TERNA ENERGY FINANCE S.A.

124 Kifisias Avenue & 2 Iatridou Street, 115 26 Athens

GENERAL ELECTRONIC COMMERCIAL REGISTRY (GEMI) 140274801000

ANNUAL FINANCIAL REPORT

for the period

from 1st January to 31 December 2017

According to article 4 of L. 3556/2007 and the relevant executive Decisions by the Board of the Hellenic Capital Market Commission

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I. STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS

(According to article 4 par. 2 of Law 3556/2007)

We:

1. Vasileios Delikaterinis, Chairman of the Board of Directors
2. Aristotelis Spiliotis, Managing Director
3. Dimitra Chatziarseniou, Member of the Board of Directors

The following representatives of the Board of Directors, under our capacity that is presented above, according to the provisions stipulated by law (article 4 of Law 3556/2007), and also as appointed for the specific purpose by the Board of Directors of the Societe Anonyme under the name "TERNA ENERGY FINANCE S.A." (henceforth called as the "Company" for brevity reasons), we declare and verify according to the law that to the best of our knowledge:

A. The annual financial statements of the company TERNA ENERGY FINANCE S.A. for the period from January 1st 2017 to December 31st 2017, which were prepared in accordance with the accounting standards in effect, provide a true picture of the assets, liabilities, the shareholders' equity and the results of the Company for the year 2017, according to those stated in article 4 of L. 3556/2007, and

b. The Annual Board of Directors' Report depicts in a true manner the information required according to those stated in paragraph 6 of article 4 of L. 3556/2007.

Athens, 25 April 2018

Chairman of the Board	Managing Director	Member of the Board
Vasileios Delikaterinis	Aristotelis Spiliotis	Dimitra Chatziarseniou

II. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "TERNA ENERGY FINANCE S.A."
Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of the company "TERNA ENERGY FINANCE S.A." (the Company), which comprise the statement of financial position as at December 31, 2017, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union complies with the regulatory requirements of Greek Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as they have been transposed in Greek Legislation. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. During our audit, we remained independent of the Company, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as transposed in Greek legislation and the ethical requirements relevant to the audit of the financial statements in Greece. We have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of the current period. These matters and the related risks of material misstatement were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no Key Audit Matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information is included in the Board of Directors' Report, as referred to the "Report on other Legal and Regulatory Requirements" section, in the Declaration of the Board of Directors Representatives and in any other information which is either required by Law or the Company optionally incorporated, in the required by Law 3556/2007, Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the procedures performed, we conclude that there is a material misstatement therein; we are required to communicate that matter. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 of Law 4449/2017) of the Company is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as they have been transposed in Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as they have been transposed in Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 (part B) of L. 4336/2015, we note the following:

a. The Board of Directors' Report includes the Corporate Governance Statement which provides the information required by Article 43bb of Greek Codified Law 2190/1920.

b. In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of articles 43a and of paragraph 1 (cases c' and d') of article 43bb of Greek Codified Law 2190/1920 and its content is consistent with the accompanying financial statements for the year ended 31/12/2017.

c. Based on the knowledge we obtained during our audit about the Company «TERNA ENERGY FINANCE S.A.» and its environment, we have not identified any material inconsistencies in the Board of Directors' Report.

2. Additional Report to the Audit Committee

Our audit opinion on the financial statements is consistent with the additional report to the Audit Committee referred to in article 11 of EU Regulation 537/2014.

3. Non Audit Services

We have not provided to the Company any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014.

The allowed services provided to the Company, in addition to the statutory audit, during the year ended 31 December 2017 have been disclosed in Note 24 to the accompanying financial statements.

4. Appointment

We were appointed as statutory auditors for the first time by the article of association of the Company, dated October 14, 2016 (article 34). Our appointment has been, since then, uninterrupted renewed by the Annual General Assembly of shareholders of the Company for a total period of two consecutive years

Athens, 27 April 2018
The Chartered Accountant

Pavlos Stellakis
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III ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD
1 JANUARY 2017 – 31 DECEMBER 2017

Of the Board of Directors of the Single Person Societe Anonyme under the name
TERNA ENERGY FINANCE S.A.
To the Ordinary General Meeting of Shareholders

Dear Shareholders,

The present Annual Report of the Board of Directors concerns the fiscal year 2017. The report is in line with the provisions of Law 2190/1920 (article 43a par.3 and article 136, par.2), Law 3556/2007 (article 4, par. 2(c), 6, 7 & 8) as well as of article 2 of the decision 7/448/11-10-2007 of the Hellenic Capital Market Commission and the Company's Articles of Association. It includes the audited financial statements of the Company, the notes on the financial statements and the audit report of the statutory auditors.

ESTABLISHMENT & ACTIVITY OF THE COMPANY

The Company was founded on 14.10.2016 under the name "TERNA ENERGY FINANCE S.A." and the distinctive title "TERNA ENERGY FINANCE S.A.". Its legal status is a societe anonyme under Law 2190/1920 and has been constituted in accordance with the laws of the Hellenic Republic.
According to the Company's Articles of Association, which are registered in the general electronic commercial registry shareholding of the Company, its duration is set at one hundred and ten (110) years starting from the date of its legal establishment and ending on the corresponding date of year 2126.
The Company, has as a statutory purpose, the investment and financing of its activities and / or its affiliated companies and businesses, the mediation in the financing of the affiliated and connected with the Issuer companies by third parties and, in general, the raising of funds from them, the provision of services and advice to affiliated companies and businesses regarding the structure of capital and generally their financing, as well as, in general, the performance of any activity, project, service and general action or any other activity which is relevant to the above purposes or generally occurs in the context of achieving all or some of them.

Financial Developments and Performance of the Reference Period

The year 2017 was characterized by the ongoing attempt of the Greek economy to exit the ongoing economic crisis and the desire to return to the financial markets on its own, in order to secure, at reasonable cost, the necessary resources to meet the increased cash needs of the State, as well as to support the implementation of the government's development programme. In this context, and despite the persistent restrictions on capital movements, in July 2017, the Greek State issued a five-year bond with the aim of raising EUR 3 billion from the financial markets for the first time since 2014. The fact that the desired amount was oversubscribed by 2.2 times depicted the interest of foreign investors to re-examine Greece as an investment destination, which led the Greek Government to the issuance of a new, seven-year bond, in February 2018, in order to raise EUR 3 billion so as to boost efforts to bring the Greek economy back to a new course of development. The amount was oversubscribed by more than 2 times, confirming the real interest of foreign financial and investment firms in the development of the Greek economy.

This framework has created favorable conditions for the course of our Company. On July 19, 2017, the Public Offering for the issuance of a Common Bond Loan and the listing of the Company's bonds to be traded under the category of Fixed Income Securities on the Organized Market of the Athens Stock Exchange was completed. In total 60,000 common bonds were issued with a nominal value of € 1,000 each (the Bonds) resulting in the raising of a capital amounting to € 60,000,000. The total eligible demand of the investors who participated in the Public Offer amounted to € 154.4 million. The final yield of the Bonds was set at 3.85%, the Bond interest rate at 3.85% and the Bonds' offer price was set at € 1,000 each, i.e. at the 100% of its nominal value. The Bonds were distributed as follows: (a) 42,000 Bonds (70% of all Bonds issued) were allocated to Private Investors and (b) 18,000 Bonds (30% of Bonds Issued) were allocated to Special Investors. The funds raised by the issue of the Common Bond Loan, deducting the issuance costs, will be used by TERNA ENERGY SA as follows:
Funds amounting to € 40,000,000 for the construction of two (2) wind farms in the Central and Western Macedonia Regions and the construction of a (1) wind park in the State of Texas USA and funds of 18,744,600 € for the construction of a project "Installation of Solid Waste Processing of the Region of Epirus" and project "Integrated Waste Management of the Region of Peloponnese through PPP". In case of cancellation of the project "Integrated Waste Management of Peloponnese Region through PPP", the amount earmarked for this, will be allocated for the construction of three (3) wind farms in Greece and in Texas, USA.

Risks and Uncertainties

The Company, apart from its investment on the Intra-Group bond loan, issued by TERNA ENERGY SA, it has no other business activity, and it is not active in any market and does not have any other assets. It is operationally supported by TERNA ENERGY SA, which absolutely affects its decisions, its management and operation of the Company and, in general, exercises control over them. If TERNA ENERGY SA ceases to assist the Company on a management and operating level, or is unable to meet its contractual obligations towards the Company, under the terms of the Intra-Group Loan, this may have a material adverse effect on the Company's ability to fulfill its liabilities due to insufficient cash flows and income, on the trading price of the Company's Bonds on the Athens Stock Exchange, as well as on the results, the financial situation and the prospects of the Company. Taking into consideration the above, the main risks and uncertainties of the Company's activities are directly related to those of the TERNA ENERGY GROUP (hereinafter referred to as "the Group"), which are the following:

Credit risk

The Group continuously controls its receivables and incorporates the resulting information into its credit control.

All energy sector receivables relate to the wider public sector of Greece (including LAGIE – Operator of Electricity Market and DEDDIE - Hellenic Electricity Distribution Network Operator (or HEDNO)) and abroad, and the same applies to most of the receivables of the construction sector.

Traditionally, the Group, due to the nature of its operations, is not exposed to significant credit risk from trade receivables, except from delays in receipts from LAGIE, which have been significantly reduced by the application of Law 4254/14.

The credit risk for cash and other receivables is low, on account of the fact that the traders are banks of high-quality capital structure, the State or companies of the wider Public Sector or strong business groups. In addition, Management believes that, in 2018, the reduction of deficits in the energy management system will continue, as promised by competent authorities and bodies, thus limiting the credit risk in relation to the energy sector requirements for both the parent and the other Greek companies of the Group.

Finally, it considers that all of the aforementioned financial assets for which the necessary impairments have been made are of high credit quality.

Currency risk

The group operates, apart from Greece, in Eastern Europe and the United States of America and may therefore be exposed to exchange rate risk that may arise from the euro exchange rate with other currencies. This type of risk may only arise from foreign currency trading, from foreign currency investment, as well as from net investment on foreign entities.

To address this risk, the Group's financial management department systematically monitors the exchange rate changes and ensures that they do not adversely affect its cash flows.

As for the group’s transactions with foreign companies, these are generally made with European groups where the settlement currency is the euro and therefore no exchange rate risk arises.

