



PUBLIC POWER CORPORATION S.A.

Interim Condensed Consolidated and Separate Financial Statements

September 30, 2015

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

The attached interim condensed separate and consolidated financial statements have been approved by the Board of Directors of Public Power Corporation S.A. on November 26th, 2015 and they are available on the web site of Public Power Corporation S.A. at www.dei.gr.

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CHAIRMAN**

**CHIEF FINANCIAL
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PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENTS OF INCOME
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

(All amounts in thousands of Euro – except share and per share data)

	Note	GROUP				COMPANY			
		01.01.2015- 30.09.2015	(reclassified) 01.01.2014- 30.09.2014	01.07.2015- 30.09.2015	(reclassified) 01.07.2014- 30.09.2014	01.01.2015- 30.09.2015	(reclassified) 01.01.2014- 30.09.2014	01.07.2015- 30.09.2015	(reclassified) 01.07.2014- 30.09.2014
REVENUES :									
Revenue from energy sales		4,320,561	4,287,023	1,492,514	1,540,190	4,310,346	4,278,154	1,488,973	1,536,306
Other sales	10	131,458	136,299	46,172	49,511	94,287	106,501	27,406	43,677
		4,452,019	4,423,322	1,538,686	1,589,701	4,404,633	4,384,655	1,516,379	1,579,983
EXPENSES:									
Payroll cost		658,084	681,463	218,468	221,772	422,278	439,668	139,328	142,317
Fuel		719,486	958,582	337,475	402,101	719,486	958,582	337,475	402,101
Depreciation		559,006	448,036	182,784	151,439	501,417	398,775	163,140	134,989
Energy purchases		1,001,405	1,128,327	257,628	437,279	1,030,009	1,148,476	268,881	444,908
Transmission system usage		-	-	-	-	147,981	152,972	48,822	49,199
Distribution network usage		-	-	-	-	292,814	311,250	94,982	100,700
Emission allowances		183,356	164,832	76,205	60,044	183,356	164,832	76,205	60,044
Other provisions		690,667	304,071	373,954	54,993	677,575	311,571	361,041	56,259
Financial expenses		201,574	209,867	65,124	69,534	182,940	189,754	58,945	62,879
Financial income		(49,754)	(44,207)	(13,995)	(10,971)	(89,331)	(68,405)	(15,850)	(12,513)
Other (income) / expenses,	10	425,594	391,601	142,292	166,809	324,933	281,276	103,817	130,259
Share of Loss/ (Gain) of associates and joint ventures, net		(1,751)	(1,183)	(269)	(40)	-	-	-	-
Impairment loss / (gain) of marketable securities		1,132	1,600	854	360	1,132	1,600	854	360
Foreign currency loss/ (gain)		(92)	884	(194)	(463)	260	899	149	(452)
PROFIT / (LOSS) BEFORE TAX		63,312	179,449	(101,640)	36,844	9,783	93,405	(121,410)	8,933
Income tax expense	5	(57,415)	(57,623)	1,947	(11,329)	(32,833)	(29,290)	5,305	(2,564)
NET PROFIT / (LOSS)		5,897	121,826	(99,693)	25,515	(23,050)	64,115	(116,105)	6,369
Attributed to:									
Owners of the Parent		5,898	121,826	(99,694)	25,515				
Non – controlling interests		(1)	-	1	-				
Earnings / (Losses) per share, basic and diluted		0,03	0.53	(0.43)	0.11				
Weighted Average number of shares		232,000,000	232,000,000	232,000,000	232,000,000				

Certain amounts have been reclassified and differ from the published interim condensed consolidated and separate financial statements of September 30, 2014 and reflect amendments which are presented in note 10 of the interim report.

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

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015
 (All amounts in thousands of Euro)

	GROUP				COMPANY			
	01.01.2015- 30.09.2015	01.01.2014- 30.09.2014	01.07.2015- 30.09.2015	01.07.2014- 30.09.2014	01.01.2015- 30.09.2015	01.01.2014- 30.09.2014	01.07.2015- 30.09.2015	01.07.2014- 30.09.2014
Net profit / (loss) for the period	5,897	121,826	(99,693)	25,515	(23,050)	64,115	(116,105)	6,369
Other comprehensive income / (loss) for the period								
<i>Items of Other Comprehensive income to be reclassified to profit or loss in subsequent periods</i>								
Foreign Currency translation	117	-	131	-	-	-	-	-
Net Other Comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods	117	-	131	-	-	-	-	-
<i>Items of Other Comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods</i>								
Deferred Tax on the fixed assets revaluation surplus, due to the change in the income tax rate	(65,238)	-	(65,238)	-	(56,132)	-	(56,132)	-
Net Other Comprehensive income / (loss) not being reclassified to profit or loss in subsequent periods	(65,238)	-	(65,238)	-	(56,132)	-	(56,132)	-
Other Comprehensive income / (loss) for the period after tax	(65,121)	-	(65,107)	-	(56,132)	-	(56,132)	-
Total Comprehensive income / (loss) after tax	(59,224)	121,826	(164,800)	25,515	(79,182)	64,115	(172,237)	6,369
Attributable to:								
Owners of the Parent	(59,223)	121,826	(164,801)	25,515				
Non-controlling interests	(1)	-	1	-				

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

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015
(All amounts in thousands of Euro)

	Note	GROUP		COMPANY	
		30.09.2015	31.12.2014	30.09.2015	31.12.2014
ASSETS					
Non - Current Assets :					
Property, plant and equipment, net		13,651,567	13,689,537	11,822,271	11,902,455
Intangible assets, net		46,685	69,946	42,024	65,765
Available for sale financial assets		1,261	2,394	1,261	2,394
Other non – current assets		143,451	153,153	1,252,005	1,262,236
Total non – current assets		13,842,964	13,915,030	13,117,561	13,232,850
Current Assets:					
Materials, spare parts and supplies, net		725,749	737,763	548,320	559,078
Trade and other receivables and other current assets		2,391,312	2,119,892	2,179,088	1,953,514
Income tax receivable		21,044	21,445	-	-
Restricted cash		135,023	144,720	135,023	144,720
Cash and cash equivalents		367,416	434,511	118,602	248,318
Total current assets		3,640,544	3,458,331	2,981,033	2,905,630
Total Assets		17,483,508	17,373,361	16,098,594	16,138,480
EQUITY AND LIABILITIES					
Equity :					
Share capital		1,067,200	1,067,200	1,067,200	1,067,200
Share premium		106,679	106,679	106,679	106,679
Fixed assets' statutory revaluation surplus included in share capital		(947,342)	(947,342)	(947,342)	(947,342)
Revaluation surplus		4,765,006	4,833,594	4,023,709	4,082,686
Reserves		26,048	25,931	118,168	118,168
Retained earnings		1,045,753	1,048,597	1,509,256	1,541,057
		6,063,344	6,134,659	5,877,670	5,968,448
Non – controlling interests		89	90	-	-
Total equity		6,063,433	6,134,749	5,877,670	5,968,448
Non – Current Liabilities:					
Long - term borrowings	9	4,704,961	4,851,491	4,584,638	4,763,477
Provisions		664,970	650,544	422,923	418,869
Other non – current liabilities		2,925,904	3,011,149	2,693,151	2,796,257
Total non – current liabilities		8,295,835	8,513,184	7,700,712	7,978,603
Current Liabilities :					
Trade and other payables and other current liabilities		2,197,440	1,971,805	1,963,987	1,806,881
Dividends payable		166	147	166	147
Income tax payable		188,078	74,932	181,608	71,908
Short – term borrowings	9	127,016	97,016	80,000	50,000
Current portion of long - term borrowings	9	611,540	581,528	294,451	262,493
Total current liabilities		3,124,240	2,725,428	2,520,212	2,191,429
Total Equity and Liabilities		17,483,508	17,373,361	16,098,594	16,138,480

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

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015
(All amounts in thousands of Euro)

	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Fixed Assets Statutory Revaluation Surplus	Foreign exchange, tax-free and other reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance, January 1, 2014	1,067,200	106,679	107,491	4,186,763	(947,342)	33,019	849,763	5,403,573	-	5,403,573
- Net profit for the period	-	-	-	-	-	-	121,826	121,826	-	121,826
- Other comprehensive income / (loss) for the period after tax	-	-	-	-	-	-	-	-	-	-
Total Comprehensive income / (loss) for the period, after tax	-	-	-	-	-	-	121,826	121,826	-	121,826
- Transfers from retirements of fixed assets	-	-	-	(23,147)	-	-	23,147	-	-	-
- Transfer to non-taxable reserves	-	-	-	-	-	1,399	(1,399)	-	-	-
- Incorporation of subsidiary	-	-	-	-	-	-	-	-	92	92
Balance, September 30, 2014	1,067,200	106,679	107,491	4,163,616	(947,342)	34,418	993,337	5,525,399	92	5,525,491
Balance, January 1, 2015	1,067,200	106,679	109,203	4,833,594	(947,342)	(83,272)	1,048,597	6,134,659	90	6,134,749
- Net profit for the period	-	-	-	-	-	-	5,898	5,898	(1)	5,897
- Other comprehensive income / (loss) for the period after tax	-	-	-	(65,238)	-	117	-	(65,121)	-	(65,121)
Total Comprehensive income / (loss) for the period, after tax	-	-	-	(65,238)	-	117	5,898	(59,223)	(1)	(59,224)
- Transfers from retirements of fixed assets	-	-	-	(2,845)	-	-	2,845	-	-	-
- Dividends	-	-	-	-	-	-	(11,600)	(11,600)	-	(11,600)
- Other movements	-	-	-	(505)	-	-	13	(492)	-	(492)
Balance, September 30, 2015	1,067,200	106,679	109,203	4,765,006	(947,342)	(83,155)	1,045,753	6,063,344	89	6,063,433

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

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015
(All amounts in thousands of Euro)

	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Fixed Assets Statutory Revaluation Surplus	Tax-free and other reserves	Retained Earnings	Total Equity
Balance, January 1, 2014	1,067,200	106,679	107,491	3,478,917	(947,342)	108,983	1,401,121	5,323,049
- Net profit for the period	-	-	-	-	-	-	64,115	64,115
- Other comprehensive income / (loss) for the period, after tax	-	-	-	-	-	-	-	-
Total Comprehensive income / (oss) for the period, after tax	-	-	-	-	-	-	64,115	64,115
- Transfers from retirements of fixed assets	-	-	-	(23,147)	-	-	23,147	-
- Transfer to non-taxable reserves	-	-	-	-	-	1,399	(1,399)	-
- Other movements	-	-	-	-	-	-	(1)	(1)
Balance, September 30, 2014	1,067,200	106,679	107,491	3,455,770	(947,342)	110,382	1,486,983	5,387,163
Balance, January 1, 2015	1,067,200	106,679	109,203	4,082,686	(947,342)	8,965	1,541,057	5,968,448
- Net loss for the period	-	-	-	-	-	-	(23,050)	(23,050)
- Other comprehensive income / (loss) for the period, after tax	-	-	-	(56,132)	-	-	-	(56,132)
Total Comprehensive income / (loss) for the period, after tax	-	-	-	(56,032)	-	-	(23,050)	(79,182)
- Transfers from retirements of fixed assets	-	-	-	(2,845)	-	-	2,845	-
- Dividends	-	-	-	-	-	-	(11,600)	(11,600)
- Other movements	-	-	-	-	-	-	4	4
Balance, September 30, 2015	1,067,200	106,679	109,203	4,023,709	(947,342)	8,965	1,509,256	5,877,670

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

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015
(All amounts in thousands of Euro)

	GROUP		COMPANY	
	01.01.2015- 30.09.2015	01.01.2014- 30.09.2014	01.01.2015- 30.09.2015	01.01.2014- 30.09.2014
Cash Flows from Operating Activities				
Profit before tax	63,312	179,449	9,783	93,405
Adjustments :				
Depreciation and amortization	621,360	505,127	558,101	451,898
Amortization of customers' contributions and subsidies	(60,642)	(57,091)	(56,684)	(53,123)
Interest expense	184,670	190,648	166,614	171,383
Other adjustments	415,264	55,005	365,852	46,260
Changes in assets	(692,358)	(794,131)	(647,053)	(720,051)
Changes in liabilities	217,110	92,700	162,125	2,793
Net Cash from Operating Activities	748,716	171,707	558,738	(7,435)
Cash Flows from Investing Activities				
Capital expenditure of fixed assets and software	(572,267)	(437,973)	(465,193)	(371,040)
Proceeds from customers' contributions and subsidies	3,140	5,918	3,140	5,917
Interest and dividends received	47,542	44,207	79,197	49,398
Investments	(1,331)	(1,093)	(773)	(21,900)
Net Cash used in Investing Activities	(522,916)	(388,941)	(383,629)	(337,625)
Cash Flows from Financing Activities				
Net change in short term borrowings	30,000	(270)	30,000	-
Proceeds from interest bearing loans and borrowings	35,000	1,049,363	-	1,049,363
Principal payments of interest bearing loans and borrowings	(157,779)	(544,276)	(153,006)	(539,432)
Interest paid and loans' issuance fees	(188,535)	(213,949)	(170,238)	(195,273)
Dividends paid	(11,581)	(7)	(11,581)	(7)
Net cash used in Financing Activities	(292,895)	290,861	(304,825)	314,651
Net increase/ (decrease) in cash and cash equivalents	(67,095)	73,627	(129,716)	(30,409)
Cash and cash equivalents at the beginning of the period	434,511	260,278	248,318	185,513
Cash and cash equivalents at the end of the period	367,416	333,905	118,602	155,104

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

PUBLIC POWER CORPORATION S.A.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(All amounts in thousands of Euro, unless otherwise stated)

1. CORPORATE INFORMATION

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

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

Effective December 2001, PPC's shares are listed on the Athens and the London Stock Exchanges.

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

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

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

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

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

As at September 30, 2015, the number of staff employed by the Group was 18,350 (2014: 18,766). As at September 30, 2015, 97 employees of the Group (2014: 103), have been transferred to several State agencies (ministries, organizations, etc.), out of which, 93 were compensated by PPC (2014: 99). The total payroll cost of these employees, for the nine month period ended September 30, 2015 amounted to Euro 2,406 (2014: Euro 2,767). Additionally, as at September 30, 2015 the number of PPC's transferred employees to TAYTEKO-TAP/DEI and IKA - TAP/DEI was 322, whose payroll cost amounted to Euro 10,195.

