		(2.261)		(1.774)
Other(income)	10		(3.444)		(1.563)
Other (expense)	10		5.909		3.690
			216.421		**272.728**
PROFIT BEFORE TAX			**96.137**		**74.724**
Income Tax	11		(26.163)		(18.809)
NET PROFIT FOR THE YEAR			**69.974**		**55.915**

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

INDEPENDENT POWER TRANSMISSION OPERATOR SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(In thousands of Euros)

	1/1-31/12/2014	1/1-31/12/2013
NET PROFIT FOR THE PERIOD	**69.974**	**55.915**
Other total comprehensive income/ (loss):		
- Revaluation of fixed assets (note 12)	29.759	-
- Actuarial profit /(losses) according to IAS 19	(2.934)	2.617
- Tax impact (note 12)	(7.737)	(14.700)
Other total comprehensive income/ (losses) for the year after tax	**19.088**	**(12.083)**
Total comprehensive income / (loss) after tax	**89.062**	**43.832**

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

INDEPENDENT POWER TRANSMISSION OPERATOR SA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014
(In thousands of Euros)

ASSETS	**Note**	**31/12/2014**	**31/12/2013**
Non-Current Assets:			
Tangible assets	12	1.537.444	1.553.735
Intangible assets	13	302	127
Total non-current assets		**1.537.746**	**1.553.862**
Current Assets:			
Inventories	15	38.153	45.240
Trade receivables	16	876.427	730.705
Other receivables	17	56.212	57.962
Cash and cash equivalents	18	118.304	48.766
Total current assets		**1.089.096**	**882.673**
Total assets		**2.626.842**	**2.436.535**
LIABILITIES AND EQUITY			
Equity			
Share capital	19	38.444	38.444
Legal reserve	20	12.815	12.815
Other reserves		189.132	189.132
Revaluation reserve	12	653.480	631.458
Retained earnings		134.111	86.078
Total equity		**1.027.982**	**957.927**
Non-current liabilities			
Long-term borrowings	22	88.023	145.001
Personnel benefits	23	27.254	24.414
Provisions	24	16.013	38.930
Deferred tax liabilities	11	102.968	69.069
Customer's contributions and subsidies	25	124.836	128.729
Other non-current liabilities		7.748	6.186
Total Non Current Liabilities		**366.842**	**412.329**
Current liabilities			
Trade and other payables	26	751.481	652.529
Short-term borrowings	22	47.015	47.015
Current portion of long-term borrowings	22	319.032	255.708
Accrued and other liabilities	27	114.490	111.027
Total current liabilities		**1.232.018**	**1.066.279**
Total equity and liabilities		**2.626.842**	**2.436.535**

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

INDEPENDENT POWER TRANSMISSION OPERATOR S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	Legal reserve	Fixed assets' revaluation	Other reserves	Retained Earnings	Total Equity
(In thousands of Euros)	**38.444**	**11.205**	**835.290**		**37.637**	**922.576**
- Net profit for the year					55.915	55.915
- Other net comprehensive income for the year			(14.700)		2.617	(12.083)
Total comprehensive income for the year 2013	**-**	**-**	**(14.700)**		**58.532**	**43.832**
- Dividend distribution					(8.481)	(8.481)
- Transfer from fixed assets to other reserves account			(189.132)	189.132		-
- Legal reserve formation		1.610			(1.610)	-
Balance as at 31/12/2013	**38.444**	**12.815**	**631.458**	**189.132**	**86.078**	**957.927**
- Net profit for the year					69.974	69.974
- Other net comprehensive income for the year			22.022		(2.934)	19.088
Total comprehensive income for the year 2014	**-**	**-**	**22.022**		**67.040**	**89.062**
- Dividend distribution					(19.007)	(19.007)
Balance as at 31/12/2014	**38.444**	**12.815**	**653.480**	**189.132**	**134.111**	**1.027.982**

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

INDEPENDENT POWER TRANSMISSION OPERATORS S.A.

STATEMENT OF CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31. 2014

(In thousands of Euros)

	Note	1/1-31/12 2014	1/1-31/12 2013
Cash flows from operating activities			
Profit before tax		96.137	74.724
Adjustments:			
Depreciation of tangible and intangible assets	6	58.175	56.589
Amortization of customers‘ contributions and subsidies	6	(4.980)	(5.067)
Interest income	9	(2.261)	(1.774)
Other provisions		(30.664)	20.754
Transfer of fixed assets to contracting cost and write offs	12	50.589	71.928
Revaluation of fixed assets	12	29.501	-
Amortization of loan issuance expenses	8	461	1.009
Debit and other interests	8	24.905	25.554
Operating profit/(loss) before working capital change		**221.863**	**243.717**
(Increase)/Decrease:			
Trade and other receivables		(135.049)	(106.266)
Other receivables		1.092	(8.679)
Inventories		4.819	1.874
Increase/(Decrease):			
			140.845
Trade payables		98.848	
Other liabilities and accrued expenses		5.311	(33.718)
Taxes paid		(3.900)	(11.699)
Net cash flows/ (used) from operating activities		**192.984**	**226.074**
Cash flows from investing activities			
Interest received	9	2.261	1.774
Government Grant received		1.088	
Purchase of tangible and intangible assets	12	(92.391)	(137.144)
Net cash flows from investing activities		**(89.042)**	**(135.370)**
Cash flows from financing activities			
Repayments of loans	22	(29.107)	(39.480)
Dividends paid		(19.007)	(8.481)
Loan received from the Central European Bank		35.000	-
Loan issuance costs		-	(135)
Interest paid		(21.290)	(24.279)
Net cash flows from financing activities		**(34.404)**	**(72.375)**
Net increase/ (decrease) in cash and cash equivalents		69.538	18.329
Cash and cash equivalents at beginning of the year		48.766	30.437
Cash and cash equivalents at the end of the year		**118.304**	**48.766**

The accompanying notes form 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, 2014, the company had 1,410 employees, 7 of whom were seconded to Public Sector services and 6 were paid by the company. The total payroll cost was €154 thousand and is included in the profit and loss statement.

On December 31, 2014, 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. By Decision of RAE No 339 / 19.06.2014 (Government Gazette B 1778 / 30.06.2014), Article 176 of the Code of System Management (CSM) was amended. The amendment to this article concerns the change in the organization of the SGEI-related L-IA Account. In particular, the Non-Interconnected Islands Operator (NIO) is designated to collect the PSO charges imposed on the NIO Clients via their Suppliers and to pay the amounts due to the Suppliers providing PSOs to the Clients in the NIOs while the IPTO is responsible for collecting the PSO charges levied on Customers of the Interconnected System through their Suppliers, and for balancing the PSO's Account by paying the above charges. Although the provisions of this Article are in line with the corresponding provisions of the new NIO Code, it has not been feasible to apply them until now initially for reasons of preparation and organization of PPCDE and ex post, because it generates large deficits in the UDMR on a monthly basis and on the other hand it causes acute liquidity problems to PPC.

2. On the basis of RAE Decision 459 / 27.08.2014 (Government Gazette 2499 / 19.09.2014) Article 189 of the CSM was amended where a new provision was added for the definition of the Load Loss Times. In particular, if the number of Dispatch Periods for which the available Reserve Rh is less than zero is less than three-hundred (300) then the Load Loss Probability Hours receive the three hundred (300) Span Assignment Periods with the less available Rh Reserve Available.

