Société Anonyme Industrial Commercial Technical Company

85 Mesogeion Ave., 115 26 Athens, Greece

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

General Electronic Commercial Registry (GEMI) 312701000

SEMI-ANNUAL FINANCIAL REPORT

For the period

January 1st to June 30th 2016

According to article 4 of L. 3556/2007 and the relevant executive Decisions by the Board of the Hellenic Capital Market Commission and International Accounting Standard 34

CONTENTS

(Amounts in thousand Euro, unless stated otherwise)

1. STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS

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

We

1. George Peristeris, Chairman of the Board
2. Emmanuel Maragoudakis, Managing Director
3. Vasilios Delikaterinis, Executive Member of the Board

STATE THAT

To the best of our knowledge:

a. The semi-annual financial statements of the company TERNA ENERGY SA for the period from January 1st 2016 to June 30th 2016, which were prepared in accordance with the accounting standards in effect, give a true picture of the assets, liabilities, the shareholders' equity and the results of the Company, as well as of the companies included in the consolidation and considered aggregately as a whole, according to those stated by paragraphs 3 to 5 of article 5 of L. 3556/2007, and

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

Athens, 02 September 2016

Georgios Peristeris	Emmanuel Maragoudakis	Vasilios Delikaterinis
Chairman of the Board	Managing Director	Executive Board Member

2. REVIEW REPORT OF INTERIM FINANCIAL INFORMATION

To the Shareholders of TERNA ENERGY S.A.

Introduction

We have reviewed the accompanying separate and consolidated condensed statement of financial position of the Company TERNA ENERGY S.A. as at 30 June 2016, the relative separate and consolidated condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes, that constitute the condensed interim financial information, which is an integral part of the six-month financial report under the L. 3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information, in accordance with International Financial Reporting Standards, as adopted by the European Union and which apply to Interim Financial Reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

From the above review we ascertained that the content of the provided by the article 5 of L. 3556/2007 six-month financial report is consistent with the accompanying condensed interim financial information.

Athens, 5 September 2016

Certified Public Accountant Auditor

Pavlos Stellakis
SOEL Reg. No: 24941

Grant Thornton
An instinct for growth™

Ορκωτοί Ελεγκτές Σύμβουλοι Επιχειρήσεων
Ζεφύρου 56, 17564 Παλαιό Φάληρο
Α.Μ. ΣΟΕΛ 127

3. SEMI-ANNUAL REPORT BY THE BOARD OF DIRECTORS of the Société Anonyme Company "TERNA ENERGY S.A." for the period 01.01 – 30.06.2016

The present Semi-Annual Report of the Board of Directors concerns the period 1 January – 30 June 2016. It is prepared and in line with the provisions of article 5 of Law 3556/2007 as well as the related executive decisions of the Board of Directors of the Capital Markets Commission.

A. Financial Developments & Performance for the Period

The first half of 2016 was characterized by the continuous efforts concerning the adjustment and stabilization of the Greek economy into the new framework consisting of the attempted political changes and the measures imposed by the "Institutions". Such efforts will (a) assist the country to fulfill its obligations against the creditors, (b) make possible the lifting of capital controls and assist the return of Greece to the financial markets, and (c) create normal economic conditions and the appropriate conditions for the return to economic growth.

The sector of RES, in which our company activates, contributes significantly to the achievement of the above goals, whereas on international level it constantly facilitates the sustainable growth of the global economy, boosting at the same time its prospects. The continuous and satisfactory growth of the sector on global scale is a strong proof of its dynamics and makes RES sector a significant growth catalyst over the long-run.

In this context, TERNA ENERGY continues to dynamically invest in the Renewable Energy Sources (RES) sector, having already set in operation 738 MW in Greece and abroad. Specifically, the company has already installed 468 MW in Greece, 138 MW in the USA, 102 MW in Poland and 30 MW in Bulgaria. At the same time, the Group has RES installations currently under construction or ready for construction with a capacity of 242 MW, in Greece and abroad. Overall, the Company operates, is constructing or has full licensing of 980 MW of RES installations in Europe and America.

For the 1st half of 2016, the Group's consolidated sales amounted to 93.8 mil euro compared to 85.4 mil euro during the 1st half of 2015, posting a 9.8% increase mainly due to increased income from construction and electricity trading. Operating profit (EBITDA) amounted to 48 mil euro compared to 46.7 mil euro the 1st half of 2015, thus increased by 2.8% due to the higher installed capacity. Earnings before tax amounted to 10.4 mil euro, decreased by 37.7% compared to same period of the previous year. Earnings after tax and minority interest amounted to 5.3 mil euro posting a 53.1% reduction.

As regards to the results of the individual sectors: The energy sector generated sales of 66.5 mil euro, posting a 0.4% reduction compared to the 1st half of 2015, while operating profit (EBITDA) amounted to 47.2 mil euro, posting an decrease of 1.5% compared to the respective period of the previous year. It is worth noting that the net revenues of the Company were adversely affected by the especially low in terms of wind generation second quarter of 2016, which significantly deviates from the Company's long-term forecasts.

The sector of electricity trading generated revenues of 16.4 million euro, posting an increase by 28.1% compared to the first half of 2015. Operating profit before depreciation (EBITDA) of the sector amounted to 0.3 million euro versus 0.1 million euro of operating losses in the first half of 2015.

TERNA ENERGY's construction activity towards third parties presented sales of 10.6 mil euro, posting an 82.8% increase versus the 1st half of 2015. Operating profit (EBITDA) of the sector amounted to 0.6 mil euro compared to 1.1 mil euro of operating losses in the same period of the previous year. The backlog of construction projects towards third parties at the end of the 1st half of 2016 amounted to 67.3 mil euro.

The Group's financial position remains satisfactory, as its cash & cash equivalents amounted to 164.2 mil euro, while bank debt amounted to 536 mil euro, resulting in a net debt position (cash minus bank debt) at the level of 371.8 mil euro.

The investments of the TERNA ENERGY Group amounted to 69.5 million euro during the first half of the current year. The company's ongoing investment activity sets the grounds to stabilize a significant flow of revenue and profitability on a long-term basis.

B. Significant Events during the first half of the financial year

At the end of the First Half of 2016, the trial operation of the wind park of TERNA ENERGY AI GIORGIS SA commenced.

C. Outlook, risks and uncertainties for the second half of the financial year

The outlook for TERNA ENERGY Group during the second half of the year is stable given that:

a) the construction of new RES is to be completed, while
b) new investments, which will soon be incorporated in the construction plan, are at a mature stage as regards to licensing and financing.

The continuation of capital controls in the domestic economy as well as the possible difficulties in implementing the Greek economy's restructuring program, may lead to a deceleration of the Group's investment plan in the Greek region. However, the significant activity of the Group in the foreign markets, and especially in North America, contributes to the dispersion of the relative risks and balances the effect from the above unfavorable domestic developments on the Group's financial performance.

The possible delay of the country to enter into an economic recovery course may affect the activities of the Company as follows:

1. Delays or postponement of the Company's investment plan in Greece.
2. Stabilization of the transaction terms with the suppliers of imported equipment (which represents the largest percentage in the investment budget of the Company) due to the ongoing crisis climate and their unwillingness to co-operate with Greek banks for as long as capital controls continue to be in effect.

The above scenarios, if verified, may temporarily affect the efficiency and effectiveness of the Company's domestic activity.

The Management's stance is that the developments in the Greek economy are not predictable and it is not possible to assess which of the above developments will have the greatest effect on the operation, the financial performance, the cash flows and the Group's financial position. However taking into consideration all the above, the Management takes all necessary actions for the smooth operation of the Company in the Greek area by constantly monitoring and assessing all potential risks that may arise in future. In close, constant and systematic cooperation with the Group's senior managerial staff, the Management plans and applies measures in order to face any detected risks and minimize their effect to the largest possible degree.

The Group despite the ongoing economic crisis, at the reporting date of the semi-annual Consolidated Financial Statements" maintains a satisfactory capital adequacy, profitability and liquidity, and continues to be fully consistent with regard to its obligations towards suppliers, Greek State, social security funds, creditors, etc.
Moreover, the Management's view is that for the second half of 2016, the credit risk concerning the receivables from the energy sector for both the parent company and the other Greek based companies of the Group is relatively limited.

The Company remains exposed to short-term fluctuations of wind and hydrologic data, which however do not affect the long-term efficiency of its projects, as prior to the implementation of the investments extensive studies take place as regards to the long-term behavior of such factors.

The construction sector of TERNA ENERGY is subject to significant fluctuations, both as regards to turnover and as regards to the profitability of each construction project, due to increased volatility of the backlog of construction contracts towards third parties, which are significantly affected by the pace at which new projects are included in the country's Public Projects Program.

During the period from the end of the first half of 2016 and until today, no significant loss has been realized nor any possibility for such a loss.

