TERNA ENERGY FINANCE
SINGLE PERSON SOCIETE ANONYME (S.P.S.A.)

124 Kifisias Avenue & 2 Iatridou Street, 115 26 Athens, Greece

GENERAL ELECTRONIC COMMERCIAL REGISTRY (GEMI) 140274801000

SEMI-ANNUAL FINANCIAL REPORT

for the period

from 1st January to 30 June 2018

According to article 5 of L. 3556/2017 and the relevant executive Decisions by the Board of the Hellenic Capital Market Commission and International Accounting Standard 34

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I. STATEMENTS BY THE MEMBERS OF THE BOARD OF DIRECTORS

(According to article 5, par. 2 of Law 3556/2007)

We:

1. Vasileios Delikaterinis, Chairman of the Board of Directors
2. Aristotelis Spiliotis, Managing Director
3. Dimitra Hatjiarseniou, 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 5, paragraph 3 to 5 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 SINGLE PERSON SOCIETE ANONYME" (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 semi-annual financial statements of the company TERNA ENERGY FINANCE SA for the period from January 1st 2018 to June 30th 2018, 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 period, according to those stated by paragraphs 3 to 5 of article 5 of L. 3556/2007, and

b. The Semi-Annual Board of Directors' Report depicts in a true manner the information required according to those stated by paragraph 6 of article 5 of L. 3556/2007.

Athens, 24 September 2018

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

II. Report on Review of Interim Financial Information

To the Board of Directors of “TERNA ENERGY FINANCE S.A.”

Introduction

We have reviewed the accompanying interim condensed statement of financial position of TERNA ENERGY FINANCE S.A. as at 30 June 2018 and the related condensed statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the selected explanatory notes that comprise the interim financial information, which form an integral part of the six-month financial report of Law 3556/2007. Management is responsible for the preparation and fair presentation of this interim condensed financial statement in accordance with the International Financial Reporting Standards as adopted by the European Union and apply for interim financial information (International Accounting Standard “IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as incorporated into the Greek Legislation, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with “IAS 34”.

Athens, 25 September 2018
Certified Public Accountants Auditors

Dimitra Pagoni
Institute of CPA (SOEL) Reg. No 30821

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III. SEMI-ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THEPERIOD 01/01/2018 – 30/06/2018

SEMI-ANNUAL REPORT BY THE BOARD OF DIRECTORS of the Société Anonyme Company "TERNA ENERGY FINANCE S.P.S.A." for the period 01/01/2018 – 30/06/2018

The present Semi-Annual Report of the Board of Directors concerns the period of the 1st semester of 2018. It is prepared and is in line with the provisions of Law 3556/2007 (Gazette 91A/30.04.2007), as well as the related executive decisions and in particular of the Decision No. 7/448/11.10.2007 of the Board of Directors of the Hellenic Capital Markets Commission.

This report summarizes the events that took place during the first half of the financial year and their impact on the six-month financial statements and outlines the main risks and uncertainties that the Company may face in the second half of the fiscal year.

ESTABLISHMENT AND ACTIVITY OF THE COMPANY

The Company was founded on 14.10.2016 under the name "TERNA ENERGY SINGLE PERSON FINANCE SOCIETE ANONYME" and the distinctive title "TERNA ENERGY FINANCE S.P.S.A.". Its legal form is a joint stock company of L. 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 relevant account of the General Electronic Commercial Registry (GEMI), its duration is set at one hundred and ten (110) years starting with the date of its legal establishment and ending the corresponding date of year 2126.

The Company, apart from its investment in the Intra Group bond loan of TERNA ENERGY SA, issued by TERNA ENERGY SA, has no other business activity, is not active in any market and has no other assets. It is operationally supported by TERNA ENERGY SA, which has an absolute influence on the decisions, management and operation of the Company and, in general, exercises control over them. For these reasons, the notes of this report have a reference to the corresponding report of TERNA ENERGY SA.

Financial Developments & Performance of the Reporting period

In the first half of 2018 it was concluded that the Greek economy maintained its growth path, adapted to the conditions of fiscal stability, and in August it succeeded in exiting from the third economic adjustment program and in the upgrading of the country's credit rating by Moody's and S & P. These events led to the strengthening of Greek citizens' and investors' confidence, resulting in the gradual return of private deposits, increased interest in the real estate market and the development of important sectors of the Greek economy such as tourism and other business of exporting nature.

