Société Anonyme Industrial Commercial Technical Company

85 Mesogeion Ave., 115 26 Athens, Greece

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

General Electronic Commercial Registry (GEMI) 312701000

SEMI-ANNUAL FINANCIAL REPORT

For the period

January 1st to June 30th 2017

According to article 5 of L. 3556/2007 and the relevant executive Decisions by the Board of the Hellenic Capital Market Commission and International Accounting Standard 34

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(Amounts in thousand Euro, unless stated otherwise)

1. STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS
(according to article 5 par. 2 of Law 3556/2007)

We

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

STATE THAT

To the best of our knowledge:

a. The semi-annual financial statements of the company TERNA ENERGY SA for the period from January 1st 2017 to June 30th 2017, which were prepared in accordance with the accounting standards in effect, give a true picture of the assets, liabilities, the shareholders' equity and the results of the Company, as well as of the companies included in the consolidation and considered aggregately as a whole, according to those stated by paragraphs 3 to 5 of article 5 of L. 3556/2007, and

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

Athens, 27 September 2017

The Chairman of the Board	The Managing Director	The Executive Director
Georgios Peristeris	Emmanuel Maragoudakis	George Spyrou

This report has been translated from the Greek Original Version

2. REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed separate and consolidated statement of financial position of TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY S.A. as of 30 June 2017 and the related condensed separate and consolidated statement of total comprehensive income, changes in equity and cash flows for the six-month period then ended, and the selected explanatory notes that comprise the interim condensed financial information, which is an integral part of the six-month financial report under the Law 3556/2007. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with the International Financial Reporting Standards as adopted by the European Union and apply for interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

Reference to Other Legal and Regulatory Requirements

Our review has not revealed any inconsistency or discrepancy of other information of the six-month financial report, as required by article 5 of Law 3556/2007, with the accompanying interim condensed financial information.

Athens, 27th September 2017
The Chartered Accountant

Pavlos Stellakis
SOEL Reg. No 24941

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Registry Number SOEL 127

3. SEMI-ANNUAL REPORT BY THE BOARD OF DIRECTORS of the Société Anonyme Company "TERNA ENERGY S.A." for the period 01.01 – 30.06.2017

The present Semi-Annual Report of the Board of Directors concerns the period 1 January – 30 June 2017. It is prepared and is in line with the provisions of article 5 of Law 3556/2007 as well as the related executive decisions of the Board of Directors of the Capital Markets Commission.

A. Financial Developments & Performance for the Period

During the first half of 2017, the effort for stabilization and exit of the Greek economy from the continuing economic crisis continued. Within this framework, and despite the persistence of restrictions on capital movements, the Greek government issued a five-year bond before the end of July, raising 3 billion Euros from the financial markets for the first time since the year 2014. The fact of this issue's oversubscription by 2.2 times is likely to signal the interest of foreign investors to re-examine Greece as an investment destination, prompting the country to return to a new cycle of economic growth.

The sector of Renewable Energy Sources (RES) and in general the business activities with regard to the expansion of the so-called green economy and the environmental protection contribute decisively to the sustainable development of the global economy, boost investors' interest and widen the prospects of these activities over the longer run. This framework creates favorable conditions towards the continuation of the growth course of our company with the ultimate objective to capture a leading position in all markets in which it activates.

TERNA ENERGY continues to invest in the RES sector and until the end of the year 2017, the Company will have installed 942.6 MW in Greece as well as internationally and specifically: 522.6 MW in Greece, 288 MW in the USA, 102 MW in Poland and 30 MW in Bulgaria. Within the year 2018, the Group's installed capacity is expected to exceed the threshold of one (1) GW, whereas the waste management unit of Epirus Periphery will be also set in operation, as its construction phase commenced in the beginning of the second half of 2017.

For the 1st half of 2017, the Group's consolidated sales amounted to 139.6 mil euro compared to 93.8 mil euro during the 1st half of 2016, posting a 48.8% increase mainly due to increased income from construction, energy from RES and concessions. Operating profit (EBITDA) amounted to 68.1 mil euro compared to 48 mil euro the 1st half of 2016, thus increased by 41.9% due to the higher installed capacity. Earnings before taxes amounted to 18.3 mil euro, increased by 75.9% compared to same period of the previous year. Earnings after taxes and minority interest amounted to 10.3 mil euro posting an increase of 94.3%.

As regards to the results of the individual sectors: The energy sector generated sales of 78.8 mil euro, posting a 18.5% rise compared to the 1st half of 2016, while operating profit (EBITDA) amounted to 56.6 mil euro, posting an increase of 19.9% compared to the respective period of the previous year. The above increase is mainly due to the commencement of operation of the wind park in Ai Giorgis island of Lavreotiki Municipality, with an installed 73.2 MW capacity, during the second half of 2016 as well as to the operation of three wind parks in Tanagra Municipality, Periphery of Central Greece, with an installed 48.6 MW capacity, during the first half of 2017.

The sector of electricity trading generated revenues of 5.1 million euro, posting decrease of 68.9% compared to the first half of 2016. Operating profit before depreciation (EBITDA) of the sector amounted to 0.4 million euro versus 0.3 million euro in the first half of 2016.

TERNA ENERGY's construction activity towards third parties presented sales of 22.6 mil euro, posting an 113.2% increase versus the 1st half of 2016. Operating profit (EBITDA) of the sector amounted to 10.7 mil euro compared to 0.6 mil euro in the same period of the previous year. The backlog of construction projects towards third parties at the end of the 1st half of 2017 amounted to 34.8 mil euro.

The Group's financial position remains satisfactory, as its cash & cash equivalents amounted to 176.7 mil euro, while bank debt amounted to 726 mil euro, resulting in a net bank debt position (cash minus bank debt) at the level of 549.3 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 which will be returned due to the cancellation of certain wind parks' construction or due to the time expiry of decisions concerning the grants of other wind parks.

The investments of the TERNA ENERGY Group amounted to 63.7 million euro during the first half of the current year. The company's ongoing investment activity sets the grounds to stabilize a significant flow of revenue and profitability on a long-term basis.

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

During the first half of 2017 the following significant events took place:

- Commencement of operation of wind parks, with total installed capacity of 48.6 MW, in Tanagra Municipality, Periphery of Central Greece.
- Establishment of the company "AEIFORIKI IPEIROU SA", which is fully owned (100%) by the Group. The new company will undertake the implementation and operation of the waste management unit of the Periphery of Epirus. The relevant agreement with the Periphery of Epirus was signed on 21st July 2017 and the construction works commenced.
- On 24th May 2017, the company "TERNA ENERGY FINANCE SINGLE PERSON SOCIETE ANONYME", fully owned (100%) subsidiary of the Group, submitted a prospectus to the Hellenic Capital Market Commission with regard to a bond issue amounting to € 60,000,000 that will finance the Company's investment plan in Greece and USA.

C. Significant events after the reporting date of the Statement of Financial Position

On 19.07.2017 the Public Offering concerning the issuance of an Ordinary Bond Loan of the subsidiary company "TERNA ENERGY FINANCE SINGLE PERSON SOCIETE ANONYME" was completed, whereas the new bond securities were listed on the category of Fixed Income Securities at the Organized Market of the Athens Exchange, Greece. In total, 60,000 common non-registered bonds were issued with a nominal value of € 1,000 each resulting into the raising of capital proceeds amounting to € 60,000,000. The final yield of the Bonds was set at 3.85% and the Bonds' offer price at €1,000 each. The Public Offer was covered 2.57 times. Bonds were allocated as follows based on the demand that was expressed for the yield of 3.85%:

a) 42,000 Bonds were allocated to Private Investors
b) 18,000 Bonds were placed to Special Investors

Moreover, the investigation conducted by the Hellenic Competition Commission (HCC), within the framework of its competencies, for a restrictive cartel in the competition of the public-projects market, was fulfilled. This investigation examined almost all Greek 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 of a 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.

The plenary session of the Competition Committee, by unanimous decision, which was notified to the Company on 3rd of August, 2017, during the simplified Dispute Settlement procedure of article 25a of Law 3959/2011 and according to its decision no. 628/2016, found that there was no evidence of an offense committed by TERNA ENERGY SA.

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

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

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

The continuation of capital controls in the domestic economy as well as the possible difficulties in implementing the Greek economy’s restructuring program, may lead to a deceleration of the Group’s investment plan in the Greek region. However, the significant activity of the Group in the foreign markets, and especially in North America, contributes to the dispersion of the relative risks and balances the effect from the above unfavorable domestic developments on the Group’s financial performance.
The possible delay of the country to enter into an economic recovery course may affect the activities of the Company as follows:

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

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

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

The Group despite the ongoing economic crisis, at the reporting date of the semi-annual Consolidated Financial Statements" maintains a satisfactory capital adequacy, profitability and liquidity, and continues to be fully consistent with regard to its obligations towards suppliers, Greek State, social security funds, creditors, etc.

Moreover, the Management's view is that for the second half of 2017, the credit risk concerning the receivables from the energy sector for both the parent company and the other Greek based companies of the Group is relatively limited.

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

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

During the period from the end of the first half of 2017 and until today, no significant loss has been realized nor any possibility for such a loss.

E. Transactions with related parties

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

Transactions and balances for the period that ended on 30.06.2017 are as follows:

(Amounts in thousand Euro, unless stated otherwise)

TERNA ENERGY SA				
	SALES	**PURCHASES**	**RECEIVABLE**	**LIABILITY**
SUBSIDIARIES				
IWECO CHONOS LASITHI CRETE SA	77,250	98,660	2,790	3,436,180
TERNA ENERGY EVROU SA	164,800	693,171	5,952	24,975,099
ENERGIAKI SERVOUNIOU SA	142,613	761,324	273,484	24,543,227
AIOLIKI PANORAMATOS DERVENOCHORION SA	233,384	-	2,082,674	-
AIOLIKI ILIOKASTROU SA	103,000	-	3,720	-
AIOLIKI RACHOULAS DERVENOCHORION SA	108,000	-	1,386,524	-
ENERGIAKI DERVENOCHORION SA	137,500	-	77,541	1,720,000
AIOLIKI KARYSTIAS EVOIAS SA	-	-	103,000	-
ENERGIAKI FERRON EVROU SA	66,950	30,167	192,731	1,041,333
AIOLIKI DERVENI TRAIANOUPOLEOS SA	203,290	-	3,866,576	-
AIOLIKI PASTRA ATTIKIS SA	405,450	-	9,791,543	-
ENERGIAKI XIROVOUNIOU SA	208,012	-	6,914,162	-
VATHYCHORI ENA PHOTOVOLTAIC SA	188,033	-	2,708,181	-
EUROWIND SA	109,650	91,634	2,666	3,101,347
TERNA ENERGEIAKI – AI GIORGIS SA	1,692,597	-	56,871,633	-
ENERGIAKI NEAPOLOEOS LAKONIAS SA	6,592	-	2,803,787	-
DELTA AXIOU ENERGEIAKI SA	-	-	1,928,470	-
TERNA AIOLIKI AMARYNTHOU SA	1,500	-	0	-
VATHYCHORI PERVALLONTIKI SA	-	-	29,405	-
ALISTRATI ENERGY LTD	-	-	43,984	-
MALESINA ENERGEIAKH LTD	-	-	10,871	-
ORCHOMENOS ENERGEIAKH LTD	-	-	10,201	-
FILOTAS ENERGEIAKI S.A.	-	-	1,934	-
DIRFYS ENERGEIAKI S.A.	-	-	2,108	-
CHRYSOUPOLI ENERGEIAKI LTD	-	-	20,544	-
LAGADAS ENERGEIAKH SA	-	-	10,679	-
DOMOKOS ENERGEIAKI S.A.	-	-	1,934	-
ENERGEIAKI PELOPONNISOU SA	4,328,900	-	18,764,231	-
VATHYCHORI DYO ENERGEIAKI	-	-	2,015,344	-
TERNA AIOLIKI XEROVOUNIOU SA	-	-	4,816	-
GEOTHERMIKI ENERGEIAKH ANAPTYXIAKI SA	-	-	5,054	-
PERIVALLONTIKI PELOPONNISOU S.A.	-	-	2,241,944	-
TERNA ILIAKI PANORAMATOS SA	565,367	-	681,835	-
TERNA ILIAKI PELOPONNISOU SA	997,209	-	6,306,037	-
TERNA ILIAKI VOIOTIAS SA	1,183,867	-	5,935,257	-