(Amounts in thousand Euro, unless stated otherwise)

D. Transactions with related parties

Related parties according to I.A.S. 24 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 is supplied with goods and services from its related companies, while it also supplies goods and services to such.

Transactions and balances for the period that ended on 30.06.2016 are as follows:

TERNA ENERGY SA				
	SALES	**PURCHASES**	**RECEIVABLE**	**LIABILITY**
SUBSIDIARIES				
IWECO CHONOS LASITHI CRETE SA	75,000	79,358	11,298	3,382,237
TERNA ENERGY EVROU SA	160,000	249,775	-	18,282,633
PPC RENEWABLES – TERNA ENERGY SA	-	-	395,150	-
ENERGIAKI SERVOUNIOU SA	144,842	733,521	252,414	24,603,845
AIOLIKI PANORAMATOS DERVENOCHORION SA	239,432	-	2,757,044	-
AIOLIKI ILIOKASTROU SA	100,000	-	62,000	-
AIOLIKI RACHOULAS DERVENOCHORION SA	108,000	-	3,166,960	-
ENERGIAKI DERVENOCHORION SA	117,500	-	-	1,720,000
ENERGIAKI FERRON EVROU SA	65,000	-	90,300	-
AIOLIKI DERVENI TRAIANOUPOLEOS SA	140,333	18,992	1,175,483	-
AIOLIKI PASTRA ATTIKIS SA	344,239	-	8,480,680	-
ENERGIAKI XIROVOUNIOU SA	208,055	-	6,442,041	-
TERNA ENERGEIAKI – AI GIORGIS SA	26,796,425	-	60,959,771	-
VATHYCHORI DYO ENERGEIAKI	-	-	2,320,344	-
VATHYCHORI ENA PHOTOVOLTAIC SA	188,382	-	2,581,438	-
EUROWIND SA	107,500	91,131	66,650	3,101,604
ENERGIAKI NEAPOLOEOS LAKONIAS SA	-	-	-	2,300,000
TERNA ENERGY OVERSEAS LTD	-	-	79,274	-
DELTA AXIOU ENERGEIAKI SA	346,600	-	857,260	-
ALISTRATI ENERGY LTD	-	-	37,877	-
VATHYCHORI PERVALLONTIKI SA	-	-	29,405	-
ENERGEIAKI PELOPONNISOU S.A.	-	-	20,000	-
CHRYSOUPOLI ENERGEIAKI LTD	-	-	18,112	-
ORCHOMENOS ENERGEIAKH LTD	-	-	7,768	-
MALESINA ENERGEIAKH LTD	-	-	8,453	-
LAGADAS ENERGEIAKH SA	-	-	9,163	-
GEOTHERMIKI ENERGEIAKH ANAPTYXIAKI SA	-	-	3,218	-

(Amounts in thousand Euro, unless stated otherwise)

TERNA ENERGY SA				
	SALES	**PURCHASES**	**RECEIVABLE**	**LIABILITY**
PERIVALLONTIKI PELOPONNISOU M. SA	-	-	2,241,914	-
TERNA AIOLIKI XEROVOUNIOU SA	-	-	2,981	-
TERNA ILIAKI ILIOKASTROU S.A.	-	-	980	-
TERNA ILIAKI VOIOTIAS SA	121,000	-	191,394	-
TERNA ILIAKI PANORAMATOS SA	583,789	-	2,698,299	-
TERNA ILIAKI PELOPONNISOU SA	1,101,200	-	1,586,219	-
FILOTAS ENERGEIAKI S.A.	-	-	1,339	-
DIRFYS ENERGEIAKI S.A.	-	-	1,325	-
DOMOKOS ENERGEIAKI S.A.	-	-	1,339	-
HST AE	-	-	8,836	-
VALE PLUS LTD	-	-	988,000	-
General and Limited Partnerships	-	-	578,594	-
PARENT				
GEK TERNA SA	-	94,125	-	1,733,638
OTHER RELATED PARTIES				
TERNA SA	49,912	33,946	26,956	178,440
Joint ventures in which TERNA SA participates	8,907,306	-	10,838,811	6,037,305
GEK YPIRESIES SA	-	7,320	-	7,515
EKTONON SA	-	479	10,010	10,081
VIPA THESSALONIKIS SA	-	12,600	-	2,176
HERON THERMOELECTRIC SA	-	74,396	18,660	86,920
TERNA MAG SA	15,000	-	18,450	-

Regarding the above transactions, the following clarifications are provided:

a) Sales of TERNA ENERGY SA to:

- to “IWECO CHONOS SA” of 75,000 euro concerning RES maintenance services.
- to “TERNA ENERGY EVROU SA” of 160,000 euro concerning RES maintenance services.
- to “ENERGEIAKI SERVOUNIOU SA” of 144,842 euro of which 130,000 euro concern RES maintenance services and 14,842 euro concern interest income.
- to “AIOLIKI PANORAMATOS DERVENOCHORION SA” of 239,432 euro of which 180,000 euro concern RES maintenance services, 20,682 euro interest income and 38,750 euro concern construction services.
- to “AIOLIKI ILIOKASTROU SA” of 100,000 euro for RES maintenance services.
- to “AIOLIKI RACHOULAS DERVENOCHORION SA” of 108,000 euro for RES maintenance services.

- to “ENERGIAKI DERVENOCHORION S.A.” of 117,500 euro concerning RES maintenance services.
- to “ENERGIAKI FERRON EVROU S.A.” of 65,000 euro concerning RES maintenance services.
- to “AIOLIKI DERVENI TRAIANOUPOLEOS SA” of 140,333 euro of which 110,000 euro concern RES maintenance services and 30,333 euro concern interest income.
- to “AIOLIKI PASTRA ATTIKIS” of 344,239 euro of which 100,000 euro concern RES maintenance services and 244,239 euro concern interest income.
- to “ENERGEIAKI XIROVOUNIOU” of 208,055 euro of which 45,500 euro concern RES maintenance services and 162,555 euro concern interest income.
- to “TERNA ENERGEIAKI – AI GIORGIS SA” of 23,796,425 euro of which 25,767,644 euro concern construction services and 1,028,781 concern interest income.
- to “VATHYCHORI ENA PHOTOVOLTAIC SA” of 188,382 euro of which 125,000 euro concern RES maintenance services and 63,382 euro concern interest income.
- to “EUROWIND SA” of 107,500 euro concerning RES maintenance services.
- to “DELTA AXIOU ENERGEIAKI SA” of 346,600 euro for construction services.
- to “TERNA ILIAKI VOIOTIAS SA” of 121,000 euro concerning construction services.
- to “TERNA ILIAKI PANORAMATOS SA” of 583,789 euro of which 560,122 euro concern construction services and 23,667 euro concern interest income.
- to “TERNA ILIAKI PELOPONNISOU SA" of 1,101,200 euro concerning construction services.
- to “TERNA SA” of 49,912 euro concerning leasing of machinery.
- to Joint Ventures which TERNA SA participates in, of 8,970,306 euro, concerning construction services.
- to “TERNA MAG SA” of 15,000 euro concerning gains from sale of machinery.

b) Purchases of TERNA ENERGY SA:

- from “IWECO-CHONOS S.A.” of 79,358 euro concerning interest expenses.
- from “TERNA ENERGY EVROU S.A.” of 249,775 euro concerning interest expenses.
- from “ENERGEIAKI SERVOUNIOU SA” of 733,521 euro for interest expenses.
- from “AIOLIKI DERVENI TRAIANOUPOLEOS SA” of 18,992 euro concerning loss from sale of fixed assets.
- from “EUROWIND S.A.” of 91,131 euro concerning interest expenses.
- from “GEK TERNA SA” of 94,125 euro of which 86,125 euro concern leasing of buildings and 8,000 euro other expenses.
- from “TERNA SA” of 33,946 euro, of which 2,542 euro concern purchase of machinery, 25,185 euro leasing of machinery, 3,675 euro purchase of materials and 2,544 euro concern other services.
- from “GEK SERVICES S.A.” of 7,320 euro concern for maintenance services.
- from “EKTONON SA” of 479 euro concerning other services.
- from “VIPATHE SA” of 12,600 euro concerning leasing of buildings.
- from “HERON THERMOELECTRIC SA” of 74,396 euro concerning purchases of electricity.

- Transactions with Board members

From the Board members, amount of 209,188 Euro, concerning the provision of services.

E. Treasury Shares

During the period 01.01.2016 – 30.06.2016, the Company bought back 1,189,863 shares with a purchase value of € 2,870,650. Total number of treasury shares held by the Company as of 30/06/2016 had reached 4,175,658 shares or 3.8% of the company's total share capital, with a total acquisition cost of € 10,632,215.