PPC Group generates electricity from the 62 main power generating stations of the Parent Company as well as from additional stations (Wind Parks, Small Hydro stations and Photovoltaic plants) that belong to its wholly owned subsidiary PPC Renewables, transmits electricity through its 12,310 kilometres long High voltage System, out of which 11,365 kilometres are owned by its wholly owned subsidiary Independent Power Transmission Operator (IPTO S.A.) and distributes electricity to consumers through its 236,420 kilometres long Distribution Network of Medium and Low voltage which are managed by its wholly owned subsidiary "Hellenic Distribution Network Operator (HEDNO S.A.)".

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

Group PPC has also installed a fibre optics network of approximately 2,153 kilometres along its transmission lines and approximately 164 kilometres of urban fibre optics network.

2. LEGAL FRAMEWORK

CHANGES IN THE LEGAL FRAMEWORK FOR THE ELECTRICITY MARKET FOR THE NINE MONTH PERIOD OF 2015

GENERAL PROVISIONS FOR THE INTERNAL ELECTRICITY MARKET

- By the Presidential Decree 24 (OG A' 20/27.01.2015) the Ministry of Reconstruction of Production, Environment & Energy was established, also integrating the Services of the former Ministry of Environment, Energy and Climate Change along with jurisdiction, institutions, positions and personnel as well as with supervised bodies (among others PPC S.A.).
According to OG A' 114 (22-9-2015) the Ministry of Reconstruction of Production, Environment and Energy was renamed to Ministry of the Environment and Energy and also the Ministry for the Rural Development and Food is reconstituted.

PUBLIC POWER CORPORATION S.A.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(All amounts in thousands of Euro, unless otherwise stated)

2. LEGAL FRAMEWORK (CONTINUED)

- Law 4336/2015 introduces provisions for the energy and natural gas market in relation to:
 - RAE's jurisdiction on monitoring the account of entities operating in the energy and the natural gas sectors as well as the account of the Transmission System's and Distribution Network's Operators, ensuring that there will be no cross subsidies between the activities of generation, transmission, distribution and supply of energy
 - Entities operating in the energy markets in the interconnected system and network of the country, which will not be allowed from 01.01.2020 to either generate or import - directly or indirectly- energy quantities greater than 50% of the total energy quantity either generated by domestic plants or imported, annually. The Competition Commission will assess the possibility of achieving the above mentioned objective by 01.01.2019 and in case of failure to achieve this, it will propose appropriate measures. In case of companies' non-compliance, fines amounting from 5% and up to 10% on their previous year's annual turnover, will be imposed.
 - The Authorities' obligation to apply, until September 2015, a regime for the temporary and permanent capacity payments' system. The Authorities shall modify the regulations of the electricity market in order to prevent the plants' forced operation below their variable cost and shall enact laws concerning the offsetting of payments between PPC and the market operator. Discontinuation contracts, as adopted by the European Commission, will be implemented. PPC's tariffs will be revised based on cost, replacing among others, the 20% discount on the high voltage tariffs, with tariffs based on the generation's marginal cost. The design of the NOME auctions system will be discussed with the European Commission, aiming to the reduction of PPC's wholesale and retail market share by 25%. In case an agreement for the NOME auctions is not plausible to be concluded until the end of October 2015, the authorities will agree with the institutions on structural measures, which will be immediately adopted and which will lead to the same outcome as mentioned above, relating to both market shares and timelines.
 - The obligation of the Authorities, until October 2015, to take irreversible steps towards the privatization of the electricity transmission system operator, IPTO, unless an alternative plan with equivalent outcomes regarding competition and investment prospects, is proposed, in accordance with the best European practices and in agreement with the institutions for the achievement of IPTO's full ownership unbundling. Moreover, they will introduce a new plan for the upgrade of electricity networks, in order to improve their performance, enhance interoperability and reduce costs for consumers. The action roadmap for the electricity market has to be completed until December 2017. In this context, the balancing market should be completed by June 2017.
 - The Authorities' obligation, until October 2015, to revisit the energy market's taxation framework as well as to reinforce RAE's financial and operational independence.
 - The Authorities' obligation, until December 2015, to approve a new framework supporting Renewable Energy Sources so as to preserve their economic viability, establish a new scheme for the upgrade of the energy Networks and to initiate the implementation of the Roadmap for the harmonization of the energy market with the European Target Model by December 2017.
- In addition, by Law 4336/14.08.2015, the Greek State commits to continue with the privatization program already in progress. The Hellenic Republic Asset Development Fund's (HRADF) BoD has already approved the Asset Development Plan (ADP) which provides for the privatization of assets already held by HRADF by 31.12.2014.
- It is noted that the legislative process to apply the provisions of L. 4336/14.08.2015 is in progress.
- Law 4320/2015 (OG A'29/19.03.2015) "Provisions for immediate actions to address the humanitarian crisis, the organization of Government and Governmental Institutions and other provisions" has entered into force. Specifically for the electricity sector, and in combination with the Joint Ministerial Decision 494/2015, the following provisions are enacted:
 - The supply of electricity, free of charge for up to 1200kWh per four month period, for the year 2015, is provided for the electricity needs of the households' main residence which resided under extreme poverty conditions. This benefit will be financed through the state budget. The abovementioned Joint Ministerial Decision determines the value of electricity relating to supply charges, regulated charges, ETMEAR, Special Consumption Tax and the 0,5% Special levy.

PUBLIC POWER CORPORATION S.A.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(All amounts in thousands of Euro, unless otherwise stated)

2. LEGAL FRAMEWORK (CONTINUED)

- Reconnections free of charges for consumers whose connection was terminated until January 31, 2015, as well as settlements of overdue billings.
- The terms and conditions for settling overdue billings, are agreed, according to contracts between the Ministry of Labor and Social Solidarity and the electricity suppliers.
- The monetary value of the above mentioned benefits, will not affect any other income prerequisites set out in order to receive any other social or welfare benefits.

The eligibility criteria for the beneficiaries of the benefits, according to the law's provisions, are specified in the Joint Ministerial Decision 494 (OG B' 577 / 09.04.2015). Specifically, the criteria related to the income thresholds for the beneficiaries were further amended by the Joint Ministerial Decision 1082 (FIN 22220 -OG B' 938/22.05.2015). The new Joint Ministerial Decision (Fin 861) amended the criteria regarding the beneficiaries for the free reconnection and supply of electricity, regardless of their inclusion or not in the Social Solidarity Tariff, as well the method of charging their consumption to the electricity bills.

- Law 4342/2015 was enacted (OG' A 143/09.11.2015) on the adaptation of Directive 2012/27/EU on energy efficiency. According to the provisions of the Law, the following are enacted a) a framework of actions for the promotion of energy efficiency so as for the country to contribute towards the achievement of the EU 2020 set target of twenty percent (20%) energy efficiency, as well as to pave the way for further energy efficiency improvements beyond 2020 and b) indicative national energy efficiency targets for 2020, measures for their promotion and, rules, aiming to overcome the energy market inefficiencies that impede the well-functioning of the supply and usage of electricity.

Especially for the Supply activities :

- Effective January 1, 2017, the energy efficiency obligation framework shall be enacted, which ensures that energy distributors and/or retail energy sales companies achieve a cumulative energy saving target at the end-use until December 31, 2020.
- Energy distributors and retail energy sales companies that are responsible for the installation, operation and maintenance of electricity, gas, heating, cooling and hot water for domestic consumption meters, are required to provide individual meters - reflecting the actual energy consumption and providing information on the actual time of use - to the final consumers in a competitive price. The costs for the installation of those meters may be considered eligible for final consumers in the context of the implementation of co-financed programs or other policy measures, as long as the conditions laid down in the relevant Union legislation are met.
- Effective January 1 2016, energy distributors and retail energy sales companies, are required, regardless of the installation or not of a smart metering system, to the extent that such data concerning the energy pricing and historical consumption of the final consumers is available, to provide them to an energy service provider designated by the final consumer on his request. Energy distributors and retail energy sales companies are required to post online the results of their actions to improve energy efficiency every six (6) months.

HELLENIC ELECTRICITY DISTRIBUTION NETWORK (HEDN)

- The distribution network operator (HEDNO), announced that the market opening for the electrical systems of Crete and Rhodes begins from 01.09.2015 under the provisions of the Non-interconnected Islands (NII) Code. The announcement determines the process of activating a Load Representative's participation contract, as a Supplier in the NII, as well as the process of initiating the operation of said Load Representative per NII system. It is noted that, per HEDNO'S announcement, any Load Representative, already operating in an NII system or several NII systems and wishing to operate in any other NII system whenever that is allowed in the near future, is to be treated as a new Load Representative for that system and should follow, in a similar way, the process of its operation initiation in the new NII system.
- Concerning the Non Interconnected Islands Code and the Action Plan of the HEDNO for the implementation of the necessary infrastructure, the implementation time schedule is extended regarding certain actions and activities, by almost a semester compared to the provisions of the NII Code. In any case, the NII Operator must complete the installation and certification of all the Systems including I.T. so that all the Code's provisions to be fully implemented till the 1st semester of 2020 (RAE Decision 330/2015).

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2. LEGAL FRAMEWORK (CONTINUED)

- The HEDNO created a new web application for property fees, which upgrades and modernizes the communication with the Municipalities. The new web application will replace the real estate data changes of all Greece's Municipalities delivery method (by post) to HEDNO, drastically reducing bureaucracy and delays. Using security credentials, all the Municipalities will be able to input data modification files, to check any erroneous entries and make the necessary corrections.
- With Decision 373/2015, RAE approved the Concession Contract concerning the management of the Hellenic Electricity Distribution Network, jointly submitted by the Owner and the Operator, setting the obligation for both the Owner and the Operator to jointly maintain a concession contract for the management of the HEDN, exclusively for the regulation of issues concerning the calculation and payment method of the annual compensation due to the Owner of the HEDN. This compensation is part of the total annual revenue of the distribution activity that HEDNO receives through the HEDN use tariffs.

CODES AND MANUALS

- Following IPTO's proposal, unit charges, uplift coefficients and other parameters were determined for calculating the non-compliance charges, due to irregular offers and declarations for the calendar year 2015 (RAE Decision 1/2015). Specifically, for 2015, the numeric value for the tolerance BAL_TOL is amended, while the remaining numerical values of the coefficients/parameters used in the calculation of the non-compliance Charges remain unchanged.
- According to RAE's Decision 253/2015 (OG B' 1965/11-9-2015) the Manual for the Market Settlement is amended concerning : a) the calculation of the charge for the cross-border trade for each allocation period to include charges for the cost of losses as well as infrastructure usage for the cross-border trade with Turkey, b) the calculation methodology of the required revenue of IPTO so that amounts for Interconnection Rights minus costs for services rendered relating to the concession of electricity transmission rights in the interconnections of the Hellenic System with those of neighboring countries, to reduce the Required Revenue. and c) the special fee for the CO₂ emissions reduction (ETMEAR), so that collected amounts from load Representatives regarding ETMEAR, PSOs, System use and the Transitional Assurance Capacity Mechanism to be recovered by IPTO within the second month after the end of the month in which those amounts relate.

PUBLIC SERVICE OBLIGATIONS (PSOs)

- The highest annual customer charge per consumption point, covering PSOs charges for the year 2015, was set to 793,525 Euro (RAE Decision 106/2015). That limit is being annually readjusted according to the respective annual change of the consumer prices index, as published by the Hellenic Statistical Authority.

ETMEAR – SPECIAL FEE FOR THE REDUCTION OF CO₂ EMISSIONS (ex RES Fee)

- Following L.4254/2014, RAE began monitoring the progress of integrating the necessary procedures for the implementation of the above mentioned Law's provisions as well as assessing the effects of the implementation, taking into account data provided by the Monthly Bulletin Monitoring of the Special Account of EMO SA, by monthly calculating and making publicly known, both inputs and outputs relating to the balancing of the Special Account.
In the context of the above mentioned monitoring, RAE's Decision (772/2014) was issued where ETMEAR's allocation coefficients are readjusted and increased as well as the relative charges per customer category, effective from 01.01.2015, aiming to a total ETMEAR amount – for the year 2015 - of Euro 1,048.35 mil.
Following this decision, Law 4324/2015 annulled the above mentioned decision by RAE, stating that, for the year 2015, the unit charges for the ETMEAR will remain unchanged at the level set for the year 2014. This regulation will be applied retroactively from 1.1.2015. The amounts that have already been charged by electricity suppliers, in excess of the law's provisions, will be recalculated and any resulting differences will be offset or included in the corresponding ETMEAR fee, in the next clearing bill.
- The highest annual customer charge per consumption point, covering ETMEAR charges is being annually readjusted according to the annual change of the consumer prices index, as published by the Hellenic Statistical Authority. That charge, for the year 2015, was set to 978,117 Euro (RAE Decision 105/2015) due to the 1.3% decrease of the average consumer prices index for the year 2014 compared to that of 2013.

