Société Anonyme Commercial Technical Company
85 Mesogeion Ave., 115 26 Athens
SA Reg. No. 318/06/B/86/28

ANNUAL FINANCIAL REPORT

for the period

from January 1st to December 31st 2014

In accordance with article 4 of L. 3556/2007 and the relevant executive Decisions by the Board of the Hellenic Capital Market Commission

CONTENTS

<u>I. STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS</u>

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

We

1. George Peristeris, Chairman of the Board
2. Emmanuel Maragoudakis, Chief Executive Officer
3. George Spyrou, Executive Member of the Board

STATE THAT

To the best of our knowledge:

a. The annual company and consolidated financial statements of TERNA ENERGY ABETE for the period from January 1st 2014 to December 31st 2014, which were prepared in accordance with the accounting standards in effect, give a true picture of the assets and liabilities, the shareholders' equity and the results for the period of the Group and Company, as well as of the companies included in the consolidation and considered aggregately as a whole, and

b. The Board of Directors ' Report depicts in a true manner the performance, developments and position of the Company as well as of the companies included in the consolidation as a whole, along with the description of the major risks and uncertainties the Group faces.

Athens, 27 March 2015

Chairman of the Board	Chief Executive Officer	Board member
George Peristeris	Emmanuel Maragoudakis	George Spyrou

II. AUDIT REPORT BY INDEPENDENT CERTIFIED AUDITOR ACCOUNTANT

To the Shareholders of TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY S.A.

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECNHNICAL COMPANY S.A. and its subsidiaries, which comprise the separate and consolidated statement of financial position as at December 31, 2014, and the separate and consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of company TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECNHNICAL COMPANY S.A. and its subsidiaries as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

a) The Board of Directors' Report includes a statement of the corporate governance that provides all the information required by Paragraph 3d of article 43a of Law 2190/1920.

b) We verified the agreement and correspondence of the content of the Board of Directors' Report with the abovementioned separate and consolidated Financial Statements, in the scope of the requirements of Articles 43a,108 and 37 of Law 2190/1920.

Athens, March 30th, 2015
The Chartered Accountant

Georgios Deligiannis
SOEL Reg. No: 15791

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III. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2014

Dear Shareholders,

According to the provisions of C.L. 2190/1920 (article 43α par.3, article 107 par. 3 and article 136, par.2) as well as L. 3556/2007 article 4 par. 2(c), 6, 7 & 8 and the decision issued by the Hellenic Capital Market Commission under No. 7/448/11-10-2007 article 2 and the Company's Articles of Association, we hereby submit the annual management report by the board of directors for the present financial year from 01/01/2014 to 31/12/2014, which includes the audited company and consolidated financial statements, the notes on the financial statements and the audit report by the certified auditors – accountants.

A. Financial Developments & Performance for the Reporting Period

In 2014, the Greek economy demonstrated signs of a reversal in its course of contraction for the first time in recent years.

In the RES sector, the new regulatory framework (New Deal) clarifies the broader context of the Company's operations and investments, and also solidifies the viability of the system, following the removal of structural weaknesses which had brought the RES sector in a critical point.

In the international marketplace, the Renewable Energy Sources sector continues to remain one of the most dynamic business sectors.

TERNA ENERGY continues to dynamically invest in this sector, with a total installed capacity of 640 MW in Greece and abroad. The Group has installations of 386 MW in Greece, 138 MW in the USA, 86 MW in Poland and 30 MW in Bulgaria. At the same time, the Group has RES installations currently under construction with a capacity of 95 MW (79 MW in Greece and 16 MW in Poland).

The Company's construction business segment continues to render services to external customers as well as for the construction of the Company's own projects or of its subsidiaries.

For the year 2014, the Group's consolidated sales amounted to 158.2 mil euro compared to 139.6 mil in 2013, posting a 13.3% increase mainly due to increased income from the sale of energy and the entrance into the business of energy trading. Operating profit (EBITDA) amounted to 74 mil euro compared to 69.9 mil in the previous year, increased by 6% due to the Group's increased capacity in the energy sector. Earnings before tax amounted to 12.1 mil, increased by 22% compared to the previous year due to the increase in capacity. Earnings after tax and minority interest amounted to 5.5 mil euro, posting a 34.1% decrease.

As regards to the results of the individual sectors: The energy sector generated sales of 110.3 million euro, posting a 4.3% increase compared to the year 2013, whereas the energy trading segment posted revenues of 12.3 million euro. The operating profitability before depreciation and amortization of the energy sector amounted to 73.7 million euro, posting an increase of 5.1% versus the year 2013, whereas the respective profitability in the energy trading business was marginal given the short-period during which this activity was carried out in 2014.

TERNA ENERGY's construction activity towards third parties presented sales amounting to 35.5 mil euro, posting a 5% increase versus the year 2013. Operating earnings (EBITDA) of the sector amounted to 0.3 mil euro compared to 0.3 mil euro of operating loss in the previous year. The backlog of construction projects towards third parties at the end of 2014 amounted to 95.4 mil euro.

The Group's financial position remains constantly satisfactory, as its cash & cash equivalents amounted to 168.8 mil euro, while bank debt amounted to 423.3mil euro, resulting in a net debt position (cash minus bank debt) at the level of 254.5 mil euro.
The Company continues to implement its growth and investment plan, which strengthens its steadily generated cash flows and profitability over the long run.
The Board of Directors of the Company intends to propose no dividend distribution to the Annual Ordinary Shareholders' Meeting. Furthermore, the Company intends to propose a capital return to its shareholders amounting to 0.09 euro per share.

B. Significant events during financial year 2014

During the year 2014 the construction of 7 wind parks was completed with total 118.1MW capacity, and new Operation Licenses of total 53.9MW capacity were issued.
In Poland, the Group proceeded with the acquisition of three companies which hold installation licenses of Wind Parks with a total 16MW capacity, whereas during August 2014 operations commenced in a wind park with 12MW capacity.
Furthermore, the Group entered into a new business, the trading of electric energy, via the acquisition of a company in Serbia and the establishment of a company in FYROM.
Following its selection as the preferred bidder of the relevant auction in 2013, the Group signed an agreement with the Periphery of Peloponnese for the "Total Waste Management of the Peloponnese Periphery via SDIT (PPP)". The contractual agreement has been submitted to the Court of Audit.
Finally, the Group signed an agreement for the project "Study, financing, installation, operational support, maintenance and technical administration of the unified automatic system for the collection of ticket payments for the companies of the Group OASA through SDIT". The project will be implemented in partnership with the Korean Group LG CNS.

C. Significant Events after the end of financial year 2014

In the beginning of 2015, the operation licenses of 2 wind parks in Greece, of total 40.2MW capacity, were issued. The Group commenced the construction of 3 wind parks in Poland, of total 16MW capacity.

D. Risks and Uncertainties

The Group's activities are subject to several risks and uncertainties, such as market risk (volatility in exchange rates, interest rates, market prices etc.), credit risk and liquidity risk, wind and weather conditions.
In order to handle such financial risks, the Group has a risk management program that aims at minimizing the negative effect on the financial results of the group that emerges from the inability to predict financial markets and the volatility of the cost and sales variables.
The financial instruments used by the Group mainly consist of bank deposits, trade debtors and creditors, other receivable and payable accounts, long-term and short-term loans, as well as derivatives.
Following is the effect of basic risks and uncertainties on the Group's activities presented.

Credit risk

The Group continuously controls its receivables, either separately or by group and it incorporates the resulting information in its credit control.

The total of receivables of the energy sector concerns the broader public sector, nationally (including LAGIE and HEDNO) and abroad, while the same applies for the majority of receivables of the construction sector.
The Group, traditionally, by nature of its operations, is not exposed to significant credit risk from trade receivables, apart from possible overdue payments. However, the special RES account for LAGIE, through which the receivables of the Group in Greece are redeemed, presented in 2013 a significant deficit as a result of the unprecedented crisis faced by the Greek economy during the latest years. In this context, the collection of the Group's receivables from LAGIE and HEDNO posted a serious delay. In March 2014, the Law 4254 was enacted imposing retroactive reduction of selling prices for electricity by 10 % for wind parks and by 35% for photovoltaic parks. From the abovementioned provisions, the Group's loss of accrued receivables settles at € 6.56 million, amount for which it has already made an equal provision in the financial statements.
Credit risk for cash equivalents, as well as for other receivables is negligible, given that the relevant parties are reliable banks with high quality capital structure, the Greek state or companies of the broader public sector or powerful business groups.
The Group's management considers that all the above mentioned financial assets, for which the necessary impairments have taken place, are of high credit quality.

Foreign exchange risk

Apart from Greece, the Group operates in Eastern Europe and the United States of America and therefore it may be exposed to foreign exchange risk that may result from the exchange rate of the euro against other currencies. This type of risk may arise only from trade transactions in foreign currency, from financial investments in foreign currency, as well as from net investments in foreign entities. To manage foreign exchange risk, the group's financial management department ensures that the group's capital management is protected from risks from changes in exchange rates.
With regards to the company's transactions with foreign entities, such primarily take place with European groups where the settlement currency is the euro and therefore such transactions are not exposed to foreign exchange risk.

Interest rate risk

The Group's policy is to minimize its exposure to interest rate risk with regards to long-term financing. In the context of this policy, the long-term loans received by the Group are either under fixed interest rates or are hedged for interest rate risk for almost the whole of their duration. Therefore, 30% of the Group's long-term debt is under fixed interest rates, 30% refers to floating interest rate loans that have been hedged with derivatives through which future payments of fixed interest rate are exchanged with future floating interest rate receipts, while 40% is under floating interest rates either linked to euribor or wibor.
The Group's total short-term debt is in euro under floating interest rates linked to euribor. Short-term loans are primarily received as bridge financing during the phase of implementation and construction of the Group's investments.
The relevant loans are repaid either when the relevant government grants are received or through long-term loans during the completion of construction and commencement of operation of the wind parks. These loans are expected to be repaid within one year, while new short-term loans are expected to be received to finance the construction of new wind parks. Therefore the Group is exposed to interest rate risk arising from short-term debt and the part of long-term debt that is under floating interest rates.

Sensitivity analysis of interest rate risk

The Group's policy is to minimize its exposure to cash flow risk from interest rates with regards to its long-term financing. In the context of this policy, long-term loans are a) fixed rate, b) floating rate hedged through derivatives and c) floating rate linked to euribor and wibor. Among these, the fixed rate loans and floating rate loans hedged through derivatives are not exposed to interest rate risk, while floating rate loans are exposed to such risk.

The following table presents the sensitivity of the year's results against the Group's debt and deposits, to an interest rate change of +20% –20% (2013: +/-20% as well). The interest rate changes examined are considered to fluctuate on a reasonable basis given the recent market condition and, until today, appear stable in relation to the previous year.

	2014		2013	
Amounts in thousands €	**20%**	**(20%)**	**20%**	**(20%)**
Result after tax - Group	(100)	100	(96)	96
Result after tax – Company	(19)	19	(18)	18

The Group is not exposed to other interest rate risks.

Analysis of market risk

The Group is not exposed to market risk with regards to its financial assets, apart from a long-term liability amounting to 6,058 thousand euro, the future cash flows of which are linked to the Euro zone inflation rate excluding tobacco. According to the current market conditions, the risk of change in the fair value of the liability is considered limited.

Analysis of liquidity risk

The Group's liquidity is considered satisfactory, as apart from existing cash and cash equivalents, wind parks currently in operation create satisfactory cash flows. Net cash flows from operating activities amounted to 59.3 mil euro during 2014 compared to 44.1 mil euro in 2013. The Group manages its liquidity needs by applying a cautious cash flow planning, by carefully monitoring the balance of long-term financial liabilities as well as by systematically managing the payments which take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly.
The company maintains cash and cash equivalents in banks, in order to cover its liquidity needs for periods up to 30 days. The capital for mid-term liquidity needs is released from the company's term deposits.

Other risks and uncertainties

The company remains exposed to short-term fluctuations of wind and hydrologic data, a fact however that does not affect the long-term efficiency of its projects, as prior to the implementation of the investments extensive studies take place with regards to the long-term behavior of such factors.

The construction sector of TERNA ENERGY is subject to significant fluctuations, both with regards to turnover and with regards to the profitability of each construction project, because the construction activity, particularly of specialized companies such as ours, entails increased volatility that is mainly related to the ongoing renewal of the backlog of construction agreements towards third parties, which are mainly Public entities.

E. Prospects & Outlook

The prospects of TERNA ENERGY Group for the year 2015 are positive given that (a) the construction of a large number of new RES projects was completed in 2014 and these projects are expected to generate revenues within 2015 whereas (b) new projects of total 95MW capacity are constructed and (c) new investments are maturing in terms of licensing and financing, and will be initiated over the following period.

F. Treasury Shares

During the period 01/01/2014 – 31/12/2014, the Company bought back 1,833,828 shares with a nominal value of 550,148.40 euro and value of 4,903,549.98 euro. The total number of treasury shares held by the Company as of 31/12/2014 had reached the number of 2,383,843shares, i.e. 2.1807% of the total share capital, with a total acquisition cost of 6,171,173.33 euro.

G. Transactions with Related Parties

According to I.A.S. 24, as related parties are considered subsidiaries, companies with joint ownership and/or Management with the company, associate companies as well as the parent company and the subsidiaries of the parent company, and also members of the Board of Directors and the company's senior executives. The Company procures goods and services from its related companies, while it also supplies goods and services to them.
Transactions and balances for 2014 are as follows:

TERNA ENERGY SA				
	SALES	PURCHASES	RECEIVABLE	LIABILITY
SUBSIDIARIES				
IWECO CHONOS LASITHI CRETE SA	120,000	86,253	-	440,810
TERNA ENERGY EVROU SA	380,000	169,388	-	4,574,317
ENERGIAKI SERVOUNIOU SA	310,000	8,281	1,349,600	-
AIOLIKI PANORAMATOS DERVENOCHORION SA	1,118,197	-	704,012	-
AIOLIKI ILIOKASTROU SA	3,311,835	-	11,891,759	-
AIOLIKI RACHOULAS DERVENOCHORION SA	1,196,000	-	7,902,337	-
ENERGIAKI DERVENOCHORION SA	269,533	-	-	-
ENERGIAKI FERRON EVROU SA	351,869	-	39,975	-
AIOLIKI DERVENI TRAIANOUPOLEOS SA	4,345,277	-	1,365,600	-
AIOLIKI PASTRA ATTIKIS SA	6,593,033	-	11,031,199	-
ENERGIAKI XIROVOUNIOU SA	493,176	-	5,982,111	-
VATHYCHORI ENA PHOTOVOLTAIC SA	377,111	-	2,678,991	-
EUROWIND SA	107,500	-	132,225	-
TERNA ENERGEIAKI – AI GIORGIS SA	10,359,621	-	12,434,865	-

ENERGIAKI NEAPOLOEOS LAKONIAS SA	-	-	-	2,300,000
DELTA AXIOU ENERGEIAKI S,A,	-	-	45,730	-
TERNA ENERGY THALASSIA WIND PARKS S,A,	-	-	6,836	-
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS SA	-	-	118,922	-
VATHYCHORI PERVALLONTIKI SA	-	-	29,405	-
CHRYSOUPOLI ENERGEIAKI LTD	-	-	10,549	-
ALISTRATI ENERGY LTD	-	-	14,016	-
ORCHOMENOS ENERGEIAKH LTD	-	-	3,290	-
MALESINA ENERGEIAKH LTD	-	-	3,890	-
LAGADAS ENERGEIAKH SA	-	-	4,087	-
TERNA ILIAKI VOIOTIAS SA	-	-	700	-
VATHYCHORI DYO ENERGEIAKI	-	-	3,040,344	-
TERNA AIOLIKI XEROVOUNIOU SA	-	-	1,061	-
GEOTHERMIKI ENERGEIAKH ANAPTYXIAKI SA	-	-	1,265	-
TERNA ENERGY OVERSEAS LTD	-	-	79,274	-
GP ENERGY LTD	-	20,000	-	-
General and Limited Partnerships	-	-	392,197	-
PARENT				
GEK TERNA SA	33,887	172,249	41,681	14,871
OTHER RELATED PARTIES				
VIOMEK SA	-	13,600	-	-
TERNA SA	492,233	159,475	24,155	151,158
Joint ventures in which TERNA SA participates	8,173,241	-	5,833,824	5,614,342
J/V RAILROAD WORKS SA – TERNA ENERGY SA	-	-	69,285	-
ILIOCHORA SA	3,710	-	4,563	7,075,435
GEK YPIRESIES SA	-	5,620	-	3,001
EKTONON SA	-	1,269	10,010	9,741
VIPA THESSALONIKIS SA	-	25,200	200	-
HERON THERMOELECTRIC SA	-	217,620	21,970	127,826

Regarding the above transactions, the following clarifications are provided:

Sales of TERNA ENERGY SA to:

- IWECO CHONOS SA of 120,000 euro for RES maintenance services
- TERNA ENERGY EVROU SA of 380,000 euro for RES maintenance services
- ENERGIAKI SERVOUNIOU SA of 310,000 euro for RES maintenance services
- AIOLIKI PANORAMATOS DERVENOCHORION SA of 1,118,197 euro of which 305,000 euro for RES maintenance services, 224,120 euro for interest expenses and 589,077 for construction services
- AIOLIKI ILIOKASTROU SA of 3,311,835 euro of which 100,000 euro for RES maintenance services, 441,100 euro for interest expenses and 2,770,735 for construction services
- AIOLIKI RACHOULAS DERVENOCHORION SA of 1,196,000 euro of which 216,000 euro for RES maintenance services and 980,000 for construction services
- ENERGIAKI DERVENOCHORION SA of 269,533 euro of which 235,000 euro for RES maintenance services and 34,533 euro for interest expenses

- ENERGIAKI FERRON EVROU SA of 351,869 euro of which 65,000 euro for RES maintenance services, 159,407 euro for interest expenses and 127,462 for construction services
- AIOLIKI DERVENI TRAIANOUPOLEOS SA of 4,345,277 euro of which 3,992,000 euro for RES maintenance services and 353,277 euro for interest income
- AIOLIKI PASTRA ATTIKIS SA of 6,593,033 euro of which 113,333 euro for RES maintenance services, 420,592 euro for interest expenses and 6,059,107 for construction services,
- ENERGIAKI XIROVOUNIOU SA of 493,176 euro of which 46,000 euro for RES maintenance services, 317,176 euro for interest expenses and 130,000 for construction services,
- VATHYCHORI ENA PHOTOVOLTAIC SA of 377,111 euro of which 250,000 euro for RES maintenance services and 127,111 euro for interest expenses,
- EUROWIND SA of 107,500 euro for RES maintenance services
- TERNA ENERGEIAKI – AI GIORGIS SA of 10,359,621 euro of which 1,824,178 for construction services and 8.535,443 for assets sale.

Purchases of TERNA ENERGY SA:
- to IWECO CHONOS SA of 86,253 euro for interest expenses
- from TERNA ENERGY EVROU SA of 169,388 euro for interest expenses
- from ENERGIAKI SERVOUNIOU SA of 8,281 euro for interest expenses

Sales of TERNA ENERGY SA to:
- GEK TERNA SA of 33,887 euro for other services
- TERNA SA of 492,233 euro, of which 59,164 euro for interest expenses, 79,590 euro for machinery leasing expenses, 84,717 euro for expenses and 268,762 euro for construction services
- Joint Ventures in which TERNA SA participates of 8,173,241 euro for construction services
- ILIOCHORA SA of 3,710 euro for leasing expenses

Purchases of TERNA ENERGY SA from:
- GEK TERNA SA of 172,249 euro for property leasing expenses
- VIOMEK SA of 13,600 euro for leasing expenses
- TERNA SA of 159,475 euro, of which 1,330 euro for other services, 84,220 euro machinery leasing expenses, and 73,925 euro for purchase of materials
- GEK SERVICES SA of 5,620 euro for other services
- EKTONON SA of 1,269 euro for other services
- VIPA THESSALONIKI SA of 25,200 euro for leasing expenses
- HERON THERMOELECTRIC SA of 81,007 euro for other services

Transactions with Board members

The total remuneration to Board members amounted to 1,288,000 euro, of which 1,025,000 euro concern Board remuneration while 263,000 euro concern the provision of services.

CORPORATE GOVERNANCE STATEMENT

1. Corporate Governance Code

The company applies all the established rules of the legislative, regulatory and other authorities, without exceptions, on all of its activities and operations. Moreover, it has adopted internal rules and business practices that contribute to the adherence to transparency principles, professional ethics and prudent management of all company resources at all management levels, to the benefit of its shareholders and related parties. The overall above rules and practices are incorporated in the Corporate Governance Code (CGC), which was prepared by the company, in line with the provisions of Law 3873/2010. The Code has been posted on the company's website www.terna-energy.com.

2. Corporate governance rules and practices

The CGC states, with clarity and accuracy, the following corporate governance rules and practices in detail:

Board of Directors

The role, along with its responsibilities and duties to set and apply the company's strategy with the basic objective of protecting the interest of all Shareholders, are clearly defined. As the highest authority in the company's management, the Board of Directors decides on all the corporate affairs, apart from those that fall under the responsibility of the General Meeting.