Interest rate risk

Regarding the long-term financing of operations, the Group's policy is to minimize its exposure to interest rate risk. Under this policy, the long-term loans received by the Group either bear a fixed interest rate or are offset for almost their entire duration. Thus, 7.4% of the Group's long-term borrowing refers to fixed rate loans, 38.0% refers to floating-rate loans that have been offset by derivatives through which future fixed rate payments are exchanged for inflows of floating-rate interest, while 54.5% refers to floating rate loans, connected to either euribor or wibor.

The Group's short-term borrowings are all in euro with a floating rate linked to euribor. Short-term loans are mainly taken as a bridge to cover temporary financing needs during the implementation and construction phase of the Group's investments.

These loans are repaid either upon receipt of the relevant state subsidies or by the conclusion of long-term loans with the completion of the construction and the setting into operation of the wind farms. As a result, the Group is exposed to interest rate risk arising from short-term borrowing and the portion of long-term borrowings that are on floating rate.

The Group is not exposed to other interest rate risk.
The Company is not directly exposed to interest rate risk since the Bond Loan that issued itself was on a fixed rate.

Market risk analysis

The Group, regarding its financial assets, is not exposed to market risk.

Liquidity risk analysis

The Group's liquidity is judged to be satisfactory, since, in addition to existing cash, the operating wind farms generate continuous, satisfactory cash flows. In 2017, the Net cash flows in operating activities amounted to € 151.5 million compared to € 28.3 million in 2016. The Group manages its liquidity needs through regular cash planning, careful monitoring of long-term financial liabilities and methodical management of payments made on a daily basis. Liquidity needs are monitored on different time zones, on a daily and weekly basis, as well as on a rolling 30-day period. Liquidity needs regarding the next 6 months and the following year are determined on a monthly basis.

The company keeps cash and deposits to banks in order to meet its liquidity needs for periods of up to 30 days. Funds for medium-term liquidity needs are released from time deposits of the company. Additional information is disclosed in Note 20.

Other risks and uncertainties

The group remains exposed to the short-term fluctuations of wind and hydrological data, but this does not affect the long-term efficiency of its projects, as for the deployment of its investments, precede extensive studies on the long-term behavior of the abovementioned data.

The group's construction sector is subject to significant fluctuations both in turnover and in the profitability of individual construction works, as the construction activity involves increased volatility, mainly related to the ongoing renewal of the unused balance of construction contracts to third parties, which are mainly government bodies or entities.

Significant Events after the Statement of Financial Position

There are no significant events after the date of the Statement of Financial Position.

Transactions with Affiliated Parties

As affiliated parties in accordance with IAS 24 are meant to be subsidiaries, companies with common ownership and / or Management with the company, associates of the company, as well as the parent company and the subsidiaries of the parent company, as well as the members of the Board of Directors and the Company's directors. The company acquires goods and services from related parties, while it also supplies goods and services to them.

Transactions and balances for the year 2017 are as follows:

TERNA ENERGY FINANCE S.A.				
	SALES	**PURCHASES**	**RECEIVABLES**	**OBLIGATION**
MOTHER COMPANY				
TERNA ENERGY SA	1,266,272	29,370	60,010,872	-

With regards to the abovementioned transactions, the following clarifications are listed below:

Sales of TERNA ENERGY FINANCE S.A. to TERNA ENERGY SA amounting to € 1,266,272 relate to interest and purchases of TERNA ENERGY FINANCE S.A. from TERNA ENERGY SA, amounting to € 29,370, are related to the transfer of expenses. Company’s receivables, amounting to € 60,010,872, from TERNA ENERGY SA relate to bond loans (capital and interest).

CORPORATE GOVERNANCE STATEMENT

1. Corporate Governance Code

The company applies to all of its activities and operations, the established rules by the legislative, supervisory and other competent authorities to all its activities and functions, without any exceptions. In addition, it has adopted internal rules and business practices that contribute to the compliance with the principles of transparency, professional ethics and good management of all company resources at every level of operation for the benefit of investors while protecting the Company from anyone intending or / and the ability to put his / her personal interest above the corporate. All the above rules and practices are incorporated in the Corporate Governance Code (CED), which the company has made in line with the provisions of Law 3873/2010.

In this context, and in order to further enforce the ethical and ethical principles, rules and practices that should govern the functions and processes of a modern and socially responsible business, the Management has developed a specific Code of Ethics.

2. Corporate Governance Rules and Practices

The following terms and practices of corporate governance are clearly and precisely defined in the CED:

Board of Directors

Its role, duties and responsibility for the design and implementation of the company's strategy are clearly defined with the main objective of protecting the interests of all of its Shareholders. As the highest governing body of the company, it decides on all corporate affairs, other than those that fall within the competence of the General Assembly. In particular, the responsibilities of the Board of Directors included:

- The long-term strategic and medium-term business planning of the company
- The adoption and implementation of the general policy based on the suggestions and proposals of the managers.
- The integrity of the accounting and financial statements to be disclosed, including the auditors' report and the existence of processes regarding risk control, financial control and compliance abiding with the applicable law.
- The monitoring and settlement of any conflict of interest issues between directors, members of the Board of Directors and shareholders, including cases of mismanagement of assets or transactions with affiliated parties.
- The report of actions to the company's shareholders.
- The Board of Directors enacts the rules governing the procedures of certain and specific types of transactions, such as mergers, acquisitions and major changes in the company's capital.
- The determination of the remuneration of the members of the Board of Directors and the proposal for approval by the General Meeting of Shareholders, as well as the decision on the remuneration of the company's top executives

The Ordinary General Meeting of Shareholders of May 11, 2017 elected a five-member Board of Directors to manage the Company for five years, starting from the date of its election (a term which is automatically extended to the Ordinary General Meeting to be convened by 30/6/2022 the latest), composed of the following Members:

1. - Vasileios Delikaterinis of Evangelos, executive Member, Chairman,
2. - Dimitra Chatziarseniou of Nikolaos, non-executive member, Vice-Chairman
3. - Aristotelis Spiliotis of Nikolaos, executive Member, Managing Director
4. - Konstantinos Baslis of Georgios, independent non-executive Member
5. - Angelos Tagmatarchis of Konstantinos, independent non-executive Member

In the course of their duties and meetings in 2017, the members of the Board of Directors displayed "businessman due diligence", devoting all the time required for effective management of the company and acted with integrity, accountability and honesty, avoiding actions that could jeopardize the company's competitiveness or conflicts of interests. They also kept the confidentiality of the information that they held in a privileged way, and they made sure that all shareholders and interested investors were informed in a timely and concurrent manner of matters that could affect their decision to make any trading in shares in the company.

Chairman of the Board of Directors

The Chairman is the main lever for the implementation of the Corporate Governance Principles in the company, responsible for, inter alia, the effective operation of the Board of Directors and the active participation of all its members in the taking and supervision of the implementation of business decisions and the smooth communication of the company with its shareholders.

Its responsibilities include convening and directing the work of the Board of Directors on the agenda items he has composed on the basis of the needs of the company and relevant requests from all the other members of the Board, supervises and controls the personnel of the company, supervises its smooth operation and executes the decisions of the Board of Directors and acts in accordance with its specific mandates and mandates, prepares the Annual Report of the Board of Directors and recommends to the Board of Directors the balance sheet and the report.

The Board of Directors is supported by Committees which have a consultative role, but a particular weight in the decision-making process. These Committees are the following:

Audit Committee

The Audit Committee supports the Board of Directors in fulfilling its duty to ensure: the compliance of the company's instruments and actions with the requirements of the legal - institutional - regulatory framework and the Principles of Corporate Governance that govern the company’s operation, the completeness and reliability of the company's accounting, information and administrative systems' and the statements and other reports produced through them, the smooth and efficient operation of all the company's control mechanisms, so that all business risks are identified in a timely manner and dealt with in a cautious and efficient way.

It meets at least four times a year and whenever it deems necessary. It invites the statutory auditor at its meeting at least twice a year to provide clarifications on its actions and observations on the financial statements and the company's overall financial information.

The Audit Committee has the following, sector-by-sector, basic duties:
It supervises the process of producing the financial statements and other financial reports of the company by testing their credibility and ensuring that the internal audit work is carried out smoothly and provides its support and periodically evaluates the adequacy and reliability of the internal control and risk management mechanisms with the criteria of timely identification of the latter and the quick reaction on addressing them. It investigates any transactions of the company with any related to it person and submits relevant reports to the Board of Directors, so as the likelihood of conflicting interests to be examined in a transparent manner and a possible damage or loss to the company to be prevented.

Also, the Audit Committee receives the Internal Audit Service reports, evaluates their content, suggests to the Board of Directors the Head of the Service, assesses its efficiency and effectiveness, and, on this basis, it recommends the continuation or termination of his duties.

It monitors the performance of the work of the statutory auditor and assesses whether it complies with the relevant legal and regulatory framework, international standards and best practices. It also investigates and assesses the adequacy of the knowledge, professional consistency, independence and effectiveness of the statutory auditor, and, on this basis, proposes to the BoD the continuation or termination of his duties.

The Audit Committee consists of at least three (3) members. The Audit Committee is a committee of the Company's Board of Directors. It consists of non-executive members of the Board of Directors and members elected by the General Assembly of the Company's shareholders. The members of the Audit Committee as a whole have sufficient knowledge in the field in which the Company operates and are mostly independent of the Company, within the meaning of the provisions of Law 3016/2002. It is mandatory that at least one (1) of the three members has sufficient knowledge and experience in accounting and auditing.

The members of the Audit Committee elected by the General Assembly of May 11, 2017 are:

Dimitra Chatziarseniou of Nikolaos - Non-Executive Member
Konstantinos Baslis of Georgios - Independent Non-Executive Member
Angelos Tagmatarchis of Konstantinos- Independent Non-Executive Member

The Audit Committee met four (4) times during 2017, it exercised all of its duties and responsibilities, it cooperated with the Internal Audit Service of the company and provided the appropriate instructions for the continuation of audit by subject and priority.

It discussed with the company's internal control officer about his findings and conclusions and confirmed the correctness of the process of preparing its financial statements. It affirmed the latter with the Group's external auditors and examined all the issues they raised on the basis of their knowledge and experience acquired during the performance of their duties.