Athens, 2 September 2016

The Board of Directors

Georgios Peristeris
Chairman of the Board of Directors

4. INTERIM CONDENSED FINANCIAL STATEMENTS PARENT AND CONSOLIDATED OF 30 JUNE 2016

(1 JANUARY - 30 JUNE 2016)

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accompanying Interim Financial Statements were approved by the Board of Directors of TERNA ENERGY SA on 02/09/2016 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 Condensed Data and Information derived from the interim condensed financial statements, aim at providing the reader with certain general information on the financial position and results of the company and Group, but do not provide a full picture of the financial position, financial performance and cash flows of the company and Group in accordance with IFRS.

TERNA ENERGY GROUP
STATEMENT OF FINANCIAL POSITION
30 JUNE 2016
(All amounts are expressed in thousand Euro, unless stated otherwise)

		GROUP		COMPANY	
	Note	30-June 2016	31-Dec 2015	30-June 2016	31-Dec 2015
ASSETS					
Non-current assets					
Intangible assets	11	28,585	30,319	2,213	2,485
Tangible assets	10	896,190	858,667	98,563	100,264
Investment property		575	575	575	575
Participation in subsidiaries		-	-	250,163	246,182
Participations in associates		5,404	5,404	5,401	5,401
Participation in joint-ventures		-	-	127	127
Other long-term receivables		19,517	17,726	57,540	55,293
Receivables from derivatives	18	-	149	-	-
Financial Assets - Concessions	12	2,125	1,723	-	-
Other investments		1,886	1,886	1,928	1,886
Deferred tax assets		3,587	3,224	606	-
Total non-current assets		**957,869**	**919,673**	**417,116**	**412,213**
Current assets					
Inventories		3,626	2,882	3,226	2,493
Trade receivables		56,536	58,504	46,793	30,172
Receivables according to IAS 11		2,558	1,015	3,547	4,618
Prepayments and other receivables		76,653	61,357	28,560	13,681
Income tax receivables		1,244	3,218	9	2,541
Financial items at fair value through results	14	-	8,900	-	8,900
Cash and cash equivalents	13	164,187	166,739	29,068	38,045
Total current assets		**304,804**	**302,615**	**111,203**	**100,450**
TOTAL ASSETS		**1,262,673**	**1,222,288**	**528,319**	**512,663**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	15	32,794	32,794	32,794	32,794
Share premium	15	219,247	219,247	219,247	219,247
Reserves		31,362	33,965	17,303	19,925
Retained earnings		48,737	55,869	30,647	35,003
Total		**332,140**	**341,875**	**299,991**	**306,969**
Non-controlling interests		6,089	4,906	-	-
Total equity		**338,229**	**346,781**	**299,991**	**306,969**
Long-term liabilities					
Long-term loans	17	387,991	393,581	116,259	109,534
Other financial liabilities	16	47,053	46,586	-	-
Liabilities from derivatives	18	6,467	4,743	598	558
Other provisions	19	9,137	8,879	980	963
Provision for staff indemnities	19	421	390	392	366
Grants	20	229,562	236,239	19,946	20,885
Deferred tax liabilities		8,176	8,795	-	1,658

TERNA ENERGY GROUP
STATEMENT OF FINANCIAL POSITION
30 JUNE 2016

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

		GROUP		COMPANY	
	Note	30-June 2016	31-Dec 2015	30-June 2016	31-Dec 2015
Other long-term liabilities		13	983	-	-
Total long-term liabilities		**688,820**	**700,196**	**138,175**	**133,964**
Short-term liabilities					
Suppliers		23,939	26,498	16,776	11,746
Short-term loans	17	108,136	51,449	12,294	12,248
Long-term liabilities falling due in the next period	17	39,863	41,042	10,603	9,566
Long-term financial liabilities falling due in the next period	16	2,745	2,802	-	-
Liabilities according to IAS 11		8,054	4,567	11,150	4,750
Accrued and other short-term liabilities		45,948	45,234	37,447	33,420
Income tax payable		6,939	3,719	1,883	-
Total short-term liabilities		**235,624**	**175,311**	**90,153**	**71,730**
Total liabilities		**924,444**	**875,507**	**228,328**	**205,694**
TOTAL LIABILITIES AND EQUITY		**1,262,673**	**1,222,288**	**528,319**	**512,663**

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

TERNA ENERGY GROUP
STATEMENT OF COMPREHENSIVE INCOME
30 JUNE 2016
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Note	GROUP		COMPANY	
		1.1 – 30.6 2016	**1.1 – 30.6 2015**	**1.1 – 30.6 2016**	**1.1 – 30.6 2015**
Continued activities					
Turnover		93,815	85,358	47,317	27,054
Cost of sales		(64,904)	(55,929)	(35,592)	(19,288)
Gross profit		**28,911**	**29,429**	**11,725**	**7,766**
Administrative & distribution expenses		(5,909)	(5,735)	(2,632)	(3,517)
Research & development expenses		(746)	(1,465)	(745)	(1,449)
Other income/(expenses)	21	5,502	7,996	2,349	1,223
Operating results		**27,758**	**30,225**	**10,697**	**4,023**
Financial income/(expenses)		(17,347)	(13,510)	(3,306)	(719)
EARNINGS BEFORE TAX		**10,411**	**16,715**	**7,391**	**3,304**
Income tax expense		(4,712)	(5,225)	(1,634)	(1,002)
Net earnings from continued activities		**5,699**	**11,490**	**5,757**	**2,302**
NET EARNINGS FOR THE PERIOD		**5,699**	**11,490**	**5,757**	**2,302**
Other income recognized directly in Equity from:					
Foreign exchange differences from incorporation of foreign units		(769)	417	-	-
Actuarial income/losses from defined benefit plans		-	(2)	-	-
Income/(expenses) from hedging of cash flows		(1,638)	1,115	(39)	20
Expenses of capital increase		(54)	(120)	-	(108)

TERNA ENERGY GROUP

STATEMENT OF COMPREHENSIVE INCOME

30 JUNE 2016

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

	Note	GROUP		COMPANY	
		1.1 – 30.6 2016	**1.1 – 30.6 2015**	**1.1 – 30.6 2016**	**1.1 – 30.6 2015**
Income tax recognized directly in Equity		179	(130)	11	23
Other income for the period net of income tax		**(2,282)**	**1,280**	**(28)**	**(65)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,417**	**12,770**	**5,729**	**2,237**
Net results attributed to:					
Shareholders of the parent from continued activities		5,256	11,322		
Non-controlling interests from continued activities		443	168		
		5,699	**11,490**		
Total income attributed to:					
Shareholders of the parent from continued activities		2,974	12,606		
Non-controlling interests from continued activities		443	164		
		3,417	**12,770**		
Earnings per share (in Euro)					
From continued activities attributed to shareholders of the parent		0.0498	0.1059		
Average weighted number of shares					
Basic		105,584,859	106,865,524		

TERNA ENERGY GROUP
STATEMENT OF CASH FLOWS
30ης ΙΟΥΝΙΟΥ 2016
(All amounts are expressed in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	1.1 – 30.6 2016	**1.1 – 30.6 2015**	**1.1 – 30.6 2016**	**1.1 – 30.6 2015**
Cash flow from operating activities				
Earnings for the period before tax	10,411	16,715	7,391	3,304
Adjustments for the agreement of net flows from operating activities				
Depreciation	25,018	24,443	4,101	4,115
Provisions	26	222	22	49
Impairments	300	-	205	-
Interest and related income	(683)	(1,076)	(1,673)	(846)
Interest and other financial expenses	18,030	14,586	4,979	1,565
Results from intangible and tangible assets. and from investment property	-	-	20	-
Results from participations and securities	(717)	-	(1,112)	-
Amortization of grants	(5,398)	(5,428)	(939)	(939)
Foreign exchange differences	1,366	(2,522)	-	-
Operating profit before working capital changes	**48,353**	**46,940**	**12,994**	**7,248**
(Increase)/Decrease in:				
Inventories	(744)	(244)	(733)	(237)
Trade receivables	(1,774)	1,886	(15,591)	(4,842)
Prepayments and other short term receivables	(18,228)	(2,037)	(13,083)	(932)
Increase/(Decrease) in:				
Suppliers	(2,559)	(3,572)	5,596	(1,861)
Accruals and other short term liabilities	4,201	(5,688)	5,655	(464)
Other long-term receivables and liabilities	(1,796)	323	(83)	4
Income tax payment	(1,728)	(1,917)	(879)	(346)
Net cash inflow from operating activities	**25,725**	**35,691**	**(6,124)**	**(1,430)**
Cash flow from investment activities:				
Purchases/sales of tangible and intangible fixed assets	(67,384)	(12,153)	(2,962)	(2,154)
Interest and related income received	552	1,085	246	227
Sale of publicly traded shares	9,622	-	9,622	-
(Purchases) / sales of participations and securities	-	-	(3,981)	(17,817)
Net change in provided loans	-	-	(735)	6,483
Proceeds from share capital increase of subsidiary	1,125	-	-	-
Cash outflows for investment activities	**(56,085)**	**(11,068)**	**2,190**	**(13,261)**
Cash flows from financing activities				
Purchase of Treasury Shares	(2,869)	(547)	(2,869)	(547)
Net change of long term loans	(5,973)	(2,292)	5,785	(244)
Net change of short term loans	56,731	3,032	-	-
Dividends paid	(5,893)	-	(5,893)	-
Interest and other financial expenses paid	(13,503)	(10,213)	(2,066)	(3,389)
Change in financial liabilities	(85)	(1,497)	-	-
Cash outflows for financing activities	**28,408**	**(11,517)**	**(5,043)**	**(4,180)**
Effect of exchange rate changes on cash & cash equivalents	(600)	33	-	-
Net increase/decrease in cash	**(2,552)**	**13,139**	**(8,977)**	**(18,871)**
Cash & cash equivalents at the beginning of the period	166,739	168,803	38,045	54,037
Cash & cash equivalents at the end of the period	**164,187**	**181,942**	**29,068**	**35,166**

TERNA ENERGY S.A.