Specifically, the responsibilities of the Board of Directors include:

- the long-term strategic and mid-term business planning of the company
- decisions of strategic importance, such as acquisitions, mergers, liquidations, high budget investments
- the planning of the general, as well as the specific, basic policies for the company's operation
- the approval, supervision and evaluation of the implementation of annual projects and budgets
- ensuring the reliability and completeness of the accounting – financial systems and data and the company financial statements derived from such
- ensuring the smooth and proper operation of the appropriate systems and mechanisms for the company's internal audit, adhering to the company's legal – operational framework, as well as assessing and managing the business risks it faces
- the continuous effort for the avoidance or prudent handling of a possible conflict of interest of the Board of Directors or its members or basic shareholders with the interests of the company, by adopting transparency and monitoring rules on its transactions
- the selection of the Managing Director and the remaining members of the Board, which are also evaluated on their overall activity
- defining the remuneration of Board members and proposing their approval by the General Meeting of Shareholders, as well as deciding on the remuneration of the company's senior executives
- deciding on the company's organizational structure, management systems and procedures, as well as the amendment of such, when deemed necessary by the company's internal and external operation conditions
- the establishment and effort to ensure the proper operation of committees specified by the Corporate Governance Principles (Audit Committee and Nomination and Remuneration Committee)
- the establishment of collective bodies when deemed necessary for the improvement of the company's efficiency and operation

- the definition and effort to lay out and apply basic company values and principles, including those of corporate governance, throughout its overall relationship with all related parties.

The Ordinary General Meeting of Shareholders of the 24th May 2012 elected a new Board of Directors to manage the Company for a five-year period from the date of its election, term which is automatically extended until the Annual General Meeting to be convened no later than 30.06.2017.

The composition of the new Board of Directors is as follows:

1.	George Peristeris of Theodoros	Chairman – Executive Member
2.	George Perdikaris of Gerasimos	Vice-Chairman – Executive Member
3.	Emmanuel Maragoudakis of Vasilios	Chief Executive Officer – Executive Member
4.	George Spyrou of Symeon	Executive Director – Executive Member
5.	Michael Gourzis of Alexandros	Executive Member
6.	Panagiotis Pothos of George	Executive Member
7.	Theodoros Tagas of Christos	Non-Executive Member
8.	Aristeidis Ntasis of Konstantinos	Independent Non-Executive Member
9.	Nikolaos Kalamaras of Dionysios	Independent Non-Executive Member

The responsibility of Company Secretary was appointed to the Managing Director Mr. George Spyrou.

The CVs of the Board Members are posted on the company's website.

During the exercise of their duties and the Board meetings in 2014, the Board members exhibited "diligence of a prudent businessman", dedicated the sufficient time needed for the efficient management of the company, acted with integrity, accountability and proper judgment, avoiding actions that could endanger the company's competitiveness or conflict its interests. Also, they protected the confidentiality of information they had privileged access to and ensured the prompt and simultaneous provision of information to all shareholders and interest investors on issues that could affect their decision to realize any transaction on company shares.
During the Board meetings and its activities, the Board was supported by the Company Secretary Mr. George Spyrou, the responsibilities of which are described in the CGC.

Chairman of the Board of Directors
The Chairman represents the basic instrument for applying Corporate Governance Principles in the company, with responsibility, among others, for the efficient operation of the Board of Directors and the active participation of all its members in making and reviewing the application of business decisions, as well as for the smooth communication between the company and its shareholders.
The Chairman's responsibilities include convening and addressing the Board's activities on the issues of the daily agenda prepared by the Chairman himself according to the company's needs and the relevant requests by other Board members, the provision for the efficient coordination and smooth communication between all Board members, as well as between the company and its shareholders – investors, which is based on the prompt, clear and reliable provision of information towards Board members on the total activities and operation of the company, as well as ensuring the smooth incorporation of other members to the Board of Directors and their motivation in order to encourage their active and substantial participation in corporate affairs and the decision making process.

The Board of Directors is supported by Committees, which carry an advisory role, but which also carry a heavy weight in the decision making process of the Board. The Committees are as follows:

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members and its role is to explore and propose the proper nominees for election in the company's Board of Directors, as well as to propose policies and systems that define remuneration for all company levels.

The Committee's responsibilities, in relation to proposing nominees, mainly include defining the company's requirements as regards to the size and composition of its Board of Directors, defining the role, responsibilities and skills of each position within the Board of Directors, the periodic review of the Board's size and composition and the submission of proposals for changes – improvements when deemed necessary.

In relation to its responsibilities on remuneration issues, the Nomination and Remuneration Committee convenes for such at least twice a year and whenever else deemed necessary. It processes and proposes the system that defines remuneration of employees, Board members and senior executives, it prepares and submits to the Board proposals for the corporate remuneration policy and assesses its application according to the relevant annual remuneration report and it prepares the proposals that must be submitted by the Board to the General Meeting of shareholders for approval.

The Committee, which is formed by the following members: Emmanuel Maragoudakis – CEO, executive member, Theodoros Tagas– non-executive member and Aristeidis Ntasis – independent non-executive member, convened once during the year and confirmed that no change occurred in the Company's remuneration policy during 2014.

Investment Committee

The mid-long-term strategic planning for the company's development includes, amongst others, the following investment policy in order to achieve and maintain its business objectives through time.

The company's Board of Directors is the responsible body that sets and applies investment policy. In this context the Board bases its decisions on the appropriate proposals submitted by the Investment Committee with regards to acquisitions, mergers, strategic alliances, high budget investments, liquidation of assets and any other action of strategic importance that may affect the capital structure and future development of the company. The Investment Committee convenes once every quarter and at any other time deemed necessary for the Board to make investment decisions.

The Investment Committee (I.C.) consists of five members, while three (3) members from the company's and its parent's Boards participate in it together with two (2) senior executives or advisors of the company, according to the issue to be discussed. The Chairman and Managing Director of the parent company may be members of the Investment Committee. As is the case of other company committees, the I.C. has the character of providing proposals and not making decisions. Its basic responsibilities include preparing the investment policy and long-term investment plan of the company, evaluating and approving the implementation of the annual investment plan, as well as any new significant investment that is separately submitted, examining the company's capital adequacy to implement each investment proposal, evaluating the business risks associated with such and evidencing its objective and confirming that its implementation is included in the application measures of the company's approved business strategy.

The Committee, which is formed by the following Board members: Emmanuel Maragoudakis – CEO, Executive member, George Spyrou – Advisor on Mandate, Executive member and Michael Gourzis-Executive member, during its meetings, examined the implementation progress of the Company's planned investments.

Audit Committee

The Audit Committee supports the Board of Directors in fulfilling its responsibility to ensure compliance of the company's bodies and actions with the provisions of the legal – institutional – regulatory framework and the Corporate Governance Principles that govern its operation, the completeness and reliability or accounting, IT and administrative systems of the company and the derived by such published financial statements and other reports, as well as the smooth and effective operation of all the company's control mechanisms in order to promptly identify, apart from the above, business risks and handle such prudently and effectively.

The Audit Committee convenes at least four times a year and whenever else it deems necessary. It invites the ordinary auditor to its meeting at least twice a year to provide clarifications – explanations on its activity and its comments – conclusions on the financial statements and the general financial information of the company.

The Audit Committee has the following, by subject, basic responsibilities:

It oversees the production procedure of the company's financial statements and other financial reports, examines their reliability and provides for the smooth operation of the internal control's activities providing its support, and also periodically reviews the adequacy and reliability of internal control mechanisms and mechanisms for the management of business risks with the following criteria: the prompt identification of business risk and the quick response to handle such. It investigates possible transactions of the company with any related party in detail and submits relevant reports to the Board of Directors in order to evaluate the possibility of present conflicts of interest with complete transparency and to prevent possible damage or loss for the company.

Also, the Audit Committee receives the reports of the Internal Audit Division, assesses their contents and proposes the head of the Division to the Board of Directors, evaluates the effectiveness and efficiency of such, and based on the above proposes the continuity or termination of his/her responsibilities.

The Audit Committee monitors the conduct of activities by the ordinary auditor and assesses whether such is in accordance with the relevant legal – regulatory framework, the international standards and best practices. It also examines and evaluates the adequacy of knowledge, professional consistency, independence and effectiveness of the ordinary auditor, and based on such proposes to the Board of Directors the continuance or termination of the relationship with the ordinary auditor.

The Audit Committee consists of at least three (3) non-executive Board members, of which one (1) is independent. At least one (1) of the three members must have adequate knowledge and experience in accounting and auditing issues. The CGC also states that the non-executive Chairman of the Board may be a member of the Audit Committee and the Chairman of such as well.

Its members are elected by the General Meeting of Shareholders according to article 37 of Law 3693/2008.

The Audit Committee members that were elected by the General Meeting of 24 May 2012 are the following:

Theodoros Tagas – non-Executive member

Aristeidis Ntasis – independent non-Executive member

Nikolaos Kalamaras - independent non-Executive member

The Audit Committee convened four (4) times during 2014, it exercised all of its responsibilities and tasks, it cooperated with the company's Internal Audit Department and provided the appropriate guidance for the continuation of the audit by subject and priority.
It discussed with the head of the company's internal audit about its findings and conclusions and confirmed the correctness of the preparation procedure for the financial statements.

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 2014 is described in the relevant paragraph of the company's Annual Financial Report.

4. Relations – Communication with Shareholders - Investors

The Board of Directors emphasizes greatly on protecting the rights of all company Shareholders, by facilitating the information they receive on the development of corporate affairs and by encouraging their participation in the General Meetings, where they have the opportunity to communicate directly with Management, submit questions they may have and contribute to the final positioning of the company's strategic directions.
The company has a special Investor Relations and Shareholders' Service Department, which ensures the direct, responsible and complete provision of information, as well as the facilitation of shareholders to exercise their rights.
In the same context, the Chairman of the Board and/or Managing Director may realize individual meetings with company shareholders that own a significant share of its capital, with the objective to provide more detailed information on corporate governance issues. They also collect the views stated by shareholders, transfer such to the remaining Board members and ensure that the principles and procedures of corporate governance and any other information useful for shareholders and investors are promptly available and easily accessible through up to date means.

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.

Aiming at the largest possible presence of its shareholders (institutional and private) during the General Meeting, the company promptly announces, through any appropriate means, the daily agenda issues, the date and location where the General Meeting will convene. To facilitate their active participation in the General Meeting's activities, it provides complete information on the manner and deadline for exercising the right to list issues on the daily agenda, as well as to submit questions. Also, it informs shareholders about the number of shares and voting rights, the voting procedures and offers any other required supplementary document in order to conduct the General Meeting's activities most effectively.

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 2014.

Additionally, the Chairman of the BoD, Mr. George Peristeris, after reminding the Members of the obligation of the Company to prepare Explanatory Report pursuant to par. 7th Article 4 of N. 3556/2007, reads the report, the contents of which has as follows:

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 Company's share capital amounted to thirty-two million, seven hundred and ninety-four thousand, three hundred and twenty euro (32,794,320 €) divided into one hundred and nine million, three hundred and fourteen thousand and four hundred (109,314,400) common registered voting shares with a nominal value of thirty cents (0.30€) each.

The Company's shares are listed and traded on the "Main Market" of the Athens Stock Exchange.

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

Shareholders which during 31/12/2014 held a percentage larger than 5%, based on the total issued shares, are presented in the following table:

NAME OF SHAREHOLDER	SHARES	PERCENTAGE
GEK TERNA SA	41,051,059	41.212% (directly)
George Peristeris	26,981,012	24.682%
York Global Finance Offshore BDH (Luxembourg) Sarl	8,412,606	7.696%

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 or the purchase of treasury 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.

According to the provisions of article 16 of C.L. 2190/1920, as in effect, following approval of the General Meeting, the Company may with the responsibility of the Board of Directors, acquire through the Athens Stock Exchange, its own shares on condition that the nominal value of shares acquired, including shares previously acquired and maintained by the Company, does not exceed 10% of its paid up share capital.

The Company, by means of the resolution of the Annual General Meeting of Shareholders on 29/4/2014, renewed the share buyback program, up to the percentage of 10% of its share capital for a period of twenty four months, namely until 28/4/2016.

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 of Members of the Board of Directors or the Company's Employees

There are no agreements of the Company with members of its Board of Directors or its employees, 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.

IV. ANNUAL FINANCIAL STATEMENTS PARENT AND CONSOLIDATED OF 31 DECEMBER 2014

(1 January – 31 December 2014)

According to the International Financial Reporting Standards

The accompanying Financial Statements were approved by the Board of Directors of TERNA ENERGY ABETE on 27/3/2015 and have been published by being posted on the internet at the website www.terna-energy.com, as well as the Athens Exchange website, in which they remain at the disposal of the investment community for at least 5 years since their publication. 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 financial information but do not provide a full picture of the financial position and the results of the Company and Group, in accordance with the International Financial Reporting Standards (IFRS).

TERNA ENERGY GROUP
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2014
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Note	GROUP		COMPANY	
		31-Dec 2014	**31- Dec 2013**	**31- Dec 2014**	**31- Dec 2013**
ASSETS					
Non-current assets					
Intangible assets	6	30,091	28,524	1,318	1,449
Tangible assets	7	806,873	770,109	110,339	123,132
Investment property	8	575	785	575	785
Participation in subsidiaries		-	-	216,120	199,098
Participations in associates	9	5,542	5,541	5,401	5,401
Participation in joint-ventures		-	-	260	279
Other long-term receivables	10	10,956	10,685	27,982	44,870
Receivables from derivatives	16	325	1,443	-	-
Other investments		1,886	1,882	1,886	1,882
Deferred tax assets	28	4,885	3,981	-	789
Total non-current assets		**861,133**	**822,950**	**363,881**	**377,685**
Current assets					
Inventories	11	2,464	4,027	2,113	3,575
Trade receivables	12	52,769	46,953	42,745	36,111
Receivables according to IAS 11	13	3,630	2,858	4,374	5,479
Prepayments and other receivables	12	49,591	86,392	24,661	19,932
Income tax receivables		1,884	660	1,701	515
Other items		-	-	-	-
Cash and equivalents	14	168,803	124,630	54,037	37,385
Total current assets		**279,141**	**265,520**	**129,631**	**102,997**
TOTAL ASSETS		**1,140,274**	**1,088,470**	**493,512**	**480,682**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	24	32,794	32,794	32,794	32,794
Share premium		229,085	238,407	229,085	238,726
Reserves		27,234	32,881	20,674	27,885
Retained earnings		46,086	44,262	35,456	34,359
Total		**335,199**	**348,344**	**318,009**	**333,764**
Non-controlling interests		3,046	2,634	-	-
Total equity		**338,245**	**350,978**	**318,009**	**333,764**
Long-term liabilities					
Long-term loans	15	324,947	295,163	55,615	51,333

Other financial liabilities	20	40,847	35,217	-	-
Liabilities from derivatives	16	5,553	2,320	638	378
Other provisions	18	8,157	4,511	930	899
Provision for staff indemnities	17	313	422	295	397
Grants	19	265,833	271,376	44,712	46,622
Deferred tax liabilities	27	4,325	3,790	13	-
Other long-term liabilities		-	-	-	-
Total long-term liabilities		**649,975**	**612,799**	**102,203**	**99,629**
Short-term liabilities					
Suppliers	21	21,587	25,352	13,018	17,760
Short-term loans	23	67,322	36,914	39,610	2,215
Long-term liabilities falling due in the next period	15	31,074	34,744	4,706	8,065
Long-term financial liabilities falling due in the next period	20	3,091	2,879	-	-
Liabilities according to IAS 11	13	2,706	3,060	2,889	5,131
Accrued and other short-term liabilities	22	22,841	19,498	13,077	14,118
Income tax payable		3,433	2,246	-	-
Total short-term liabilities		**152,054**	**124,693**	**73,300**	**47,289**
Total liabilities		**802,029**	**737,492**	**175,503**	**146,918**
TOTAL LIABILITIES AND EQUITY		**1,140,274**	**1,088,470**	**493,512**	**480,682**

TERNA ENERGY GROUP

STATEMENT OF COMPREHENSIVE INCOME

31 DECEMBER 2014

(All amounts are expressed in thousand Euro, unless stated otherwise)

	Note	GROUP		COMPANY	
		1.1 – 31.12 2014	**1.1 – 31.12 2013**	**1.1 – 31.12 2014**	**1.1 – 31.12 2013**
Continued activities					
Turnover		158,251	139,595	76,192	75,479
Cost of sales	28	(108,553)	(91,175)	(60,441)	(60,876)
Gross profit		**49,698**	**48,420**	**15,751**	**14,603**
Administrative & distribution expenses	28	(13,447)	(12,831)	(8,199)	(7,211)
Research & development expenses	28	(2,016)	(2,489)	(1,963)	(2,413)
Other income/(expenses)	29	9,277	2,199	3,784	1,104
Operating results		**43,512**	**35,299**	**9,373**	**6,083**
Financial income/(expenses)	30	(31,340)	(25,404)	(7,791)	(4,451)
EARNINGS BEFORE TAX		**12,172**	**9,895**	**1,582**	**1,632**
Income tax expense	27	(6,325)	(5,540)	(2,467)	(1,288)
NET EARNINGS FOR THE PERIOD		**5,847**	**4,355**	**(885)**	**344**
Other income recognized directly in Equity from:					
Foreign exchange differences from incorporation of foreign units		(644)	(851)	-	-
Actuarial income/losses from defined benefit plans		125	34	114	32
Income/expenses from hedging of cash flows		(4,072)	2,956	(260)	160
Expenses of capital increase		(121)	(305)	(108)	(123)
Income tax recognized directly in Equity		702	48	66	119
Other income for the period net of income tax		**(4,010)**	**1,882**	**(188)**	**188**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,837**	**6,237**	**(1,073)**	**532**

Net results attributed to:			
Shareholders of the parent from continued activities		5,551	4,101
Non-controlling interests from continued activities		296	254
		5,847	**4,355**
Total income attributed to:			
Shareholders of the parent from continued activities		1,541	5,983
Non-controlling interests from continued activities		296	254
		1,837	**6,237**
Earnings per share (in Euro)			
From continued activities attributed to shareholders of the parent	26	0.0512	0.0376
Average weighted number of shares			
Basic		108,447,509	108,991,933

TERNA ENERGY GROUP

STATEMENT OF CASH FLOWS

31 DECEMBER 2014

(All amounts are expressed in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	1.1 – 31.12 2014	**1.1 – 31.12 2013**	**1.1 – 31.12 2014**	**1.1 – 31.12 2013**
Cash flow from operating activities				
Earnings for the period before tax	12,172	9,895	1,582	1,632
Adjustments for the agreement of net flows from operating activities				
Depreciation	41,240	36,337	8,256	8,300
Provisions	512	6,700	200	2,462
Interest and related income	(1,969)	(3,180)	(2,601)	(4,020)
Interest and other financial expenses	33,309	28,584	10,392	8,471
Results from intangible and tangible assets and investment properties	210	138	210	138
Amortization of grants	(8,987)	(8,726)	(1,880)	(2,722)
Foreign exchange differences	(1,695)	447	-	-
Operating profit before working capital changes	**74,792**	**70,195**	**16,159**	**14,261**
(Increase)/Decrease in:				
Inventories	1,564	(723)	1,462	(616)
Trade receivables	(5,816)	595	771	(1,578)
Prepayments and other short term receivables	(12,391)	(16,263)	(6,658)	(5,344)
Increase/(Decrease) in:				
Suppliers	(775)	(3,345)	(4,741)	(3,341)
Accruals and other short term liabilities	3,343	7,111	(1,881)	(7,787)
Other long-term receivables and liabilities	5,630	(7,768)	-	6
Income tax payments	(7,054)	(5,693)	(2,772)	(2,231)
Net cash inflow from operating activities	**59,293**	**44,109**	**2,340**	**(6,630)**
Cash flow from investment activities:				
(Purchases)/Sales of tangible and intangible assets	(58,130)	(35,959)	(1,632)	(1,088)
Collection of grants	44,306	91,067	420	14,305
Interest and related income received	2,365	2,579	4,081	2,646
Net change in provided loans	6,862	3,948	16,888	24,932
(Purchases) / sales of participations and securities	15	(1,901)	(17,007)	11,885
Cash outflows for investment activities	**(4,582)**	**59,734**	**2,750**	**52,680**

Cash flows from financing activities				
Return of share capital	(11,661)	(9,375)	(11,461)	(9,375)
Decrease of share capital of subsidiary	-	-	-	-
Purchase of Treasury Shares	(4,903)	(8,902)	(4,903)	(8,902)
Net change of long term loans	1,336	5,549	588	(13,802)
Net change of short term loans	29,966	(57,361)	37,048	2,079
Dividends paid	-	-	-	-
Interest paid	(23,800)	(23,317)	(9,710)	(6,221)
Change in financial liabilities	(1,340)	(12,239)	-	-
Cash outflows for financing activities	**(10,402)**	**(105,645)**	**11,562**	**(36,221)**
Effect of exchange rate changes on cash & cash equivalents	(136)	(346)	-	-
Net increase/(decrease) in cash	**44,173**	**(2,148)**	**16,652**	**9,829**
Cash & cash equivalents at the beginning of the period	124,630	126,778	37,385	27,556
Cash & cash equivalents at the end of the period	**168,803**	**124,630**	**54,037**	**37,385**

TERNA ENERGY S.A.