(Amounts in thousand Euro, unless stated otherwise)

TERNA ENERGY SA				
	SALES	**PURCHASES**	**RECEIVABLE**	**LIABILITY**
TERNA ILIAKI ILIOKASTROU S.A.	-	-	1,257	-
HELLAS SMARTICKET S.A.	-	-	8,841	-
PPC (DEI) RENEWABLES – TERNA ENERGY S.A.	-	-	423,375	-
AEIFORIKI IPEIROU S.A.	-	-	1,933	-
OPTIMUS ENERGY S.A.	-	-	335	-
TERNA ENERGY OVERSEAS LTD	-	-	79,274	-
PROENTRA D.O.O BEOGRAD	434,231	778,472	207,136	472,688
General and Limited Partnerships	-	-	769,398	-
PARENT				
GEK TERNA SA	25,358	95,265	1,026,192	10,314
OTHER RELATED PARTIES				
TEPNA A,E,	43,812	35,879	12,378	123,927
Joint ventures in which GEK TERNA SA and TERNA SA participate	25,958,189	17,815	8,815,312.00	994,225
GEK SERVICES SA	-	7,320	-	3,026
EKTONON SA	-	479	10,010	8,885
VIPA THESSALONIKIS SA	-	10,500	2,176	-
HERON THERMOELECTRIC SA	-	186,683	44,160	130,945
NEA ODOS SA	-	92		65
TERNA MAG SA	-	-	18,450	-

Regarding the above transactions, the following clarifications are provided:

a) Sales of TERNA ENERGY SA to:

- to IWECO CHONOS LASITHI CRETE SA of 77,250 euro relate to revenues from RES maintenance services.
- to TERNA ENERGY EVROU SA amount of 164,800 euro for RES maintenance services.
- to ENERGEIAKI SERVOUNIOU SA amount of 142,613 euro of which 133,900 euro are for RES maintenance services, 1,722 euro for sale of other stocks and 6,991 euro for interest income.
- to AIOLIKI PANORAMATOS DERVENOCHORION SA amount of 233,384 euro, out of which amount of 185,400 euro relate to RES maintenance services and 47,984 euro for interest income.
- to AOLIKI ILIOKASTROU SA, amount of 103,000 euro, concerning RES maintenance services.
- AEOLIKI RACHOULAS DERVENOCHORION SA amount of 108,000 euro for RES maintenance services.
- to ENERGEIAKI DERVENOCHORION SA amount of 137,500 euro for RES maintenance services.
- to ENERGY FERRON EVROU SA amounting to 66,950 euro for RES maintenance services.

- to AIOLIKI DERVENI TRAIANOUPOLEOS SA amount of 203,290 euro, out of which 112,945 euro relate to RES maintenance services and 90,345 euro relate to interest income.
- AIOLIKI PASTRA ATTICA SA amount of 405,450 euro, out of which 103,000 euro relate to RES maintenance services and 302,450 euro relate to interest income.
- to ENERGY XIROVOUNIOU SA amount of 208,012 euro, out of which 46,350 euro are related to RES maintenance services and 161,662 relate to interest income.
- to VATHICHORI ENA PHOTOVOLTAIC SA amount of€ 188,033 euro out of which € 125,000 relate to RES maintenance services and € 63,033 relate to interest income.
- to EUROWIND SA amount of 109,650 euro for RES maintenance services.
- to TERNA ENERGEIAKI AI GIORGIS SA amount of 1,692,597 euro, out of which 654,937 euro relate to RES maintenance services and 1,037,660 euro relate to interest income.
- to ENERGEIAKI NEAPOLEOS LAKONIAS SA amount of 6,592 euro, out of which 1,500 euro are for construction services and 5,092 euro for interest income.
- to TERNA AIOLIKI AMARINTHOU SA amount of 1,500 euro for RES maintenance services.
- to ENERGEIAKI PELOPONNISOU SA amount of 4,328,900 euro, out of which 4,297,000 euro relate to construction services and 31,900 euro to interest income.
- TERNA ILIAKI PANORAMATOS SA amount of 565,367 euro, out of which 563,500 euro are for construction services and 1,867 euro for interest income.
- to TERNA ILIAKI PELOPONNISOU SA amount of 997,209 euro, out of which 818,000 euro relate to construction services and 179,209 euro relate to interest income.
- to TERNA ILIAKI VIOTIAS SA amount of 1,183,867 euro, out of which 1,044,000 euro relate to construction services and 139,867 euro relate to interest income.
- to PROENTRA D.O. BEOGRAD amount of 434,231 euro, out of which 251,650 euro relate to the sale of electricity and 182,581 euro relate to other revenue from services.
- to GEK TERNA SA amount of 25,358 euro relating to interest income.
- to TERNA SA amount of 43,812 euro relates to the leasing of machinery.
- to Joint Ventures to which GEK TERNA SA and TERNA SA participate amount of 25,958,189 euro, out of which 25,923,189 euro refer to construction services, 5,000 euro for rental of real estate and 30,000 euro for provision of operation and maintenance services.

b) Purchases of TERNA ENERGY SA:

- from IWECO CHONOS LASITHI CRETE SA 98,660 euro relate to interest charges.
- from TERNA ENERGY EVROU SA amount of 693.171 euro relate to interest expenses.
- from ENERGEIAKI SERVUNIOU SA amount of 761,324 euro out of which 37,400 euro relate to the purchase of spare parts and amount of 723,924 euro to interest expense.
- from ENERGEIAKI FERRON EVROU SA amount of 30,167 euro relate to interest expense.
- from EUROWIND SA amount of 91,634 euro relate to interest expense
- from PROENTRA D.O. BEOGRAD amount of 778.472 euro relate to the purchase of electricity.
- from GEK TERNA SA amount of 95,265 euro, out of which 86,125 euro relate to the leasing of buildings and 9,140 euro to other expenses.

- from TERNA SA amount of 35,879 euro, out of which 13,000 euro relate to the purchase of fixed assets, 18,231 euro to leases of machinery and 4,648 euro for the purchase of materials.
- from Joint Ventures in which GEK TERNA SA and TERNA SA participate amount of 17,815 euro relate to purchases of raw materials and consumables.
- from GEK SERVICES SA amount of 7,320 euro relate to maintenance services.
- from EKTONON SA amount of 479 euro for other services.
- from VIPA THESSALONIKI SA amount of 10,500 euro for the leasing of buildings.
- from HERON THERMOELECTRIC SA amount of 186,683 euro refer to electricity purchases.
- from NEA ODOS SA amount of 92 euro relate to other services.

Transactions with Board members

The total amount of fees that were paid to the members of the Group's Boards of Directors settled at 474,303 Euros (287,321 Euros on the Company level), of which an amount of 37,868 Euros (0 Euros on the Company level) concerned BoD fees, whereas an amount of 436,435 Euros (287,321 Euros on the Company level) concerned the provision of services.

F. Treasury Shares

During the period 01.01.2017 – 30.06.2017, the Company bought back 221,771 shares with a purchase value of € 636,222. Total number of treasury shares held by the Company as of 30.06.2017 had reached 4,538,036 shares or 4.15% of the company's total share capital, with a total acquisition cost of € 11,648,064.

Athens, 27 September 2017
The Board of Directors

Georgios Peristeris
Chairman of the Board of Directors

4. INTERIM CONDENSED SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2017

(1 JANUARY - 30 JUNE 2017)

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accompanying Interim Financial Statements were approved by the Board of Directors of TERNA ENERGY SA on 27.09.2017 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 10 years since their publication. It is noted that the published Condensed Data and Information derived from the interim condensed financial statements, aim at providing the reader with certain general information on the financial position and results of the Company and the Group, but do not provide a full picture of the financial position, financial performance and cash flows of the Company and Group in accordance with IFRS.

TERNA ENERGY GROUP
STATEMENT OF FINANCIAL POSITION
30 JUNE 2017
(All amounts are expressed in thousand Euro, unless stated otherwise)

		GROUP		COMPANY	
	Note	30-June 2017	31-Dec 2016	30-June 2017	31-Dec 2016
ASSETS					
Non-current assets					
Intangible assets	11	26,227	27,102	2,018	2,116
Tangible assets	10	987,724	970,577	95,561	99,427
Investment property		530	530	530	530
Participation in subsidiaries		-	-	294,360	271,479
Participations in associates		5,374	5,374	5,451	5,451
Participation in joint-ventures		-	-	119	119
Other long-term receivables	12	23,890	23,370	91,811	62,372
Receivables from derivatives	18	1,909	1,526	-	-
Financial Assets - Concessions	13	21,577	10,055	-	-
Other investments		1,755	1,755	1,755	1,755
Deferred tax assets		882	4,839	43	-
Total non-current assets		**1,069,868**	**1,045,128**	**491,648**	**443,249**
Current assets					
Inventories		3,358	4,063	2,451	3,403
Trade receivables		115,953	80,389	56,789	59,246
Receivables according to IAS 11		1,827	3,127	2,693	3,396
Prepayments and other receivables		134,118	140,010	19,076	20,086
Income tax receivables		117	495	-	-
Cash and cash equivalents	14	176,675	164,399	35,519	29,249
Total current assets		**432,048**	**392,483**	**116,528**	**115,380**
TOTAL ASSETS		**1,501,916**	**1,437,611**	**608,176**	**558,629**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	15	32,794	32,794	32,794	32,794
Share premium	15	213,781	219,247	213,781	219,247
Reserves		43,672	40,326	16,840	17,283
Retained earnings		54,336	56,493	34,309	37,094
Total		**344,583**	**348,860**	**297,724**	**306,418**
Non-controlling interests		6,305	6,370	-	-
Total equity		**350,888**	**355,230**	**297,724**	**306,418**
Long-term liabilities					
Long-term loans	17	587,636	567,175	178,457	111,879
Other financial liabilities	16	41,130	44,567	-	-
Liabilities from derivatives	18	4,854	6,289	941	506
Other provisions	19	14,537	13,687	4,195	4,075
Provision for staff indemnities	19	478	435	403	368
Grants	20	148,333	159,156	18,067	19,007
Deferred tax liabilities		9,708	12,143	-	993
Other long-term liabilities		321	9	-	-