STATEMENT OF CHANGES IN EQUITY

30 JUNE 2016

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

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2015	**32,794**	**229,085**	**20,674**	**35,456**	**318,009**
Net profit / (loss) for the period	-	-	-	2,302	**2,302**
Other net income for the period	-	-	15	(80)	**(65)**
Total comprehensive income for the period	-	-	15	2,222	**2,237**
Capitalization of Reserves	9,838	(9,838)	-	-	**-**
Return of Share Capital	(9,838)	-	-	-	**(9,838)**
Formation of Reserves	-	-	275	(275)	**-**
Purchase of Treasury Shares	-	-	(547)	-	**(547)**
Transactions with the Company's Shareholders	-	(9,838)	(272)	(275)	**(10,385)**
30 June 2015	**32,794**	**219,247**	**20,417**	**37,403**	**309,861**
1 January 2016	**32,794**	**219,247**	**19,925**	**35,003**	**306,969**
Net profit / (loss) for the period	-	-	-	5,757	**5,757**
Other net income for the period	-	-	(28)	-	**(28)**
Total comprehensive income for the period	-	-	(28)	5,757	**5,729**
Capitalization of Reserves	-	-	275	(275)	**-**
Dividends	-	-	-	(9,838)	**(9,838)**
Purchase of Treasury Shares	-	-	(2,869)	-	**(2,869)**
Transactions with the Company's Shareholders	-	-	(2,594)	(10,113)	**(12,707)**
30 June 2016	**32,794**	**219,247**	**17,303**	**30,647**	**299,991**

TERNA ENERGY GROUP

STATEMENT OF CHANGES IN EQUITY

30 JUNE 2016

(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 2015	**32,794**	**229,085**	**27,234**	**46,086**	**335,199**	**3,046**	**338,245**
Net profit / (loss) for the period	-	-	-	11,322	**11,322**	168	**11,490**
Other net income for the period	-	-	1,373	(89)	**1,284**	(4)	**1,280**
Total comprehensive income for the period	-	-	1,373	11,233	**12,606**	164	**12,770**
Return of Share Capital	(9,838)	-	-	-	**(9,838)**	-	**(9,838)**
Formation of Reserves	9,838	(9,838)	5,511	(5,511)	**-**	-	**-**
Purchase of Treasury Shares	-	-	(547)	-	**(547)**	-	**(547)**
Dividends	-	-	-	-	**-**	(314)	**(314)**
Transfers other movements	-	-	(4)	5	**1**	-	**1**
Transactions with Shareholders	-	(9,838)	4,960	(5,506)	(10,384)	(314)	**(10,698)**
30 June 2015	**32,794**	**219,247**	**33,567**	**51,813**	**337,421**	**2,896**	**340,317**
1 January 2016	**32,794**	**219,247**	**33,965**	**55,869**	**341,875**	**4,906**	**346,781**
Net profit / (loss) for the period	-	-	-	5,256	**5,256**	443	**5,699**
Other net income for the period	-	-	(2,282)	-	**(2,282)**	-	**(2,282)**
Total comprehensive income for the period	-	-	(2,282)	5,256	**2,974**	443	**3,417**
Issuance of share capital	-	-	-	-	**-**	1,119	**1,119**
Formation of reserves	-	-	2,495	(2,495)	**-**	-	**-**
Purchase of Treasury Shares	-	-	(2,869)	-	**(2,869)**	-	**(2,869)**
Dividends	-	-	-	(9,838)	**(9,838)**	(379)	**(10,217)**
Transfers - Other movements	-	-	53	(55)	**(2)**	-	**(2)**
Transactions with Shareholders	-	-	(321)	(12,388)	(12,709)	740	**(11,969)**
30 June 2016	**32,794**	**219,247**	**31,362**	**48,737**	**332,140**	**6,089**	**338,229**

5. 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, photovoltaic parks as well as 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., which on 30/06/2016 held 39.53% of the Company's share capital.

6. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

The condensed interim financial statements, which consist of the separate and consolidated financial statements of the Parent Company and Group, have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as such have been adopted by the European Union and specifically according to the provisions of IAS 34 "Interim Financial Statements". The condensed interim financial statements should be read together with the annual financial statements of 31 December 2015.

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 for the Group 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 for the period ended on 31 December 2015, 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 30 June 2016.

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 01/01/2016 or after. The most important Standards and Interpretations are described below:

- **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 amendments have no effect on the consolidated Financial Statements.

- **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 amendments have no effect on the consolidated Financial Statements.

- **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 amendments have no effect on the consolidated Financial Statements.

- **Amendment to IAS 27: "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 amendment has no effect on the consolidated Financial Statements.

- **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 amendments have no effect on the consolidated Financial Statements.

- **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 amendments have no effect on the consolidated Financial Statements.

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

The following new Standards 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 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 in anticipation of the final publication of the Standard.

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

In May 2014, the IASB issued a new standard, IFRS 15. This standard is fully harmonized with the requirements for the recognition of revenue in accordance with IFRS and American accounting principles (US GAAP). The basic principles of the particular Standard are in line with significant part of current practices. The new Standard is expected to improve the financial information by establishing a more solid framework for the resolution of the issues which may arise, thus strengthening the comparability among sectors and capital markets, as well as providing additional disclosures and clarifying the accounting treatment of the contracts' cost. 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.

- **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.

- **Amendments to IFRS 10 and IAS 28: "Sales or Contributions of Assets among an investor and the Associate or Joint Venture" (the IASB postponed indefinitely the initiation of the above amendments)**

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 aim of the above amendments is to effectively treat a recognized inconsistency between the requirements of IFRS 10 and those of IAS 28 regarding the treatment of the sale or contribution of assets between an investor and its affiliate or joint venture. In December 2015, the IASB postponed indefinitely the initiation of the above amendments, in anticipation of the outcome of the research work concerning the accounting treatment based on the equity method. 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 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.

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

In January 2016, IASB published the new Standard, IFRS 16. The aim of the project by IASB was to develop a new Standard for leases which determines the principles applied by both parties in a corresponding agreement, namely the customer ("the lessee") and the supplier ("the lessor"), concerning the provision of information for the leases in a manner that accurately depicts such transactions. In order to serve the above aim, the lessee will have to recognize the assets and liabilities emanating from the lease. 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 12 Deferred Taxation "Recognition of deferred tax assets for unrealized losses" (effective for annual periods beginning on or after 01/01/2017)**

In January 2016, IASB proceeded with the issuance of a narrow-scope amendment to IAS 12. The aim of the said amendments was to clarify the accounting treatment of the deferred tax assets for the unrealized losses from securities measured at fair value. 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 in IAS 7: «Disclosure Initiative» (effective for annual periods beginning on or after 01/01/2017)**

In January 2016, IASB proceeded with the issue of amendments of limited scope in IAS 7. The aim of the amendments is to make feasible for the users of the financial statements to evaluate the changes in liabilities occurring from financial activities. The amendments require from the economic entities to provide disclosures, which will make feasible to the investors to evaluate the changes in liabilities occurring from financial activities, including the changes deriving from cash flows, as well as non-cash changes. 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.