It collaborated with the auditors on issues of common interest throughout 2017 and thoroughly analyzed their conclusions regarding the correctness and accuracy of the financial statements and the integrity of the information of the Shareholders and the investors in general.

3. Internal Control and Risk Management

The internal control system is defined as the sum of rules and measures applied by the company, which aim at the preventive and restrictive control of operations and procedures at all levels of the company’s hierarchy and organizational structure, in order to ensure: the legality and security of management and transactions, the accuracy and reliability of published financial statements and any other financial information and announcement, as well as the effectiveness of the company’s operational systems and activities.

The Board employs the internal control system so as to protect the company’s assets, estimate the evident risks arising from all of its operations and provide accurate and complete information to shareholders with regards to the actual condition and prospects of the company, as well as the manner in which detected risks are handled.

To implement the above, the Board defines the operational context of the internal control, approves the conduct and evaluation procedures of its results and decides on its composition, adhering to the relevant legal and regulatory framework. It establishes a special internal audit division, which is independent, is not subject to any hierarchy in relation to any other organizational division and is supervised by the company’s Audit Committee.

With the contribution of the Audit Committee, it evaluates the adequacy and effectiveness of the special internal audit division and the extent to which its reports are utilized by the Board for the continuous improvement of the company’s operation at all levels ant the effective management of business risks. Moreover, the Audit Committee maintains direct and regular contact with the external auditors, in order to by systematically informed on the adequacy and reliability regarding the operation of the internal control and risk management systems, as well as the accuracy and reliability of the financial information.

The evaluation and management of risks during 2017 is described in the relevant chapter (III) of the company’s Annual Report of the Board of Directors for the same fiscal year.

4. Relations – Communication with Shareholders – Investors

The Board of Directors emphasizes on the importance of the protection of the rights of all Company Shareholders and to the servicing of their rights. Servicing of Company Shareholders is done through oral and written communication. The Shareholders’ Service Department shall ensure that the company’s equity holders are equally informed of the distribution of the Company's securities, distributions, subscriptions, waivers and conversion transactions, the period of exercise of their rights or any changes in the original time limits.

It also provides information regarding the regular or extraordinary General Assemblies and on their performance.

Moreover, the Shareholders’ Service Department has the responsibility of keeping the list of holders of corporate titles (record of bondholders) of the Company in accordance with the applicable legislation. For this purpose, the service is responsible for communicating with the Central Securities Depository.

5. General Meeting of Shareholders

The company adheres to the total relevant terms and provisions stipulated by the effective legal – regulatory framework as regards to the General Meeting of its Shareholders, with particular dedication on reinforcing their ability to smoothly exercise their rights, based on the completeness, accuracy and clarity of the information such receive promptly by the relevant company bodies, through all means available to the company.

Members of the Board of Directors, the company auditors and any other senior company executive, who are considered essential for the provision of detailed information and clarifications on Shareholders' inquiries, are present at the General Meetings.

6. Disclosure of information required by items (c), (d), (f), (h) and (i) of par. 1 article 10 of the directive 2004/25/EC

The required information is already included in another section of the Management Report that refers to the additional information of article 4 par. 7 of Law 3556/2007.

7. Compliance with the provisions of the Code

The Board of Directors has complied with the provisions of the Corporate Governance Code during 2017.

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS
IN ACCORDANCE WITH ARTICLE 4 OF LAW 3556/2007

The present Explanatory Report of the Board of Directors is submitted towards the Ordinary General Shareholders' Meeting, according to paragraph 8 article 4 of L. 3556/2007 and has been prepared, according to those stipulated in paragraph 7 of article 4 of the same law.

a) Structure of Share Capital
The share capital of the Company amounts to a total of fifty thousand euros (50,000 €) divided into fifty thousand (50,000) common voting shares of nominal value one euro (1.00 €) each.
All the rights and obligations stated by Law and the Company's Articles of Association emanate from each share.

b) Limitations to the transfer of Company shares
The transfer of Company shares takes place according to Law and there is no limitation to their transfer according to the Articles of Association.

c) Significant direct or indirect participation according to the definition of the provisions of L. 3556/2007
The 100% shareholder of the Company is TERNA ENERGY SA.

d) Shares providing special control rights
According to the Company's Articles of Association there are no shares that provide special control rights.

e) Limitations to voting rights
According to the Company's Articles of Association there are no limitations of voting rights emanating from its shares.

f) Agreements between Company Shareholders
To the Company's knowledge, there are no agreements between its Shareholders, which imply limitation to the transfer of its shares or to the exercise of voting rights emanating from its shares.

g) Rules for appointment and replacement of Board Members and amendments of the Articles of Association
The Company's Articles of Association have been conformed to the provisions of L. N,3604/2007 and their provisions do not differ from those stipulated by C.L. 2190/20, as in effect, both with regards to the appointment and replacement of Board Members and with regards to the amendment of its articles.

h) Authority of the Board of Directors for the issuance of new shares
According to those stipulated by par. 2 article 5 of the Articles of Association, the General Meeting may by means of its decision, assign authority to the Board of Directors to increase by means of its decision, the share capital according to those stipulated by C.L. 2190/20.

According to the provisions of article 13 par. 13 of C.L. 2190/20, as in effect, the Board of Directors may increase the share capital by issuing new shares in the context of implementing the approved by the General Meeting Stock Option Plan, for the acquisition of Company shares by the beneficiaries.

i) Important agreements put into effect, amended or terminated in case of change in control following a tender offer

There are no agreements which are put into effect, amended or terminated in case of change in the Company's control following a tender offer.

j) Agreements with the Members of the Board of Directors

There are no agreements of the Company with Members of its Board of Directors, which include the payment of indemnity, specifically in case of resignation or termination without reasonable cause or termination of term or employment due to a tender offer.

Athens, April 25, 2018
The Chairman of the BoD

Vasileios Delikaterinis

IV. FINANCIAL STATEMENTS OF 31 DECEMBER 2017

(1 January – 31 December 2017)

According to the International Financial Reporting Standards

The accompanying Financial Statements were approved by the Board of Directors of TERNA ENERGY FINANCE S.A. on April, 25th of 2018 and have been published by being posted on the internet at the website www.ternaenergy-finance.gr, as well as the Athens Exchange website. It is noted that the published in the press Data and Information, derived from the Financial Statements, aim at providing the reader with certain, general information on the company's financial position and results, in accordance with the International Financial Reporting Standards (IFRS).

The Chairman of the BoD	The Managing Director
Vasileios Delikaterinis	Aristotelis Spiliotis,

TERNA ENERGY FINANCE S.A.

STATEMENT OF FINANCIAL POSITION

31st DECEMBER 2017

(All amounts are expressed in €, unless stated otherwise)

	Note	31-Dec-2017	31- Dec-2016
ASSETS			
Long-term assets			
Other long-term receivables	5	58,744,600	-
Total Long-term assets		**58,744,600**	**-**
Current assets			
Prepayments and other receivables	6	-	260
Other short-term financial assets	7	1,266,272	-
Cash and cash equivalents	8	77,932	48,573
Total current assets		**1,344,204**	**48,833**
TOTAL ASSETS		**60,088,804**	**48,833**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9	50,000	50,000
Retained earnings	-	50,922	(1,167)
Total equity		**100,922**	**48,833**
Long-term liabilities			
Long-term loans	10	58,920,481	-
Deferred tax liabilities	13	21,484	-
Total long-term liabilities		**58,941,965**	**-**
Short-term liabilities			
Long-term liabilities payable in the next fiscal year	10	1,045,917	-
Total short-term liabilities		**1,045,917**	**-**
TOTAL LIABILITIES AND EQUITY		**60,088,804**	**48,833**

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

TERNA ENERGY FINANCE S.A.
STATEMENT OF TOTAL REVENUE
(All amounts are expressed in €, unless stated otherwise)

	Note	1 -Jan 31 - Dec - 2017	1-Jan 31 – Dec - 2016
Net sales	11	1,266,272	0
Cost of sales	12	(1,145,635)	(15)
Gross Profit		**120,638**	**(15)**
Sales & Administration costs	12	(47,064)	(1,152)
Operating Results		**73,574**	**(1,167)**
Results before Taxes		**73,574**	**(1,167)**
Income Tax	13	(21,484)	-
Results after Taxes		**52,09**	**(1,167)**
Total Revenues after Taxes		**52,09**	**(1,167)**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY FINANCE S.A.
CASH FLOW STATEMENT
(All amounts are in €, unless otherwise stated)

	31-Dec-2017	31-Dec-2016
Cash flows from operating activities		
Profit before tax	**73,574**	**(1,167)**
Interest and similar income	(1,266,273)	-
Interest and other financial expenses	1,145,635	15
Operating profit before changes in working capital	**(47,064)**	**(1,152)**
(Increase) / Decrease to:		
Prepayments and other short-term receivables	260	(260)
Proceeds from concluded loans	58,821,589	-
Loan Grants	(58,744,600)	-
(Increase) / Decrease to:		
Interest Paid	(826)	(15)
Net cash inflow from operating activities	**29,359**	**(1,427)**
Cash flows from financial activities		
Increase in share capital	-	50,000
Cash outflows for financial activities	**-**	**50,000**
Net increase / decrease in cash	**29,359**	**48,573**
Cash balance at the beginning of the period	48,573	-
Cash balance at end of the period	**77,932**	**48,573**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY FINANCE S.A.

STATEMENT OF CHANGES IN EQUITY

31st December 2017

(All amounts are expressed in €, unless stated otherwise)

	Share capital	Premium	Regular Reserve	Reserves	Retained Earnings	Total
01-January-2017	**0**	**0**	**0**	**0**	**0**	**0**
Results for the period	0	0	0	0	(1,167)	**(1,167)**
Increase in share capital	50,000	0	0	0	0	**50,000**
31-December -2016	**50,000**	**0**	**0**	**0**	**(1,167)**	**48,833**
01-January-2017	**50,000**	**0**	**0**	**0**	**(1,167)**	**48,833**
Results for the period	0	0	0	0	52,089	**52,089**
31-December -2017	**50,000**	**0**	**0**	**0**	**50,922**	**100,922**

The accompanying notes form an integral part of the financial statements

1 ESTABLISHMENT & ACTIVITY OF THE COMPANY

"TERNA ENERGY FINANCE S.A." (henceforth "The Company") was incorporated by the No. 19.634 / 14.10.2016 Notarial Act, according to the provisions of Law 2190/1920 and was registered in the General Electronic Commercial Registry (GEMI) of the Athens Chamber of Commerce and Industry on 14/10/2016 with GEMI number 140274801000. It has its headquarters in Athens, 124 Kifisias Str. & 2 Iatridou Str., and its duration is set for 110 years. TERNA ENERGY SA participates with a 100% equity stake in the Company. The main activities of the Company comprise the investment and financing of the Company and / or its affiliated companies and business' activities, the mediation in financing by third parties of the companies and businesses affiliated with the Company and generally the raising of capital from the above entities, the provision of services and advices to companies and businesses affiliated with the Company regarding the capital structure and in general their financing and, generally, the execution of any work, project, service and in general of any activity or any other action which is relevant to the above purposes of the Company or generally is performed in the context of achieving all or some of the above purposes.