3. Articles 288 and 290 are amended by RAE Decision 474 / 04.09.2014 (Government Gazette B 2599 / 30.09.2014). The amendment of these articles concerns the transfer of the expiry date of the Transitional Safeguard Mechanism Effective from the end of the Reliability Year 2013 - 2014, ie September 30, 2014 at the end of the 2014 calendar year,that is December 31, 2014. This is the deadline for submission to the Transmission System Operator of the applications related to this mechanism by Market Participants October 20th 2014.

4. In virtue of Articles 288 and 290 which were amended by RAE Decision 474 / 04.09.2014 (Government Gazette B 2599 / 30.09.2014). The amendment of these articles concerns the transfer of the expiry date of the Transitional Safeguard Mechanism Effective from the end of the Reliability Year 2013 - 2014, ie September 30, 2014 at the end of the 2014 calendar year, that is December 31, 2014. This is the deadline for submission to the Transmission System Operator of the applications related to this mechanism by Market Participants October 20th 2014.

2. CHANGES IN THE LEGAL FRAMEWORK (continued)

5. Pursuant to RAE Decision 625 / 30.10.2014 (Government Gazette B 3305 / 10.12.2014), Article 175 of the CSM concerning the accounting transactions for the special account of Article 143 of Law 4001/2011 was amended. In particular, the amounts that the System Operator calculates, collects or pays and repays or requires from the Market Operator does not include the amounts that the Suppliers through the Operator of the Non-Interconnected Islands have allocated for the production of the RES Units of the of islands, plus avoided costs calculated on the basis of the average cost of production in these islands. The calculation of the above amounts and the resulting transactions with the Market Operator is now the responsibility of the Non-Interconnected Islands Operator.

6. Pursuant to RAE's Decision 713 / 04.12.2014 (Government Gazette B 3524 / 30.12.2014) Article 159 of the CPC is amended regarding daily payments and charges. In particular, the validity of the Mitigating Cost Recovery Facility shall be abolished from 1 July 2014. The abolition of this mechanism does not apply to Units operating under the System Operator's instruction in circumstances of extraordinary circumstances, since their variable costs - due to their height - cannot be derived from their Techno-Economic Data Statement.

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, 2014.

3.1.2 APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors of the company approved the financial statements of year 2014 on March 26, 2015. The financial statements are subject to approval by the company‘s Annual 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, 2014, the total current liabilities of the Company exceed the total current assets by the amount of Euro 142 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 2014 the maturity of loans ended in 2015, of a total amount of €261.9 mil. with a new immaturity n 2015. 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.

3.2. 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:

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 present 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 company is accounting for 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.

(All amounts in thousands of Euros unless otherwise stated)

3.3. PRINCIPAL ACCOUNTING POLICIES

Foreign Currency
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.

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, 2013 (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 Non-financial 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.

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

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.

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

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

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.

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

3.3 PRINCIPAL ACCOUNTING POLICIES (continued)

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

A) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those adopted in the previous financial year except for the following modified standards that the Company adopted on 1 January 2014:

- ***IAS 28*****:** *Investments in Associates and Joint Ventures (revision)*
- ***IAS 32:*** Financial Instruments: Presentation (amendment) - Offsetting of Financial Assets and Financial Liabilities
- ***IFRS 10*****:** Consolidated Financial Statements, IAS 27 Separate Financial Statements
- ***IFRS 11:*** Joint Agreements
- ***IFRS 12:*** Disclosures of participations in other companies
- ***IAS 39:*** Financial Instruments (Amendment): Recognition and Measurement - Renewal of Derivatives and Continuation of Hedging Accounting
- ***IAS 36:*** Impairment of Assets (Amendment) - Disclosures of recoverable amount of non-financial assets
- **IFRIC 21:** Levies

IAS 28 Investments in Associates and Joint Ventures (revised)
As a consequence of the new IFRS 11 Joint Agreements and IFRS 12 Disclosures of participations in other entities, IAS 28 Investments in Associates was renamed IAS 28 Investments in Associates and Joint Ventures and describes the application of the equity method of investing in joint ventures other than investments in affiliated companies. This standard has no impact on the financial statements of the Company.

IAS 32 Financial Instruments: Presentation (Amendment) - Offsetting Financial Intermeasures and Financial Liabilities
These amendments clarify the meaning of "there is a right to set-off in the present law". The amendments also clarify the application of the clearing criteria of IAS 32 to settlement systems (such as central clearing house systems) that employ mixed settlement mechanisms that do not operate simultaneously. This amendment does not have a significant impact on the Company's financial statements.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to the consolidated financial statements. It also refers to issues developed in Interpretation 12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single audit model that applies to all companies, including special purpose entities. Changes which are introduced by IFRS 10 require the management to exercise a significant judgment to determine which entities are controlled and therefore need to be consolidated from the parent entity compared to the requirements in IAS 27. This standard has no impact on the financial statements of the Company.

IFRS 11 Joint Agreements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and Interpretation 13 Jointly Controlled Entities - Non-cash contributions from venturers. IFRS 11 removes the option of proportionate consolidation of jointly controlled entities. Instead, jointly controlled entities that meet the definition of joint venture must be accounted for using the equity method. This standard has no impact on the Company's financial statements.

IFRS 12 Disclosures of participations in other entities
IFRS 12 includes all disclosures previously included in IAS 27 that were related to the consolidated financial statements as well as all disclosures previously included in IAS 31 and IAS 28. These disclosures relate to the participation of a company in subsidiaries, joint ventures, affiliated companies and structured companies. A number of new disclosures are also required. This standard has no impact on the Company's financial statements.

IAS 36 Impairment of Assets (Amendment) - Disclosures of recoverable amount of non-financial assets.
This amendment removes the unintended effects of IFRS 13 on the disclosures required by IAS 36. Additionally, the amendment requires disclosure of the recoverable amount of assets or CGUs for which impairment is recognized or reversed during the period. This amendment does not have a significant impact on the Company's financial statements.

IAS 39 Financial Instruments (Amendment): Recognition and Measurement - Renewal of Derivatives and Continuation of Hedging Accounting
This amendment does not require interruption of hedge accounting if a hedging derivative is renewed if certain criteria are met. The IASB made a modest amendment to IAS 39 to allow for hedge accounting to continue in some cases where the counterparty of a counterparty changes in order to clear the instrument. This amendment has no impact on the Company's financial statements.

IFRIC 21 Levies
The Interpretation Committee has been called upon to examine how an entity should account in its financial statements for liabilities payable by governments other than income taxes. This Interpretation is an Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out the criteria for recognition of a liability, one of which is the requirement that there be a present obligation as a result of a past event(also known as a binding event). The Interpretation clarifies that the obligatory event giving rise to the obligation to pay a contribution is the activity described in the relevant legislation triggering the payment of the fee.

This interpretation has no significant impact on the Company's financial statements.The Interpretation Committee has been called upon to examine how an entity should account in its financial statements for liabilities payable by governments other than income taxes. This Interpretation is an Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out the criteria for recognition of a liability, one of which is the requirement that there be a present obligation as a result of a past event(also known as a binding event). The Interpretation clarifies that the obligatory event giving rise to the obligation to pay a contribution is the activity described in the relevant legislation triggering the payment of the fee. This interpretation has no significant impact on the Company's financial statements.

B) Standards issued but not applicable in the current accounting period and the Company has not adopted earlier.