GDP has continued to rise, the investment interest of foreign capital and investors for placements in Greece has intensified, while expectations have been strengthened for further maintenance of fiscal stability and implementation of measures of the necessary structural reforms that will ensure the sustainability of the economic growth path. In this context of development, investments in Renewable Energy Sources (RES) will play a prominent role, with the EU having plans, for example, for the reinforcement of wind power with new substitution targets for traditional forms of energy by the end of 2030 and the directive towards Member States of setting their quantitative targets for the period 2018-2022.

In general, the RES sector and the business activities that are linked with the strengthening of the green economy and environmental protection contribute effectively to the sustainable development of the global economy, substantially enhance the investment interest and broaden the prospects for further growth over the long term. This framework creates favorable conditions for the continuation of the development of our company and the achievement of the leading position in all markets that it activates in.

The bond proceeds of TERNA ENERGY FINANCE were used in accordance with its statutory purpose for the construction of two (2) wind farms in the Regions of Central and Western Macedonia, the construction of a (1) wind farm in the State of Texas, USA, and the construction of the project "Installation of Urban Solid Waste Treatment Plant of the Region of Epirus".
The construction of the project "Integrated Waste Management of the Region of Peloponnese through PPP" is expected to take place in 2018.

Definitions and Agreement of Alternative Performance Measurement Indicators ("APMI")

When describing the Company's performance, certain indicators are used such as:

"EBIT" is an indicator by which the Company's Management judges the operating performance of a business segment. The item is defined as: Profit / (loss) before income tax, +/- Net financial results, +/- Exchange Valuation differences, +/- Results from related companies, +/- Profit / (Losses) from sale of participations and securities, +/- Provision for impairment of holdings and securities, +/- Profit / (Losses) from financial instruments at fair value ", as presented in the accompanying financial statements (Note 3).

"Net Debt / (Surplus)" is an indicator by which the Company's Management judges the cash position of a business segment at any time. The item is defined as the total of loan liabilities less cash, as presented in the accompanying financial statements (Note 3).

"EBITDA" is defined as EBIT plus depreciation and amortization, less the related depreciation of fixed assets' grants as presented in the accompanying financial statements. (Note 3).

The Indicator "Bank Debt to Total Capital Employed". As Capital Employed is defined the sum of equity and bank borrowing, less the amount of cash that is not subject to any use restriction or commitment.

The indicator for the period is as follows:

Bank Debt/Total Capital Employed Index	30-June-2018	31-Dec-2017
Bank debt	**60,048,080**	**59,966,398**
Total Equity	210,423	100,922
Bank Debt	60,048,080	59,966,398
Grants	-	-
Less: Cash & Deposits	(78,237)	(77,932)
Capital	60,180,266	59,989,388
Bank Debt/Total Capital Employed	100%	100%

Prospects, risks and uncertainties for the second half of the financial year

As mentioned above, the Company, apart from its investment in the Intra Group bond loan of TERNA ENERGY SA, it does not have any other business activity, does not operate in any market and has no other assets, it is operationally dependent on TERNA ENERGY SA, which has an absolute influence on the Company's decisions, management and operation and, in general, exercises control over them. If TERNA ENERGY SA ceases to assist the Company at management and operating level or is unable to meet its contractual obligations to 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 position and the prospects of the Company. Taking into consideration the above, the main risks and uncertainties in the Company's activities are directly related to those of TERNA ENERGY GROUP (hereinafter "the Group"), which are the following:

The prospects of TERNA ENERGY Group for the second half of the year are positive, since:

a) The construction of new RES and waste management projects in Greece and the USA are being completed, b) Renewal of licensing and financing of new investments are maturing, which are expected to be under construction, allowing the Group to maintain its growth rate according to its business plan.

b) The aforementioned improvement in the main figures of the Greek economy, the higher confidence of the markets and investors towards the economy and the gradual de-escalation of the restrictions in the movement of capital eliminate the risk of cancellation or slowdown in the implementation of the Group's investment program. In addition, the Group's significant activity in overseas markets and in North America in particular, contributes to the diversification of related risks and to the balancing of the impact on the financial figures of the Group in the event of a failure in the continuation of the Greek economy’s recovery path. Such a development could negatively affect the implementation of the Group's investment program in Greece and impede, inter alia, the financing terms of Group’s activities as well as the transactions with the suppliers of imported equipment.

