



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

ANNUAL FINANCIAL REPORT

for the period

from January 1st to December 31st 2016

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

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I. STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS
(according to article 4 par. 2 of Law 3556/2007)

We

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

STATE THAT

To the best of our knowledge:

a. The annual company and consolidated financial statements of TERNA ENERGY ABETE for the period from January 1st 2016 to December 31st 2016, which were prepared in accordance with the accounting standards in effect, give a true picture of the assets and liabilities, the shareholders' equity and the results for the period of the Group and Company, as well as of the companies included in the consolidation and considered aggregately as a whole, and

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

Athens, 26 April 2017

Chairman of the Board

Chief Executive Officer

Board member

George Peristeris

Emmanuel Maragoudakis

George Spyrou

II. AUDIT REPORT BY INDEPENDENT CERTIFIED AUDITOR ACCOUNTANT

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

Report on the Audit of the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY S.A., which comprise the separate and consolidated statement of financial position as at December 31, 2016, and the separate and consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing which have been transposed into Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY S.A. and its subsidiaries as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Taking into consideration, that management is responsibility for the preparation of the Board of Directors' report and Corporate Governance Statement that is included to this report according to provisions of paragraph 5, article 2 of Law 4336/2015 (part B), we note the following:

- a) In the Board of Directors' report is included the Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.
- b) In our opinion, the Board of Directors' report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended 31/12/2016.

Based on the knowledge we obtained from our audit for the company TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY S.A. and its environment, we have not identified any material misstatements in the Board of Directors' report.

Athens, 28th April 2017
The Chartered Accountant

Pavlos Stellakis
SOEL Reg 24941



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

III. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2016

Dear Shareholders,

According to the provisions of C.L. 2190/1920 (article 43α par.3, article 107 par. 3 and article 136, par.2) as well as L. 3556/2007 article 4 par. 2(c), 6, 7 & 8 and the decision issued by the Hellenic Capital Market Commission under No. 7/448/11-10-2007 article 2 and the Company's Articles of Association, we hereby submit the annual management report by the Board of Directors for the present financial year from 01/01/2016 to 31/12/2016, which includes the audited company and consolidated financial statements, the notes on the financial statements and the audit report by the certified auditors – accountants.

A. Financial Developments & Performance for the Reporting Period

The crisis of the Greek economy continued in 2016, resulting in the preservation of the restrictions on capital transfers leading to the further reduction of liquidity, which is a prerequisite for the support of business growth and the recovery of the economy. In spite of the aforementioned crisis and in view of the confidence that the RES sector will continue to be a top investment selection both in Greece and abroad, TERNA ENERGY continued the implementation of its business plan by executing its investment program with new RES plants in Greece and the USA.

The careful selection of the investments that the Company undertakes to implement, tracks the strategy of the Management for expansion of its investment portfolio and diversification of its business risk in order to ensure the required duration and balance of the Company's development path and preserve the interests of its shareholders over time.

In the context of this strategy, the company has 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 company completes a Wind Park of 150 MW capacity in Texas of USA, whereas it constructs new projects of 90 MW capacity in Greece, targeting to achieve the landmark goal of 1 GW in operation.

Characteristically, during the past 5 years, the Group invested approximately 120 million euro on average basis.

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

For the year 2016, the Group's consolidated sales amounted to 225.6 mil euro compared to 198.6 mil euro in 2015, posting a 13.6% increase mainly due to increased income from the construction segment and from the sale of energy. Operating profit before interest, taxes, depreciation and amortization (EBITDA) amounted to 115.8 mil euro compared to 99.3 mil in the previous year, increased by 16.6% due to the Group's increased operating capacity in the energy sector. Earnings before taxes amounted to 36.3 mil, increased by 19.8% compared to the previous year, whereas earnings after taxes and minority interests amounted to 20.6 mil euro, posting a 21.9% increase.

As regards to the results of the individual sectors: The energy sector generated sales of 151.1 million euro, posting a 7.7% increase compared to the year 2015, whereas the energy trading segment posted revenues of 31.5 million euro. The operating profitability before interest, taxes, depreciation and amortization (EBITDA) of the energy sector amounted to 109 million euro, posting an increase of 11.7% versus the year 2015, whereas the respective profitability in the energy trading business was marginal.

TERNA ENERGY's construction activity towards third parties presented sales amounting to 30.3 mil euro versus 20.2 mil euro in 2015. Operating profit before interest, taxes, depreciation and amortization (EBITDA) of the sector amounted to 6.4 mil euro compared to 1.2 mil euro in the previous year. The backlog of construction projects towards third parties at the end of 2016 amounted to 52.6 mil euro.

Finally, revenues from the concessions segment amounted to 12.8 million euro, whereas the operating profitability of the segment was marginal.

The Group's financial position remains constantly satisfactory, as its cash & cash equivalents amounted to 164.4 mil euro, while bank debt amounted to 667.9 mil euro, resulting in a net debt position (cash minus bank debt) at the level of 503.5 mil euro. It is noted that the Group's cash & cash equivalents include amounts of 87.1 million euro that are to be returned. The amounts concern collected grants and will be returned due to the cancellation of certain wind parks' construction or the time expiry of decisions for inclusion of others whose construction has not been cancelled.

The Board of Directors of the Company intends to propose to the Annual Ordinary Shareholders' Meeting the distribution of a dividend of 0.09 euro per share.

B. Significant events during financial year 2016

The completion of construction and the full operation of a Wind Park with capacity of 73.2 MW in Ai Giorgis Island of Municipality of Lavreotiki took place in 2016.

Finally, the Hellenic Competition Commission (HCC), within the framework of its competencies, conducted an ex officio investigation for a restrictive cartel in the competition of the public-projects market. This survey examined almost all Hellenic Construction Companies - including our Company - as well as a significant number of foreign companies.

Within the context of the aforementioned investigation, it was mentioned as a possible participant, in only one case, a twenty-year company, which in the distant past merged with our Company under transformation procedures.

As a result of the aforementioned event, our Company, on the basis of article 25a of Law 3959/2011 as well as the resolution no. 628/2016 of the Plenary Session of the HCC, submitted, on the grounds of an obvious corporate interest and short settlement with a view to the reasonable possible discharge, a request to be subject to the envisaged settlement dispute procedures, namely in a conciliation procedure.

As a result of the above request, the settlement procedure is in the process of being fully completed, and after the issuance of the relevant recommendation by the Hellenic Competition Commission and the submission by the Company of the required unconditional and irrevocable commitment, declaration, acceptance and resignation, the relevant decision is expected.

Further to the foregoing and always in the context of confidentiality which, in accordance with the applicable provisions, covers any relevant information, we can state that according to our submitted statements and the issued Recommendation, does not arise or is not being undertaken any risk of breaches for our Company.

C. Significant Events after the end of financial year

On 24/02/2017 our Company was notified of the Settlement Initiative by HCC. As it has already been analyzed, an irrevocable statement was submitted for the commitment and inclusion in the Dispute Settlement Procedure. Based on this statement does not arise or is not being undertaken any risk of breaches regarding our Company.

D. Risks and Uncertainties

The positive prospects for the TERNA ENERGY Group for 2017 remain stable, since:

- a) the construction of two new investments in Greece continues, one of which will be completed and will start operating in 2017
- b) the investment in Ai-Giorgis will be fully operational within 2017
- c) the new investment (FLUVANNA I) will be completed and will start operating in the USA, while,
- (d) the two waste management projects that the company intends to implement are maturing in procedural and financial manner.

Of course, the continuation of the crisis and the restrictions on the capital transfers may have a negative impact on the operation of the market and cause delay in the implementation of the Group's investment scheme in Greece. With the aforementioned effort of the Group for expansion of its operations abroad, the Management aims at the diversification of the relevant risks and the balancing of the potential impact on the Group's financial figures.

Within this context, it continuously and systematically monitors the developments in the Greek economy, discusses and cooperates with financial agents and specialists in international markets and, in direct, continuous and systematic cooperation with the Group's executives, the Management plans and implements measures in order to deal with each identified risk so as to minimize its adverse effects to the minimum possible extent.

As a result of the above approach, the Company, despite the current financial crisis, at the reporting date of the Annual Consolidated Financial Statements maintains satisfactory capital adequacy, profitability and liquidity and continues to be fully consistent with its obligations to suppliers, state, insurance organizations e.t.c. creditors. It is noteworthy that in the middle of the crisis, it continues its investment scheme successfully, while at the same time it distributes dividend to its shareholders.

Also, the Management believes that by 2017 the promises of the competent authorities and bodies regarding the reduction of the deficits in the energy management system will be kept, and thus the credit risk will be limited in relation to the energy sector requirements for both the Parent Company and the Other Greek companies of the Group.

The Group's activities are also subject to other risks and uncertainties, such as market risk (exchange rate fluctuations, interest rates, market prices, etc.), financial risks (credit risk, liquidity risk, etc.) wind and weather conditions.

To address financial risks and reduce their negative impact on the results, the Group monitors the fluctuations of the factors that affect cost and sales and uses appropriate, as per case, products such as deposits to banks, commercial debtors and creditors, other accounts receivable and payable, securities, long-term and short-term loans.

The impact of the main risks and uncertainties on the Group's activities is analyzed as follows.

Credit risk

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

The total of receivables of the energy sector concerns the broader public sector, nationally (including LAGIE and HEDNO) and abroad, while the same applies for the majority of receivables of the construction sector.

The Group, traditionally, by nature of its operations, is not exposed to significant credit risk from trade receivables, apart from possible overdue payments from LAGIE. The overdue payments can be significantly reduced following the adoption of Law 4254/14.

Credit – transaction risk for cash equivalents, as well as for other receivables is low, given that the relevant parties are reliable banks with high quality capital structure, the Greek state or companies of the broader public sector or powerful business groups.

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

Foreign exchange risk

Apart from Greece, the Group operates in Eastern Europe and the United States of America and therefore it may be exposed to foreign exchange risk that may result from the exchange rate of the euro against other currencies. This type of risk may arise only from trade transactions in foreign currency, from financial investments in foreign currency, as well as from net investments in foreign entities.

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

With regard to the company's transactions with foreign entities, such primarily take place with European groups where the settlement currency is the euro and therefore such transactions are not exposed to foreign exchange risk.

Interest rate risk

The Group's policy is to minimize its exposure to interest rate risk with regards to long-term financing and operation. In the context of this policy, the long-term loans received by the Group are either under fixed interest rates or are hedged for interest rate risk for almost the whole of their duration. Therefore, 23.7% of the Group's long-term debt is under fixed interest rates, 36.5% refers to floating interest rate loans that have

been hedged with derivatives through which future payments of fixed interest rate are exchanged with future floating interest rate receipts, while 39.8% is under floating interest rates either linked to euribor or wibor. The Group's total short-term debt is in euro under floating interest rates linked to euribor. Short-term loans are primarily received as bridge financing during the phase of implementation and construction of the Group's investments.

The relevant loans are repaid either when the relevant government grants are received or through long-term loans during the completion of construction and commencement of operation of the wind parks. These loans are expected to be repaid within one year, while new short-term loans are expected to be received to finance the construction of new wind parks. Therefore the Group is exposed to interest rate risk arising from short-term debt and the part of long-term debt that is under floating interest rates.

Sensitivity analysis of interest rate risk

The following table presents the sensitivity of the year's results against the Group's short-term debt and deposits, to an interest rate change of +20% –20% (2015: +/-20% as well). The interest rate changes examined are considered to fluctuate on a reasonable basis given the recent market condition and, until today, appear stable in relation to the previous year.

Amounts in thousands €	2016		2015	
	20%	(20%)	20%	(20%)
Result after taxes - Group	(107)	107	(261)	261
Result after taxes – Company	2	(2)	(14)	14

The Group is not exposed to other interest rate risks.

Analysis of market risk

The Group is not exposed to market risk with regards to its financial assets.

Analysis of liquidity risk

The Group's liquidity is considered satisfactory, as apart from existing cash and cash equivalents, wind parks currently in operation create satisfactory cash flows. Net cash flows from operating activities amounted to 28.3 mil euro during 2016 compared to 63.1 mil euro in 2015. The Group manages its liquidity needs by applying a cautious cash flow planning, by carefully monitoring the balance of long-term financial liabilities as well as by systematically managing the payments which take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly.

The company maintains cash and cash equivalents in banks, in order to cover its liquidity needs for periods up to 30 days. The capital for mid-term liquidity needs is released from the company's term deposits.

Other risks and uncertainties

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

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

E. Prospects & Outlook

As it was mentioned previously, the positive prospects for the TERNA ENERGY Group for 2017 remain stable, since:

- a) the construction of two new investments in Greece continues, one of which will be completed and will start operating in 2017
- b) the investment in Ai-Giorgis will be fully operational within 2017
- c) the new investment (FLUVANNA I) will be completed and will start operating in the USA, while,
- (d) the two waste management projects that the company intends to implement are maturing in procedural and financial manner.

F. Definitions and reconciliation of the Alternative Performance Measures (“APM”)

During the description of the Group’s performance, ratios such as the following are used:

Adjusted “Operating results (EBIT)” is an indicator via which the Management of the Group assesses the operating performance of a business segment. The above element is defined as the Gross Profit, minus the Administrative and distribution expenses, minus the Research and development expenses, plus/minus the Other income/(expenses) apart from the items of the Foreign exchange differences due to payment and valuation, the Impairments of fixed assets, the Impairments of inventories, the Other impairments and provisions, and the Impaired / Written-off receivables, as they are presented in the attached financial statements (Note 5).

“*Net debt / (Surplus)*” constitutes an indicator via which the Management of the Group assesses the cash position of a business segment at any point in time. The above element is defined as the sum of liabilities from loans and leasing agreements minus the cash reserves (Note 5).

The “*EBITDA*” is defined as the *Operating results (EBIT)*, plus the depreciation of assets, minus the corresponding for the year grants on fixed assets, as they are presented in the attached financial statements (Note 5).

The ratio Bank Debt over Total Employed Capital: Total Employed Capital is defined as the sum of total equity, bank debt, the titles issued in the context of the tax equity investment (note 22), the repayment of which is secondary to the repayment of the primary debt of the respective Wind Parks and is performed only to the extent that the required return from their operation is achieved, the state grants minus the amount of cash which is not subject to any limitation of use or to any suspension.

The ratio at the end of the financial years 2016 and 2015 is the following:

Amounts in € thous.	<u>31.12.2016</u>	<u>31.12.2015</u>
Bank Debt	667,856	486,072
Total Equity	355,294	346,781
Bank Debt	667,856	486,072
Financial liabilities from secondary securities	48,554	49,388
Grants	159,156	236,239
Minus: Cash and Deposits	<u>(113,355)</u>	<u>(139,790)</u>
Capital	<u>1,117,441</u>	<u>978,690</u>
Bank Debt / Total Employed Capital	<u>60%</u>	<u>50%</u>

G. Treasury Shares

During the period 01/01/2016 – 31/12/2016, the Company bought back 1,330,470 shares with a nominal value of 399,141 euro and market value of 3,250,278 euro. The total number of treasury shares held by the Company as of 31/12/2016 had reached the number of 4,316,265 shares, i.e. 3.95% of the total share capital, with a total acquisition cost of 11,011,842 euro.