STATEMENT OF CHANGES IN EQUITY

31 DECEMBER 2014

(All amounts are expressed in thousand Euro, unless stated otherwise)

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2013	**32,796**	**261,204**	**21,775**	**35,739**	**351,514**
Total comprehensive income/(losses) for the period	-	(123)	311	344	**532**
Capitalization of Reserves	11,100	(11,100)	-	-	**-**
Return of Share Capital	(9,839)	-	459	-	**(9,380)**
Cancellation of Treasury Shares	(1,263)	(11,255)	12,518	-	**-**
Creation of reserves from retained earnings	-	-	1,724	(1,724)	**-**
Dividends	-	-	-	-	**-**
Purchase of Treasury Shares	-	-	(8,902)	-	**(8,902)**
Transfers – Other movements	-	-	-	-	**-**
31 December 2013	**32,794**	**238,726**	**27,885**	**34,359**	**333,764**
1 January 2014	**32,794**	**238,726**	**27,885**	**34,359**	**333,764**
Total comprehensive income/(losses) for the period	-	(108)	(80)	(885)	**(1,073)**
Issue of share capital	9,839	(9,839)	-	-	**-**
Return of Share Capital	(9,839)	-	-	-	**(9,839)**
Cancellation of Treasury Shares	-	-	-	-	**-**
Creation of reserves from retained earnings	-	-	653	(653)	**-**
Taxation of reserves	-	-	(2,783)	2,783	**-**
Dividends	-	-	-	-	**-**
Purchase of Treasury Shares	-	-	(4,903)	-	**(4,903)**
Transfers – Other movements	-	306	(98)	(148)	**60**
31 December 2014	**32,794**	**229,085**	**20,674**	**35,456**	**318,009**

TERNA ENERGY S.A. - GROUP

STATEMENT OF CHANGES IN EQUITY

31 DECEMBER 2014

(All amounts are expressed in thousand Euro, unless stated otherwise)

	Share Capital	Share Premium	Reserves	Retained Earnings	Sub-total	Non-controlling interests	Total
1 January 2013	**32,796**	**261,067**	**19,290**	**47,495**	**360,648**	**2,329**	**362,977**
Total comprehensive income/(losses) for the period	-	(305)	2,187	4,101	**5,983**	254	**6,237**
Issuance of share capital	11,100	(11,100)	-	-	**-**	52	**52**
Capitalization of Reserves	-	-	7,329	(7,329)	**-**	-	**-**
Return of Share Capital	(9,839)	-	459	-	**(9,380)**	-	**(9,380)**
Cancellation of Treasury Shares	(1,263)	(11,255)	12,518	-		-	
Purchase of Treasury Shares	-	-	(8,902)	-	**(8,902)**	-	**(8,902)**
Dividends	-	-	-	-	**-**	-	**-**
Transfers – Other movements	-	-	-	(5)	**(5)**	(1)	**(6)**
31 December 2013	**32,794**	**238,407**	**32,881**	**44,262**	**348,344**	**2,634**	**350,978**
1 January 2014	**32,794**	**238,407**	**32,881**	**44,262**	**348,344**	**2,634**	**350,978**
Total comprehensive income/(losses) for the period	-	(121)	(3,889)	5,551	**1,541**	296	**1,837**
Issue of share capital	9,839	(9,839)	-	-	**-**	123	**123**
Formation of reserves	-	-	5,818	(5,818)	**-**	-	**-**
Taxation of reserves	-	-	(2,783)	2,783	**-**	-	**-**
Return of Share Capital	(9,839)	-	-	-	**(9,839)**	-	**(9,839)**
Cancellation of Treasury Shares	-	-	-	-	-	-	**-**
Purchase of Treasury Shares	-	-	(4,903)	-	**(4,903)**	-	**(4,903)**
Dividends	-	-	-	-	**-**	-	**-**
Transfers – Other movements	-	638	110	(692)	**56**	(7)	**49**
31 December 2014	**32,794**	**229,085**	**27,234**	**46,086**	**335,199**	**3,046**	**338,245**

1 ESTABLISHMENT & ACTIVITY OF THE COMPANY

The TERNA ENERGY SA Group of companies (hereinafter the «Group» or «TERNA ENERGY») is a Greek group of companies mainly engaged in the energy and construction sector. The Group's activity in the energy sector is related to the construction and exploitation of renewable sources of wind and hydroelectric energy as well as to the operation of photovoltaic parks. The Company is also engaged in the research for the operation and construction of projects related to other renewable energy sources (RES).

TERNA ENERGY has a class 6 contractor certificate and its activity in the construction sector relates to the construction of private and public projects as a main contractor or subcontractor or through joint ventures. Based on the Greek legislation in effect, companies who hold a class 6 certificate, undertake public works with an initial contracting price from € 5.25 to €44.00 million or up to €60.00 million through joint ventures and private or self-financed independently budgeted, either as main contractors or as sub-contractors or through joint ventures.

TERNA ENERGY is the continuation of the Technical Constructions Company (ETKA SA), which was established in 1949 (Gov. Gaz. 166/21.06.1949), and which during 1999 absorbed TERNA ENERGY SA. The latter had been established in 1997 (Gov.Gaz.6524/11.09.1997), and is based in Athens, 85 Mesogeion Ave.

The Company is listed on Athens Exchange. The parent company of TERNA ENERGY, which is also listed on Athens Exchange, is GEK TERNA SA and which on 31/12/2014 owned 41.212% of the Company's share capital.

2 BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

The accompanying separate and consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) that have been issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the Standard Interpretations Committee and which have been adopted by the European Union.

b) Statutory Financial Statements

Until the 31st of December 2004 TERNA ENERGY SA and its Greek subsidiaries kept their accounting books and prepared financial statements according to the provisions of L. 2190/1920 and the tax legislation in effect. From January 1st, 2005 they are obliged, according to the legislation in effect, to prepare their Statutory Financial Statements according to the IFRS that have been adopted by the European Union.
The Company and the Greek companies of the Group continue to keep their accounting books in accordance with the provisions of the tax laws, as they have the right to do so. Off balance sheet adjustments are then made in order to prepare the accompanying financial statements in accordance with the IFRS.

c) New Standards, Interpretations and Amendments

The accounting principles applied for the preparation of the financial statements are the same with those applied for the preparation of the annual financial statements of the Company and the Group as of 31 December 2013, apart from the adoption of new accounting standards. The Group has fully adopted all IFRS and interpretations which up to the preparation date of the financial statements had been endorsed by the European Union and whose application was mandatory, according to the International Accounting Standards Board (IASB), for the financial period that ended on 31 December 2014.

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

The following amendments and Interpretations of IFRS were issued by the International Accounting Standards Board (IASB) and their application is mandatory from 01.01.2014 or after. The most important Standards and Interpretations are described as follows:

– **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in other Entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"**

In May 2011 the IASB issued three new Standards and specifically IFRS 10, IFRS 11 and IFRS 12. IFRS 10 "Consolidated Financial Statements" includes a consolidation model that defines control as the basis for the consolidation of all types of entities. IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". IFRS 11 "Joint Arrangements" defines the principles regarding the financial information of members that participate in a joint arrangement. IFRS 11 replaces IAS 31 "Participations in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 12 "Disclosures of Interests in other Entities" combines, enhances and replaces the disclosure requirements for subsidiaries, jointly controlled companies, associates and non-consolidated entities. As a result of the above new Standards, the IASB also issued the amended IAS 27 under the title IAS 27 "Separate Financial Statements" and the amended IAS 28 under the title IAS 28 "Investments in Associates and Joint Ventures". The standards have no effect on the consolidated Financial Statements.

– **Transition Guidance: Consolidated Financial Statements, Joint Arrangements, Disclosures of Interests in other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

In June 2012, the IASB proceeded with issuing the above guidance which provides clarifications regarding the transition provisions of IFRS 10. The amendments also provide additional facilitations during the transition to IFRS 10, IFRS 11 and IFRS 12 by reducing the requirements for providing adjusted comparative information only during the previous comparative period. Also, as regards to the disclosures for non-consolidated companies, the amendments remove the requirement to present comparative information. The standards have no effect on the consolidated Financial Statements.

– **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

In October 2012, the IASB issued amendments to IFRS 10, IFRS 11 and IAS 27. The amendments apply to the category of "investment entities". The IASB uses the term "Investment Entities" to refer to entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Investment entities must evaluate the performance of their investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds. It is defined, as an exception to the requirements of IFRS 10 regarding consolidation, that investment entities will measure specific subsidiaries at fair value through profit and loss and will not consolidate such, by providing the necessary disclosures. The standards have no effect on the consolidated Financial Statements.

– **Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting financial assets and financial liabilities**

In December 2011, the IASB proceeded to the issuance of amendments to IAS 32 "Financial Instruments: Presentation" in order to provide clarifications on the requirements of the Standard with respect to offsetting cases for financial assets and financial liabilities in the Statement of Financial Position. The amendments have no effect on the consolidated Financial Statements.

– **Amendments to IAS 36 " Impairment of Assets ' - Disclosures for the Recoverable Amount of Non-Financial Assets**

In May 2013, the IASB proceeded with the issuance of an amendment of limited scope of IAS 36 "Impairment of Assets". The present amendment specifies the disclosures that should be made regarding the recoverable amount of an asset that has been impaired, if this amount is based on fair value less the costs of selling. The standard has no effect on the consolidated Financial Statements.

– **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Replacing derivatives and inhibition of hedge accounting**

In June 2013, the IASB proceeded with the issuance of amendments of limited scope of IAS 39 "Financial Instruments: Recognition and Measurement". The objective of the proposed amendments is the introduction of an exemption of limited scope, with respect to the inhibition of hedge accounting in accordance with the principles of IAS 39. Specifically, if certain conditions are met, an exception is proposed if the counterparty of a derivative, which has been designated as a hedging instrument, is replaced by a prime contractor, as a result of changes in laws or regulations. Relevant exception will be included in IFRS 9 "Financial Instruments ". The standard has no effect on the consolidated Financial Statements.

– **IFRIC 21 “Levies”**

In May 2013, the IASB proceeded to the issuance of IFRIC 21. The interpretation clarifies when an entity should recognize the obligation to pay the levy imposed by the State, in its Financial Statements. IFRIC 21 is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets ". IAS 37 sets out the criteria for the recognition of a liability, one of which is the present obligation resulting from a past event, known as obligating event. The interpretation states that the obligating event that creates an obligation for the payment of the levy is the action described in the relevant legislation that results to the payment of the levy. The standards have no effect on the consolidated Financial Statements.

ii. New Standards, Interpretations, revisions and amendments of existing Standards which are not yet in effect or approved by the European Union

The following new Standards and Revisions of Standards, as well as the following Interpretations to existing standards, have been published. However they are not yet in effect or approved by the European Union. Specifically:

- **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 made to the new standard refer to the existence of a logical model regarding the classification and measurement, a single proactive model for expected losses from impairment and also a substantially reformed approach for hedge accounting. The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to have any impact. These have not been adopted by the European Union.

- **IFRS 14 "Regulatory Deferral Accounts" (effective from 01.01.2016)**

In January 2014, issued a new standard, IFRS 14. The objective of this intermediate standard is to enhance the financial reports' comparability of companies that have regulated activities. In many countries there are sectors that are subject to specific rules according to which government authorities regulate the supply and pricing of certain types of activities entities . The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to incur any impact. These have not been adopted by the European Union.

- **IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01/01/2017)**

In May 2014, the IASB issued a new standard, IFRS 15. This standard is fully harmonized with the requirements for the recognition of revenue in accordance with IFRS and American accounting principles (US GAAP). The new standard is been formed to replace IAS 18 Revenue, IAS 11 Construction Contracts and some interpretations that are related to revenues. The Group will consider the impact of all the above in the Financial Statements of the Group, even though it not expected to be any. These have not been adopted by the European Union.

- **Standards' Annual Improvements period 2010-2012 (for annual periods beginning on or after 07/01/2014)**

The IASB issued in December 2013 in the publication "Annual Improvements in the International Financial Reporting Standards period 2010-2012", which is consisted of a series of adjustments in 8 Standards and it is part of the scheme for the annual improvements in standards. The amendments are effective for annual periods beginning on or after July 1, 2014, although the economic entities are allowed to apply them earlier. The topics included in this cycle of changes are as follows: IFRS 2: Definition of vesting conditions, IFRS 3: Accounting treatment of potential consideration in business combinations, IFRS 8: Aggregation of operating segments, IFRS 8: Alignment of reportable segments' assets with the assets of the company, IFRS 13: Current assets and liabilities IAS 7: Interest paid that are capitalized, IAS 16 / IAS 38: Revaluation method-proportionate recast of accumulated depreciation and IAS 24: Key Executives. The Group will consider the impact of all the above in the Financial Statements of the Group, although it not expected to have any. These were adopted by the European Union in December 2014.

- **Standards Annual Improvements period 2011-2013 (for annual periods beginning on or after 01/07/2014)**

The IASB issued in December 2013 in the publication of "Annual Improvements in the International Financial Reporting Standards period 2011-2013", which is consisted of a series of adjustments in 4 Standards and it is part of the scheme for the annual improvements in the standards. The amendments are effective for annual periods beginning on or after July 1, 2014, although economic entities are allowed to apply them earlier. The topics included in this cycle of changes are as follows: IFRS 1: The concept of existing IFRS, IFRS 3: Exemptions to joint ventures, IFRS 13: Application cases of paragraph 52 (excluding portfolio), and IAS 40: Clarification of the interdependence of IFRS 3 Business Combinations and IAS 40 Investment property in the classification of property as investment property or as owner-occupied property. The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to be any. These were adopted by the European Union in December 2014.

- **Standards Annual Improvements period 2012-2014 (for annual periods beginning on or after 01/01/2016)**

The IASB issued in September 2014 in the publication of "Annual Improvements in the International Financial Reporting Standards period 2012-2014", which is consisted of a series of adjustments in 4 Standards and it is part of the scheme for annual improvements in standards. The amendments are effective for annual periods beginning on or after January 1, 2016, although the economic entities are allowed to apply them earlier. The topics included in this cycle of changes are as follows: IFRS 5: Changes in the methods of sale, IFRS 7: Service Contracts and application of IFRS 7 requirements in the Interim Financial Statements, IAS 19: Discount rate, and IAS 34: Information disclosure in the interim financial report. The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to be any. These have not been adopted by the European Union.

- **Amendment to IAS 19 "Employee Benefits " - Defined Benefit Plan: Employee contributions (effective from 01/07/2014)**

In November 2013, the IASB proceeded to the issuance of an amendment of limited scope of IAS 19 "Employee Benefits" with title Defined benefit plan: Employee Contributions (Amendments to IAS 19). The present amendment applies to contributions made by employees or third parties with respect to defined benefit plans. The purpose of this amendment is to reduce the complexity of the accounting treatment of those contributions that are independent of the employee's years of service, such as the contributions calculated as a fixed percentage of payroll. The Group will examine the effect of the abovementioned on the consolidated Financial Statements although no effect is expected. The above were adopted by the European Union in December 2014.

- **Amendment to IAS 27: "the equity method in the individual Financial Statements" (effective for annual periods beginning on or after 01/01/2016)**

In August 2014, the IASB issued a limited scope amendment to IAS 27 "equity method in the individual Financial Statements". By this amendment, a company has the option to measure its investments in subsidiaries, joint ventures and associates under the equity method in the separate financial statements, an option that up until the adoption of this amendment was not in effect. The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to be any. These have not been adopted by the European Union.

- **Amendments to IFRS 10 and IAS 28: "Sales or Contributions of Assets among an investor and the Associate or Joint Venture" (effective for annual periods beginning on or after 01/01/2016)**

In September 2014, the IASB issued a limited purpose "Sales or Assets' contributions between an investor and the associate or joint venture" (Amendments to IFRS 10 and IAS 28). The amendment will be applied by the economic entities for future sales or contributions of assets that are conducted in the annual periods beginning on or after 01/01/2016. Earlier application is permitted, with the necessary disclosure of the respective early adoption in the Financial Statements. The Group will consider the impact of all the above in the Financial Statements of the Group, although it not expected to be any. These have not been adopted by the European Union.

- **Amendments to IAS 16 and IAS 41: "Agriculture: fruit plantations" (effective for annual periods beginning on or after 01/01/2016)**

In June 2014, the IASB issued amendments through which changes incur in the financial reporting of fruit plantations. With this modification, it was decided that the fruitful plantations used solely to increase production, should be accounted for in the same way as tangible assets (IAS 16). Therefore the amendments include the fruitful plantations within the scope of IAS 16 instead of IAS 41. The production developed in fruitful plantations remains within the scope of IAS 41. The Group will consider the impact of all the above in the Financial Statements, although and it is not expected to be any. These have not been adopted by the European Union.

- **Amendments to IAS 16 and IAS 38: "Clarifications regarding the Acceptable Depreciation Methods" (effective for annual periods beginning on or after 01/01/2016)**

In May 2014, the IASB issued amendments to IAS 16 and IAS 38. IAS 16 and IAS 38 establish the principles so as to be clarified the way in which depreciation is treated in the expected pattern of consumption of the future economic benefits embodied in the asset. The IASB has clarified that the utilization of the methods based on revenues for the calculation of an asset's depreciation is not appropriate, because the revenues generated by an activity that involves the use of an asset generally reflect factors other than the consumption of future economic benefits embodied in the asset. The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to be any. These have not been adopted by the European Union.

- **Amendments to IFRS 11, "Accounting treatment of participations' acquisitions in joint operations" (effective for annual periods beginning on or after 01/01/2016)**

In May 2014, the IASB issued amendments to IFRS 11. These amendments added new guidance on the accounting treatment of the acquisition in a joint activity that constitutes an economic entity and specify the appropriate accounting treatment for such acquisitions. The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to be any. These have not been adopted by the European Union.

- **Amendments to IAS 1: "Disclosure Initiative" (effective for annual periods beginning on or after 01/01/2016)**

In December 2014, the IASB issued amendments to IAS 1. These amendments intend to resolve issues regarding the existing presentation and disclosure requirements and ensure the ability to exercise judgment by the economic entities in the preparation of the Financial Statements. The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to be any. (to be adjusted to each Group / Company). These have not been adopted by the European Union.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the exception of the Unification" (effective for annual periods beginning on or after 01/01/2016)**

In December 2014, the IASB issued amendments of limited objective to IFRS 10, IFRS 12 and IAS 28. These amendments introduce clarifications regarding the accounting requirements of investment entities, while they provide exemptions in specific cases, which will reduce the costs associated with the implementation of standards. The Group will consider the impact of all the above in the Financial Statements of the Group, although it is not expected to be any. These have not been adopted by the European Union.

d) Approval of Financial Statements

The accompanying annual consolidated financial statements were approved by the Board of Directors of the Parent Company on March 27th 2015.

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.
The main assumptions and judgments that may affect the financial statements in the coming 12 months are as follows:

a) Recognition of income from construction contracts: The Group uses the percentage of completion method to recognize revenue from construction contracts, in accordance with IAS 11. According to this method the construction cost as of each balance sheet date is compared to the budgeted total cost of the project in order to determine the percentage of completion of the project.
The cumulated effect of the restatements/reassessments of the total budgeted cost of the projects and the total contractual payment (recognition of work over and above the contract) is recorded in the financial years during which such restatements arise. The total budgeted cost and the total contractual payment of the projects arise from estimation procedures and are reassessed and reviewed at each balance sheet date.

b) Provision for income tax: The provision for income tax according to IAS 12 is calculated with the estimation of taxes to be paid to tax authorities and includes the current income tax for each financial year and a provision for additional taxes that may occur from tax audits. The final settlement of income tax may differ from the relevant amounts recognized in the financial statements.

c) Provision for environmental rehabilitation: The Group creates a provision against its relevant liabilities for dismantlement of technical equipment of wind parks and environmental rehabilitation, that arise based on the written environmental legislation or by the Group's restrictive practices. The environmental rehabilitation provision reflects the present value (based on an appropriate discount rate), at the balance sheet date of the rehabilitation liability less the estimated recoverable value of material estimated to be dismantled and sold.

d) Valuation of inventories: For the valuation of inventories, the Group estimates according to statistical data and market conditions, the expected sale prices and the finalization and distribution cost of such per category of inventories.

e) Impairment of assets and recovery: The Group performs evaluation of the technological, institutional and financial developments by examining indications of impairment of all assets (fixed, trade and other receivables, financial assets etc.) as well as their recovery. Also, the installation licenses of wind parks that have not been set in operation are subject to an annual impairment review. The establishment of possible impairment requires, among others, estimation of the value in use, which is estimated using the discounted cash flow method. During the application of this method, the Group relies on a series of factors, which include future operating results as well as market data. The estimation of future operating results is based on efficiency estimations of the wind parks according to wind statistical data and historical data on comparable units.

f) Provision for staff indemnities: The Group, according to IAS 19, performs estimations of assumptions based on which the actuarial provision for staff indemnities is calculated.

g) Depreciation of fixed assets: For the calculation of depreciations, the Group reviews the useful economic life and residual value of tangible and intangible fixed assets based on the technological, institutional and financial developments, as well as the experience from their use.

h) Acquisition of companies: The Group consolidates all companies it acquires from the date when control on such is acquired. In case where the acquisition depends on the realization of a series of future events – conditions, the company examines whether according to the actual events it has acquired control on the relevant companies. In case of a company acquisition, it is examined whether the acquired company meets the definition of a business according to IFRS 3. A business company usually consists of inflows, procedures that are applied on such inflows and resulting outflows that are used or will be used for the generation of income. In case where a company acquired is assessed not to consist of a complete series of activities and assets with the form of a company, then the acquisition is accounted for as an acquisition of assets and not of a company.

i) Fair value of financial assets and liabilities: The Group applies estimation of the fair value of financial assets and liabilities.

j) Financial Liabilities: The Group has issued financial securities, in the context of a tax equity investment program (note 19), the payments of which depend on the future returns on specific Group investments. This financial liability is measured at amortized cost with the effective interest rate method.