IAS 16 Property, plant and equipment and intangible assets 38 Intangible assets (Amendments): Clarification of acceptable depreciation methods.
The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies the principle of IAS 16 Property, plant and equipment and IAS 38 Intangible Assets that revenue reflects the economic benefits accruing from the operation of an enterprise the asset of which is part) instead of the economic benefits that are consumed through the use of the asset. As a result, the ratio of revenue generated to the total revenue expected to be generated cannot be used to depreciate tangible fixed assets and can only be used in very limited cases for amortization of intangible assets. The European Union has not yet adopted this amendment. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

IAS 19 Employee Benefits (Amendment): Employee contributions
The amendment is effective for annual periods beginning on or after 1 February 2015. The amendments apply to contributions from employees or third parties to defined benefit plans. The purpose of the amendment is to simplify the accounting treatment of contributions that are independent of the number of years of employee service, for example, for employees' contributions calculated according to a fixed percentage of salary. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

IFRS 9 Financial Instruments - Classification and measurement

The standard is applied for annual periods beginning on or after 1 January 2018 and early adoption is permitted. The final version of IFRS 9 aggregates the financial instruments' phases and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Standard introduces new requirements for classification and measurement, impairment and hedge accounting. The European Union has not yet adopted this standard. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

IFRS 11 Shared Controls (Amendment):Acquisition of equity instruments in common form control scenarios
The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 refers to the accounting treatment of participations in joint ventures and joint ventures. The amendment adds new guidance on accounting for the acquisition of a joint venture that is an enterprise in accordance with IFRSs and clarifies the appropriate accounting treatment for those acquisitions. The European Union has not yet adopted this amendment. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

3.4 CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 14 Deferred Valuation Accounts
The Standard is effective for annual periods beginning on or after 1 January 2016. The objective of this interim model is to enhance the comparability of the financial statements of companies engaged in regulated-priced activities where governments regulate the provision and pricing of specific types of activity.

The Standard is effective for annual periods beginning on or after 1 January 2016. The objective of this interim model is to enhance the comparability of the financial statements of companies engaged in regulated-priced activities where governments regulate the provision and pricing of specific types of activity.

These may include supplies such as natural gas, electricity and water. Pricing can have a significant impact on the time of recognition and the amount of revenue of an entity. The IASB has planned to address wider pricing issues and plans to publish a discussion paper on this issue in 2014. Pending the results of the overall project for regulated prices, the IASB has decided to develop IFRS 14 as a temporary measure.

IFRS 14 allows first-time adopters IFRSs to continue recognizing amounts relating to pricing arrangements in line with the requirements of the previous accounting framework when adopting IFRSs. However, in order to enhance comparability with entities that already apply IFRSs and do not recognize such amounts, the standard requires that the effect of pricing is separately presented by other items. An entity that already has IFRS financial statements may not apply this standard. The European Union has not yet adopted this standard. This standard has no impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers
The standard is effective for annual periods beginning on or after 1 January 2017. IFRS 15 establishes a five-step model to be applied to income arising from a contract with a customer (with limited exceptions), regardless of the type of transaction revenue or industry. These requirements will also apply to the recognition and measurement of gains and losses from the sale of certain non-financial assets that do not constitute production from ordinary operations of the entity (eg, property, plant and equipment or intangible assets). Will extensive disclosures, including total revenue analysis required information on the performance requirements, changes in balances of assets contract data and contract obligations between periods and key judgments and estimates. The standard has not yet been adopted by the EU. The Company's management is in the process of assessing the impact of this standard on its financial statements.

IAS 27 Corporate Financial Statements (amendment)
The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment will allow entities to use the equity method for investing in subsidiaries, joint ventures and associates in their separate financial statements and will assist some jurisdictions transition the corporate financial statements to IFRS by reducing compliance costs without limiting the information available to investors. The European Union has not yet adopted this amendment. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Amendment: Sale or contribution of assets between an investor and the associate of the company or its joint venture.
The amendments address a recognized inconsistency between the requirements of IFRS 10 and those of IAS 28 to address the sale or disposal of assets between the investor and the associate of the company or its venture. The main consequence of the amendments is that a full profit or loss is recognized when the transaction includes a business (whether hosted in a subsidiary or not). A partial gain or loss is recognized when the transaction includes assets that do not constitute an enterprise, even if these assets are held in a subsidiary. The amendments are applicable for annual periods beginning on or after 1 January 2016. The amendments have not yet been adopted by the European Union. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

The IASB issued a new round of annual IFRS upgrades 2010 -2012, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. The Company's management is in the process of assessing the impact of these upgrades on its financial statements.

- ***IFRS 2 Share-based Payment:*** *This upgrade modifies the terms "vesting condition" and "market conditions" and adds the definitions of "performance term" and "term of service" (formerly part of the definition of " condition of vesting ").*
- ***IFRS 3 Business Combinations:*** *This upgrade clarifies that any consideration for an acquisition of a non-equity entity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.*

3.4 CHANGES IN ACCOUNTING POLICIES (continued)

• ***IFRS 8 Operating Segments:*** This upgrade requires an entity to disclose management judgments about the application of the aggregation criteria to the operating segments, and specifies that an entity should provide agreements between the entity's total assets and the entity's assets only if there is a regular reporting of the assets of the sector.

• ***IFRS 13 Fair Value Measurement*****:** This upgrading to the IFRS 13 Conclusion clarifies that the adoption of IFRS 13 and the amendment to IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables for which there is no reported interest rate, at their invoice value without discount, if the effect of non-discount is insignificant.

• ***IAS 16 Property, Plant and Equipment***: The amendment clarifies that when an item of property, plant and equipment is revalued, its 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 a company providing core management services to the reporting entity or 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, its gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount.

The IASB issued a new round of annual improvements to IFRSs 2011-2013, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015. The Company's management is in the process of assessing the impact of these upgrades on its financial statements.

• IFRS 3 Business Combinations: This upgrade clarifies that IFRS 3 excludes from its scope the accounting treatment to form a joint venture agreement in the financial statements of the joint venture itself.

• ***IFRS 13 Fair Value Measurement:*** This review clarifies that the scope of the portfolio exemption set out in paragraph 52 of IFRS 13 includes all contracts that are accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments 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 Property:*** This upgrade clarifies that determining whether a particular 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 one another.

The IASB issued a new round of annual IFRS upgrades 2012-2014, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. The European Union has not yet adopted these upgrades. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

• ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:*** The amendment clarifies that a change from one disposal method to another (sale or distribution to owners) should not be considered a new sales plan but as a continuation original plan. Therefore, there is no interruption in the application of the requirements of IFRS 5. The amendment also clarifies that the change in the disposal method does not change the classification date.

• ***IFRS 7 Financial Instruments: Disclosures:*** The amendment clarifies that a servicing agreement that includes a fee may be a continuing interest in a financial asset. Also, the amendment clarifies that the disclosures in IFRS 7 on Offsetting Financial Assets and Liabilities are not required in the condensed interim financial statements.

• ***IAS 19 Employee Benefits:*** The amendment clarifies that the assessment of the existence of an active market of high quality corporate bonds is assessed on the basis of the currency in which the obligation is expressed, not in the country where the liability is. When there is no active market for high-quality corporate bonds in this currency, government bond rates should be used.

• IAS 34 Interim Financial Statements: The amendment clarifies that the required interim disclosures should be either in the interim financial statements or be incorporated by reference between the interim financial statements and the point where they are included in the interim financial report (eg in the Report Management or the Risk Report). The IASB clarified that other information within the interim financial report should be available to users on the same terms and at the same time as the interim financial statements. If users do not have access to other information in this way, then the interim financial report is incomplete.