H. Transactions with Related Parties

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

Transactions and balances for 2016 are as follows:

TERNA ENERGY SA				
	SALES	PURCHASES	RECEIVABLE	LIABILITY
SUBSIDIARIES				
IWECO CHONOS LASITHI CRETE SA	150,000	179,083		3,443,435
TERNA ENERGY EVROU SA	320,000	933,603		24,435,702
ENERGIAKI SERVOUNIOU SA	281,949	1,464,809	259,521	25,012,470
AIOLIKI PANORAMATOS DERVENOCHORION SA	447,110		3,620,038	
AIOLIKI ILIOKASTROU SA	291,695		175,702	
AIOLIKI RACHOULAS DERVENOCHORION SA	393,067		2,686,524	
ENERGIAKI DERVENOCHORION SA	300,866		81,674	1,720,000

AIOLIKI KARYSTIAS EVOIAS SA			80,000	
ENERGIKI FERRON EVROU SA	178,156	11,167	109,713	1,011,167
AIOLIKI DERVENI TRAIANOUPOLEOS SA	603,381	18,992	3,638,467	
AIOLIKI PASTRA ATTIKIS SA	623,624		4,366,771	
ENERGIKI XIROVOUNIOU SA	443,884		6,695,027	
VATHYCHORI ENA PHOTOVOLTAIC SA	377,460		2,567,647	
EUROWIND SA	215,000	183,441	269,950	3,166,092
TERNA ENERGEIAKI – AI GIORGIS SA	44,065,867		54,989,811	
ENERGIKI NEAPOLOEOS LAKONIAS SA	41,448		101,396	
DELTA AXIOU ENERGEIAKI SA	689,600		1,318,470	
TERNA AIOLIKI AMARYNTHOU SA	300			
VATHYCHORI PERVALLONTIKI SA			29,405	
CHRYSOUPOLI ENERGEIAKI LTD			19,862	
ALISTRATI ENERGY LTD			43,317	
ORCHOMENOS ENERGEIAKH LTD			9,518	
MALESINA ENERGEIAKH LTD			10,203	
LAGADAS ENERGEIAKH SA			10,190	
ENERGEIAKI PELOPONNISOU SA			20,000	
VATHYCHORI DYO ENERGEIAKI			2,155,344	
TERNA AIOLIKI XEROVOUNIOU SA			3,151	
GEOtherMIKI ENERGEIAKH ANAPTYXIAKI SA			3,388	
FILOTAS ENERGEIAKI S.A.			1,509	
DIRFYS ENERGEIAKI S.A.			1,495	
DOMOKOS ENERGEIAKI S.A.			1,509	
TERNA ENERGY OVERSEAS LTD			79,274	
PROENTRA D.O.O BEOGRAD		13,336		
PERIVALLONTIKI PELOPONNISOU S.A.			2,241,934	
TERNA ILIAKI ILIOKASTROU S.A.	224		1,257	
TERNA ILIAKI VOIOTIAS SA	1,754,300		2,167,324	
TERNA ILIAKI PANORAMATOS SA	2,770,008		3,218,907	
TERNA ILIAKI PELOPONNISOU SA	4,739,843		12,518,554	
HST AE			8,841	
General and Limited Partnerships	188,827		766,302	
PARENT				
GEK TERNA SA	833	182,529	500,833	197
OTHER RELATED PARTIES				
TERNA SA	190,544	543,785	9,054	83,829
Joint ventures in which GEK TERNA SA and TERNA SA participate	24,158,820		5,556,424	3,765,826
GEK YPIRESIES SA		13,420		4,538
EKTONON SA		1,481	10,010	10,127
VIPA THESSALONIKIS SA		25,200		
HERON THERMOELECTRIC SA		199,861	18,660	54,224
ILIOCHORA SA		11,622		14,063
ICON BOROVECH OOD		426		
NEA ODOS SA		212		49
TERNA MAG SA	15,000		18,450	

Regarding the Company's receivables from its subsidiaries amounting to € 104,271,995 (note 33) are displayed the following clarifications:

- a total amount of € 61,184,633 relates to bond loans (note 10)
- total amount of € 15,650,374 relates to receivables from construction services (note 13)
- a total amount of € 22,869,986 relates to claims from maintenance services (note 13)
- a total amount of € 4,567,002 relates to receivables from other services (note 13)

Regarding the Company's liabilities from its subsidiaries amounting to € 58,788,866 (note 33) are displayed the following clarifications:

- a total amount of € 57,068,863 relates to bond loans (note 17)
- a total amount of € 1,720,003 relates to obligations for other services

Regarding the above transactions, the following clarifications are provided:

Sales of TERNA ENERGY SA to:

- to IWECO CHONOS SA amounting to EUR 150,000 out of which amount of EUR 150,000 refers to RES maintenance services.
- to TERNA ENERGY EVROU SA amounting to EUR 320,000 for RES maintenance services.
- to ENERGIKI SERVOUNIOU SA amounting to 281,949 of which EUR 260,000 is for RES maintenance services and EUR 21,949 for interest income
- to AIOLIKI PANORAMATOS DERVENOCHORION SA amounting to EUR 447,110, out of which EUR 398,750 are for RES maintenance services and 48,360 relate to interest income.
- To AIOLIKI ILIOKASTROU SA amounting to EUR 291,695, out of which EUR 200,000 are for RES maintenance services and EUR 91,695 for commissions of letters of guarantee.
- To AIOLIKI RACHOULAS DERVENOCHORION SA amounting to EUR 393,067 out of which EUR 216,000 are related to RES maintenance services and EUR 177,067 for commissions of letters of guarantee.
- To ENERGIKI DERVENOCHORION SA amounting to EUR 300,866, out of which EUR 238,333 are for RES maintenance services and EUR 62,533 relate to commissions for letters of guarantee.
- To ENERGIKI FERRON EVROU SA amounting to EUR 178,156, out of which EUR 130,000 relate to RES maintenance and EUR 48,156 refer to commissions for letters of guarantee.
- To AIOLIKI DERVENI TRAIANOUPOLEOS SA amounting to EUR 603,381 out of which EUR 221,984 relate to RES maintenance services, EUR 100,897 to interest income and EUR 280,500 refer to commissions for letters of guarantee.
- To AIOLIKI PASTRA ATTIKIS SA amounting to EUR 623,624, out of which € 200,000 are related to RES maintenance services, EUR 365,936 to interest income and EUR 57,688 to commissions for letters of guarantee.
- to ENERGIKI XIROVOUNIOU SA amounting to EUR 443,884 out of which EUR 90,500 relate to RES maintenance services, EUR 326,896 to interest income and EUR 26,488 to commissions for letters of guarantee.
- To VATHYCHORI ENA PHOTOVOLTAIC SA amounting to EUR 377,460, out of which EUR 250,000 refer to RES maintenance services and EUR 127,460 to interest income.
- To EUROWIND SA amounting of EUR 215,000 that refers to RES maintenance services.
- To TERNA ENERGEIAKI – AI GIORGIS SA amounting to EUR 44,065,867, out of which EUR 30,074,098 are for construction services, EUR 11,318,154 are for cable damage repair, EUR 575,364 are for RES maintenance services and EUR 2,098,251 for interest income.
- To ENERGIKI NEAPOLOEOS LAKONIAS SA amount of EUR 41,448 that refer to commission for letters of guarantee.

- To DELTA AXIOU ENERGEIAKI SA amounting to EUR 689,600 for construction services.
- To TERNA AIOLIKI AMARYNTHOU SA amount of EUR 300 for RES maintenance services.
- To TERNA ILIAKI ILIACASTROU SA amount of EUR 224 regarding commissions for letters of guarantee.
- To TERNA ILIAKI VIOTIAS SA EUR 1,754,300 for construction services.
- To TERNA ILIAKI PANORAMATOS SA amounting to EUR 2,770,008 out of which EUR 2,663,328 relate to construction services and EUR 106,680 to interest income.
- To TERNA ILIAKI PELOPONNISOUS SA amounting to EUR 4,739,843, out of which EUR 4,720,500 are for construction services, € 93 for commissions of letters of guarantee and EUR 19,250 for interest income.
- to General and Limited partnerships companies amounting to EUR 188,827, concerning commissions for letters of guarantee.
- To GEK TERNA SA amounting to EUR 833 relating to interest income.
- To TERNA SA amounting to EUR 190,544, out of which EUR 94,783 is for construction services, EUR 94,805 for leasing of machinery and EUR 956 for other services.
- To Joint Ventures in which GEK TERNA SA and TERNA SA participate amounting to EUR 24,158,820, out of which EUR 24,096,284 are for construction services, EUR 12,486 for purchases of production materials and EUR 50,050 for commissions of letters of guarantee.
- To TERNA LEFKOLITHOI SA amounting to EUR 15,000 relates to profits from the sale of machinery.

Purchases of TERNA ENERGY SA:

- From IWECO CHONOS SA amounting to EUR 179,083 that refer to interest expense.
- From TERNA ENERGY EVROU SA amounting to EUR 933,603, out of which EUR 928,836 relate to interest expense and EUR 4,767 relate to purchases of spare parts
- From ENERGEIAKI SERVOUNIOU SA amounting to EUR 1,464,809 for interest expenses.
- from ENERGEIAKI FERRON EVROU SA amounting to EUR 11,167 relates to interest expenses.
- from AIOLIKI DERVENI TRAIANOUPOLEOS SA amounting to EUR 18,992 relates to loss from disposal of fixed assets.
- From EUROWIND SA amounting to EUR 183,441 relates to interest expenses.
- From PROENTRA D.O. BEOGRAD amount of EUR 13,336 that refers to commodity markets.
- From GEK TERNA SA amounting to EUR 182,529, out of which EUR 174,529 are for leases of buildings and EUR 8,000 relate to other costs.
- From TERNA SA amounting to EUR 543,785, out of which EUR 40,777 relate to the purchase of fixed assets, EUR 44,201 to machinery rents, EUR 328,551 to the purchase of materials, EUR 129,380 to commissions for letters of guarantee and EUR 876 to other costs.
- From GEK SERVICES SA EUR amount of EUR 13,420 relate to maintenance services.
- From EKTONON SA amount of EUR 1,481 relate to other services.
- From VIPA THESSALONIKI SA amount of EUR 25,200 refer to the lease of buildings.
- from HERON THERMOELECTRIKI SA amount EUR 199,861 relate to electricity purchases.
- From ILIOCHORA SA amount of EUR 11,622 that refer to construction services
- From ICON BOROVEK OOD amount of EUR 426 that refer to other services
- from NEA ODOS SA amount of EUR 212 that refer to other services.

Transactions with Board members

The total remuneration paid to Board members amounted to 1,266,685 euro, of which 526,725 euro concern Board remuneration while 739,960 euro concern the provision of services.

CORPORATE GOVERNANCE STATEMENT

1. Corporate Governance Code

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

In this context, and in order to enforce further the implementation of principles, rules and practices of ethics that should govern the functions and procedures of a modern and socially responsible business, the Management has developed a specific Code of Ethics which will be applicable for all the companies of TERNA ENERGY GROUP.

2. Corporate governance rules and practices

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

Board of Directors

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

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

- deciding on the company's organizational structure, management systems and procedures, as well as the amendment of such, when deemed necessary by the company's internal and external operation conditions
- the establishment and effort to ensure the proper operation of committees specified by the Corporate Governance Principles (Audit Committee and Nomination and Remuneration Committee)
- the establishment of collective bodies when deemed necessary for the improvement of the company's efficiency and operation
- the definition and effort to lay out and apply basic company values and principles, including those of corporate governance, throughout its overall relationship with all related parties.

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

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

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

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

The Board of Directors, following the announcement of the non-executive member's death, Panagiotis Pothos on 13/4/2016, met on 20/4/2016 and, following the proposal of the Nominations and Remunerations Committee, elected Mr. Vasilios Delikaterinis of Evangelos as executive member, in replacement of the deceased for the remainder of his tenure, namely until 30th of June 2017 at the latest.

The above replacement was announced to the Extraordinary General Assembly on the 9th of January 2017.

After the above replacement the Board of Directors is composed today of the following Members:

- | | |
|--|--------------------------------------|
| 1. Goergios Peristeris of Theodoros | Chairman, Executive member |
| 2. Georgios Perdikaris of Gerasimos | Vice-Chairman, Executive Member |
| 3. Emmanouil Maragoudakis of Vasilios | Managing Director, Executive member |
| 4. Georgios Spyrou of Symeon | Executive Director, Executive member |
| 5. Michail Gourtzis of Alexandros | Executive member |
| 6. Vasilios Delikaterinis of Evangelos | Executive member |
| 7. Theodoros Tagas of Christos | Non-Executive member |
| 8. Aristidis Ntasis of Konstantinos | Independent-Non-Executive member |
| 9. Nikolaos Kalamaras of Dionysios | Independent-Non-Executive member |

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

During the exercise of their duties and the Board meetings in 2016, the Board members exhibited “diligence of a prudent businessman”, dedicated the sufficient time needed for the efficient management of the company, acted with integrity, accountability and proper judgment, avoiding actions that could endanger the company’s competitiveness or conflict its interests. Also, they protected the confidentiality of information they had privileged access to and ensured the prompt and simultaneous provision of information to all shareholders and interest investors on issues that could affect their decision to realize any transaction on company shares.

During the Board meetings and its activities, the Board was supported by the Company Secretary Mr. George Spyrou, the responsibilities of which are described in the CGC.

Chairman of the Board of Directors

The Chairman represents the basic instrument for applying Corporate Governance Principles in the company, with responsibility, among others, for the efficient operation of the Board of Directors and the active participation of all its members in making and reviewing the application of business decisions, as well as for the smooth communication between the company and its shareholders.

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

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

Nomination and Remuneration Committee

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

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

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

The Committee, which is formed by the following members: Emmanuel Maragoudakis – CEO, executive member, Theodoros Tagas– non-executive member and Aristeidis Ntasis – independent non-executive member, convened during the year on 21st April 2016 with the sole item in the agenda the submission of proposal regarding the replacement of the departed member of the BoD Panagiotis Pothos.

Investment Committee

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

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

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

The Committee, which is formed by the following Board members: Emmanuel Maragoudakis – CEO, Executive member, George Spyrou – Advisor on Mandate, Executive member and Michael Gourzis - Executive member, during its meetings, examined the implementation progress of the Company's investment plan. The Committee was analytically informed about the ongoing investment (FLUVANNA I) in Texas of USA, as well as for the new investment proposals that were evaluated by the pertinent senior staff of the Group.

The Committee instructed the above senior staff to prepare their proposals and present them in a following meeting of the Committee.

Audit Committee

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

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

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

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

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

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

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

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

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

Theodoros Tagas – non-Executive member

Aristeidis Ntasis – independent non-Executive member

Nikolaos Kalamaras - independent non-Executive member

The Audit Committee convened four (4) times during 2016, it exercised all of its responsibilities and tasks, it cooperated with the company's Internal Audit Department and provided the appropriate guidance for the continuation of the audit by subject and priority.

It discussed with the head of the company's internal audit about its findings and conclusions and confirmed the correctness of the preparation procedure for the financial statements.

3. Internal Control and Risk Management

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

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

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

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

The evaluation and management of risks during 2016 is described in the relevant paragraph of the company's Annual Financial Report.

4. Relations – Communication with Shareholders - Investors

The Board of Directors emphasizes greatly on protecting the rights of all company Shareholders, by facilitating the information they receive on the development of corporate affairs and by encouraging their participation in the General Meetings, where they have the opportunity to communicate directly with Management, submit questions they may have and contribute to the final positioning of the company's strategic directions.

The company has a special Investor Relations and Shareholders' Service Department, which ensures the direct, responsible and complete provision of information, as well as the facilitation of shareholders to exercise their rights.

In the same context, the Chairman of the Board and/or Managing Director may realize individual meetings with company shareholders that own a significant share of its capital, with the objective to provide more detailed information on corporate governance issues. They also collect the views stated by shareholders, transfer such to the remaining Board members and ensure that the principles and procedures of corporate governance and any other information useful for shareholders and investors are promptly available and easily accessible through up to date means.