TERNA ENERGY GROUP
STATEMENT OF FINANCIAL POSITION
30 JUNE 2017
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Note	GROUP		COMPANY	
		30-June 2017	**31-Dec 2016**	**30-June 2017**	**31-Dec 2016**
Total long-term liabilities		**806,997**	**803,461**	**202,063**	**136,828**
Short-term liabilities					
Suppliers		68,004	49,251	16,032	27,546
Short-term loans	17	40,763	5,396	12,040	5,016
Long-term liabilities falling due in the next period	17	97,561	95,285	24,288	34,977
Long-term financial liabilities falling due in the next period	16	3,384	3,987	-	-
Liabilities according to IAS 11		19,861	10,741	19,519	10,399
Accrued and other short-term liabilities		103,138	107,913	29,841	33,708
Income tax payable		11,320	6,347	6,669	3,737
Total short-term liabilities		**344,031**	**278,920**	**108,389**	**115,383**
Total liabilities		**1,151,028**	**1,082,381**	**310,452**	**252,211**
TOTAL LIABILITIES AND EQUITY		**1,501,916**	**1,437,611**	**608,176**	**558,629**

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

TERNA ENERGY GROUP
STATEMENT OF COMPREHENSIVE INCOME
30 JUNE 2017
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Note	GROUP		COMPANY	
		1.1 – 30.6 2017	**1.1 – 30.6 2016**	**1.1 – 30.6 2017**	**1.1 – 30.6 2016**
Continued activities					
Turnover		139,587	93,815	45,189	47,317
Cost of sales		(95,909)	(64,904)	(27,554)	(35,592)
Gross profit		**43,678**	**28,911**	**17,635**	**11,725**
Administrative & distribution expenses		(6,096)	(5,909)	(3,289)	(2,632)
Research & development expenses		(677)	(746)	(677)	(745)
Other income/(expenses)	21	3,943	5,502	1,786	2,349
Operating results		**40,848**	**27,758**	**15,455**	**10,697**
Financial income		1,267	683	2,188	1,673
Financial expenses		(24,113)	(18,030)	(6,974)	(4,979)
Gains / (Losses) from financial instruments measured at fair value		317	-	-	-
EARNINGS BEFORE TAX		**18,319**	**10,411**	**10,669**	**7,391**
Income tax expense		(7,827)	(4,712)	(3,280)	(1,634)
Net Earnings from continued activities		**10,492**	**5,699**	**7,389**	**5,757**
NET EARNINGS FOR THE PERIOD		**10,492**	**5,699**	**7,389**	**5,757**
Other comprehensive income/(losses) recognized directly in Equity from:					
Foreign exchange differences from incorporation of foreign units		(104)	(769)	-	-
Income/(expenses) from hedging of cash flows		1,867	(1,638)	(435)	(39)
Expenses of capital increase		(241)	(54)	(60)	-

TERNA ENERGY GROUP

STATEMENT OF COMPREHENSIVE INCOME

30 JUNE 2017

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

		GROUP		COMPANY	
	Note	**1.1 – 30.6 2017**	**1.1 – 30.6 2016**	**1.1 – 30.6 2017**	**1.1 – 30.6 2016**
Income tax recognized directly in Equity		(352)	179	126	11
Other comprehensive income/(losses) for the period net of income tax		**1,170**	**(2,282)**	**(369)**	**(28)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**11,662**	**3,417**	**7,020**	**5,729**
Net results attributed to:					
Shareholders of the parent from continued activities		10,274	5,256		
Non-controlling interests from continued activities		218	443		
		10,492	**5,699**		
Total comprehensive income attributed to:					
Shareholders of the parent from continued activities		11,439	2,974		
Non-controlling interests from continued activities		223	443		
		11,662	**3,417**		
Earnings per share (in Euro)					
From continued activities attributed to shareholders of the parent		0.0980	0.0498		
Average weighted number of shares					
Basic		104,833,087	105,584,859		

TERNA ENERGY GROUP
STATEMENT OF CASH FLOWS
30 JUNE 2017
(All amounts are expressed in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	1.1 – 30.6 2017	**1.1 – 30.6 2016**	**1.1 – 30.6 2017**	**1.1 – 30.6 2016**
Cash flow from operating activities				
Earnings for the period before tax	18,319	10,411	10,669	7,391
Adjustments for the agreement of net flows from operating activities				
Depreciation	30,131	25,018	4,334	4,101
Provisions	40	26	33	22
Impairments	-	300	-	205
Interest and related income	(1,267)	(683)	(2,188)	(1,673)
Interest and other financial expenses	24,113	18,030	6,974	4,979
Results from intangible and tangible assets and from investment property	36	-	-	20
Results from derivatives	(317)	-	-	-
Results from participations and securities	-	(717)	(423)	(1,112)
Amortization of grants	(5,465)	(5,398)	(940)	(939)
Foreign exchange differences	2,613	1,366	-	-
Operating profit before working capital changes	**68,203**	**48,353**	**18,459**	**12,994**
(Increase)/Decrease in:				
Inventories	700	(744)	952	(733)
Trade receivables	(34,386)	(1,774)	3,161	(15,591)
Prepayments and other short term receivables	4,889	(18,228)	4,046	(13,083)
Increase/(Decrease) in:				
Suppliers	28,607	(2,559)	(9,745)	5,596
Accruals and other short term liabilities	3,778	4,201	5,163	5,655
Other long-term receivables and liabilities	(12,349)	(1,796)	(21)	(83)
Income tax payment	(1,302)	(1,728)	(1,258)	(879)
Net cash flows from/(used in) operating activities	**58,140**	**25,725**	**20,757**	**(6,124)**
Cash flow from investing activities:				
(Purchases)/sales of tangible and intangible fixed assets	(69,902)	(67,384)	(2,115)	(2,962)
Interest and related income received	601	552	785	246
Sale of publicly traded shares	-	9,622	-	9,622
(Purchases) / sales of participations and securities	-	-	(22,881)	(3,981)
Net change in provided loans	(500)	-	(30,633)	(735)
Rebate of grants	(1,070)	-	-	-
Cash flows (used in)/from investing activities	**(70,871)**	**(57,210)**	**(54,844)**	**2,190**

(Amounts in thousand Euro, unless stated otherwise)

Cash flows from financing activities				
Purchase of Treasury Shares	(636)	(2,869)	(636)	(2,869)
Share capital return	(5,292)	-	(5,292)	-
Proceeds from share capital increases of subsidiary	119	1,125	-	-
Net change of long term loans	28,905	(5,973)	54,687	5,785
Net change of short term loans	35,344	56,731	7,000	-
Dividends paid	(9,754)	(5,893)	(9,754)	(5,893)
Interest and other financial expenses paid	(21,424)	(13,503)	(5,648)	(2,066)
Change in financial liabilities	(894)	(85)	-	-
Cash flows from/(used in) financing activities	**26,368**	**29,533**	**40,357**	**(5,043)**
Effect of exchange rate changes on cash & cash equivalents	(1,361)	(600)	-	-
Net increase/decrease in cash	**12,276**	**(2,552)**	**6,270**	**(8,977)**
Cash & cash equivalents at the beginning of the period	164,399	166,739	29,249	38,045
Cash & cash equivalents at the end of the period	**176,675**	**164,187**	**35,519**	**29,068**

TERNA ENERGY S.A.
STATEMENT OF CHANGES IN EQUITY
30 JUNE 2017
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2016	**32,794**	**219,247**	**19,925**	**35,003**	**306,969**
Net earnings for the period	-	-	-	5,757	**5,757**
Other comprehensive losses for the period	-	-	(28)	-	**(28)**
Total comprehensive income for the period	-	-	(28)	5,757	**5,729**
Formation of Reserves	-	-	275	(275)	**-**
Dividends	-	-	-	(9,838)	**(9,838)**
Purchase of Treasury Shares	-	-	(2,869)	-	**(2,869)**
Transactions with the Company’s Shareholders	-	-	(2,594)	(10,113)	**(12,707)**
30 June 2016	**32,794**	**219,247**	**17,303**	**30,647**	**299,991**
1 January 2017	**32,794**	**219,247**	**17,283**	**37,094**	**306,418**
Net earnings for the period	-	-	-	7,389	**7,389**
Other comprehensive losses for the period	-	-	(369)	-	**(369)**
Total comprehensive income for the period	-	-	(369)	7,389	**7,020**
Return of Share Capital	(5,466)	-	-	-	**(5,466)**
Issuance of share capital	5,466	(5,466)	-	-	**-**
Formation of Reserves	-	-	276	(276)	**-**
Dividends	-	-	-	(9,838)	**(9,838)**
Purchase of Treasury Shares	-	-	(636)	-	**(636)**
Transfers – other movements	-	-	286	(60)	**226**
Transactions with the Company’s Shareholders	-	(5,466)	(74)	(10,174)	**(15,714)**
30 June 2017	**32,794**	**213,781**	**16,840**	**34,309**	**297,724**

TERNA ENERGY GROUP

STATEMENT OF CHANGES IN EQUITY

30 JUNE 2017

(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 2016	**32,794**	**219,247**	**33,965**	**55,869**	**341,875**	**4,906**	**346,781**
Net earnings for the period	-	-	-	5,256	**5,256**	443	**5,699**
Other comprehensive losses for the period	-	-	(2,282)	-	**(2,282)**	-	**(2,282)**
Total comprehensive income for the period	-	-	(2,282)	5,256	**2,974**	443	**3,417**
Issuance of share capital of subsidiary	-	-	-	-	**-**	1,119	**1,119**
Formation of Reserves	-	-	2,495	(2,495)	**-**	-	**-**
Purchase of Treasury Shares	-	-	(2,869)	-	**(2,869)**	-	**(2,869)**
Dividends	-	-	-	(9,838)	**(9,838)**	(379)	**(10,217)**
Transfers – other movements	-	-	53	(55)	**(2)**	-	**(2)**
Transactions with the Company's Shareholders	-	-	(321)	(12,388)	(12,709)	740	**(11,969)**
30 June 2016	**32,794**	**219,247**	**31,362**	**48,737**	**332,140**	**6,089**	**338,229**
1 January 2017	**32,794**	**219,247**	**40,326**	**56,493**	**348,860**	**6,370**	**355,230**
Net earnings for the period	-	-	-	10,274	**10,274**	218	**10,492**
Other comprehensive income for the period	-	-	1,165	-	**1,165**	5	**1,170**
Total comprehensive income for the period	-	-	1,165	10,274	**11,439**	223	**11,662**
Return of Share Capital	(5,466)	-	-	-	**(5,466)**	-	**(5,466)**
Issuance of share capital	5,466	(5,466)	-	-	**-**	-	**-**
Issuance of share capital of subsidiary	-	-	-	-	**-**	119	**119**
Formation of Reserves	-	-	2,352	(2,352)	**-**	-	**-**
Purchase of Treasury Shares	-	-	(636)	-	**(636)**	-	**(636)**
Dividends	-	-	-	(9,838)	**(9,838)**	(407)	**(10,245)**
Transfers – other movements	-	-	465	(241)	**224**	-	**224**
Transactions with the Company's Shareholders	-	(5,466)	2,181	(12,431)	(15,716)	(288)	**(16,004)**
30 June 2017	**32,794**	**213,781**	**43,672**	**54,336**	**344,583**	**6,305**	**350,888**

5. ESTABLISHMENT & ACTIVITY OF THE COMPANY

The TERNA ENERGY SA Group of companies (hereinafter the «Group» or «TERNA ENERGY») is a Greek group of companies mainly engaged in the sectors of renewable energy sources, construction, trading of electric energy and concessions. The Group's major business activities refer to the construction and exploitation of installations 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, Greece, 85 Mesogeion Ave.