The above contingencies, if verified, are likely to temporarily affect the performance of TERNA ENERGY SA domestic activity.

c) The position of the Management is that it is not possible to accurately predict the future developments in the Greek economy and identify those that will have the greatest impact on the Group's operations, financial performance, cash flows and financial position. However, taking into account all of the above, the Management ensures that it maintains its proper functioning in the Greek territory by implementing procedures for the continuous identification and evaluation of any risks that may arise in the near future. In direct, continuous and systematic co-operation with the Group's executives, the Management plans and applies measures in order to address each identified risk so as to minimize its negative impact.

d) Despite the current financial crisis, the Group maintains satisfactory capital adequacy, profitability and liquidity at the reporting date of the 6-month Consolidated Financial Statements and continues to be fully consistent with its obligations to suppliers, public insurance organizations, etc. creditors. Additionally, the Management believes that in the second half of 2018, the credit risk for the Parent Company as well as for the other Greek companies of the Group is limited.

e) The company remains exposed to the short-term fluctuations of wind and hydrological data, without this factor though affecting the long-term profitability of its projects, as for the implementation of its investments extensive researches are being previously conducted that refer to the long-term performance of the above factors.

f) The construction segment of TERNA ENERGY is subject to significant fluctuations both in turnover and profitability of individual projects due to the increased volatility of the backlog of construction contracts with third parties, which is significantly affected by the speed of new projects being included in the Public Works Program of the country.

During the period beginning from the end of the first half of 2018 to date, no material damage or the likelihood of such loss has arisen.

Significant Events after the date of the Statement of Financial Position

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

Transactions with Related Parties

As related parties in accordance with IAS 24 are defined the 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 period ending 30/06/2018 are as follows:

TERNA ENERGY FINANCE S.P.S.A.				
	SALES	**PURCHASES**	**RECEIVABLE**	**LIABILITY**
PARENT COMPANY				
TERNA ENERGY SA	1,432,471	-	60,042,529	-

Regarding the above transactions the following clarifications are provided:
Sales of TERNA ENERGY FINANCE S.P.S.A. to TERNA ENERGY SA amounting to € 1,266,272 relate to interest expense. Company receivables amounting to € 60,042,529 from TERNA ENERGY SA relate to bond loans (capital and interest).
In the period beginning from 01.01 to 30.06.2018 no benefits were given to managers.

Athens, 24 September 2018

The Chairman of the BoD

Vasileios Delikaterinis

IV. INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30th of JUNE 2018

(01 January to 30 June 2018)

In accordance with the International Financial Reporting Standards as adopted by the European Union and in particular in accordance with IAS 34

The accompanying Interim Financial Statements were approved by the Board of Directors of TERNA ENERGY FINANCE SA on 24.09.2018 and have been posted on the internet at the websites of the Company (www.ternaenergy-finance.gr) as well as the Athens Exchange.

TERNA ENERGY FINANCE SA
STATEMENT OF FINANCIAL POSITION
(All amounts are in €, unless otherwise stated)

	Note	30-June-2018	31-Dec-2017
ASSETS			
Long-term Assets			
Other Long-term Receivables	4	58,744,600	58,744,600
Total Long-term Assets		**58,744,600**	**58,744,600**
Current Assets			
Income tax receivables	13	210,122	-
Other short-term. financial assets	5	1,297,929	1,266,272
Cash and cash equivalents	6	78,237	77,932
Total current assets		**1,586,288**	**1,344,204**
TOTAL ASSETS		**60,330,888**	**60,088,804**
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent Company			
Share capital	7	50,000	50,000
Retained earnings	-	160,423	50,922
Total Equity		**210,423**	**100,922**
Long-term Liabilities			
Long-term Loans	8	59,027,830	58,920,481
Deferred tax liabilities	13	66,461	21,484
Total Long-term Liabilities		**59,094,291**	**58,941,965**
Short-term Liabilities			
Suppliers	9	4,402	-
Long-term liabilities payable in the next fiscal year	8	1,020,250	1,045,917-
Accrued and other short-term liabilities	10	1,522	-
Total short-term liabilities		**1,026,174**	**1,045,917**
TOTAL LIABILITIES AND EQUITY		**60,330,888**	**60,088,804**

The accompanying notes form an integral part of the financial statements

The Company did not adjust the comparative amounts of 2017 when applying IFRS 9 and IFRS 15 and recognized their overall effect on the "Retained Earnings" account. However, the Company had no effect due to the adoption of IFRS 9 and IFRS 15 for the first time, resulting into no adjustment to "Retained Results".

TERNA ENERGY FINANCE S.P.S.A.