5. General Meeting of Shareholders

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

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

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

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

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

7. Compliance with the provisions of the Code

The Board of Directors has complied with the provisions of the Corporate Governance Code during 2016.

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

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

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

a) Structure of Share Capital

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

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

All the rights and obligations stated by Law and the Company's Articles of Association emanate from each share.

b) Limitations to the transfer of Company shares

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

c) Significant direct or indirect participation according to the definition of the provisions of L. 3556/2007

Shareholders which during 31/12/2016 held a percentage larger than 5%, based on the total issued shares, are presented in the following table:

NAME OF SHAREHOLDER	SHARES	PERCENTAGE
GEK TERNA SA	43,211,556	39.529% (indirectly)
George Peristeris	26,981,012	24.682%
York Global Finance Offshore BDH (Luxembourg) Sarl	10,271,771	9.397%

d) Shares providing special control rights

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

e) Limitations to voting rights

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

f) Agreements between Company Shareholders

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

g) Rules for appointment and replacement of Board Members and amendments of the Articles of Association

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

h) Authority of the Board of Directors for the issuance of new shares or the purchase of treasury shares

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

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

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

The Company, by means of the resolution of the Annual General Meeting of Shareholders on 18/4/2016, renewed the share buyback program, up to the percentage of 10% of its share capital for a period of twenty four months, namely until 18/4/2018.

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

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

j) Agreements of Members of the Board of Directors or the Company's Employees

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

IV. ANNUAL FINANCIAL STATEMENTS PARENT AND CONSOLIDATED OF 31 DECEMBER 2016

(1 January – 31 December 2016)

According to the International Financial Reporting Standards

The accompanying Financial Statements were approved by the Board of Directors of TERNA ENERGY ABETE on 26/4/2017 and have been published by being posted on the internet at the website www.terna-energy.com , as well as the Athens Exchange website, in which they remain at the disposal of the investment community for at least 5 years since their publication. It is noted that the published in the press Data and Information derived from the Financial Statements, aim at providing the reader with certain general financial information but do not provide a full picture of the financial position and the results of the Company and Group, in accordance with the International Financial Reporting Standards (IFRS).

TERNA ENERGY GROUP
STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2016

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

	Note	GROUP		COMPANY	
		31 - Dec	31 - Dec	31 - Dec	31 - Dec
		2016	2015	2016	2015
ASSETS					
Non-current assets					
Intangible assets	6	27,102	30,319	2,116	2,485
Tangible assets	7	970,577	858,667	99,247	100,264
Investment property	8	530	575	530	575
Participation in subsidiaries	4	-	-	271,479	246,182
Participations in associates	9	5,374	5,404	5,451	5,401
Participation in joint-ventures	4	-	-	119	127
Other long-term receivables	10	23,370	17,726	62,372	55,293
Receivables from derivatives	18	1,526	149	-	-
Financial Assets - Concessions	11	10,055	1,723	-	-
Other investments		1,755	1,886	1,755	1,886
Deferred tax assets	28	4,839	3,224	-	-
Total non-current assets		1,045,128	919,673	443,249	412,213
Current assets					
Inventories	12	4,063	2,882	3,403	2,493
Trade receivables	13	80,389	58,504	59,246	30,172
Receivables according to IAS 11	14	3,127	1,015	3,396	4,618
Prepayments and other receivables	13	140,010	84,492	20,086	17,562
Income tax receivables		495	3,218	-	2,541
Financial assets at fair value through results	15	-	8,900	-	8,900
Cash and cash equivalents	16	164,399	143,604	29,249	34,164
Total current assets		392,483	302,615	115,380	100,450
TOTAL ASSETS		1,437,611	1,222,288	558,629	512,663
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	26	32,794	32,794	32,794	32,794
Share premium		219,247	219,247	219,247	219,247
Reserves		40,326	33,965	17,283	19,925
Retained earnings		56,493	55,869	37,094	35,003
Total		348,860	341,875	306,418	306,969
Non-controlling interests		6,370	4,906	-	-
Total equity		355,230	346,781	306,418	306,969
Long-term liabilities					
Long-term loans	17	567,175	393,581	111,879	109,534
Other financial liabilities	22	44,567	46,586	-	-
Liabilities from derivatives	18	6,289	4,743	506	558
Other provisions	20	13,687	8,879	4,075	963

TERNA ENERGY GROUP
STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2016

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

	Note	GROUP		COMPANY	
		31 - Dec	31 - Dec	31 - Dec	31 - Dec
		2016	2015	2016	2015
Provision for staff indemnities	19	435	390	368	366
Grants	21	159,156	236,239	19,007	20,885
Deferred tax liabilities	28	12,143	8,795	993	1,658
Other Long-term liabilities		9	983	-	-
Total long-term liabilities		803,461	700,196	136,828	133,964
Short-term liabilities					
Suppliers	23	49,251	26,498	27,546	11,746
Short-term loans	25	5,396	51,449	5,016	12,248
Long-term liabilities falling due in the next period	17	95,285	41,042	34,977	9,566
Long-term financial liabilities falling due in the next period	22	3,987	2,802	-	-
Liabilities according to IAS 11	14	10,741	4,567	10,399	4,750
Accrued and other short-term liabilities	24	107,913	45,234	33,708	33,420
Income tax payable		6,347	3,719	3,737	-
Total short-term liabilities		278,920	175,311	115,383	71,730
Total liabilities		1,082,381	875,507	252,211	205,694
TOTAL LIABILITIES AND EQUITY		1,437,611	1,222,288	558,629	512,663

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

TERNA ENERGY GROUP
STATEMENT OF COMPREHENSIVE
INCOME
31 DECEMBER 2016

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

	Note	GROUP		COMPANY	
		1.1 – 31.12	1.1 – 31.12	1.1 – 31.12	1.1 – 31.12
		2016	2015	2016	2015
Continued activities					
Turnover	5	225,560	198,608	107,433	91,746
Cost of sales	29	(151,358)	(131,276)	(79,733)	(71,104)
Gross profit		74,202	67,332	27,700	20,642
Administrative & distribution expenses	29	(12,269)	(11,422)	(5,893)	(7,097)
Research & development expenses	29	(1,152)	(2,370)	(1,151)	(2,426)
Other income/(expenses)	30	13,969	9,147	4,571	(2,486)
Operating results		74,750	62,687	25,227	8,633
Financial income	31	1,457	1,933	3,411	1,988
Financial expenses	31	(40,905)	(34,095)	(9,912)	(7,524)
Gains / (Losses) from financial instruments measured at fair value	18	1,069	-	-	-
Proportion in results of associate companies	9	(80)	(139)	-	-
EARNINGS BEFORE TAX		36,291	30,386	18,726	3,097
Income tax expense	28	(14,912)	(12,939)	(6,242)	(3,010)
NET EARNINGS FOR THE PERIOD		21,379	17,447	12,484	87
Other total (losses) / income recognized directly in Equity from:					
Foreign exchange differences from incorporation of foreign units		(16)	3	-	-
Actuarial income/losses from defined benefit plans		24	(35)	27	(23)
Income/(expenses) from hedging of cash flows		(873)	1,032	52	80
Expenses of capital increase		(163)	(173)	-	(108)
Income tax recognized directly in Equity		450	132	(23)	122
Other total (losses) / income for the period net of income tax		(578)	959	56	71
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		20,801	18,406	12,540	158

TERNA ENERGY GROUP
STATEMENT OF COMPREHENSIVE
INCOME
31 DECEMBER 2016

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

	Note	GROUP		COMPANY	
		1.1 – 31.12	1.1 – 31.12	1.1 – 31.12	1.1 – 31.12
		2016	2015	2016	2015
Net results attributed to:					
Shareholders of the parent from continued activities		20,648	16,913		
Non-controlling interests from continued activities		731	534		
		21,379	17,447		
Total income attributed to:					
Shareholders of the parent from continued activities		20,077	17,882		
Non-controlling interests from continued activities		724	524		
		20,801	18,406		
Earnings per share (in Euro)					
From continued activities attributed to shareholders of the parent	27	0.1960	0.1585		
Average weighted number of shares					
Basic		105,342,255	106,695,430		

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

TERNA ENERGY GROUP
STATEMENT OF CASH FLOWS
31 DECEMBER 2016

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

	GROUP		COMPANY	
	1.1 – 31.12	1.1 – 31.12	1.1 – 31.12	1.1 – 31.12
	2016	2015	2016	2015
Cash flow from operating activities				
Earnings for the period before tax	36,291	30,386	18,726	3,097
Adjustments for the agreement of net flows from operating activities				
Depreciation	53,294	48,799	8,179	8,212
Provisions	120	99	80	104
Impairments	536	-	313	-
Interest and related income	(1,457)	(1,933)	(3,411)	(1,988)
Interest and other financial expenses	40,905	34,095	9,912	7,524
Results from intangible and tangible assets and from investment property	(156)	-	65	-
Results from participations and securities	(586)	1,100	(981)	1,431
Results from derivatives	(1,069)	-	-	-
Amortization of grants	(10,868)	(10,873)	(1,878)	(1,878)
Results from associates	80	139	-	-
Foreign exchange differences	(821)	(2,401)	-	-
Other adjustments	-	4,393	-	4,393
Operating profit before working capital changes	116,269	103,804	31,005	20,895
(Increase)/Decrease in:				
Inventories	(1,181)	(418)	(910)	(380)
Trade receivables	(23,937)	(5,735)	(26,777)	12,329
Prepayments and other short term receivables	(60,856)	(34,901)	(9)	5,514
Increase/(Decrease) in:				
Suppliers	14,765	4,911	15,101	(1,923)
Accruals and other short term liabilities	5,420	(419)	3,826	149
Other long-term receivables and liabilities	(12,793)	3,546	(553)	(370)
Income tax payment	(9,437)	(7,722)	(2,711)	(2,083)
Net cash inflow from operating activities	28,250	63,066	18,972	34,131
Cash flow from investment activities:				
(Purchases)/sales of tangible and intangible fixed assets	(145,474)	(85,930)	(3,955)	(2,134)
Interest and related income received	1,171	1,560	960	948
Sale of publicly traded shares	9,622	-	9,622	-
Collection of dividends	-	-	395	-
Net change in provided loans	-	(500)	(4,159)	(26,237)
Purchases of publicly traded shares	-	(10,000)	-	(10,000)
(Purchases) / sales of participations and securities	(50)	-	(25,346)	(29,929)
Cash outflows for investment activities	(134,731)	(94,870)	(22,483)	(67,352)
Cash flows from financing activities				

Share capital return	-	(8,990)	-	(8,990)
Proceeds from share capital increases	1,125	1,651	-	-
Purchase of Treasury Shares	(3,250)	(1,597)	(3,250)	(1,597)
Net change of long term loans	219,658	71,171	23,839	64,810
Net change of short term loans	(45,777)	(15,397)	(7,200)	(27,000)
Dividends paid	(8,697)	(315)	(8,317)	-
Interest and other financial expenses paid	(34,479)	(37,111)	(6,476)	(13,875)
Change in financial liabilities	(2,882)	(2,261)	-	-
Cash inflows / (outflows) for financing activities	125,698	7,151	(1,404)	13,348
Effect of exchange rate changes on cash & cash equivalents	1,578	(546)	-	-
Net increase/decrease in cash	20,795	(25,199)	(4,915)	(19,873)
Cash & cash equivalents at the beginning of the period	143,604	168,803	34,164	54,037
Cash & cash equivalents at the end of the period	164,399	143,604	29,249	34,164

TERNA ENERGY GROUP
STATEMENT OF CHANGES IN EQUITY

31 DECEMBER 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
Total comprehensive income/(losses) for the period	-	-	969	16,913	17,882	524	18,406
Issue of share capital	-	-	-	-	-	1,651	1,651
Distribution of dividends	-	-	-	-	-	(315)	(315)
Return of Share Capital	(9,838)	-	-	-	(9,838)	-	(9,838)
Formation of reserves	9,838	(9,838)	7,120	(7,120)	-	-	-
Purchase of Treasury Shares	-	-	(1,597)	-	(1,597)	-	(1,597)
Transfers – Other movements	-	-	239	(10)	229	-	229
31 December 2015	32,794	219,247	33,965	55,869	341,875	4,906	346,781
1 January 2016	32,794	219,247	33,965	55,869	341,875	4,906	346,781
Total comprehensive income/(losses) for the period	-	-	(571)	20,648	20,077	724	20,801
Issue of share capital	-	-	-	-	-	1,119	1,119
Distribution of dividends	-	-	-	(9,838)	(9,838)	(379)	(10,217)
Formation of reserves	-	-	10,024	(10,024)	-	-	-
Purchase of Treasury Shares	-	-	(3,250)	-	(3,250)	-	(3,250)
Transfers – Other movements	-	-	158	(162)	(4)	-	(4)
31 December 2016	32,794	219,247	40,326	56,493	348,860	6,370	355,230

TERNA ENERGY S.A.
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2016

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

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>
1 January 2015	32,794	229,085	20,674	35,456	318,009
Total comprehensive income for the period	-	-	57	101	158
Issuance of share capital	9,838	(9,838)	-	-	-
Return of Share Capital	(9,838)	-	-	-	(9,838)
Formation of reserves from profit carried forward	-	-	552	(552)	-
Purchase of Treasury Shares	-	-	(1,597)	-	(1,597)
Transfers – Other movements	-	-	239	(2)	237
31 December 2015	32,794	219,247	19,925	35,003	306,969
1 January 2016	32,794	219,247	19,925	35,003	306,969
Total comprehensive income for the period	-	-	56	12,484	12,540
Formation of reserves from profit carried forward	-	-	552	(552)	-
Distribution of dividends	-	-	-	(9,838)	(9,838)
Purchase of Treasury Shares	-	-	(3,250)	-	(3,250)
Transfers – Other movements	-	-	-	(3)	(3)
31 December 2016	32,794	219,247	17,283	37,094	306,418

1 ESTABLISHMENT & ACTIVITY OF THE COMPANY

The TERNA ENERGY SA Group of companies (hereinafter the «Group» or «TERNA ENERGY») is a Greek group of companies mainly engaged in the energy and construction sector. The Group's activity in the energy sector is related to the construction and exploitation of renewable sources of Wind and hydroelectric energy, 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 31/12/2016 held 39.529% of the Company's share capital.

2 BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

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

b) Statutory Financial Statements

Until the 31st of December 2004 TERNA ENERGY SA and its Greek subsidiaries kept their accounting books and prepared financial statements according to the provisions of L. 2190/1920 and the tax legislation in effect. From January 1st, 2005 they are obliged, according to the legislation in effect, to prepare their Statutory Financial Statements according to the IFRS that have been adopted by the European Union.

The Company and the Greek companies of the Group continue to keep their accounting books in accordance with the provisions of the tax laws, as they have the right to do so. Off balance sheet adjustments are then made in order to prepare the accompanying financial statements in accordance with the IFRS.

c) New Standards, Interpretations and Amendments of Standards

The accounting principles applied for the preparation of the financial statements are the same with those applied for the preparation of the annual financial statements of the Company and the Group as of 31 December 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 31 December 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), have been adopted by the European Union and their application is mandatory from 01/01/2016 or after:

– **Amendment to IAS 19 "Employee Benefits" - Defined Benefit Plan: Employee contributions (effective for accounting periods beginning on 01/02/2015 or after)**

In November 2013, the IASB proceeded to the issuance of an amendment of limited scope of IAS 19 with title "Defined benefit plan: Employee Contributions". The present amendment applies to contributions made by employees or third parties with respect to defined benefit plans. The purpose of this amendment is to simplify the accounting treatment of those contributions that are independent of the employee's years of service, such as the contributions calculated as a fixed percentage of payroll. The amendment has no effect on the consolidated Financial Statements.