3.4 CHANGES IN ACCOUNTING POLICIES (continued)

• ***IFRS 10, IFRS 12 and IAS 28: Investment Firms: Applying the Consolidation Exclusion (Amendments)***
The amendments address three issues that arise in practice when applying the investment exemption for investment firms. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from the presentation of consolidated financial statements applies to a parent company that is a subsidiary of an investment company when the investment company measures all subsidiaries at fair value value. Also, the amendments clarify that only one subsidiary, which is not itself an investment firm and provides support services to the investment company, is consolidated. All other subsidiaries of the investment company are measured at fair value. Finally, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to maintain the fair value measurement applied by the associate of the investment company or joint venture to its subsidiaries. The amendments have not yet been adopted by the European Union. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

• ***IAS 1: Initiative on disclosures (Amendment)***
The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply their professional judgment in determining the information to be disclosed and how to present them in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. These limited-extent amendments to IAS 1 clarify, rather than substantially, the existing requirements of IAS 1. The amendments relate to materiality, order of notes, subtotals and segregation, accounting policies and disclosure of other comprehensive income (OCI) items arising from investments accounted for using the equity method. The amendments have not yet been adopted by the European Union. The Company's management is in the process of assessing the effect of this amendment on its financial statements.

(All amounts in thousands of Euros unless otherwise stated)

4. SALES

	1/1-31/12/2014	1/1-31/12/2013
Revenue from Transmission System Rent	**242.309**	**252.031**
Energy Sales		
-Periodical Network Settlement	886	845
-Capacity assurance	565.295	510.516
-Special Lignite Duty	45.417	46.461
-Operator of non-interconnected islands	57.620	23.130
-Renewable energy sources	985.710	627.458
-Charge based on average-weighted cost (RES)*	34.143	83.022
-Public Service Obligations	23.628	20.418
-Deviations	81.584	60.991
-Ancillary Services	43.612	31.785
-Settlement Balance	45.425	31.156
-Variable cost Coverage	58.601	556.066
-Special Consumption Tax	58.240	147.714
Total Energy Sales	**2.000.161**	**2.139.562**
Energy purchases		
-Periodical Network Settlement	886	845
-Capacity assurance	565.295	510.516
-Special Lignite Duty	45.417	46.461
-Operator of non-interconnected islands	57.620	23.130
-Specia duty of article 40, L.2773/1999	985.710	627.458
-Public Service Obligations	23.628	20.418
-Charge based on average-weighted cost (RES)	34.143	83.022
-Deviations	127.009	92.436
-Ancillary Services	43.612	31.496
-Variable cost Coverage	58.601	556.066
-Special Consumption Tax	58.240	147.714
Total Energy Purchases	**(2.000.161)**	**(2.139.562)**
Other Sales:		
- Revenue from contracts (see note 28)	50.860	71.899
- Revenues of HEDNO Fixed Assets Support	12.577	13.988
- Received customers' participants	3.693	5.382
-Rent of optical fibers	1.921	1.916
-Revenues from the recovery of Administrative Costs	695	711
-Other Sales	503	1.525
Total other Sales	**70.249**	**95.421**
General Total	**312.558**	**347.452**

(All amounts in thousands of Euros unless otherwise stated)

5. PAYROLL FEES

	1/1-31/12/2014	1/1-31/12/2013
Payroll cost	56.188	58.020
Employer's social contributions	17.555	19.823
Benefits to personnel	884	652
Allowance for away from base work	6.482	6.475
Cost for reduced tariff to employees	875	891
Net provision for reduced tariff to pensioners	1.155	1.293
Payroll fee included in tangible fixed assets	(19.775)	(23.146)
Total	**63.364**	**64.008**

6. DEPRECIATION AND AMORTIZATION

	1/1-31/12/2014	1/1-31/12/2013
Depreciation/ amortization		
- Fixed assets (note 12)	57.974	56.012
- Software (note 13)	201	577
- Subsidies and consumers' contributions (note 25)	(4.980)	(5.067)
Total	**53.195**	**51.522**

7. OTHER PROVISIONS

	1/1-31/12/2014	1/1-31/12/2013
Provisions for energy settlement	-	13.171
Total	**-**	**13.171**

During the current year there was over-conveyance of electricity transmission and therefore there is no reason to create a relative provision.

8. FINANCIAL EXPENSES

	1/1-31/12/2014	1/1-31/12/2013
Interest expenses	24.905	25.554
Amortization of loans' issuance costs	461	1.009
Commissions on letters of guarantee	559	706
Commissions on PPC guarantee (note 22)	10.563	22.682
Other	236	52
Total	**36.724**	**50.003**

9. FINANCIAL INCOME

	1/1-31/12/2014	1/1-31/12/2013
Interest on bank deposits (note 18)	2.261	1.774
Total	**2.261**	**1.774**

10. OTHER INCOME/EXPENSES

OTHER EXPENSES	1/1-31/12/2014	1/1-31/12/2013
Loss from dismantling and withdrawal of fixed assets	3.396	563
Transportation and travel expenses	998	1.283
Other	1.515	1.844
Total	**5.909**	**3.690**

OTHER REVENUE	1/1-31/12/2014	1/1-31/12/2013
Other revenue from generators' connections	2.256	1.421
Other	1.188	142
Total	**3.444**	**1.563**

(All amounts in thousands of Euros unless otherwise stated)

11. INCOME TAXES (CURRENT AND DEFERRED)

	1/1-31/12/2014	1/1-31/12/2013
Current tax	-	-
Deffered tax	26.163	18.809
Total income tax expense	**26.163**	**18.809**

The nominal tax rate for both the current and the previous year is 26% for the year 2014. The income tax return is presented on a yearly basis but the profits or losses declared remain temporary until the tax authorities have checked the declarations and books and the taxpayer's data and the final audit report. Tax losses, to the extent accepted by the tax authorities, may offset future profits for a period of five years from the year in which they occurred. The company has not been audited by the tax authorities for the fiscal years 2007 to 2010. For the fiscal years 2011, 2012 and 2013 the tax compliance audit was carried out as provided by article 82 par. 5 of the Law 2238/1994 and the no. POL 1159 / 22.7.2011 of the Ministry of Finance. This audit did not result in significant tax liabilities other than those recorded and presented in the financial statements. For the fiscal year 2014, the tax audit is already carried out by the statutory auditors of the Company. As a result of this tax audit, the Company's management does not expect to incur significant tax liabilities other than those recorded and presented in the financial statements.