2 BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

The attached separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the Standing Interpretations Committee and adopted by the European Union.

b) Statutory Financial Statements

TERNA ENERGY FINANCE S.A. prepares its Statutory Financial Statements in accordance with the IFRS that have been adopted by the European Union.

The Company keeps its accounting records in accordance with the provisions of the tax legislation, as it has the right to do so. It then carries out adjustments to prepare the attached financial statements in accordance with IFRSs.

c) New standards, amendments of standards and interpretations

The accounting policies that were applied for the preparation of the financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2016, except for the adoption of the new standards. The Company has fully adopted all IFRSs and interpretations that were adopted by the European Union by the date of the financial statements' preparation and whose application in accordance with the IASB was mandatory for the year ended 31 December 2017.

i. <u>New Standards, Interpretations, Revisions and Amendments of the existing Standards that are in effect and have been adopted by the European Union</u>

The following Standards' amendments have been issued by the International Accounting Standards Board (IASB), have been adopted by the European Union and their implementation is mandatory from 01/01/2017 or later.

Amendments to IAS 7 "Disclosure Initiative" (effective for annual periods beginning on or after 01/01/2017)

In January 2016, the IASB issued limited-purpose amendments to IAS 7. The purpose of these amendments is to make it possible for users of financial statements to assess changes in liabilities arising from financial activities. The amendments require entities to provide disclosures that will enable investors to assess changes in liabilities arising from financial activities, including changes in cash flows and non-cash changes. The amendment has no impact on the Financial Statements.

Amendments to IAS 12 "Recognition of Deferred Tax Asset for Unrealized Loss" (effective for annual periods beginning on or after 01/01/2017)

In January 2016, the IASB issued limited-purpose amendments to IAS 12. The purpose of these amendments is to clarify the accounting treatment of deferred tax assets for unrealized losses on debt securities measured at fair value. The amendments do not have an impact on the Financial Statements.

Annual Improvements to IFRSs - Cycle 2014-2016 (effective for annual periods beginning on or after 01/01/2017)

In December 2016, the IASB issued the "Annual Improvements to IFRS - Cycle 2014-2016", which is consisted of a series of amendments to some Standards and is part of the program for annual improvements to IFRSs. The amendment included in this cycle and is effective for annual periods beginning on or after 1 January 2017 is as follows: **IFRS 12**: Clarification of the Scope of the Standard. The amendment does not have any effect on the Financial Statements. The other amendments included in this cycle and are effective for annual periods beginning on or after 1 January 2018 are analyzed in the following section.

ii. New Standards, Interpretations, Revisions and Amendments to existing Standards which have not yet entered into force or have not been adopted by the European Union

The following new Standards, Interpretations and Standards' amendments have been issued by the International Accounting Standards Board (IASB) but either have not yet entered into force or are not adopted by the European Union.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 01/01/2018)

In July 2014, the IASB issued the final version of IFRS 9. The improvements introduced by the new Standard include the creation of a reasonable model for classification and measurement, a single predictive model for impairment "expected losses", and also one substantially reformed approach for hedge accounting. The Company plans to adopt the new standard on the required date. The new impairment model requires the recognition of impairment provisions based on expected credit losses and not only on realized credit losses, as is currently the case in accordance with IAS 39. The Company concluded that when adopting the new standard, the provision for impairment will not have a significant impact on the financial statements. The Company is in the process of final audits in order to determine the impact of the transition to the new standard. The above have been adopted by the European Union and with effective date 01/01/2018.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01/01/2018)

In May 2014, the IASB issued a new Standard, IFRS 15. This Standard is fully in line with the requirements for revenue recognition in accordance with the principles of both IFRS and US GAAP. The underlying principles on which this Standard is based are consistent with an important part of current practice. The new Standard is expected to improve financial reporting by introducing a more robust framework to address emerging issues by enhancing comparability between industries and capital markets by providing additional disclosures and clarifying the accounting treatment of contract costs. The new Standard replaces IAS 18 "Revenue", IAS 11 "Construction Contracts", and some revenue-related Interpretations. The Company plans to adopt the new standard on the required date. No significant differences from current accounting policies have been identified. As a result, the new standard will not have a significant impact on the financial statements. The above have been adopted by the European Union and entered into force on 01/01/2018.

Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01/01/2018)

In April 2016, the IASB issued clarifications to IFRS 15. The amendments to IFRS 15 do not alter the core principles of the Standard but provide clarification as to the application of those principles. The amendments clarify the way based on which is recognized a commitment execution in a contract, how it is determined whether an entity is the originator or trustee, and how it is determined whether the income from the granting of a license should be recognized at a particular time; or through time. The Company examined the impact of all of the above on its Financial Statements. The above have been adopted by the European Union and entered into force on 01/01/2018.

Amendments to IFRS 4: "Application of IFRS 9 Financial Instruments in conjunction with IFRS 4 Insurance Contracts" (effective for annual periods beginning on or after 01/01/2018)

In September 2016, the IASB issued amendments to IFRS 4. The purpose of these amendments is to determine the treatment of temporary accounting effects due to the different date of entry into force of IFRS 9 Financial Instruments and of under issuance Standard for insurance contracts. Amendments to the existing requirements of IFRS 4 allow entities whose main activities are linked with insurance to postpone the application of IFRS 9 up to 2021 ('temporary exemption') and allow to all issuers of insurance contracts to recognize in the other comprehensive income rather than in profits or losses, the volatility that may result from the application of IFRS 9 before the issuance of the new Standard on Insurance Contracts ("overlapping approach"). The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have been adopted by the European Union with effective date 01/01/2018.

IFRS 16 "Leases" (effective for annual periods beginning on or after 01/01/2019)

In January 2016, the IASB issued a new Standard, IFRS 16. The purpose of the IASB project was the development of a new Standard for leases that defines the principles that both parties apply to a contract - namely, the client (the "lessee") and the supplier ("the lessor") - to provide relevant leases information in a manner that faithfully reflects these transactions. In order to achieve this purpose, the lessee should recognize the assets and liabilities arising from the lease. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2019.

Annual Improvements to IFRS - Cycle 2014-2016 (effective for annual periods beginning on or after 01/01/2018)

In December 2016, the IASB issued the "Annual Improvements to IFRS - Cycle 2014-2016", which consists of a series of amendments to some Standards and is part of the program for annual improvements to IFRSs. The amendments included in this cycle that are effective for annual periods beginning on or after 1 January 2018 are as follows: IFRS 1: Deletion of short-term exemptions for first-time IFRS adopters, IAS 28: Measurement of an associate or a Joint Venture at fair value. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2018.

Amendment to IFRS 2: "Classification and measurement of share-based Payment Transactions" (effective for annual periods beginning on or after 01/01/2018)

In June 2016, the IASB issued a limited-purpose amendment to IFRS 2. The purpose of this amendment is to provide clarification on the accounting treatment of specific types of equity-based payment transactions. In particular, the amendment introduces the requirements regarding the accounting treatment of the effect of vesting and non-vesting conditions on the measurement of cash-based equity-settled payments, the accounting treatment of equity-settled payment transactions bearing a settlement characteristic in an offsetting basis for a withholding tax, and an amendment to the terms and conditions of an equity-linked payment which changes the classification of the transaction from cash-settled to equity-settled. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2018.

Amendments to IAS 40 "Transfers of Property Investments from or to other categories" (effective for annual periods beginning on or after 01/01/2018)

In December 2016, the IASB issued limited scoping changes to IAS 40. The purpose of these amendments is to strengthen the principle of transfers from or to investment property so as to determine that (a) a transfer from, or investment property should be realized only if there is a change in the use of the property and (b) such a change in the use of the property would include the valuation of the property as to whether the respective property meets the criteria for classification as an investment property. This change in use should be supported by relevant documentation / evidence. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2018.

IFRIC 22 "Foreign Currency Transactions and Advance Payments" (effective for annual periods beginning on or after 01/01/2018)

In December 2016, the IASB issued a new Interpretation, IFRIC 22. This Interpretation includes the requirements regarding the exchange rate that should be used when presenting foreign currency transactions (namely revenue transactions) when payment has been received or paid in advance. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2018.

Amendments to IAS 28 "Long-term Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 01/01/2019)

In October 2017, the IASB issued limited-purpose amendments to IAS 28. The purpose of these amendments is to provide clarifications on the accounting treatment of long-term participations in an associate or joint venture - to which the equity method does not apply - based on IFRS 9. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

Amendments to IFRS 9 "Prepaid Items with Negative Return" (effective for annual periods beginning on or after 01/01/2019)

In October 2017, the IASB issued limited-purpose amendments to IFRS 9. Based on the existing requirements of IFRS 9, an entity would measure a financial asset with negative return on fair value through the results, as the characteristic of the "negative return" could be considered as generating potential cash flows that are not only composed of capital and interest payments. Under the amendments, entities may measure specific prepaid financial assets with a negative return on amortized cost or at fair value through other comprehensive income, provided that a specific condition is met. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2019.