- **Clarification to IFRS 15 «Revenue from Contracts with Customers» (effective for annual periods beginning on or after 01/01/2018)**

In April 2016, IASB proceeded to the issuance of clarifications concerning IFRS 15. The amendments of IFRS 15 do not alter the basic principles of the Standard, but provide clarifications regarding the application of these standards. The amendments clarify the pattern with which a commitment for the execution of contract is recognized, how it is determined whether an economic entity constitutes the entity giving or receiving a mandate, as well as how it is determined whether the income from a license should be recognized at a particular point in time or gradually with the passage of time. 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 in IFRS 2: «Classification and Measurement of Share-based Payment Transactions» (effective for annual periods beginning on or after 01/01/2018)**

In June 2016, IASB proceeded with the issuance of an amendment of limited scope in IFRS 2. The aim of the particular amendment is to provide clarifications regarding the accounting treatment of certain types of share-based payment transactions. More specifically, the amendment introduces the requirements regarding the accounting treatment of the effect of the vesting and non-vesting conditions in the measurement of share-based payments arranged in cash, the accounting treatment of the share-based payment transactions which carry a characteristic of settlement on an offsetting basis regarding the obligation for withheld tax, as well as an amendment in the conditions and terms of share-based payment, which alters the classification of the transaction from arranged in cash to arranged based on shares. 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 interim consolidated financial statements were approved by the Board of Directors of the Parent Company on 02nd September 2016.

e) 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.

7. 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) Joint operations

These concern tax construction joint ventures. They are not separate entities in the context of IFRS. Their assets and liabilities are incorporated according to the proportion they refer to, to the financial statements of the Company or its subsidiaries.

d) 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.

e) 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.

f) 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.

g) 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.

h) 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.

i) 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.

j) 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

k) 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.

l) 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 is recorded at cost value as tangible assets till its completion and then is transferred to investment property account.

m) Financial Assets – Loans and Receivables

The financial assets include rights acquired based on concession agreements from the public sector and specifically concern the Study, Financing, Installation, Support of Operation, Maintenance and Technical Administration of a Unified Automatic Ticket Collection System for the companies of OASA Group.

The concessionaire will recognize a financial asset to the extent there is a contractual right to receive cash. The amount of the receivable of the concessionaire party is calculated according to IAS 39, is classified under the category "Loans and receivables" and is valued at the non depreciated cost based on the real interest rate.

The value of the financial asset increases with the construction and financial costs, plus a construction and operating profit margin, and decreases with the receipts that are made according to the relevant contract.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) 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.

t) 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.

u) 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.

v) 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.

w) 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 pretax 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.

x) 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.

y) 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.

z) 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.

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.

(Amounts in thousand Euro, unless stated otherwise)

(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.

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.

8. GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 30.06.2016 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 (without taking into account the fiscal year 2016 which is underway) are as follows:

		Participation Percentage			
No.	**Company Name**	**30/06/2016**	**31/12/2015**	**Business Activity**	**Tax un-audited fiscal years**
1	IWECO CHONOS LASITHIOU CRETE SA	100%	100%	Production of Electric Energy from RES	6
2	ENERGIAKI SERVOUNIOU SA	100%	100%	Production of Electric Energy from RES	6
3	TERNA ENERGY EVROU SA	100%	100%	Production of Electric Energy from RES	6
4	PPC RENEWABLES – TERNA ENERGY S.A.	51%	51%	Production of Electric Energy from RES	6

(Amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**30/06/2016**	**31/12/2015**	**Business Activity**	**Tax un-audited fiscal years**
5	AIOLIKI PANORAMATOS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	6
6	AIOLIKI RACHOULAS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	6
7	ENERGEIAKI DERVENOHORION S.A.	100%	100%	Production of Electric Energy from RES	6
8	AIOLIKI MALEA LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	6
9	ENERGEIAKI FERRON EVROU S.A	100%	100%	Production of Electric Energy from RES	5
10	AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	100%	100%	Production of Electric Energy from RES	5
11	ENERGEIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	6
12	ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	6
13	AIOLIKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	6
14	EUROWIND S.A.	100%	100%	Production of Electric Energy from RES	6
15	ENERGIAKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	5
16	DELTA AXIOU ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	5
17	TERNA ENERGY THALASSIA WIND PARKS S.A.	77%	77%	Production of Electric Energy from RES	5
18	TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	77%	77%	Production of Electric Energy from RES	6
19	VATHYCHORI PERIVALLONTIKI S.A.	100%	100%	Production of Electric Energy from RES	6
20	VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	100%	Production of Electric Energy from RES	5
21	CHRYSOUPOLI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	5
22	LAGADAS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	5
23	DOMOKOS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	5
24	DIRFYS ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	4
25	FILOTAS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy	4

(Amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**30/06/2016**	**31/12/2015**	**Business Activity**	**Tax un-audited fiscal years**
				from RES	
26	MALESINA ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	4
27	ORHOMENOS ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	4
28	ALISTRATI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	4
29	TERNA ENERGY AI-GIORGIS S.A.	100%	100%	Production of Electric Energy from RES	4
30	TERNA AIOLIKI AMARYNTHOU S.A.	100%	100%	Production of Electric Energy from RES	4
31	TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	100%	Production of Electric Energy from RES	4
32	TERNA ILIAKI VIOTIAS S.A.	100%	100%	Production of Electric Energy from RES	4
33	VATHYCHORI DYO ENERGIAKI S.A.	100%	100%	Production of Electric Energy from RES	4
34	TERNA AIOLIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	4
35	TERNA ILIAKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	4
36	TERNA ILIAKI PANORAMATOS S.A.	100%	100%	Production of Electric Energy from RES	4
37	AIOLIKI KARYSTIAS EVIAS S.A.	100%	100%	Production of Electric Energy from RES	9
38	GEOTHERMAL ENERGY DEVELOPMENT S.A.	50%	50%	Production of Electric Energy from RES	4
39	TERNA ILIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	4
40	PERIVALLONTIKI PELOPONNISOU SA	100%	100%	Waste Management	-
41	HELLAS SMARTICKET S.A.	70%	70%	Electronic Systems Operation	-
42	WASTE SYCLO S.A.	51%	51%	Waste Management	2
43	GP ENERGY LTD	51%	51%	Trade of Electric Energy	11
44	TERNA ENERGY OVERSEAS LTD	100%	100%	Production of Electric Energy from RES	7
45	EOLOS POLSKA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	5
46	EOLOS NOWOGRODZEC sp.z.o.o.	100%	100%	Production of Electric Energy from RES	5
47	TERNA ENERGY NETHERLANDS BV	-	100%	Production of Electric Energy from RES	7

(Amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**30/06/2016**	**31/12/2015**	**Business Activity**	**Tax un-audited fiscal years**
48	HAOS INVEST 1 EAD	100%	100%	Production of Electric Energy from RES	5
49	VALE PLUS LTD	100%	100%	Trade of Electric Energy Equipment	6
50	GALLETTE LTD	100%	100%	Holding	7
51	ECO ENERGY DOBRICH 2 EOOD	100%	100%	Production of Electric Energy from RES	5
52	ECO ENERGY DOBRICH 3 EOOD	100%	100%	Production of Electric Energy from RES	5
53	ECO ENERGY DOBRICH 4 EOOD	100%	100%	Production of Electric Energy from RES	5
54	COLD SPRINGS WINDFARM LLC	100%	100%	Production of Electric Energy from RES	5
55	DESERT MEADOW WINDFARM LLC	100%	100%	Production of Electric Energy from RES	5
56	HAMMETTHILL WINDFARM LLC	100%	100%	Production of Electric Energy from RES	5
57	MAINLINE WINDFARM LLC	100%	100%	Production of Electric Energy from RES	5
58	RYEGRASS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	5
59	TWO PONDS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	5
60	MOUNTAIN AIR WIND, LLC	100%	100%	Production of Electric Energy from RES	5
61	TERNA ENERGY USA HOLDING CORPORATION	100%	100%	Holding	5
62	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	100%	100%	Holding	5
63	EOLOS NORTH sp.z.o.o.	100%	100%	Production of Electric Energy from RES	4
64	EOLOS EAST sp.z.o.o.	100%	100%	Production of Electric Energy from RES	4
65	AIOLIKI PASTRA ATTIKIS S.A.	100%	100%	Production of Electric Energy from RES	9
66	TERNA ENERGY TRADING LTD	51%	51%	Holding	1
67	JP GREEN sp.z.o.o.	100%	100%	Production of Electric Energy from RES	1
68	WIRON sp.z.o.o.	100%	100%	Production of Electric Energy from RES	1
69	BALLADYNA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	1
70	TETRA DOOEL SKOPJE	51%	51%	Trade of Electric Energy	1

(Amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**30/06/2016**	**31/12/2015**	**Business Activity**	**Tax un-audited fiscal years**
71	PROENTRA D.O.O BEOGRAD	51%	51%	Trade of Electric Energy	1

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

		Participation Percentage			
No.	**Company Name**	**30/06/2016**	**31/12/2015**	**Business Activity**	**Tax un-audited fiscal years**
1	TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of Electric Energy from RES	9
2	TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of Electric Energy from RES	9
3	TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of Electric Energy from RES	9
4	TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of Electric Energy from RES	9
5	TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of Electric Energy from RES	9
6	TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	100%	100%	Production of Electric Energy from RES	9
7	TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	100%	100%	Production of Electric Energy from RES	9
8	TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	99%	99%	Production of Electric Energy from RES	9
9	TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	100%	100%	Production of Electric Energy from RES	9
10	TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	100%	100%	Production of Electric Energy from RES	9
11	TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	100%	100%	Production of Electric Energy from RES	9
12	TERNA ENERGY SA VECTOR WIND PARKS OF GREECE – WIND PARK TROULOS G.P.	90%	90%	Production of Electric Energy from RES	5

B) Joint ventures & Companies of TERNA ENERGY SA

i) Joint Ventures

The following table presents the joint ventures for the construction of technical works in which the Group participates. These joint ventures have completed the construction projects for which they were established and their immediate dissolution is expected. As result, they are not included in the consolidation.