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2. LEGAL FRAMEWORK (CONTINUED)

OTHER ISSUES

- In December 2011, the EU adopted Regulation 1227/2011 on the integrity and transparency of the wholesale energy market (Regulation on Wholesale Energy Markets Integrity and Transparency - REMIT). The REMIT Regulation applies to wholesale energy products' trading and sets the framework for identifying and avoiding abusive practices affecting wholesale energy markets establishing rules for the obligatory publication of trading energy products details in the wholesale market. In this context EMO started the registration process with ACER («Agency for the Cooperation of Energy Regulators»), in order to be included in the list of the Registered Reporting Mechanisms (RRMs). The registration process was successfully completed and EMO was certified and included in the list, given the ACER code B0000118K.GR.
EMO, as an RRM, is ready to undertake on behalf of the Participants, following an enforced agreement to EMO, in order to be able to meet the reporting requirements to ACER ("REMIT Reporting Service Agreement v0.2"), the obligation of sending the relevant transaction reports for the Greek wholesale electricity market, thus satisfying the REMIT regulation requirements.
- The platform CEREMP (Central European Registry of Energy Market Participants) was enabled for the registration of participants in the wholesale energy markets according to the provisions of the REMIT Regulation (RAE Announcement 02.27.2015).
- After the appointment of EMO as the Competent Body for the granting of aid in undertakings exposed in significant risk of carbon leakage due to the cost of the Rights of the EU Emissions Trading Scheme, which is passed on electricity price (aid for indirect emissions cost) (Joint Ministerial Decision 21906 - OG B'3304/09.12.2014), the Annual Compensation Settlement was announced for the year 2014. Eligible companies may be informed for the results concerning them through their authorized verification Bodies, registered in the "Verification Bodies Register" of EMO S.A.
- In accordance with PPC's recommendation to RAE the uplift percentages on PPC supply tariffs, in its capacity as Supplier of Last Resort, for its third year of the service are decreased as follows (RAE Decision 212/2015):
 - (a) by 5% for HV customers on the wholesale market cost
 - (b) by 10% for MV customers on the valid MT customers PPC tariffs (it was 12%)
 - (c) by 10% for LV customers on the valid LV customers PPC tariffs (it was 12%)The uplift percentage on PPC's supply tariffs, in its capacity as Universal Service Provider, is also maintained for its third year of the service (RAE Decision 213/2015), i.e. 12% on the applicable PPC tariffs for specific customer categories (Residential customers and small businesses with power supply up to 25kVA).
- RAE's contribution fees imposed on businesses operating in the energy sector are adjusted annually, according to the annual change in the consumer price index, as published by the Hellenic Statistical Authority. Due to the decrease of 1.3% of the average consumer price index for 2014 compared with that of 2013, the amount of the annual contribution fee charged to suppliers, depending on the total amount of their customers energy absorbed by the System or by the Network, is set to 0.07€ per absorbed MWh for 2015 (RAE Decision 147/2015). The corresponding amount imposed on electricity generators is set to 8.16€ per MW of max net capacity.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

Basis of preparation of financial statements

The accompanying interim condensed consolidated and separate financial statements for the nine month period ended September 30, 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting" which defines the form and the content of the interim financial statements. The accompanying financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the latest annual financial statements as at December 31, 2014 made publicly available.

The accompanying financial statements have been prepared under the historical cost convention (except for tangible assets, financial assets "held – for – sale" and derivative financial assets that have been measured at fair value), assuming that PPC and its subsidiaries will continue as a going concern. The financial

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3.2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

statements are presented in thousands of Euro and all values are rounded to the nearest thousand, except when otherwise indicated.

Approval of Financial Statements: The Board of Directors approved the accompanying financial statements, on November 26th, 2015.

3.2 CHANGES IN ACCOUNTING POLICIES

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

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

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

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

The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

• **IFRS 9 Financial Instruments and subsequent amendments to IFRS 9 and IFRS 7– Classification and measurement**

The standard is applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. IFRS 9 replaces the provisions of IAS 39, relating to classification and measurement of financial assets and financial liabilities, and also includes a model for expected credit losses, which replaces the model of realized credit losses currently applicable. The standard introduces an approach for hedge accounting based on principles, addressing the inconsistencies and weaknesses of the current IAS 39. The standard has not yet been endorsed by the EU. The management of the Group is in the process of assessing the impact of this standard on the Group's financial statements.

• **IFRS 11 Joint arrangements (Amendment)**

The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment requires of an investor to apply the acquisition method (according to IFRS 3) when acquiring a participation in a joint activity that is a business). The amendment has not yet been endorsed by the EU. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

• **IFRS 14 Regulatory Deferral Accounts**

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

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3.2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the EU. The management of the Group is in the process of assessing the impact of this amendment on the Group's financial statements.

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

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

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

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

• **IFRS 10, IFRS 12 and IAS 28: Investment Entities - Applying the Consolidation Exception (Amendments)**

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

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

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

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3.2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

- The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015.
 - **IFRS 2 Share-based Payment:** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
 - **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
 - **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
 - **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
 - **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
 - **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
 - **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The **IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015.

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

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

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

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3.2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

- **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

4. SEASONALITY OF OPERATIONS

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

5. INCOME TAXES (CURRENT AND DEFERRED)

	Group		Company	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Current income taxes	130,828	44,204	122,151	37,723
Deferred income tax - Effect of change in tax rate	25,596	-	26,119	-
Deferred income tax	(101,613)	13,175	(118,041)	(8,677)
Additional taxes	2,604	244	2,604	244
Total income tax expense	57,415	57,623	32,833	29,290

According to L. 4334/2015, the income tax rate for legal entities residing in Greece, increased to 29% from 26%, while at the same time the tax prepayment increased to 100% from 80%. The new tax rate is effective January 1, 2015 while the increase concerning the tax prepayment, based on the provisions of L. 4336/2015, is effective from January 1, 2014.

Tax returns for the companies residing in Greece are filed annually but profits or losses declared for tax purposes remain provisional until such time, as the tax authorities audit the returns and the records of the company and a final assessment is issued. The Group establishes a provision, if deemed necessary, on a per case and per company basis, against an event of additional taxes being imposed by the tax authorities.

Based on the applicable Income Tax Code, which is in effect since the fiscal year 2011, the certified auditors issue an "Annual Tax Compliance Report" after conducting a tax audit at the same time with the financial audit. The tax audit is conducted on specific tax areas, determined by an audit program, in accordance to the provisions of the tax law. Audit matters which are not covered by the above mentioned decision are dealt in accordance to ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

The Group's companies that are subject to the above mentioned provisions are: PPC S.A., IPTO S.A., HEDNO S.A., and PPC Renewables S.A.

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

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

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

Company	Country	Unaudited tax years since
- PPC (Parent Company)	Greece	2009
- PPC Renewables S.A.	Greece	2012
- HEDNO S.A.	Greece	2012
- IPTO S.A	Greece	2009
- Arkadikos Ilios Ena S.A.	Greece	2007
- Arkadikos Ilios Dio S.A.	Greece	2007
- Iliako Velos Ena S.A.	Greece	2007
- Iliako Velos Dio S.A.	Greece	2007
- SOLARLAB S.A.	Greece	2007
- Iliaka Parka Ditikis Makedonias Ena S.A.	Greece	2007
- Iliaka Parka Ditikis Makedonias Dio S.A.	Greece	2007
- PPC FINANCE PLC	United Kingdom	2009
- PPC QUANTUM ENERGY LTD	Cyprus	2011
- PPC BULGARIA JSCo	Bulgaria	2014
- PPC Elektrik Tedarik ve Ticaret A.S.	Turkey	2014
- PHOIBE ENERGIAXH S.A.	Greece	2007

As at 31.12.2013, the Parent Company recognized a deferred tax liability on the difference between the accounting and tax basis of the value of its investment in the subsidiary IPTO S.A. More specifically, the value of the investment in PPC's tax books amounts to Euro 38,444, while the respective value in the accounting books amounts to Euro 916,376. By applying on the difference of Euro 877,932 the 2013 applicable income tax rate of 26%, a deferred tax liability of Euro 228,262 was derived. On September 2015, due to the income tax rate change from 26% to 29%, the deferred tax liability was adjusted to Euro 254,600, while the difference of Euro 26,338 was charged to the current income statement.

Part of this surplus value arising in the tax books, of an amount of Euro 589,615, originates from the reserve of Law 2941/2001 relating to the spanned off Transmission segment which was transferred to IPTO S.A. in its capacity as a sole successor. In accordance to paragraph 3, case (6), of article 98 of Law 4001/2011, all tax or accounting transactions which were conducted by PPC and related to the segment and which relate to future benefits or liabilities, are transferred to IPTO S.A.

Consequently, upon the disposal of IPTO S.A. and the payment by the Parent Company of the respective income tax deriving from the difference between the sale consideration and the tax book value, the reserve of Law 2941/2001 (Euro 589,615) is considered as taxed and thus IPTO S.A. in its capacity as a sole successor of PPC S.A., is eligible to transfer this reserve to retained earnings and thus making it available for distribution without payment of any additional income taxes.

6. INVESTMENTS IN SUBSIDIARIES

The Parent Company's subsidiaries and the respective participation carrying amounts are as follows:

	Company	
	30.09.2015	31.12.2014
IPTO S.A	916,376	916,376
HEDNO S.A.	56,982	56,982
PPC Renewables S.A.	155,438	155,438
PPC FINANCE PLC	59	59
PPC BULGARIA JSCo	522	522
PPC ELEKTRIK TEDARIK VE TICARET A.S	1,350	687
PPC Quantum Energy Ltd	51	-
Total	1,130,778	1,130,064

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6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In July 2015, the increase of the share capital of its wholly owned subsidiary PPC ELEKTRIK TEDARIK VE TIC, by Euro 663, was decided by the Parent Company. The additional share capital amount was paid in August 2015.

Moreover, in August 2015, the Parent Company proceeded to the initial payment of the share capital of its 51% subsidiary PPC QUANTUM ENERGY LTD which amounted to Euro 51 (Note 12.7).

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

Name	Ownership Interest		Country and Year of Incorporation	Principal Activities
	30.09.2015	31.12.2014		
PPC Renewables S.A.	100%	100%	Greece - 1998	RES
HEDNO S.A.	100%	100%	Greece - 1999	HEDN
IPTO S.A.	100%	100%	Greece - 2000	HETS
Arkadikos Ilios Ena S.A.	100%	100%	Greece - 2007	RES
Arkadikos Ilios Dio S.A.	100%	100%	Greece - 2007	RES
Iliako Velos Ena S.A.	100%	100%	Greece - 2007	RES
Iliako Velos Dio S.A.	100%	100%	Greece - 2007	RES
Solarlab S.A.	100%	100%	Greece - 2007	RES
Iliaka Parka Ditikis Makedonias Ena S.A.	100%	100%	Greece - 2007	RES
Iliaka Parka Ditikis Makedonias Dio S.A.	100%	100%	Greece - 2007	RES
PPC Finance PLC	100%	100%	UK - 2009	Financing Services
PPC Quantum Energy Ltd	51%	51%	Cyprus, 2011	Engineering, construction and operation of a power plant
PPC BULGARIA JSCo	85%	85%	Bulgaria - 2014	Supply of power
PPC Elektrik Tedarik ve Ticaret A.S.	100%	100%	Turkey - 2014	Supply of power
PHOIBE ENERGIAKI S.A	100%	100%	Greece -2007	RES

7. INVESTMENTS IN ASSOCIATES

The Group's and the Parent Company's associates as of September 30, 2015 and December 31, 2014 are as follows (equity method):

	Group		Company	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Larco S.A.	-	-	-	-
PPC Renewables ROKAS S.A.	2,191	2,326	-	-
PPC Renewables TERNA Energiaki S.A.	2,210	2,297	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	1,623	1,639	-	-
PPC Renewables MEK Energiaki S.A.	1,467	1,241	-	-
PPC Renewables ELTEV AIFOROS S.A.	2,426	2,292	-	-
PPC Renewables EDF EN GREECE S.A.	11,145	10,683	-	-
Aioliko Parko LOYKO S.A.	26	28	-	-
Aioliko Parko MBAMBO VIGLIES S.A.	29	31	-	-
Aioliko Parko KILIZA S.A.	29	30	-	-
Aioliko Parko LEFKIVARI S.A.	34	35	-	-
Aioliko Parko AGIOS ONOUFRIOS S.A.	35	36	-	-
Renewable Energy Applications LTD	29	27	-	-
WASTE SYCLO S.A.	63	26	221	162
PPC Solar Solutions A.E.	975	974	980	980
	22,282	21,665	1,201	1,142

In September 2015, the Parent Company participated in the share capital increase of its associate (49%) Waste Syclo S.A. by Euro 59.

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6. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

Name	Note	Ownership Interest		Country and year of Incorporation	Principal Activities
		30.09.2015	31.12.2014		
Larco S.A.		11.45%	11.45%	Greece - 1989	Metallurgical
PPC Renewables ROKAS S.A.		49.00%	49.00%	Greece - 2000	RES
PPC Renewables TERNA Energiaki S.A.		49.00%	49.00%	Greece - 2000	RES
PPC Renewables NANKO Energy - MYHE Gitani S.A.		49.00%	49.00%	Greece - 2000	RES
PPC Renewables MEK Energiaki S.A.		49.00%	49.00%	Greece - 2001	RES
PPC Renewables ELTEV AIFOROS S.A.		49.00%	49.00%	Greece - 2004	RES
PPC Renewables EDF EN GREECE S.A.		49.00%	49.00%	Greece - 2007	RES
EEN VOIOTIA S.A.	1	46.60%	46.60%	Greece - 2007	RES
Aioliko Parko LOYKO S.A.		49.00%	49.00%	Greece - 2008	RES
Aioliko Parko MAMBO VIGLIES S.A.		49.00%	49.00%	Greece - 2008	RES
Aioliko Parko KILIZA S.A.		49.00%	49.00%	Greece - 2008	RES
Aioliko Parko LEFKIVARI A.E.		49.00%	49.00%	Greece - 2008	RES
Aioliko Parko AGIOS ONOUFRIOS S.A.		49.00%	49.00%	Greece - 2008	RES
Renewable energy applications LTD		49.00%	49.00%	Cyprus - 2010	RES
Waste Syclo S.A.		49.00%	49.00%	Greece - 2011	Waste Management
PPC Solar Solutions S.A.		49.00%	49.00%	Greece - 2014	RES

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

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

PPC balances with its subsidiaries and its associates as of September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015		December 31, 2014	
	Receivables	(Payables)	Receivables	(Payables)
Subsidiaries				
- IPTO S.A.	63,515	(719,354)	306,804	(1,058,258)
- PPC Renewables S.A.	1,420	(837)	5,583	(837)
- HEDNO S.A.	205,763	(419,018)	75,696	(192,711)
- PPC Finance Plc	-	(15,544)	-	(6,171)
- PPC Elektrik	707	(252)	-	-
- PPC Bulgaria	-	(934)	-	-
	271,405	(1,155,939)	388,083	(1,257,977)
Associates				
LARCO (energy, lignite and ash)	261,669	-	229,321	-
	261,669	-	229,321	-

PPC's transactions with its subsidiaries and associates, for the period ended September 30, 2015 and September 30, 2014 respectively are as follows:

	30.09.2015		30.09.2014	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
Subsidiaries				
- IPTO S.A..	92,834	(1,025,420)	456,607	(1,600,043)
- PPC Renewables S.A.	2,474	-	2,565	-
- HEDNO S.A.	988,020	(1,514,815)	1,089,931	(1,599,414)
- PPC Finance Plc	-	(27,872)	-	(24,572)
- PPC Elektrik	770	(2,208)	-	-
- PPC Bulgaria	-	(934)	-	-
	1,084,098	(2,571,249)	1,549,103	(3,224,029)
Associates				
LARCO S.A.	52,677	(3,333)	61,399	(7,473)
	52,677	(3,333)	61,399	(7,473)

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8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

As of 30.09.2015, the Parent Company has guaranteed for a total credit line of up to Euro 8 mil., through overdraft facilities. As of 30.09.2015 PPC Renewables S.A. has used from the above mentioned credit line an amount of Euro 875, which relates to letters of guarantees.