STATEMENT OF COMPREHENSIVE INCOME

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

	Note	1-Jan 30-June-2018	1-Jan 30-June-2017
Continued activities			
Turnover	11	1,432,471	-
Cost of Sales	12	(1,268,765)	-
Gross profit		**163,706,**	**-**
Administration and distribution expenses	12	(8,941)	(6,615)
Operating Results		**154,765**	**(6,615)**
Net financial income / (expenses)	-	(288)	(48)
Results before taxes		**154,477**	**(6,663)**
Income Tax	13	(44,976)	-
Results after tax		**109,501**	**(6,663)**
Total income after tax		**109,501**	**(6,663)**

The accompanying notes form an integral part of the financial statements

The Company did not adjust the comparative amounts of 2017 when applying IFRS 9 and IFRS 15 and recognized their overall effect on the "Retained Earnings" account. However, the Company had no effect due to the adoption of IFRS 9 and IFRS 15 for the first time, resulting into no adjustment to "Retained Results".

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

	30-June-2018	30-June-2017
Cash flow from operating activities		
Profit for the year before taxes	**154,477**	**(6,663)**
Adjustments for the reconciliation of net flows from operating activities		
Interest and other income	(1,432,471)	-
Interest and other financial expenses	1,269,053	48
Operating losses before working capital changes	**(8,941)**	**(6,615)**
Increase/(Decrease) in:		
Prepayments and other short-term receivables	-	(9,343)
Increase/(Decrease) in:		
Suppliers	4,402	6,200
Accrued and other short-term liabilities	1,523	-
Interest and similar income receivable	1,400,814	-
Interest and similar expenses payable	(1,187,083)	-
Income Tax Payments	(210,122)	-
Net cash inflows from operating activities	**593**	**(9,758)**
Cash flows from investing activities:		
Interest and similar expenses payable	(288)	(48)
Cash flows used in financing activities:	**(288)**	**(48)**
Net increase / decrease in cash reserves	**305**	**(9,806)**
Cash reserves at the beginning of the period	77,932	48,573
Cash reserves at end of period	**78,237**	**38,767**

The accompanying notes form an integral part of the financial statements

The Company did not adjust the comparative amounts of 2017 when applying IFRS 9 and IFRS 15 and recognized their overall effect on the "Retained Earnings" account. However, the Company had no effect due to the adoption of IFRS 9 and IFRS 15 for the first time, resulting into no adjustment to "Retained Results".

TERNA ENERGY FINANCE S.P.S.A.
STATEMENT OF CHANGES IN EQUITY
(All amounts are expressed in €, unless stated otherwise)

	Share capital	Share Premium	Reserves	Retained Earnings	Total
1-Jan-2017	**50,000**	-	**-**	**(1,167)**	**48,833**
Results of the period	-	-	**-**	(6,663)	**(6,663)**
30-June-2017	**50,000**	-	**-**	**(7,830)**	**42,170**
1-Jan-2018	**50,000**	-	**-**	**50,922**	**100,922**
Results of the period	-	-	**-**	109,501	**109,501**
30-June-2018	**50,000**	-	**-**	**160,423**	**210,423**

The accompanying notes form an integral part of the financial statements

The Company did not adjust the comparative amounts of 2017 when applying IFRS 9 and IFRS 15 and recognized their overall effect on the "Retained Earnings Balance Sheet" account. However, the Company had no effect on IFRS 9 and IFRS 15 for the first time, resulting in no adjustment to " Retained Results"

1 ESTABLISHMENT & ACTIVITY OF THE COMPANY

"TERNA ENERGY FINANCE S.P.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.

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.

The financial statements of the Company are consolidated with the full consolidation method in the financial statements of TERNA ENERGY SA, which is located in Greece and whose participation in the Company on 30/06/2018 amounts to 100%.

2 BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

The accompanying condensed interim financial statements (hereafter the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and Interpretations issued by the Standing Committee Interpretations as adopted by the European Union and, in particular, in accordance with the provisions of IAS 34 "Interim Financial Statements". The condensed interim financial statements should be read in conjunction with the financial statements of 31 December 2017.
Nevertheless, the financial statements include selected notes for explaining events and transactions that are relevant to understanding the changes in the Company's financial position with respect to the latest published annual financial statements. The accounting policies used for the preparation of the interim condensed financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended December 31, 2017, except for the new standards and interpretations adopted, the application of which became mandatory for periods after 1 January 2018.

b) New Standards, Interpretations and Amendments

The accounting principles, applied for the preparation of the financial statements, are the same with those used in the preparation of the financial statements of the company for the year ended 31 December 2017, except for the adoption of the new standards applicable from 01/01/01, 2018 and hereafter. The Company has fully adopted all IFRSs and interpretations that were adopted by the European Union by the date of preparation of the financial statements and whose application in accordance with the IASB was mandatory for the period ended 30 June 2018.

i. New Standards, Interpretations, revisions and amendments to existing Standards that are in effect and have been endorsed by the European Union

The following new Standards, Interpretations and 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 01/01/2018 or later.