Annual Improvements to IFRSs - Cycle 2015-2017 (effective for annual periods beginning on or after 01/01/2019)

In December 2017, the IASB issued the "Annual Improvements to IFRSs - Cycle 2015-2017", which consists of a series of amendments to certain Standards and is part of the annual improvements program for IFRS. The amendments included in this cycle are as follows: IFRS 3 - IFRS 11: Participation rights previously held by the acquirer in a joint venture, IAS 12: Effect on income tax form payments for financial instruments classified as equity items, IAS 23: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

IFRIC 23 "Uncertainty regarding treatment of Income Tax" (effective for annual periods beginning on or after 01/01/2019)

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies the accounting treatment of current and deferred tax, but it does not specify the way based on which the uncertainty's effects should be reflected. IFRIC 23 includes the additional to IAS 12 requirements, specifying the way based on which the effects of the uncertainty should be reflected in the accounting treatment of income taxes. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

Amendments to IAS 19 "Amendment, Curtailment or Settlement of a Defined Benefit Plan" (effective for annual periods beginning on or after 01/01/2019)

In February 2018, the IASB issued limited-purpose amendments to IAS 19, under which an entity is required to use updated actuarial assumptions when determining the current service cost and net interest for the remaining period after the amendment, the curtailment or the settlement of a defined benefit plan. The purpose of these amendments is to enhance the understanding of the financial statements and the provision of more useful information to its users. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

Revision of the Financial Reporting Concept Framework (effective for annual periods beginning on or after 01/01/2020)

In March 2018, the IASB revised the Financial Reporting Concept Framework, the purpose of which was to incorporate important issues that were not covered, as well as the updating and provision of clarification in relation to specific guidance. The revised Financial Reporting Concept Framework contains a new chapter on measurement in which it is analyzed the measurement concept, including factors that should be taken into account when choosing a measurement basis, issues relating to presentation and disclosure in the Financial Statements and guidance regarding the de-recognition of assets and liabilities from the Financial Statements. Furthermore, the revised Financial Framework Concept contains improved definitions of assets and liabilities, guidance to help implement these definitions, updating of the criteria for recognizing assets and liabilities, as well as clarification on significant issues such as the management roles, conservatism, and uncertainty when measuring financial information. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

Amendments to the Financial Reporting Concept Framework (applied for annual periods beginning on or after 01/01/2020)

In March 2018, the IASB issued amendments to the Financial Reporting Concept Framework Reports as a follow-up to its review. Some Standards include explicit references to earlier versions of the Financial Reporting Concept Framework. The purpose of these amendments is to update these references and the support for the transition to the revised Financial Reporting Concept Framework. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 01/01/2021)
In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the IASB's project was to develop a single Standard based on principles (principle-based-standard) for the accounting treatment of all types of insurance contracts, including reinsurance contracts held by an insurance organization. A single Standard based on principles will enhance the comparability of the financial reporting among economic entities, jurisdictions and capital markets. IFRS 17 specifies the requirements that an entity should apply on financial reporting related to insurance contracts that it issues and reinsurance contracts that it holds.
The Company will examine the impact of all of the above on its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

d) Approval of the financial statements
The accompanied annual consolidated financial statements were approved by the Board of Directors on 25 April 2018.

Use of estimates
The Company makes estimates, assumptions and valuation judgments in order to select the most appropriate accounting principles in relation to the future development of events and transactions. These estimates, assumptions and judgments are periodically reviewed to reflect current data and reflect current risks and are based on previous management experience with respect to the level / volume of related transactions or events.
The key estimates and judgments that refer to data the evolution of which could affect the items of the financial statements in the next 12 months are as follows:

(a) Income tax provision: The income tax provision based on IAS 12 is calculated by estimating the taxes to be paid to the tax authorities and includes the current income tax for each fiscal year and provision for the additional taxes that may arise in tax audits. The final settlement of income taxes is likely to deviate from the relevant amounts recorded in the financial statements.

b) Fair value of financial assets and liabilities: The Company makes an estimate regarding the fair value of financial assets and liabilities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The main accounting policies adopted in the preparation of the accompanying financial statements are as follows:

(a) Investments and other (primary) financial assets
Financial assets that are covered and regulated by the provisions of IAS 39 are classified according to their nature and characteristics into one of four categories:

(i) Investments available for sale,
(ii) Receivables and loans,
(iii) Financial assets at fair value through profit or loss
(iv) Held-to-maturity investments

They are initially recognized at cost that represents the fair value plus, in some cases, the direct acquisition, transaction costs.

The classification of the above financial assets is made with the initial recognition and, where permitted, is reviewed and revised periodically.

(i) Investments available for sale
Financial assets (primary) that cannot be classified in any of the other three categories are characterized and classified as available for sale investments. After initial recognition, available-for-sale investments are measured at fair value and the resulting gains and losses are recognized in other comprehensive income. Upon sale or write-off or impairment of the investment, accumulated profits or losses are included in the income statement.

(ii) Receivables and loans
Receivables and loans arising from the Company's activity (which are outside the normal credit limits) are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the relevant items are written off or impaired, as well as through the amortization process.

(iii) Financial assets at fair value through profit or loss
It concerns the trading portfolio and includes investments acquired with a view to liquidating them in the near future. Gains or losses from the measurement of these items are recognized in the income statement.

(iv) Held-to-maturity investments
Financial assets (primary) with defined flows and pre-defined maturity are classified as held-to-maturity when the company has the intent and ability to hold them to maturity. Investments held for an indefinite or predetermined period cannot be classified in this category. Held-to-maturity investments are measured at amortized cost using the effective interest rate method after initial recognition.

Gains and losses are recognized in the income statement when the relevant items are written off or impaired, as well as through the amortization process.

The current value of these investments traded on an organized stock market results from the relative market value of the investment at the closing date. For investments that are not traded on an active market, fair value is calculated based on relevant valuation techniques.

These techniques are based on recent arm's length transactions of similar investments, with reference to the market value of another investment with similar characteristics to those of the valued, discounted cash flow analysis and investment valuation models.

b) Financial products and Risk Management

Primary financial assets and liabilities in the balance sheet include cash, receivables, participations, bank borrowings and other short and long-term liabilities. The accounting policies for recognizing and measuring these items refer to the relevant accounting principles presented in this Note. Financial products are presented as assets, liabilities or equity because of the substance and content of the relevant contracts from which they arise. Interest, dividends, gains and losses arising from financial assets designated as assets or liabilities are recognized as expenses or income, respectively. Dividend distribution to shareholders is accounted for directly to equity. Financial products are offset when the Company, in accordance with the law, has this right and intends to offset them on a net basis (among them) or to recover the asset and set off the obligation at the same time. Financial risk management aims to minimize potential adverse effects, and in particular:

- ***Interest rate and currency risk***

The borrowing of the Company is in Euro and is subject to a fixed interest rate. The Company's management monitors the fluctuations of interest rates and exchange rates and takes appropriate measures to reduce the relevant risks when they exist.

- ***Fair value***

The amounts presented in the accompanying Statement of Financial Position for cash, short-term receivables and short-term liabilities approximate their respective fair values because of their short-term nature.

- ***Credit Risk Concentration***

The Company's policy is to seek cooperation with counterparties with a satisfactory creditworthiness, while a consistent goal is to settle any dispute arising within a friendly settlement. The company only provides funding to affiliated companies.

- ***Market risk***

The Company is not exposed to market risk.

(c) Operation and presentation currency and conversion of foreign currencies

The operation and presentation currency of the Company is the Euro. Transactions in other currencies are translated into Euro using the exchange rates in force at the date of the transactions.

d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the relevant amounts can be measured reliably. The following specific recognition criteria should also be met when recognizing revenue.

(i) Interest income (Revenues)

The income from interest is recognized based on the accruals accounting policy

e) Receivables accounts

Short-term receivables are accounted at their nominal value less provisions for doubtful receivables, while long-term receivables are measured at amortized cost using the effective interest rate method. At each reporting date all overdue or bad debts are assessed in order to determine whether or not a provision for doubtful debts is required.

The rest of this provision for doubtful receivables is appropriately adjusted at each balance sheet date to reflect the probable relevant risks. Any deletion of customer balances is charged to the existing provision for bad and doubtful debts.

f) Cash and cash equivalents

The Company considers time deposits and other highly liquid investments with less than three months maturity as cash and cash equivalents, as well as time deposits with a maturity of more than three months for which it has the right for early liquidation without loss of capital. For the preparation of cash flow statements, cash and cash equivalents are composed of cash and bank deposits as well as cash equivalents as stated above.

g) Loan Liabilities

All long-term and short-term borrowings are initially recorded at cost, which is the actual value of the consideration received less any issue costs associated with the loan. After initial recognition, interest bearing loans, except from loans classified as financial liabilities at fair value through profit or loss, are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account issuing costs and the difference between the original amount and the amortized cost. Gains and losses are recognized in net profit or loss when the liabilities are written off or impaired through the amortization process.

In the event of a subsequent material change in the terms of an existing loan agreement, the Company de-recognizes the existing liability, recognizes the new loan liability at fair value and the difference is recognized in the income statement. Conversely, in the event of an immaterial change in the terms of the contract, the loan is still recognized at the amortized cost so far and the Company redefines the effective interest rate so that the amortized cost equals the present value of the new modified cash flows of the loan. A modification of a borrowing contract is not deemed to be material when the present value of the cash flows of the new contract discounted at the original effective interest rate does not exceed 10% of the present value of the cash flows of the old loan agreement.

Interest on loans is recognized as an expense in the period that is carried out in accordance with the accrual principle.

The Company classifies the financial instruments that it issues in liabilities or equity according to the nature of the contract, regardless of its legal form (shares, preferred shares, bonds, etc.). When the Company does not have the contractual right to avoid payments to the holders of financial instruments, then these securities are classified as liabilities.

h) Right to early repayment

When the bond loan that the company issues provides the option of early repayment the management should assess whether this option is closely related to the bond loan debt. The repayment option is characterized as closely related if a) its exercise price is approximately equal to the amortized cost of the bond loan at each date on which the option can be exercised, or b) the exercise price of a repayment option reimburses the lender for an amount up to the approximate present value of the non-received bond loan's interest for the remaining term of the bond loan.

If the repayment option is characterized as closely related to the bond loan, then it is recognized in combination to the bond loan as a combined debt instrument/liability which is measured at amortized cost using the effective interest method, as follows:

- The aforementioned combined debt instrument is initially recorded at fair value plus or minus any directly attributable transaction costs.
- In determining the effective interest rate, the expected cash flows and expected life of the instrument are estimated taking account of the repayment option. Accordingly:
  - If at inception the option is expected to be exercised, the expected cash flows would include payments of interest and principal until the exercise date along with the exercise price of the option or
  - If the option is not expected to be exercised, the expected cash flows would include payments of interest and principal over the full contractual term.