- **Standards' Annual Improvements - Cycle 2010-2012 (effective for accounting periods beginning on 01/02/2015 or after)**

The IASB proceeded in December 2013 with the publication "Annual Improvements in the International Financial Reporting Standards period 2010-2012", which is consisted of a series of adjustments in 8 Standards and it is part of the scheme for the annual improvements in standards. The amendments are effective for annual periods beginning on or after July 1, 2014, although the economic entities are allowed to apply them earlier. The topics included in this cycle of changes are as follows: IFRS 2: Definition of vesting conditions, IFRS 3: Accounting treatment of potential consideration in business combinations, IFRS 8: Aggregation of operating segments, IFRS 8: Alignment of reportable segments' assets with the assets of the company, IFRS 13: Current assets and liabilities IAS 7: Interest paid that are capitalized, IAS 16 / IAS 38: Revaluation method-proportionate restatement of accumulated depreciation and IAS 24: Key Executives' Services. The amendments have no effect on the consolidated Financial Statements.

- **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 Separate 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. By these amendments, 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 - Cycle 2012-2014 (effective for annual periods beginning on or after 01/01/2016)

The IASB proceeded in September 2014 with 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: issue of domestic market, 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.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the exception from the Consolidation" (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 amendments have no effect on the consolidated Financial Statements.

ii. **New Standards, Interpretations, Revisions and Amendments to existing Standards that are not yet in effect or have not been endorsed by the European Union**

The following new Standards and Revisions of Standards have been published by the International Accounting Standards Board. However they are not yet in effect or approved by the European Union. Specifically:

- **IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 01/01/2016)**

In January 2014, IASB 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 of private business entities. The Group will consider the impact of all the above on the Financial Statements, although it is not expected to incur any impact. These have not been adopted by the European Union in anticipation of the final version 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 is not expected to be any. These have been adopted by the European Union with the effective date set on 01/01/2018.

- **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, even though it is not expected to be any. These have been adopted by the European Union with the effective date set on 01/01/2018.

- **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 amendments of limited scope 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 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.

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

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

- **Annual Improvements to IFRSs - Cycle 2014-2016 (effective for annual periods beginning on or after 01/01/2017 and 01/01/2018)**

In December 2016, the IASB issued the "Annual Improvements to IFRS - Cycle 2014-2016", which consists of a series of amendments to some Standards and is part of the program for annual improvements to IFRSs. The amendments included in this circle are as follows: IFRS 12: Clarification of the implementation context of the Standard, IFRS 1: Deletion of short-term exemptions for first-time IFRS adopters, IAS 28: Measurement of a related or a joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 with respect to IFRS 12 and on or after 1 January 2018 with respect to IFRS 1 and IAS 28. The Group will examine the impact of all of the above in its Financial Statements Situations, although it is not expected to have any. The above have not been adopted by the European Union.

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

In December 2016, the IASB issued a new IFRIC 22 Interpretation. This Interpretation includes the exchange rate requirements to be used when presenting foreign currency transactions (e.g. revenue transactions) when payment has been received or paid in advance. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

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

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

d) Approval of Financial Statements

The accompanying annual consolidated financial statements were approved by the Board of Directors of the Parent Company on 26 April 2017.

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.

3 SUMMARY OF KEY ACCOUNTING PRINCIPLES

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

a) Consolidation Basis

The attached consolidated financial statements comprise the 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 pre-tax rate, which reflects the market's current estimations for the time value of money, and wherever considered necessary, the risks related specifically to

the obligation. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed, unless the probability of an outflow of economic benefits is small. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of financial benefits is likely.

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.
- (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.

4 GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 31.12.2016 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 are as follows:

No.	Company Name	Participation Percentage		Business Activity	Tax un-audited fiscal years
		31/12/2016	31/12/2015		
1	IWECO CHONOS LASITHIOU CRETE SA	100%	100%	Production of Electric Energy from RES	7
2	ENERGIAKI SERVOUNIOU SA	100%	100%	Production of Electric Energy from RES	7
3	TERNA ENERGY EVROU SA	100%	100%	Production of Electric Energy from RES	7
4	PPC RENEWABLES – TERNA ENERGY S.A.	51%	51%	Production of Electric Energy from RES	7

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5	AIOLIKI PANORAMATOS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	7
6	AIOLIKI RACHOULAS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	7
7	ENERGEIAKI DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	7
8	AIOLIKI MALEA LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	7
9	ENERGEIAKI FERRON EVROU S.A	100%	100%	Production of Electric Energy from RES	6
10	AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	100%	100%	Production of Electric Energy from RES	6
11	ENERGEIAKI PELOPONNISOUS S.A.	100%	100%	Production of Electric Energy from RES	7
12	ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	7
13	AIOLIKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	7
14	EUROWIND S.A.	100%	100%	Production of Electric Energy from RES	7
15	ENERGIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	6
16	DELTA AXIOU ENERGEIAKI S.A.	66%	51%	Production of Electric Energy from RES	6
17	TERNA ENERGY THALASSIA WIND PARKS S.A.	77%	77%	Production of Electric Energy from RES	6
18	TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	77%	77%	Production of Electric Energy from RES	7
19	VATHYCHORI PERIVALLONTIKI S.A.	100%	100%	Production of Electric Energy from RES	7
20	VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	100%	Production of Electric Energy from RES	6
21	CHRYSOUPOLI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
22	LAGADAS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	6
23	DOMOKOS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	6
24	DIRFYS ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	5
25	FILOTAS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	5
26	MALESINA ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	5

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27	ORHOMENOS ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	5
28	ALISTRATI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	5
29	TERNA ENERGY AI-GIORGIS S.A.	100%	100%	Production of Electric Energy from RES	6
30	TERNA AIOLIKI AMARYNTHOU S.A.	100%	100%	Production of Electric Energy from RES	5
31	TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	100%	Production of Electric Energy from RES	5
32	TERNA ILIAKI VIOTIAS S.A.	100%	100%	Production of Electric Energy from RES	5
33	VATHYCHORI DYD ENERGEIAKI S.A.	100%	100%	Production of Electric Energy from RES	5
34	TERNA AIOLIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	5
35	TERNA ILIAKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	5
36	TERNA ILIAKI PANORAMATOS S.A.	100%	100%	Production of Electric Energy from RES	5
37	AIOLIKI KARYSTIAS EVIAS S.A.	100%	100%	Production of Electric Energy from RES	10
38	GEOHERMAL ENERGY DEVELOPMENT S.A.	50%	50%	Production of Electric Energy from RES	5
39	TERNA ILIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	5
40	PERIVALLONTIKI PELOPONNISOU SA	100%	100%	Waste Management	2
41	HELLAS SMARTICKET S.A.	70%	70%	Electronic Systems Operation	3
42	WASTE SYCLO S.A.	51%	51%	Waste Management	5
43	TERNA ENERGY FINANCE SA	100%	-	Credit Services	1
44	GP ENERGY LTD	51%	51%	Trade of Electric Energy	12
45	TERNA ENERGY OVERSEAS LTD	100%	100%	Production of Electric Energy from RES	8
46	EOLOS POLSKA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
47	EOLOS NOWOGRODZEC sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
48	TERNA ENERGY NETHERLANDS BV	-	100%	Production of Electric Energy from RES	8
49	HAOS INVEST 1 EAD	100%	100%	Production of Electric Energy from RES	6
50	VALE PLUS LTD	100%	100%	Trade of Electric Energy Equipment	7
51	GALLETTE LTD	100%	100%	Holding	8

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52	ECO ENERGY DOBRICH 2 EOOD	100%	100%	Production of Electric Energy from RES	6
53	ECO ENERGY DOBRICH 3 EOOD	100%	100%	Production of Electric Energy from RES	6
54	ECO ENERGY DOBRICH 4 EOOD	100%	100%	Production of Electric Energy from RES	6
55	COLD SPRINGS WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
56	DESERT MEADOW WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
57	HAMMETTHILL WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
58	MAINLINE WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
59	RYEGRASS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	6
60	TWO PONDS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	6
61	MOUNTAIN AIR WIND, LLC	100%	100%	Production of Electric Energy from RES	6
62	TERNA ENERGY USA HOLDING CORPORATION	100%	100%	Holding	6
63	MOUNTAIN AIR PROJECTS LLC	100%	100%	Production of Electric Energy from RES	6
64	MOUNTAIN AIR INVESTMENTS LLC	100%	100%	Production of Electric Energy from RES	6
65	MOUNTAIN AIR ALTERNATIVES LLC	100%	100%	Production of Electric Energy from RES	6
66	MOUNTAIN AIR RESOURCES LLC	100%	100%	Production of Electric Energy from RES	6
67	MOUNTAIN AIR HOLDINGS LLC	100%	100%	Production of Electric Energy from RES	6
68	FLUVANNA WIND ENERGY LLC	100%	100%	Production of Electric Energy from RES	2
69	FLUVANNA HOLDINGS LLC	100%	-	Production of Electric Energy from RES	1
70	FLUVANNA INVESTMENTS LLC	100%	-	Production of Electric Energy from RES	1
71	TERNA DEN LLC	100%	-	Production of Electric Energy from RES	1
72	TERNA RENEWABLE ENERGY PROJECTS LLC	100%	-	Production of Electric Energy from RES	1
73	AEGIS LLC	100%	100%	Production of Electric Energy from RES, RES Maintenance Services	6

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74	MOHAVE VALLEY ENERGY LLC	100%	-	Production of Electric Energy from RES	1
75	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	100%	100%	Holding	6
76	EOLOS NORTH sp.z.o.o.	100%	100%	Production of Electric Energy from RES	5
77	EOLOS EAST sp.z.o.o.	100%	100%	Production of Electric Energy from RES	5
78	AIOLIKI PASTRA ATTIKIS S.A.	100%	100%	Production of Electric Energy from RES	10
79	TERNA ENERGY TRADING LTD	51%	51%	Holding	2
80	JP GREEN sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
81	WIRON sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
82	BALLADYNA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
83	TETRA DOOEL SKOPJE	51%	51%	Trade of Electric Energy	2
84	PROENTRA D.O.O BEOGRAD	51%	51%	Trade of Electric Energy	2

Within the year 2016 TERNA ENERGY SA FINANCE was established in Greece, whose activity is to provide credit. Also in America in the year 2016 the companies FLUVANNA HOLDINGS LLC, FLUVANNA INVESTMENTS LLC, TERNA DEN LLC, TERNA RENEWABLE ENERGY PROJECTS LLC and MOHAVE VALLEY ENERGY LLC were established whose activity is the development, construction and operation of RES projects.

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

No.	Company Name	Participation Percentage		Business Activity	Tax un-audited fiscal years
		31/12/2016	31/12/2015		
1	TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of Electric Energy from RES	10
2	TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of Electric Energy from RES	10
3	TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of Electric Energy from RES	10
4	TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of Electric Energy from RES	10
5	TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of Electric Energy from RES	10
6	TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	100%	100%	Production of Electric Energy from RES	10

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7	TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	100%	100%	Production of Electric Energy from RES	10
8	TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	99%	99%	Production of Electric Energy from RES	10
9	TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	100%	100%	Production of Electric Energy from RES	10
10	TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	100%	100%	Production of Electric Energy from RES	10
11	TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	100%	100%	Production of Electric Energy from RES	10
12	TERNA ENERGY SA VECTOR WIND PARKS OF GREECE – WIND PARK TROULOS G.P.	90%	90%	Production of Electric Energy from RES	6

B) Joint ventures & Companies of TERNA ENERGY SA

i) Joint Ventures

The following table depicts the joint ventures of technical projects' construction in which the Group participates, have already completed the projects for which they have been set up and their final dissolution is imminent.

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		31/12/2016	31/12/2015	
1	J/V EVANGELISMOS PROJECT C'	50%	50%	12
2	J/V EMBEDOS – PANTECHNIKI ENERGEIAKI	50,10%	50,10%	8
3	J/V TERNA ENERGY – TSAMPR. DRAMAS HOSPITAL	-	40%	12
4	J/V EPL DRAMA	-	24%	12

The companies J/V TERNA ENERGY – TSAMPR. DRAMAS HOSPITAL and J/V EPL DRAMA were liquidated within the first half of 2016.

ii) Joint Entities

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		31/12/2016	31/12/2015	
1	J/V GEK TERNA SA – TERNA ENERGY SA	50%	50%	2

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

No.	Company Name	Establishment	Participation Percentage		Business Activity	Tax un-audited fiscal years
			31/12/2016	31/12/2015		
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	8
2	TERNA ENERGY SA & SIA LP	24/5/2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki	8

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 NOWOGRODZEC Spzoo, EOLOS NORTH sp.z.o.o., TERNA ENERGY TRANSATLANTIC Spzoo, JP GREEN sp.z.o.o., WIRON sp.z.o.o, BALLADYNA sp.z.o.o and EOLOS EAST Spzoo, which were established in Poland, TERNA ENERGY NETHERLANDS, which was established in Holland, the companies COLD SPRINGS WINDFARM LLC, DESERT MEADOW WINDFARM LLC, HAMMETT HILL WINDFARM LLC, MAINLINE WINDFARM LLC, RYEGRASS WINDFARM LLC, TWO PONDS WINDFARM LLC, MOUNTAIN AIR WIND LLC, TERNA ENERGY USA HOLDING CORPORATION, MOUNTAIN AIR PROJECTS LLC, MOUNTAIN AIR INVESTMENTS LLC, MOUNTAIN AIR ALTERNATIVES LLC, MOUNTAIN AIR RESOURCES LLC, MOUNTAIN AIR HOLDINGS LLC, FLUVANNA WIND ENERGY LLC, FLUVANNA HOLDINGS LLC, FLUVANNA INVESTMENTS LLC, TERNA DEN LLC, TERNA RENEWABLE ENERGY PROJECTS LLC, AEGIS LLC and MOHAVE VALLEY ENERGY LLC, 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
		31/12/2016	31/12/2015		
1	Renewable Energy Center RES Cyclades SA *	45%	45%	Equity	5
2	EN.ER.MEL. S.A.	49,2%	49,2%	Equity	5

* Participation through IWECO CHONOS LASITHIOU CRETE S.A.

5 INFORMATION REGARDING OPERATING SEGMENTS

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

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

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

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

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

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

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

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.