Here is an analysis and agreement between the tax and the product of the accounting profit multiplied by the nominal rate:

	1/1-31/12/2014	1/1-31/12/2013
Profit before tax	**96.137**	**74.724**
Nominal tax rate	26%	26%
Tax calculated at nominal tax rate	24.996	19.428
Tax decrease due to tax adjustment	-	-
Impact of tax rate change	-	(3.326)
Non-deductible expenses	1.167	2.707
Current Income Tax	**26.163**	**18.809**
	27,2%	**25,2%**

Deferred tax assets and liabilities are further analyzed as follows:

	31/12/2014	31/12/2013
Deferred tax asset		
- Impairment of trade and other receivables	5.528	8.620
-Inventory impairment	5.523	4.933
-Other provisions for risks and expenses	10.074	15.877
-Subsidies and consumers‘ contributions	5.503	2.625
-Tax losses	9.409	9.043
-Other	(914)	1.583
Gross deferred tax asset	**35.123**	**42.681**
Deferred tax liabilities		
-Loan issuance expenses	(49)	(168)
-Adjustment of fixed assets & difference of depreciation of tangible & intangible assets	(138.042)	(111.582)
Gross deferred tax liabilities	**(138.091)**	**(111.750)**
Net gross tax liabilities	**(102.968)**	**(69.069)**

(All amounts in thousands of Euros unless otherwise stated)

11. INCOME TAXES (continued)

The deferred tax charge (deferred tax) in the income statement is analyzed as follows:

	1/1-31/12/2014	1/1-31/12/2013
Adjustment & depreciation of tangible and intangible fixed assets	18.723	34.111
Impairment of trade & other receivables	3.092	416
Impairment of inventories	(590)	(1.520)
Grants and participations of consumers	(2.878)	(2.384)
Loan issuance costs	(120)	(134)
Other provisions for risks and expenses	5.805	(3.552)
Tax losses	(663)	(9.043)
Other	2.794	915
Total	**26.163**	**18.809**

Deferred tax charge (deferred tax) in equity is analyzed as follows:

	31/12/2014	31/12/2013
Impact of a change in tax rate on revaluation surplus		(14.700)
Deferred tax liability on revaluation surplus	7.737	-
Total	**7.737**	**(14.700)**

(All amounts in thousands of Euros unless otherwise stated)

12. TANGIBLE ASSETS

	Land	Buildings-Technical works	Machinery and equipment	Transportation	Fixtures and furnitures	Construction in progress	Total
31 December 2012	**217.099**	**72.710**	**1.020.004**	**4.603**	**9.463**	**220.695**	**1.544.573**
- Additions	-	-	-	-	-	137.144	**137.144**
- Depreciation	-	(3.379)	(50.367)	(533)	(1.734)	-	**(56.012)**
- Disposals	-	-	-	(1)	(15)	-	**(16)**
- Transfers from constructions in progress	162	12.106	76.905	161	580	(89.962)	**(48)**
- Transfers to contract cost	-	-	-	-	-	(71.454)	**(71.454)**
- Other movements	-	-	-	-	-	(452)	**(452)**
31 December 2013	**217.261**	**81.437**	**1.046.542**	**4.230**	**8.294**	**195.971**	**1.553.735**
31 December 2013	**217.261**	**81.437**	**1.046.542**	**4.230**	**8.294**	**195.971**	**1.553.735**
- Additions	-	-	-	-	-	92.365	**92.365**
- Depreciation	-	(3.696)	(52.248)	(549)	(1.481)	-	**(57.974)**
- Disposals	-	-	-	(1)	(13)	-	**(14)**
- Revaluation surplus	(27.672)	13.676	11.620	590	2.044	-	**258**
- Transfers from constructions in progress	-	515	5.278	898	768	(7.485)	**(26)**
- Transfers to contract cost	-	-	-	-	-	(47.677)	**(47.677)**
- Other movements	-	-	-	-	-	(3.223)	**(3.223)**
31 December 2014	**189.589**	**91.932**	**1.011.192**	**5.168**	**9.612**	**229.951**	**1.537.444**

(All amounts in thousands of Euros unless otherwise stated)

12. TANGIBLE ASSETS (continued)

	Land	Buildings-Technical works	Machinery and equipment	Transportation	Fixtures and furnitures	Construction in progress	Total
31 December 2013							
Cost	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)**
Net book value	**217.261**	**81.437**	**1.046.542**	**4.230**	**8.294**	**195.971**	**1.553.735**
31 December 2014							
Cost	189.589	91.932	1.011.192	5.168	9.612	229.951	**1.537.444**
Accumulated depreciation	-	-	-	-	-	-	**-**
Net book value	**189.589**	**91.932**	**1.011.192**	**5.168**	**9.612**	**229.951**	**1.537.444**

12. INTANGIBLE 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:

On December 31, 2014, the Company revalued the tangible assets as they were at that date. The readjustment made in accordance with IAS 16 by an independent appraiser did not include the projects under construction. The revaluation results were recorded in the Company's books dated 31 December 2014. The previous revaluation was carried out on 31 December 2009.

The method and significant assumptions applied by the independent appraisal were as follows:

(a) The total estimated property was considered to be wholly owned by the company.

(b) The appraisals assumed that for all its real estate, the company owns property titles, building permits and other similar approvals as required by the Greek law.

(c) The majority of property valued was considered as being used by the company and that the use of them is expected to remain the same during their useful life.

(d) For the determination of the fair value for land, buildings and other equipment, market- approach has beenm applied by professional valuators (market-based documentation). In special purpose buildings, machinery and technical works, the determination of fair value was made on the basis of the Cost Approach, and in particular the unpredictable replacement cost method, in which the adjustments needed to reflect the physical, functional and economic depreciation.

(e) The economic depreciation was determined by the estimator using the cash flow approach, with the help of the discounted cash flow analysis. The discount rate used was 7.5%. It is also noted that cash-flow discounting has taken into account the Company's 10-year development plan for the period 2014-2023 as approved by RAE. The economic depreciation was allocated to the tangible fixed assets that were valued based on its cost-based approach as provided by the International Valuation Standards.

Comparing the values resulting from the work of the appraisers to the net book value of the fund resulted in net goodwill, the amount of which for the Company amounted to approximately Euro 0.3 million, which was recognized directly in equity (€ 22 million net of deferred taxes). Additionally, an amount of Euro 29.5 million, which was not covered by goodwill from previous adjustments, was charged for the year ended December 31, 2014.

(All amounts in thousands of Euros unless otherwise stated)

12.TANGIBLE ASSETS (continued)

The total impact of the revaluation of fixed assets is analyzed as follows:

Goodwill revaluation	285.211
Revaluation surplus	(255.452)
Fixed asset revaluation total directly charged in total comprehensive income	29.759
Fixed asset revaluation total directly charged to income statement	(29.501)
Overall effect of the revaluation 2014	**258**

The effect of the revaluation on the income statement and other comprehensive income is analyzed as follows:

Goodwill revaluation	285.211
Deferred tax (expese) on goodwill revaluation	(74.154)
Revaluation surplus	(255.452)
Deferred tax (income) on revaluation surplus	66.417
Net asset value revaluation in other comprehensive income net of deferred tax	**22.022**
Goodwill revaluation directly charged in income statement	(29.501)
Deferred tax (income) on goodwill revaluation	7.670
Net asset value revaluation in the income statement, net of deferred tax	**(21.831)**
Overall effect of the revaluation 2014, net of deferred tax	**191**

The effect of the revaluation on the revaluation reserve is as follows:

Revaluation reserve	
Opening balance	631.458
Decrease due to revaluation adjustments	(189.035)
Increase due to revaluation surplus	211.057
Closing balance	**653.480**

(All amounts in thousands of Euros unless otherwise stated)

12. TANGIBLE ASSETS (continued)

Adjustable Annual Transfer Exchange for 2014

By Decision 195/2014, RAE approved the annual costs and charges for the year 2014 for the Hellenic Electricity Transmission System (Annual Cost of HETSO 256,765 thousand Euros and HETSO Revenue of 205,497 thousand euro).

At the same time, RAE, following a public consultation, by decision 340/2014 defined the methodology for calculating the required revenue of the Hellenic Transmission System Operator.