Subsequently the assessment of the likelihood of the option being exercised may change. This will affect the expected cash flows and expected life of the instrument. The change from these amendments in is calculated by discounting the revised cash flows based on the initial real effective rate and any effect that may arise in the unamortized value is recognized in the results of the respective reference period.

i) Income tax (current and deferred)

Current and deferred tax is calculated in accordance with the tax laws in force in Greece. Income tax is calculated on the basis of the company's profits as adjusted in its tax returns, additional income taxes resulting from tax audits by tax authorities and deferred income taxes based on statutory tax rates.

Deferred income tax is calculated using the liability method in all temporary differences at the balance sheet date between the tax base and the carrying amount of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences and tax losses transferred to the extent that it is probable that a taxable profit will be available that will be used against the deductible temporary differences and the transferred unused tax losses.

Deferred tax assets are measured at each reporting date and are reduced to the extent that it is unlikely that there will be sufficient taxable profits against which part or all of the deferred income tax assets may be used.

Deferred tax assets and liabilities are calculated based on the tax rates that are expected to be in force for the year in which the asset will be incurred or the liability will be settled and are based on the tax rates (and tax laws) that are in force or are enacted at the reference date.

Income tax relating to items that are recognized in other comprehensive income is recognized directly in other comprehensive income rather than in the income statement.

4 INFORMATION REGARDING OPERATING SEGMENTS

An operating sector is a component of an economic entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses that concern transactions with other components of the same economic entity) and, b) whose operating results are regularly reviewed by the chief operating decision maker of the entity to make decisions about resources to be allocated to the segment and assess of its performance. The term “chief operating decision maker” defines the function of the Group that is responsible for the allocation of resources and the assessment of the economic entity’s operating segments. For the application of IFRS 8, this function is assigned to the Managing Director (Chief Executive Officer).

The economic entity presents separately the information on each operating segment that fulfils certain criteria of characteristics and exceeds certain quantitative limits.

The above information is presented in the accompanying consolidated statements of financial position, comprehensive income and cash flows according to the IFRS, whereas previously recorded operating segments –as presented in the financial statements of the previous financial year- require no modifications. The Group recognizes the following operating segments that must be reported, whereas no other segments exist that could be incorporated in the “other segments” category.

The only sector in which the company operates is the Investment and Finance sector in Greece and therefore the total amounts of the Statement of Financial Position and the Statement of Comprehensive Income relate exclusively to the Company's activity in this field.

5 OTHER LONG-TERM RECEIVABLES

The advances of other long-term receivables in the accompanying financial statements are analyzed as follows:

Other long-term receivables	**31-Dec-2017**	**31-Dec-2016**
Loans to related companies	58,744,600	0
Total	**58,744,600**	**0**

6 PREPAYMENTS AND OTHER RECEIVABLES

The prepayments and other receivables in the accompanying financial statements are analyzed as follows:

Prepayments and other receivables	31-Dec-2017	31-Dec-2016
VAT to be offset in the next fiscal year	0	260
Total	**0**	**260**
Provisions for doubtful debtors	0	0
Total	**0**	**260**

7 OTHER SHORT-TERM FINANCIAL ASSETS

Other short-term financial assets in the accompanying financial statements are analyzed as follows:

Other short-term financial assets	31-Dec-2017	31-Dec-2016
Loans to affiliated companies (Short-term part)	1,266,272	0
Total	**1,266,272**	**0**

8 CASH & CASH EQUIVALENTS

Cash & cash equivalents in the accompanying financial statements are analyzed as follows:

Cash & cash equivalents	31-Dec-2017	31-Dec-2016
Bank deposits in €	77,932	48,573
Total	**77,932**	**48,573**

9 SHARE CAPITAL

"TERNA ENERGY FINANCE S.A." was incorporated by the No. 19.634 / 14.10.2016 Notarial Act, according to the provisions of Law 2190/1920 and was registered in the General Electronic Commercial Registry (GEMI) of the Athens Chamber of Commerce and Industry on 14/10/2016 with GEMI number 140274801000. TERNA ENERGY SA participates with a 100% equity stake in the Company.
The share capital of the Company amounts to 50,000 € divided into 50,000 common voting shares of nominal value one euro (1.00 €) each. The share capital is fully paid up.

10 DEBT

The borrowing of the Company is analyzed as follows:

Debt	31-Dec-2017	31-Dec-2016
Long term loans		
Bond loans	58,920,481	0
Total	**58,920,481**	**0**
Long-term liabilities payable in the next fiscal year		
Short-term installments of bond loans	1,045,917	0
Total	**1,045,917**	**0**
Total debt	**59,966,398**	**0**

On July 19, 2017, the Public Offer for the issuance of a Common Bond Loan and the listing of the Company's bonds for trading in the category of Fixed Income of the Organized Market of the Athens Stock Exchange were completed. In total 60,000 common bonds were issued with a nominal value of € 1,000 each (the Bonds) resulting in the raising of capital amounting to € 60,000,000. The total eligible demand of the investors who participated in the Public Offer amounted to € 154.4 million. The final yield of the Bonds was set at 3.85%, and the issue price of the Bonds to € 1,000 each, i.e. 100% of the nominal its value. Under the terms of the loan, a call option is available from 2019. If the prepayment date is in the period commencing on the second (2nd) anniversary of the Issue Date (inclusive) and expires on Tuesday (3rd) anniversary date of the Issue Date (not included), the prepayment is made at 101%. In any other case, the prepayment is 100%. The company's early repayment right was rated by the management as closely related to the bond issued by the company. Based on the principles of IAS 39, the entitlement has been recognized in conjunction with the bond as a combined debt instrument / liability measured at amortized cost based on the effective interest rate. The management of the company has assumed that the right will not be exercised and therefore the flows of the liability are consistent with the flows of the loan for the entire contractual period.

The loan of the Company relates to the financing of the investment program of the TERNA ENERGY SA Group in Greece and the USA.

In order to secure the loan the Company has been granted a corporate guarantee by the parent company "TERNA ENERGY SA".

The repayment period of the above loan is analyzed in note 20.

11 REVENUES

The Company's revenues for the year ended 31/12/2017 relates to the interest income from the Bond Loan granted to the parent company.

12 COST OF SALES –ADMINISTRATION AND DISTRIBUTION EXPENSES

The cost of sales in the accompanying financial statements is analyzed as follows:

	1-Jan 31-Dec-2017	1-Jan 31-Dec-2016
Cost of sales		
Interest on bond loans	1,144,809	0
Various bank expenses	826	15
Total	**1,145,635**	**15**

The operating expenses of the Company are analyzed as follows:

Administration and distribution expenses	1-Jan 31-Dec-2017	1-Jan 31-Dec-2016
Audit fees and expenses	1,743	0
Fees and expenses of third parties	400	1,082
Other tax and duties	8,906	0
Free-lancers’ duty	250	0
Promotion and advertising expenses	19,609	0
Other expenses	16,156	70
Total	**47,064**	**1,152**

13 INCOME TAX (CURRENT AND DEFERRED) –UNAUDITED TAX YEARS

The income tax is analyzed as follows:

Income tax	1-Jan 31-Dec-2017	1-Jan 31-Dec-2016
Deferred tax for the period [expense]	367,219	0
Recognition of tax loss [asset]	(345,735)	0
Total	**21,484**	**0**

According to Greek tax legislation, the nominal tax rate of the income tax to which the Company is subject, is 29% for both the 2017 and the 2016 fiscal years. The actual final tax rate differs from the nominal tax rate. There are a number of factors influencing the effective tax rate, where the most notably of which are the non-tax deduction of certain expenses and the ability of companies to make tax-free deductions and tax-free reserves.

	31/12/2017	31/12/2016
Profit/(Loss) before taxes	**73,573**	**(1,167)**
Nominal tax rate	29%	29%
Income tax based on the effective nominal tax rate	**(21,336)**	**338**
Adjustments for:		
Change in recoverable tax losses	-	(338)
Other permanent tax differences – non deductable expenses	(148)	-
Effective tax expense	**(21,484)**	**-**
Effective tax rate	*29.20%*	*0.00%*

The income tax statement is presented on a yearly basis but the gains or losses declared are temporary until the tax authorities review the taxpayer's records and items and issue the final audit report. In this case, additional taxes and surcharges may be imposed by the tax authorities.

Tax losses, to the extent that are accepted by the tax authorities, may be offset against future profits for a period of five years from the year they incurred.

For the fiscal year 2017, the Company has been subject to the tax audit of the Certified Auditors Accountants provided for by the provisions of Article 65A paragraph 1 of Law 4171/20. The audit has begun and the relevant tax certificate is to be issued after the publication of the financial statements for the year 2017. This audit is not expected to bring about a significant change in the tax liabilities that have been incorporated in the Financial Statements.

Deferred income taxes are calculated on all temporary tax differences between the carrying amount and the tax value of the assets and liabilities. Deferred income taxes are calculated using the Company's expected tax rate at the maturity date of the tax asset / liability:

Deferred tax assets and liabilities for the years 2017 and 2016 are analyzed as follows:

Deferred Taxation	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Asset/ (Liability)	Asset/ (Liability)	(income / (expense)	(income / (expense)
Transitory accounts	(367,219)	-	(367,219)	-
Recognized tax loss	345,735	-	345,735	-
Balance	**(21,484)**	**-**	**(21,484)**	**-**
Deferred tax through results			(21,484)	-
			(21,484)	**-**

14 EARNINGS PER SHARE

The basic earnings per share were calculated by dividing the net profit attributable to the shareholders of the parent company with the weighted average of shares, as follows:

	31-Dec-2017	31-Dec-2016
Net profit attributable to the shareholders of the Company	52,090	(1,167)
Weighted average number of shares	50,000	50,000
Earnings per share (€)	1,0418	(0,0233)

15 TRANSACTIONS WITH RELATED PARTIES

The main and sole shareholder of the Company is the company "TERNA ENERGY SA", which owns 100.00% of the share capital of the Company for the year ended December 31, 2017.

Transactions and balances with related parties for the year 2017 are listed in the following table.