(Amounts in thousand Euro, unless stated otherwise)

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		30/06/2016	31/12/2015	
1	J/V EVANGELISMOS PROJECT C'	50%	50%	11
2	J/V EMBEDOS – PANTECHNIKI - ENERGEIAKI	50.10%	50.10%	7
3	J/V TERNA ENERGY – TSAMPR. DRAMAS HOSPITAL	-	40%	11
4	J/V EPL DRAMAS	-	24%	11

The joint ventures J/V TERNA ENERGY – TSAMPR. DRAMAS HOSPITAL and J/V EPL DRAMAS were liquidated within the 1st half of 2016.

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		30/06/2016	31/12/2015	
1	J/V GEK TERNA S.A. – TERNA ENERGY S.A.	50%	50%	-

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

			Participation Percentage			
No.	Company Name	Establishment	30/06/2016	31/12/2015	Business Activity	Tax un-audited fiscal 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	7
2	TERNA ENERGY SA & SIA LP	24/5/2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki	7

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, 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, EOLOS NORTH sp.z.o.o., EOLOS EAST sp.z.o.o., TERNA ENERGY TRANSATLANTIC Spzoo, JP GREEN sp.z.o.o., WIRON sp.z.o.o and BALLADYNA sp.z.o.o, which were established in Poland, the companies COLD SPRINGS WINDFARM LLC, DESERT MEADOW WINDFARM LLC, HAMMETT HILL WINDFARM LLC, MAINLINE WINDFARM LLC, RYEGRASS WINDFARM LLC, TWO

(Amounts in thousand Euro, unless stated otherwise)

PONDS WINDFARM LLC, MOUNTAIN AIR WIND LLC and TERNA ENERGY USA HOLDING CORPORATION, which were established in the United States of America, 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	Tax un-audited fiscal years
		30/06/2016	31/12/2015		
1	Renewable Energy Center RES Cyclades SA *	45%	45%	Equity	4
2	EN.ER.MEL. S.A.	49.2%	49.2%	Equity	4

** Participation through IWECO CHONOS LASITHIOU CRETE S.A.*

9. 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

Concessions: concerns the construction and operation of infrastructure and public sector projects in exchange for the long-term operation of the above projects through the provision of services to the public.

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.

(Amounts in thousand Euro, unless stated otherwise)

Business segments 30.6.2016	Construction	Electricity from renewable energy sources	Trading Electric Energy	Concessions	Consolidation Write-offs	Total Consolidated
Income from external customers						
Sales of products	-	66,467	16,448	-	-	**82,915**
Income from construction services	10,600	-	-	300	-	**10,900**
Total income from external customers	**10,600**	**66,467**	**16,448**	**300**	**-**	**93,815**
Inter-segment income	22,370	1,459	4,578	-	(28,407)	**-**
Total income	**32,970**	**67,926**	**21,026**	**300**	**(28,407)**	**93,815**
Net Results per Segment	**(1,111)**	**6,748**	**229**	**(167)**	**-**	**5,699**
Depreciations	(58)	(24,959)	(1)	-	-	**(25,018)**
Amortization of grants	-	5,398	-	-	-	**5,398**
Net financial results	(359)	(16,772)	(21)	(195)	-	**(17,347)**
Foreign exchange differences	-	(1,367)	1	-	-	**(1,366)**
Capital gains from sale of participations and securities	-	717	-	-	-	**717**
Income tax	(1,252)	(3,494)	(36)	70	-	**(4,712)**
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**558**	**47,225**	**286**	**(42)**	**-**	**48,027**
Earnings before interest and taxes (EBIT)	**500**	**27,664**	**285**	**(42)**	**-**	**28,407**
Capital expenditure for the period	**14**	**69,522**	**-**	**-**	**-**	**69,536**
Segment assets	30,002	1,200,093	3,529	23,645	-	**1,257,269**
Investments in associates	-	5,404	-	-	-	**5,404**
Total Assets	**30,002**	**1,205,497**	**3,529**	**23,645**	**-**	**1,262,673**
Segment liabilities	**34,841**	**870,678**	**2,670**	**16,255**	**-**	**924,444**
Debt obligations	5,021	514,481	265	16,223	-	**535,990**
Cash	(2,570)	(159,852)	(872)	(893)	-	**(164,187)**
Net debt / (surplus)	**2,451**	**354,629**	**(607)**	**15,330**	-	**371,803**

(Amounts in thousand Euro, unless stated otherwise)

Business segments 30.6.2015	Construction	Electricity from renewable energy sources	Trading Electric Energy	Concessions	Consolidation Write-offs	Total Consolidated
Income from external customers						
Sales of products	-	66,776	12,805	-	-	**79,581**
Income from construction services	5,777	-	-	-	-	**5,777**
Total income from external customers	**5,777**	**66,776**	**12,805**	**-**	**-**	**85,358**
Inter-segment income	7,970	-	-	-	(7,970)	-
Total income	**13,747**	**66,776**	**12,805**	**-**	**(7,970)**	**85,358**
Net Results per Segment	**(1,462)**	**13,127**	**(175)**	**-**	**-**	**11,490**
Depreciations	(68)	(24,374)	(1)	-	-	**(24,443)**
Amortization of grants	-	5,428	-	-	-	**5,428**
Net financial results	(277)	(13,225)	(8)	-	-	**(13,510)**
Foreign exchange differences	-	2,527	(5)	-	-	**2,522**
Income tax	(20)	(5,171)	(34)	-	-	**(5,225)**
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**(1,097)**	**47,941**	**(127)**	**-**	**-**	**46,717**
Earnings before interest and taxes (EBIT)	**(1,165)**	**28,996**	**(128)**	**-**	**-**	**27,703**
Capital expenditure for the period	**109**	**13,160**	**-**	**-**	**-**	**13,269**
31.12.2015						
Segment assets	28,006	1,179,317	3,241	6,320	-	**1,216,884**
Investments in associates	-	5,404	-	-	-	**5,404**
Total Assets	**28,006**	**1,184,721**	**3,241**	**6,320**	**-**	**1,222,288**
Segment liabilities	**27,152**	**843,242**	**2,603**	**2,510**	**-**	**875,507**
Debt obligations	2,663	483,339	70	-	-	**486,072**
Cash	(9,070)	(154,620)	(1,099)	(1,950)	-	**(166,739)**
Net debt / (surplus)	**(6,407)**	**328,719**	**(1,029)**	**(1,950)**	**-**	**319,333**

(Amounts in thousand Euro, unless stated otherwise)

Geographic segments	Greece	Eastern Europe	America	Total consolidated
30.6.2016				
Turnover from external customers	55,055	26,782	11,978	**93,815**
Non-current assets	560,845	158,898	225,124	**944,867**
Capital expenditure	65,652	873	3,011	**69,536**
30.6.2015				
Turnover from external customers	50,121	27,099	8,138	**85,358**
31.12.2015				
Non-current assets	509,855	166,752	230,680	**907,287**
Capital expenditure	69,028	8,800	1,938	**79,766**

10. TANGIBLE FIXED ASSETS

The summary movement of the tangible fixed assets is as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Net book value 1 January	**858,667**	**806,873**	**100,264**	**110,339**
Additions during the period	69,518	13,128	2,362	1,963
Borrowing cost	246	-	-	-
Provisions for restoration	129	-	-	-
Depreciation for the period	(24,495)	(23,977)	(4,001)	(4,074)
Reductions / Write-offs	(98)	-	(42)	-
Reclassifications	(80)	-	(20)	-
Foreign exchange differences	(7,697)	21,572	-	-
Net book value 30 June	**896,190**	**817,596**	**98,563**	**108,228**

From the total value of the Group’s fixed assets on 30/06/2016, an amount of € 153,679 concerns Assets under Construction and Prepayments for Acquisition of Fixed Assets.

11. INTANGIBLE FIXED ASSETS

The summary movement of the intangible fixed assets is as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Net book value 1 January	**30,319**	**30,091**	**2,485**	**1,318**
Additions during the period	18	191	13	191
Amortization during the period	(523)	(466)	(100)	(41)
Reductions / Write-offs	(1,170)	(50)	(205)	-
Reclassifications	80	-	20	-
Foreign Exchange Differences	(139)	682	-	-
Net book value 30 June	**28,585**	**30,448**	**2,213**	**1,468**

(Amounts in thousand Euro, unless stated otherwise)

12. FINANCIAL ASSETS - CONCESSIONS

The Group, adopting the accounting policy with regard to the Concession Contracts, recognized a financial asset concerning the concession agreement signed with the Greek State for the study, financing, installation, operating support and technical administration of a Unified Automated Ticket Collection System for the companies of OASA.
On 30 June 2016, the non-depreciated balance amounts to € 2,125.