Guarantee in favor of the subsidiary IPTO SA

As of 30.09.2015, the Parent Company has guaranteed IPTO's bilateral loans for a total amount of Euro 325 mil. The above mentioned guarantee was approved by the Parent Company's Annual Shareholders' Meeting.

Transactions and balances with other companies into which the Greek State participates

The following table presents transactions and balances with Hellenic Petroleum ("ELPE S.A.") and National Gas Company ("DEPA S.A."), which are PPC's liquid fuel and natural gas suppliers respectively, and into which the Greek State participates. Furthermore, transactions and balances with the Electricity Market Operator ("EMO"), are presented.

	Purchases		Balance	
	30.09.2015	30.09.2014	30.09.2015	31.12.2014
ELPE, purchases of liquid fuel	93,197	113,164	9,836	4,416
DEPA, purchases of natural gas	206,353	249,763	39,836	29,987
	299,550	362,927	49,672	34,403

	30.09.2015		31.12.2014	
	Receivables	(Payables)	Receivables	(Payables)
EMO S.A.	165,261	(42,608)	166,038	(65,349)

	30.09.2015		30.09.2014	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
EMO S.A.	1,488,109	(1,991,961)	1,644,769	(2,123,167)

In addition to the above mentioned transactions, PPC enters into commercial transactions with many state-owned entities, both profit and nonprofit, within its normal course of business (sale of electricity, services received, etc.). All transactions with government owned entities are performed at arm's length terms.

Management remunerations

Management's remuneration (Board of Directors and General Managers) for the nine month period ended September 30, 2015 and 2014 are as follows:

	GROUP		COMPANY	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
<u>Remuneration of Board of Directors' members</u>				
- Remuneration of executive members	204	171	41	43
- Remuneration of non-executive members	32	55	-	-
- Compensation / Extraordinary fees	27	27	-	-
- Employer's Social Contributions	44	38	-	-
- Other Benefits	76	64	61	64
	383	355	102	107
<u>Remuneration of Deputy Managing Directors and General Managers</u>				
- Regular remuneration	496	513	411	470
- Employer's Social Contributions	153	166	124	151
- Compensation / Extraordinary fees	-	-	-	-
	649	679	535	621
Total	1,032	1,034	637	728

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8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Remuneration to members of the Board of Directors, does not include standard salaries and employer's social contribution, relating to the representatives of employees that participate in the Parent Company's Board of Directors. Also, it does not include the benefit of the electricity supply based on the PPC personnel tariff to the Board of Director members, the Deputy Managing Directors and the General Managers.

9. NET BORROWING

During the nine month period ended September 30, 2015, the Group proceeded to debt repayments amounting to Euro 177.8 mil. (Parent Company: Euro 173 million)

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

The loans and borrowings of the Parent Company and the Group as of 30.09.2015 are presented in the following table:

	GROUP		COMPANY	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Bank Loans	2,351,588	2,388,538	2,204,231	2,271,406
Bonds Payable	3,003,260	3,087,959	2,713,158	2,797,856
Unamortized portion of loans' issuance fees	(38,347)	(43,478)	(38,300)	(43,292)
Total long term loans and borrowings	5,316,501	5,433,019	4,879,089	5,025,970
Less current portion				
- Bank Loans	163,277	133,305	136,253	104,196
- Bonds Payable	456,991	456,991	166,879	166,879
Unamortized portion of loans' issuance fees	(8,728)	(8,768)	(8,681)	(8,582)
Total current portion of loans and borrowings	611,540	581,528	294,451	262,493
Non-current portion of loans and borrowings	4,704,961	4,851,491	4,584,638	4,763,477
Short term borrowings	127,016	97,016	80,000	50,000
Total loans and borrowings	5,443,517	5,530,035	4,959,089	5,075,970

Credit rating

As of September 30, 2015 PPC's credit rating from the rating houses of Standard and Poor's (S&P) and ICAP is set to "CCC-" with negative outlook and "C" respectively (31.12.2014 : credit rating of "B" from both rating houses).

PPC's credit rating downgrades from S&P during 2015, resulted following downgrades of the Greek State.

10. RESTATEMENTS AND RECLASSIFICATIONS

As at September 30, 2015, the Group and the Parent Company proceeded to the reclassification of comparative figures in the income statement, as follows:

	Group			Group		
	01.01-30.09.14 Published	Reclassification effect	01.01-30.09.14 Reclassified	01.07-30.09.14 Published	Reclassification effect	01.07-30.09.14 Reclassified
Other Sales	(137,842)	1,543	(136,299)	(51,054)	1,543	(49,511)
Other (income)/expenses	393,144	(1,543)	391,601	168,352	(1,543)	166,809
	Parent Company			Parent Company		
	01.01-30.09.14 Published	Reclassification effect	01.01-30.09.14 Reclassified	01.07-30.09.14 Published	Reclassification effect	01.07-30.09.14 Reclassified
Other Sales	(98,202)	(8,299)	(106,501)	(35,378)	(8,299)	(43,677)
Other (income)/expenses	272,977	8,299	281,276	121,960	8,299	130,259

The above reclassifications were made for comparison reasons and to provide better understanding of the financial statements.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair value and fair value hierarchy

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

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

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

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

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

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

Group	Carrying amount		Fair value	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Non - financial Assets				
Property, plant and equipment	13,651,567	13,689,537	13,651,567	13,689,537
Financial Assets				
Trade receivables	2,088,203	1,772,670	2,088,203	1,772,670
Restricted cash	135,023	144,720	135,023	144,720
Cash and cash equivalents	367,416	434,511	367,416	434,511
Financial Liabilities				
Long-term borrowings	5,316,501	5,433,019	5,201,309	5,314,018
Trade payables	1,715,241	1,672,772	1,715,241	1,672,772
Short term borrowings	127,016	97,016	127,016	97,016

Parent Company	Carrying amount		Fair value	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Non - financial Assets				
Property, plant and equipment	11,822,271	11,902,455	11,822,271	11,902,455
Financial Assets				
Trade receivables	1,932,821	1,638,789	1,932,821	1,638,789
Restricted cash	135,023	144,720	135,023	144,720
Cash and cash equivalents	118,602	248,318	118,602	248,318
Financial Liabilities				
Long-term borrowings	4,879,089	5,025,970	4,763,897	4,906,969
Trade payables	1,570,063	1,601,802	1,570,063	1,601,802
Short term borrowings	80,000	50,000	80,000	50,000

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

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

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

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

As at September 30, 2015, the Group and the Parent Company held the following financial instruments measured at fair value:

Group and Parent Company Financial Assets	Fair value		Fair value Hierarchy
	30.09.2015	31.12.2014	
Investments available for sale	1,261	2,394	Level 1
Financial derivative instruments	(1,353)	(3,565)	Level 2

Macroeconomic conditions in Greece – Imposition of capital Controls

By the Legislative Act of 28.06.2015 (OG 65 A / 28.06.2015) a bank holiday was declared while capital controls were imposed. The bank holiday ended on 20.07.2015, while capital controls remain in effect. Capital controls include a daily limit for all ATM withdrawals and restrictions on payments abroad, consequently, affecting domestic transactions and transactions with foreign suppliers and creditors. Thus, part of household customers, corporate customers and of the public sector delay their obligations payment, adversely affecting the Group's and the Parent Company's cash flows. Moreover, a significant part of the Group's and the Parent Company's debt is due to financial institutions abroad. While capital controls imposed currently remain in force, the Group and the Parent Company are required to seek the approval of the competent authorities in order to use cash to serve their debt. Finally, the Group's and the Parent Company's operations depend to a significant extent from foreign suppliers. As long as capital controls imposed remain in force, the Group and the Parent Company are required to seek the approval of the competent authorities to use available cash to serve payments to suppliers abroad.

The lack of liquidity of the Greek banking sector which led to the imposition of capital controls, as well as uncertainty arising from the Greek Fiscal crisis, has exacerbated economic uncertainty in Greece, which has and may in the future continue to have adverse effects on the operation, the activity, the financial condition and the liquidity of the Group and the Parent Company.

On August 14, 2015, the Greek Parliament passed Law 4336/2015 on the Third Program on the Greek Economy Support, amounting to Euro 86 bil. where the disbursement of the amount is provided in installments upon achieving specific objectives. The first two packages of prerequisite measures are already been approved by the Greek Parliament.

In case of non-implementation of the support program, is not possible to assess accurately any further impact on the Greek economy and the impact on the activities, the operating results, the financial condition and the cash flows of the Group and the Parent Company.

12. COMMITMENTS, AND CONTINGENCIES

12.1. OWNERSHIP OF PROPERTY

Key issues relating to the ownership of the Group's assets are as follows:

1. The Parent Company has completed the registration of its property through a fixed assets registry. These assets (almost entirely) are registered at the relevant land registries over the country and the cadastral application is monitored. The update of the existent in the company new integrated information system for fixed assets management is in progress.
2. In a number of cases, expropriated land, as presented in the expropriation statements, differs (in quantitative terms), with what the Parent Company considers as its property.
3. Agricultural land acquired by the Parent Company through expropriation in order to be used for the construction of hydroelectric power plants, will be transferred to the State at no charge, following a decision of the Parent Company's Board of Directors and a related approval by the Ministry of Development, if such land is no longer needed by the Parent Company for the fulfilment of its purposes.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Property, plant and equipment of the Group are located all over Greece. Currently, the Group does not carry any form of insurance coverage on its property, plant and equipment (except for its information technology equipment) resulting to the fact that if a sizable damage is incurred to its property, it might affect its profitability. Materials, spare parts as well as liabilities against third parties are not insured. The Group is currently evaluating the possibility – in the newly formed legal framework- to conduct a tender for the selection of an insurance company to cover for its assets as well as liabilities against third parties.

12.2. LITIGATION AND CLAIMS

The Group is a defendant in several legal proceedings arising from its operations. The total amount claimed as at September 30, 2015 amounts to Euro 1,610 mil. as further detailed below:

- 1. Claims with contractors, suppliers and other claims:** A number of contractors and suppliers have raised claims against the Company.
These claims are either pending before courts or under arbitration and mediation proceedings. The total amount involved is Euro 668 mil. In most cases the Group has raised counter claims, which are not reflected in the accounting records until the time of collection.
- 2. Fire incidents and floods:** A number of individuals have raised claims against the Company for damages incurred as a result of alleged electricity-generated fires and floods. The total amount involved is Euro 43 mil. and Euro 11 mil., respectively.
- 3. Claims by employees:** Employees are claiming the amount of Euro 198 mil., for allowances and other benefits that according to the employees should have been paid by PPC.
- 4. Litigation with PPC Personnel Insurance Organization (PPC-PIO) (in Greek it is “OAP-DEI” i.e. PPC’s Social Security Fund):** Until September 30, 2015, PPC Personnel Insurance Organization (former “PPC PIO”, TAYTEKO/IKA at present) had filed, before the courts, seven (7) lawsuits against PPC, claiming an amount in total of Euro 87.7 mil, of which six (6) are pending for a total amount of Euro 28.3 mil.
- 5. General Federation of PPC Personnel (GENOP DEI) and PanHellenic Federation of Retirees’ (POS DEI) lawsuit against PPC**
GENOP DEI and POS DEI have filed a lawsuit against PPC in the Multimember Court of First Instance in Athens. By the above mentioned lawsuit they pursue that PPC will be obliged to pay to third parties, who are not litigants, in particular the insurance funds of IKA – ETAM and TAYTEKO the amount of Euro 634.8 mil. plus interest, for the coverage of the resource, which according to the lawsuit, the State did not pay to the above mentioned insurance funds for the years 2010 and 2011. The lawsuit was scheduled to be heard in the Multimember Court of First Instance in Athens on September 18th, 2014 but it was postponed for February 23, 2017. In view of the fact that the above mentioned lawsuit is based on admissions which are in contrast with the provisions of Decision 13/2010 of the Supreme Court and Decision 668/2012 of the Athens Court of Appeals, the Parent Company considers that the possibilities of an adverse outcome for PPC, for the lawsuit in question, are minimal and therefore, has not formed a provision.
- 6. PPC’s lawsuit against ETAA (former TSMEDE)**
ETAA (former TSMEDE) by its Decision 7/2012 has imposed on PPC the amount of Euro 27.4 mil. in application of article 4 of L. 3518/2006, as employer contributions due to the Main pension Branch for the period 01.01.2007 – 30.04.2012 and pertaining to the engineers insured before 01.01.1993 to the above mentioned Insurance Fund, that have been employed by PPC for the above mentioned period.
Against the above mentioned 7/2012 decision of the Insurance Fund in question, PPC has filed the 05.09.2012 appeal to the Athens Administrative Court of First Instance. The discussion of the appeal took place on 03.11.2014 and the issuance of a decision is expected.
Since its employees – who are engineers- are insured mandatorily to PPC’s Insurance Fund based on L. 4491/1966, thus resulting to PPC paying on their behalf to the above mentioned Insurance Fund the corresponding employer contributions while insurance for the above mentioned engineers in ETAA is optional and is done by choice, with them paying the corresponding insurance contributions provided for engineers that are independently employed, the Parent Company considers that the possibilities of a negative outcome of its appeal are minimal and therefore has not established a provision.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

7. Lawsuits against HEDNO

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

8. Annulment requests against the request for proposal (RfP) by PPC S.A. for the sale of 66 % IPTO's shares

Two annulment requests have been filed (one of them includes an application of interim measures) against PPC's RfP for the sale of 66% of IPTO's (PPC's subsidiary) shares. The first request has been filed by five trade unions and the second has been filed by the PanHellenic Federation of Retirees' (POS DEI). The above mentioned requests were discussed in front of the Council of State's Plenary Session on December 5, 2014 and a decision is pending. It is noted that apart from the above mentioned annulment requests, a relevant lawsuit is pending in the civil courts with a court date of 11/05/2016 (the interim measures hearing has taken place on October 14, 2014 for which a rejection decision (247/2014) was issued) for the annulment of PPC's BoD decision concerning the RfP

9. Lawsuits of IPTO against PPC.

IPTO has filed against PPC, two lawsuits for a total amount of Euro 540 mil. for amounts due – according to IPTO- by the Parent Company's participation in the wholesale electricity market.