The calculation of the effective interest rate is based on management's estimations regarding the future cash flows of the specific investments for the entire expected duration of such.

k) Reviewing of contracts incorporating lease elements: In the context of energy selling contracts, that the Group enters into, with an electricity supply company, it undertakes to sell all of the electricity produced by a particular installation. Pursuant to the requirements of IFRIC 4 "Determining whether a contract contains a lease", the Group reviews the electricity selling contracts in order to assess whether they contain elements of lease, so as to recognize the relevant receipts in accordance with IAS 17 "Leases". It is deemed that lease elements are included in a contract when the entire production of a particular wind park is sold to the provider and the contract price is neither constant nor represents the current market price at the time of production. The estimated lease revenue, which is recognized according to the direct method, depends on the future production of the park according to its capacity and the wind measurements.

3 SUMMARY OF KEY ACCOUNTING PRINCIPLES

The main accounting principles adopted during the preparation of the accompanying annual consolidated and individual financial statements are the following:

a) Consolidation Basis

The attached consolidated financial statements comprise the condensed interim financial statements of TERNA ENERGY and its subsidiaries. The subsidiary companies in which the Group holds directly or indirectly more than half of the voting rights or has the right to exercise control over their operation have been consolidated. Subsidiaries are consolidated from the date that the Group acquires control over them and cease to be consolidated from the date it no longer has control.
The Group's interests in Joint Ventures, in the cases where they are subject to common control, are consolidated in the consolidated financial statements using the equity consolidation method which provides for the recording of participation at cost plus the share of participation in the joint venture less any provisions for impairment in the value of the participations. As a result, the assets, liabilities and total income of j/v are not included in the consolidated financial statements.
Intra-group transactions and balances have been cancelled-out in the attached consolidated financial statements. Whenever required the accounting principles of the subsidiaries have been amended in order to ensure consistency with the accounting principles adopted by the Group.

b) Investments in Associates

Includes companies in which the Group exercises significant influence however they are not subsidiaries or joint ventures. The Group's participating interests are recorded using the equity method. According to this method the participating interest in the associate company is carried at acquisition cost plus any change in the percentage of its equity held by the Group, less any provisions for impairment. The consolidated income statement shows the Group's share in the associate's results, while the amounts recorded by the associates directly in their equity, are recognized directly in Group's equity.

c) Investments and other (non-derivative) financial assets

Financial assets that fall under the provisions of IAS 39 and are governed by them are classified according to their nature and characteristics into one of the following four categories:

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

Initially they are recognized at acquisition cost, which represents the fair value plus, in some cases, the direct transaction and acquisition expenses.

The classification of the above financial assets is made upon their initial recognition and wherever permitted it is reviewed and reassessed on a periodic basis.

(i) Investments available for sale

Financial assets (non-derivative) that cannot be classified in any of the remaining three categories are designated and classified as investment available for sale. After the initial recognition, available for sale investments are registered in other comprehensive income. Upon sale or write-off or impairment of the investment the accumulated gains or losses are included in the profit or loss.

(ii) Receivables and loans

Receivables and loans created by the activities of the Group (and which fall outside the usual credit limits) are valued at net amortized cost using the effective interest rate method. Gains or losses are recorded in the profit or loss when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

(iii) Financial assets at fair value through the profit and loss

This relates to the trading portfolio and comprises investments acquired with a view to liquidate them in the near future. Gains or losses from the valuation of such assets are recorded in the profit or loss.

(iv) Investments held to maturity

Financial assets (non-derivative) with defined flows and defined maturity are classified as held to maturity when the company is willing and able to retain them until their maturity. Investments held indefinitely or for a predetermined period cannot be classified in this category. Held to maturity investments are valued, after the initial recording, at net amortized cost using the effective interest rate method. Gains or losses are recorded in the profit or loss when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

The current value of such investments that are traded in an organized exchange is derived by the exchange value of the investment at the closing date. As regards investments that are not traded in an active market, their fair value is calculated on the basis of relevant valuation techniques.

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

d) Financial Instruments and Risk Management

Non-derivative financial assets and liabilities in the balance sheet include cash balances, receivables, participations bank loans and other short and long-term liabilities. The Company does not use derivative financial products. The accounting principles for the recognition and measurement of these items are mentioned in the respective accounting principles, which are presented in this Note. Financial instruments are disclosed as receivables, liabilities or equity based on the substance and the contents of the relevant contracts from which they stem. Interest, dividends, gains and losses resulting from the financial instruments that are classified as receivables or liabilities are accounted for as expenses or income respectively. The distribution of dividends to shareholders is accounted for directly through equity. Financial instruments are netted-off when the Company, according to the law, has this legal right and intends to set them off (against each other) on a net basis or to recover the asset and net the liability off at the same time. Financial risk management aims to minimize possible negative effects and specifically:

- ***Interest rate risk and exchange rate risk***

The Company's bank loans are mainly denominated in euro and are subject to variable and fixed interest rates. As regards to interest rate risk, the Company uses derivative instruments in order to reduce its exposure to interest rate risk, while it uses natural hedging methods to hedge exchange rate risk in countries it operates in, by borrowing partly in local currency thus hedging the exchange rate risk of its receivables. The Management of the Company follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

- ***Fair Value***

The amounts appearing in the attached Statement of Financial Position for cash balances, short-term receivables and other short-term liabilities approximate their respective real values due to their short-term nature. The fair value of short-term bank loans does not differ from their accounting value due to the use of variable interest rates.

- ***Credit Risk Concentration***

A substantial part of trade receivables in general relate to agencies and entities of the Public sector with which there is no significant credit risk, apart from contingent payment delays. Furthermore, the total income from the energy sector is derived from two Public sector companies.

The Group's policy is to seek business with customers of satisfactory credit standing while the constant aim is to resolve any resulting differences within an amicable settlement context.

- ***Market Risk***

The Group has not entered into contracts in order to hedge the market risk arising from its exposure to fluctuations in the prices of raw materials used in the production process.

(e) Operation and Presentation Currency and Foreign Exchange Conversion:

The euro is the currency of operation and presentation of the Group and its Greek subsidiaries. Transactions in other currencies are converted into euro using the exchange rates in effect at the date of the transaction. At the date of compilation of the financial statements the monetary asset and liability items that are denominated in other currencies are adjusted so as to reflect the current exchange rates.

The profits and losses resulting from the end-of-year valuation of monetary items in foreign currencies are reflected in the attached consolidated income statement. The profits or losses resulting from transactions are also reflected in the consolidated income statement.

The currency of operation of the foreign subsidiaries of the Group is the official currency of the country each subsidiary operates in. Accordingly, at each reporting period all the accounts of the Statement of Financial Position of subsidiaries are converted into euro using the exchange rate in effect at the balance sheet date. Income and expenses are converted using the weighted average rate in effect during the year.

The resulting exchange differences from the valuation of foreign subsidiaries as described above are presented in the Statement of Comprehensive Income. Upon sale or disposal of a foreign subsidiary the cumulated exchange differences described above are recorded in the profit and loss account.

f) Intangible Assets

Intangible assets consist of rights for use of forestry land, where Wind Parks are installed, purchased Wind Park licenses and software acquisition costs. The right of use of forestry land, where Wind Parks are installed, includes the related acquisition costs less accumulated amortization and possible impairment.

The value of software includes the acquisition cost and all expenses incurred to develop the software in order to bring it to operating condition less accumulated amortization and possible impairment. Significant subsequent expenses are capitalized when such increase the software's capacity after initial specifications.

Amortization of licenses and on the rights of use for land where Wind Parks are installed is accounted for, using the straight-line method over the duration of the contractual right for the production of energy (approximately 20 years), beginning from the period when each Wind Park starts operating. Amortization of software is accounted for based on the straight-line method over 3 years. The amortization of all the aforementioned items is included in the income statement.

g) Income recognition

Income is recognized to the extent that it is probable that economic benefits will result for the Group and that the relevant amounts can be accurately measured. The following specific recognition criteria must also be met for the recognition of income.

(i) Income from construction activities

The Group and the joint-ventures it participates in recognize income from construction contracts in their accounting books based on amounts invoiced to customers, which result from the relevant partial certifications of work completed that are issued by the responsible engineers and correspond to the work completed up to the closing date. For reasons of compliance with the IFRS income from construction activity is accounted for in the attached consolidated financial statements using the percentage-of-completion method in accordance with the provisions of IAS 11 "Construction Contracts".

According to the percentage-of-completion method the construction costs incurred up to the reporting date are compared to the total estimated cost of the project in order to determine the percentage of the project that has been completed. This percentage is applied to the total revised contract price in order to determine the cumulated income from the project, based on which the invoiced income to date is revised. The cumulated effect of the revisions of the total estimated construction cost and the total contract price are accounted for during the accounting periods in which they arise. In the cases of contracts where it is forecast that the total estimated cost will exceed the total contract price, the entire loss is recognized in the year during which the loss-making events become probable.

Non-invoiced accrued income relates to income recognized on the basis of the method described above that has not yet been invoiced. Non-accrued income comprises amounts invoiced up to the balance sheet date over and above the income calculated using the percentage-of-completion method.

Project execution down payments represent amounts received by the Group upon signing the relevant contracts and are proportionally netted-off with the partial invoicing. The remaining amount appears as a liability in the attached financial statements.

(ii) Sale of goods

Revenue from the sale of goods, net of trade discounts, sales incentive discounts and the corresponding VAT, is recognized when the significant risks and benefits from ownership of the goods have been transferred to the buyer.

(iii) Revenue from the sale of Electric Energy

Revenue from the sale of Electric Energy is accounted for in the year in which it accrues. Revenue from sales of electric energy to LAGIE or any other customer that have not yet been invoiced is recognized as accrued non-invoiced income in the financial statements. Furthermore, the expected receipts from energy production, in the context of energy selling contracts, which according to IFRIC 4 contain lease elements, are recognized as revenues, proportionately, over the term of the contract and to the extent that these receipts relate to the lease contract. An energy selling contract is deemed to involve lease elements when it concerns to the total of energy produced by a particular installation of the Group and the price per unit of energy is neither constant throughout the duration of the contract, nor represents the market price at the date of production.

(iv) Rent Revenue

Rent revenue is recognized using the straight-line method, according to the terms of the lease.

(v) Dividends

Dividends are accounted for when the right to receive them has been finalized by the shareholders by virtue of a General Meeting resolution.

(vi) Interest

Interest income is recognized on an accruals basis.

h) Tangible Fixed Assets

The Group has valued certain land, buildings, machinery and vehicles at fair value on January 1st, 2004 and these fair values have been used as implied cost at the date of transition to IFRS. The resulting surplus was credited to the profits carried forward account. The remaining land, buildings, machinery and vehicles are measured at purchase cost less accumulated depreciation and any provisions for impairment.

Repairs and maintenance are booked as expenses during the year in which they are incurred. Significant improvements are capitalized in the cost of the respective fixed assets provided that they augment the useful economic life, increase the production level or improve the efficiency of the respective fixed assets.
Tangible fixed asset items are eliminated from the balance sheet on disposal or withdrawal or when no further economic benefits are expected from their continued use. Gains or losses resulting from the elimination of an asset from the balance sheet are included in the income statement of the financial year in which the fixed asset in question is eliminated.
Fixed assets under construction include fixed assets that are work in progress and are recorded at their cost, as well as advances for asset acquisitions. Fixed assets under construction are not depreciated until the asset is completed and put into operation.

i) Depreciation

Depreciation is calculated according to the straight-line method using rates that approximate the relevant useful economic lives of the respective assets. The useful economic lives per fixed asset category are as follows:

Asset Category	**Years**
Buildings and technical installations	8-30
Machinery and Technical Installations	3-20
Vehicles	5-12
Fixtures and Other Equipment	3-12

j) Impairment of the Value of Fixed Assets

The book values of licenses of Wind Parks that are not yet in operation and of intangible assets with an indefinite life are reviewed for impairment purposes on an annual basis. Other long-term assets are reviewed for impairment purposes when facts or changes in circumstances imply that the book value may not be recoverable. When the book value of an asset exceeds its recoverable amount, the respective impairment loss is registered in the income statement. The recoverable amount is defined as the largest value between the net estimated sales price and the value in use. The net sales value is the plausible income from the sale of an asset in the context of an arm's-length transaction, in which all parties have full knowledge and willingness, after the deduction of each additional direct sales cost for the asset. The acquisition cost consists of the net present value of future estimated cash flows expected to occur from the continuous use of the asset and from the income expected to arise from its sale at the end of its estimated useful economic life. In order to determine the impairment, the asset items are grouped at the lowest level for which cash flows can be recognized separately.
A reversal of an impairment loss for the value of assets accounted for in previous years, takes place only when there are sufficient indications that such an impairment no longer exists or it has been reduced. In these cases the above reversal is treated as income.
The Management assesses that there is no case of impairment of the Group's fixed assets and thus a calculation of the assets' recoverable amounts has not been made.

k) Investment property

Investments in property are those held for rent income or capital gain and are valued at their fair value that is based on market value, that is to say the amount the property is likely to be sold at the date of a transaction. The assessment, when necessary, is made by external professional evaluators. Profits or losses that arise from changes in the real value of investments in property are included in the income statement of the period during which they arise. Repairs and maintenance are recorded as expenses in the year in which they are incurred. Material subsequent expenses are capitalized when they augment the useful economic life of the buildings, their productive capacity or reduce their operation cost. Investment properties are eliminated from the accounts upon sale. All gains or losses resulting from the sale of a property are included in the income statement of the year during which it was sold. Investment property under construction are recorded at cost value as tangible assets till their completion and then are transferred to investment property account.

l) Inventories

Inventories comprise machinery parts and raw and auxiliary materials of Wind Parks. Inventories are valued at the lower of cost and net realizable value. The cost of raw materials, semi-finished and finished products is defined based on the weighted average method.

The cost of finished and semi-finished products includes all the realized expenses in order for them to reach the current point of storing and processing and consists of raw materials, labor costs, general industrial expenses and other costs that directly relate to the purchase of materials. The net realizable value of finished products is their estimated selling price during the Group's normal course of business less the estimated costs for their completion and the estimated necessary costs for their sale. The net realizable value of raw materials is their estimated replacement cost during the normal course of business. A provision for impairment is made if it is deemed necessary.

m) Receivables Accounts

Short-term receivables are accounted for at their nominal value less the provisions for doubtful receivables, while long-term receivables are valued at net amortized cost based on the effective interest rate method. At each reporting period all overdue or doubtful receivables are reviewed in order to determine the necessity for a provision for doubtful receivables. The balance of the specific provision for doubtful receivables is appropriately adjusted at each balance sheet date in order to reflect the estimated relevant risks. Each write-off of customer balances is debited to the existing provision for doubtful receivables.

n) Cash and Cash Equivalents

The Group considers time deposits and other highly liquid investments with a maturity less than three months, as cash and cash equivalents, as well as time deposits with a maturity over three months, which however include the right for early liquidation with no loss of capital.

For the preparation of the cash flow statements, cash and cash equivalents consist of cash, deposits in banks and cash and cash equivalents as defined above.

o) Loan liabilities

All long-term and short-term loan liabilities are initially booked at cost, which is the actual value of the received payment less the issuance expenses related to the loan. After the initial recording, interest-bearing loans, except for loans classified as financial liabilities at fair value through the results, are valued at amortized cost using the effective interest rate method. The amortized cost is calculated after taking into account the issuance expenses and the differences between the initial amount and the amount at maturity. Profits and losses are registered in the net profit or loss when the liabilities are written off or impaired and through the amortization procedure.

In case of a subsequent substantial amendment in the terms of an existing loan contract, the Group writes-off the existing liability, recognizes the new loan liability at fair value and the difference is registered in the results. In contrast, in case of a non-substantial amendment of the terms of the contract, the loan continues to be recognized at its amortized cost, until that time, and the Group re-defines the effective interest rate, in order for the amortized cost to equal the present value of the new amended cash flows of the loan. An amendment of loan terms is considered as non-substantial when the present value of cash flows of the new contract discounted with the initial effective interest rate, does not exceed 10% of the present value of the cash flows of the old loan contract.

The interest on loans is recognized as an expense in the period such arise according to the accrual principle, apart for loan interest that is allocated directly or indirectly to the acquisition or construction of selective tangible assets, which are capitalized during the period that is required to construct the assets and until such are ready for use.

The Group classifies loans with embedded derivatives, whose financial characteristics are not linked closely with the loan agreement, as financial liabilities at fair value through the results during their initial recognition.

The Group classifies financial titles it issues in liabilities or equity, depending on the objective of the agreement, regardless of the legal form (shares, preferential shares, bonds etc.). When the group does not have a contractual right to avoid payments to holders of such financial titles, then such titles are classified in liabilities.

p) Provisions for Staff Retirement Indemnities

According to the provisions of L2112/20, the Group reimburses its retiring or dismissed employees, and the amount of the relevant indemnities depends on the years of service, the level of wages and the reason for exit from employment (dismissal or retirement). The liabilities for staff retirement indemnities are calculated using the discounted value of future benefits that have accrued at the end of the year, based on the recognition of the employees' benefit rights during the duration of their expected working years.

The above liabilities are calculated based on the financial and actuarial assumptions and are defined using the projected unit method of actuarial valuation. Net retirement costs for the period are included (a) in the attached income statement and consist of the present value of benefits that have accrued during the year, the interest on the benefits' liability and the cost of prior service (b) the statement of comprehensive income which includes the actuarial profit or loss and any other additional retirement costs. The prior service costs are recognized on a straight-line basis over the average period during which access to the program's benefits is earned. The liabilities for retirement benefits are not financed. As at the 1st of January 2004 (transition date to

IFRS and compilation of initial Balance Sheet) the Group, applying the exemptions provided for by IFRS 1 for the first-time application of the IFRS, recognized the total actuarial losses that had accumulated as of the 1st of January 2004. During the compilation of subsequent financial statements and until 31/12/2012, the Group, applying the general provisions of IAS 19, followed the “margin” method for the recognition of accumulated actuarial losses/profits.

Actuarial profits and losses were registered as income or expenses when the accumulated actuarial profit or losses for each program separately exceeded 10% of the largest value between the liability of the defined benefit and the actual value of the program’s assets. These profits or losses were systematically recorded during the expected average remaining working life of employees participating in the plans.

Since the fiscal year 2013, the Group has adopted the revised IAS 19, according to which, the "margin" method is removed and the effect resulting from recalculations in the current year is required to be recognized as other comprehensive income. It also alters the measurement and presentation of specific cost elements of defined benefits. The net amount in the results is affected by subtracting the expected income on the plan’s assets and the cost of interest and their replacement with a net cost of interest based on the net asset or net liability of the defined benefit plan. It increases disclosures, including more information regarding the characteristics of defined benefit plans and the risks involved.

q) Government Pension Plans

The staff of the Group is mainly covered by the main Government Social Security Fund for the private sector (IKA) and which provides pension and medical-pharmaceutical benefits. Each employee is required to contribute part of his/her monthly salary to the fund, while part of the total contribution is covered by the Group. At the time of retirement, the pension fund is responsible for the payment of retirement benefits to the employees. Consequently, the Group has no legal or constructive obligation for the payment of future benefits according to this plan.

r) Income Tax (Current and Deferred)

The current and deferred taxes are calculated based on the financial statements of each of the companies included in the consolidated financial statements, according to the tax regulation effective in Greece or other tax frameworks under which the foreign subsidiaries operate. Income tax is calculated based on the earnings of each company as such are reformed on the companies’ tax reports, on additional income taxes emerging from the Tax Authorities’ tax audits and on deferred income taxes based on the enacted tax rates.

Deferred income tax is calculated using the liability method on all temporary differences between the tax base and the book value of assets and liabilities on the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax receivables are recognized for all the exempt temporary differences and transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.

The deferred tax assets are estimated during each reporting period and are reduced to the degree that it is not considered likely that there will be adequate taxable earnings against which part or the total of receivables from deferred income taxes may be used.

Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the financial year when the asset will be realized or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted during the reporting period.
Income tax that relates to items, which have been recognized in other comprehensive income, is directly recorded in other comprehensive income and not in the consolidated income statement.

s) Finance and Operating Leases

Finance leases, which essentially transfer to the Group all the risks and returns related to the leased fixed asset, are capitalized during the inception of the lease based on the leased asset's fair value or, if it is lower, on the present value of the minimal leases. Payments for finance leases are allocated between the financial expenses and the reduction of the financing liability, in order to achieve a fixed interest rate on the remaining portion of the liability. The financial expenses are debited directly to the results. Capitalized leased fixed assets are depreciated with the straight-line method based on the estimated useful life of the asset. Leases where the lessor maintains all the risks and returns related to ownership of the fixed asset, are recorded as operating leases. The payments of operating leases are recognized as an expense in the income statement on a constant basis for the duration of the lease.

t) Government Grants

Government grants relating to subsidies of tangible fixed assets are recognized when there is reasonable certainty that the grant will be received and all relevant terms will be met. These government grants are recorded in a deferred income account and are transferred to the income statement in equal annual installments based on the expected useful life of the asset that was subsidized, as a reduction to the relevant depreciation expense. When the grant relates to an expense it is recognized, as income during the period deemed necessary to match the grant on a systematic basis with the expenses it is meant to reimburse.

u) Provisions, Contingent Liabilities and Contingent Receivables

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is possible that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed during each reporting period and are adjusted in order to reflect the present value of expenses that are deemed necessary for the settlement of the liability. If the effect of the time value of money is significant, then provisions are calculated by discounting the expected future cash flows with a pre-tax rate, which reflects the market's current estimations for the time value of money, and wherever considered necessary, the risks related specifically to the obligation. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed, unless the probability of an outflow of economic benefits is small. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of financial benefits is likely.

v) Provision for wind park dismantlement and rehabilitation of environment

The Group forms provisions for the dismantlement of power generators from wind parks and the rehabilitations of environment. These provisions reflect the present value, during the reporting period, of the estimated cost, reduced by the estimated residual value of recoverable materials. The provisions are re-examined on each

reporting date of the statement of financial position and are adjusted in order to reflect the present value of the expense that is expected to be cashed for the settlement of liability for dismantlement and rehabilitation.
The relevant provision is recorded increasingly of the cost value of wind power generators and is depreciated based on the straight line during a 20-year period in which the contract for the production of energy lasts. The depreciation-expense of the capitalized expenses for dismantlement and rehabilitation is included in the income statements together with the depreciations of wind parks.
Any changes of estimations regarding the estimated cost or the discount rate are added or deducted respectively from the cost of the asset. The discounting effect of estimated cost is recorded in income statements as interest expense.

w) Earnings per Share

Basic earnings per share (EPS) are calculated by dividing net earnings with the average weighted number of common shares that are outstanding during each year, with the exception of the average common shares acquired by the Group as treasury-shares.
Earnings per share are calculated by dividing the net earnings attributed to shareholders by the weighted average number of shares outstanding during the year.

x) Acquisition of non-controlling interests

The Group records its transaction with non-controlling interests as transactions with owners. In case of a minority acquisition in subsidiaries, the possible difference between the acquisition cost and the book value of the non-controlling interest, is recognized in the statement of changes in equity.

y) Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments when applying the hedging policy for cash flow risk emanating from changes in interest rates.

For the purpose of hedge accounting, hedges are classified when:

(a) During the opening of the hedging, the hedging relation and the Group's objective in relation to its risk management and strategy to undertake the hedging can be evidenced.
(b) The hedging is expected to be fully effective as regards to offsetting changes in cash flows that are attributed to the hedged risk, according to the evidenced risk management strategy for the specific hedge.
(c) As regards to hedges of estimated cash flows, the expected transaction with is the underlying of the hedge is highly probably and presents exposure to cash flow risk that may affect the results.
(d) The effectiveness of the hedge is estimated reliably.
(e) The hedge is assessed as fully effective throughout the entire year.

Derivatives that constitute hedging instruments are valued at the end of each reporting period.

Derivatives that do not meet the criteria for hedge accounting, profit or losses that arise from changes in fair value of such are recognized in the period's profit or loss.

(All amounts in thousand Euro, unless stated otherwise)

Cash Flow Hedge Accounting

For cash flow hedges that meet the criteria for hedge accounting, the proportion of profit or loss from the derivative that is defined as an active hedge, are registered directly in reserves and the proportion defined as inactive hedge is registered in profit and loss. Profit or losses that had been recognized in other comprehensive income and cumulatively in the reserves, are transferred to Profit and Loss in the same period during which the hedge transaction affected the results.
Hedge accounting is suspended when the hedging instrument matures or is sold, terminated or exercised or when the hedge no longer meets the criteria for hedge accounting. The cumulative amount of profit or losses that had been recognized directly in equity until then remains in the reserves until the hedged item affects Profit and Loss. In case where a hedge transaction is no longer expected to take place, the net cumulative profit or losses that had been registered in reserves are directly transferred to Profit or Loss.

4 GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 31.12.2014 are as follows:

A) Subsidiaries of TERNA ENERGY SA
i) Subsidiaries, with the legal form of a Société Anonyme or Limited Liability Company:

The parent company TERNA ENERGY SA has been audited by the tax authorities until the fiscal year 2008 included. During the preparation date of the accompanying financial statements, the tax un-audited fiscal years of the Group's companies are as follows:

		Participation Percentage			
No.	**Company Name**	**31/12/2014**	**31/12/2013**	**Business Activity**	**Un-audited financial years**
1	IWECO CHONOS LASITHIOU CRETE SA	100%	100%	Production of Electric Energy from RES	5
2	ENERGIAKI SERVOUNIOU SA	100%	100%	Production of Electric Energy from RES	5
3	TERNA ENERGY EVROU SA	100%	100%	Production of Electric Energy from RES	5
4	PPC RENEWABLES – TERNA ENERGY S.A.	51%	51%	Production of Electric Energy from RES	5
5	AIOLIKI PANORAMATOS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	5
6	AIOLIKI RACHOULAS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	5
7	ENERGEIAKI DERVENOHORION S.A.	100%	100%	Production of Electric Energy from RES	5
8	AIOLIKI MALEA LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	5
9	ENERGEIAKI FERRON EVROU S.A	100%	100%	Production of Electric Energy from RES	4
10	AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	100%	100%	Production of Electric Energy from RES	4

(All amounts in thousand Euro, unless stated otherwise)

11	ENERGEIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	5
12	ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	5
13	AIOLIKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	5
14	EUROWIND S.A.	100%	100%	Production of Electric Energy from RES	5
15	ENERGIAKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	4
16	DELTA AXIOU ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	4
17	TERNA ENERGY THALASSIA WIND PARKS S.A.	77%	77%	Production of Electric Energy from RES	4
18	TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	77%	77%	Production of Electric Energy from RES	5
19	VATHYCHORI PERIVALLONTIKI S.A.	100%	100%	Production of Electric Energy from RES	5
20	VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	100%	Production of Electric Energy from RES	4
21	CHRYSOUPOLI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	4
22	LAGADAS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	4
23	DOMOKOS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	4
24	DIRFYS ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	3
25	FILOTAS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	3
26	MALESINA ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	3
27	ORHOMENOS ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	3
28	ALISTRATI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	3
29	TERNA ENERGY AI-GIORGIS S.A.	100%	100%	Production of Electric Energy from RES	3
30	TERNA AIOLIKI AMARYNTHOU S.A.	100%	100%	Production of Electric Energy from RES	3
31	TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	100%	Production of Electric Energy from RES	3
32	TERNA ILIAKI VIOTIAS S.A.	100%	100%	Production of Electric Energy from RES	3
33	VATHYCHORI DYO ENERGIAKI S.A.	100%	100%	Production of Electric Energy from RES	3
34	TERNA AIOLIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	3
35	TERNA ILIAKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	3
36	TERNA ILIAKI PANORAMATOS S.A.	100%	100%	Production of Electric Energy from RES	3
37	AIOLIKI KARYSTIAS EVIAS S.A.	100%	100%	Production of Electric Energy from RES	8
38	GEOTHERMAL ENERGY DEVELOPMENT S.A.	100%	100%	Production of Electric Energy from RES	3

(All amounts in thousand Euro, unless stated otherwise)

39	TERNA ILIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	3
40	GP ENERGY LTD	51%	100%	Production of Electric Energy from RES	10
41	TERNA ENERGY OVERSEAS LTD	100%	100%	Production of Electric Energy from RES	6
42	EOLOS POLSKA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	4
43	EOLOS NOWOGRODZEC sp.z.o.o.	100%	100%	Production of Electric Energy from RES	4
44	TERNA ENERGY NETHERLANDS BV	100%	100%	Production of Electric Energy from RES	6
45	HAOS INVEST 1 EAD	100%	100%	Production of Electric Energy from RES	4
46	VALE PLUS LTD	100%	100%	Production of Electric Energy from RES	5
47	GALLETTE LTD	100%	100%	Production of Electric Energy from RES	6
48	ECO ENERGY DOBRICH 2 EOOD	100%	100%	Production of Electric Energy from RES	4
49	ECO ENERGY DOBRICH 3 EOOD	100%	100%	Production of Electric Energy from RES	4
50	ECO ENERGY DOBRICH 4 EOOD	100%	100%	Production of Electric Energy from RES	4
51	COLD SPRINGS WINDFARM LLC	100%	100%	Production of Electric Energy from RES	4
52	DESERT MEADOW WINDFARM LLC	100%	100%	Production of Electric Energy from RES	4
53	HAMMETTHILL WINDFARM LLC	100%	100%	Production of Electric Energy from RES	4
54	MAINLINE WINDFARM LLC	100%	100%	Production of Electric Energy from RES	4
55	RYEGRASS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	4
56	TWO PONDS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	4
57	MOUNTAIN AIR WIND, LLC	100%	100%	Production of Electric Energy from RES	4
58	TERNA ENERGY USA HOLDING CORPORATION	100%	100%	Holdings	4
59	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	100%	100%	Holdings	4
60	EOLOS NORTH sp.z.o.o.	100%	100%	Production of Electric Energy from RES	3
61	EOLOS EAST sp.z.o.o.	100%	100%	Production of Electric Energy from RES	3
62	ΑΙΟΛΙΚΗ ΠΑΣΤΡΑ ΑΤΤΙΚΗΣ ΑΕ	100%	-	Production of Electric Energy from RES	8
63	TERNA ENERGY TRADING LTD	51%	-	Holdings	-
64	JP GREEN sp.z.o.o.	100%	-	Production of Electric Energy from RES	-
65	WIRON sp.z.o.o.	100%	-	Production of Electric Energy from RES	-
66	BALLADYNA sp.z.o.o.	100%	-	Production of Electric Energy from RES	-
67	TETRA DOOEL SKOPJE	51%	-	Trade of Electric Energy	-
68	PROENTRA D.O.O BEOGRAD	51%	-	Trade of Electric Energy	-

(All amounts in thousand Euro, unless stated otherwise)

During 2014, in Poland the companies JP GREEN sp.z.o.o., WIRON sp.z.o.o, and BALLADYNA sp.z.o.o. were acquired, whereas in Serbia the Group acquired the company PROENTRA D.O.O. BEOGRAD. Also during the same period, the companies TERNA ENERGY TRADING LTD and TETRA DOOEL SKOPJE were founded in Cyprus and FYROM respectively.

ii) Subsidiaries with the form of a General Partnership (G.P.)

		Participation Percentage			
No.	Company Name	31/12/2014	31/12/2013	Activity	Un-audited Financial Years
1	TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of Electric Energy from RES	8
2	TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of Electric Energy from RES	8
3	TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of Electric Energy from RES	8
4	TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of Electric Energy from RES	8
5	TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of Electric Energy from RES	8
6	TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	100%	100%	Production of Electric Energy from RES	8
7	TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	100%	100%	Production of Electric Energy from RES	8
8	TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	99%	99%	Production of Electric Energy from RES	8
9	TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	100%	100%	Production of Electric Energy from RES	8
10	TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	100%	100%	Production of Electric Energy from RES	8
11	TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	100%	100%	Production of Electric Energy from RES	8
12	TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	90%	90%	Production of Electric Energy from RES	4

B) Joint ventures & Companies of TERNA ENERGY SA consolidated with the proportionate method

i) Joint Ventures

No.	Company Name	Participation Percentage 2014 and 2013	Un-audited Financial Years
1	J/V ENVAGELISMOU, PROJECT C'	50%	10
2	J/V TERNA ENERGY – TSAMPR. DRAMAS HOSPITAL	40%	10
3	J/V EPL DRAMAS	24%	10
4	J/V EMBEDOS – PANTECHNIKI - TERNA ENERGY	50,10%	6

(All amounts in thousand Euro, unless stated otherwise)

ii) General Partnerships (GP) and Limited Partnerships (LP)

			Participation Percentage			
No.	**Company Name**	**Establishment**	**31/12/2014**	**31/12/2013**	**Activity**	**Un-audited Financial Years**
1	TERNA ENERGY SA - M.E.L. MACEDONIAN PAPER COMPANY SA & SIA CO-PRODUCTION GP	12/2/2001	50%	50%	Construction/ Operation of co-production unit of electricity for serving of needs of MEL	6
2	TERNA ENERGY SA & SIA LP	24/5/2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki	6

The above company No. 1 is in liquidation phase. The company No. 2 had essentially completed the aforementioned project from 2003.

All aforementioned companies and joint ventures have been established in Greece, except for GP ENERGY LTD and HAOS INVEST 1EAD, ECO ENERGY DOBRICH 2, ECO ENERGY DOBRICH 3 and ECO ENERGY DOBRICH 4 which have been established in Bulgaria, TERNA ENERGY OVERSEAS LTD, VALUE PLUS LTD, TERNA ENERGY TRADING and GALLETTE LTD established in Cyprus, EOLOS POLSKA Spzoo, EOLOS NOWOGRODZEC Spzoo, TERNA ENERGY TRANSATLANTIC Spzoo, JP GREEN sp.z.o.o., WIRON sp.z.o.o, BALLADYNA sp.z.o.o and EOLOS EAST Spzoo, which were established in Poland, TERNA ENERGY NETHERLANDS, which was established in Holland, the companies COLD SPRINGS WINDFARM LLC, DESERT MEADOW WINDFARM LLC, HAMMETT HILL WINDFARM LLC, HAMMETT HILL WINDFARM LLC, MAINLINE WINDFARM LLC, RYEGRASS WINDFARM LLC, TWO PONDS WINDFARM LLC, MOUNTAIN AIR WIND LLC and TERNA ENERGY USA HOLDING CORPORATION, which were established in the United States of America, and PROENTRA D.O.O. BEOGRAD established in Serbia and TETRA DOOEL SKOPJE established in FYROM.

C) Associates of TERNA ENERGY SA

No.	**Company Name**	**Participation Percentage**		**Consolidation Method**	**Un-audited financial years**
		31/12/2014	**31/12/2013**		
1	Renewable Energy Center RES Cyclades SA *	45%	45%	Equity	3
2	EN.ER.MEL. S.A.	48%	48%	Equity	3

* Participation through IWECO CHONOS LASITHIOU CRETE S.A.

5 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 amount of each element of the segment is that which is presented to the chief operating decision maker with regard to the allocation of resources to the segment and the evaluation of its performance.

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.

Construction: Refers , almost exclusively, to contracts for the construction of technical projects.

Electricity from renewable sources of energy: Refers, mainly, to the electricity production from wind generators (wind parks), photovoltaic parks and hydroelectric plants.

Trading of electric energy : refers to the trading of electric energy

In line with the application of the revised standard, the Group allocates –whenever such allocation is not possible to be made directly- all assets and liabilities per segment as well as the corresponding income and expenses for the period, such as financial results and income tax.

Apart from the income tax receivables that can be allocated directly to the corresponding segment, the allocation of the income tax expense, liabilities and other receivables is based on the financial results of each segment for the period.

(All amounts in thousand Euro, unless stated otherwise)

Business segments 31.12.2014	**Construction**	**Electricity from renewable energy sources**	**Trading Electric Energy**	**Consolidation Write-offs**	**Total Consolidated**
Income from external customers					
Sales of products	-	110,353	12,357	-	**122,710**
Income from construction services	35,541	-	-	-	**35,541**
Total income from external customers	**35,541**	**110,353**	**12,357**	-	**158,251**
Inter-segment income	16,493	-	-	(16,493)	-
Total income	**52,034**	**110,353**	**12,357**	**(16,493)**	**158,251**
Net Results per Segment	**(2,279)**	**8,133**	**(7)**	**-**	**5,847**
Depreciations	(133)	(41,105)	(2)	-	**(41,240)**
Amortization of grants	-	8,987	-	-	**8,987**
Net financial results	(768)	(30,570)	(2)	-	**(31,340)**
Foreign exchange differences	-	1,678	17	-	**1,695**
Income tax	(1,694)	(4,593)	(38)	-	**(6,325)**
Earnings before interest and taxes (EBIT)	**183**	**41,618**	**16**	**-**	**41,817**
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**316**	**73,736**	**18**	**-**	**74,070**
Segment assets	29,080	1,103,072	2,580	-	**1,134,732**
Investments in associates	-	5,542	-		**5,542**
Total Assets	**29,080**	**1,108,614**	**2,580**		**1,140,274**
Segment liabilities	**20,908**	**778,910**	**2,211**	**-**	**802,029**
Bank liabilities	-	423,288	55	-	**423,343**
Cash	**(1,873)**	**(166,165)**	**(765)**	**-**	**(168,803)**
Net debt / (surplus)	**(1,873)**	**257,123**	**(710)**	**-**	**254,540**
Capital expenditures for the year	136	56,266	-	-	**56,402**

(All amounts in thousand Euro, unless stated otherwise)

Business segments 31.12.2013	Construction	Electricity from renewable energy sources	Consolidation Write-offs	Total Consolidated
Income from external customers				
Sales of products	-	105,741	-	**105,741**
Income from construction services	33,854	-	-	**33,854**
Total income from external customers	**33,854**	**105,741**	-	**139,595**
Inter-segment income	14,498	-	(14,498)	-
Total income	**48,352**	**105,741**	**(14,498)**	**139,595**
Net Results per Segment	**(1,516)**	**5,871**	**-**	**4,355**
Depreciations	(101)	(36,236)	-	**(36,337)**
Amortization of grants	-	8,726	-	**8,726**
Net financial results	(760)	(24,644)	-	**(25,404)**
Foreign exchange differences	-	(447)	-	**(447)**
Income tax	(403)	(5,137)	-	**(5,540)**
Earnings before interest and taxes (EBIT)	**(353)**	**36,099**	**-**	**35,746**
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**(252)**	**63,609**	**-**	**63,357**
Provisions and other non cash expenses/(income) (included in EBITDA)	**-**	**6,559**	**-**	**6,559**
Adjusted EBITDA	**(252)**	**70,168**	**-**	**69,916**
Segment assets	29,828	1,053,101	-	**1,082,929**
Investments in associates	-	5,541	-	**5,541**
Total Assets	**29,828**	**1,058,642**	**-**	**1,088,470**
Segment liabilities	**28,114**	**709,378**	**-**	**737,492**
Bank liabilities	-	366,821		**366,821**
Cash	**(3,218)**	**(121,412)**		**(124,630)**
Net debt / (surplus)	**(3,218)**	**245,409**		**242,191**
Capital expenditures for the year	11	46,916	-	**46,927**

(All amounts in thousand Euro, unless stated otherwise)

Geographic segments	**Greece**	**Eastern Europe**	**America**	**Total consolidated**
31.12.2014				
Turnover from external customers	102,627	33,680	21,944	**158,251**
Non-current assets	472,067	164,612	211,816	**848,495**
Capital expenditure	41,062	15,340	-	**56,402**
31.12.2013				
Turnover from external customers	99,567	20,950	19,078	**139,595**
Non-current assets	458,598	159,544	191,961	**810,103**
Capital expenditure	35,956	6,079	4,892	**46,927**

6 INTANGIBLE FIXED ASSETS

Intangible fixed assets and their movement for the periods from 1 January to 31 December 2014 and 2013, which are presented in the accompanying financial statements, are analyzed as follows:

	GROUP		
	Software Programs	**Concessions and Rights**	**Total**
Acquisition Cost			
As at 1 January 2013	**214**	**30,168**	**30,382**
Additions	1	185	**186**
Reductions during the period	(1)	-	**(1)**
Foreign Exchange Differences	-	(293)	**(293)**
31 December 2013	**214**	**30,060**	**30,274**
As at 1 January 2014	**214**	**30,060**	**30,274**
Additions	25	24	**49**
Acquisitions	-	2,103	**2,103**
Reductions during the period	-	(86)	**(86)**
Foreign Exchange Differences	-	934	**934**
31 December 2014	**239**	**33,035**	**33,274**

(All amounts in thousand Euro, unless stated otherwise)

Accumulated Amortization			
As at 1 January 2013	**162**	**631**	**793**
Amortization for the period	21	950	**971**
Reductions during the period	-	-	**-**
Foreign Exchange Differences	-	(14)	**(14)**
31 December 2013	**183**	**1,567**	**1,750**
As at 1 January 2014	**183**	**1,567**	**1,750**
Amortization for the period	13	1,336	**1,349**
Reductions during the period	-	-	**-**
Foreign Exchange Differences	-	84	**84**
31 December 2014	**196**	**2,987**	**3,183**
Net Book Value			
31 December 2013	**31**	**28,493**	**28,524**
31 December 2014	**43**	**30,048**	**30,091**

	COMPANY		
	Software Programs	**Concessions and Rights**	**Total**
Acquisition Cost			
As at 1 January 2013	**213**	**1,709**	**1,922**
Additions	-	1	**1**
Reductions during the period	-	-	**-**
31 December 2013	**213**	**1,710**	**1,923**
As at 1 January 2014	**213**	**1,710**	**1,923**
Additions	25	5	**30**
Acquisitions	0	0	**0**
Reductions during the period	0	(86)	**(86)**
31 December 2014	**238**	**1,629**	**1,867**
Accumulated Amortization			
As at 1 January 2013	**161**	**231**	**392**
Amortization for the period	21	61	**82**

(All amounts in thousand Euro, unless stated otherwise)

Reductions during the period	-	-	-
31 December 2013	**182**	**292**	**474**
As at 1 January 2014	**182**	**292**	**474**
Amortization for the period	13	62	**75**
Reductions during the period	-	-	-
31 December 2014	**195**	**354**	**549**
Net Book Value			
31 December 2013	**31**	**1,418**	**1,449**
31 December 2014	**43**	**1,275**	**1,318**

Concessions and Rights include the acquisition cost of licenses for intervention and use rights of forest land, where Wind Parks are installed. In the additions of the Group for the year 2014, an amount of 2,103 thous. Euro refers to the license cost as it was recognized at the time of the acquisition of companies.