The Company is listed on Athens Exchange. The parent company of TERNA ENERGY, which is also listed on Athens Exchange, is GEK TERNA SA., which on 30/06/2017 held 39.529% of the Company's issued share capital.

6. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

The condensed interim financial statements, which consist of the separate and consolidated financial statements of the Parent Company and Group, have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the Standard Interpretations Committee, as such have been adopted by the European Union and specifically according to the provisions of IAS 34 "Interim Financial Statements". The condensed interim financial statements should be read together with the annual financial statements of 31 December 2016.

b) Statutory Financial Statements

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

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

c) New Standards, Interpretations and Amendments

The accounting principles applied for the preparation of the financial statements are the same with those applied for the preparation of the annual financial statements of the Company and the Group for the period ended on 31 December 2016, apart from the adoption of new accounting standards. The Group has fully adopted all IFRS and interpretations which up to the preparation date of the financial statements had been endorsed by the European Union and whose application was mandatory, according to the International Accounting Standards Board (IASB), for the financial period that ended on 30 June 2017.

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

There are no new Standards, Interpretations, Revisions or Amendments of existing Standards that have been issued by the International Accounting Standards Board (IASB), have been endorsed by the European Union and their application is mandatory from 01/01/2017 or after.

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

The following new Standards and revisions of Standards have been issued by the International Accounting Standards Board (IASB), but they have not been in effect or endorsed by the European Union.

- **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 has been formed to replace IAS 18 Revenue, IAS 11 Construction Contracts and some interpretations that are related to revenues. The Company will consider the impact of all the above in the Financial Statements of the Company, 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 Company will consider the impact of all the above in the Financial Statements of the Company, 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 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 Company will consider the impact of all the above in the Financial Statements, 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 Company will consider the impact of all the above in the Financial Statements of the Company, 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 Company will consider the impact of all the above in the Financial Statements, although it is not expected to be any. These have not been adopted by the European Union.

- **Clarifications 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

Company will consider the impact of all the above in the Financial Statements, 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 Company will consider the impact of all the above in the Financial Statements, 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 Company 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 Company 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 Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

- **Amendments to IAS 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 Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

- **IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 01/01/2021)**

In May 2017, the IASB issued a new Standard, IFRS 17, replacing an interim Standard, IFRS 4. The IASB's aim was to develop a single principle-based Standard for the accounting treatment of all types of insurance contracts, including reinsurance contracts held by an insurer. A single principle-based Standard will enhance the comparability of the financial reporting between economic entities, jurisdictions and capital markets. IFRS 17 specifies the requirements that an entity should apply on financial reporting that is related to insurance contracts that it issues and reinsurance contracts that it holds. The Company will examine the impact of all of the above on its Financial Statements, although it is not expected to have a material effect. The above has not been adopted by the European Union.

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

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

d) Approval of Financial Statements

The accompanying interim consolidated financial statements of the period 1 January 2017 to 30 June 2017 were approved by the Board of Directors on 27th September 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.

7. SUMMARY OF KEY ACCOUNTING PRINCIPLES

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

a) Consolidation Basis

The attached interim condensed consolidated financial statements comprise the condensed interim financial statements of TERNA ENERGY and its subsidiaries. The subsidiary companies in which the Group holds directly or indirectly more than half of the voting rights or has the right to exercise control over their operation have been consolidated. Subsidiaries are consolidated from the date that the Group acquires control over them and cease to be consolidated from the date it no longer has control.

The Group's interests in Joint Ventures, in the cases where they are subject to common control, are consolidated in the consolidated financial statements using the equity consolidation method which provides for the recording of participation at cost plus the share of participation in the joint venture less any provisions for impairment in the value of the participations. As a result, the assets, liabilities and total income of j/v are not included in the consolidated financial statements.

Intra-group transactions and balances have been cancelled-out in the attached consolidated financial statements. Whenever required the accounting principles of the subsidiaries have been amended in order to ensure consistency with the accounting principles adopted by the Group.

b) Investments in Associates

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

c) Joint operations

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

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

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

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

Initially they are recognized at acquisition cost, which represents the fair value plus, in some cases, the direct transaction and acquisition expenses.
The classification of the above financial assets is made upon their initial recognition and wherever permitted it is reviewed and reassessed on a periodic basis.

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

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

(iii) Financial assets at fair value through the profit and loss
This relates to the trading portfolio and comprises investments acquired with a view to liquidate them in the near future. Gains or losses from the valuation of such assets are recorded in the profit or loss.

(iv) Investments held to maturity
Financial assets (non-derivative) with defined flows and defined maturity are classified as held to maturity when the company is willing and able to retain them until their maturity. Investments held indefinitely or for a predetermined period cannot be classified in this category. Held to maturity investments are valued, after the initial recording, at net amortized cost using the effective interest rate method. Gains or losses are recorded in the profit or loss when the relevant amounts are written-off or suffer impairment as well as through the amortization process.
The current value of such investments that are traded in an organized exchange is derived by the exchange value of the investment at the closing date. As regards investments that are not traded in an active market, their fair value is calculated on the basis of relevant valuation techniques.
These techniques are based on recent arm's-length investment transactions, with reference to the exchange value of another investment with characteristics similar to the investment valued, discounted cash-flow analysis and investment valuation models.

e) Financial Instruments and Risk Management
Non-derivative financial assets and liabilities in the balance sheet include cash balances, receivables, participations bank loans and other short and long-term liabilities. The Company does not use derivative financial products. The accounting principles for the recognition and measurement of these items are mentioned in the respective accounting principles, which are presented in this Note.
Financial instruments are disclosed as receivables, liabilities or equity based on the substance and the contents of the relevant contracts from which they stem. Interest, dividends, gains and losses resulting from the financial instruments that are classified as receivables or liabilities are accounted

for as expenses or income respectively. The distribution of dividends to shareholders is accounted for directly through equity. Financial instruments are netted-off when the Company, according to the law, has this legal right and intends to set them off (against each other) on a net basis or to recover the asset and net the liability off at the same time. Financial risk management aims to minimize possible negative effects and specifically:

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

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

- ***Fair Value***

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

- ***Credit Risk Concentration***

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

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

- ***Market Risk***

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

f) Operation and Presentation Currency and Foreign Exchange Conversion:

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

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

The currency of operation of the foreign subsidiaries of the Group is the official currency of the country each subsidiary operates in. Accordingly, at each reporting period all the accounts of the Statement of Financial Position of subsidiaries are converted into euro using the exchange rate in effect at the balance sheet date. Income and expenses are converted using the weighted average rate in effect during the year.
The resulting exchange differences from the valuation of foreign subsidiaries as described above are presented in the Statement of Comprehensive Income. Upon sale or disposal of a foreign subsidiary the cumulated exchange differences described above are recorded in the profit and loss account.

g) Intangible Assets

Intangible assets consist of rights for use of forestry land, where Wind Parks are installed, purchased Wind Park licenses and software acquisition costs. The right of use of forestry land, where Wind Parks are installed, includes the related acquisition costs less accumulated amortization and possible impairment.
The value of software includes the acquisition cost and all expenses incurred to develop the software in order to bring it to operating condition less accumulated amortization and possible impairment. Significant subsequent expenses are capitalized when such increase the software's capacity after initial specifications.

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

h) Income recognition

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

(i) Income from construction activities

The Group and the joint-ventures it participates in recognize income from construction contracts in their accounting books based on amounts invoiced to customers, which result from the relevant partial certifications of work completed that are issued by the responsible engineers and correspond to the work completed up to the closing date. For reasons of compliance with the IFRS income from construction activity is accounted for in the attached consolidated financial statements using the percentage-of-completion method in accordance with the provisions of IAS 11 "Construction Contracts".
According to the percentage-of-completion method the construction costs incurred up to the reporting date are compared to the total estimated cost of the project in order to determine the percentage of the project that has been completed. This percentage is applied to the total revised contract price in order to determine the cumulated income from the project, based on which the invoiced income to date is revised. The cumulated effect of the revisions of the total estimated

construction cost and the total contract price are accounted for during the accounting periods in which they arise. In the cases of contracts where it is forecast that the total estimated cost will exceed the total contract price, the entire loss is recognized in the year during which the loss-making events become probable.

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

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

(ii) Sale of goods

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

(iii) Revenue from the sale of Electric Energy

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

(iv) Rent Revenue

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

(v) Dividends

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

(vi) Interest

Interest income is recognized on an accruals basis.

i) Tangible Fixed Assets

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

Repairs and maintenance are booked as expenses during the year in which they are incurred. Significant improvements are capitalized in the cost of the respective fixed assets provided that they augment the useful economic life, increase the production level or improve the efficiency of the respective fixed assets.

Tangible fixed asset items are eliminated from the balance sheet on disposal or withdrawal or when no further economic benefits are expected from their continued use. Gains or losses resulting from the elimination of an asset from the balance sheet are included in the income statement of the financial year in which the fixed asset in question is eliminated.
Fixed assets under construction include fixed assets that are work in progress and are recorded at their cost, as well as advances for asset acquisitions. Fixed assets under construction are not depreciated until the asset is completed and put into operation.

j) Depreciation

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

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

k) Impairment of the Value of Fixed Assets

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

l) Investment property

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

m) Financial Assets – Loans and Receivables

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

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

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

n) Inventories

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

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

o) Receivables Accounts

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

p) Cash and Cash Equivalents

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

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

q) Loan liabilities

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

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

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

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

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

r) Provisions for Staff Retirement Indemnities

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

The above liabilities are calculated based on the financial and actuarial assumptions and are defined using the projected unit method of actuarial valuation. Net retirement costs for the period are included (a) in the attached income statement and consist of the present value of benefits that have accrued during the year, the interest on the benefits' liability and the cost of prior service (b) the statement of comprehensive income which includes the actuarial profit or loss and any other additional retirement costs. The prior service costs are recognized on a straight-line basis over the average period during which access to the program's benefits is earned. The liabilities for retirement benefits are not financed. As at the 1st of January 2004 (transition date to IFRS and compilation of initial Balance Sheet) the Group, applying the exemptions provided for by IFRS 1 for the first-time application of the IFRS, recognized the total actuarial losses that had accumulated as of the 1st of January 2004. During the compilation of subsequent financial statements and until 31/12/2012, the Group, applying the general provisions of IAS 19, followed the "margin" method for the recognition of accumulated actuarial losses/profits.