In particular:

- By its first lawsuit IPTO is asking for an amount of Euro 242.7 (with interest) for past due amounts which the Parent Company collects from supply bills and conveys to IPTO, that in turn conveys them to EMO (LAGIE). Total interest on the above mentioned claims amounts to Euro 22.5 mil.
- By its second lawsuit, IPTO is asking for the payment of Euro 232.6 mil. (with interest) for past due amounts which the Parent Company collects from supply bills and conveys to IPTO. Total interest on the above mentioned claims amounts to Euro 40.6 mil.

The lawsuits are scheduled to be heard on May 18, 2017 in the Multimember Court of First Instance in Athens. The Parent Company considering the possibility of paying interest on part of IPTO's past due claims, has established a provision of Euro 30.3 mil. It is noted that PPC will file lawsuits against IPTO as well.

For the above amounts the Group and the Parent Company have established adequate provisions, which as at September 30, 2015 amounted approximately to Euro 176 mil. and 112 mil., respectively (30.09.2014: Euro 153 mil. for the Group and 75 mil. for the Parent Company), which are considered adequate for the expected losses, possibly resulting by the above mentioned cases' final judgement.

PPC's relation to its personnel's Social Security Funds

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

Litigations Risk

The Group and the Parent Company are involved in several legal proceedings arising from their operations, and any adverse outcome against PPC or any other of the Group's companies may have a negative impact on their business, financial condition and reputation.

In addition, as a majority state owned utility, the Group is subject to laws, rules and regulations designed to protect the public interest, such as of public procurement or environmental protection. Violation of legislation, rules or regulations, entail, among others, criminal sanctions for the Board of Directors members and executive officers as well as the employees of the companies and utilities that are subject to those rules.

Simultaneously, the Group is one of the largest industrial groups in Greece, with complex activities and operations across the country. In the ordinary course of its business, from time to time, competitors, suppliers, customers, owners of property adjacent to the Group's properties, media outlets, activists, and ordinary citizens, raise complaints (even to public prosecutors) about the Group's operations and activities, to the extent they feel that such activities and operations cause or are likely to cause economic damage to their views and/or interests, businesses or properties and, in the context of advancing those complaints, they often file criminal complaints against the Group with the public prosecutor on a variety of grounds and allegations or make public allegations in the press, which the public prosecutor is obligated to investigate further before they decide further actions, including the closing of the case for lack of any conclusive

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

evidence. These practices have intensified during the recent economic crisis, as public prosecutors and the general public have generally become more sensitive to similar allegations, especially against companies in which the Hellenic Republic is a major shareholder and are viewed as operating in the public interest.

As a result, the Group and the Parent Company, their Board of Directors members and directors, are presently and from time to time, and could be in the future, subject to various criminal or other investigations at various stages of procedural advancement on a variety of grounds arising in connection with their activities in the ordinary course of business. These investigations and legal proceedings may be disruptive to the Group's and the Parent Company's daily operations to the extent that the officers and directors involved need to spend time and resources in connection therewith. They may also adversely affect the Group's and the Parent Company's reputation. To date, none of the proceedings initiated against the Group and the Group's officers or directors has resulted in any criminal convictions.

Litigation with "Alouminion of Greece" (ALOUMINION)

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

As the abovementioned Decision compels PPC to sell at a loss, PPC filed an action for invalidity against it, which was scheduled to be heard on 04.12.2014, and was postponed for 01.10.2015 and, in addition, submitted a complaint for state aid before the European Commission (December 2013).

The Commission, by a letter in June 2014, has notified PPC, that it does not intend to further examine the complaint, given that, according to the Commission, the complaint in question pertains to amounts, which were determined, following an arbitration by an arbitrary court, to which the parties resorted to, mutually, and therefore it cannot constitute a "vehicle" of state aid, since it is not a state entity. PPC has challenged the 22/8/2014 Commission's decision in front of the General Court of the European Union (case T-639/2014).

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

On 20.05.2015 the General Court of the European Union passed on to PPC an application by the European Community, by which the latter requests the dismissal of the above mentioned trial, which is pending following the T-639/14 complaint by PPC, reasoning that, a decision is no longer necessary, since the Commission has issued a subsequent decision dated 25.03.2015, replacing its previous decision dated 12.06.2015. The Court had set a deadline for PPC to answer by July 3rd, 2015, in relation to the above mentioned dismissal. PPC filed a relevant memo (July 3rd, 2015) in front of the General Court. It has also filed (on June 29th 2015) an action for annulment according to art. 263 of the Treaty for the Operation of the European Union, against the abovementioned decision of the Commission, dated 25.03.2015 [Case SA 38101 (2015/NN) (former 2013/CP)].

2. State Aid of Euro 17.4 mil.

Furthermore case C-590/14 P is pending, relating to PPC's petition for the annulment of the General Court's decision dated 8.10.2014 in case T-542/11 "ALOUMINION against Commission". This decision has annulled the Commission's decision dated 13.07.2011, which awarded to PPC an amount of €17.4 mil., for an illegal state aid, as a result of the implementation of a favourable tariff for the period January 2007 – March 2008. PPC has filed a memo, answering both the Commission and ALOUMINION's claims in the case, before the General Court on August 3, 2015. A hearing date is pending. PPC submitted in October 2015 a written request to the Court, to hold before an audience a hearing, regarding the case, in accordance with Article 76.1 of the Court's Rules of Procedure.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

3. ALOUMINION does not accept tariffs for the High Voltage Customers, which were decided on PPC's 28.02.2014 General Shareholders' Meeting and proceeds with a partial payment of the amounts due to PPC for electricity consumption on its industrial installations, calculating, by its statement, the supply tariff of the energy consumed for the year 2014, on the basis of the 1/31.10.2013 Arbitration Decision.

In addition, ALOUMINION, in months of negotiations declined all tariffs proposed by PPC, since 2013, including the tariff decided by PPC's General Shareholders Meeting on 28.02.2014.

PPC by its Shareholders' General Meeting on 22.12.2014, decided that, as far as High Voltage Customers that have not accepted the tariff decided by its General Shareholders' Meeting on 28.02.2014: "the Management should have been committed to take measures against the companies not signing supply contracts for 2014". Following that, PPC proceeded on 02.01.2015 to an order for the deactivation of ALOUMINION's load meters and invited IPTO to proceed to all necessary actions. Following that ALOUMINION has filed the RAE I-191545/09.01.2015 complaint –application of interim measures- application of special regulatory measures against PPC, which was notified to IPTO. PPC asked that the complaint be dropped, ALOUMINION be ordered to proceed in the immediate payment of all amounts due and the infliction of administrative penalties to ALOUMINION. RAE, by its letter to PPC and IPTO –notified to ALOUMINION- recommended to all parties to not execute the above mentioned order of deactivation.

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

On 20.03.2015 a document of the Competition Committee (CC) was notified to PPC, by which CC asked the submission of PPC's views on a memo submitted by ALOUMINION, with which the latter asked the CC, on 25.02.2015, to apply interim measures (among others the suspension of PPC's complaint regarding its supply relationship dated 07.11.2013, as well as its January 2015 declaration of discontinuation of representation of ALOUMINION's meters). PPC has submitted the relevant data in time. The CC set 29.07.2015 as the hearing date. In the hearing, the CC has postponed the hearing for 25.09.2015 and has issued a decision for a temporary suspension of PPC's order to IPTO for the deactivation of ALOUMINION's load meters and PPC's abstention from any activity for the interruption of supply of energy to ALOUMINION, until the issuance of the decision by CC.

At the set date of the hearing (25.09.2015), CC interrupted the discussion of the case for 14.10.2015 (its next Meeting date) and granted to PPC a deadline for submitting a commitment proposal under the provision of par. 6 of article 25 of Law . 3959/2011 to CC until 08.10.2015, in order for the Committee to evaluate the commitments that PPC would undertake. This deadline was extended to 09.10.2015. On that date, PPC submitted the relevant commitments. The rapporteur recommended the commitments' rejection as expressed, due to the fact that (according to the recommendation) they were not adequate and sufficient. Following an oral hearing of the case on 15.10.2015, PPC submitted a new set of commitments undertaking that : a) within ten (10) days of the notification of the CC's decision, will proceed in recalling the order for the deactivation of ALOUMINION's load meters which has been sent by PPC to ALOUMINION and IPTO SA by its extrajudicial statements on 02.01.2015 and 19.01.2015 and b) that It will continue to supply electricity to ALOUMINION under the current terms and conditions, and the issue of ALOUMINION's electricity tariffs, will be the subject of direct negotiation between the parties or otherwise resolving the dispute. Negotiations should be completed within three (3) months from the date of CC's acceptance of the commitments. Meanwhile PPC will refrain from adopting, and generally taking any measures against ALOUMINION. Together with the commitments that PPC submitted, there is a reference that these commitments were submitted in accordance with the provision of par. 6 of Article 25 of Law. 3959/2011 and do not constitute an admission of any competition law's infringement from PPC's part. The notification of CC's relevant decision is expected.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Old Bank of Crete

The dispute with the old "Bank of Crete" is dating back to 1989, when the bank was under liquidation. More precisely, by a mandatory action of the then trustee of the Bank, PPC's deposits were mandatorily converted to stake-holding in the share capital of the Bank and to obligatory loan to the Bank. PPC by its July 22, 1991 lawsuit against the bank asked to be compensated for GRD 2.2 billion approximately, (Euro 6.5 mil.) for the reason that the above mentioned Act of the trustee of the Bank was held invalid.

Moreover, PPC had outstanding loan balances, received under six (6) loan agreements for which it was agreed upon to be repaid gradually. On June 10, 1991, although PPC has paid the overdue installments, the Bank has terminated all of the above mentioned loan agreements and thus on that date the claim against PPC became overdue for the whole amount of the loans.

For that reason, against PPC's above mentioned lawsuit, the Bank has proposed an offset of its claim resulting by the above mentioned loans, amounting to GRD 4 bil. approximately, and furthermore has asked the payment of this amount by PPC by its lawsuit dated 28.12.1995. The Court of First Instance has postponed the hearing of the Bank's lawsuit against PPC until the final outcome of the hearing, which started with PPC's lawsuit against the Bank.

The action was rejected by the Multimember Court of Athens and PPC appealed against the said Decision of the Court, which was also rejected by the Athens Appeal Court.

The above mentioned decision was brought to review by PPC before the Supreme Court, which accepted it and in consequence the case was again brought to trial before the Court of Appeals, which held that an expert report should be drawn up. After the compilation of the said expert report the Court's decision was held partially in PPC's favor (Court of Appeals decision 2005).

However, a petition for review before the Supreme Court was filed against the aforementioned Decision which was then accepted by the Supreme Court and then was resubmitted to the Court of Appeals which by its inconclusive decision (Nr 4093/2009) ordered the completion of the expert report.

The official expert report was completed at the end of May 2012.

Following that, the hearing of the case would have taken place on October 25, 2012, but it was postponed for September 26, 2013, due to the strike of both judges and lawyers. The case was heard on the abovementioned date and decision 3680/2014 of the Court of Appeals was issued, which only partially accepts PPC's lawsuit while essentially accepting the results of the ordered by the Court above mentioned official expert report, as following:

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

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

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

Complaint against the European Commission's Decision regarding lignite extraction rights

On May 13th, 2008, PPC filed before the General Court of the European Union (General Court), an application for the annulment of the Commission's decision of March 5, 2008 regarding the granting by the Hellenic Republic of lignite extraction rights to PPC.

The Greek State has intervened before the aforementioned Court in favour of PPC, while two competitors of PPC have intervened in favour of the European Commission. Furthermore, on August 4, 2009, the European Commission issued a decision (which was notified to PPC on August 7, 2009), in which the measures for the compliance with the decision of March 5, 2008 were defined as obligatory for the Hellenic Republic.

The Commission's Decision made obligatory for the Hellenic Republic the launching of public tender procedures for the concession of lignite rights for the mines of Drama, Ellassona, Vevi and Vegora to third parties excluding PPC, with the exception of those cases where there were no other valid and binding offers. The Hellenic Republic was also obliged, to ensure that the third parties that would be awarded the relevant extraction rights, would not sell to PPC the extracted lignite from the specific mines, with the exception of those cases where there would be no other valid and binding offers.

PPC submitted an application for the annulment of the said decisions of the Commission before the CFI of the European Communities. Furthermore, the Hellenic Republic has intervened before the CFI in the said proceedings, in favour of PPC. The hearing of the cases took place before the General Court on February 2, 2012. The General Court of the European Union on 20.9.2012 issued decisions for both cases.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

In particular, as far as case T-169/08 is concerned, the Court has ruled the following:

- State measures, which were in effect prior to the liberalization of the energy market, are preserved and continue to affect the lignite supply market, although PPC is not responsible for other companies failing to gain access to lignite reserves.
- PPC's part in the lignite's market was limited to the exploitation of reserves for which extraction rights were granted.
- The Commission did not support that PPC abusively exploited its dominant position in the above mentioned market.
- The Commission did not prove that the advantageous access to lignite was capable of creating a situation, in which PPC, simply by exercising its lignite extraction rights would abuse its dominant position in the energy wholesale supply market or could be led to such abusive conduct. The Commission simply noted that PPC still has a dominant position.
- It is not clear, only from the fact that PPC being in an advantageous position opposite to its competitors, in consequence of a state measure that this fact constitutes an abuse of dominant position.
- It is not clear that, in order to admit the existence of a violation of article 86, para. 1 EC combined with article 82 EC, is only adequate, to prove that a state measure falsifies competition by creating a situation of inequality of opportunities, between businesses without demanding the definition of abuse of dominant position. Therefore it decided that granting to PPC the specific rights is not against European Union's law [art.106 para.1(special or exclusive rights to public companies) combined with art. 102 (abuse of dominant position) of the Treaty for the operation of the European Union].