	31 December 2017			
	Purchases/Expenses	Sales/Income	Assets	Liabilities
Parent Company	29,370	1,266,272	60,010,872	0
Other related parties	0	0	0	0
Transaction and fees of directors and members of the management	0	0	0	0
Total	**29370**	**1266272**	**60010872**	**0**

	31 December 2016			
	Purchases/Expenses	Sales/Income	Assets	Liabilities
Parent Company	0	0	0	0
Other related parties	0	0	0	0
Transaction and fees of directors and members of the management	0	0	0	0
Total	**0**	**0**	**0**	**0**

16 AIM AND POLICIES OF RISK MANAGEMENT

The Company is exposed to multiple financial risks such as credit risk and liquidity risk. The risk management plan aims to eliminate the negative effect of these risks on financial results of the Company as these effects are the results of the uncertainty in financial markets and the changes in costs and sales. The Company does not make use of derivative financial instruments to hedge its exposure to particular risk categories

The risk management policy is undertaken by the Treasury Department of the Group. The procedure followed is described below:

- Planning of the methodology and choice of the necessary financial products for the reduction of risk.
- Execution/application, in accordance with the approved procedure by the management, of the risk management plan.

(i) Evaluation of risks related to Company's activities and operations.

(ii) Planning of the methodology and choice of the necessary financial products for the reduction of risk.

(iii) Planning of the methodology and choice of the necessary financial products for the reduction of risk.

(iv) Execution/application, in accordance with the approved procedure by the management, of the risk management plan.

The financial means of the Company are mainly composed of deposits in banks, trade debtors and creditors and loans to related companies.

17 FOREIGN EXCHANGE RISK

The Company is not exposed to currency risk as its total transactions are in euro.

18 SENSITIVITY ANALYSIS OF INTEREST RATE RISK

The Company's policy is to minimize its exposure to interest rate risk with regards to its long-term financing. The Company's long-term loans are in euro and under fixed interest rates. Therefore, 23.7% of the Group's long-term debt is under fixed interest rates.
Therefore, it is not exposed to a risk of interest rate fluctuations. The Company is not exposed to other interest rate risk, or changes in the prices of securities whose price is traded on a financial market.

19 ANALYSIS OF CREDIT RISK

Credit risk is the risk when the counterparty in a financial instrument will cause damage to the other party by failing to pay the relevant obligation. The Company's exposure to credit risk is limited to the financial assets that at the balance sheet date are analyzed as follows:

Credit Risk	31-Dec-2017	31-Dec-2016
Non-current assets:		
Loans and receivables - Other long-term receivables	58,744,600	0
Total	**58,744,600**	**0**
Current assets:		
Loans granted to Group’s Companies (Short-term part)	1,266,272	0
Cash & cash equivalents	77,932	48,573
	1,344,204	**48,573**
Total	**60,088,804**	**48,573**

The Company continuously controls its receivables, either separately or by segment and incorporates the resulting information in its credit control. When appropriate, external reports or analyzes of existing or potential customers are used. The policy of the Company is to cooperate only with trusted customers and affiliated companies.

The Company's management considers that all of the abovementioned financial assets are of high credit quality, including those due.

None of the Company's financial assets has been secured by mortgage or other form of security.

Credit risk for liquid receivables and other short-term financial assets (cash equivalents) is considered negligible, given that the traders are trusted banks of a high-quality capital structure, the State or companies of the wider Public Sector or strong business groups

The amounts representing the maximum exposure to this risk at the end of the current and the comparative period are the current value of those funds in the respective periods. The Company's maximum credit risk is the occurrence of the counterparty's probability of default. In particular, the Company's claims amounting to € 60,010,872 relate to a loan granted to the parent company TERNA ENERGY SA

TERNA ENERGY SA received a BB credit rating from ICAP Group SA, according to which a “BB rating” indicates very low credit risk and is attributable to firms that may be affected but to a very small extent by adverse economic circumstances and therefore their creditworthiness remains stable. BB rated businesses are characterized by their satisfactory financial results, steady course and competitive position in the market.

There are no arrears on financial receivables on December, 31st 2017.

20 ANALYSIS OF LIQUIDITY RISK

The Company manages its liquidity needs by carefully monitoring the debts of long-term financial liabilities as well as payments made daily. Liquidity needs are monitored in different time zones, on a daily and weekly basis, as well as in a rolling 30-day period. Liquidity needs for the next 6 months and the following year are determined on a monthly basis. The Company keeps cash and bank deposits in order to meet liquidity needs for periods of up to 30 days. Funds for medium-term liquidity needs are released from Company deposits.

The maturity of the Company's financial liabilities at 31 December 2017 and 31 December 2016 respectively is analyzed as follows:

Liquidity risk - maturity of financial liabilities	**31 December 2017**		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**> 5 years**
Long-term debt	1,045,917	58,920,481	0
Short-term debt	0	0	0
Other long-term liabilities	0	0	0
Trade liabilities	0	0	0
Laibilities from derivatives	0	0	0
Other liabilities	0	0	0
Total	**1,045,917**	**58,920,481**	**0**

Liquidity risk - maturity of financial liabilities	**31 December 2016**		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**> 5 years**
Long-term debt	0	0	0
Short-term debt	0	0	0
Other long-term liabilities	0	0	0
Trade liabilities	0	0	0
Laibilities from derivatives	0	0	0
Other liabilities	0	0	0
Total	**0**	**0**	**0**

These contractual maturity dates reflect gross cash flows, which may differ from the book values of liabilities at the balance sheet date.

21 PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

The financial assets as well as the financial liabilities the end of the reporting period may be categorized as follows:

Financial assets	**31-Dec-2017**	**31-Dec-2016**
Non-current assets		
Loans and receivables - Other long-term receivables	58,744,600	0
	58,744,600	**0**
Current assets:		
Loans granted to Group’s Companies (Short-term part)	1,266,272	0
Loans and receivables - Prepayments and other receivables	0	260
Cash & cash equivalents	77,932	48,573
	1,344,204	**48,833**
Total	**60,088,804**	**48,833**

Financial liabilities	31- Dec - 2017	31- Dec - 2016
Long-term liabilities:		
Liabilities measured at amortized cost – Other financial liabilities	58,920,481	0
	58,920,481	**0**
Short-term liabilities:		
Liabilities measured at amortized cost – Long-term liabilities payable in the next period	1,045,917	0
	1,045,917	**0**
Total	**59,966,398**	**0**

See note 3 (a) for a more detailed description on how the category of financial instruments affects their subsequent valuation.

22 POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

The aims of the Company regarding the management of its capital are as follows:
(i) to ensure the ability of the Company to continue its activity (ongoing concern) and
(ii) to secure a satisfactory return for its shareholders by pricing products and services according to their level of risk and
(iii) to fulfill its contractual obligations regarding specific debt agreements.

The Company defines the level of capital in proportion to the risk of its activities, it monitors the developments of the economic environment and their effect on the risk characteristics, and it manages the capital structure (relation of debt to capital) with the adjustment of the amount and maturity of debt, the issue of new shares or the return of capital to shareholders, with the adjustment of the dividend and the sale of individual or a group of assets.

The ratio at the end of the years 2017 and 2016 has as follows:

Bank Debt / Total Capital Employed	31-Dec-2017	31-Dec-2016
Debt	59,966,398	0
Total equity	100,922	48,833
Long-term debt & short-term installments of Long-term loans	59,966,398	0
Minus: Cash and Deposits	(77,932)	(48,573)
Capital	59,989,388	260
Bank Debt / Total Capital Employed	100%	0%

The Company's objective with regards to capital management is to adjust and maintain the financial leverage ratio (as defined above) to at least 50%. This objective is expected to be achieved through the Company's productive operation, which will lead to an increase in equity from future profits, resulting in the adjustment of the financial leverage ratio to the levels required by the Company's management.

23 CONTINGENT LIABILITIES

In the context of the operations' execution, the Company may be faced with possible legal claims by third parties. According to both the Management and the Legal Counsel of the Company, there are no litigation or arbitration disputes between the judicial or arbitration bodies concerning the Company.

24 AUDITORS' FEES FOR PROVISION OF NON-AUDITING SERVICES

For the year ended December 31, 2017, in the loan issue expenses, are included salaries of statutory auditors amounting to € 5.000, concerning permitted non-audit services related to the issuance of the Common Bond Loan amount of sixty million (60.000.000 €) (with the exception of statutory audit services and the tax compliance report). These expenses are deducted from the loan liability recognized under IAS 39 and therefore are not charged to the income statement and are not included in the item "Fees and expenses of auditors" of the table included in Note 9.

25 SIGNIFICANT EVENTS AFTER THE REPORTING DATE OF THE STATEMENT OF FINANCIAL POSITION

No significant events occurred after the reporting date of the statement of financial position.

Athens, 25 April 2018

The Chairman of the BoD	The Managing Director	Financial Director
Vasileios Delikaterinis	Aristotelis Spiliotis	Vasileios Delikaterinis

V. DATA AND INFORMATION FOR THE PERIOD 01.01-31.12.2017

TERNA ENERGY FINANCE S.A.

General Commerce Reg. No. (GEMI) 140274801000
124 Kifisias Ave. & 2 Iatridou, Athens, Greece

DATA AND INFORMATION FOR THE PERIOD FROM 1/1/2017 TO 31/12/2017

(Published in accordance with C.L. 2190/20 article 135 for companies that prepare annual financial statements, consolidated and non-consolidated, according to IAS)

The following data and information that are derived from the financial statements, aim at providing general information on the financial position and results of the Company. Therefore, before proceeding with any kind of investment choice or other transaction with the company, readers should refer to the company's website where the financial statements are posted, together with the audit report by the legal auditor.