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

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

s) Government Pension Plans

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

t) Income Tax (Current and Deferred)

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

Deferred income tax is calculated using the liability method on all temporary differences between the tax base and the book value of assets and liabilities on the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences.
Deferred tax receivables are recognized for all the exempt temporary differences and transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.
The deferred tax assets are estimated during each reporting period and are reduced to the degree that it is not considered likely that there will be adequate taxable earnings against which part or the total of receivables from deferred income taxes may be used.
Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the financial year when the asset will be realized or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted during the reporting period.
Income tax that relates to items, which have been recognized in other comprehensive income, is directly recorded in other comprehensive income and not in the consolidated income statement.

u) Finance and Operating Leases

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

v) Government Grants

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

w) Provisions, Contingent Liabilities and Contingent Receivables

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

x) Provision for wind park dismantlement and rehabilitation of environment

The Group forms provisions for the dismantlement of power generators from wind parks and the rehabilitations of environment. These provisions reflect the present value, during the reporting period, of the estimated cost, reduced by the estimated residual value of recoverable materials. The provisions are re-examined on each reporting date of the statement of financial position and are adjusted in order to reflect the present value of the expense that is expected to be cashed for the settlement of liability for dismantlement and rehabilitation.

The relevant provision is recorded increasingly of the cost value of wind power generators and is depreciated based on the straight line during a 20-year period in which the contract for the production of energy lasts. The depreciation-expense of the capitalized expenses for dismantlement and rehabilitation is included in the income statements together with the depreciations of wind parks.

Any changes of estimations regarding the estimated cost or the discount rate are added or deducted respectively from the cost of the asset. The discounting effect of estimated cost is recorded in income statements as interest expense.

y) Earnings per Share

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

Earnings per share are calculated by dividing the net earnings attributed to shareholders by the weighted average number of shares outstanding during the year.

z) Acquisition of non-controlling interests

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

Derivative Financial Instruments and Hedge Accounting

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

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

(a) During the opening of the hedging, the hedging relation and the Group's objective in relation to its risk management and strategy to undertake the hedging can be evidenced.
(b) The hedging is expected to be fully effective as regards to offsetting changes in cash flows that are attributed to the hedged risk, according to the evidenced risk management strategy for the specific hedge.

(Amounts in thousand Euro, unless stated otherwise)

(c) As regards to hedges of estimated cash flows, the expected transaction with is the underlying of the hedge is highly probably and presents exposure to cash flow risk that may affect the results.
(d) The effectiveness of the hedge is estimated reliably.
(e) The hedge is assessed as fully effective throughout the entire year.

Derivatives that constitute hedging instruments are valued at the end of each reporting period. Derivatives that do not meet the criteria for hedge accounting, profit or losses that arise from changes in fair value of such are recognized in the period's profit or loss.

Cash Flow Hedge Accounting

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

8. GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 30.06.2017 are as follows:

A) Subsidiaries of TERNA ENERGY SA

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

The parent company TERNA ENERGY SA has been audited by the tax authorities until the fiscal year 2008 included. During the preparation date of the accompanying financial statements, the tax un-audited fiscal years of the Group's companies (without taking into account the fiscal year 2017 which is underway) are as follows:

		Participation Percentage			
No.	**Company Name**	**30/06/2017**	**31/12/2016**	**Business Activity**	**Tax un-audited fiscal years**
1	IWECO CHONOS LASITHIOU CRETE SA	100%	100%	Production of Electric Energy from RES	5
2	ENERGIAKI SERVOUNIOU SA	100%	100%	Production of Electric Energy from RES	5
3	TERNA ENERGY EVROU SA	100%	100%	Production of Electric Energy from RES	5

(Amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**30/06/2017**	**31/12/2016**	**Business Activity**	**Tax un-audited fiscal years**
4	PPC RENEWABLES – TERNA ENERGY S.A.	51%	51%	Production of Electric Energy from RES	5
5	AIOLIKI PANORAMATOS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	5
6	AIOLIKI RACHOULAS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	5
7	ENERGEIAKI DERVENOHORION S.A.	100%	100%	Production of Electric Energy from RES	5
8	AIOLIKI MALEA LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	5
9	ENERGEIAKI FERRON EVROU S.A	100%	100%	Production of Electric Energy from RES	5
10	AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	100%	100%	Production of Electric Energy from RES	5
11	ENERGEIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	5
12	ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	5
13	AIOLIKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	5
14	EUROWIND S.A.	100%	100%	Production of Electric Energy from RES	5
15	ENERGIAKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	5
16	DELTA AXIOU ENERGEIAKI S.A.	66%	66%	Production of Electric Energy from RES	5
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	6
19	VATHYCHORI PERIVALLONTIKI S.A.	100%	100%	Production of Electric Energy from RES	5
20	VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	100%	Production of Electric Energy from RES	5
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	5

(Amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**30/06/2017**	**31/12/2016**	**Business Activity**	**Tax un-audited fiscal years**
				Energy from RES	
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
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	5
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 DYO ENERGIAKI 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	6
38	GEOTHERMAL 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 SPSA	100%	100%	Credit Services	1
44	AEIFORIKI IPEIROU SA	100%	-	Waste Management	-
45	OPTIMUS ENERGY SA	51%	-	Trade of Electric Energy	-
46	GP ENERGY LTD	51%	51%	Trade of Electric Energy	12
47	TERNA ENERGY OVERSEAS LTD	100%	100%	Production of Electric Energy from RES	8

(Amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**30/06/2017**	**31/12/2016**	**Business Activity**	**Tax un-audited fiscal years**
48	EOLOS POLSKA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
49	EOLOS NOWOGRODZEC sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
50	HAOS INVEST 1 EAD	100%	100%	Production of Electric Energy from RES	6
51	VALE PLUS LTD	100%	100%	Trade of Electric Energy Equipment	7
52	GALLETTE LTD	100%	100%	Holding	8
53	ECO ENERGY DOBRICH 2 EOOD	100%	100%	Production of Electric Energy from RES	6
54	ECO ENERGY DOBRICH 3 EOOD	100%	100%	Production of Electric Energy from RES	6
55	ECO ENERGY DOBRICH 4 EOOD	100%	100%	Production of Electric Energy from RES	6
56	COLD SPRINGS WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
57	DESERT MEADOW WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
58	HAMMETTHILL WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
59	MAINLINE WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
60	RYEGRASS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	6
61	TWO PONDS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	6
62	MOUNTAIN AIR WIND, LLC	100%	100%	Production of Electric Energy from RES	6
63	TERNA ENERGY USA HOLDING CORPORATION	100%	100%	Holding	6
64	MOUNTAIN AIR PROJECTS LLC	100%	100%	Production of Electric Energy from RES	6
65	MOUNTAIN AIR INVESTMENTS LLC	100%	100%	Production of Electric Energy from RES	6
66	MOUNTAIN AIR ALTERNATIVES LLC	100%	100%	Production of Electric Energy from RES	6
67	MOUNTAIN AIR RESOURCES LLC	100%	100%	Production of Electric Energy from RES	6
68	MOUNTAIN AIR HOLDINGS LLC	100%	100%	Production of Electric Energy from RES	6
69	FLUVANNA WIND ENERGY LLC	100%	100%	Production of Electric	2

(Amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**30/06/2017**	**31/12/2016**	**Business Activity**	**Tax un-audited fiscal years**
				Energy from RES	
70	FLUVANNA HOLDINGS LLC	100%	100%	Production of Electric Energy from RES	1
71	FLUVANNA INVESTMENTS LLC	100%	100%	Production of Electric Energy from RES	1
72	TERNA DEN LLC	100%	100%	Production of Electric Energy from RES	1
73	TERNA RENEWABLE ENERGY PROJECTS LLC	100%	100%	Production of Electric Energy from RES	1
74	AEGIS LLC	100%	100%	Production of Electric Energy from RES	6
75	MOHAVE VALLEY ENERGY LLC	100%	100%	Production of Electric Energy from RES	1
76	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	100%	100%	Holding	6
77	EOLOS NORTH sp.z.o.o.	100%	100%	Production of Electric Energy from RES	5
78	EOLOS EAST sp.z.o.o.	100%	100%	Production of Electric Energy from RES	5
79	AIOLIKI PASTRA ATTIKIS S.A.	100%	100%	Production of Electric Energy from RES	6
80	TERNA ENERGY TRADING LTD	51%	51%	Holding	2
81	JP GREEN sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
82	WIRON sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
83	BALLADYNA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
84	TERNA ENERGY UK PLC	100%	100%	Credit Services	-
85	TETRA DOOEL SKOPJE	51%	51%	Trade of Electric Energy	2
86	PROENTRA D.O.O BEOGRAD	51%	51%	Trade of Electric Energy	2

Within the first half of 2017, two companies were established in Greece: the company “AEIFORIKI IPEIROU SA” with the objective to activate in the area of waste management and the company “OPTIMUS ENERGY SA” with the objective to activate in the trading (sale) of electricity.

(Amounts in thousand Euro, unless stated otherwise)

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

		Participation Percentage			
No.	**Company Name**	**30/06/2017**	**31/12/2016**	**Business Activity**	**Tax un-audited fiscal years**
1	TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of Electric Energy from RES	6
2	TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of Electric Energy from RES	6
3	TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of Electric Energy from RES	6
4	TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of Electric Energy from RES	6
5	TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of Electric Energy from RES	6
6	TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	100%	100%	Production of Electric Energy from RES	6
7	TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	100%	100%	Production of Electric Energy from RES	6
8	TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	99%	99%	Production of Electric Energy from RES	6
9	TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	100%	100%	Production of Electric Energy from RES	6
10	TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	100%	100%	Production of Electric Energy from RES	6
11	TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	100%	100%	Production of Electric Energy from RES	6
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 presents the joint ventures for the construction of technical works in which the Group participates. These joint ventures have completed the construction projects for which they were established and their immediate dissolution is expected. As result, they are not included in the consolidation.

No.	**Company Name**	**Participation Percentage**		**Tax un-audited fiscal years**
		30/06/2017	**31/12/2016**	
1	J/V TERNA SA - TERNA ENERGY SA EVANGELISMOS PROJECT C’	50%	50%	6
2	J/V EMBEDOS – PANTECHNIKI - ENERGEIAKI	50,10%	50,10%	6

(Amounts in thousand Euro, unless stated otherwise)

ii) Joint entities

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		30/06/2017	31/12/2016	
1	J/V GEK TERNA SA – TERNA ENERGY SA	50%	50%	2

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

			Participation Percentage			
No.	Company Name	Establishment	30/06/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
1	TERNA ENERGY SA - M.E.L. MACEDONIAN PAPER COMPANY SA & SIA CO-PRODUCTION GP	12/2/2001	50%	50%	Construction/ Operation of co-production unit of electricity for serving of needs of MEL	6
2	TERNA ENERGY SA & SIA LP	24/5/2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki	6

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

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

C) Associates of TERNA ENERGY SA

No.	Company Name	Participation Percentage		Consolidation Method	Tax un-audited fiscal years
		30/06/2017	31/12/2016		
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.*

9. INFORMATION REGARDING OPERATING SEGMENTS

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

The economic entity presents separately the information on each operating segment that fulfils certain criteria of characteristics and exceeds certain quantitative limits.
The amount of each element of the segment is that which is presented to the chief operating decision maker with regard to the allocation of resources to the segment and the evaluation of its performance.