As far as case T-421/09 was concerned, the Court has annulled as irrelevant the above mentioned Commission's Decision of August 4, 2009, given that, it pertained to the executive part of the violation ascertained in the decision of March 5, 2008.

The Commission appealed for the revision of the relevant decisions before the General Court of the European Union (Cases C-553/12 and C-554/12). The abovementioned appeals have been notified to PPC on December 19, 2012.

On March 25, 2013 the companies "MYTILINEOS S.A – GROUP OF COMPANIES", "PROTERGIA S.A." and "ALOUMINION S.A." filed before the European Union Court, an intervention petition in favor of the European Union and against PPC, for the annulment of the above mentioned Decision of the Court of September 20th, 2012. The hearing of the case took place on October 3, 2013.

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

PPC has submitted a memo with its observations to the Court within the legal deadline. Following that the other litigants "MYTILINEOS S.A – GROUP OF COMPANIES", "PROTERGIA S.A." and "ALOUMINION" have filed relevant memos and the appointment of the case's hearing is pending.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Alleged claims of EMO (LAGIE), against PPC S.A.

- **Implementation of methodology for the payments allocation to generators due to deficits of the Day Ahead Schedule (DAS)**

It is noted that following the issuance of RAE's Decision 285/2013, EMO sent a letter to PPC, according to which an amount of Euro 96.6 million is seemingly allocated to PPC, based on the finalization of the methodology by RAE for fair allocation of payments to cover deficits in the Day Ahead Schedule (DAS) created by third party suppliers during 2011 and 2012.

In continuation to this letter, EMO allocating the total amount of Euro 96.6 mil. in seven monthly installments starting from August 2013, sent to PPC the related briefing notes amounting to Euro 13.8 mil., each. PPC considers that EMO's alleged claim violates fundamental principles of law, while simultaneously neither the amount nor the reasons for this claim are substantiated. In addition, the relevant RAE Decision has been contested in court.

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

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

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

Additionally, the company "ELPEDISON" by a lawsuit requests EMO to be ordered to pay to "ELPEDISON" an amount of Euro 89.4 mil. (with interest), stemming from its participation to DAS. The lawsuit is founded to RAE's Decision 285/2013, according to its second part, which forbids the practice of offsetting claims by participating in DAS with claims from other causes. Specifically, it claims that EMO's negligence to demand from PPC to stop the practice of offsetting amounts not pertaining to the DAS market led to EMO's inability to timely pay ELPEDISON which is why it claims the above mentioned amounts from EMO.

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

- **Offsets of Photovoltaic Systems Producers in buildings**

Moreover, the above mentioned Decision 285/2013 of RAE which does not permit the netting of amounts that PPC owes to EMO based on DAS settlement, including energy generated by PVs on rooftops, with the amounts that PPC is contractually required to pay directly to the generators in question, based on the feed - in tariff, leads to delays in recovering the latter amounts from EMO.

Non implementation of an offset does not impact financial results but will have a negative effect on cash flows, due to the increased working capital needs, since PPC is obliged to await payments in cash from EMO through the relevant special RES account. The issue in question concerns amounts which range from Euro 11 mil. to Euro 31 mil. per month and the total amount to be recovered could reach approximately Euro 120 mil. based on an estimated eight-month waiting period. EMO has already filed both a claim and an application for interim measures before the Court of First Instance of Athens against PPC. On the application for interim measures Decision 6022/2014 of the Multimember First Instance Court of Athens was issued, ordering a temporary injunction on offsetting amounts due from DAS with amounts claimed from other causes at a rate of 50% of the amounts claimed. The hearing is scheduled for January 12, 2017, nonetheless it is estimated that the matter will be settled legislatively.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Corrective settlements of IPTO, concerning the Special Account of art. 143, of Law 4001/2011

According to L.4152/2013, RES energy purchases in the Interconnected System are disbursed through the market operation, on the higher amount of either their income from DAS and Imbalances settlements or the value of energy they inject to the system multiplied by the weighted average variable cost of the conventional thermal power plants. This amendment started being applied from 14.08.2013, when RAE's Decision 366/2013 was published in OG, amending the relevant articles of the Power Exchange Code and specifying the methodology of calculations, with which the provision of law was implemented. In October 2013, IPTO has sent to PPC S.A. corrective clearing statements for May, June, July and part of August of 2013, totaling to an amount of Euro 48.2 m, which derived from the retrospective application of the relevant methodology. For this amount, PPC considers that retrospective application is not included in the relevant provisions of the Law and thus has not recorded any relevant provision. For the above, PPC S.A. has filed a lawsuit at the Multimember Athens Court, which is scheduled to be discussed on 22.09.2016.

12.3. ENVIRONMENTAL OBLIGATIONS

Key uncertainties that may influence the final level of environmental investment which the Group will be required to undertake, over the forthcoming decade, include:

1. HPP Messochora (161.6 MW)

According to Greek Law 3481/2006, the environmental terms for the continuation, completion and operation of the projects of the Acheloos River Diversion Scheme to Thessaly, in which Messochora HPP is included, were approved and their fulfilment is a prerequisite for the implementation of the projects and for which responsibility lies with the administrator, responsible for construction and operation of the respective projects.

Following the publication of the Law for Public Projects, as well as PPC's projects that have been auctioned and constructed or were under construction and were related to projects of the Acheloos River Diversion Scheme to Thessaly as well as energy projects were allowed to operate or be completed, according to the approved Administration Plan and the above-mentioned environmental terms.

Based on the above-mentioned terms the continuation of the project was allowed for the completion and operation of Messochora HPP as well as the completion of the construction project of the tunnel, which are already been completed and are finally delivered by 17.06.2010.

After the publication of Law 3734/2009, matters concerning the Messochora Hydroelectric Project are arranged. These matters concern expropriation of areas in the Messochora HEP Reservoir, expropriation of the Messochora Village and of the areas where it will be relocated, as well as arranging compensations for the affected inhabitants. All the above mentioned expropriations are declared of great importance in the public's interest and their settlement will allow the completion of the Project and the operation of the Messochora Power Plant.

Following ruling No 141/2010 by the competent Suspension Committee of the Council of State, the immediate cease of all works has been ordered at all relevant projects, as well as the cease of operation of all completed projects. Further developments, namely the final judgment, will be issued by the Plenary of the Council of State after taking into consideration the (11.09.2012) Decision of the European Court of Justice, to which relevant preliminary questions had been addressed referring to the compatibility of the provisions of Law 3481/2006 with the European legal framework. The Council of State by its recent Decision 26/2014 has decided to annul the 567/14.09.2006 letter by EYDE/OSYE, by which and according to the Court's Decision 3053/2009, it has been allowed, under the provisions of L. 3481/2006, and the approved environmental terms, the continuation of the diversion scheme in total. The above mentioned decision by the Council of State resulted to the inability to continue, complete and operate HPP Messochora.

The Parent Company (PPC S.A.), considering that the Hydroelectric Plant of Messochora is independent from the Acheloos River Diversion to Thessaly Scheme and therefore it should not be affected from the abovementioned issues and examining the possibility to disengage Messochora Power Plant from the overall Acheloos River Diversion Scheme, so that the Project can be dealt with as an independent unit and have its own environmental terms, independently from the other Projects of the Diversion Scheme, proceeded to the review and the updating of the Environmental Impact Assessment (EIA) for HPP Messochora.

After the completion of the approval process and the publication, by the relevant OG (9.2014), of the Decisions for the approval of Management Plans for River basins of the Western Sterea Hellas Water District and the Thessaly Water District the EIA is completed and submitted to the Directory of Environmental Permits (DEP) of the Ministry of Environment, Energy and Climate Change, in order to proceed to the issuance of the Environmental Impact Assessment (EIA).

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There is a consultation underway and the whole process is expected to be completed by the end of December 2015.

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

On September 30, 2015 the aggregate expenditure amount for HPP Messochora amounted to Euro 280.5 mil., and an additional amount of Euro 122 million is estimated to be required in order to complete and operate the project, which is expected to operate in 2018.

2. Under IPPC (Integrated Pollution Prevention and Control) Directive, the Reference Document on Best Available Techniques for Large Combustion Plants – BREF LCP (with a thermal capacity greater than 50 MW) was issued in July 2006. In accordance with the European Directive 2001/80/EC, a pollutants emissions reduction plan for existing Large Combustion Plants has been approved by the Parent Company's Board of Directors, was submitted to the authorities and has been incorporated in the National Emissions Reduction Plan of the country for the period 2008-2015, according to the provisions of the aforementioned Directive.

In December 2010, the new Directive (2010/75/ EC) was issued for industrial emissions (Industrial Emissions Directive – IED), revising Directives IPPC and 2001/80/ EC, which is effective from 06.01.2011.. Following the provisions of Article 32 of Directive 2010/75/EU, a Transitional National Emissions Reduction Plan (TNERP) for the period 2016-2020 was elaborated and officially submitted by the country to the EU at the end of 2012. The TNERP was approved by the EU on November 26, 2013. On December 2013, PPC submitted to the competent authority an application for several changes to the TNERP, along with its declaration to use the limited life-time derogation (Article 33) for certain Power Plants. After the approval of the competent authority the revised TNERP was resubmitted on March 18, 2014 by the country and was approved by the EU on July 07, 2014. Finally, according to the above, SES Agios Dimitrios, Meliti and Megalopolis A' and B' are included in the TNERP, while SES Amyntaion and Kardias will use the limited life-time derogation.

The revision process of the BREF LCP began in year 2010 and is currently underway. After the finalization of the revision process and the issuance of the, legally binding, conclusions of the revised BREF LCP, which is expected during 2017, additional investments for the main thermal power plants may be required.

3. The European Commission in December 2013 issued a proposal for a new Directive on the limitation of emissions of certain pollutants into the air from medium combustion plants (COM(2013) 919 final). The proposal applies to combustion plants of 1-50 MWth and includes different combustion technologies (boilers, internal combustion engines and gas turbines), as well as different fuels (solid, liquid and gas). Currently, the proposal is under the "trilogue" (European Commission, European Parliament and the Council) negotiation procedure and is expected to be finalized until the end of 2015 or the beginning of 2016. Despite the fact that the Directive foresees time extensions for plants located in SIS/MIS (application from 2025 for new plants and from 2030 for existing ones), its adoption will significantly affect the operation of the medium combustion plants located in the non-interconnected Greek islands.
4. The extent of land contamination has to be assessed for many of PPC's installations, following the provisions of art. 22 of Directive 2010/75/EU. At present, there appears to be no requirement for large-scale remediation projects at PPC's sites, and it is unlikely that this will be required at the mining areas or at the lignite-fired power stations for the foreseeable future. Remediation, however, may be required, at some of the company's oil-fired power stations in the future.
5. PPC has performed limited studies on the presence of asbestos-containing materials, at its premises. Upon submission by PPC of a full environmental impact assessment study, the Ministry of Environment issued in May 2004 the environmental permit for the construction and operation from PPC, in its premises in Ptolemaida area of an environmentally – controlled landfill site for the management and final disposal of asbestos containing construction materials, from the plants of the Northern System.
6. During the operation of the Transmission Lines, Substations and Hyperhigh Voltage Centers, there is no electromagnetic radiation, but two separate fields, the magnetic and the electric field. At places where the public or the Company's personnel might find themselves close to the above mentioned lines and substations, the values for those fields are substantially less than the limits. Those limits were established by the International Commission on Non Ionizing Radiation Protection (ICNIRP) in collaboration with the World Health Organization (WHO). The above mentioned limits have also been adopted by the European Union as well as the Greek State.

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It must be noted though, that the limits stated in the above regulations for both fields do not constitute dangerous values, but rather contain large safety factors, in order to cover for some vagueness due to the limited knowledge about both the magnetic and electric fields' influence in order to fulfil the requirement for the prevention of any adverse impacts.

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

CO₂ Emissions

During March and May 2013, CO₂ emission licenses have been issued for all 31 PPC installations, for the 3rd implementation phase of the European Union Emissions Trading System (EU ETS phase III, from 1 January 2013 to 31 December 2020).

By the end of March 2015, the verification of the annual emissions reports regarding the year 2014 by accredited third party verifiers was completed successfully and the reports were promptly submitted to the Competent Authority. The total verified emissions of all 31 bound plants of PPC for 2014 amounted to 39.2 Mt CO₂.

Emission Allowances (CO₂)

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

In accordance with its verified CO₂ emissions for 2014, the emission allowances that PPC delivered to the Greek part of the EU Greenhouse Gas Emission Allowances Trading Registry (EU Registry) to fulfil its compliance obligations for the year 2014 amounted to 39.2 Mt. During 2014, PPC has been allocated with about 150.6 thousand emission allowances for district heating emissions.

Based on provisional ex-post data, the CO₂ emissions of the Parent Company's bound plants for the period 01.01.2015 – 30.09.2015 amount to 25.95 Mt. In addition, PPC's emissions for the rest of the year (01.10.2015 – 31.12.2015) are estimated at 8.64 Mt. It should be noted that the emissions of 2015 will be considered final by the end of March 2016, after the verification of the annual emissions reports by accredited third party verifiers. Consequently, the total CO₂ emissions that PPC will have to deliver for compliance purposes for the period 01.01.2015 – 31.12.2015 are estimated at 34.59 Mt.

12.4. COMMITMENTS - INVESTMENTS

A new Steam Electric unit 660 MW in Ptolemaida

The drawing up by the Contractor of the studies for the Project licensing and their submission to the Corporation for review have been completed. On 24.04.2015, the Installation License of the Project was issued by the Ministry of Reconstruction of Production, Environment and Energy. On 01.07.2015 the Building Permit was and the Contractor was informed accordingly. Following that, PPC paid to the Contractor the first advance payment of € 198 mil. against a Letter of Guarantee of Advance Payment of € 227 mil., which was submitted to PPC by the Contractor, in order for the second stage (construction) of the Project to start.