(All amounts in thousand Euro, unless stated otherwise)

7 TANGIBLE FIXED ASSETS

Tangible fixed assets and their movement for the periods from 1 January to 31 December 2014 and 2013, in the accompanying financial statements, are analyzed as follows:

GROUP							
	Land-Plots	**Buildings and Installations**	**Technological and Mechanical equipment**	**Vehicles**	**Fixtures and other equipment**	**Assets under construction**	**Total**
Acquisition Cost							
1 January 2013	**2,199**	**52,762**	**649,463**	**1,643**	**3,236**	**151,257**	**860,560**
Additions	71	38	5,876	94	347	38,267	**44,693**
Borrowing cost	-	-	-	-	-	2,048	**2,048**
Provisions for restoration	-	-	-	-	-	-	**-**
Reductions	-	-	(254)	(4)	(27)	(804)	**(1,089)**
Transfers	-	626	8,364	-	-	(8,990)	**-**
Foreign exchange differences	-	(460)	(9,122)	(3)	(2)	(401)	**(9,988)**
31 December 2013	**2,270**	**52,966**	**654,327**	**1,730**	**3,554**	**181,377**	**896,224**
1 January 2014	**2,270**	**52,966**	**654,327**	**1,730**	**3,554**	**181,377**	**896,224**
Additions	270	840	21,868	63	500	29,731	**53,272**
Borrowing cost	-	-	197	-	-	782	**979**
Provisions for restoration	-	-	3,382	-	-	-	**3,382**
Reductions	-	(265)	(52)	-	(148)	(726)	**(1,191)**
Transfers	-	24,696	142,710	-	193	(167,599)	**-**
Foreign exchange differences	-	1,220	20,759	8	2	(81)	**21,908**
31 December 2014	**2,540**	**79,457**	**843,191**	**1,801**	**4,101**	**43,484**	**974,574**

(All amounts in thousand Euro, unless stated otherwise)

Accumulated depreciations

1 January 2013	**-**	**10,514**	**77,398**	**795**	**2,429**	**-**	**91,136**
Depreciations for the period	-	2,650	32,292	121	303	-	**35,366**
Reductions	-	-	(106)	-	(3)	-	**(109)**
Foreign exchange differences	-	(22)	(254)	(1)	(1)	-	**(278)**
31 December 2013	**-**	**13,142**	**109,330**	**915**	**2,728**	**-**	**126,115**
1 January 2014	**-**	**13,142**	**109,330**	**915**	**2,728**	**-**	**126,115**
Depreciations for the period	-	3,248	36,223	113	307	-	**39,891**
Reductions	-	(71)	(37)	-	(59)	-	**(167)**
Transfers	-	463	(467)	1	3	-	**-**
Foreign exchange differences	-	112	1,745	3	2	-	**1,862**
31 December 2014	**-**	**16,894**	**146,794**	**1,032**	**2,981**	**-**	**167,701**

Net Book Value

31 December 2013	**2,270**	**39,824**	**544,997**	**815**	**826**	**181,377**	**770,109**
31 December 2014	**2,540**	**62,563**	**696,397**	**769**	**1,120**	**43,484**	**806,873**

(All amounts in thousand Euro, unless stated otherwise)

COMPANY							
	Land-Plots	**Buildings and Installations**	**Technological and Mechanical equipment**	**Vehicles**	**Fixtures and other equipment**	**Assets under construction**	**Total**
Acquisition Cost							
1 January 2013	**920**	**11,352**	**153,752**	**1,180**	**3,160**	**10,794**	**181,158**
Additions	5	-	22	25	327	732	**1,111**
Reductions	-	-	(97)	-	(27)	-	**(124)**
Transfers	-	-	-	-	-	-	**-**
31 December 2013	**925**	**11,352**	**153,677**	**1,205**	**3,460**	**11,526**	**182,145**
1 January 2014	**925**	**11,352**	**153,677**	**1,205**	**3,460**	**11,526**	**182,145**
Additions	268	-	74	10	431	1,015	**1,798**
Borrowing cost	-	-	-	-	-	-	**-**
Reductions	-	(265)	(15)	-	(120)	(6,146)	**(6,546)**
31 December 2014	**1,193**	**11,087**	**153,736**	**1,215**	**3,771**	**6,395**	**177,397**

(All amounts in thousand Euro, unless stated otherwise)

Accumulated depreciations							
1 January 2013	**-**	**4,064**	**43,691**	**754**	**2,386**	**-**	**50,895**
Depreciations for the period	-	551	7,303	76	288	-	**8,218**
Reductions	-	-	(97)	-	(3)	-	**(100)**
31 December 2013	**-**	**4,615**	**50,897**	**830**	**2,671**	**-**	**59,013**
1 January 2014	**-**	**4,615**	**50,897**	**830**	**2,671**	**-**	**59,013**
Depreciations for the period	-	549	7,304	55	274	-	**8,182**
Reductions	-	(73)	(6)	-	(58)	-	**(137)**
31 December 2014	**-**	**5,091**	**58,195**	**885**	**2,887**	**-**	**67,058**
Net Book Value							
31 December 2013	**925**	**6,737**	**102,780**	**375**	**789**	**11,526**	**123,132**
31 December 2014	**1,193**	**5,996**	**95,541**	**330**	**884**	**6,395**	**110,339**

The account "Technological and mechanical equipment" includes Wind Park generators that have been collateralized at banks as security against long-term loans.

The categories "Land-Plots", "Buildings and installations" and "Technological and mechanical equipment", include fixed assets with a net book value of € 11,975 and € 13,389, during December 31st 2014 and 2013 respectively, which refer to Installations of Distribution Networks constructed by the Company, and as stipulated by the agreements with DEDDIE, such are transferred to DEDDIE, free of charge, during the commissioning of each Wind Park. However, and after their transfer, such installations will continue to serve the purpose for which they were constructed, namely the sale of produced electric energy to DEDDIE and LAGIE, remaining at the exclusive use of the Company and therefore, the net book cost during the transfer date, will continue to depreciate, as previously, until the 20-year depreciation period of the Wind Parks is fulfilled.

(All amounts in thousand Euro, unless stated otherwise)

8 INVESTMENT ASSETS

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Opening Balance	785	923	785	923
Additions/Reductions	-	-	-	-
Change in fair value of investment assets	(210)	(138)	(210)	(138)
Total	**575**	**785**	**575**	**785**

During the year 2014, the Company proceeded with a valuation of the fair value of its investment assets, which resulted into a revaluation loss of € 210 and was recognized in the results for the year.

9 PARTICIPATION IN ASSOCIATE COMPANIES

As of 31/12/2014, the Group owns 6,750 common shares with a nominal value of €10 each, which represent 45% of the share capital of the associate company Cyclades RES Energy Center SA. Also, the company owns 48% of the shares of the company EN.ER.MEL S.A.
The following table presents condensed financial data of the associate companies.

	31-Dec 2014	31- Dec 2013
Total Assets	8,598	8,826
Total Liabilities	12	14
Total Income	-	-
Total Expenses	(2)	(36)
Earnings (losses) after tax	**(2)**	**(36)**

10 OTHER LONG-TERM RECEIVABLES

The account Other Long-term Receivables is analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Loans to subsidiaries	-	-	27,689	39,824
Loans to parent – other related companies	-	5,430	-	4,796
Several Provided Guarantees	361	310	293	250
Other Long-Term Receivables	10,595	4,945	-	-
Total	**10,956**	**10,685**	**27,982**	**44,870**

(All amounts in thousand Euro, unless stated otherwise)

The Company participated in bond loan issues of subsidiaries, the parent company and other associated companies. The loans will be repaid either at their maturity date or through premature repayments and have an interest rate 6% - 7.75%. The item " Other Long-Term Receivables " mainly consists of accrued income due to contractual sales of electric energy, incorporating elements of leasing.

11 INVENTORIES

Inventories in the accompanying consolidated financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Merchandise	33	33	33	33
Raw and Auxiliary Materials	928	2,707	928	2,707
Spare-parts of Fixed Assets	1,503	1,287	1,152	835
Total inventories	**2,464**	**4,027**	**2,113**	**3,575**

During 31 December 2014 there was no need for provisions for impaired or low turnover inventories.

12 TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

Trade receivables on 31 December 2014, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Customers of the construction sector	10,122	10,730	32,657	22,526
Customers of the energy sector (DEDDIE, LAGIE and others)	42,857	42,993	10,299	16,153
Checks receivable	1	-	-	-
Minus: Provision for doubtful receivables	(211)	(6,770)	(211)	(2,568)
Total	**52,769**	**46,953**	**42,745**	**36,111**

The above trade receivables also include receivables from Energy sector customers amounting to € 16,987 (€12,470 on 31 December 2013) which are pledged to banks as security for provided long-term and bond loans to finance the construction of Wind Parks.

The analysis of the provisions for doubtful receivables on 31 December 2014 in the accompanying financial statements is analyzed as follows:

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Balance at 1 January	6,770	211	2,568	211
Provision recognized in the income statement	-	6,559	-	2,357
Reverse entry of provision	(6,559)	-	(2,357)	-
Doubtful receivables write-off				
Balance at 31 December	**211**	**6,770**	**211**	**2,568**

During the year 2014, with Law 4254, there was a retroactive reduction in the selling price of electric energy by 10% for wind parks and by 35% for photovoltaic parks. The Group had formed a provision of € 6.56 million in its financial statements of the previous year, which was reversed during the year 2014.

The prepayments and other receivables on 31 December 2014 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Prepayments to Suppliers	7,178	3,029	7,198	3,027
Accounts for Management of Prepayments and Credit	497	431	230	288
Deferred expenses	1,967	1,745	739	759
Accrued income	2,255	2,365	213	29
Other Receivables of the Group's Joint Ventures	575	158	830	365
Other receivables from subsidiaries	131	-	8,000	7,257
Other receivables from associated companies	-	-	1	1
Other receivables from affiliated companies	1,021	4,177	1	717
Receivables from VAT	12,749	14,981	-	-
Receivables from wind park subsidies	13,821	55,173	3,528	4,008
Receivables from insurance indemnities	2,032	1,296	1,403	1,237
Receivables from social security funds	1,127	1,229	1,127	1,229
Other Receivables - Sundry Debtors	6,298	1,868	1,451	1,075
Minus: Provisions for doubtful receivables	(60)	(60)	(60)	(60)
Total	**49,591**	**86,392**	**24,661**	**19,932**

The grants concern investments in Wind Parks and are expected to be received with the approval of completion of the relevant investment plans. During 2014, the Group received grants amounting to € 44,306.

(All amounts in thousand Euro, unless stated otherwise)

13 AGREEMENTS FOR THE CONSTRUCTION OF TECHNICAL WORKS

The information related to the Group's and company's technical works in progress, are as follows:

	GROUP		COMPANY	
Cumulatively from the beginning of the projects	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
Cumulative costs	188,752	237,945	231,855	324,276
Cumulative profit	14,251	46,108	21,617	55,661
Cumulative losses	-	-	-	-
Received prepayments	6,023	3,020	8,323	2,300
Amounts withheld from customers of projects	486	885	577	885
Receivables of projects, priced	202,079	284,255	251,987	379,589
Receivables from customers of projects	3,630	2,858	4,374	5,479
Liabilities towards customers of projects	(2,706)	(3,060)	(2,889)	(5,131)
Net receivable/(liability) from customers of projects	**924**	**(202)**	**1,485**	**348**

14 CASH & CASH EQUIVALENTS A

The cash & cash equivalents on December 31st 2014 and 2013, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Cash in Hand	21	22	-	2
Sight & Time Deposits	168,782	124,608	54,037	37,383
Total	**168,803**	**124,630**	**54,037**	**37,385**

Term deposits usually have a duration of months and bear interest rates ranging between 1.7%-2% for the year 2014.

15 LONG-TERM LOANS

Long-term loans in the accompanying consolidated financial statements mainly cover the development needs of Wind Parks of the Group's energy sector and are analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Long-term loans	356,021	329,907	60,321	59,398
Minus: Short-term portion	(31,073)	(34,744)	(4,706)	(8,065)
Long-term portion	**324,948**	**295,163**	**55,615**	**51,333**

(All amounts in thousand Euro, unless stated otherwise)

The Group's total long-term debt has been contracted in Euro in Greece (49.5% of total), in the USA in USD (29.5% of total), in Poland in PLN (17% of total) and in Bulgaria in Euro (4.5% of total). Of the total loans at the end of the presented year, loans that have been granted with fixed interest rate represent 46.4%, loans with floating interest rate that have been hedged via derivatives, with which future payments of fixed interest rate are exchanged for receipts of floating interest rate, represent 32%, whereas the remaining 21.6% concerns loans of floating interest rate based on euribor or wibor.

The weighted average interest rate for the Group for financial years 2014 and 2013 corresponded to 6.18% and 6.58%, respectively.
The total interests on the above loans of the Group for financial years 2014 and 2013 amounted to € 20,147 and € 17,612 respectively. The Group considers that the fair value of the above loans does not differ substantially from their book value.

To secure all Group loans, Wind Park wind generators are collateralized, as well as cash while insurance contracts and receivables from the sale of electric energy to LAGIE or DEDDIE are pledged to banks. In the context of this form of financing, the Group's companies maintain a series of blocked bank accounts, which serve the above liabilities.

16 FINANCIAL DERIVATIVES

Liabilities and assets from financial derivatives on 31.12.2014 & 31.12.2013 are analyzed as follows:

	Nominal Value		GROUP		COMPANY	
			Fair Value of Liability	Fair Value of Liability	Fair Value of Liability	Fair Value of Liability
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Interest Rate Swaps	€ 7,537	€ 7,537	673	530	-	-
Interest Rate Swaps	€ 5,772	€ 5,772	379	222	-	-
Interest Rate Swaps	€ 17,000	€ 17,000	2,020	972	-	-
Interest Rate Swaps	€ 15,400	€ 15,400	771	218	-	-
Interest Rate Swaps	€ 9,000	-	312	-	-	-
Interest Rate Swaps	€ 9,000	-	760	-	-	-
Interest Rate Swaps	€ 6,563	€ 6,563	638	378	638	378
			5,553	**2,320**	**638**	**378**

	Nominal Value		GROUP		COMPANY	
			Fair Value of Receivable	Fair Value of Receivable	Fair Value of Receivable	Fair Value of Receivable
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Interest Rate Swaps	$25,000	$25,000	325	1,443	-	-
			325	**1,443**	**-**	**-**

(All amounts in thousand Euro, unless stated otherwise)

The policy of the Group is to minimize its exposure to cash flow interest rate risk as regards to long-term financing for which the Group applies hedge accounting. The result from the valuation is recognized in the account “Income/expenses from cash flow hedges” in the statement of comprehensive income.

17 PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity depends on the length of service with the company and the employee’s wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such an indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programs are usually not funded.
The estimations for staff indemnity liabilities were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the consolidated results and comprehensive income for the financial year ended on the 31st of December 2014 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Statement of Financial Position for the year ended on December 31st 2014.

The expense for staff indemnity recognized in the Statement of Comprehensive Income, is analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Current cost of service	156	184	155	172
Prior service cost	-	-	-	-
Financial cost	16	17	14	16
Recognition of actuarial profit/losses	(125)	(34)	(114)	(32)
Total	**47**	**167**	**55**	**156**

The movement of the relevant provision in the Statement of Financial Position is as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Opening balance	422	426	397	412
Provision recognized in the income statement	173	201	169	188
Provision recognized in other total income	(125)	(34)	(114)	(32)
Indemnity payments	(157)	(171)	(157)	(171)
Total	**313**	**422**	**295**	**397**

(All amounts in thousand Euro, unless stated otherwise)

The main actuarial assumptions for financial year 2014 are as follows:

Discount rate	2.5%
Future wage increases	2%
Movement of salaried/day-waged workers (departure under their own will)	1%
Movement of salaried workers (laid-off)	8%
Mortality: MT_EAE 2012P (Bank of Greece, Credit and Insurance Committee)	

Below, a table is presented with regard to sensitivity analysis of the provision for staff indemnity.

	GROUP	COMPANY
Change in discount rate -1% Change in salaries 0%	379	356
Change in discount rate 0% Change in salaries +0,5%	344	324
Change in discount rate 0% Change in salaries -0.5%	285	269
Change in discount rate +0,5% Change in salaries -0.5%	260	246

18 OTHER PROVISIONS

The movement of the relevant provision in the Statement of Financial Position for financial years 2014 and 2013, is as follows:

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	**Other provisions**	**Provisions for environmental rehabilitation**	**Other provisions**
Balance 1 January 2014	**4,096**	**415**	**619**	**280**
Provision recognized in the results	340	-	31	-
Provision recognized in fixed assets	3,382	1	-	-
Foreign exchange differences	(77)	-	-	-
Balance 31 December 2014	**7,741**	**416**	**650**	**280**

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	**Other provisions**	**Provisions for environmental rehabilitation**	**Other provisions**
Balance 1 January 2013	**3,564**	**415**	**576**	**280**
Provision recognized in the results	113	-	43	-
Provision recognized in fixed assets	439	-	-	-
Foreign exchange differences	(20)	-	-	-
Balance 31 December 2013	**4,096**	**415**	**619**	**280**

The companies of the Group's energy sector are obliged to proceed to environmental rehabilitation where they install production units for electricity, after the completion of the license period that lasts for 20 years according to the licenses granted by the state. The aforementioned provision of € 7,741 (€4,096 at 31.12.2013) reflects the required expenses for the removal of equipment and formation of the area in which the equipment was installed, using the available technology and materials.

19 GRANTS

Grants on 31 December 2014 and 31 December 2013 in the accompanying financial statements, are analyzed as follows:

	GROUP	COMPANY
Balance 1 January 2014	**271,376**	**46,622**
Revision of opening balance of approved but not received due to change in estimate	(3,030)	(30)
Reversions	(24)	-
Transfer of period's proportion to the results	(8,987)	(1,880)
Foreign exchange differences	6,498	-
Balance 31 December 2014	**265,833**	**44,712**

	GROUP	COMPANY
Balance 1 January 2013	**288,885**	**49,494**
Revision of opening balance of approved but not received due to change in estimate	(6,450)	(150)
Transfer of period's proportion to the results	(8,726)	(2,722)
Foreign exchange differences	(2,333)	-
Balance 31 December 2013	**271,376**	**46,622**

(All amounts in thousand Euro, unless stated otherwise)

Grants relate to government grants for the development of Wind Parks and are amortized in the results of the period such refer to, according to the depreciation rate of fixed assets granted.
The total approved and non-received grants for Group is included in “Prepayments and other receivables”. Such grants were recognized based on the Group Management’s certainty that all the requirements to receive such are regularly met and eventually the amounts will be received with the completion of the relevant investments.
The aforementioned grants are amortized in income only by the portion that corresponds to fully completed and operating wind generators of wind parks.

20 FINANCIAL LIABILITIES

In the USA, TERNA ENERGY Group, in order to take advantage of the tax benefits provided by local law as much as possible, entered a transaction during the financial year of 2012 where the counterparty company paid the amount of €49,693 in order to receive the right to receive, mainly, cash and tax losses (tax equity investment).
The basic characteristics of the transaction are as follows:
- Regardless of the participation stake in the share capital held by the counterparty company, TERNA ENERGY group maintains control of management of the wind parks and therefore such are fully consolidated in the group’s financial statements.
- The counterparty company receives a significant portion of the earnings and tax losses created from such wind parks until such achieve a predefined (during the initial investment) rate of return.
- The counterparty company remains a shareholder of the wind parks until the predefined rate of return on their investment is achieved.
- When the return on the investment of the counterparty company reaches the predefined level, the Group has the option to acquire the rights of the counterparty company in the return of the investment.
- The return of the investment of the counterparty company, depends exclusively on the performance of the wind parks. Even though TERNA ENERGY group commits to operate such parks in the best possible manner and takes all possible measures to ensure their smooth operations, it is not obliged to pay cash to the counterparty company over the amount required to achieve the predefined return on their investment.
The group, based on the objective of such transactions, classifies the initial investment of the counterparty company as a “Financial liability” in the consolidated statement of financial position. The financial liability is measured at net book cost.