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

Construction: It refers to the development of wind parks and other units for electricity production from renewable energy sources, and also to the construction of the necessary infrastructure (road works, substations, interconnection with the national electric energy grid). Furthermore, the construction segment of the Group offers services to third parties mainly in small scale infrastructure works under the capacity of the main contractor or subcontractor, or via joint ventures.

Electricity from renewable sources of energy: It mainly concerns production of electricity through wind energy. The portfolio also includes a number of photovoltaic projects, hydroelectric projects, and related energy projects with the use of biomass in various development stages.

Trading of electric energy: It refers to the trading of electric energy and includes:
a) Supply and sale of electric energy from and to the neighboring markets and the markets of Southeastern Europe.
b) Development of the network of subsidiaries in the neighboring countries (FYROM, Serbia) with the objective to access the respective markets of electric energy.
c) Participation in tenders for the purchase of rights for cross-border electric energy transmission. The acquisition of such rights is a requirement for the transmission of electric energy among the neighboring countries.

d) Continuous activation and analysis of options offered in the international markets of electric energy (on a daily, monthly and annual basis).

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.

During the description of the Group's financial performance, ratios and indicators such as the following are used:

"EBIT": It is an index used by Management to judge the operating performance of an activity. It is defined as Earnings / (losses) before income tax +/- Net Financial Results, +/- Foreign exchange differences, +/- Results from associates, Earnings / (losses) from sale of business interests and securities, +/- Earnings/(losses) from financial instruments valued at fair.

"Net debt / (Surplus)": It is an index used by Management to judge the cash flow of an operating segment at every point in time. It is defined as the total liabilities from loans minus Cash and cash equivalents (with the exception of the amounts of grants to be rebated (Note 14), minus the blocked deposits (they are included in the item "Prepayments and Other receivables (Note 14).

"EBITDA": It is defined as EBIT plus the depreciations of the year minus the grants' amortization corresponding to the year.

(Amounts in thousand Euro, unless stated otherwise)

Business segments 30.6.2017	Construction	Electricity from renewable energy sources	Trading Electric Energy	Concessions	Consolidation Write-offs	Total Consolidated
Income from external customers						
Sales of products	-	78,780	5,147	3,005	-	**86,932**
Income from construction services	22,551	-	-	30,104	-	**52,655**
Total income from external customers	**22,551**	**78,780**	**5,147**	**33,109**	**-**	**139,587**
Inter-segment income	7,332	-	-	-	(7,332)	-
Total income	**29,883**	**78,780**	**5,147**	**33,109**	**(7,332)**	**139,587**
Net Results per Segment	**7,344**	**2,445**	**318**	**385**	**-**	**10,492**
Depreciations	(50)	(30,079)	-	(2)	-	**(30,131)**
Amortization of grants	-	5,465	-	-	-	**5,465**
Financial income	25	626	-	616	-	**1,267**
Financial expenses	(206)	(23,321)	(11)	(575)	-	**(24,113)**
Foreign exchange differences	-	(2,605)	(8)	-	-	**(2,613)**
Profit / (losses) from financial instruments valued at fair	-	317	-	-	-	**317**
Income tax	(3,086)	(4,583)	(19)	(139)	-	**(7,827)**
EBIDTA	**10,661**	**56,625**	**356**	**485**	**-**	**68,127**
EBIT	**10,611**	**32,011**	**356**	**483**	**-**	**43,461**
Capital expenditure for the period	**1**	**63,653**	**-**	**61**	**-**	**63,715**
Segment assets	40,245	1,378,999	1,527	75,771	-	1,496,542
Investments in associates	-	5,374	-	-	-	5,374
Total Assets	**40,245**	**1,384,373**	**1,527**	**75,771**	**-**	**1,501,916**
Segment liabilities	**27,906**	**1,054,636**	**755**	**67,731**	**-**	**1,151,028**
Debt obligations	-	699,617	78	26,265	-	**725,960**
Cash (apart from grants to be returned)	(13,429)	(74,993)	(799)	(403)	-	**(89,624)**
Blocked deposits	-	(37,563)	-	-	-	**(37,563)**
Net debt / (surplus)	**(13,429)**	**587,061**	**(721)**	**25,862**	**-**	**598,773**

(Amounts in thousand Euro, unless stated otherwise)

Business segments 30.6.2016	**Construction**	**Electricity from renewable energy sources**	**Trading Electric Energy**	**Concessions**	**Consolidation Write-offs**	**Total Consolidated**
Income from external customers						
Sales of products	-	66,467	16,448	-	-	**82,915**
Income from construction services	10,600	-	-	300	-	**10,900**
Total income from external customers	**10,600**	**66,467**	**16,448**	**300**	**-**	**93,815**
Inter-segment income	22,370	1,459	4,578	-	(28,407)	-
Total income	**32,970**	**67,926**	**21,026**	**300**	**(28,407)**	**93,815**
Net Results per Segment	**(1,111)**	**6,748**	**229**	**(167)**	**-**	**5,699**
Depreciations	(58)	(24,959)	(1)	-	-	**(25,018)**
Amortization of grants	-	5,398	-	-	-	**5,398**
Financial income	-	581	-	102	-	**683**
Financial expenses	(359)	(17,354)	(21)	(296)	-	**(18,030)**
Foreign exchange differences	-	(1,367)	1	-	-	**(1,366)**
Profit from sale of participations and securities	-	717	-	-	-	**717**
Income tax	(1,252)	(3,494)	(36)	70	-	**(4,712)**
EBIDTA	**558**	**47,225**	**286**	**(42)**	**-**	**48,027**
EBIT	**500**	**27,664**	**285**	**(42)**	**-**	**28,407**
Capital expenditure for the period	**14**	**69,522**	**-**	**-**	**-**	**69,536**
31.12.2016						
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**
Debt obligations	-	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**

(Amounts in thousand Euro, unless stated otherwise)

Geographic segments	**Greece**	**Eastern Europe**	**America**	**Total consolidated**
30.6.2017				
Turnover from external customers	113,882	13,553	12,152	**139,587**
Non-current assets	608,882	154,434	282,184	**1,045,500**
Capital expenditure	37,430	1	26,284	**63,715**
30.6.2016				
Turnover from external customers	55,055	26,782	11,978	**93,815**
31.12.2016				
Non-current assets	583,115	154,627	283,837	**1,021,579**
Capital expenditure	99,318	875	50,561	**150,754**

10. TANGIBLE ASSETS

The summary movement of the tangible assets is as follows:

	GROUP		**COMPANY**	
	2017	**2016**	**2017**	**2016**
Net book value 1 January	**970,577**	**858,667**	**99,427**	**100,264**
Additions during the period	60,324	69,518	348	2,362
Borrowing cost	2,747	246	-	-
Provisions for restoration	385	129	22	-
Depreciation for the period	(29,563)	(24,495)	(4,236)	(4,001)
Reductions / Write-offs	(56)	(98)	-	(42)
Reclassifications	-	(80)	-	(20)
Foreign exchange differences	(16,690)	(7,697)	-	-
Net book value 30 June	**987,724**	**896,190**	**95,561**	**98,563**

From the total value of the Group's fixed assets on 30/06/2017, an amount of € 122,945 concerns Assets under Construction and Prepayments for Acquisition of Fixed Assets.

Moreover, an amount of € 800.342 concerns "Technological and machinery equipment" which includes the wind generators of the wind parks that have been placed as pledge in banks against the Group's long-term loans.

(Amounts in thousand Euro, unless stated otherwise)

11. INTANGIBLE ASSETS

The summary movement of the intangible assets is as follows:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Net book value 1 January	**27,102**	**30,319**	**2,116**	**2,485**
Additions during the period	259	18	-	13
Amortization during the period	(568)	(523)	(98)	(100)
Reductions / Write-offs	-	(1,170)	-	(205)
Reclassifications	-	80	-	20
Foreign Exchange Differences	(566)	(139)	-	-
Net book value 30 June	**26,227**	**28,585**	**2,018**	**2,213**

12. OTHER LONG-TERM RECEIVABLES

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

	GROUP		COMPANY	
	30.06.2017	**31.12.2016**	**30.06.2017**	**31.12.2016**
Loans to subsidiaries	-	-	90,077	61,185
Loans to parent – other related companies	1,705	1,160	1,026	501
Several Provided Guarantees	389	350	211	189
Other Long-Term Receivables	21,796	21,860	497	497
Total	**23,890**	**23,370**	**91,811**	**62,372**

The Company participated in bond loan issues of subsidiaries. The loans will be repaid either at their maturity date or through premature repayments and carry an interest rate within the range of 5%-6%. The increase of “Loans to subsidiary companies” is mainly due to the financing of construction of wind parks of the Group’s subsidiaries by the parent Company. Specifically, during the first half of 2017, the Company financed the construction of two wind parks, in the Peripheries of Central and Western Macedonia. The construction commenced within the first half of 2017 and is expected to complete within the first half of 2018. Moreover, the Company financed the construction of two wind parks in Tanagra Municipality, Periphery of Central Greece. The construction phase completed within the first half of 2017 and operation of the wind parks commenced.

The item “ Other Long-Term Receivables ” mainly consists of accrued income due to contractual sales of electric energy, incorporating elements of leasing.

(Amounts in thousand Euro, unless stated otherwise)

13. FINANCIAL ASSETS - CONCESSIONS

On 29/12/2014, a partnership agreement (PPP) was signed with Athens Transportation Services (ATS) and the subsidiary company HTS SA for the study, financing, installation, operation support, maintenance and technical management of a Unified Automatic Fair Collection System for the companies of the ATS Group. The total duration of the contract is 12 years and 6 months. The construction will be completed within the second half of 2017, while within the first half of 2017 the operation was initiated, which is expected to last 10 years and 4 months. There is an overlap of construction and operation periods for 6 months.

The construction, installation and commissioning of all the equipment of the electronic Ticket, including the gateways to the stations within the boundaries of Attica, is completed in stages. Specifically, during the first half of 2017, the operation was initiated for Buses, Trolleybuses, TRAM and Metro Line 1, 2 and 3, while in the second half of 2017 the Suburban Railway will be operational.

At the expiration of this PPP, there is an obligation to transfer all the equipment to ATS for zero amount. The Partnership Agreement has no terms of extension, only terms of termination. In addition, there is an obligation of Scheduled Lifecycle Replacement of the equipment during the Management period, if necessary.