The construction on the Project will be completed within 50 months as from the date of issuance of the Building Permit and the signing of the relevant Protocol for unhindered access to the Worksite and the necessary utilities (water, power).

On 30.09.2015 the total expenditure for the Project amounted to Euro 319 mil.

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

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

PPC and the Contractor continue the preventive maintenance of engines, generators and transformers, which are temporarily stored in Elefsis port. On November 9, 2015 the gradual transportation of said equipment at the Project site has begun and is expected to be completed until the end of 2015.

On 30.09.2015 the total expenditure for the project amounted to Euro 112 mil.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

A new combined cycle unit at Megalopolis 811 MW

All required works for putting the Unit into operation have been completed. The trial operation of the Unit using natural gas, which has been supplied by DESFA on 05.01.2015, is in progress.

The Unit is expected to enter commercial operation by the end of 2015 or early 2016.

On 30.09.2015 the total expenditure for the Project amounted to Euro 506 mil.

HPP ILARION (157 MW)

In July 2012, PPC SA announced the successful tapping of the diversion tunnel of the Ilarionas Hydroelectric Project and the start of the Reservoir impoundment. The works in the Substation, as well as the remaining works in the riverbed area downstream of the Dam, have been completed, the Units tests have been finished and the procedure in order to register in the Independent Power Transmission Operator's Units Registry, which is to be completed within the fourth quarter of 2015.

The Plant is expected to be set in commercial operation in the first quarter of 2016.

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

On 30.09.2015 the total expenditure for the project amounted to Euro 301 mil.

12.5. PPC RENEWABLES (PPCR)

Construction of Wind Park in Rethimnon

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

In December 2014 the interconnection of the wind park to HEDNO's network was initiated, following the issuance of a partial operation license by Crete's Decentralized Administration. In October 2015 the construction of the remaining three (3) wind turbines was initiated by the Constructor, but works are delayed due to reaction from the local community.

Hybrid Project in Ikaria

The project of 6.85 MW total capacity combines the utilization of two renewable energy sources, Wind and Hydroelectric. The hybrid project in Ikaria is expected to be completed and commence operation in 2016.

Exploitation Rights of the geothermal fields

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

a) Sousaki in the Corinthos prefecture, b) the Sperhios basin in the Fthiotida prefecture, c) Akropotamos in the Kavala prefecture and d) the island of Ikaria. The BoD has approved the acceptance of leases, however, the notarial deeds have not been signed by the Ministry yet. The deadline for signing the above notarial deeds leases has been extended until December 31, 2015.

Production Licenses of two new Wind Parks in Rodopi

In October 2014, the Regulatory Authority of Energy issued the production licenses for two new PPC Renewables' wind parks of 106 MW total capacity and a budgeted cost of Euro 127.2 mil. in the Rodopi region. In June 2014 a new generation permit for a wind park of 20MW capacity and a budgeted cost of Euro 24 mil. in an adjacent position with the two above mentioned parks was issued.

Repowering of SHPP Louros

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

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

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

12.6. IPTO S.A.

New investments by IPTO in the Energy Transmission System

- **Electrical Interconnection of “NEA MAKRI - POLYPOTAMOS” and High Voltage Network in South Evia**
Following yearly endeavors, the subterranean interconnection section between the Nea Makri High Voltage Center to the Polypotamos High Voltage Center was successfully electrified on 07/04/2015 while the overhead cable of the interconnection between the Polypotamos High Voltage Center and South Evia (Evia 7 High Voltage Center) was electrified on 24.07.2015 and was then disabled. Minor problems which were observed during the trial run are to be rectified in the near future.
- **High Voltage Center (HVC) in Aliveri**
The construction of Aliveri's (GIS) HVC, which will serve the new thermal power unit and RES generators in Evia, was concluded and is in operation. The temporary as well as the final acceptance of the HVC is pending.
- **High Voltage Center (HVC) in Megalopolis and connection with the Transmission System (400 kV and 150 kV)**
Within a time frame of only two years, IPTO constructed the new High Voltage Center (HVC) of GIS type and open air insulation in Megalopolis. The HVC was electrified in August 2013. The construction of the 150 kV interconnecting transmission lines of the HVC as well as both 400 kV transmission lines connecting the HVC with the new natural gas unit of Megalopolis V, has been concluded.
As far as the construction of the 400 kV interconnection lines of the Megalopolis HVC to the Patra area and from there through submarine and overhead transmission lines to the 400 kV Mainland System, the approval of Environmental Terms was granted at May 23, 2014 and the completion of the land expropriations is pending. It must be noted that there is a recourse against the Ministry of Environment (currently the Ministry of Reconstruction of Production, Environment & Energy) in the State Council against the annulment of the obligatory land expropriations in the Antirio area and objections to the construction of the transition station in the area of the Patras University.
In order to override objections a modification for the Environmental Study for the 400Kv transmission line (Athens – Aheloos) – Interconnection to Antirio – Patras HVC – as well as for the 400kV Patras HVC – Megalopolis HVC was submitted on August 6th, 2015 and on October 19th, respectively to the appropriate authorities. At the same time preliminary construction works are underway aiming to shorten the period of time needed for completing the project.
- **Interconnection of Cyclades to the Mainland Transmission System**
The contracts of the project have been signed since September 10, 2014 with the four contractors with a cost of Euro 231 mil., approximately. The submarine cables of the interconnection are under construction, and the immersion of the Syros – Mykonos cable as well as the Syros – Tinos cable have been completed, while the immersion of the first section of the Lavrio – Syros cable will begin soon. The construction of the civil engineer works has started on the GIS station in Syros, the GIS station in Paros as well as the GIS station in Lavrio. Civil engineer works in Mykonos are suspended until the completion of excavations by the Kyklades Archaeological Service. The completion of the whole project is scheduled for the end of July 2016 although in the current circumstances, a realistic completion date falls within the first semester of 2017.
- **Interconnection of Crete to the Mainland Transmission System**
IPTO has proceeded to preliminary actions for the implementation of the project, aiming to achieve the interconnection within the current decade. In the abovementioned context, a preliminary study of the seabed in collaboration with the University of Patras, has been conducted for the immersion of submarine cables. At the same time several locations that have been deemed appropriate for the construction of terminal stations were considered in Crete, without being accepted by various local authorities in Crete. The Crete Region and other local authorities, are indicating the Korakia position along the borders of the Rethimnon and Heraklion provinces as an acceptable position. The position is under consideration as are positions in the mainland such as positions in Attica or the Peloponnese.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- **Project for the reinforcement of the “Nea Santa” High Voltage Center (HVC)**
The “Nea Santa” HVC is a project of extreme importance for the Eastern Macedonia and Thrace areas. Through the “Nea Santa” HVC the interconnection of the Hellenic Electricity Transmission System with the Turkish one and the Bulgarian one (Maritsa) in the future, the absorption of the total of the produced energy by the new RES station in Thrace as well as the upgrade of the reliability of the Northeastern System has been achieved.
The project is in the acceptance stage (150kV side and automated substation system).
- **Construction project for the transmission line of 400 kV between the Lagadas and Filippi HVCs.**
In July 2014, the contract for the construction of the transmission line 400 kV from the HVC Lagadas to the HVC Filippi, with an approximate length of 110 km, was signed with ATERMON S.A. as the contractor and a contractual price of Euro 26.7 mil. The project is to be completed by early 2017.

Ten Year Network Development Plan (TYNDP) of the subsidiary IPTO S.A.

By its Decision 560/25.11.2013 which was published in OG B' 3297/24.12.2013, RAE has approved the Ten Year Network Development Plan (TYNDP) of the subsidiary IPTO S.A. for the period 2014-2023, after having imposed some amendments concerning the schedule for the Cyclades Interconnection (3rd phase). The approved TYNDP 2014-2023, was published in OG B' 556/05.03.2014, based on RAE's Decision 77A/2014/18.02.2014.

From February 17, 2014 until March 17, 2014, IPTO has put into public consultation the preliminary draft of the TYNDP 2015-2024. Following that and after taking under consideration the outcome of the above mentioned public consultation, IPTO submitted the Ten Year Network Development Plan (TYNDP) for the period 2015-2024 to RAE, following Decision 34/20.05.2014 of IPTO's BoD. In the context of the approval process on June 16, 2014 RAE has submitted the TYNDP 2015-2024 to a new public consultation, with a deadline of July 18, 2014, and the final decision is pending. RAE has sent IPTO of its O-59674/29.09.2014 letter by which it notifies IPTO its remarks in the consultation and asks that it submits a revised TYNDP for the period 2015-2024, in order to be approved. IPTO has not proceeded to such submission but following an oral communication with RAE, agreed upon the issuance of a preliminary TYNDP for the period 2017-2026 and to submit it in public consultation by the end of the current year.

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

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

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

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

12.7. BUSINESS COLLABORATION

PPC's Participation in waste management tenders.

Waste Syclo, is a joint company by PPC S.A. and Terna Energy, with Terna Energy owning 51% and PPC 49% of the share capital, responsible for the study, construction of projects, provision of all types of services related to waste management in general, electricity generation from waste management, and urban and industrial waste water treatment, within the territory of Greece.

Waste Syclo submitted in May 6th 2014, an Expression of Interest in Phase A' of the tender published by the municipality of Corfu for the construction of an integrated solid waste management facility of Corfu, and has been preselected to continue to Phase B' when it will be tendered. At the same time the revision of the framework for the management of Attica's waste is expected, following the annulment of the previous tenders by the Attica prefecture in December 2014, within the establishment of the new National Waste Management framework, which has been published in June 2015. The Regional Council of Attica adopted on 08.10.2015 the 2nd Revision of the Regional Waste Management Plan of Attica, which was under consultation.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

PPC - QUANTUM ENERGY LTD, is a company founded by PPC, Quantum Corporation LTD and the Bank of Cyprus, with a share capital participation of 51%, 40% and 9% respectively. This company has been appointed as the contractor for the "EuroAsia Interconnector Project", according to the regulatory provisions of the European Regulation 347/2013. During October 2015 the company was renamed to "EUROASIA INTERCONNECTOR LIMITED LTD", while the change in the shareholder structure of the company is in progress, after the relevant decision of the General Shareholders' Meeting for the increase in share capital amounting to Euro 1,350 which has not yet been completed. At present and until the preparation of a business plan, PPC has decided not to participate in this share capital increase.

Collaboration framework with DEPA S.A.

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

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

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

Since 2013 - and until today – DEPA has proceeded to the unilateral determination of the implementation of the new DESFA tariffs on the contract between DEPA - PPC, as far as the usage cost of borders' entry points is concerned, as well as the pricing of natural gas purchases. The above mentioned charges have not been accepted by PPC and the relevant amounts of the invoices issued by DEPA, have not yet been paid. The negotiations between the parties for the settlement of the aforementioned abeyance, are in their final stages.

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

Finally, following the publication of the revised Operational Code for the National Gas System and in accordance to both the contractual provisions as well as DEPA's commitments to the Competition Commission, the latter has send to PPC a draft version of the contract for the supply of natural gas without the inclusion of transportation service through the national network. This draft version is currently being negotiated.

Special Consumption Tax on Electricity

The tax audit by the Audit Department of Customs House and the Piraeus Custom House D', in relation to the special consumption tax on electricity for the period May 2010 to September 2012, has been concluded.

The audit pertained to energy self-consumption by thermal plants, mines and hydro power stations. In the context of the audit result, the Parent Company paid via the due process, the related special consumption tax for the aforementioned period while also resorting to the Administrative Courts.

Moreover, the Parent Company, paid with recourse, the relevant special consumption tax on self-consumption for the period October 2012 to August 2015 and is also including it in its monthly special consumption tax returns, the relevant tax on self-consumption, until a final decision by the court is issued.

The Group and PPC are subject to certain laws and regulations generally applicable to companies of the broader public sector

As long as the Greek State, is the major shareholder of PPC, holding 51% of its share capital (either directly or indirectly), the Company shall, in some respects, continue 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, affecting thus specific procedures, including but not limited to personnel salaries, maximum level of salaries, recruitments of employees, as well as the procurement policies etc.

The said laws and regulations, particularly within the framework of the current financial conjecture and the relevant decisions of the Central Administration, which are not expected to be applicable to the Parent Company's current and future competitors, may limit the Parent Company's operational flexibility and may also have significant negative impact on its financial results, cash flow and on business risk management.

It should be noted that the Group did not have for several years (till today) the ability to recruit experienced personnel in the range of its business activities while, today's average personnel age is approximately 49 years. The Group's inability to recruit specialized personnel affects negatively the ability of the new PPC Group to elaborate and implement its strategy in the new competitive and financial environment, as well as to adequately staff basic supportive operations at the level of new subsidiaries.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Finally, there is a risk of losing managers and experienced personnel to the competition mainly because of restrictions on remuneration policies. The viability and development of PPC Group in the new business environment notably depend on the ability to attract and maintain skilled and specialized personnel and executives. According to L. 3833/2010 and L. 4057/2012, concerning the recruiting of permanent staff an approval of the Interministerial Committee is necessary (AIC 33/2006), as well as an allocative act of the Minister of the Interiors and Administrative reorganization according to the 1:5 ratio (a recruitment for every five employees leaving). By the above mentioned and introduced by law hiring procedure, the Parent Company's recruitment needs are significantly hindered, creating critical lack of personnel and managers and may have a negative impact on the implementation of the Groups' activity.