21 SUPPLIERS

The suppliers as at 31 December 2014 and 2013, in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Suppliers	21,559	25,102	12,991	17,510
Checks payable post-dated	28	250	27	250
Total	**21,587**	**25,352**	**13,018**	**17,760**

(All amounts in thousand Euro, unless stated otherwise)

22 ACCRUED AND OTHER LIABILITIES

The accrued and other short-term liabilities as at 31 December 2014 and 31 December 2013, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Customer Prepayments	6,335	3,209	8,932	5,953
Social Security Funds	202	351	176	326
VAT Liabilities	3,999	4,899	2,937	4,210
Other withheld taxes	1,460	1,287	537	527
Employee fees	156	240	144	214
Third party fees	359	17	17	17
Short-term Liabilities to Other Affiliated and Other Parties	276	155	177	294
Sundry Creditors	8,992	3,836	157	930
Liabilities from Parent Company's Share Capital Decrease	-	1,647	-	1,647
Reversion of Subsidies	-	3,150	-	-
Deferred Income -accrued expenses	1,062	707	-	-
Total	**22,841**	**19,498**	**13,077**	**14,118**

23 SHORT-TERM LOANS

The Group's short-term loans refer to current bank accounts having a duration usually of three months and are renewed depending on the needs. The amounts withdrawn are mainly used to cover the liquidity needs during the construction period of Wind Parks of the Group's energy sector. The net increase of the Group's short-term loans during the present year amounted to €30,408 (€63,441 decrease during the previous year). The Group estimates that the fair value of the above loans does not differ substantially from their book value.
The weighted average interest rate for the aforementioned loans was 7.3% and 8.6% for 2014 and 2013 respectively.
The total interest on the aforementioned loans of the Group for the financial years ended on December 31st 2014 and December 31st 2013 is € 3,857 and € 2,376 respectively.

24 SHARE CAPITAL

Based on the decision of the Annual Shareholders' Meeting on 29 April 2014, it was decided the share capital increase of the Company by the amount of € 9,838,296 through capitalization of special reserves resulting from the issuance of share premium account via the increase of the nominal value per share from € 0.30 to € 0.39 and simultaneous decrease of the Company's share capital by the amount of € 9,838,296 via the decrease of the nominal value per share from € 0.39 to € 0.30 and the return of the above amount to the shareholders. Following the above, the Company's share capital amounts to € 32,794,320 and is divided into 109,314,400 common registered shares with voting rights of a nominal value per share € 0.30. The company during the period 01.01.2014 – 31.12.2014 purchased 1,833,828 own shares with an acquisition cost of 4,903 thousand €. The total number of own shares held by the Company on 31.12.2014 settled at 2,383,843 shares or percentage 2.1807% of the Company's share capital, with total acquisition cost of € 6,171 thousand.

(All amounts in thousand Euro, unless stated otherwise)

25 EARNINGS PER SHARE

The basic earnings per share were calculated by dividing the net earnings attributed to shareholders of the parent company with the average weighted number of shares outstanding as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net earnings attributed to shareholders of the parent	5,551	4,101	(885)	344
Average weighted number of shares	108,447,509	108,991,933	108,447,509	108,991,933
Earnings per share	0.0512	0.0376	-	-

26 DIVIDENDS

The Company's Annual Shareholders' Meeting on 29 April 2014 decided not to distribute any dividend from the profits of financial year 2013.

27 INCOME TAX

According to Greek tax legislation the tax rate corresponded to 20% for 2012, whereas for the year 2013 and the next financial years is set to 26%. The effective tax rate differs from the nominal. The calculation of the effective tax rate is affected by several factors, the most important of which are the non-exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful life and the use of rates stipulated by L. 4110/2013, the capability of companies to create tax-exempt discounts and tax-exempt reserves, and the aforementioned increase of the tax rate through calculations of deferred income tax.

Income tax in the accompanying consolidated financial statements, is analyzed as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Current tax	5,992	6,022	1,599	1,749
Tax of previous years				
Total Expense of current tax	**5,992**	**6,022**	**1,599**	**1,749**
Deferred tax expense	333	(482)	868	(461)
Total	**6,325**	**5,540**	**2,467**	**1,288**

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Earnings before taxes	**12,172**	**9,895**	**1,582**	**1,632**
Nominal tax rate	26%	26%	26%	26%
Income tax based on effective nominal tax rate	**3,165**	**2,573**	**411**	**424**
Adjustments for:				
Other non-taxed income	625	484	626	1
Tax of previous periods & Additional taxes		-		-
Provisions for Additional income Tax	1,841	(2,144)		-
Earnings taxed abroad	(950)	-		-
Change of recoverable tax losses	395	1,114		-
Other permanent tax Differences - non-exempt expenses	1,249	3,505	1,244	481
Effect from change of Tax Rate	-	(605)		
Reserves compulsorily taxed until 31/12/2014	-	613		528
Other	-	-	186	(146)
Real tax expense	**6,325**	**5,540**	**2,467**	**1,288**
Effective tax rate	51.96%	55.98%	155.96%	78.94%

The income tax statement is submitted on an annual basis but the profits or losses declared remain provisional until the tax authorities audit the taxpayer's books and records and issue a final audit report.
In this case it is possible that the tax authorities may impose additional taxes and surcharges.
The tax losses, to the extent that such are accepted by the tax authorities, may offset future profit for a period of five years from the year such emerged.
The parent company, TERNA ENERGY S.A. is tax-audited up to the fiscal year 2008 included. The taxes that may derive from the audit by the tax authorities will not have a significant effect in the financial statements. During the preparation date of the accompanying financial statements, the non-audited tax years (including fiscal year 2013) of the Group's companies are presented in Note 4.

For the financial years 2011, 2012 and 2013, the Company has been tax audited according to the Decision 1159/26/7/2011. The finalization of the above audit is pending from the Ministry of Finance. For the year 2014, the Company is subject to the tax audit of Certified Auditors Accountants stipulated by the provisions of article 65A paragraph 1 of Law 4174/2013. This audit is underway and the relevant tax certificate is expected to be issued following the release of the 2014 financial statements. The particular audit is not expected to materially affect the tax obligations already recorded in the Financial Statements.

Deferred tax

Deferred income tax is calculated on all the temporary tax differences between the book value and the tax value of the assets and liabilities.
The Company and Group maintain tax-exempt reserves and reserves taxed with specific way amounting to €10,888 and €21,179 respectively, which in case of distribution or capitalization will be taxed under the current tax rate. In the immediate future the Group does not plan to distribute or capitalize this reserve, apart

(All amounts in thousand Euro, unless stated otherwise)

from an amount of €2,783 concerning tax free reserves of L.4172/2013, which will be taxed at the time of their compulsory, based on L.4172/2013, distribution or capitalization within the year 2014 with a tax rate of 19%.

The deferred income tax is calculated using the expected tax rate at the time in which the tax receivable/ liability matures:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Receivables from deferred income tax	4,885	3,981		789
Liability from deferred income tax	(4,325)	(3,790)	(13)	-
Net deferred tax asset (liability)	**560**	**191**	**(13)**	**789**
Opening balance	**191**	**(336)**	**789**	**210**
Debit / (Credit) recognized in the results	(333)	481	(868)	460
Debit / (Credit) recognized in other comprehensive income	702	48	66	119
Other	-	(2)		-
Closing balance	**560**	**191**	**(13)**	**789**

The deferred tax assets and liabilities of 2014 and 2013 as well as the effect of the deferred tax on the separate and consolidated statement of comprehensive income are analyzed as follows:

GROUP	1.1.2014	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31.12.2014
Deferred Tax Asset				
Provision for staff indemnities	110	14	(40)	84
Other provisions	1,009	917		1,927
Grants	1,411	49		1,460
Hedging of cash flow risk	514		699	1,213
Provision for doubtful receivables	(544)	614		71
Cost of construction projects	1,592	141		1,733
Loans	(412)	988		576
Other	5,095	(1,006)		4,090
Deferred Tax (Liability)				
Valuation of investment property	(204)	54		(150)
Tangible assets	(10,511)	(3,311)		(13,822)
Intangible assets	2,217	1,514	36	3,766
Recognition of revenues based on completion rate	(86)	(300)		(386)
Deferred tax of net earnings / total comprehensive income		**(326)**	**695**	
Net deferred tax asset (liability)	**191**			**560**

(All amounts in thousand Euro, unless stated otherwise)

GROUP	1.1.2013	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31.12.2013
Deferred Tax Asset				
Provision for staff indemnities	70	40		110
Other provisions	754	255		1,009
Grants	1,001	409		1,411
Hedging of cash flow risk	654		(141)	514
Provision for doubtful receivables	54	(598)		(544)
Cost of construction projects	2,032	(440)		1,592
Loans	(173)	(239)		(412)
Other	880	4,216		5,095
Deferred Tax (Liability)				
Valuation of investment property	(185)	(19)		(204)
Tangible assets	(6,098)	(4,413)		(10,511)
Intangible assets	1,702	326	189	2,217
Recognition of revenues based on completion rate	(1,029)	943		(86)
Deferred tax of net earnings / total comprehensive income		**479**	**48**	
Net deferred tax asset (liability)	**(336)**			**191**

COMPANY	1.1.2014	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31.12.2014
Deferred Tax Asset				
Provision for staff indemnities	103	3	-30	76
Other provisions	234	8	-	242
Grants	886	(115)	-	771
Hedging of cash flow risk	98	-	68	166
Provision for doubtful receivables	683	(613)	-	70
Cost of construction projects	1,592	141	-	1,733
Loans	825	144	-	969
Other	207	249	-	456
Deferred Tax (Liability)				
Valuation of investment property	(204)	54	-	(150)
Tangible assets	(3,388)	-450	-	(3,838)
Intangible assets	(157)	7	28	(122)
Recognition of revenues based on completion rate	(90)	(296)	0	(386)
Deferred tax of net earnings / total comprehensive income		**(868)**	**66**	
Net deferred tax asset (liability)	**789**			**(13)**

(All amounts in thousand Euro, unless stated otherwise)

COMPANY	1.1.2013	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31.12.2013
Deferred Tax Asset				
Provision for staff indemnities	67	(36)	-	103
Other provisions	171	(63)	-	234
Grants	812	(74)	-	886
Hedging of cash flow risk	108	24	(14)	98
Provision for doubtful receivables	54	(629)	-	683
Cost of construction projects	2,032	440	-	1,592
Loans	208	(617)	-	825
Other	45	(162)	-	207
Deferred Tax (Liability)				
Valuation of investment property	(185)	19	-	(204)
Tangible assets	(1,921)	1,467	-	(3,388)
Intangible assets	(148)	137	(128)	(157)
Recognition of revenues based on completion rate	(1,033)	(966)	23	(90)
Deferred tax of net earnings / total comprehensive income		**(460)**	**(119)**	
Net deferred tax asset (liability)	**210**			**789**

28 COST OF SALES, ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

The cost of sales, administrative and research & development expenses at 31 December 2014 and 2013, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
COST OF SALES	**2014**	**2013**	**2014**	**2013**
Employee remuneration and expenses	2,198	4,171	2,569	4,111
Fees of consultants	1,586	1,085	608	679
Remuneration and expenses of third parties (engineers)	2,574	2,965	1,793	2,489
Fees and expenses of other third parties	1,445	85	2,738	1,249
Materials and expenses of constructions	27,057	16,554	18,328	21,281
Leases	1,179	1,149	1,757	873
Repairs, Maintenance	8,979	6,403	1,595	1,331
Sub-contractors	15,082	9,297	19,400	14,778
Depreciation	40,841	35,948	7,929	7,984
Third party benefits	1,711	1,221	381	1,033
Contributions to local government authorities	2,203	2,184	394	751
Impairment of receivables	473	6,560	-	2,357
Transportation expenses	299	484	1,492	450
Insurance premiums	1,916	2,018	781	826
Other	1,010	1,051	676	684
Total	**108,553**	**91,175**	**60,441**	**60,876**

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
ADMINISTRATIVE EXPENSES	**2014**	**2013**	**2014**	**2013**
Employee remuneration and expenses	2,286	2,093	1,590	1,575
Fees of consultants	1,103	1,999	424	330
Remuneration and expenses of third parties (engineers)	1,504	1,472	1,196	1,191
Fees and expenses of other third parties	2,983	1,952	2,116	1,046
Auditors' fees – ordinary audits	497	217	105	111
Auditors' fees – other services	10	18	-	18
Subscriptions	251	212	199	194
Leases	449	432	218	217
Depreciation	233	230	161	157
Travel and promotion expenses	280	313	140	185
Third party benefits	516	992	101	118
Board of Directors' remuneration	1,025	480	465	480
Insurance premiums	92	95	71	67
Other	2,218	2,326	1,413	1,522
Total	**13,447**	**12,831**	**8,199**	**7,211**

	GROUP		COMPANY	
RESEARCH & DEVELOPMENT EXPENSES	**2014**	**2013**	**2014**	**2013**
Employee remuneration and expenses	64	65	64	65
Fees of consultants	727	979	676	959
Remuneration and expenses of third parties (engineers)	685	1.022	685	969
Scientific/Lab experiments	35	29	35	29
Third party benefits	15	24	15	24
Depreciation	166	159	166	159
Travel and promotion expenses	27	44	26	42
Other	297	167	296	166
Total	**2,016**	**2,489**	**1,963**	**2,413**

29 OTHER INCOME/(EXPENSES)

The other income/(expenses) for the period, in the accompanying financial statements of 31st December 2014 and 2013, are analyzed as follows:

(All amounts in thousand Euro, unless stated otherwise)

Other income

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Grant amortization	8,987	8,726	1,880	2,722
Income from leasing of machinery	46	11	46	11
Income from leasing of property	43	42	42	42
Other services	138	2	-	-
Other income	497	1,090	878	649
Income from insurance indemnities	-	726	-	448
Profit from sales of fixed assets	21	128	1,866	-
Foreign exchange differences (credit)	1,762		-	-
Total other income	**11,494**	**10,725**	**4,712**	**3,872**

Other expenses

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Change of the fair value of investment property	(210)	(138)	(210)	(138)
Other expenses	-	(425)	-	-
Extraordinary levy due to L. 4093/2012	(1,915)	(7,476)	(718)	(2,630)
Foreign exchange differences (debit)	(92)	(487)	-	-
Total other expenses	**(2,217)**	**(8,526)**	**(928)**	**(2,768)**
Total other income / (expenses)	**9,277**	**2,199**	**3,784**	**1,104**

30 FINANCIAL INCOME/(EXPENSES)

The financial income/(expenses) in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Interest of Long-term Loans	(20,147)	(17,612)	(4,504)	(3,065)
Interest of Short-term Loans	(3,857)	(2,376)	(908)	(489)
Losses from valuation of financial obligation	(3,014)	(2,130)	(2,300)	(2,129)
Interest charges of other financial obligations	(2,041)	(2,244)	-	-
Bank expenses and other expenses	(4,250)	(4,222)	(2,680)	(2,788)
Financial Expenses	**(33,309)**	**(28,584)**	**(10,392)**	**(8,471)**
Interest from sight deposits	429	505	34	22
Interest from term deposits	1,426	1,472	431	444
Other Financial income	114	1,203	2,136	3,554
Financial Income	**1,969**	**3,180**	**2,601**	**4,020**
Net Financial Results	**(31,340)**	**(25,404)**	**(7,791)**	**(4,451)**

(All amounts in thousand Euro, unless stated otherwise)

31 PAYROLL COST

Employee remuneration and the average employed staff, are analyzed as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Wages and Related benefits of day-wage workers	695	846	666	963
Wages and Related benefits of regular staff	2,638	3,903	2,440	3,232
Social Security Contributions	1,215	1,379	1,117	1,368
Provision for employee indemnities	172	201	169	188
Total	**4,720**	**6,329**	**4,392**	**5,751**
Average Number of Employees				
Day-wage workers	48	58	46	55
Regular staff	109	123	85	106

32 TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2014 and 01/01-31/12/2013, as well as the balances of receivables and liabilities arisen from the above transactions as of 31/12/2014 and 31/12/2013 are as follows:

Period 1/1 -31/12/2014	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**
Subsidiaries	-	-	-	-	29,333	284	59,139	7,315
Joint Ventures	-	-	-	-	-	-	69	-
Parent	34	172	27	15	34	172	42	15
Other related parties	13,570	769	6,688	6,133	8,669	423	5,895	5,906
Basic senior executives	-	1,288	-	360	-	550	-	23

Period 1/1-31/12/2013	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**
Subsidiaries	-	-	-	-	18,306	262	60,006	6,858
Joint Ventures	-	-	-	-	-	-	78	-
Parent	134	172	307	-	103	172	280	-
Other related parties	3,691	1,388	12,121	3,386	2,791	1,167	8,201	2,121
Basic senior executives	-	708	3	-	-	604	3	-

(All amounts in thousand Euro, unless stated otherwise)

Remuneration of Board of Directors members and senior executives of the Company: The remuneration of Board of Directors members and senior executives of the group and Company, recognized on 31 December 2014 and 2013 are as follows:

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Board of Directors remuneration	1,025	480	465	480
Remuneration of executives included in the executive Board members	263	228	85	124
	1,288	**708**	**550**	**604**

33 AIM AND POLICIES OF RISK MANAGEMENT

The Group is exposed to many financial risks such as market risk (volatility in exchange rates, interest rates, market prices etc.), credit risk and liquidity risk. The risk management plan aims to eliminate the negative effect of these risks on financial results of the group as these effects are the results of the uncertainty in financial markets and the changes in costs and sales.
The risk management policy is undertaken by the treasury of the Group and the procedure is as follows:

- Evaluation of risks related to Group's activities and operations.
- 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.

The financial means of the Group are mainly deposits in banks, overdraft facility by banks, short-term financial products of high liquidity traded in the money market, trade debtors and creditors, loans to and from subsidiaries, related companies and joint ventures, equity investments, dividends payable and liabilities arising from leasing.

FOREIGN EXCHANGE RISK

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will be subject to fluctuation due to changes in exchange rates.
This kind of risk may arise for the Group from transactions performed in foreign currency, with countries outside the Euro zone, and with countries that do not have a currency pegged to the euro. Such transactions mainly concern purchases of fixed assets and inventories, trade sales, investments in financial assets, loans, as well as net investments in foreign units. The Group operates through its subsidiaries in Greece, Cyprus, Eastern Europe and North America, and thus it may be exposed to foreign exchange risk.
The Group's current foreign activities concern projects for the production of energy and the trading of electric energy.
In relation to projects in countries such as Bulgaria, the contractual receivables and liabilities are either in euro or in local currency (which is pegged to the euro) and thus exposure to foreign exchange risk is limited.

(All amounts in thousand Euro, unless stated otherwise)

However, the development of energy projects and the trading of electric energy in other countries, such as Poland, the USA, Serbia and FYROM where the local currency fluctuates against the euro, may lead to foreign exchange differences and to foreign exchange risk exposure from changes in the exchange rate of the US Dollar (USD), Polish Zloty (PLN), Serbian dinar and the dinar of FYROM against the euro. The Group uses natural hedging methods for foreign exchange risk in countries where it operates by borrowing partly in local currency, thus hedging foreign exchange risks from its receivables.

	2014				2013	
Nominal amounts	**USD**	**MKD**	**RSD**	**PLN**	**USD**	**PLN**
Current Financial assets	11,725	755	277,275	50,778	8,373	50,428
Current Financial liabilities	(8,462)	(157)	(259,079)	(38,662)	(7,884)	(30,878)
Total	**3,263**	**598**	**18,196**	**12,116**	**489**	**19,550**
Non-Current Financial assets	12,910	0	0	0	6,828	-
Non-Current Financial liabilities	(173,752)	0	0	(237,979)	(175,865)	(222,721)
Total	**(160,842)**	**0**	**0**	**(237,979)**	**(169,037)**	**(222,721)**

The following table presents the sensitivity of the year's results and equity to exchange rate changes through their effect on the monetary assets and liabilities. For the above currencies we have examined the sensitivity to a 10% change.

	2014								2013			
	USD		MKD		RSD		PLN		USD		PLN	
Nominal amounts	10%	(10%)	10%	(10%)	10%	(10 %)	10%	(10%)	10%	(10%)	10%	(10%)
Effect on Net earnings before tax	259	(259)	(1)	1	7	(7)	465	(465)	(504)	504	466	(466)
Effect on other comprehensive income	(81)	81	0	0	(1)	1	(102)	102	492	(492)	2,323	(2,323)

To manage this category of risk, the Group's Management and risk management department ensure that receivables (income) and liabilities (expenses) are as most as possible in euro or in currencies pegged to the euro, or in the same currency in order to offset the foreign exchange risk.

SENSITIVITY ANALYSIS OF INTEREST RATE RISK

The Group's policy is to minimize its exposure to interest rate risk as regards to long-term financing. In the context of this policy, the long-term loans received by the Group are either under fixed interest rates or are hedged for interest rate risk for almost their total duration. Therefore, 46.4% of the Group's long-term debt is under fixed interest rates, 32% under floating interest rates that have been hedged with derivatives that swap future fixed interest rate payments against the receipt of floating interest rate payments, whereas 21.6% under floating interest rates linked either to euribor or to wibor (Notes 15 & 16).

The Group's short-term debt is under floating interest rates (Note 23). It is noted that it is Group policy to convert short-term debt to long-term when the Wind Park, whose construction is being financed, has been completed. The balance of the Group's short-term debt on 31.12.2014 amounts to € 67,322 thousand.

The following table presents the sensitivity of the results towards the Group's short-term debt and deposits, in case of an interest rate change of +20% –20% (2013: +/-20% as well). The changes in interest rates are estimated to be in line with the recent market conditions which until today are stable as compared to the previous year.

	2014		2013	
Amounts in thousand €	**20%**	**(20%)**	**20%**	**(20%)**
Results after taxes – Group	(100)	100	(96)	96
Results after taxes – Company	(19)	19	(18)	18

The Group is not exposed to other interest rate risks.

ANALYSIS OF MARKET RISK

The Group is not exposed to market risk on its financial assets, apart from a long-term liability amounting to 6,058 thousand euro, the future cash flows of which are linked to the Euro zone inflation rate excluding tobacco. This liability is recognized at fair value through the results.