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Business segments	Construction	Electricity from renewable energy sources	Trading Electric Energy	Concessions	Consolidation Write-offs	Total Consolidated
31.12.2016						
Income from external customers						
Sales of products	-	151,113	31,458	-	-	182,571
Income from construction services	30,261	-	-	12,728	-	42,989
Total income from external customers	30,261	151,113	31,458	12,728	-	225,560
Inter-segment income	36,974	-	-	-	(36,974)	-
Total income	67,235	151,113	31,458	12,728	(36,974)	225,560
Net Results per Segment	3,430	17,955	323	(329)	-	21,379
Depreciations	(114)	(53,178)	(2)	-	-	(53,294)
Amortization of grants	-	10,868	-	-	-	10,868
Net financial results	(506)	(38,394)	(32)	(516)	-	(39,448)
Foreign exchange differences	-	821	-	-	-	821
Profit / (losses) from sale of participations and securities	(5)	591	-	-	-	586
Profit / (losses) from financial instruments valued at fair	-	1,069	-	-	-	1,069
Results from associates	-	(80)	-	-	-	(80)
Income tax	(2,302)	(12,690)	(66)	146	-	(14,912)
Earnings before interest and taxes (EBIT)	6,243	66,639	421	41	-	73,344
Earnings before interest, taxes, depreciation & amortization (EBITDA)	6,357	108,948	423	41	-	115,769
Segment assets	36,745	1,357,162	2,932	35,398	-	1,432,237
Investments in associates	-	5,374	-	-	-	5,374
Total Assets	36,745	1,362,536	2,932	35,398	-	1,437,611
Segment liabilities	30,399	1,021,833	1,977	28,172	-	1,082,381
Bank liabilities	-	641,544	78	26,234	-	667,856
Cash (apart from grants to be returned)	(6,310)	(69,126)	(211)	(1,701)	-	(77,348)
Blocked deposits	-	(36,007)	-	-	-	(36,007)
Net debt / (surplus)	(6,310)	536,411	(133)	24,533	-	554,501
Capital expenditures for the year	39	150,715	-	-	-	150,754

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31.12.2015						
Income from external customers						
Sales of products	-	140,283	26,760	-	-	167,043
Income from construction services	20,190	-	-	11,375	-	31,565
Total income from external customers	20,190	140,283	26,760	11,375	-	198,608
Inter-segment income	45,714	-	-	-	(45,714)	-
Total income	65,904	140,283	26,760	11,375	(45,714)	198,608
Net Results per Segment	(799)	17,917	267	62	-	17,447
Depreciations	(124)	(48,673)	(2)	-	-	(48,799)
Amortization of grants	-	10,873	-	-	-	10,873
Net financial results	(541)	(31,586)	(35)	-	-	(32,162)
Foreign exchange differences	-	2,417	(16)	-	-	2,401
Provision for devaluation of securities	-	(1,100)	-	-	-	(1,100)
Results from associates	-	(139)	-	-	-	(139)
Income tax	(1,395)	(11,445)	(67)	(32)	-	(12,939)
Earnings before interest and taxes (EBIT)	1,137	58,670	385	94	-	60,286
Earnings before interest, taxes, depreciation & amortization (EBITDA)	1,261	97,570	387	94	-	99,312
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
Bank liabilities	2,663	483,339	70	-	-	486,072
Cash (apart from grants to be returned)	(9,070)	(104,536)	(1,099)	(1,950)	-	(116,655)
Blocked deposits	-	(23,135)	-	-	-	(23,135)
Net debt / (surplus)	(6,407)	355,668	(1,029)	(1,950)	-	346,282
Capital expenditures for the year	378	79,384	-	4	-	79,766

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Geographic segments	Greece	Eastern Europe	America	Total consolidated
31.12.2016				
Turnover from external customers	148,328	50,322	26,910	225,560
Non-current assets	583,115	154,627	283,837	1,021,579
Capital expenditure	99,318	875	50,561	150,754
31.12.2015				
Turnover from external customers	123,401	52,483	22,724	198,608
Non-current assets	509,855	166,752	230,680	907,287
Capital expenditure	69,028	8,800	1,938	79,766

The turnover in the energy sector, due to its nature, depends on the legislative framework which is locally in effect with regard to the energy administrators, in both the domestic market as well as in Poland and the US.

6 INTANGIBLE FIXED ASSETS

Intangible fixed assets and their movement for the periods from 1 January to 31 December 2016 and 2015, which are presented in the accompanying financial statements, are analyzed as follows:

GROUP			
	Software Programs	Concessions and Rights	Total
Acquisition Cost			
As at 1 January 2015	239	33,035	33,274
Additions	153	233	386
Reductions / eliminations during the period	-	(50)	(50)
Reclassifications	-	1,839	1,839
Foreign Exchange Differences	-	914	914
31 December 2015	392	35,971	36,363
As at 1 January 2016	392	35,971	36,363
Additions	13	71	84
Transfers	-	16	16
Reductions / eliminations during the period	-	(1,520)	(1,520)
Foreign Exchange Differences	-	326	326
31 December 2016	405	34,864	35,269

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Accumulated Amortization

As at 1 January 2015	196	2,987	3,183
Amortization for the period	31	1,834	1,865
Reclassifications	-	894	894
Foreign Exchange Differences	-	102	102
31 December 2015	227	5,817	6,044

As at 1 January 2016	227	5,817	6,044
Amortization for the period	45	2,024	2,069
Reclassifications	-	(20)	(20)
Foreign Exchange Differences	-	74	74
31 December 2016	272	7,895	8,167

Net Book Value

31 December 2015	165	30,154	30,319
31 December 2016	133	26,969	27,102

COMPANY

	<u>Software Programs</u>	<u>Concessions and Rights</u>	<u>Total</u>
<u>Acquisition Cost</u>			
As at 1 January 2015	238	1,629	1,867
Additions	153	161	314
Reclassifications	-	1,839	1,839
31 December 2015	391	3,629	4,020
As at 1 January 2016	391	3,629	4,020
Additions	13	2	15
Reductions / eliminations during the period	-	(205)	(205)
31 December 2016	404	3,426	3,830
<u>Accumulated Amortization</u>			
As at 1 January 2015	195	354	549
Amortization for the period	30	62	92
Reclassifications	-	894	894
31 December 2015	225	1,310	1,535

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As at 1 January 2016	225	1,310	1,535
Amortization for the period	45	154	199
Reclassifications	-	(20)	(20)
31 December 2016	270	1,444	1,714
<u>Net Book Value</u>			
31 December 2015	166	2,319	2,485
31 December 2016	134	1,982	2,116

In Concessions and Rights it is recorded the cost of obtaining licenses for the intervention and use rights of forestry land where wind farms are located. Furthermore, in the respective account it is recorded as well the value of the licenses obtained by the Group during the acquisition of the companies. From the reductions of the Group's specific account for the year 2016, an amount of € 1,315 relates to the reduction in the acquisition price of companies which took place in previous years.

During the year 2015, a Wind Park sub-station with acquisition cost of €1,839 and accumulated depreciation of €894 was transferred to DEDDIE at no cost. The Group withholds the exclusive right to utilize the sub-station and therefore it continues to recognize the sub-station in its fixed assets. Due to the change of the type of rights possessed by the Group on the particular asset (from full ownership to utilization right), the non depreciated cost of the sub-station was reclassified from the category of Tangible Assets to the category of Intangible Assets.

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7 TANGIBLE FIXED ASSETS

Tangible fixed assets and their movement for the periods from 1 January to 31 December 2016 and 2015, in the accompanying financial statements, are analyzed as follows:

	GROUP						
	Land- Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Fixtures and other equipment	Assets under construction	Total
Acquisition Cost							
1 January 2015	2,540	79,457	843,191	1,801	4,101	43,484	974,574
Additions	2,785	527	12,230	173	225	63,440	79,380
Borrowing cost	-	-	-	-	-	760	760
Provisions for restoration	-	-	309	-	-	-	309
Reductions / Write-offs	(508)	-	(31)	(21)	(11)	(3,509)	(4,080)
Transfers	-	(3,642)	4,374	-	7	(739)	-
Reclassifications	-	-	(1,839)	-	-	-	(1,839)
Foreign exchange differences	-	1,575	24,682	10	6	(152)	26,121
31 December 2015	4,817	77,917	882,916	1,963	4,328	103,284	1,075,225
1 January 2016	4,817	77,917	882,916	1,963	4,328	103,284	1,075,225
Additions	34	40	71,340	139	275	78,842	150,670
Borrowing cost	-	78	2,305	-	-	384	2,767
Provisions for restoration	-	-	3,962	-	-	-	3,962
Reductions / Write-offs	-	-	(184)	(2)	(50)	(217)	(453)
Transfers	-	7,534	84,731	-	-	(92,265)	-
Reclassifications	-	-	-	-	-	(16)	(16)
Foreign exchange differences	-	340	4,682	4	(3)	2,377	7,400
31 December 2016	4,851	85,909	1,049,752	2,104	4,550	92,389	1,239,555

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Accumulated depreciations

1 January 2015	-	16,894	146,794	1,032	2,981	-	167,701
Depreciations for the period	-	3,812	42,708	110	304	-	46,934
Reductions / Write-offs	-	-	(17)	(19)	(11)	-	(47)
Reclassifications	-	-	(894)	-	-	-	(894)
Foreign exchange differences	-	160	2,699	3	2	-	2,864
31 December 2015	-	20,866	191,290	1,126	3,276	-	216,558
1 January 2016	-	20,866	191,290	1,126	3,276	-	216,558
Depreciations for the period	-	4,046	46,800	109	270	-	51,225
Reductions / Write-offs	-	-	(134)	(1)	(11)	-	(146)
Reclassifications	-	-	20	-	-	-	20
Foreign exchange differences	-	82	1,238	1	-	-	1,321
31 December 2016	-	24,994	239,214	1,235	3,535	-	268,978
<u>Net Book Value</u>							
31 December 2015	4,817	57,051	691,626	837	1,052	103,284	858,667
31 December 2016	4,851	60,915	810,538	869	1,015	92,389	970,577

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	COMPANY						Total
	Land-Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Fixtures and other equipment	Assets under construction	
Acquisition Cost							
1 January 2015	1,193	11,087	153,736	1,215	3,771	6,395	177,397
Additions	171	123	(7)	173	198	2,301	2,959
Reductions / Write-offs	(468)	-	-	(21)	(4)	(3,509)	(4,002)
Transfers	-	-	69	-	2	(71)	-
Reclassifications	-	-	(1,839)	-	-	-	(1,839)
31 December 2015	896	11,210	151,959	1,367	3,967	5,116	174,515
1 January 2016	896	11,210	151,959	1,367	3,967	5,116	174,515
Additions	-	-	190	63	79	4,307	4,639
Provisions for restoration	-	-	2,598	-	-	-	2,598
Reductions / Write-offs	-	-	(129)	(2)	(89)	-	(220)
31 December 2016	896	11,210	154,618	1,428	3,957	9,423	181,532
Accumulated depreciations							
1 January 2015	-	5,091	58,195	885	2,887	-	67,058
Depreciations for the period	-	529	7,277	51	262	-	8,119
Reductions / Write-offs	-	-	(9)	(19)	(4)	-	(32)
Reclassifications	-	-	(894)	-	-	-	(894)
31 December 2015	-	5,620	64,569	917	3,145	-	74,251

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1 January 2016	-	5,620	64,569	917	3,145	-	74,251
Depreciations for the period	-	531	7,175	51	223	-	7,980
Reductions / Write-offs	-	-	(129)	(1)	(16)	-	(146)
Reclassifications	-	-	20	-	-	-	20
31 December 2016	-	6,151	71,635	967	3,352	-	82,105
<u>Net Book Value</u>							
31 December 2015	896	5,590	87,390	450	822	5,116	100,264
31 December 2016	896	5,059	82,983	461	605	9,423	99,427

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

The categories “Land-Plots”, “Buildings and installations” and “Technological and mechanical equipment”, include fixed assets with a net book value of € 75,283 and € 18,959, during December 31st 2016 and 2015 respectively, which refer to Installations of Distribution Networks constructed by the Company, and as stipulated by the agreements with DEDDIE, such are transferred to DEDDIE, free of charge, during the commissioning of each Wind Park. However, and after their transfer, such installations will continue to serve the purpose for which they were constructed, namely the sale of produced electric energy to DEDDIE and LAGIE, remaining at the exclusive use of the Company and therefore, the net book cost during the transfer date, will continue to depreciate, as previously, until the 20-year depreciation period of the Wind Parks is fulfilled.

In reductions / write –offs of year 2015 of the item “Assets under Construction” there is amount of € 3,481 concerning the accumulated construction cost of a wind park. The particular asset will not be constructed and will not be placed in operation. The above amount was written-off affecting the results of the previous year.

8 INVESTMENT ASSETS

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Opening Balance	575	575	575	575
Change in fair value of investment assets	(45)	-	(45)	-
Total	530	575	530	575

9 PARTICIPATION IN ASSOCIATE COMPANIES

As of 31/12/2016, the Group owns 45% of the share capital of the associate company Cyclades RES Energy Center SA. Also, it owns 49.2% of the shares of the company EN.ER.MEL S.A.

The following table presents condensed financial data of the associate companies.

	31-Dec 2016	31-Dec 2015
Total Assets	8,755	8,567
Total Liabilities	30	85
Total Income	-	-
Total Expenses	(490)	(283)
Earnings (losses) after tax	(490)	(283)

10 OTHER LONG-TERM RECEIVABLES

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

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	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Loans to subsidiaries	-	-	61,185	54,631
Loans to parent – other related companies	1,160	504	501	-
Several Provided Guarantees	350	736	189	662
Other Long-Term Receivables	21,860	16,486	497	-
Total	23,370	17,726	62,372	55,293

The Company participated in bond loan issues of subsidiaries. The loans will be repaid either at their maturity date or through premature repayments and have an interest rate 6% - 8%. The item “ Other Long-Term Receivables ” mainly consists of accrued income due to contractual sales of electric energy, incorporating elements of leasing.

11 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 31 December 2016, the book value of the financial asset amounts to € 10,055 (versus € 1,723 on 31/12/2015).

12 INVENTORIES

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Merchandise	33	33	33	33
Raw and Auxiliary Materials	2,291	1,442	2,150	1,370
Spare-parts of Fixed Assets	1,739	1,407	1,220	1,090
Total inventories	4,063	2,882	3,403	2,493

During 31 December 2016 there was no need for provisions for impaired or low turnover inventories.

13 TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

Trade receivables on 31 December 2016, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Customers of the construction sector	14,716	8,515	30,366	17,586
Customers of the energy sector (DEDDIE, LAGIE and others)	65,962	50,200	29,091	12,797
Minus: Provision for doubtful receivables	(289)	(211)	(211)	(211)
Total	80,389	58,504	59,246	30,172

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The above trade receivables also include receivables from Energy sector customers amounting to € 53,743 on 31 December 2016 which are pledged to banks as security for provided long-term and bond loans to finance the construction of Wind Parks.

The analysis of the provisions for doubtful receivables on 31 December 2016 in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Balance at 1 January	211	211	211	211
Provision recognized in the statement of results	78	-	-	-
Balance at 31 December	289	211	211	211

The prepayments and other receivables on 31 December 2016 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Prepayments to Suppliers	21,786	7,816	2,654	2,160
Accounts for Management of Prepayments and Credit	197	261	180	170
Deferred expenses	3,442	2,689	1,096	569
Accrued income	14,870	10,152	2,361	1,886
Other Receivables of the Group's Joint Ventures, GP, LP and the Group	284	447	689	947
Other receivables from subsidiaries	-	-	3,916	5,710
Other receivables from other associated companies	313	975	-	-
Receivables from VAT	37,513	25,510	15	-
Receivables from wind park subsidies	1,479	9,417	-	-
Receivables from insurance indemnities	6,765	440	197	390
Receivables from social security funds	1,170	1,155	1,170	1,155
Blocked deposits	36,007	23,135	4,756	3,881
Income tax to be returned	1,285	1,350	-	-
Other receivables – Sundry debtors	14,959	1,205	3,112	754
Minus: Provisions for doubtful receivables	(60)	(60)	(60)	(60)
Total	140,010	84,492	20,086	17,562

The grants concern investments in Wind Parks and are expected to be received with the approval of completion of the relevant investment plans. An amount of € 7,938 for the Group was de-recognized from “Receivables from wind park subsidies” (note 21).

In “Other receivables from subsidiaries” the amount of € 3,916 is fully recoverable and there is agreement over a repayment plan.

Accrued income includes income from produced electric energy of December 2016 amounting to € 12,293 for the Group and € 2,222 for the Company, which were invoiced at the beginning of 2017.

The change in "Receivables from VAT" is mainly due to the VAT (to be returned or to be offset) which derives from the development of new projects by the Group's subsidiaries.

The account "Other receivables - sundry debtors" includes an amount of EUR 11,329, which relates to the issue of loans to companies of the Group which until 31/12/2016 had not started their disbursement. This amount will be recognized, on loan disbursement, as a deduction of the amounts of the loans involved and will be amortized using the effective interest rate method.