Risks and uncertainties stemming from L. 4336/2015

A) IPTO

Currently, the competent authorities are in consultation with Greece's Lenders regarding the ownership of IPTO. Law 4336/2015 provides that "... the authorities: a) will take irreversible measures (including the announcement of the date for the submission of binding offers) for the privatization of the electricity transmission business, IPTO, unless an alternative plan, with equivalent effects on competition and investment prospects, according to the best European practices and in agreement with the Institutions to achieve full ownership unbundling of IPTO (standard delivery) is proposed. The final agreement is of utter priority for the smooth implementation of Greece's third financial support program

Considering the above, the proposed by the government new equity structure provides for a share capital participation of 51% by the Greek State and a participation of 49% by PPC (namely, the sale of PPC's 51% participation in IPTO directly to the Greek State). This would result in the loss of control by PPC in the new company, whose financial figures will no longer be consolidated in the financial statements of the PPC Group. More specifically,

- Fixed assets of a value of Euro 1,537 mil, as well as loan liabilities amounting to Euro 454 mil, will not be included henceforth.
- Operating profitability (EBITDA) of the new Group will be reduced by € 200 mil. On an annual basis, as IPTO, being a regulated electricity transmission company enjoys an especially high amount of operational profitability, as well as very high EBITDA margin...
- As at 31.12.2014, the value IPTO's fixed assets (valued by an independent valuation house) amounted to Euro 1,537 mil. Additionally, in the accounting books of the Parent Company, its participation in IPTO amounts to Euro 916.4 mil.
- For a significant portion of the Parent Company's loans, a waiver should be approved by the banks for the sale of the 51% share capital of IPTO, based on already included conditions in existing loan agreements. At the same time, specific financial indicators might not be met in the future, due to both the significant reduction in the profitability as well as the capital structure change of the new PPC Group, leading to the possibility of early repayment of existing loans (including the relevant indicators) and in any case creating additional difficulties in the Group's future financing and development

In conclusion to the above, it is noted that any solution that would be adopted by the Parties, should on the one hand provide for the full ownership unbundling of IPTO and on the other hand not to conflict with terms of existing loan agreements.

Ultimately, any agreement that would be reached, should provide for a reasonable financial consideration, resulting from the economic valuation of IPTO's shares at market terms. This financial consideration, as required by existing loan agreements must be in cash or highly liquid equivalents, otherwise it is likely to lead to the early repayment of these loans.

B) NOME auctions

Concerning the design and the implementation of the NOME auction system following the respective French model, discussions and negotiation with the Institutions, within the framework of L.4336 / 2015 are not yet completed. Therefore it is not known yet how NOME like auctions will be implemented. The Law provides that "...the Authorities will discuss with the European Comity the design of the NOME auctions system, aiming to the reduction of PPC's wholesale and retail market share by 25%, falling below 50% by 2020". Until now the design concerns the implementation of auctions of electricity products coming from PPC's lignite – fired plants.

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

For this process, PPC from the outset has set two conditions:

- First, the auction's starting price should cover PPC's full cost plus a reasonable profit margin and
- Secondly, energy from auctioned products should be channeled to the domestic retail electricity market (end users) and indeed in such a way as to avoid the clients' "cherry picking"

13. SIGNIFICANT EVENTS

High Voltage Tariffs

In the context of the February 28, 2014 Extraordinary General Shareholders Meeting, the representative of the Majority Shareholder, namely the Hellenic Republic, proposed and the General Shareholders Meeting approved an extraordinary tariff discount of 10% to PPC's approved tariffs for all High Voltage customers with the duration of one year plus one, effective 01.01.2014. Out of the 24 High Voltage supplies, that represent, in terms of consumption, more than 99% of the total of High Voltage consumption, PPC initially proceeded in signing 22 supply contracts.

In addition, in January 2015, PPC announced that, in applying the decision of the Extraordinary General Shareholders Meeting of December 22, 2014 and in view of securing the public interest the Parent Company has reached an initial agreement with LARCO, for the signing of a contract for the supply of electricity, from 01.01.2014 onwards according to PPC's General Shareholders' Meeting of February 28, 2014, as well as methods of settling past differences between the two companies.

Specifically, PPC's BoD by its decision dated 30.12.2014 has decided to accept LARCO's proposal for the direct referral to arbitration, according to the provisions of Civil Procedure, of the dispute between the two companies relating to the energy supply tariff for the sums due by LARCO until December 31, 2013 and the signing of a supply contract with the above mentioned company with a tariff in accordance with the decision of PPC's Extraordinary Shareholders' Meeting of 28.02.2014, for the year 2014 as well as the year 2015 and until the next convention of PPC's General Meeting relevant to the matter of the High Voltage Tariffs. In the above mentioned supply contract it is provided for that in two months' time the two parties will agree on the settlement of LARCO's debts for the period 01.01.2014 – 31.12.2014.

LARCO's General Shareholders' Meeting, by its 30.12.2014 decision, has also decided to sign the supply contract with PPC and to refer to arbitration, according to the provisions of Civil Procedure, about the dispute between the two companies. The parties have signed an arbitration agreement, in order to determine the price of supply of energy for the period 01.07.2010 – 31.12.2013 and in order for debts incurred by LARCO to be settled for the period before 31.12.2013, according to the provisions of the Code for Civil Procedure (Article 867 and subs) on 25.06.2015. At the same date the contract for the supply of energy, was signed as well.

Furthermore, it is assessed that, following the appointment of a new Board of Directors in LARCO, the revisit of the tariff issue for the period 01.07.2010 - 31.12.2013 is feasible, by using all reconciliation means between the two companies and leaving the arbitration procedure as the last resort.

On 05.11.2015, following written communication, LARCO was invited, to proceed to the settlement of its debts relating to electricity consumption for the period 01.01.2014 – 31.08.2015 until 20.11.2015. Since LARCO did not settle until 20.11.2015 its debts, PPC intends to send an out of court letter to LARCO and to IPTO, inviting IPTO to deactivate LARCO's load meters, setting at the same time a tight deadline for the settlement of LARCO's debts.

New tariffs for medium and low voltage customers

In August 2015, PPC's new tariffs for medium and low voltage customers were approved. PPC's new tariffs policy follows modern trends in the retail market and is designed in such a way in order to meet consumer needs, through the new discount policy. Furthermore, a loyalty program for residential customers paying their bills on time and in full is launched. More specifically:

A. Creation of new corporate tariffs

PPC designed a new tariff product – "Corporate Tariff" – offering highly competitive rates to large size companies and groups of companies (with an aggregate annual electricity consumption equal to or greater than 10 GWH), serving their customers on a nationwide level through many and different points of service (100 or more power supplies) in medium and low voltage. The new "Corporate Tariff" is effective for electricity consumption as of September 1st, 2015.

B. Medium voltage customers

- The highly competitive tariffs BM1 and BM2 involving large commercial and industrial companies with an annual consumption per power supply greater than 13GWh will also apply to power supplies with an annual consumption greater than 10GWh and
- Reduction of the remaining tariffs BΓ, BY and BX.

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13. SIGNIFICANT EVENTS (CONTINUED)

C. Low voltage customers

After the substantial reduction in July 2014 of Tariff G21 addressing primarily business premises, such as shops, workshops, small crafts and office buildings, Tariff G22 for commercial and industrial customers with power greater than 25KVA is also reduced.

Reductions in the Medium and Low voltage tariffs are effective for electricity consumption as of October 1st, 2015.

D. Customer rewarding

PPC will refund to residential customers timely and fully paying their bills, twice the value of the fixed fee in each clearing account for the year 2016, i.e. to those who have paid on time and in full their clearing bills for the year 2015. In this manner, PPC will refund approximately Euro 30 mil., to customers that timely and fully pay their bills.

VAT refund request

On December 3rd, 2014 the Parent Company submitted a request for the return of credit VAT amounting to Euro 40 mil., relating to the period 01.01.2014 - 30.09.2014. The return procedure was completed in July 2015, following a tax audit and the entire requested amount was approved. The refund was realized through offsets with the Parent Company's tax obligations.

Dividend distribution for the year 2014

In July 2015, PPC S.A. announced that, according to the decision of its 13th Annual Shareholders' Meeting, which was convened on July 13, 2015 (following a postponement on June 29, 2015) the distribution of a dividend of Euro 11,600 or 0.05 Euro/share, for the year 2014, without any further tax encumbrance for either the Parent Company or its shareholders.

14. SUBSEQUENT EVENTS

Bonds - borrowings

During the period 01/10/2015 – 30/11/2015, the Group proceeded to debt repayments amounting to Euro 28.36 million (Parent Company Euro 20.02 million.) .

IPTO S.A is in the final stage of negotiations with commercial banks for the issuance of a syndicated Bond Loan of medium term duration amounting to Euro 337.1 million which is planned to substitute all commercial banks' loans to IPTO.

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15. SEGMENT INFORMATION

Sales and inter segment results are as follows:

	Sales		Profit/(Loss) before Tax	
	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014
<u>Interconnected system</u>				
Mines	541,225	572,333	(22,152)	(27,363)
Generation	1,239,474	1,748,904	(236,604)	156,916
Distribution Network	230,930	246,690	114,461	98,352
Supply	4,544,515	4,579,865	101,699	(173,530)
	6,556,144	7,147,792	(42,596)	54,375
<u>Creta Network</u>				
Generation	324,824	382,500	24,872	21,120
Distribution Network	16,075	17,679	6,663	8,244
Supply	542,759	505,912	(3,035)	(26,642)
	883,658	906,091	28,500	2,722
<u>Non-Interconnected Islands System</u>				
Generation	367,065	391,637	29,536	33,592
Distribution Network	16,571	20,312	5,979	833
Supply	542,156	486,002	(4,631)	(18,210)
	925,792	897,951	30,884	16,215
Parent Company Eliminations	(3,960,961)	(4,567,179)	(7,005)	20,093
Total (Parent Company)	4,404,633	4,384,655	9,783	93,405
IPTO S.A.	1,088,559	1,712,517	51,121	81,345
HEDNO S.A.	1,494,515	1,681,517	11,069	18,247
Other Subsidiaries - Affiliates	50,683	44,330	14,381	9,422
Group Eliminations	(2,586,371)	(3,399,697)	(23,042)	(22,970)
Group Income tax	-	-	(57,415)	(57,623)
Grand total (Group)	4,452,019	4,423,322	5,897	121,826

FIGURES AND INFORMATION



PUBLIC POWER CORPORATION S.A.

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

FINANCIAL DATA AND INFORMATION FOR THE PERIOD

January 1, 2015-September 30, 2015

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

The purpose of the following data is to provide users with general financial information about the financial condition and the results of operations of "Public Power Corporation S.A." and PPC Group. Therefore, we recommend users that, before proceeding to any kind of investing activity or transaction with the Company, to access the company's web site where the financial statements and the auditor's review report, when is required are published.

Web site address: www.dei.gr
Date of approval by the Board of Directors: November 26, 2015

DATA FROM STATEMENT OF FINANCIAL POSITION

Table with columns: ASSETS, EQUITY AND LIABILITIES, GROUP, COMPANY, 30.09.2015, 31.12.2014. Rows include Tangible assets, Intangible assets, Share capital, etc.

DATA FROM STATEMENT OF CHANGES IN EQUITY

Table with columns: GROUP, COMPANY, 30.09.2015, 30.09.2014. Rows include Total equity at beginning of the period, Total comprehensive income after tax, Dividends, etc.

ADDITIONAL DATA AND INFORMATION

- 1. The Group's companies which are included in the interim condensed consolidated and separate financial statements...
2. The accounting policies adopted in the preparation of the financial statements are presented in Note 3...
3. No burdens exist on the Parent's and the Group's fixed assets.
4. Adequate provisions have been established for all litigation.
5. Provisions of the Group and the Parent Company as of September 30, 2015 are as follows :

Table with columns: Group, Company. Rows include a) Provision for litigation and arbitration, b) Tax provisions, c) Other provisions.

- 6. Total payrolls of the Group and the Parent Company number 18.350 and 10.480 as of September 30, 2015 (2014: 18.766 and 10.638 respectively). Further information is presented in Note 1 of the nine month Financial Report.
7. Sales and purchases of the Group and the Parent Company for the period ended September 30, 2015 as well as receivables and payables as of September 30, 2015 of the Group and the Parent Company, according to IAS 24 are as follows:

Table with columns: Group, Company. Rows include a) Sales, b) Purchases, c) Receivables from related parties, d) Payables to related parties, e) Key management personnel compensations, f) Receivables from key management personnel compensations, g) Payables to key management personnel compensations.

- 8. Capital expenditure of the Parent Company and the Group for the period ended September 30, 2015 amounted to Euro 498,7 million and to Euro 605,8 million respectively.
9. Other Comprehensive income / (loss) after tax which was recognized directly in equity for the period ended September 30, 2015 are as follows :

Table with columns: Group, Company. Rows include Foreign exchange differences, Deferred taxes due to the change of the income tax rate of fixed assets' revaluation surplus, Total.

- 10. Information regarding ALOUINION S.A. is presented in Note 12 of the nine month Financial Report.

DATA FROM STATEMENT OF COMPREHENSIVE INCOME

Table with columns: GROUP, COMPANY, 01.01-30.09.2015, 01.01-30.09.2014, 01.07-30.09.2015, 01.07-30.09.2014. Rows include Sales, Gross operating results, Profit / (Loss) before tax, Profit / (Loss) after tax, etc.

DATA FROM STATEMENT OF CASH FLOW

Table with columns: GROUP, COMPANY, 01.01-30.09.2015, 01.01-30.09.2014, 01.07-30.09.2015, 01.07-30.09.2014. Rows include Cash Flows from Operating Activities, Cash Flows from Investing Activities, Cash Flows from Financing Activities, Net Cash from Operating Activities (a), Net Cash from Investing Activities (b), Net Cash used in Investing Activities (b), Net Cash from Financing Activities (c), Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c), Cash and cash equivalents at the beginning of the period, Cash and cash equivalents at the end of the period.

- 11. Information regarding RAE's Decision 285/2013 - « Implementation of the methodology for the allocations of payments due to shortages in the Day Ahead Schedule (DAS) » is presented in Note 12 of the nine month Financial Report.
12. Information regarding the Offsets of Photovoltaic Systems Producers in buildings and the corrective settlements of IPTO concerning the Special Account of art. 143 of Law 4001/2011 is presented in Note 12 of the nine month Financial Report.
13. A reclassification of comparative items of the statement of income has been made, with no impact on the equity or the results of the Group and the Parent Company. This reclassification is presented in Note 10 of the nine month Financial Report.

Athens, November 26, 2015

CHAIRMAN & CHIEF EXECUTIVE OFFICER
EMMANUEL M. PANAGIOTAKIS

VICE CHAIRMAN
GEORGE A. ANDRIOTIS

CHIEF FINANCIAL OFFICER
GEORGE C. ANGELOPOULOS

ACCOUNTING DEPARTMENT DIRECTOR
EFTHIMIOS A. KOUTROULIS
License Number 0051612