ANALYSIS OF CREDIT RISK

Credit risk is the risk that a counterparty in a financial instrument will cause loss to the other by failing to pay the relevant liability.
The Group continuously controls its receivables and it incorporates the resulting information in its credit control. The Group's policy is to cooperate only with reliable customers.
The entire sum of the energy sector's receivables concerns the broader public sector in the domestic market (including LAGIE and DEDDIE) as well as abroad, and the same applies for the largest part of the receivables from the construction sector.
The Group, traditionally, by nature of its operations, is not exposed to significant credit risk from trade receivables, apart from possible overdue payments. However, the special RES account for LAGIE, through which the receivables of the Group in Greece are redeemed, presented in 2013 a significant deficit as a result of the unprecedented crisis faced by the Greek economy during the latest years. In this context, the collection of the Group's receivables from LAGIE and HEDNO posted a serious delay. In March 2014, the Law 4254 was enacted imposing retroactive reduction of selling prices for electricity by 10 % for wind parks and by 35% for photovoltaic parks. From the abovementioned provisions, the Group's loss of accrued receivables settles at € 6.56 million, amount for which it has already made an equal provision in the financial statements.
The credit risk for the cash and cash equivalents is negligible as the counterparties of the relevant transactions are trustworthy banks with high quality capital structure, the State or companies belonging in the broader public sector or large business groups.

(All amounts in thousand Euro, unless stated otherwise)

The Group's management considers that all the above financial assets for which all the necessary impairments have been made, are of high credit quality.

The amounts that represent the largest exposure to this risk at the end of the current and the comparative period, are the current value of such accounts in the respective periods. The largest credit risk of the company is the possibility of default of the counterparty.
On 31/12/2014 there are no guarantees and credit enhancements for security against credit risk of the above receivables, both for the Company and for the Group.
On 31/12/2014 there are no financial receivables overdue, both for the Company and the Group, apart from an amount of € 6,770, for which an equivalent provision has been made.

ANALYSIS OF LIQUIDITY RISK

The TERNA ENERGY Group manages its liquidity needs by carefully monitoring the balance of long-term financial liabilities as well as payments that take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly.
The company maintains cash and cash equivalents in banks to cover its liquidity needs for periods up to 30 days. Capital for mid-term liquidity needs are released from the company's term deposits.

The maturity of the financial liabilities on 31 December 2014 for the TERNA ENERGY Group, is analyzed as follows:

	31.12.2014		
	Short-term	**Long-term**	
	0 - 12 months	**1 - 5 years**	**over 5 years**
Long-term Debt	31,074	117,680	201,208
Other Financial liabilities	3,091	11,176	29,671
Loans at Fair Value	-	6,059	-
Liabilities from derivatives	-	2,049	3,504
Short-term Debt	67,322	-	-
Trade Liabilities	24,293	-	-
Other liabilities	22,841	-	-
Total	**148,621**	**136,964**	**234,383**

The corresponding maturity of financial liabilities for 31 December 2013 was as follows:

	31.12.2013		
	Short-term	**Long-term**	
	0 - 12 months	**1 - 5 years**	**over 5 years**
Long-term Debt	34,744	128,667	161,437
Other Financial liabilities	2,879	11,886	23,331
Loans at Fair Value	-	5,059	-
Liabilities from derivatives	-	1,104	1,216

(All amounts in thousand Euro, unless stated otherwise)

Short-term Debt	36,914	-	-
Trade Liabilities	28,412	-	-
Other liabilities	19,498	-	-
Total	**122,447**	**146,716**	**185,984**

The above contractual maturities reflect the gross cash flows, which may differ from the book values of liabilities during the end of the reporting period.

PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

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

	31.12.2014	**31.12.2013**
Non- current assets:		
Loans and receivables – Other long-term receivables	10,956	10,685
Financial assets available for sale – Other investments	1,886	1,882
	12,842	**12,567**
Current assets:		
Loans and receivables – Trade receivables	52,769	46,953
Loans and receivables – Prepayments and other receivables	35,770	31,219
Cash & cash equivalents	168,803	124,630
	257,342	**202,802**
Total	**270,184**	**215,369**

	31.12.2014	**31.12.2013**
Long-term liabilities:		
Liabilities measured at amortized cost – Long-term loans	318,888	290,104
Liabilities measured at amortized cost – Other long-term liabilities	40,847	35,217
Liabilities measured at fair value – Long-term loans	6,059	5,059
Liabilities measured at fair value – Liabilities from derivatives	5,553	2,320
	371,347	**332,700**
Short-term liabilities:		
Liabilities measured at amortized cost – Suppliers	21,587	25,352
Liabilities measured at amortized cost – Short-term loans	67,322	36,914
Liabilities measured at amortized cost – Long-term liabilities payable in the next period	34,165	37,623
Liabilities measured at amortized cost – Accrued and other short-term liabilities	22,841	19,498
	145,915	**119,387**
Total	**517,262**	**452,087**

See notes 3c, 3d for a more detailed description on how the category of financial instruments affects their subsequent valuation.

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The long-term loan of 6,058 thousand euro and the financial derivatives are the only financial instruments which are measured at fair value during 31/12/2014. The 2014 results include an amount of € 2,299 thousand concerning this loan, while the total fair value change of derivatives, namely € 4,072 thousand, has been registered in the cash flow hedging reserves.
The group has adopted the revision of IFRS 7 regarding the hierarchy of items measured at fair value in the following levels:

- Level 1: Market prices on an active market
- Level 2: Prices from valuation models based on observable market data
- Level 3: Prices from valuation models that are not based on observable market data

The liability from the long-term loan of € 6,058 thousand is included in level 2. The fair value of the loan is determined using a valuation technique. This evaluation is based both on data observable in the market and on data that are not directly observable, such as the estimation of the future Euro zone inflation rate excluding tobacco. In case of a reasonable change in the valuation model's data regarding the specific loan (inflation rate), the fair value would not change significantly. This is due to the fact that the loan agreement states that the loan payments do not change given that the inflation rate fluctuates within a specific range.
The financial derivatives are included in level 2, as the measurement of their fair value is performed with reference to the market yield curves.

34 POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

The aims of the Group regarding the management of its capital is as follows:

- to ensure the ability of the Group to continue its activity (going-concern) and
- to secure a satisfactory return for its shareholders by pricing products and services according to their level of risk.
- to fulfill its contraction obligations as regards to specific debt agreements.
- to ensure it meets the minimum requirements set by law regarding the undertaking of contractual constructions.

The Group 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 Group finances the construction of Wind Parks and other projects through a mix of equity, bank debt and government grants. For this purpose, the Group monitors the ratio of Bank Debt to Total Employed Capital.

Total Employed Capital is defined as total equity, bank debt, titles issued in the context of the tax equity investment (Note 20), the repayment of which follows the servicing of the primary debt of the respective Wind Parks and is applied only to the extent that the required performance is achieved from their operation, and government grants decreased by the amount of cash that has not been blocked for any reason.

The ratio at the end of 2014 and 2013 was as follows:

Amounts in thousand €	**31.12.2014**	**31.12.2013**
Bank debt	423,343	366,821
Total equity	338,245	350,978
Bank debt	423,343	366,821
Financial liabilities from secondary titles	43,938	38,096
Grants	265,833	271,376
Minus: Cash and Deposits	(69,812)	(60,062)
Capital	**1,001,547**	**967,209**
Bank Debt / Total Employed Capital	**42%**	**38%**

The Group has satisfied all its significant contractual obligations that emanate from loan agreements.

35 EXISTING COLLATERAL ASSETS

There are no mortgage liens on the Group's property.

36 SIGNIFICANT EVENTS DURING THE PERIOD

During the financial year 2014, the following were issued:

- 9 new Production Licenses with capacity 288.9 MW,
- 2 License amendments concerning the increase of capacity by 14MW in two existing projects,
- 4 new Installation Licenses with total capacity of 57.7 MW.

Moreover, during the year 2014 the construction of 7 wind parks was completed with total 118.1MW capacity, and new Operation Licenses of total 53.9MW capacity were issued.

In Poland, the Group proceeded with the acquisition of three companies which hold installation licenses of Wind Parks with a total 16MW capacity, whereas during August 2014 operations commenced in a wind park with 12MW capacity.

Furthermore, the Group entered into a new business, the trading of electric energy, via the acquisition of a company in Serbia and the establishment of a company in FYROM.

(All amounts in thousand Euro, unless stated otherwise)

Following its selection as the preferred bidder of the relevant auction in 2013, the Group signed an agreement with the Periphery of Peloponnese for the "Total Waste Management of the Peloponnese Periphery via SDIT (PPP)". The contractual agreement has been submitted to the Court of Audit.

Finally, the Group signed an agreement for the project "Study, financing, installation, operational support, maintenance and technical administration of the unified automatic system for the collection of ticket payments for the companies of the Group OASA through SDIT". The project will be implemented in partnership with the Korean Group LG CNS.

The total unexecuted backlog towards third parties as of 31 December 2014 amounted to € 95.4 million.

37 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In the beginning of 2015, the operation licenses of 2 wind parks in Greece, of total 40.2MW capacity, were issued. The Group commenced the construction of 3 wind parks in Poland, of total 16MW capacity.

38 CONTINGENT LIABILITIES

During the execution of projects, the Group may face contingent legal claims by third parties. According to the Management, as well as the legal counselor of the Group there are no cases under litigation or arbitration.

The Chairman of the Board	The Chief Executive Officer	The Chief Financial Officer
George Peristeris	Emmanuel Maragoudakis	Vasileios Delikaterinis
ID No. AB 560298	ID No. AB 986527	ID No. AI 036060

V. DATA AND INFORMATION FOR THE PERIOD 1.1-31.12.2014

TERNA ENERGY SA

S.A. Reg. No. 318/06/B/86/28

85 Mesogeion Ave., 11526 Athens Greece

DATA AND INFORMATION FOR THE FINANCIAL PERIOD FROM 01/01/2014 TO 31/12/2014

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 have been derived from the financial statements, aim at providing general information on the financial position and results of TERNA ENERGY SA and its Group. Therefore, before proceeding with any kind of investment choice or other transaction with the company or group, readers should refer to the company's website where the financial statements are posted as well as the audit report by the legal auditor, when applicable.

COMPANY INFORMATION

Relevant Authority:	General Secretariat of Commerce
Board of Directors' Composition:	Georgios Peristeris (chairman), Georgios Perdikaris (vice-chairman), Emmanuel Maragoudakis (CEO), Georgios Spyrou (executive director), Michael Gourzis & Panagiotis Pothos (executive members), Theodoros Tagas (non-executive member), Aristeidis Ntasis & Nikolaos Kalamaras (independent non executive members).
Approval Date of the annual Financial Statements (from which the condensed data were derived):	27 March 2015
Legal Auditor:	Deligiannis Georgios (SOEL Reg. No. : 15791)
Auditing Firm:	GRANT THORNTON SA (SOEL Reg. No.: 127)
Type of audit report by Legal Auditor:	Without reservation
Company Website:	www.terna-energy.com

STATEMENT OF FINANCIAL POSITION (Consolidated and Non-Consolidated)
Amounts in thousand euro

	GROUP 31/12/2014	GROUP 31/12/2013	COMPANY 31/12/2014	COMPANY 31/12/2013
ASSETS				
Self used tangible fixed assets	806.873	770.109	110.339	123.132
Investment property	575	785	575	785
Other non-current assets	23.594	23.532	251.649	252.319
Intangible assets	30.091	28.524	1.318	1.449
Inventories	2.464	4.027	2.113	3.575
Trade receivables	56.399	49.811	47.119	41.590
Cash & cash equivalents	168.803	124.630	54.037	37.385
Other current assets	51.475	87.052	26.362	20.447
TOTAL ASSETS	**1.140.274**	**1.088.470**	**493.512**	**480.682**
EQUITY & LIABILITIES				
Share capital	32.794	32.794	32.794	32.794
Other items of Shareholders' Equity	302.405	315.550	285.215	300.970
Total Shareholders' Equity (a)	**335.199**	**348.344**	**318.009**	**333.764**
Non-controlling interests	3.046	2.634	0	0
Total Equity (b)	**338.245**	**350.978**	**318.009**	**333.764**
Long-term bank liabilities	324.947	295.163	55.615	51.333
Provisions/Other-long-term liabilities	325.028	317.636	46.588	48.296
Short-term bank liabilities	98.396	71.658	44.316	10.280
Other-short-term liabilities	53.658	53.035	28.984	37.009
Total liabilities	**802.029**	**737.492**	**175.503**	**146.918**
TOTAL EQUITY & LIABILITIES	**1.140.274**	**1.088.470**	**493.512**	**480.682**

STATEMENT OF COMPREHENSIVE INCOME (Consolidated and Non-Consolidated)
Amounts in thousand euro

	GROUP 1/1-31/12/2014	GROUP 1/1-31/12/2013	COMPANY 1/1-31/12/2014	COMPANY 1/1-31/12/2013
Turnover	158.251	139.595	76.192	75.479
Gross profit / (losses)	49.698	48.420	15.751	14.603
Earnings/(Loss) before interest and tax (EBIT)	43.512	35.299	9.373	6.083
Earnings/(Loss) before tax	12.172	9.895	1.582	1.632
Earnings/(Loss) after tax (A)	5.847	4.355	(885)	344
Allocated to:				
Company Shareholders	5.551	4.101		
Minority Shareholders	296	254		
	5.847	4.355		
Other comprehensive income after taxes (B)	(4.010)	1.882	(188)	188
Total comprehensive income after taxes (A+B)	1.837	6.237	(1.073)	532
Allocated to:				
Company Shareholders	1.541	5.983		
Minority Shareholders	296	254		
	1.837	6.237		
Earnings/(Losses) after tax per share - basic (in €)	0,0512	0,0376	0,0031	0,0456
Proposed dividend per share (in €)				
Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)	**74.070**	**63.357**	**15.749**	**11.661**

STATEMENT OF CHANGES IN EQUITY (Consolidated and Non-Consolidated)
Amounts in thousand euro

	GROUP 31/12/2014	GROUP 31/12/2013	COMPANY 31/12/2014	COMPANY 31/12/2013
Total equity at beginning of period (01/01/2014 and 01/01/2013)	350.978	362.977	333.764	351.514
Total earnings after taxes (continuing and interrupted operations)	1.837	6.237	(1.073)	532
	352.815	**369.214**	**332.691**	**352.046**
Return of share capital	(9.839)	(9.380)	(9.839)	(9.380)
Increase/(decrease) of share capital of subsidiary	123	52		
Distributed dividends	0	0	0	0
Purchases of treasury shares	(4.903)	(8.902)	(4.903)	(8.902)
Transfers - other movements	49	(6)	60	0
Total equity at end of period (31/12/2014 and 31/12/2013)	**338.245**	**350.978**	**318.009**	**333.764**

STATEMENT OF CASH FLOWS (indirect method) (Consolidated and Non-Consolidated)
Amounts in thousand euro

	GROUP 1/1-31/12/2014	GROUP 1/1-31/12/2013	COMPANY 1/1-31/12/2014	COMPANY 1/1-31/12/2013
Operating activities				
Profit before tax	12.172	9.895	1.582	1.632
Plus/less adjustments for:				
Depreciation	41.240	36.337	8.256	8.300
Provisions	512	6.700	200	2.462
Interest income and related income	(1.969)	(3.180)	(2.601)	(4.020)
Interest expenses and related expenses	33.309	28.584	10.392	8.471
Results from intangible and tangible assets and investment property	210	138	210	138
Amortization of grants	(8.987)	(8.726)	(1.880)	(2.722)
Foreign exchange differences	(1.695)	447	0	0
Operating profit before changes in working capital	**74.792**	**70.195**	**16.159**	**14.261**
Plus/Less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	1.564	(723)	1.462	(616)
Decrease / (increase) in receivables	(18.207)	(15.668)	(5.887)	(6.922)
(Decrease) / increase in liabilities (other than to banks)	8.198	(4.002)	(6.622)	(11.122)
(Less):				
Taxes paid	(7.054)	(5.693)	(2.772)	(2.231)
Total inflows / (outflows) from operating activities (a)	**59.293**	**44.109**	**2.340**	**(6.630)**
Investing activities				
Purchases of tangible & intangible assets	(58.130)	(35.959)	(1.632)	(1.088)
Grants received	44.306	91.067	420	14.305
Interest received	2.365	2.579	4.081	2.646
Net change in loans granted	6.862	3.948	16.888	24.932
(Purchases)/sales of participations and securities	15	(1.901)	(17.007)	11.885
Increase of investments in associate company	0	0	0	0
Total inflows / (outflows) from investing activities (b)	**(4.582)**	**59.734**	**2.750**	**52.680**
Financing activities				
Return of share capital	(11.661)	(9.375)	(11.461)	(9.375)
Decrease of share capital of subsidiary	0	0	0	0
Purchases of treasury shares	(4.903)	(8.902)	(4.903)	(8.902)
Net change in long-term loans	1.336	5.549	588	(13.802)
Net change in short-term loans	29.966	(57.361)	37.048	2.079
Dividends paid	0	0	0	0
Interest and related expenses paid	(23.800)	(23.317)	(9.710)	(6.221)
Change in financial liabilities	(1.340)	(12.239)	0	0
Change in other financial assets	0	0	0	0
Total inflows / (outflows) from financing activities (c)	**(10.402)**	**(105.645)**	**11.562**	**(36.221)**
Effect of FX differences on cash equivalents	(136)	(346)	0	0
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**44.173**	**(2.148)**	**16.652**	**9.829**
Cash and cash equivalents at the beginning of the period	**124.630**	**126.778**	**37.385**	**27.556**
Cash and cash equivalents at the end of the period	**168.803**	**124.630**	**54.037**	**37.385**

ADDITIONAL DATA AND INFORMATION

1. There was no change in the accounting policies and estimations, and there is no case for correction of accounting errors or reclassification of accounts in the financial statements.
2. The Basic Accounting Principles of the financial statements as of 31/12/2013 have been followed.
3. The group during the present period employed 157 individuals. For the respective period of 2013 the group employed 181 individuals. During the present period the company employed 131 individuals, while during the respective period of the previous year the company employed 161 individuals.

4. The Company has been audited by the tax authorities up to fiscal year 2008 included. Note No 4 of the financial statements refers to the tax un-audited fiscal years of the consolidated entities.
5. Earnings per share were calculated based on the weighted average number of shares.
6. The financial statements of the group are included in the consolidated financial statements of GEK TERNA SA, consolidated with the full consolidation method. The aforementioned parent company is registered in Greece and on 31/12/2014 owned 41.212% of the company's share capital.

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:

	GROUP	COMPANY
a) Sales of goods and services	13.604	38.036
b) Purchases of goods and services	941	879
c) Receivables	6.715	65.145
d) Liabilities	6.148	13.236
e) Transactions & remuneration of Board members and executives	1.288	550
f) Receivables from Board members and executives	0	0
g) Liabilities to Board members and executives	360	23

8. The provisions of the company and group are analyzed as follows:

	GROUP	COMPANY
Provisions for restoration of natural environment	7.741	650
Other Provisions	1.000	846

9. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that were consolidated in the financial statements of 31/12/2014 are mentioned in detail in Note 4 of the financial statements.
10. As of 31 December 2014, the following companies were consolidated for the first time via the full method, in the consolidated financial statements in comparison with the previous financial year.

Company Name	Percentage	Country	Date	Activity
TERNA ENERGY TRADING LTD	51%	Cyprus	Establishment 24/4/2014	Holding
JP GREEN sp.z.o.o.	100%	Poland	Acquisition 21/5/2014	Energy production from RES
WIRON sp.z.o.o.	100%	Poland	Acquisition 21/5/2014	Energy production from RES
BALLADYNA sp.z.o.o.	100%	Poland	Acquisition 1/10/2014	Energy production from RES
TETRA DOOEL SKOPJE	51%	FYROM	Acquisition 25/7/2014	Trading of electric energy
PROENTRA D.O.O BEOGRAD	51%	Serbia	Acquisition 6/7/2014	Trading of electric energy

11. The amounts and nature of other comprehensive income/(expenses) after taxes, are analyzed as follows:

	GROUP 31/12/2014	COMPANY 31/12/2014
Foreign exchange differences from conversion of incorporated foreign operations	(637)	0
Actuarial income/losses from defined benefit plans	125	114
Expenses for capital increase	(121)	(260)
Income / expenses from hedging of cash flow risk	(4.072)	(108)
Tax on items transferred directly to or from equity	695	66

12. The number of treasury shares owned by the company on 31 December 2014 corresponded to 2,383,843 shares with a total acquisition cost of 6,171 thous. €.
13. No sector or company has ceased operations.

Athens, 27 March 2015

THE CHAIRMAN OF THE BOARD	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER	THE HEAD ACCOUNTANT
GEORGIOS PERISTERIS ID No. : AB 560298	EMMANUEL MARAGOUDAKIS ID No.: AB 986527	DELIKATERINIS VASILIOS ID No.: AI 036060	NIKOLAOS MANAVERIS ID No.:AE 567798 License Reg. No. A' CLASS 9674

The annual financial statements of the Group and Company, as well as the financial statements of the consolidated companies, the audit report by the Certified Auditor Accountant and the Reports by the Board of Directors for the financial year ended on the 31st December 2014 have been posted on the Company's website, http://www.terna-energy.com