- **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 examined the effect of the new standard on the Financial Statements. However, the Company had no impact on the first application of IFRS 9, with the result that no adjustment was made to "Retained Results"

- **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 new standard has no impact on the Company's Financial Statements since the Company's total income is the net interest income that was not affected by the application of IFRS 15.

- **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 new standard has no impact on the Company's Financial Statements since the Company's total income is the net interest income that was not affected by the application of IFRS 15.

- **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 Group 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.The amendments have no impact on the Company's Financial Statements.

- **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 amendments have no impact on the Company's Financial Statements.

- **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 amendments have no impact on the Company's Financial Statements.

- **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 amendments have no impact on the Company's Financial Statements.

- **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 new Interpretation has no impact on the Company's Financial Statements.

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 they have not yet entered into force or are not adopted by the European Union

- **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.

- **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.

- **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.

- **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. 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.

- **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. 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. 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 Group will examine the impact of all of the above in its Financial Statements. 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.

c) Approval of Financial Statements

The accompanying financial statements of the period spanning from 1st of January 2018 to 30th of June 2018 were approved by the Board of Directors on 24Septemeber 2018.

d) Use of Estimates

The Group makes estimations, assumptions and judgments in order to choose the best accounting principles related to the future evolution of events and transactions. These estimations, assumptions and judgments are continuously assessed in order to reflect current information and risk and are based on the management's experience related to level/volume of transactions or events.

In preparing these interim condensed financial statements, the significant accounting estimations and judgments adopted by the Management for the application of the Company's accounting policies are consistent with those applied in the annual financial statements as of the 31^{st} of December 2017. Also, sources of uncertainty that existed at the time of preparing the annual financial statements of 31st December 2017 remained the same for the interim condensed financial statements as of 30^{th} of June 2018.

e) Changes in accounting policies

<u>IFRS 15 "Revenue from Contracts with Customers"</u>

IAS 11 "Construction Contracts", IAS 18 "Revenue" and all Interpretations relating to Revenue from Contracts with Customers is replaced by IFRS 15 unless those contracts are within the scope of other standards.

Under IFRS 15, a five-step model for determining contract revenue with customers is established.

Revenue is recognized in the amount by which an entity expects to have in exchange for the transfer of the goods or services to counterparty.

When awarding a contract to this standard, the accounting of the additional costs and direct costs incurred shall be taken into consideration for the completion of the contract.

The Company adopted IFRS 15 on January 1, 2018 using the retrospective method where the effect from the first application was collectively recognized in the "Retained Earnings Balance", while the comparative amounts were not restated.

However, the Company had no impact on the first IFRS application 15, with the result that no adjustment was made to "Retained Results". It is noted that the Company's total income is the net interest income, which was not affected from the application of IFRS 15.

<u>IFRS 9 "Financial Instruments"</u>

IAS 39 "Financial Instruments: Recognition and Measurement" is replaced by IFRS 9 "Financial Instruments" for annual periods beginning on or after 1 January 2018, summarizing the three categories of financial instrumentation: classification and measurement, impairment and hedge accounting.

The Company applied the new standard from 1 January 2018 retrospectively without reviewing comparative information from previous years, therefore the adjustments resulting from the new classification and the new impairment rules did not appear in the financial position of 31 December 2017 but were recognized in the financial position starting date 1 January 2018.

However, the Company had no impact on the first IFRS 9application. In 2017, the Company had not applied hedge accounting and did not opt to apply hedge accounting on 1 January 2018 in accordance with the new standard. Therefore, it will continue to apply its present hedge accounting policy, although it will consider initiating hedge accounting in accordance with IFRS 9 requirements when a new hedging relationship arises.

(b) Impairment
The Company recognizes impairment provisions for expected credit losses for all financial assets, except those measured at fair value through profit or loss of the fiscal year. The objective of the impairment requirements of IFRS 9 is to recognize the expected credit losses over the life of a financial instrument whose credit risk has increased since initial recognition, regardless of whether the assessment is made at a collective or individual level, using all the information that can be gathered based on both historical and present data, as well as data relating to reasonable future estimates.