14 AGREEMENTS FOR THE CONSTRUCTION OF TECHNICAL WORKS

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Cumulatively from the beginning of the projects				
Cumulative costs	99,414	77,044	182,056	129,128
Cumulative profit	9,778	4,612	24,931	11,449
Received prepayments	6,821	7,787	6,821	10,287
Receivables of projects, priced	116,806	85,208	213,990	140,709
Receivables from customers of projects	3,127	1,015	3,396	4,618
Liabilities towards customers of projects	(10,741)	(4,567)	(10,399)	(4,750)
Net receivable/(liability) from customers of projects	(7,614)	(3,552)	(7,003)	(132)

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH RESULTS

Within the first half of 2016, the Company sold 33.3 million of banking shares for a total consideration of € 9.6 million. The result recorded within the year 2016 was a profit of € 0.7 million (note 30).

16 CASH & CASH EQUIVALENTS

The cash & cash equivalents on December 31st 2016 and 2015, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Cash in Hand	15	22	-	-
Sight & Time Deposits	164,384	143,582	29,249	34,164
Total	164,399	143,604	29,249	34,164

Term deposits usually have a duration of up to three months and bear interest rates ranging between 0.6%-1.2% for the year 2016.

The Group's cash and cash equivalents include amounts for repayment amounting to EUR 87,051 (for the company: € 18,420) relating to subsidies received due to the construction's cancellation of certain wind farms or to the expiration of time limits for inclusion decisions of others whose construction have not been canceled.

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In addition, the Group maintains blocked deposits amounting to EUR 36,007 (for the company: EUR 4,756), which are retained in certain bank accounts for the facilitation of its short-term operating and financial liabilities. These committed deposits are classified under the heading "Advances and other receivables" (note 13)

17 LONG-TERM LOANS

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Long-term loans	662,460	434,623	146,856	119,100
Minus: Short-term portion	(95,285)	(41,042)	(34,977)	(9,566)
Long-term portion	567,175	393,581	111,879	109,534

The Group's total long-term debt has been contracted in Euro in Greece (62.9% of total), in the USA in USD (25.6% of total), in Poland in PLN (9.6% of total) and in Bulgaria in Euro (1.9% of total). Of the total loans at the end of the presented year, loans that have been granted with fixed interest rate represent 23.7%, loans with floating interest rate that have been hedged via derivatives, with which future payments of fixed interest rate are exchanged for receipts of floating interest rate, represent 36.5%, whereas the remaining 39.8% concerns loans of floating interest rate based on euribor or wibor.

The weighted average interest rate for the Group for financial years 2016 and 2015 corresponded to 5.5% and 6.01% respectively.

The total interests on the above loans of the Group for financial years 2016 and 2015 amounted to € 27,789 and € 22,198 respectively. The Group considers that the fair value of the above loans does not differ substantially from their book value.

Part of the Company's long-term loans include the loans from its subsidiaries of amount € 57,069 on 31st December 2016.

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

The Group has the obligation to maintain specific financial ratios relating to bond loans. The Group fully satisfies the required limits of these ratios as at 31 December 2016, except for bond loans, which are included in the of carrying amount of € 43.073. These loans were reclassified to Short-term Liabilities, namely the "Long-term liabilities payable for the next financial year", as the financial ratios of the relevant loan contracts were not met on 31/12/16. It is noted that during the period 1.1.2017 until the date of the financial statements' approval for the year 2016, the management of the Group has taken all the necessary actions in order to eliminate the reasons of non-compliance for loans amounting to € 22,934. This loan amount will be reclassified in the first half of 2017 again to the account "Long-term Loans".

18 FINANCIAL DERIVATIVES

Liabilities and assets from financial derivatives on 31.12.2016 & 31.12.2015 are analyzed as follows:

LIABILITY	Nominal Value		GROUP		COMPANY	
			Fair Value of Liability	Fair Value of Liability	Fair Value of Liability	Fair Value of Liability
			31.12.2016	31.12.2015	31.12.2016	31.12.2015
For hedging purposes						
Interest Rate Swaps	€ 7,537	€ 7,537	426	545	-	-
Interest Rate Swaps	€ 5,772	€ 5,772	256	309	-	-
Interest Rate Swaps	€ 17,000	€ 17,000	1,755	1,705	-	-
Interest Rate Swaps	€ 15,400	€ 15,400	1,069	653	-	-
Interest Rate Swaps	€ 11,160	-	164	-	-	-
Interest Rate Swaps	€ 103,650	-	1,114	-	-	-
Interest Rate Swaps	€ 9,000	€ 9,000	330	329	-	-
Interest Rate Swaps	€ 9,000	€ 9,000	574	644	-	-
Interest Rate Swaps	€ 6,563	€ 6,563	506	558	506	558
			6,194	4,743	506	558
For trading purposes						
Options (collar)	-	-	95	-	-	-
			6,289	4,743	506	558

ASSET	Nominal Value		GROUP		COMPANY	
			Fair Value of Asset	Fair Value of Asset	Fair Value of Asset	Fair Value of Asset
			31.12.2016	31.12.2015	31.12.2016	31.12.2015
For hedging purposes						
Interest Rate Swaps	\$25,000	\$25,000	307	149	-	-
For trading purposes						
Options (swaption)	-	-	1,219	-	-	-
			1,526	149	-	-

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

In September 2016, the Group entered into two derivatives, one collar derivative on the trading date of 23.09.2016 and one swaption derivative. For the collar derivative the effective date will be on 1/1/2018 whereas for the swaption the effective date will be on 31/12/2022.

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The Group has entered into these derivatives with the ultimate purpose of using them to hedge the risk of cash flow variability in the energy for the Group's investment in a Wind Park in the USA, through its subsidiary Fluvanna Wind Energy LLCs. This particular subsidiary constructs and will operate a wind park of 150 MW-capacity in West Texas of the United States.

The Group examined all the elements and requirements of IAS 39 in order to use the cash flow hedging accounting. The requirements of the standard were met within the first quarter of 2017 and as a result cash flow hedging accounting will be used from that date and onwards while until 31.12.2016 the change in the fair value of the derivatives, of €1,069 was recognized in the income statement.

The fair value of the collar on 31.12.2016 implied a liability of €95 whereas the swaption an asset of €1,219.

19 PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity depends on the length of service with the company and the employee's wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such an indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programs are usually not funded.

The estimations for staff indemnity liabilities were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the consolidated results and comprehensive income for the financial year ended on the 31st of December 2016 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Statement of Financial Position for the year ended on December 31st 2016.

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Current cost of service	83	87	45	87
Financial cost	8	8	7	7
Effect due to Curtailment / Settlement / End Service Benefits	35	-	35	-
Recognition of actuarial profit/losses	(24)	35	(27)	23
Total	102	130	60	117

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Opening balance	390	313	366	295
Provision recognized in the income statement	126	95	87	94
Provision recognized in other total income	(24)	35	(27)	23
Indemnity payments	(57)	(53)	(58)	(46)
Total	435	390	368	366

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The main actuarial assumptions for financial year 2016 are as follows:

Discount rate	1.5%
Future wage increases	1.25%
Movement of salaried/day-waged workers (departure under their own will)	1%
Movement of salaried workers (laid-off)	6%
Mortality: MT_EAE 2012P (Bank of Greece, Credit and Insurance Committee)	

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

	GROUP	COMPANY
Change in discount rate -0.5%	456	390
Change in salaries 0%		
Change in discount rate -0.5%	407	348
Change in salaries 0%		
Change in discount rate 0%	418	357
Change in salaries -0.25%		
Change in discount rate 0%	443	379
Change in salaries +0.25%		

20 OTHER PROVISIONS

The movement of the relevant provision in the Statement of Financial Position for financial years 2016 and 2015, is as follows:

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	Other provisions	Provisions for environmental rehabilitation	Other provisions
Balance 1 January 2016	8,463	416	683	280
Provision recognized in the results	445	480	34	480
Provision recognized in fixed assets	3,962	-	2,598	-
Foreign exchange differences	(79)	-	-	-
Balance 31 December 2016	12,791	896	3,315	760

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	Other provisions	Provisions for environmental rehabilitation	Other provisions
Balance 1 January 2015	7,741	416	650	280
Provision recognized in the results	398	-	33	-
Provision recognized in fixed assets	309	-	-	-
Foreign exchange differences	15	-	-	-
Balance 31 December 2015	8,463	416	683	280

The companies of the Group's energy sector are obliged to proceed to environmental rehabilitation where they install production units for electricity, after the completion of the license period that lasts for 20 years according to the licenses granted by the states where the installations are being implemented. The aforementioned provision of €12,791 (€8,463 at 31.12.2015) reflects the required expenses for the removal of equipment and formation of the area in which the equipment is installed, using the available technology and materials. Within the year 2016 the Group proceeded with the reassessment of the provisions for environmental rehabilitation leading to an increase of € 2,919.

21 GRANTS

Grants on 31 December 2016 and 31 December 2015 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Balance 1 January	236,239	265,833	20,885	44,712
Approved but not received grants	-	1,479	-	-
De-recognition of not collected grants	(7,938)	(5,883)	-	(3,528)
De-recognition of collected grants to be returned	(60,102)	(20,775)	-	(18,421)
Transfer of period's proportion to the results	(10,868)	(10,873)	(1,878)	(1,878)
Foreign exchange differences	1,825	6,458	-	-
Balance 31 December	159,156	236,239	19,007	20,885

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 amount of the approved and non-received grants for Group is included in "Prepayments and other receivables". Such grants were recognized based on the Group Management's certainty that all the requirements to receive such are regularly met and eventually the amounts will be received with the completion of the relevant investments.

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

In the year 2016, due to the cancellation of certain wind farms' construction or the time expiry of decisions for inclusion of others whose construction has not been cancelled, subsidies were de-recognized amounting to €68,040 (out of which €60,102 had been collected in previous years). The amount of € 60,102 was reclassified in the account "accrued and other short-term liabilities", whereas the amount of € 7,938 was de-recognized from the account "Grants" as well as from the account "Prepayments and Other Receivables" (note 13).

22 FINANCIAL LIABILITIES

In the USA, TERNA ENERGY Group, in order to take advantage of the tax benefits provided by local law as much as possible, entered a transaction during the financial year of 2012 where the counterparty company paid the amount of €49,693 in order to receive the right to receive, mainly, cash and tax losses (tax equity investment).

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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 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 with the method of the effective rate.

23 SUPPLIERS

The suppliers as at 31 December 2016 and 2015, in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Suppliers	49,246	26,480	27,541	11,729
Checks payable post-dated	5	18	5	17
Total	49,251	26,498	27,546	11,746

24 ACCRUED AND OTHER SHORT-TERM LIABILITIES

The accrued and other short-term liabilities as at 31 December 2016 and 31 December 2015, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Customer Prepayments	6,821	9,574	6,821	11,986
Social Security Funds	309	310	278	272
VAT Liabilities	1,616	1,655	90	793
Other withheld taxes	2,135	1,465	983	559
Employee fees	184	178	154	144
Third party fees	2,206	112	1,538	17
Short-term Liabilities to Associates & Other Parties	1,378	283	3,021	88
Sundry Creditors	590	3,306	265	1,067
Grants to be returned (note 21)	88,872	26,949	18,855	18,420
Deferred Income -accrued expenses	3,802	1,402	1,703	74
Total	107,913	45,234	33,708	33,420

25 SHORT-TERM LOANS

The Group's short-term loans refer to current bank accounts having a duration usually of three months and are renewed depending on the needs. The amounts withdrawn are mainly used to cover the liquidity needs during the construction period of Wind Parks of the Group's energy sector.

The net decrease of the Group's short-term loans during the present year amounted to € 46,053 (€ 15,873 during the previous year). The Group estimates that the fair value of the above loans does not differ substantially from their book value.

The weighted average interest rate for the aforementioned loans was 5.9% and 6.3% for 2016 and 2015 respectively.

The total interest on the aforementioned loans of the Group for the financial years ended on December 31st 2016 and 2015 is € 1,531 and € 4,777 respectively.

26 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).

During the period 01/01/2016 - 31/12/2016, the Company purchased 1,330,470 treasury shares of nominal value € 399,141 with a purchase price of € 3,250,278. The total number of treasury shares held by the Company at 31/12/2016 amounted to 4,316,265 shares, namely 3.95% of the total capital, with a total acquisition cost of € 11,011,842.

27 EARNINGS PER SHARE

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Net earnings attributed to shareholders of the parent	20,648	16,913	12,484	87
Average weighted number of shares	105,342,255	106,695,430	105,342,255	106,695,430
Earnings per share (€)	0,1960	0,1585	0,1185	0,0008

28 INCOME TAX

According to Greek tax legislation the tax rate corresponded to 29% for the years 2016 and 2015. The effective tax rate differs from the nominal. The calculation of the effective tax rate is affected by several factors, the most important of which are the non-exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful life and the use of rates stipulated by L. 4110/2013, and the capability of companies to create tax-exempt discounts and tax-exempt reserves.

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Current tax	12,249	6,676	6,449	1,243
Provision for unaudited years	480	-	480	-
Total Expense of current tax	12,729	6,676	6,929	1,243
Deferred tax expense	2,183	6,263	(687)	1,767
Total	14,912	12,939	6,242	3,010

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Earnings before taxes	36,291	30,386	18,726	3,097
Nominal tax rate	29%	29%	29%	29%
Income tax based on effective nominal tax rate	10,524	8,812	5,431	898
<i>Adjustments for:</i>				
Tax of previous periods & Additional taxes	-	149	-	149
Provision for unaudited years	480	-	480	-
Difference of tax rates from operations abroad	(341)	(941)	-	-
Earnings taxed abroad	(238)	(1,329)	-	-
Change of recoverable tax losses	1,966	(272)	-	-
Other permanent tax Differences - non-exempt expenses	1,748	6,743	308	1,581
Effect from change of Tax Rate	-	332	-	109
Other	773	(555)	23	273
Real tax expense	14,912	12,939	6,242	3,010
Effective tax rate	41.09%	42.58%	33.33%	97.20%

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The income tax statement is submitted on an annual basis but the profits or losses declared remain provisional until the tax authorities audit the taxpayer's books and records and issue a final audit report.

In this case it is possible that the tax authorities may impose additional taxes and surcharges.

The tax losses, to the extent that such are accepted by the tax authorities, may offset future profit for a period of five years from the year such emerged.

The parent company, TERNA ENERGY S.A. is tax-audited up to the fiscal year 2008 included. On 28th December 2015, the Group received an audit call concerning the ordinary tax audit from the pertinent tax authorities for the financial years 2009 and 2010. The audit has commenced and is expected to complete within the year 2017. The taxes which may potentially arise following the above audit from the tax authorities will not have any material effect on the financial statements, since the Company has already formed adequate provisions.

During the preparation date of the accompanying financial statements, the non-audited tax years (including fiscal year 2016) of the Group's companies are presented in Note 4.

For the financial years 2011, 2012 and 2013, the Company has been tax audited according to the Decision 1159/26/7/2011 whereas for the years 2014 and 2015 according to article 65A paragraph 1 Law 4174/2013. The finalization of the above audits is pending from the Ministry of Finance. For the year 2016, the Company is subject to the tax audit of Certified Auditors Accountants stipulated by the provisions of article 65A paragraph 1 of Law 4174/2013. This audit is underway and the relevant tax certificate is expected to be issued following the release of the 2016 financial statements. The particular audit is not expected to materially affect the tax obligations already recorded in the Financial Statements.

Deferred tax

Deferred income tax is calculated on all the temporary tax differences between the book value and the tax value of the assets and liabilities.