13. INTANGIBLE ASSETS

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

31 December 2012	
Cost	6.431
Accumulated amortization	(5.769)
Net book value	**662**
31 December 2013	
Cost	5.971
Accumulated amortization	(5.845)
Net book value	**126**
31 December 2014	
Cost	6.707
Accumulated amortization	(6.405)
Net book value	**302**

14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances (receivables and payables) with related parties as of December 31, 2014 and 2013 are as follows:

	31 Δεκεμβρίου 2014		**31 Δεκεμβρίου 2013**	
	Receivables	**(Payables)**	**Receivables**	**(Payables)**
PPC S.A.	1.112.682	(313.594)	997.597	(311.254)
HEDNO S.A.	14.352	(91)	15.559	(178)
PPC Renewables S.A.	127	(20)	83	(20)
	1.127.161	**(313.705)**	**1.013.239**	**(311.452)**

Transactions (invoices to and invoices from) affiliated enterprises for the year ended December 31, 2014 and 2013 are as follows:

	2014		**2013**	
	Revenues	**Expenses**	**Revenues**	**Expenses**
PPC S.A.	2.085.867	(589.372)	2.357.800	(701.245)
HEDNO S.A.	54.049	(17.749)	25.437	(12.500)
PPC Renewables S.A.	334	-	75	-
	2.140.250	**(607.121)**	**2.383.312**	**(713.745)**

The Company, in the ordinary course of business, carries out transactions with related parties. These transactions are conducted under market terms and conditions.

(All amounts in thousands of Euros unless otherwise stated)

14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

Management compensations

The compensations for the Board of Directors for the year ended December 31, 2014 came up to €111 thousand compared to €148 thousand of fiscal year 2013, which means that there was a 25% 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 2014 came up to €97 thousand compared to € 76 thousand in 2013, increased that is by 28%. These fees do not include the remuneration of employees' representatives, who are not remunerated as members of the administrative and supervisory board

15. INVENTORY

	31/12/2014	31/12/2013
Materials, spare parts and consumables	58.954	62.795
Advance payment for stock purchases	440	1.418
Provision for write-down of materials and spare parts to recoverable amount	(21.241)	(18.973)
Total	**38.153**	**45.240**

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

	2014	2013
Balance at the beginning	**18.973**	**17.228**
Additional provision	2.268	1.745
Provision reversal	-	-
Balance at end	**21.241**	**18.973**

Company‘s stock is held free of encumbrances.

16. TRADE RECEIVABLES

	31/12/2014	31/12/2013
Receivables from Electricity Market transactions	823.379	624.265
Trade Receivables	190	915
Receivables from PPC contracting works	15.828	89.024
Market Revenue Receivable	17.065	3.615
Advance payments	188	208
Total receivables from customers without delay and value impairment	**856.650**	**718.027**
Total receivables from customers with delay and value impairment	41.418	44.992
Less: provision of value impairment of receivables	(21.641)	(32.314)
Total	**876.427**	**730.705**

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

	31/12/2014	31/12/2013
As at the beginning	32.314	44.341
Additional provision	653	-
Provision release	(11.326)	(12.027)
At the end	**21.641**	**32.314**

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 € 41 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 favourable outcome for said cases, formulated an impairment provision of approximately € 32 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 2014.

(All amounts in thousands of Euros unless otherwise stated)

17. OTHER RECEIVABLES

	31/12/2014	31/12/2013
Advance payment of income tax	21.614	14.641
Optical fiber rental	4.048	6.180
Net receivable from PPC for settlement of transmission branch spin-off	1.507	10.585
Receivables from employees	670	609
Receivable from contractors	13.358	13.177
Other	16.605	13.702
Total before provisions	**57.802**	**58.894**
Allowance for doubtful receivables	(1.590)	(932)
Total	**56.212**	**57.962**

18. CASH AND CASH EQUIVALENTS

	31/12/2014	31/12/2013
Cash in hand	3	8
Cash at bank	801	2.458
Time deposits	117.500	46.300
Total	**118.304**	**48.766**

Interest earned on cash at banks and time deposits amounts to €2.261 (2013: €1,774) and are included in the financial income in the statement of income (note 9). All cash and cash equivalent are denominated in Euro and there are no commitment's on them.

19. SHARE CAPITAL

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 till today, 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 the 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 2014, the company did not form a legal reserve as legally required the amount has been covered , thus the total of the legal reserve remain on December 31, 2014, € 12,815 (2013: € 12,815).

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.

During the financial year 2014, the Annual General Meeting of Shareholders approved the distribution of a dividend of € 19.007. The dividend was paid to the shareholders during the fiscal year.

(All amounts in thousands of Euros unless otherwise stated)

21. DIVIDENDS (continued)

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 Company's Board of Directors approved the financial statements for the year 2014 on March 26, 2015 and proposed to the Supervisory Board and the Annual General Meeting of Shareholders the distribution of the minimum dividend from the profits of previous years.

22. LONG-TERM BORROWINGS

	31/12/2014	31/12/2013
Bank loans	164.145	158.252
Bonds payable	290.112	290.112
Unamortized portion of loan origination fees	(186)	(641)
Total borrowing	**454.071**	**447.723**
Less current portion:		
- Bank loans	76.122	76.122
- Bonds payable	290.111	227.052
- Unamortized portion of loan origination fees	(186)	(452)
Total short-term borrowing	**366.047**	**302.722**
Long-term portion	**88.023**	**145.001**

During September 2014, the Company signed two loan agreements with the European Investment Bank to finance a group of Projects with the generic name "Transmission I" amounting to Euro 70 million and the project "Interconnection of the Phase A Cyclades" amounting to Euro 65 million respectively. The aforementioned amounts are subsets of the total financing lines approved by the Bank amounting to Euro 140 million and Euro 130 million respectively, with a repayment period for loans for both loan contracts of 20 years. In December 2014, the Company made a first withdrawal of € 35 million for the Transmission I project.

The total amount of loan interest for the year ended December 31, 2014 and 2013 is included in the finance expense account in the income statement (note 8). The total borrowing of the company is in euro. Here is a further analysis of the company's long-term borrowing by type of interest rate:

	31/12/2014	31/12/2013
Bank loans and bonds		
- Floating rate	337.127	337.127
European Investment Bank		
- Fixed rate	53.750	29.167
- Floating rate	63.380	82.070
Total	**454.257**	**448.364**

The PPC Parent Company provides guarantees for the majority of the above bank loans while the European Investment Bank loans are guaranteed by the Greek State. The parent company proceeded in 2014 with a total value of € 10,563 as a loan guarantee fee (2013: € 22,682). The amount is included in the financial position of the income statement in note 8.

(All amounts in thousands of Euros unless otherwise stated)

22. LONG-TERM BORROWINGS (continued)

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.

At 31 December 2014, the Company is in compliance with the financial terms included in the borrowing contracts. However, the Company as at 31 December 2014 does not cover the credit condition provided for in a particular loan agreement, consequently, loan installments of € 75,187, repayable on borrowing contracts after 31 December 2015, are classified as short-term liabilities. These loans are included in the renegotiated financing mentioned below.

The annual repayment programme of the long-term borrowing after December 31, 2015 and 2014 is the following:

	2015	2014
2015	366.233	303.174
2016	27.024	29.107
2017 – 2018	26.000	116.083
After 2018	35.000	-
Total	**454.257**	**448.364**

During 2013 and 2014, the company renewed the maturity of the loans ending in 2013 and 2014, amounted to €261,9 mil and new maturity date during 2015. The relevant 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 respective refinancing. At December, 2014 the available short term financing line amounted to €47,015, which was disbursed in full.