13. CASH & CASH EQUIVALENTS

The cash & cash equivalents on 30 June 2016 and 2015, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	30.6.2016	**30.6.2015**	**30.6.2016**	**30.6.2015**
Cash in Hand	17	23	-	-
Sight & Time Deposits	164,170	181,919	29,068	35,166
Total	**164,187**	**181,942**	**29,068**	**35,166**

The Group's cash & cash equivalents include amounts to be refunded, amounting to € 26,949 (for the Company at € 18,420), which concern received grants. The amounts will be returned due to the cancellation of the construction of some Wind Parks or expiration of projects eligibility period of other wind parks, which the construction has not been canceled.
The balance of the time deposits of 30th June 2016 includes an amount of € 34,676 which has been pledged as security for the Group's financing.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH RESULTS

Within the first half of 2016, the Company sold 33.3 million shares of the banking sector for a total consideration of € 9.6 million. The result which emerged within the first half of 2016 amounted to a capital gain of € 0.7 million (note 21).

15. SHARE CAPITAL

The Company's share capital amounts to thirty two million seven hundred ninety four thousand and three hundred twenty euro (€ 32,794,320.00) and is divided into one hundred nine million three hundred fourteen thousand and four hundred (109,314,400) common registered shares with voting rights of a nominal value per share thirty cents of euro (€ 0.30).
The company during the period 01.01.2016 – 30.06.2016 purchased 1,189,863 treasury shares with acquisition cost of 2,870,650 €.
The total number of treasury shares held by the Company on 30.06.2016 settled at 4,175,658 shares or percentage 3.8% of the Company's share capital, with total acquisition cost of € 10,632,215.

16. FINANCIAL LIABILITIES

In 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 control is based on a contractual agreement with the company MetLife, which contributed capital as Tax Equity Investor (TEI) and is fully consolidated. According to the agreement between the two parties, TEI contributed capital in exchange for 50% of the corporate shares (membership interests), the contractual rights of which define that the TEI will receive 99% of the tax losses, as well as a certain percentage of the net cash flows until the return on the invested capital (as it was defined in the relevant agreement) is achieved.

The relevant membership interests have been recognized as financial liability according to IAS 32. There are no contractual obligations of the parent company TERNA ENERGY and its subsidiaries for the provision of any form of financial support in case of economic difficulty or inability for the repayment of obligations by Terna Energy USA Holding Corporation, including the contractual liability to the TEI.

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 and above 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.

(Amounts in thousand Euro, unless stated otherwise)

17. LOANS

The summary movement of the group's and company's short-term and long-term debt on 30/06/2016 and 30/06/2015, was as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Balance 1 January	**486,072**	**423,343**	**131,348**	**99,931**
New debt	74,293	24,167	11,360	-
Repayment of loans	(21,378)	(23,914)	(5,575)	(2,205)
Capitalization of interest	1,544	1,170	2,023	137
FX differences	(4,541)	11,656	-	-
Balance 30 June	**535,990**	**436,422**	**139,156**	**97,863**

The entire amount of loans concerns the energy division of the Group and is related to the financing of wind park installations.

18. FINANCIAL DERIVATIVES

Liabilities from financial derivatives on 30/06/2016 and 30/06/2015, are analyzed as follows:

	Nominal Value		GROUP		COMPANY	
			Fair Value of Liability	**Fair Value of Liability**	**Fair Value of Liability**	**Fair Value of Liability**
	30.6.2016	**30.6.2015**	**30.6.2016**	**30.6.2015**	**30.6.2016**	**30.6.2015**
Interest Rate Swaps	€ 7,537	€ 7,537	532	572	-	-
Interest Rate Swaps	€ 9,000	€ 9,000	695	634	-	-
Interest Rate Swaps	€ 5,772	€ 5,772	317	317	-	-
Interest Rate Swaps	€ 17,000	€ 17,000	2,086	1,643	-	-
Interest Rate Swaps	€ 9,000	€ 9,000	432	276	-	-
Interest Rate Swaps	$25,000	$25,000	1,081	-	-	-
Interest Rate Swaps	€ 15,400	€ 15,400	726	730	-	-
Interest Rate Swaps	€ 6,563	€ 6,563	598	619	598	619
			6,467	**4,791**	**598**	**619**

(Amounts in thousand Euro, unless stated otherwise)

	Nominal Value		GROUP		COMPANY	
			Fair Value of Asset	Fair Value of Asset	Fair Value of Asset	Fair Value of Asset
	30.6.2016	30.6.2015	30.6.2016	30.6.2015	30.6.2016	30.6.2015
Interest Rate Swaps	$25,000	$25,000	-	496	-	-
			-	**496**	**-**	**-**

It is Group policy to minimize its exposure to cash flow interest rate risk as regards to long-term financing. The Group applies hedge accounting for the above swap agreements, and the loss from their valuation has been recognized in the account "Income / (Losses) from cash flow hedges" in the statement of other comprehensive income.

19. PROVISIONS

The summary movement of the group's and company's provisions on 30/06/2016 and 30/06/2015, was as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Balance 1 January	**9,269**	**8,470**	**1,329**	**1,225**
Additional provisions charged on the period's results	243	229	43	49
Additional provisions charged on the assets	129	-	-	-
Used provisions	-	(7)	-	-
FX differences	(83)	57	-	-
Balance 30 June	**9,558**	**8,749**	**1,372**	**1,274**

20. GRANTS

The summary movement of the group's and company's grants on 30/06/2016 and 30/06/2015, was as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Balance 1 January	**236,239**	**265,833**	**20,885**	**44,712**
Approved and received grants	-	(3,867)	-	(1,512)
Approved and not received grants	-	1,479	-	-
De-recognition of non collected grants	-	(5,883)	-	(3,528)
Transfer of period's proportion to the results	(5,398)	(5,429)	(939)	(939)
FX differences	(1,279)	5,543	-	-
Balance 30 June	**229,562**	**257,676**	**19,946**	**38,733**

(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 aforementioned grants are amortized in income only by the portion that corresponds to fully completed and operating wind parks.

21. OTHER INCOME/EXPENSES

The other income/(expenses) for 30 June 2016 and 2015 respectively are presented in the following table:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Grant amortization	5,398	5,429	939	939
Dividends	-	-	395	327
Income from leasing	49	57	49	57
Income from insurance indemnities	474	-	-	-
Gain from sale of securities	717	-	717	-
Sales of fixed assets and inventories	15	-	10	-
Other services	-	109	-	-
Other income	459	86	473	81
FX differences	-	2,503	-	7
Total Other Income	**7,112**	**8,184**	**2,583**	**1,411**

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Write-off of receivables	-	(188)	-	(188)
Other expenses	(11)	-	(29)	-
Loss from write-off of intangible assets	(205)	-	(205)	-
FX differences	(1,394)	-	-	-
Total other expenses	**(1,610)**	**(188)**	**(234)**	**(188)**
Total other income / (expenses)	**5,502**	**7,996**	**2,349**	**1,223**

22. NUMBER OF EMPLOYEES

The average number of full-time regular employees of the group during the first half of 2016 was 160 employees and in the company 121 employees (139 and 117 respectively during the first half of 2015).

23. INCOME TAX

The expense for income tax is registered based on the management’s best estimation on the weighted average annual tax rate for a full year.
The weighted tax rate for 30/06/2016 was 45.26% for the Group and 22.11% for the Company.

(Amounts in thousand Euro, unless stated otherwise)

24. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01.01 – 30.06.2016 and 01.01 – 30.06.2015, as well as the balances of receivables and liabilities arisen from the above transactions as of 30.06.2016 and 30.06.2015 are as follows:

Period 1/1-30/06/2016	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**
Subsidiaries	-	-	-	-	30,947	1,173	98,133	53,390
Parent	-	94	-	1,734	-	94	-	1,734
Other related parties	17,774	360	12,514	6,925	8,972	129	10,913	6,322
Main senior executives	-	866	-	764	-	209	81	-

Period 1/1-30/06/2015	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**
Subsidiaries	-	-	-	-	2,958	132	52,146	7,609
Joint Ventures	-	-	-	-	-	-	69	-
Parent	-	86	-	30	-	86	-	30
Other related parties	14,373	167	10,528	4,949	4,219	99	9,044	4,784
Main senior executives	-	679	-	567	-	149	-	-

25. SIGNIFICANT EVENTS DURING THE PERIOD

At the end of first half of 2016, the trial operation of wind park of TERNA ENERGY AI-GIORGIS S.A. commenced.

26. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There are no significant events after 30th June 2016 that may affect the financial position of the Group and the Company.

27. 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 from judicial or arbitrator bodies with regard to the Group.

THE CHAIRMAN OF THE BOARD	THE CHIEF EXECUTIVE OFFICER
PERISTERIS GEORGIOS	MARAGOUDAKIS EMMANUEL
THE CHIEF FINANCIAL OFFICER	THE HEAD ACCOUNTANT
DELIKATERINIS VASILIOS	MANAVERIS NIKOLAOS

28. DATA AND INFORMATION FOR THE PERIOD 1.1-30.06.2016

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 01/01/2016 TO 30/06/2016

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 selection 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 & Vasilios Delikaterinis (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):	02 September 2016
Legal Auditor:	Pavlos Stellakis (SOEL Reg. Number : 24941)
Auditing Firm:	GRANT THORNTON AE (SOEL Reg. No. : 127)
Type of audit report by Legal Auditor:	Unqualified
Company Website:	www.terna-energy.com

STATEMENT OF FINANCIAL POSITION (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	30/6/2016	**31/12/2015**	**30/6/2016**	**31/12/2015**
ASSETS				
Self used tangible fixed assets	896.190	858.667	98.563	100.264
Investment property	575	575	575	575
Other non-current assets	32.519	30.112	315.765	308.889
Intangible assets	28.585	30.319	2.213	2.485
Inventories	3.626	2.882	3.226	2.493
Trade receivables	59.094	59.519	50.340	34.790
Cash & cash equivalents	164.187	166.739	29.068	38.045
Other current assets	77.897	73.475	28.569	25.122
TOTAL ASSETS	**1.262.673**	**1.222.288**	**528.319**	**512.663**
EQUITY & LIABILITIES				
Share capital	32.794	32.794	32.794	32.794
Other items of Shareholders' Equity	299.346	309.081	267.197	274.175
Total Shareholders' Equity (a)	**332.140**	**341.875**	**299.991**	**306.969**
Non-controlling interests	6.089	4.906	-	-
Total Equity (b)	**338.229**	**346.781**	**299.991**	**306.969**
Long-term bank liabilities	387.991	393.581	116.259	109.534
Provisions/Other-long-term liabilities	300.829	306.615	21.916	24.430
Short-term bank liabilities	147.999	92.491	22.897	21.814
Other-short-term liabilities	87.625	82.820	67.256	49.916
Total liabilities	**924.444**	**875.507**	**228.328**	**205.694**
TOTAL EQUITY & LIABILITIES	**1.262.673**	**1.222.288**	**528.319**	**512.663**

STATEMENT OF COMPREHENSIVE INCOME (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-30/06/2016	**1/1-30/06/2015**	**1/1-30/06/2016**	**1/1-30/06/2015**
Turnover	93.815	85.358	47.317	27.054
Gross profit / (losses)	28.911	29.429	11.725	7.766
Earnings/(Loss) before interest and tax (EBIT)	27.758	30.225	10.697	4.023
Earnings/(Loss) before tax	10.411	16.715	7.391	3.304
Earnings/(Loss) after tax (A)	5.699	11.490	5.757	2.302
Allocated to:				
Company Shareholders	5.256	11.322		
Minority Shareholders	443	168		
	5.699	11.490		
Other comprehensive income after taxes (B)	(2.282)	1.280	(28)	(65)
Total comprehensive income after taxes (A+B)	3.417	12.770	5.729	2.237
Allocated to:				
Company Shareholders	2.974	12.606		
Minority Shareholders	443	164		
	3.417	12.770		
Earnings/(Losses) after tax per share - basic (in €)	0,0498	0,1059	0,0545	0,0215
Proposed dividend per share (in €)				
Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)	**48.027**	**46.717**	**12.747**	**7.199**

STATEMENT OF CHANGES IN EQUITY (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	30/6/2016	**30/6/2015**	**30/6/2016**	**30/6/2015**
Total equity at beginning of period (01/01/2016 and 01/01/2015)	346.781	338.245	306.969	318.009
Total earnings after taxes (continuing and interrupted operations)	3.417	12.770	5.729	2.237
	350.198	**351.015**	**312.698**	**320.246**
Return of share capital	-	(9.838)	-	(9.838)
Distributed dividends	(10.217)	(314)	(9.838)	-
Purchases of treasury shares	(2.869)	(547)	(2.869)	(547)
Issue of share capital	1.119	-	-	-
Transfers - other movements	(2)	1	-	-
Total equity at end of period (30/06/2016 and 30/06/2015)	**338.229**	**340.317**	**299.991**	**309.861**

STATEMENT OF CASH FLOWS (indirect method) (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-30/06/2016	**1/1-30/06/2015**	**1/1-30/06/2016**	**1/1-30/06/2015**
Operating activities				
Profit before tax	10.411	16.715	7.391	3.304
Plus/less adjustments for:				
Depreciation	25.018	24.443	4.101	4.115
Provisions / Impairments	326	222	227	49
Interest income and related income	(683)	(1.076)	(1.673)	(846)
Interest expenses and related expenses	18.030	14.586	4.979	1.565
Results from intangible and tangible assets and investment property	-	-	20	-
Results from participation and securities	(717)	-	(1.112)	-
Amortization of grants	(5.398)	(5.428)	(939)	(939)
Foreign exchange differences	1.366	(2.522)	-	-
Operating profit before changes in working capital	**48.353**	**46.940**	**12.994**	**7.248**
Plus/Less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	(744)	(244)	(733)	(237)
Decrease / (increase) in receivables	(20.002)	(151)	(28.674)	(5.774)
(Decrease) / increase in liabilities (other than to banks)	(154)	(8.937)	11.168	(2.321)
(Less):				
Income taxes paid	(1.728)	(1.917)	(879)	(346)
Total inflows / (outflows) from operating activities (a)	**25.725**	**35.691**	**(6.124)**	**(1.430)**
Investing activities				
Purchases of tangible & intangible assets	(67.384)	(12.153)	(2.962)	(2.154)
Interest received	552	1.085	246	227
Net change in loans granted	-	-	(735)	6.483
Sale of publicly listed shares	9.622	-	9.622	-
Proceeds from share capital increase of subsidiary	1.125	-	-	-
(Purchases)/sales of participations and securities	-	-	(3.981)	(17.817)
Total inflows / (outflows) from investing activities (b)	**(56.085)**	**(11.068)**	**2.190**	**(13.261)**
Financing activities				
Purchases of treasury shares	(2.869)	(547)	(2.869)	(547)
Net change in long-term loans	(5.973)	(2.292)	5.785	(244)
Net change in short-term loans	56.731	3.032	-	-
Dividends paid	(5.893)	-	(5.893)	-
Interest and related expenses paid	(13.503)	(10.213)	(2.066)	(3.389)
Change in financial liabilities	(85)	(1.497)	-	-
Total inflows / (outflows) from financing activities (c)	**28.408**	**(11.517)**	**(5.043)**	**(4.180)**
Effect of FX differences on cash equivalents	(600)	33	-	-
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**(2.552)**	**13.139**	**(8.977)**	**(18.871)**
Cash and cash equivalents at the beginning of the period	**166.739**	**168.803**	**38.045**	**54.037**
Cash and cash equivalents at the end of the period	**164.187**	**181.942**	**29.068**	**35.166**

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 31/12/2015 have been followed.
3. The group during the present period employed 160 individuals. For the respective period of the previous year, the group employed 139 individuals. During the present period the company employed 121 individuals, while during the respective period of the previous year the company employed 117 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 30/06/2016 owned 39.53% 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	17.774	39.919
b) Purchases of goods and services	454	1.396
c) Receivables	12.514	109.046
d) Liabilities	8.659	61.446
e) Transactions & remuneration of Board members and executives	866	209
f) Receivables from Board members and executives	-	81
g) Liabilities to Board members and executives	764	-

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

	GROUP	COMPANY
Provisions for restoration of natural environment	8.723	700
Other Provisions	835	672

9. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that were consolidated in the financial statements of 30/06/2016 are mentioned in detail in Note 8 of the financial statements.

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

	GROUP 30/06/2016	COMPANY 30/06/2016
Foreign exchange differences from conversion of incorporated foreign operations	(769)	-
Expenses for capital increase	(54)	-
Income / expenses from hedging of cash flow risk	(1.638)	(39)
Tax on items transferred directly to or from equity	179	11

11. The number of treasury shares owned by the company on 30 June 2016 corresponded to 4,175,658 shares with a total acquisition cost of 10,632 thous. €.
12. No sector or company has ceased operations.

Athens, 02 September 2016

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	VASILIOS DELIKATERINIS ID No. : AI 036060	NIKOLAOS MANAVERIS ID No.: AE 567798 License Reg. No. A' CLASS 9674