The Company and Group maintain tax-exempt reserves and reserves taxed with specific way amounting to €11,992 and €30,912, respectively, which in case of distribution or capitalization will be taxed under the current tax rate. In the immediate future the Group does not plan to distribute or capitalize this reserve.

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Receivables from deferred income tax	4,839	3,224	-	-
Liability from deferred income tax	(12,143)	(8,795)	(993)	(1,658)
Net deferred tax asset (liability)	(7,304)	(5,571)	(993)	(1,658)
Opening balance	(5,571)	560	(1,658)	(13)
(Debit) / Credit recognized in the results	(2,183)	(6,263)	687	(1,767)
(Debit) / Credit recognized in other comprehensive income	450	132	(22)	122
Closing balance	(7,304)	(5,571)	(993)	(1,658)

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The deferred tax assets and liabilities of 2016 and 2015 as well as the effect of the deferred tax on the separate and consolidated statement of comprehensive income are analyzed as follows:

GROUP	1.1.2016	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31.12.2016
Deferred Tax Asset				
Provision for staff indemnities	120	21	(7)	120
Other provisions	2,296	(802)	-	2,296
Grants	718	(1)	-	718
Hedging of cash flow risk	1,149	-	457	1,149
Provision for doubtful receivables	79	31	-	79
Cost of construction projects	2,031	1,514	-	2,031
Loans	(323)	1,675	-	(323)
Other	977	(1,420)	-	977
Deferred Tax (Liability)				
Valuation of investment property	(167)	167	-	(167)
Tangible assets	(17,910)	(5,985)	-	(17,910)
Intangible assets	5,460	586	-	5,460
Recognition of revenues based on completion rate	(1)	2,032	-	(1)
Deferred tax of net earnings / other comprehensive income		(2,183)	450	
Net deferred tax asset (liability)	(5,571)			(7,304)

GROUP	1.1.2015	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31.12.2015
Deferred Tax Asset				
Provision for staff indemnities	84	(3)	39	120
Other provisions	1,926	370	-	2,296
Grants	1,460	(742)	-	718
Hedging of cash flow risk	1,213	-	(64)	1,149
Provision for doubtful receivables	70	9	-	79
Cost of construction projects	1,733	298	-	2,031
Loans	576	(899)	-	(323)
Other	4,089	(3,112)	-	977
Deferred Tax (Liability)				
Valuation of investment property	(150)	(17)	-	(167)
Tangible assets	(13,822)	(4,088)	-	(17,910)
Intangible assets	3,767	1,536	157	5,460
Recognition of revenues based on completion rate	(386)	385	-	(1)
Deferred tax of net earnings / other comprehensive income		(6,263)	132	
Net deferred tax asset (liability)	560			(5,571)

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COMPANY	1.1.2015	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31.12.2015
Deferred Tax Asset				
Provision for staff indemnities	106	8	(7)	107
Other provisions	279	740	-	1,019
Grants	638	(229)	-	409
Hedging of cash flow risk	162	-	(15)	147
Provision for doubtful receivables	78	32	-	110
Cost of construction projects	2,016	(489)	-	1,527
Loans	(136)	19	-	(117)
Other	20	(303)	-	(283)
Deferred Tax (Liability)				
Valuation of investment property	(167)	167	-	-
Tangible assets	(4,584)	(1,359)	-	(5,943)
Intangible assets	(109)	109	-	-
Recognition of revenues based on completion rate	39	1,992	-	2,031
Deferred tax of net earnings / other comprehensive income		687	(22)	
Net deferred tax asset (liability)	(1,658)			(993)

COMPANY	1.1.2015	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31.12.2015
Deferred Tax Asset				
Provision for staff indemnities	76	25	5	106
Other provisions	242	37	-	279
Grants	771	(133)	-	638
Hedging of cash flow risk	166	-	(4)	162
Provision for doubtful receivables	70	8	-	78
Cost of construction projects	1,733	283	-	2,016
Loans	969	(1,105)	-	(136)
Other	456	(436)	-	20
Deferred Tax (Liability)				
Valuation of investment property	(150)	(17)	-	(167)
Tangible assets	(3,838)	(746)	-	(4,584)
Intangible assets	(122)	(108)	121	(109)
Recognition of revenues based on completion rate	(386)	425	-	39
Deferred tax of net earnings / other comprehensive income		(1,767)	122	
Net deferred tax asset (liability)	(13)			(1,658)

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29 COST OF SALES, ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

The cost of sales, administrative and research & development expenses at 31 December 2016 and 2015, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
COST OF SALES				
Employee remuneration and expenses	1,960	1,590	2,327	2,053
Fees of consultants	173	1,509	377	614
Remuneration and expenses of third parties (engineers, accountants, lawyers)	2,948	1,906	2,656	1,873
Fees and expenses of other third parties	1,585	961	1,441	1,119
Materials and expenses of constructions –				
Cost of sales from trading of energy	41,835	32,380	13,749	11,010
Leases	980	996	1,579	1,652
Repairs, Maintenance	12,826	12,435	1,643	1,800
Sub-contractors	22,937	21,850	42,766	40,396
Depreciation	52,887	48,340	7,939	7,926
Third party benefits	2,170	2,214	286	389
Contributions to local government authorities	6,616	4,140	1,219	766
Transportation expenses	461	334	2,691	568
Insurance premiums	2,602	1,788	688	539
Other	1,378	833	372	399
Total	151,358	131,276	79,733	71,104

	GROUP		COMPANY	
	2016	2015	2016	2015
ADMINISTRATIVE EXPENSES				
Employee remuneration and expenses	2,515	2,362	1,483	1,567
Fees of consultants	1,285	1,361	403	987
Remuneration and expenses of third parties (engineers, accountants, lawyers)	965	1,436	965	1,402
Fees and expenses of other third parties	2,896	930	1,048	684
Auditors' fees – ordinary audits	588	498	72	96
Auditors' fees – other services	30	98	28	25
Subscriptions	357	213	221	183
Leases	515	487	295	282
Depreciation	273	284	106	111
Travel and promotion expenses	696	310	495	180
Third party benefits	266	539	136	115
Board of Directors' remuneration	468	470	-	-
Insurance premiums	107	90	63	68
Other	1,308	2,344	578	1,397
Total	12,269	11,422	5,893	7,097

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	GROUP		COMPANY	
	2016	2015	2016	2015
RESEARCH & DEVELOPMENT EXPENSES				
Employee remuneration and expenses	29	62	29	62
Fees of consultants	172	890	172	890
Remuneration and expenses of third parties (engineers, accountants, lawyers)	699	782	699	782
Scientific/Lab experiments	1	16	1	16
Third party benefits	17	83	16	67
Depreciation	134	175	134	175
Travel and promotion expenses	95	119	95	119
Other	5	243	5	315
Total	1,152	2,370	1,151	2,426

30 OTHER INCOME/(EXPENSES)

The other income/(expenses) for the period, in the accompanying financial statements of 31st December 2016 and 2015, are analyzed as follows:

Other income

	GROUP		COMPANY	
	2016	2015	2016	2015
Grant amortization	10,868	10,873	1,878	1,878
Income from leasing of machinery	95	101	95	101
Income from leasing of property	14	13	-	7
Other services	24	-	-	-
Other income	960	929	1,362	364
Income from insurance indemnities	12,840	-	644	-
Profit from sale of participations and securities	586	-	586	-
Income from dividends	-	-	395	327
Profit from sales of fixed assets	5	-	-	-
Foreign exchange differences (credit)	821	2,489	-	7
Total other income	26,213	14,405	4,960	2,684

Other expenses

	GROUP		COMPANY	
	2016	2015	2016	2015
Change of the fair value of investment property	(45)	-	(45)	-
Loss due to asset write-off	-	(3,450)	-	(3,458)
Provision for devaluation of securities	-	(1,100)	-	(1,100)
Impairments	(109)	-	(109)	-
Losses from sale of fixed assets	(286)	-	(235)	-
Other expenses	(11,762)	(612)	-	(612)
Foreign exchange differences (debit)	(42)	(96)	-	-
Total other expenses	(12,244)	(5,258)	(389)	(5,170)
Total other income / (expenses)	13,969	9,147	4,571	(2,486)

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The item "Other Income" includes an amount of € 11,568 concerning income from insurance indemnity due to a damage that occurred in a Wind Park of the Group. The corresponding repair cost is included in the item "Other Expenses".

31 FINANCIAL INCOME/(EXPENSES)

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Interest of Long-term Loans	(27,789)	(22,198)	(7,265)	(3,408)
Interest of Short-term Loans	(1,531)	(4,777)	(459)	(2,797)
Profit / (Losses) from valuation of financial obligation	-	1,178	-	1,178
Interest from grants to be returned	(1,820)	-	(434)	-
Interest of other Financial Liabilities	(2,820)	(2,702)	-	-
Bank expenses and other expenses	(6,945)	(5,596)	(1,754)	(2,497)
Financial Expenses	(40,905)	(34,095)	(9,912)	(7,524)
Interest from sight deposits	975	1,590	46	35
Interest from term deposits	149	301	149	301
Other Financial income	333	42	3,216	1,652
Financial Income	1,457	1,933	3,411	1,988
Net Financial Results	(39,448)	(32,162)	(6,501)	(5,536)

32 PAYROLL COST

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Wages and Related benefits of day-wage workers	194	132	454	468
Wages and Related benefits of regular staff	3,451	3,102	2,482	2,315
Social Security Contributions	740	685	822	805
Provision for employee indemnities	126	95	87	94
Total	4,511	4,014	3,845	3,682
Average Number of Employees				
Day-wage workers	30	34	27	33
Regular staff	131	117	87	82

33 TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2016 and 01/01-31/12/2015, as well as the balances of receivables and liabilities arisen from the above transactions as of 31/12/2016 and 31/12/2015 are as follows:

Period	GROUP				COMPANY			
	1/1-31/12/2016							
Related party	Sales	Purchases	Debit Balances	Credit Balances	Sales	Purchases	Debit Balances	Credit Balances
Subsidiaries	-	-	-	-	58,877	2,804	104,272	58,789
Parent	1	183	501	-	1	183	501	-
Other related parties	39,694	1,367	6,562	4,320	24,364	796	5,613	3,933
Basic senior executives	-	1,267	-	752	-	528	-	22

Period	GROUP				COMPANY			
	1/1 -31/12/2015							
Related party	Sales	Purchases	Debit Balances	Credit Balances	Sales	Purchases	Debit Balances	Credit Balances
Subsidiaries	-	-	-	-	49,201	439	73,109	40,299
Parent	-	172	-	15	-	172	-	15
Other related parties	18,845	610	1,605	1,015	8,645	317	4,904	272
Basic senior executives	-	1,301	-	162	-	335	-	27

Remuneration of Board of Directors members and senior executives of the Company: The remuneration of Board of Directors members and senior executives of the group and Company, recognized on 31 December 2016 and 2015 are as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Board of Directors remuneration	527	548	-	-
Remuneration of executives included in the executive Board members	740	753	528	335
Total	1,267	1,301	528	335

34 AIM AND POLICIES OF RISK MANAGEMENT

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

The risk management policy is undertaken by the treasury of the Group and the procedure is as follows:

- Evaluation of risks related to Group's activities and operations.
- Planning of the methodology and choice of the necessary financial products for the reduction of risk.
- Execution/application, in accordance with the approved procedure by the management, of the risk management plan.

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

FOREIGN EXCHANGE RISK

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will be subject to fluctuation due to changes in exchange rates.

This kind of risk may arise for the Group from transactions performed in foreign currency, with countries outside the Euro zone, and with countries that do not have a currency pegged to the euro. Such transactions mainly concern purchases of fixed assets and inventories, trade sales, investments in financial assets, loans, as well as net investments in foreign units. The Group operates through its subsidiaries in Greece, Cyprus, Eastern Europe and North America, and thus it may be exposed to foreign exchange risk.

The Group's current foreign activities concern projects for the production of energy and the trading of electric energy.

In relation to projects in countries such as Bulgaria, the contractual receivables and liabilities are either in euro or in local currency (which is pegged to the euro) and thus exposure to foreign exchange risk is limited.

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

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Nominal amounts	2016				2015			
	USD	MKD	RSD	PLN	USD	MKD	RSD	PLN
Current Financial assets	48,157	1,169	469	14,006	9,362	202	1,904	19,525
Current Financial liabilities	(16,925)	(167)	(644)	(17,514)	(36,645)	(129)	(2,512)	(12,104)
Total	31,232	1,002	(175)	(3,508)	(27,283)	73	(608)	7,421
Non-Current Financial assets	24,249	-	10	3	263,699	112	97	151,941
Non-Current Financial liabilities	(215,708)	-	-	(47,698)	(216,273)	-	-	(98,066)
Total	(191,459)	-	10	(47,695)	47,426	112	97	53,875

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

Nominal amounts	2016								2015							
	USD		MKD		RSD		PLN		USD		MKD		RSD		PLN	
	10%	(10%)	10%	(10%)	10%	(10%)	10%	(10%)	10%	(10%)	10%	(10%)	10%	(10%)	10%	(10%)
Effect on Net earnings before tax	286	(286)	-	-	-	-	255	(255)	255	(255)	-	-	-	-	241	(241)
Effect on other comprehensive income	(20,118)	20,118	24	(24)	57	(57)	(8,060)	8,060	49	(49)	(3)	3	(26)	26	(4,118)	4,118

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

SENSITIVITY ANALYSIS OF INTEREST RATE RISK

The Group's policy is to minimize its exposure to interest rate risk as regards to long-term financing. In the context of this policy, the long-term loans received by the Group are either under fixed interest rates or are hedged for interest rate risk for almost their total duration. Therefore, 23.7% of the Group's long-term debt is under fixed interest rates, 36.5% under floating interest rates that have been hedged with derivatives that swap future fixed interest rate payments against the receipt of floating interest rate payments, whereas 39.8% under floating interest rates linked either to euribor or to wibor (Notes 17 & 18).

The Group's short-term debt is under floating interest rates (Note 25). It is noted that it is Group policy to convert short-term debt to long-term when the Wind Park, whose construction is being financed, has been completed. The balance of the Group's short-term debt on 31.12.2016 amounts to € 5,396 thousand.

The following table presents the sensitivity of the results towards the Group's short-term debt and deposits, in case of an interest rate change of +20% –20% (2015: +/-20% as well). The changes in interest rates are estimated to be in line with the recent market conditions which until today are stable as compared to the previous year.

Amounts in thousand €	2016		2015	
	20%	(20%)	20%	(20%)
Results after taxes – Group	(107)	107	(261)	261
Results after taxes – Company	2	(2)	(14)	14

The Group is not exposed to other interest rate risks.

ANALYSIS OF MARKET RISK

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

ANALYSIS OF CREDIT RISK

Credit risk is the risk that a counterparty in a financial instrument will cause loss to the other by failing to pay the relevant liability.

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

The entire sum of the energy sector's receivables concerns the broader public sector in the domestic market (including LAGIE and DEDDIE) as well as abroad, and the same applies for the largest part of the receivables from the construction sector.

The Group, traditionally, by nature of its operations, is not exposed to significant credit risk from trade receivables, apart from possible overdue payments from LAGIE which can be reduced following the adoption of Law 4254/14.

The credit risk for the cash and cash equivalents and other receivables is negligible as the counterparties of the relevant transactions are trustworthy banks with high quality capital structure, the State or companies belonging in the broader public sector or large business groups.

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

The amounts that represent the largest exposure to this risk at the end of the current and the comparative period, are the current value of such accounts in the respective periods. The largest credit risk of the company is the possibility of default of the counterparty.

On 31/12/2016 there are no guarantees and credit enhancements for security against credit risk of the above receivables, both for the Company and for the Group.