In accordance with the provisions of Interpretation IFRIC 12, the Group has recognized a financial asset for the aforementioned concession contract by the Greek State.
On June 30th, 2017, the unamortized balance of the financial asset is € 21,577, compared to € 10,055 at 31st of December 2016. The increase is due to the realization of a significant part of the construction during the first half of 2017.

14. CASH & CASH EQUIVALENTS

The cash & cash equivalents on 30 June 2017 and 31 December 2016, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	30.6.2017	**31.12.2016**	**30.6.2017**	**31.12.2016**
Cash in Hand	14	15	-	-
Sight & Time Deposits	176,661	164,384	33,519	29,249
Total	**176,675**	**164,399**	**33,519**	**29,249**

The Group's cash reserves include amounts to be rebated, amounting to € 87,051 (for the Company at € 18,420), which concern received grants. The amounts will be returned due to the cancellation of certain wind parks' construction or due to the time expiry of decisions concerning the grants of other wind parks.

Moreover, the Group maintains blocked deposits of € 37,563 (2016: € 36,007) [for the Company of € 4,800 (2016: € 4,756)], which are held in certain bank accounts for the servicing of short-term operating and financial obligations. The particular blocked deposits are classified in the item "Prepayments and other receivables".

15. SHARE CAPITAL

With the decision of the Extraordinary General Meeting of shareholders on 9 January 2017, it was approved the share capital increase of the Company by the amount of five million four hundred sixty five thousand and seven hundred twenty Euros (€ 5,465,720) through capitalization of part of a special reserve from the issuance of shares at a premium, via the increase of the nominal value per share from thirty cents (€ 0.30) to thirty five cents (€ 0.35), and simultaneous decrease of the Company's share capital by the amount of five million four hundred sixty five thousand and seven hundred twenty Euros (€ 5,465,720) via the decrease of the nominal value per share from thirty five cents (€ 0.35) to thirty cents (€ 0.30), and the subsequent return of this amount to the Company's shareholders.

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 01.01.2017 – 30.06.2017, the Company purchased 221,771 treasury shares with a purchase price of € 636,222. The total number of treasury shares held by the Company at 30.06.2017 amounted to 4,538,036 shares, namely 4.15% of the total share capital, with an aggregate acquisition cost of € 11,648,064.

16. FINANCIAL LIABILITIES

During 2012, Terna Energy Group, in the context of implementing its investment strategy in the USA, entered into transaction with company Metlife (Tax Equity Investor - TEI), in order to take advantage of the tax benefits provided by local law as much as possible. Based on the contractual agreement, the counterparty company paid the amount of € 49,693 in order to obtain the right to receive, mainly, cash and tax losses, while TERNA ENERGY preserved the right of control and full consolidation of TEI. Especially, and 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 is achieved.

(Amounts in thousand Euro, unless stated otherwise)

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 non-guaranteed return.
- The counterparty company remains a shareholder of the wind parks until the predefined rate of return on their investment is achieved.
- When the return on the investment of the counterparty company reaches the predefined level, the Group has the option to acquire the rights of the counterparty company in the return of the investment.
- The return of the investment of the counterparty company, depends exclusively on the performance of the wind parks. Even though TERNA ENERGY group commits to operate such parks in the best possible manner and takes all possible measures to ensure their smooth operations, it is not obliged to pay cash to the counterparty company over and above the amount required to achieve the predefined non-guaranteed 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.

17. LOANS

The summary movement of the group's and company's short-term and long-term debt on 30/06/2017 and 30/06/2016, was as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Balance 1 January	**667,856**	**486,072**	**151,872**	**131,348**
New debt	99,747	74,293	71,402	11,360
Repayment of loans	(35,496)	(21,378)	(9,715)	(5,575)
Capitalization of interest	4,774	1,544	1,226	2,023
FX differences	(10,921)	(4,541)	-	-
Balance 30 June	**725,960**	**535,990**	**214,785**	**139,156**

The Group's loans relate to the financing of its activities and mainly concern the financing of renewable energy installations' construction and operation.

In order to secure all the loans of the Group, wind generators of the wind parks and cash are used as collateral, and insurance contracts and receivable from sale of electricity to OEM (LAGIE) or to HEDNO (DEDDIE) are assigned to the lending banks. Under this type of funding, the Group's companies keep a series of reserved bank accounts in order to serve the above obligations. The collateral provided exceeds the amount of the Group's borrowings.

The Group's "New Borrowing" for the first half of 2017 relates mainly to the issue of a bond loan from the parent company for a total amount of € 60,000 (coverage: € 50,000 from the European Restructuring and Development Bank (EBRD) and € 10,000 from Piraeus Bank) for the development, construction and operation of wind parks of the Group's subsidiaries. The loan amounting to € 59,402 (issue of € 60,000 minus issuance expenses of € 598) was disbursed at the beginning of the first half of 2017.

In addition, the parent company and the subsidiaries of the Group received short-term loans amount of € 40,345 to cover liquidity needs during the construction period of the Group's wind energy parks.

The Group has the obligation to maintain specific financial ratios relating to bond loans.
As of December 31, 2016, the Group satisfied fully the required limits of these ratios, excluding bond loans, of amortized amount € 43,073. These loans were reclassified to Short-term Liabilities, and in specific to the account "Long-term liabilities payable in the next financial year", as the financial ratios of the relevant loan agreements were not met on 31/12/16.

On 30 June 2017, the aforementioned loans were reclassified to "Long-term loans" as they met the terms of the loan agreements.

Additionally, on June 30, 2017, the Group fully satisfied the required limits of the financial ratios, in accordance with the requirements of its borrowing contracts, excluding bond loans of amortized amount € 20,951. These loans were reclassified to Short Term Liabilities and specifically to the account "Long-term liabilities payable in the next financial year", as the financial ratios of the relevant loan agreements were not met on 30/06/2017.

(Amounts in thousand Euro, unless stated otherwise)

18. FINANCIAL DERIVATIVES

Liabilities from financial derivatives on 30/06/2017 and 31/12/2016, are analyzed as follows:

LIABILITY			**GROUP**		**COMPANY**	
	Nominal Value		**Fair Value of Liability**	**Fair Value of Liability**	**Fair Value of Liability**	**Fair Value of Liability**
	30.6.2017	**31.12.016**	**30.6.2017**	**31.12.016**	**30.6.2017**	**31.12.016**
For hedging purposes						
Interest Rate Swaps	€ 7,537	€ 7,537	338	426	-	-
Interest Rate Swaps	€ 9,000	€ 9,000	470	574	-	-
Interest Rate Swaps	€ 5,772	€ 5,772	205	256	-	-
Interest Rate Swaps	€ 17,000	€ 17,000	1,467	1,755	-	-
Interest Rate Swaps	€ 9,000	€ 9,000	-	330	-	-
Interest Rate Swaps	€ 15,400	€ 15,400	904	1,069	-	-
Interest Rate Swaps	€ 11,160	€ 11,160	33	164	-	-
Interest Rate Swaps	€ 103,650	€ 103,650	496	1,114	-	-
Interest Rate Swaps	€ 6,563	€ 6,563	433	506	433	506
Interest Rate Swaps	€ 30,000	-	341	-	341	-
Interest Rate Swaps	€ 20,000	-	167	-	167	-
			4,854	**6,194**	**941**	**506**
For trading purposes						
Options (collar)			**-**	**95**	**-**	**-**
			4,854	**6,289**	**941**	**506**

ASSET			**GROUP**		**COMPANY**	
	Nominal Value		**Fair Value of Asset**	**Fair Value of Asset**	**Fair Value of Asset**	**Fair Value of Asset**
	30.6.2017	**31.12.2016**	**30.6.2017**	**31.12.016**	**30.6.2017**	**31.12.016**
For hedging purposes						
Interest Rate Swaps	$25,000	$25,000	134	307	-	-
Options (collar)			908	-	-	-
Options (swaption)			867	-	-	-
			1,909	**307**	**-**	**-**
For trading purposes						
Options (swaption)			-	1.219	-	-
			1,909	**1,526**	**-**	**-**

(Amounts in thousand Euro, unless stated otherwise)

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

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 of the transaction will be on 1/1/2018 whereas for the swaption the effective date will be on 31/12/2022.

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. 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. Therefore during the first half of 2017, the result from the valuation at fair of the above derivatives, amounting to € 317 (profit) was recognized in the results of the period, in the item “Earnings / (losses) from financial instruments measured at fair value”, whereas an amount of € 463 (income) was recognized in the item “Income / (expenses) from hedging of cash flow risk” in the statement of other comprehensive income. On 31/12/2016, the change of € 1,069 in the fair value of derivatives was recorded in the results for the year.
The fair value of the collar on 30/06/2017 implied a receivable of € 908 (31/12/2016: liability of € 95), whereas the swaption a receivable of € 867 (31/12/2016: € 1,219).

19. PROVISIONS

The summary movement of the group’s and company’s provisions on 30/06/2017 and 30/06/2016, was as follows:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Balance 1 January	**14,122**	**9,269**	**4,443**	**1,329**
Additional provisions charged on the period’s results	407	243	133	43
Additional provisions charged on the assets	385	129	22	-
FX differences	101	(83)	-	-
Balance 30 June	**15,015**	**9,558**	**4,598**	**1,372**

(Amounts in thousand Euro, unless stated otherwise)

20. GRANTS

The summary movement of the group's and company's grants on 30/06/2017 and 30/06/2016, was as follows:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Balance 1 January	**159,156**	**236,239**	**19,007**	**20,885**
Rebate of grants	(1,070)	-	-	-
Transfer of period's proportion to the results	(5,465)	(5,398)	(940)	(939)
FX differences	(4,288)	(1,279)	-	-
Balance 30 June	**148,333**	**229,562**	**18,067**	**19,946**

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.

During the first half of 2017, following an audit by the Ministry of Development and Competitiveness, grants amounting to € 1,070 were returned with regard to the collected grants of two wind parks of the Group.

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

21. OTHER INCOME/EXPENSES

The other income/(expenses) for 30 June 2017 and 2016 respectively are presented in the following table:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Grant amortization	5,465	5,398	940	939
Dividends	-	-	423	395
Income from leasing	52	49	49	49
Income from insurance indemnities	470	474	69	-
Gain from sale of securities	-	717	-	717
Sales of fixed assets and inventories	-	15	-	10
Other services	3	-	-	-
Other income	617	459	305	473
Total Other Income	**6,607**	**7,112**	**1,786**	**2,583**

(Amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	2016	**2016**	**2016**	**2016**
Other expenses	(1)	(11)	-	(29)
Loss from write-off of intangible assets	-	(205)	-	(205)
Loss from sale of assets	(36)	-	-	-
FX differences	(2,627)	(1,394)	-	-
Total other expenses	**(2,664)**	**(1,610)**	**-**	**(234)**
Net other income / (expenses)	**3,943**	**5,502**	**1,786**	**2,349**

22. NUMBER OF EMPLOYEES

The average number of full-time regular employees of the Group during the first half of 2017 was 184 employees and of the company 111 employees (160 and 121 respectively during the first half of 2016).

23. INCOME TAX

The expense for income tax is registered based on the management's best estimation on the weighted average annual tax rate for a full year.
The weighted tax rate for 30/06/2017 was 42.73% for the Group and 30.74% for the Company.