Expected credit losses are based on the difference between the contractual cash flows and all cash flows that the Company expects to receive. The difference is discounted using an estimate of the initial effective interest rate of the financial asset. For contractual assets, trade receivables and leases, the Company applied the simplified approach to the standard and calculated the expected credit losses on the basis of the expected credit losses over the life of those assets.

For other financial assets, the expected credit losses are calculated on the basis of the losses for the next 12 months. Expected credit losses over the next 12 months are part of the expected credit losses over the life of financial assets resulting from the probability of default of an item within the next 12 months from the reporting date. However, when there is a significant increase in credit risk from the initial recognition, the provision for impairment will be based on the expected credit losses over the life of the asset.

3 INFORMATION ON OPERATING SEGMENTS

An operating segment is an integral part of an entity that: (a) undertakes business activities from which it may acquire revenue and incur expenses (including income and expense relating to transactions with other components of the same entity); and (b) whose results are regularly reviewed by the entity's decision-maker for decision-making on resource allocation and appreciation of its performance. The term "business decision maker" designates the Company's Management responsible for allocating resources and evaluating the performance of the operating segments of an entity. For the implementation of IFRS 8, the Company's Management is understood to be the Managing Director.
An entity shall disclose separately the information for each operating segment that meets certain criteria for the concentration of characteristics and exceeds some quantitative limits.
The above information is presented in the accompanying statements of financial position, total income and cash flows in accordance with IFRS and no changes are required in the previously identified operating segments as presented in the financial statements of the previous year.

In particular, the Company recognizes only one operating segment to report, while there are no less significant segments that would be consolidated in the other segment.
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.

In the first half of 2018 total operating profit before depreciation, interest, taxes and investment results (EBITDA) amounted to 154.7 thousand Euros, compared to -6.6 thousand Euros in the period 01.01.2017-30.06.2017. Total EBIT for the period 01.01.2018-30.06.2018 amounted to 154.7 thousand Euros, compared to -6.6 thousand euro in the period 01.01.2017-30.06.2017.
Also, in the first half of 2018, "Net Debt / (Surplus)" amounted to 60,126 thousand Euros, compared to 59,888 thousand Euros in the year 2017.

4 OTHERLONG-TERM RECEIVABLES

Other long-term receivables in the accompanying financial statements are analyzed as follows:

Other long-term receivables	**30-June-2018**	**31-Dec-2017**
Loans to parent Company	58,744,600	58,744,600
Total	**58,744,600**	**58,744,600**

5 OTHER SHORT-TERM FINANCIAL ASSETS

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

Other short-term financial assets	**30-June-2018**	**31-Dec-2017**
Loans to parent Company (Short-term part)	1,297,929	1,266,272
Total	**1,297,929**	**1,266,272**

6 CASH RESERVES

Cash reserves in the accompanying financial statements are analyzed as follows:

Cash reserves	**30-June-2018**	**31-Dec-2017**
Cash deposits in €	78,237	77,932
Total	**78,237**	**77,932**

7 SHARE CAPITAL

"TERNA ENERGY FINANCE SA "was established by virtue of the 19.634 / 14.10.2016 Notarial Act in accordance with the provisions of Law 2190/1920 and was registered in the General Commercial Registry (GEMI) of the Athens Chamber of Commerce and Industry (CCIC) on 14/10/2016 under the number GEMI 140274801000. TERNA ENERGY SA participates with 100% stake in the Company.
The share capital of the Company amounts to € 50,000 divided into 50,000 common registered voting shares with a nominal value of € 1 each. The share capital is fully paid up.

8 LOANS

The Company's loans are analyzed as follows:

Loans	30-June-2018	31-Dec-2017
Long-term Loans		
Bond loans	59,027,830	58,920,481
Total	**59,027,830**	**58,920,481**
Long-term liabilities payable in the next fiscal year		
Short-term bond loan installments	1,020,250	1,045,917
Total	**1,020,250**	**1,045,917**
Total Loans	**60,048,080**	**59,966,398**

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 in the category of Fixed Income of 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 capital amounting to € 60,000,000.The total eligible demand of the investors who participated in the Public Offering amounted to € 154.4 million. The final bond yield was set at 3.85% and the Bond Issue Price at € 1.000 each, i.e. 100% of the nominal its value. The loan terms and conditions include a call option from the year 2019.If the prepayment date is from the second (2nd) anniversary of the Issuance Date (inclusive) and ends on the third (3rd) anniversary of the Issuance Date (not included), prepayment is made at 101% . In any other case, the prepayment is 100%. 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 SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY".