The loan payments for the period ended 31η December 2014 amounted to €29.107 (2013: €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 results of the actuarial study for the year ended December 31, 2014 and the changes in the net obligation are as follows:

	2014	2013
Net liability on January 1st	24.414	27.028
Paid Employers' contributions	(1.264)	(1.353)
Expenses to be registered in the financial statements	1.170	1.357
(Revenues)/Expenses for entering in the statement of other total income	2.934	(2.618)
Net liability on 31st December	**27.254**	**24.414**

(All amounts in thousands of Euros unless otherwise stated)

Assumption values, Actuarial Study

Valuation date	Valuation date	Valuation date	Valuation date
31/12/2013	3,600%	3,0% 1y 2,2% 4y 0%	7,5% 1y 13,4%
31/12/2014	2,00%	0,2% 1y 1,9% 2y 2,5% 3y 1,2% 4y 0%	15% 1y 16%

The average life of the benefit to personnel comes up to 17.07 years.

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

	Actuarial liability change	Actuarial liability change
Increase in discount rate by 0,5%	-1.954	(7,17%)
Decrease in discount rate by 0,5%	+2.199	8,07%
Increase in tariff increase rate by 1% for all years	+4.322	15,86%
Increase in tariff increase rate by 1% for 2015 – 2018	+1.044	3,83%

24. PROVISIONS

	2014	2013
Opening balance	**38.930**	**21.065**
Additional provision	1.189	23.407
Usage of provision	(1.200)	-
Provision release	(22.906)	(5.542)
Closing Balance	**16.013**	**38.930**

The company is a defendant in several legal proceedings arising from its operations. The total amount claimed as at December 31, 2014 amounts to € 91,950 (2031: € 90,993), 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 € 61,370 (2013: € 66,728). 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 € 21,701 (2013: € 21,178).

3. ***Claims by Employees:*** Employees of the company are claiming the amount of € 8,879 (2013: € 3,087) 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, 2014 comes up to € 16,013 (2013: € 38,930).

(All amounts in thousands of Euros unless otherwise stated)

The amount of EUR 22.9 million, which relates to reversal of provisions for litigation, is analyzed as follows:

a) An amount of about 12 million, relates to lawsuits against the company that were rejected during the current year by court decisions.

b) An amount of approximately € 10 million relates to lawsuits of ELPEDISON ENERGY, KORINTHOS POWER and PROTERGIA to IPTO for overdue interest charges. The company has been sued by lawsuits against PPC SA and the other Market Participants, claiming from them the corresponding default interest due to the company in order to render them both to the above companies (for the amounts that have been filed, but also for the amounts which have not yet been exercised) as well as to the other entitled Participants who have not filed any lawsuits. Based on the Electricity Transaction Code, the company is the intermediary between the Participants without being burdened.

LAGIE SA has filed a lawsuit against ADMIE SA an application for interim measures requesting an injunction and ordering the precautionary seizure of any property, movable or immovable property of the defendant up to the amount of EUR 300 million, otherwise imposing on IPTO SA to provide a guarantee for LAGIE SA, amounting to € 300 million to secure its claims against the company. which relate to capital and interest and derive from invoices, which either remain unpaid or have been paid late. For these requirements, LAGIE SA has already filed three lawsuits against IPTO S.A. requesting that the latter be ordered to pay to LAGIE an amount of approximately EUR 500 million, as analyzed in the relevant actions.

The discussion of the insurance claim was originally scheduled for the hearing on 16 February 2015 and postponed for the hearing on 16 March 2015, when it was postponed for the hearing on 24 April 2015. During the initial hearing, they have taken additional action in favour of LAGIE SA, the Electricity Producers Association (EPEE), the Panhellenic Association of Electricity Producers Associations (POPEEF) and Georgios Markianos, while at the hearing on March 16, additional intervention in favour of IPTO SA, PPC SA and the Greek State. During the discussion of the application, IPTO SA will raise allegations concerning both the formal and the substance of the application, in order to be totally rejected.

The Legal Service of the company considers that the above-mentioned application for interim measures is unlikely to be accepted.

As mentioned above, in relation to actions brought against the company for capital, much of this capital has already been settled with subsequent payments to the applicant companies (ie they have been recovered from the liable Participants and attributed to the beneficiaries; claimants after the actions). According to the regulatory framework, the company is the intermediary between the Participants in the Electricity Market, including its other tasks, it is the collection of amounts by the obligated Participants and their performance to the Beneficiary Participants. Due to the known delays in repayment of the obligations by the Participants, some companies, which are entitled, have filed, at the expense of ADMHE SA, actions in which they claim from UDAM the principal and interest of the debtors owed to them. In the context of its position and the relative decision of RAE that, as an intermediary acting as a trustee and not as primary debtor, and as such does not pay to the beneficiaries or does not cover the due amounts due to the debtors, it has exercised against debtors Participants, related actions for capital and interest on due payments.

25. CUSTOMERS' CONTRIBUTIONS AND SUBSIDIES

	Customer Contribution's	Subsidies	Total
Balance as at 31 December 2012	**15.666**	**118.130**	**133.796**
Transfer to revenues (Note 6)	(601)	(4.466)	(5.067)
Balance as at 31 December 2013	**15.065**	**113.664**	**128.729**
Additions		1.087	1.087
Transfer to revenues (Note 6)	(601)	(4.379)	(4.980)
Balance as at 31 December 2014	**14.464**	**110.372**	**124.836**

(All amounts in thousands of Euros unless otherwise stated)

26. TRADE AND OTHER RECEIVABLES

	2014	2013
Market obligations	722.896	591.138
Other suppliers and contractors	16.349	45.665
Customers‘ advance payments	4.843	4.957
Other taxes payables	3.321	4.179
Social security contributions, payable	2.673	2.875
Other creditors	1.399	3.715
Total	**751.481**	**652.529**

27. ACCRUED AND OTHER LIABILITIES

	2014	2013
Accrued interest on loans	3.616	4.006
Deferred income from interconnection rights	54.013	38.585
Deferred income from non-compliance charges	29.029	24.464
Deferred Extraordinary Surplus of Energy Imports	314	242
Other future revenues	428	17.988
Expenses, payable, energy settlement	20.229	16.334
Other expenses, payable	161	2.824
Personnel day off, overtime and leaves	6.700	6.584
Total	**114.490**	**111.027**

28. CONTRACTOR'S 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 € 50,860 (see note 4). The total contracting cost for the year ended at December 31, 2014 amounts to € 47,677.

29. COMMITMENTS AND CONTIGENCIES

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:

1. Strategic Environmental Studies with the inclusion of projects in the Ten Year Transport Scheme.
2. Environmental permits concerning the National Transmission System, for which Environmental Impact Assessments are submitted to the Ministry for the Environment, Physical Planning and Public
3. Forest Road Design Studies and Plant Rehabilitation
4. KIn the operation of the Line, Substation and CTS Transmission System there is no electromagnetic radiation but two independent fields, both electric and magnetic. At the reach of the public and the employees of the company, the values of these fields are well below the threshold values. These limits have been established by the International Commission for the Non-Ionizing Radiation Protection (ICNIRP) in collaboration with the World Health Organization,(WHO). These limits have been made by the European Union Directive incorporated into the Greek Legislation. It should be made clear that the limits of the electric and magnetic fields in the regulations are not risk limits but contain high safety factors to cover some ambiguity from the limited knowledge of the effect of the fields and to meet the requirement to prevent any adverse effects.