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On 31/12/2016 there are no bad debts, both for the Company and the Group.

ANALYSIS OF LIQUIDITY RISK

TERNA ENERGY Group manages its liquidity needs by carefully monitoring the balance of long-term financial liabilities as well as payments that take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly.

The company maintains cash and cash equivalents in banks to cover its liquidity needs for periods up to 30 days. Capital for mid-term liquidity needs are released from the company's term deposits.

The maturity of the financial liabilities on 31 December 2016 for the TERNA ENERGY Group, is analyzed as follows:

	31.12.2016		
	Short-term	Long-term	
	0 - 12 months	1 - 5 years	over 5 years
Long-term Debt	95,285	229,005	338,170
Other Financial liabilities	3,987	13,434	31,133
Loans at fair value	-	-	-
Liabilities from derivatives	-	2,777	3,512
Short-term Debt	5,396	-	-
Trade Liabilities	59,992	-	-
Other liabilities	107,913	9	-
Total	272,573	245,225	372,815

The corresponding maturity of financial liabilities for 31 December 2015 was as follows:

	31.12.2015		
	Short-term	Long-term	
	0 - 12 months	1 - 5 years	over 5 years
Long-term Debt	41,042	168,568	225,013
Other Financial liabilities	2,802	12,184	34,402
Loans at Fair Value	-	-	-
Liabilities from derivatives	-	2,314	2,429
Short-term Debt	51,449	-	-
Trade Liabilities	31,065	-	-
Other liabilities	45,234	983	-
Total	171,592	184,049	261,844

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

PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

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

	<u>31.12.2016</u>	<u>31.12.2015</u>
<i><u>Non- current assets:</u></i>		
Loans and receivables – Other long-term receivables	23,370	17,726
Financial assets available for sale – Other investments	1,755	1,886
	<u>25,125</u>	<u>19,612</u>
<i><u>Current assets:</u></i>		
Loans and receivables – Trade receivables	80,389	58,504
Loans and receivables – Prepayments and other receivables	138,531	75,075
Cash & cash equivalents	164,399	143,604
	<u>383,319</u>	<u>277,183</u>
Total	<u>408,444</u>	<u>296,795</u>
	<u>31.12.2016</u>	<u>31.12.2015</u>
<i><u>Long-term liabilities:</u></i>		
Liabilities measured at amortized cost – Long-term loans	567,175	393,581
Liabilities measured at amortized cost – Other financial liabilities	44,567	46,586
Liabilities measured at fair value – Liabilities from derivatives	6,289	4,743
	<u>618,031</u>	<u>444,910</u>
<i><u>Short-term liabilities:</u></i>		
Liabilities measured at amortized cost – Suppliers	49,251	26,498
Liabilities measured at amortized cost – Short-term loans	5,396	51,449
Liabilities measured at amortized cost – Long-term liabilities payable in the next period	99,272	43,844
Liabilities measured at amortized cost – Accrued and other short-term liabilities	107,913	45,234
	<u>261,832</u>	<u>167,025</u>
Total	<u>879,863</u>	<u>611,935</u>

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

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The derivative financial instruments and the securities held by the Group in its trading portfolio constitute the sole financial instruments which as of 31/12/2016 are measured at fair value. The other comprehensive (losses) / income recognized directly in the Equity of year 2016 include an amount of € 873 (loss) that has been recorded in the cash flow hedging reserves.

The Group has adopted the revision of IFRS 7 with regard to the hierarchy of financial assets and liabilities measured at fair value as follows:

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

The financial derivatives are included in level 2, as the measurement of their fair value is performed with reference to the market yield curves.

The securities are included in level 1, as the measurement of their fair value is performed with reference to prices determined in the Athens Exchange, Greece.

35 POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

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

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

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

The Group finances the construction of Wind Parks and other projects through a mix of equity, bank debt and government grants. For this purpose, the Group monitors the ratio of Bank Debt to Total Employed Capital. Total Employed Capital is defined as total equity, bank debt, titles issued in the context of the tax equity investment (Note 22), the repayment of which follows the servicing of the primary debt of the respective Wind Parks and is applied only to the extent that the required performance is achieved from their operation, and government grants decreased by the amount of cash that has not been blocked or being suspended for any reason.

The ratio at the end of 2016 and 2015 was as follows:

Amounts in € thousand	<u>31.12.2016</u>	<u>31.12.2015</u>
Bank debt	667,856	486,072
Total equity	355,294	346,781
Bank debt	667,856	486,072
Financial liabilities from secondary titles	48,554	49,388
Grants	159,156	236,239
Minus: Cash and Deposits	(113,355)	(139,790)
Capital	<u><u>1,117,441</u></u>	<u><u>978,690</u></u>
Bank Debt / Total Employed Capital	<u><u>60%</u></u>	<u><u>50%</u></u>

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

36 EXISTING COLLATERAL ASSETS

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

37 SIGNIFICANT EVENTS DURING THE PERIOD

The completion of construction and the full operation of a Wind Park with capacity of 73.2 MW in Ai Giorgis Island of Municipality of Lavreotiki took place in 2016.

Finally, the Hellenic Competition Commission (HCC), within the framework of its competencies, conducted an ex officio investigation for a restrictive cartel in the competition of the public-projects market. This survey examined almost all Hellenic Construction Companies - including our Company - as well as a significant number of foreign companies.

Within the context of the aforementioned investigation, it was mentioned as a possible participant, in only one case, a twenty-year company, which in the distant past merged with our Company under transformation procedures.

As a result of the aforementioned event, our Company, on the basis of article 25a of Law 3959/2011 as well as the resolution no. 628/2016 of the Plenary Session of the HCC, submitted, on the grounds of an obvious corporate interest and short settlement with a view to the reasonable possible discharge, a request to be subject to the envisaged settlement dispute procedures, namely in a conciliation procedure.

As a result of the above request, the settlement procedure is in the process of being fully completed, and after the issuance of the relevant recommendation by the Hellenic Competition Commission and the submission by the Company of the required unconditional and irrevocable commitment, declaration, acceptance and resignation, the relevant decision is expected.

Further to the foregoing and always in the context of confidentiality which, in accordance with the applicable provisions, covers any relevant information, we can state that according to our submitted statements and the issued Recommendation, does not arise or is not being undertaken any risk of breaches for our Company.

38 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 24/02/2017 our Company was notified of the Settlement Initiative by HCC. As it has already been analyzed, an irrevocable statement was submitted for the commitment and inclusion in the Dispute Settlement Procedure. Based on this statement does not arise or is not being undertaken any risk of breaches regarding our Company.

39 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 which could impact negatively the financial position for the Group.

The Chairman of the
Board

George Peristeris
ID No. AB 560298

The Chief Executive
Officer


Emmanuel
Maragoudakis
ID No. AB 986527

The Chief Financial
Officer

Vasileios
Delikaterinis
ID No. AI 036060

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V. DATA AND INFORMATION FOR THE PERIOD 1.1-31.12.2016

		TERNA ENERGY SA S.A. Reg. No. 318/06/B/86/28 85 Mesogion Ave., 11526 Athens Greece DATA AND INFORMATION FOR THE FINANCIAL PERIOD FROM 01.01.2016 TO 31.12.2016 Published in accordance with C.L. 2190/20 article 135 for companies that prepare annual financial statements, consolidated and non-consolidated, according to IAS													
Relevant Authority: Board of Directors' Composition:		General Secretariat of Commerce Georgios Peristers (chairman), Georgios Perdikaris (vice-chairman), Emmanouel Maragoudakis (CEO), Georgios Sfyro (executive director), Michael Gouras & Vasilis Delakaterinis (executive members), Theodoros Tagas (non-executive member), Aristidis Nassis & Nikolaos Kalamaras (independent non executive members).		Approval Date of the annual Financial Statements (from which the condensed data were derived): 26 April 2017 Legal Auditor: PwC Stellas (SOEL Reg. No. : 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)				STATEMENT OF COMPREHENSIVE INCOME (Consolidated and Non-Consolidated)											
Amounts in thousand euro				Amounts in thousand euro											
		GROUP		COMPANY				GROUP		COMPANY					
		31/12/2016	31/12/2015	31/12/2016	31/12/2015	1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015						
ASSETS															
Self used tangible fixed assets		970.577	858.667	99.427	100.284	Turnover		225.560	198.608	107.433	91.746				
Investment property		530	575	530	575	Gross profit / (losses)		74.202	67.332	27.700	20.642				
Other non-current assets		46.919	30.112	341.176	308.899	Earnings/(Loss) before interest and tax (EBIT)		74.750	62.687	25.227	8.633				
Intangible assets		27.102	30.319	2.116	2.485	Earnings/(Loss) before tax		30.291	30.386	18.726	3.097				
Inventories		4.063	2.882	3.403	2.493	Earnings/(Loss) after tax (A)		21.379	17.447	12.484	87				
Trade receivables		83.516	59.519	62.642	34.790	Allocated to:									
Cash & cash equivalents		164.399	143.604	29.249	34.164	Company Shareholders		20.648	16.913						
Other current assets		140.526	96.610	20.086	29.023	Minority Shareholders		731	534						
TOTAL ASSETS		1.437.611	1.222.288	558.629	512.663			21.379	17.447						
EQUITY & LIABILITIES															
Share capital		32.794	32.794	32.794	32.794	Other comprehensive income after taxes (B)		(678)	959	56	71				
Other items of Shareholders' Equity		316.066	309.081	273.624	274.175	Total comprehensive income after taxes (A+B)		20.701	18.406	12.540	158				
Total Shareholders' Equity (a)		348.860	341.875	306.418	306.969	Allocated to:									
Non-controlling interests		5.370	4.908	-	-	Company Shareholders		20.077	17.882						
Total Equity (b)		354.230	346.783	306.418	306.969	Minority Shareholders		724	524						
Long-term bank liabilities		567.175	393.581	111.879	109.534			20.801	18.406						
Provisions/Other long-term liabilities		236.286	306.615	24.949	24.430	Earnings/(Losses) after tax per share - basic (in €)		0.1960	0.1585	0.1185	0.0008				
Short-term bank liabilities		100.681	92.491	39.993	21.814	Proposed dividend per share (in €)		-	-	0.09	0.09				
Other short-term liabilities		178.239	121.620	75.390	49.916	Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)		115.769	99.312	30.547	16.398				
Total liabilities		1.082.381	875.507	252.211	205.694										
TOTAL EQUITY & LIABILITIES		1.437.611	1.222.288	558.629	512.663										
STATEMENT OF CHANGES IN EQUITY (Consolidated and Non-Consolidated)				STATEMENT OF CASH FLOWS (indirect method) (Consolidated and Non-Consolidated)											
Amounts in thousand euro				Amounts in thousand euro											
		GROUP		COMPANY				GROUP		COMPANY					
		31/12/2016	31/12/2015	31/12/2016	31/12/2015	1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015						
Total equity at beginning of period (01/01/2016 and 01/01/2015)															
		346.781	338.245	306.969	318.009	Operating activities		36.291	30.388	18.726	3.097				
Total earnings after taxes (continuing and discontinued operations)		20.801	18.406	12.540	158	Plus/less adjustments for:									
		367.582	356.651	319.509	318.167	Depreciation		53.294	48.799	8.179	8.212				
Return of share capital		-	(9.838)	-	(9.838)	Provisions		120	99	80	104				
Increase of share capital		1.119	1.651	-	-	Impairments		536	15	313	-				
Distributed dividends		(10.217)	(315)	(8.350)	-	Interest income and related income		(1.457)	(1.933)	(3.411)	(1.988)				
Purchases of treasury shares		(3.250)	(1.597)	(3.250)	(1.597)	Interest expense and related expenses		(40.905)	34.005	9.912	7.524				
Transfers - other movements		(4)	229	(3)	237	Results from intangible and tangible assets and investment property		(156)	-	65	-				
Total equity at end of period (31/12/16 and 31/12/15)		355.230	346.783	306.418	306.969	Amortization of grants		(10.868)	(10.873)	(1.878)	(1.878)				
						Results from participation and securities		(986)	1.100	(961)	1.431				
						Results from derivatives		(1.069)	-	-	-				
						Results from associates		80	139	-	-				
						Foreign exchange differences		(821)	(2.401)	-	-				
						Other Adjustments		-	4.393	-	4.393				
						Operating profit before changes in working capital		116.269	163.804	31.005	20.995				
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 31/12/2014 have been followed. 3. The group during the present period employed 151 individuals. For the respective period of the previous year the group employed 151 individuals. During the present period the company employed 114 individuals, while during the respective period of the previous year the company employed 115 individuals. 4. The Company has been audited by the tax authorities up to fiscal year 2008 included. Note No 4 of the financial statements refers to the tax un-audited fiscal years of the consolidated entities. 5. Earnings per share were calculated based on the weighted average number of shares. 6. The financial statements of the group are included in the consolidated financial statements of GEK TERNA SA, consolidated with the full consolidation method. The aforementioned parent company is registered in Greece and on 31/12/2016 owned 39.529% 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		39.695	83.242												
b) Purchases of goods and services		1.550	3.783												
c) Receivables		7.063	110.386												
d) Liabilities		4.320	62.722												
e) Transactions & remuneration of Board members and executives		1.267	528												
f) Liabilities to Board members and executives		752	22												
8. The provisions of the company and group are analyzed as follows:															
		GROUP	COMPANY												
Provisions for restoration of natural environment		12.791	3.315												
Other Provisions		1.690	1.399												
9. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that are consolidated in the financial statements of 31/12/2016 are mentioned in detail in Note 4 of the financial statements. 10. As of 31 December 2016, the following companies were consolidated for the first time via the full method, in the consolidated financial statements in comparison with the previous financial year:															
Company Name	Percentage	Date	Country	Activity											
Fluvanna Holdings LLC	100%	Established 14/10/2016	Greece	Credit Services											
Fluvanna Holdings LLC	100%	Established 30/08/2016	USA	Production of Electric Energy from RES											
Fluvanna Investments LLC	100%	Established 30/08/2016	USA	Production of Electric Energy from RES											
Terna DEN LLC	100%	Established 09/10/2016	USA	Production of Electric Energy from RES											
Terna Renewable Energy Projects LLC	100%	Established 03/02/2016	USA	Production of Electric Energy from RES											
Mohave Valley Energy LLC	100%	Established 19/02/2016	USA	Production of Electric Energy from RES											
11. The amounts and nature of other comprehensive income/(expenses) after taxes, are analyzed as follows:															
		GROUP	COMPANY												
Foreign exchange differences from conversion of incorporated foreign operations		(16)	-												
Actuarial income/losses from defined benefit plans		24	27												
Expenses for capital increase		(163)	-												
Income / expenses from hedging of cash flow risk		(873)	52												
Tax on items transferred directly to or from equity		450	(23)												
12. The number of treasury shares owned by the company on 31 December 2016 corresponded to 4,316,265 shares with a total acquisition cost of 11,012 thous. €.															
13. No sector or company has ceased operations.															
Athens, 26 April 2017															
THE CHAIRMAN OF THE BOARD				THE CHIEF EXECUTIVE OFFICER				THE CHIEF FINANCIAL OFFICER				THE HEAD ACCOUNTANT			
GEORGIOS PERISTERS ID No. : AB 560298				EMMANUEL MARAGOUDAKIS ID No. : AB 986527				DELKATERIS VASILIOS ID No. : AI 03660				NIKOLAOS MANAVERS ID No. : AE 587798 License Reg. No. A' CLASS 9674			

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The annual financial statements of the Group and Company, as well as the financial statements of the consolidated companies, the audit report by the Certified Auditor Accountant and the Reports by the Board of Directors for the financial year ended on the 31st December 2016 have been posted on the Company's website, <http://www.terna-energy.com>