Also, in order to secure the loan, the Company as well as the guarantor are obliged to ensure the observance of the financial ratios mentioned in the July 12, 2017 Program for the issuance of a Common Bond Loan starting with the twelve-month period ending 31 December 2018.

9 SUPPLIERS

Suppliers	30-June-2018	31-Dec-2017
Suppliers	4,402	-
Total	**4,402**	**-**

10 ACCRUEDAND OTHER SHORT-TERM OBLIGATIONS

Accrued and other short-term obligations	30-June-2018	31-Dec-2017
Personnel salaries payable	823	-
Taxation of Employees Payable	118	-
Other taxes and fees payable	120	-
Liabilities to insurance funds	461	-
Total	**1,522**	**-**

11 TURNOVER

The Company's turnover for the period from 01/01/2018 to 30/06/2018 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:

Cost of sales	1-Jan 30-June-2018	1-Jan 30-June-2017
Interest on bond loans	1,268,765	-
Total	**1,268,765**	**-**

The operating expenses of the Company are analyzed as follows:

Administration and distribution expenses	1-Jan 30-June-2018	1-Jan 30-June-2017
Personnel salaries	1,403	-
Auditors' fees and expenses	3,250	5,993
Fees and expenses of third parties	901	-
Other taxes and fees	1,453	247
Other Expenses	1,934	375
Total	**8,941**	**6,615**

13 INCOME TAX (CURRENT AND DEFERRED)

Income tax is analyzed as follows:

Income tax	1-Jan 30-June-2018	1-Jan 30-June-2017
Deferred tax of the period- expense	44,976	-
Total	**44,976**	**-**

According to Greek tax law, the nominal tax rate to which the Company is subject to is 29% for both the fiscal years 2018 and the 2017. The actual final tax rate differs from the nominal tax rate. There are several factors influencing the effective tax rate, most notably the non-tax deduction of certain expenses and the ability of companies to form tax-free deductions and tax-free reserves.

	30-06-18	30-06-17
Profit before tax	**154,477**	**-6,663**
Nominal Tax Rate	29%	29%
Income tax based on the applicable nominal tax rate	**(44,798)**	**1,932**
Adjustments for:		
Change in recoverable tax losses	-	(1,932)
Other permanent tax differences - non-deductible expenses	(178)	-
Actual tax expense	**(44,976)**	**-**
Effective tax rate	*29.12%*	*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 records 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 accepted by the tax authorities, may offset future profits for a period of five years from the year they were incurred.
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 2018 and 2017 are analyzed as follows:

Deferred taxation	**30-06-18**	**31-12-17**	**30-06-18**	**31-12-17**
	Receivable/ (Liability)	**Receivable/ (Liability)**	**Income /(expense)**	**Income /(expense)**
Transitional accounts	(376,399)	(367,219)	(9,180)	(3672,19)
Recognized tax loss	309,939	345,735	(35,796)	345,735
Total	**(66,460)**	**(21,484)**	**(44,976)**	**(21,484)**
Deferred tax through results			(44,976)	(21,484)
			(44,976)	**(21,484)**

14 PROFITS PER SHARE

Basic earnings per share were calculated by dividing the net earnings attributable to the Company's shareholders by the weighted average number of shares as follows:

	30-June-2018	**30-June-2017**
Net profits attributable to the Company's owners	109,501	(6,663)
Weighted average number of shares	50,000	50,000
Earnings per share (€)	2.19002	(0.13326)

There are no diluted earnings per share.

15 TRANSACTIONS WITH RELATED PARTIES

The Company's transactions with related parties for the period 01.01 - 30.06.2018 and 01.01 - 30.06.2017, as well as the balances of receivables and payables arising from such transactions as of 30.06.2018 and 30.06.2017 are as follows:

	30-June-2018			
	Purchases/Expenses	Sales/Income	Receivables	Payables
Parent Company	-	1,432,471	60,042,529	-
Other affiliated parties	-	-	-	-
Transactions & Remuneration of Managerial Executives and Members of the Management	-	-	-	-
Total	**-**	**1,432,471**	**60,042,529**	**-**

	30-June-2017			
	Purchases/Expenses	Sales/Income	Receivables	Payables
Parent Company	-	-	-	-
Other affiliated parties	-	-	-	-
Transactions & Remuneration of Managerial Executives and Members of the Management	-	-	-	-
Total	-	-	-	-

Within the period 01.01 - 30.06.2018 and 01.01 - 30.06.2017 no benefits were given to managers.