Interconnection of "Nea Makri – Polypotamos"

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.

The electrical interconnection of Nea Makri with Polypotamos - which has been classified as a project of "general importance for the country's economy" according to Law 3175/2003 - is in the final stage of its implementation. The process of dipping submarine cables in the sea area between Evoia and Nea Makri has been completed and the installation of underground cables from the point of entry to the Nea Makris substation. Examinations and electrification are expected within April 2015.

With the completion of the Polypotamos - South Evia air line and the installation of the underground cables to the Nea Makri substation, the project is expected to be completed and ready to be electrified by 2015.

It is worth noting that the reactions of a section of residents and the Municipality of Marathon (formerly Nea Makri) have been overcome, which through municipal council decisions have attempted to revoke the lawful excavation permit and created long delays in the progress of underground works.

There is also a delay in the required expropriations in the GM variant. 150 kV Polypotamos - South Evia from Evoia Real Estate Service. However, this line will be ready for electrification at the end of April 2015.

Reinforcement project of the Nea Santa EHV S/S

The EHV S/S of Nea Santa is a project of major importance for the area of Eastern Macedonia and Thrace. Through this project, it was implemented the interconnection of HETSO with that of Turkey and in the future with that of Bulgaria (Maritsa), the absorption of all the electricity produced in new RES production plants in Thrace and the reliability upgrading of Northeast System was achieved.

The amplification projects are the connection of the second 400 kV circuit with the KYT of Philippi, the transfer of Turkey's MM 400kV circuit to a new gate and the distribution of the previous one for the future 400kV 400kV connection with Bulgaria, the connection of the second circuit of 150kV GM - Orestiada. In addition, all three 150kV sockets of the CTV were electrified. Finally, the critical revision work of the conventional control and protection system in digital based on the modern communications standard IEC 61850 is reported.

Construction project of transmission lines 400 kV HVC Lagada - HVC Philipi

In July 2014, the contract for the construction of transmission line 400 kV HVC Lagada – HVC Philipi of total length of 110 km and total budget of € 31 million was signed with contractor company ATERMON ATEE at a contractual price of € 26.7 million. The project is expected to be completed in early 2017.

The project concerns the construction of a 400 kV overhead transmission line linking the city of Lagada with the HVC FILIPPON, about 110 km in length. Its purpose is to extend and strengthen the 400 kV System to Eastern Macedonia and Thrace.

This is a major project, which contributes along with the other transport projects planned in the area in question, in order to provide access to new SOEs licensed in the region and the increase of wind penetration in the Thrace region.

At the same time, the line in connection with the 400kW Filippi - Nea Santa - Turkey under construction will contribute to the better interconnection of the National Electricity Transmission System with the interconnection system of the neighboring country, a project of strategic importance for our country.

Upgrading projects of the 400 kV System

Replacement projects of switching equipment of 400kV in the HVC

IPTO is carrying out extensive works of modernization and replacement of switching equipment (switches, disconnectors, earthing) in the Pallini, Kardia, Larissa, Thessaloniki and Larymna. Specifically, the air insulation switchers of 400kV, which were obsolete, were replaced with new insulation switchers SF6.

Offsetting projects of reactive power of transmission lines 400kV with the installation of 400kV auto inducers

IPTO installs in HVC 400kV booster systems in order to compensate for reactive power at 400kV FM. In particular, the investment program consists of the installation of 400kV 30MVAr Sprinklers in Larymna (1), St. Stephen's Bridge (1) and a 50MVAr in Aliveri CITY. Layout of three (3) 400kV capacities in the Megalopolis KET.

Interconnection of Crete with Continental Interconnected System

IPTO is promoting preparatory actions for the implementation of the project with a view to achieving interconnection within the current decade. In the above framework, a preliminary bottom study was carried out in the first quarter of 2014 in collaboration with the University of Patras for the submersion of submarine cables. At the same time, suitable sites for the construction of the conversion stations of the Region in Crete were examined. A letter has been sent from July 2014 to the Regional Governor of Crete, indicating five (5) locations for the cables to be wired and the installation of the conversion station, while at the same time asking for its assistance.

On 24/11/2014 a meeting of the President and Managing Director of the UDMR, as well as of the staff of the UDMR, was held with the Regional Governor of Crete and other local actors, in which the meeting was marked by the region of Korakia as a desirable place within the prefectures of Heraklion-Rethymnon. The UNMIK examines this position and will respond with the appropriate documentation regarding the feasibility of the proposed solution.

At the same time, UNDP examines the correlation and integration of Crete-Epirus Greece into the project "Euro-Asia Interconnector", which is already part of the ENTSO-e Ten Year Program and the European Union's Common Interest Projects (PCIs).

Ten Year Network Development Plan (TYNDP) for period 2014-2023

By decision 560/2013 of 25.11.2013, published in Government Gazette B 3297 / 24.12.13, RAE approved the TYNDP for the period of 2014-2023, imposing some modifications regarding the timetable of the Third Cycle Interface. The approved issue 2014-2023 was published in Government Gazette B 556 / 5.3.14 based on RAE decision No 77A / 2014 of 18.02.2014.

From 17 February to 17 March 2014, IPTO has launched a public consultation on the Preliminary Draft CAA for the period 2015-2024. Subsequently, and after taking into account the results of the above public consultation, the IPTO submitted the TYNDP Plan of 2015-2024 to RAE, following the decision of the Board of Directors No. 34 / 20.05.2014.

On June 16, 2014, RAE set up the TYNDP Plan 2015-2024 in a new public consultation within the approval process, with a deadline of 18 July 2014 and the final decision is pending.

Approval for Income Allowance for the Regulatory Period 2015-2017 and the Required Income for 2015.

By its decision No. 340 / 19.06.2014, RAE established the new methodology for calculating the Required Income of the Transmission System. With the no. 572/2014, RAE approved the Allowed Income (concerning the Annual System Costs) for the Regulatory Period 2015-2017 and the Required Income for 2015. According to this decision, the Allowed Income amounts to € 254,653 th. 2015, € 250.201 thousand in 2016 and € 260.966 thousand in 2017. The required Income for 2015 amounted to € 215.108 thousand. RAE decision is pending for the determination of Unit System Charges for 2015. Use of congestion income from the granting of access rights to the country's international interconnections in the year 2015: 571 / 09.10.2014 decision of RAE, approved the use of € 24.954.264 from the Special Reserve Account (Breakdown of Interconnection Transmission Capacity pursuant to Article 178 of the Greek Electricity Transmission System Management Code) maintained by IPTO, in order to reduce the required transmission's revenue for the year 2015.

(All amounts in thousands of Euros unless otherwise stated)

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 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 million Euro

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**
December 31, 2014	**ON DEMAND**	**3 Months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Overdraft facilities	-	-	47	-	-	47
Loans	-	-	319,2	53	35	407,2
Total	-	**-**	**366,2**	**53**	**35**	**454,2**

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**
2014		
Euro	+15	(629)
Euro	-15	629
2013		
Euro	+15	(629)
Euro	-15	629

(All amounts in thousands of Euros unless otherwise stated)

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 net debt/ equity ratio is currently as follows:

	31/12/2014	**31/12/2013**
Long-term debts	88.023	145.001
Current portion of debt	319.032	255.708
Short-term borrowings	47.015	47.015
Minus: cash and cash equivalent	(118.304)	(48.766)
Net debt	**335.766**	**398.958**
Equity	**1.027.982**	**957.927**
Net debt/ equity ratio	32%	42%

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.