COMPANY INFORMATION

Responsible Authority:
Attica District, Central Division Development Section
Department of Trade & Tourism

Board of Directors' Composition:
Chairman:
Vasileios Delikaterinis
Vice Chairman:
Dimitra Hadjiarseniou
Managing Director:
Aristotelis Spiliotis
Members:
Konstantinos Baslis
Angelos Tagmatarchis

Approval date of the annual Financial Statements *(from which the brief information was derived):*	25 April 2018
Legal Auditor:	Pavlos Stellakis (SOEL REG. NO.: 24941)
Auditing firm:	Grant Thornton S.A.
Type of audit report:	Unqualified
Company website:	www.ternaenergy-finance.gr

STATEMENT OF FINANCIAL POSITION

Amounts in €

	31/12/2017	31/12/2016
ASSETS		
Other non-current assets	58.744.600	-
Cash & cash equivalents	77.932	48.573
Other current assets	1.266.272	260
TOTAL ASSETS	**60.088.804**	**48.833**
EQUITY & LIABILITIES		
Share Capital	50.000	50.000
Other equity items	50.922	(1.167)
Total equity	**100.922**	**48.833**
Long-term bank liabilities	58.920.481	-
Other long-term liabilities	21.484	-
Short-term bank liabilities	1.045.917	-
Long-term liabilities payable in the following fiscal year	-	-
Other short-term liabilities	-	-
Total liabilities	**59.987.882**	**-**
TOTAL EQUITY & LIABILITIES	**60.088.804**	**48.833**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in €

	1/1-31/12/2017	1/1-31/12/2016
Earnings / (Losses) before interest and taxes (EBIT)	73.574	(1.167)
Earnings / (Losses) before taxes	73.574	(1.167)
Earnings / (Losses) after taxes (A)	**52.090**	**(1.167)**
Other comprehensive income after taxes (B)	-	-
Total comprehensive income after taxes (A) + (B)	**52.090**	**(1.167)**
Losses before interest, tax, depreciation and amortization (EBITDA)	73.574	(1.167)

STATEMENT OF CHANGES IN EQUITY

Amounts in €

	31/12/2017	31/12/2016
Total Equity at the beginning of the period	**48.833**	**-**
Change in share capital	-	50.000
Results after tax	52.090	(1.167)
Other movements	-	-
	100.923	**48.833**
Net income directly recorded in the equity	**-**	**-**
Total Equity at the end of the period	**100.923**	**48.833**

ADDITIONAL DATA AND INFORMATION

Amounts in €

1. There was no change in the accounting policies and estimations by the Company and there has been no correction of errors and reclassifications of accounts in the financial statements during the present financial year.
2. The same accounting principles and calculation methods as those used in the financial statements of the previous year, were followed.
3. The Company's financial statements have been included with the full consolidation method in the consolidated financial statements of TERNA ENERGY SA. The latter parent company, which is based in Athens, directly owned 100% of the Company's share capital.
4. The company is subject to the tax audit of the Certified Auditors according to the provisions of article 65A, paragraph 1 of Law 4174/2013 for the year 2016.
5. The company employed no personnel during the closing period.
6. There are no legal or under arbitration differences of judicial or arbitration bodies that may have a material effect on the financial position of the Company.
7. The amounts of sales and purchases (goods and services) cumulatively from the beginning of the financial period, as well as the balances of receivables and liabilities of the company at the end of the present period, that have emerged from its transactions with its related parties, as such are defined by IAS 24, are as follows:

	31/12/2017	31/12/2016
Purchases of goods and services	29.370	0
Sales of goods and services	1.266.272	0
Receivables	60.010.872	0
Liabilities	0	0

STATEMENT OF CASH FLOWS (indirect method)

Amounts in €

	1/1-31/12/2017	1/1-31/12/2016
Operating activities		
Profit before tax	**73.574**	**(1.167)**
Interest income and related income	(1.266.273)	-
Interest expenses and related expenses	1.145.635	15
Operating profit before changes in working capital	**(47.064)**	**(1.152)**
Plus/minus adjustment for changes in working capital accounts or those related to operating activities:		
Prepayments and other short-term receivables	260	(260)
Proceeds from concluded loans	58.821.589	0
Loan Grants	-58.744.600	0
(Increase) / Decreas to		
Interest Paid	(826)	(15)
Net cashflows from operating activities (a)	**29.359**	**(1.427)**
Financing activities		
Proceeds from share capital increase	-	50.000
Net cash flows from financing activities (c)	**-**	**50.000**
Net increase in cash and cash equivalents for the period (a) + (c)	**29.359**	**48.573**
Cash & cash equivalents at the beginning of the period	48.573	-
Cash Balance at the end of the period	**77.932**	**48.573**

Athens, 25 April 2018

THE CHAIRMAN OF THE BOARD	THE MANAGING DIRECTOR	THE FINANCE DIRECTOR	THE HEAD ACCOUNTANT
DELIKATERINIS VASILEIOS ID No.: AI 036060	ARISTOTELIS SPILIOTIS ID No.: AK-127469	DELIKATERINIS VASILEIOS ID No.: AI 036060	ARTAN TZANARI ID No.: AM 587311 ECG Lic. Reg. No.: 0064937

VI. REPORT ON THE ALLOCATION OF THE CAPITAL PROCEEDS THROUGH THE ISSUANCE OF A COMMON BOND LOAN FOR THE PERIOD THAT ENDS ON 31.12.2017

In accordance with the provisions of paragraph 4.1.2 of the Athens Stock Exchange Regulation (hereinafter referred to as ATHEX), decision no. 25 / 17.07.2008 of the Board of Directors of the ATHEX and no. Decision 8/754 / 14.04.2016 of the Board of Directors of the Hellenic Capital Market Commission, it is hereby announced that from the issue of a Common Bond Loan of € 60 million with the issuance of sixty thousand common bonds with a corporate guarantee of nominal value € 1,000 each, which was conducted in accordance with the decision of the Board of Directors of TERNA ENERGY FINANCE S.A. (hereinafter the “Company”) and by the 12.07.2017 decision for the approval of the Prospectus’ content by the HCMC, euro sixty million (€ 60,000,000) were raised in total. The issue costs, amounting to € 1,255,400, were fully covered by the proceeds of the Common Bond Loan.

The issue of the Common Bond Loan was fully covered and the certification of the payment of the raised funds was made by the Company's Board of Directors on 21.07.2017.

Furthermore, the issued forty million common anonymous bonds were admitted to trading on the regulated market of fixed income securities of the Athens Stock Exchange on 24.07.2017.

In the table there are presented the specific per category use/ investment intended amounts in EUR '000s, the timetable for the implementation of the planned investments and the allocation of the funds raised up to 31.12.2017:

Area of Investment	Period	Allocation of Capital Proceeds (after the deduction of the issuance expenses)	Amounts of capital proceeds which were paid within the year 2017	Balance for utilization
Construction of 2 wind parks in the Regions of Central and Western Greece	2017-2018	40,000.0	21,537.0	18,463.0
Construction of 1 wind park in State of Texas, USA	2017-2018		0.0	
Project «Installation of Processing of Civil Solid Waste of the Region of Epirus»	2017-2019	18,744.6	6,039.0	12,705.6
Project «Total Waste Management of the Peloponnese Region via public and private partnership - PPP (SDIT)»	2017-2018			
Total		**58,744.60**	**27,576.00**	**31,168.60**

(amounts in Euro thousand)

Athens, 25 April 2018

The Chairman of the BoD	The Managing Director	Financial Director
Vasileios Delikaterinis	Aristotelis Spiliotis	Vasileios Delikaterinis

Report on the Findings from the Conduct of Pre-agreed Procedures on the "Allocation Report of Raised Capital"

To the Board of Directors of "TERNA ENERGY FINANCE S.A."

Pursuant to the order that we received from the Board of Directors of TERNA ENERGY FINANCE S.A. (the "Company") with the letter of assignment of March 5, 2018, we conducted the procedures as outlined below for the "REPORT ON THE ALLOCATION OF THE RAISED CAPITAL THROUGH THE ISSUE OF A COMMON BOND LOAN FOR THE PERIOD ENDING 31.12.2017 "(the" Report ") conducted in 2017. The Management of the Company is responsible for the preparation of the aforementioned Report according to the applicable regulations of the Athens Stock Exchange and the Capital Committee and according to the Prospectus of 12 July 2017.
We conducted this work in accordance with the International Standard on Related Services 4400, which applies to "Assignment Specifications for Financial Integrity Related Processes". It is our responsibility to perform the pre-agreed procedures below and to disclose our findings.

Processes carried out

In particular, the procedures carried out are summarized as follows

1. We examined the consistency of the Table of Raised Funds per Investment Sector contained in the Report with that mentioned in the Prospectus issued by the Company on July 12, 2017.
2. We compared the sum of the amounts referred to as "Allocation of raised funds (after deduction of the issue expenses)" in the Table, with the corresponding amount recognized in the basic accounting records of the Company and the Parent Company TERNA ENERGY SA, as coverage of the Bond Loan issued by the Parent Company, based on the information in the Prospectus of July 12, 2017 in paragraph 4.1.1.
3. We compared the amounts referred to as "Amounts of raised funds that were paid in 2017" in the Table, with the corresponding amounts recognized in the basic accounting records of Parent Company TERNA ENERGY SA up to 31 December 2017.
4. We examined whether the raised funds from the Common Bond Loan have been disbursed by the parent company TERNA ENERGY SA until 31 December 2017 according to their intended uses, based on the information in the prospectus of July 12, 2017 in paragraph 4.1.1 , by screening the documents that support the relevant accounting records.

Findings

From the above mentioned procedures we have ascertained the following:

1. We have determined that the content of the Report complies with the Prospectus, issued by the Company on July 12, 2017.
2. By the basic accounting records of the Company and Parent Company TERNA ENERGY SA results that the sum of the amounts referred to as the "Allocation of Raised Funds (after deduction of the issue expenses)" in the attached Report were invested by the Company in the Parent Company, through intra-group borrowings, based on the disclosure in the Prospectus of July 12, 2017 in paragraph 4.1.1.
3. The amounts of money used in each of the categories referred to as "Amounts of raised funds paid in 2017" in the attached report derive from the basic accounting data of Parent Company TERNA ENERGY SA up to December 31, 2017.

4. By examining the relevant supporting documents, we have verified that the proceeds from the issue of the common bond loan have been allocated in accordance with their intended uses, based on the information in the prospectus of July 12, 2017 in paragraph 4.1.1.

Given that the above procedures do not constitute an audit or a review in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance beyond what is mentioned above.
If we had conducted additional procedures, or if we had conducted an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, there might have come to our attention other matters that we would disclose to you.

Restrict Usage

This report is addressed exclusively to the Company's Board of Directors, in compliance with its obligations under the current Regulatory Framework of the Athens Stock Exchange. Therefore, this report may not be used for any other purpose, as it is limited to the items listed above and is not extended to the financial statements prepared by the Company for the year ended 31 December 2017 for which we have issued an Audit Report dated 27 April 2018.

Athens, 27 April 2018

The Auditor-Accountant

Pavlos Stellakis

A.M. S.O.E.L. 24941

Grant Thornton

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