16 CONTINGENT LIABILITIES

Court cases

In the context of the execution of the works, 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.

Contingent tax liabilities

For the fiscal year 2017, the Company has been subject to the tax audit of the Certified Public Accountants under the provisions of Article 65A, paragraph 1, of Law 4174/1313. This special audit is in progress and the relevant tax certificate is to be issued after the publication of the interim condensed financial statements for the period. It should be noted that it is not expected to bring about any material change in the tax liabilities incorporated in the financial statements.

17 IMPORTANT EVENTS AFTER THE DATE OF THE FINANCIAL POSITION

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

Athens, 24 September 2018

Chairman of the Board	Managing Director	Financial Manager
Vasileios Delikaterinis	Aristotelis Spiliotis	Vasileios Delikaterinis

V. REPORT ON THE ALLOCATION OF CAPITAL PRCOEEDS FROM THE ISSUANCE OF COMMON BOND LOAN FOR THE PERIOD 01.01.2018 TO 30.06.2018

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 SINGLE PESON FINANCE SOCIETE ANONYME (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 sixty million common bearer bonds were admitted to trading on the regulated market of fixed income securities of the Athens Exchange on 24.07.2017.

In the table that follows 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 30.06.2018:

Allocation of Capital raised Based on the Prospectus' Objectives	Period	Allocation of Capital raised (after the reduction of issuance expenses)	Total Allocated Amount during the period 21/07/2017 until 31/12/2017	Allocated Capital during the period 01/01/2018 until 30/06/2018	Balance for utilization
Construction of 2 wind farms in the in the Central and Western Macedonia Regions	2017-2018	40,000.00	21,537.00	-	18,463.00
Construction of 1 wind farm in the in the State of Texas, USA	2017-2018		-	-	
Project "Installation of Urban Solid Waste Processing Plant of Epirus Region"	2017-2019	18,744.60	6,039.00	-	12,705.60
Project "Integrated Waste Management of the Peloponnese Region through PPP "	2017-2018		-	-	
Total		**58,744.60**	**27,576.00**	**-**	**31,168.60**

(amounts in th. Euro)

Athens, 24 September 2018

The BoD Chairman	The Managing Director	The Financial Manager
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 SINGLE PERSON FINANCE SOCIETE ANONYME"

Pursuant to the order that we received from the Board of Directors of TERNA ENERGY SINGLE PERSON FINANCE SA (the "Company"), we conducted the following pre-agreed procedures within the framework of the provisions of the Athens Stock Exchange regulatory framework and the relevant legislative framework of the Capital Market Commission regarding the Report on the Allocation of the Capital Proceeds of the Company regarding the issue of a Common Bond Loan, which was conducted by the 27.06.2017 decision of the Board of Directors of the Company.

The Management of the Company is responsible for the preparation of the aforementioned Report in accordance with the applicable regulations of the Athens Stock Exchange and the Hellenic Capital Market Commission 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 "Assignments for Execution of Pre-agreed Procedures Related to Financial Information ". Our responsibility is to perform the following pre-agreed procedures and to disclose our findings.

Procedures

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 issuance 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 allocated amount in the Table, with the corresponding amounts recognized in the basic accounting records of Parent Company TERNA ENERGY SA up to 30 June 2018.

4. We examined whether the raised funds from the Common Bond Loan have been disbursed by the parent company TERNA ENERGY SA until 30 June 2018 according to their intended uses, based on the information in the Prospectus of July 12, 2017 in paragraph 4.1.1 , by examining through sampling the documents that support the relevant accounting records.

Findings

From the performance of the aforementioned procedures we have ascertained the following:

1. The content of the Report complies with the Prospectus, issued by the Company on July 12, 2017.

2. From 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 issuance 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 per utilization category that are referred as raised capital in the Table derive from the basic accounting data of Parent Company TERNA ENERGY SA up to 30^{th} of June 2018.
4. By examining the relevant supporting documents on sampling basis, 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 performed procedure 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 it is not extended to the financial statements prepared by the Company for the interim six-month period ended on 30 of June 2018 for which we have issued a separate Review Report dated on 24 September 2018.

Athens, 24 September 2018

The Certified Auditor Accountant

Dimitra Pagoni

SOEL Reg. No 30821

Grant Thornton

An instinct for growth™

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