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 according to the announcement to the company, the limitation period for the unaudited tax and income tax cases is extended for a further two years, that is, until 31.12.2017. 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 8.
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 interim condensed financial statements. The particular audit is not expected to materially affect the tax obligations already recorded in the Financial Statements.

(Amounts in thousand Euro, unless stated otherwise)

Furthermore, on July 18th, 2017, the Company received an order with regard to a partial tax audit performed within its premises of the year 2012. Until the date of approval of the attached interim financial statements, the above audit had not commenced.

24. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01.01 – 30.06.2017 and 01.01 – 30.06.2016, as well as the balances of receivables and liabilities arisen from the above transactions as of 30.06.2017 and 30.06.2016 are as follows:

Period 1/1-30/06/2017	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**
Subsidiaries	-	-	-	-	11,358	2,453	126,593	59,290
Parent	25	95	1,026	10	25	95	1,026	10
Other related parties	27,457	557	9,720	1,699	26,002	259	8,902	1,261
Main senior executives	-	474	-	709	-	287	-	10

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

25. SIGNIFICANT EVENTS DURING THE PERIOD

During the first half of 2017 the following significant events took place:

- Commencement of operation of wind parks, with total installed capacity of 48.6 MW, in Tanagra Municipality, Periphery of Central Greece.
- Establishment of the company “AEIFORIKI IPEIROU SA”, which is fully owned (100%) by the Group. The new company will undertake the implementation and operation of the waste management unit of the Periphery of Epirus. The relevant agreement with the Periphery of Epirus was signed on 21st July 2017 and the construction works commenced.

- On 24th May 2017, the company "TERNA ENERGY FINANCE SINGLE PERSON SOCIETE ANONYME", fully owned (100%) subsidiary of the Group, submitted a prospectus to the Hellenic Capital Market Commission with regard to a bond issue amounting to € 60,000,000 that will finance the Company's investment plan in Greece and USA.

26. SIGNIFICANT EVENTS AFTER THE REPORTING DATE OF THE STATEMENT OF FINANCIAL POSITION

On 19.07.2017 the Public Offering concerning the issuance of an Ordinary Bond Loan of the subsidiary company "TERNA ENERGY FINANCE SINGLE PERSON SOCIETE ANONYME" was completed, whereas the new bond securities were listed on the category of Fixed Income Securities at the Organized Market of the Athens Exchange, Greece. In total, 60,000 common non-registered bonds were issued with a nominal value of € 1,000 (one thousand euro) each resulting into the raising of capital proceeds amounting to € 60,000,000 (sixty million euros). The final yield of the Bonds was set at 3.85% and the Bonds' offer price at €1,000 (one thousand euro) each. The Public Offer was covered 2.57 times. Bonds were allocated as follows based on the demand that was expressed for the yield of 3.85%:

a) 42,000 Bonds were allocated to Private Investors
b) 18,000 Bonds were placed to Special Investors

Moreover, the investigation conducted by the Hellenic Competition Commission (HCC), within the framework of its competencies, for a restrictive cartel in the competition of the public-projects market, was fulfilled. This investigation examined almost all Greek 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 of a 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.

The plenary session of the Competition Committee, by unanimous decision, which was notified to the Company on 3rd of August, 2017, during the simplified Dispute Settlement procedure of article 25a of Law 3959/2011 and according to its decision no. 628/2016, found that there was no evidence of an offense committed by TERNA ENERGY SA.

27. CONTINGENT LIABILITIES

During the execution of projects, the Group may face contingent legal claims by third parties. According to the Management, as well as the Legal Counselor of the Group there are no cases under litigation or arbitration from judicial or arbitrator bodies with regard to the Group, which have a material impact on the Group's financial position.

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

28. DATA AND INFORMATION FOR THE PERIOD 1.1-30.06.2017

TERNA ENERGY SA

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

85 Mesogeion Ave., 11526 Athens, Greece

DATA AND INFORMATION FOR THE FINANCIAL PERIOD FROM 01/01/2017 TO 30/06/2017

In accordance with the Decision No. 4/507/28.4.2009 issued by the Board of Directors of the Hellenic Capital Market Commission

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

COMPANY INFORMATION

Relevant Authority:	General Secretariat of Commerce
Board of Directors' Composition:	Georgios Peristeris (chairman), Georgios Perdikaris (vice-chairman), Emmanuel Maragoudakis (CEO), Georgios Spyrou (executive director), Vasileios Delikaterinis (executive members), Michael Gourzis (non-executive member), Nikolaos Kalamaras, Georgios Mergos & Gagik Apkarian (independent non executive members).
Approval Date of the interim Financial Statements (from which the condensed data were derived):	27 September 2017
Legal Auditor:	Pavlos Stellakis (SOEL Reg. No. : 24941)
Auditing Firm:	GRANT THORNTON AE (SOEL Reg. No. : 127)
Type of review report by Legal Auditor:	Unqualified
Company Website:	www.terna-energy.com

STATEMENT OF FINANCIAL POSITION (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
ASSETS				
Tangible assets	987.724	970.577	95.561	99.427
Investment property	530	530	530	530
Other non-current assets	55.387	46.919	393.539	341.176
Intangible assets	26.227	27.102	2.018	2.116
Inventories	3.358	4.063	2.451	3.403
Trade receivables	117.780	83.516	59.482	62.642
Cash & cash equivalents	176.675	164.399	35.519	29.249
Other current assets	134.235	140.505	19.076	20.086
TOTAL ASSETS	**1.501.916**	**1.437.611**	**608.176**	**558.629**
EQUITY & LIABILITIES				
Share capital	32.794	32.794	32.794	32.794
Other items of Shareholders' Equity	311.789	316.066	264.930	273.624
Total Shareholders' Equity (a)	**344.583**	**348.860**	**297.724**	**306.418**
Non-controlling interests	6.305	6.370	-	-
Total Equity (b)	**350.888**	**355.230**	**297.724**	**306.418**
Long-term loan liabilities	587.636	567.175	178.457	111.879
Provisions/Other-long-term liabilities	219.361	236.286	23.606	24.949
Short-term loan liabilities	138.324	100.681	36.328	39.993
Other-short-term liabilities	205.707	178.239	72.061	75.390
Total liabilities	**1.151.028**	**1.082.381**	**310.452**	**252.211**
TOTAL EQUITY & LIABILITIES	**1.501.916**	**1.437.611**	**608.176**	**558.629**

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

Amounts in thousand euro

	GROUP		COMPANY	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
Total equity at beginning of period (01/01/2017 and 01/01/2016)	355.230	346.781	306.418	306.969
Total comprehensive income after taxes (continuing and discontinued operations)	11.662	3.417	7.020	5.729
	366.892	**350.198**	**313.438**	**312.698**
Return of share capital	(5.466)	-	(5.466)	-
Increase of subsidiary's share capital	119	1.119	-	-
Distributed dividends	(10.245)	(10.217)	(9.838)	(9.838)
Purchases of treasury shares	(636)	(2.869)	(636)	(2.869)
Transfers - other movements	224	(2)	226	-
Total equity at end of period (30/06/2017 and 30/06/2016)	**350.888**	**338.229**	**297.724**	**299.991**

ADDITIONAL DATA AND INFORMATION

1. There was no change in the accounting policies and estimations, and there is no case for correction of accounting errors or reclassification of accounts in the financial statements.
2. The Basic Accounting Principles of the financial statements as of 31/12/2016 have been followed.
3. The group during the present period employed 184 individuals. For the respective period of the previous year the group employed 160 individuals. During the present period the company employed 111 individuals, while during the respective period of the previous year the company employed 121 individuals.
4. The Company has been audited by the tax authorities up to fiscal year 2008 included. The note 8 of the financial statements refers to the tax un-audited fiscal years of the consolidated entities.
5. Earnings per share were calculated based on the weighted average number of shares.
6. The financial statements of the group are included in the consolidated financial statements of GEK TERNA SA, consolidated with the full consolidation method. The aforementioned parent company is registered in Greece and on 30/06/2017 owned 39.529% of the company's issued 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	27.482	37.385
b) Purchases of goods and services	652	2.807
c) Receivables	10.746	136.521
d) Liabilities	1.709	60.561
e) Transactions & remuneration of Board members and executives	474	287
f) Liabilities to Board members and executives	709	10

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

	GROUP	COMPANY
Provisions for restoration of natural environment	13.643	3.435
Provision for staff indemnities	478	403
Other Provisions	894	760

9. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that were consolidated in the financial statements of 30/06/2017 are mentioned in detail in Note 8 of the financial statements.
10. The amounts and nature of other comprehensive income/(expenses) after taxes, are analyzed as follows:

	GROUP 30/06/2017	COMPANY 30/06/2017
Foreign exchange differences from conversion of incorporated foreign operations	(104)	-
Expenses for capital increase	(241)	(60)
Income / (expenses) from hedging of cash flow risk	1.867	(435)
Tax on items transferred directly to or from equity	(352)	126

11. The number of treasury shares owned by the company on 30 June 2017 corresponded to 4,538,036 shares with a total acquisition cost of 11,648 thous. €.
12. No sector or company has ceased operations.

STATEMENT OF COMPREHENSIVE INCOME (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-30/06/2017	1/1-30/06/2016	1/1-30/06/2017	1/1-30/06/2016
Turnover	139.587	93.815	45.189	47.317
Gross profit	43.678	28.911	17.635	11.725
Earningsbefore interest and tax	40.848	27.758	15.455	10.697
Earnings before tax	18.319	10.411	10.669	7.391
Earnings after tax (A)	10.492	5.699	7.389	5.757
Allocated to:				
Company Shareholders	10.274	5.256		
Minority Shareholders	218	443		
	10.492	5.699		
Other comprehensive income/(losses) after taxes (B)	1.170	(2.282)	(369)	(28)
Total comprehensive income after taxes (A+B)	11.662	3.417	7.020	5.729
Allocated to:				
Company Shareholders	11.439	2.974		
Minority Shareholders	223	443		
	11.662	3.417		
Earnings after tax per share - basic (in €)	0,0980	0,0498	0,0705	0,0545
Proposed dividend per share (in €)				
Earnings before interest, tax, depreciation and amortization (EBITDA)	**68.127**	**48.027**	**18.426**	**12.747**

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

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-30/06/2017	1/1-30/06/2016	1/1-30/06/2017	1/1-30/06/2016
Operating activities				
Profit before tax	18.319	10.411	10.669	7.391
Plus/less adjustments for:				
Depreciation	30.131	25.018	4.334	4.101
Provisions / Impairments	40	326	33	227
Interest income and related income	(1.267)	(683)	(2.188)	(1.673)
Interest expenses and related expenses	24.113	18.030	6.974	4.979
Results from intangible and tangible assets and investment property	36	-	-	20
Results from participation and securities	-	(717)	(423)	(1.112)
Amortization of grants	(5.465)	(5.398)	(940)	(939)
Results from derivatives	(317)	-	-	-
Foreign exchange differences	2.613	1.366	-	-
Operating profit before changes in working capital	**68.203**	**48.353**	**18.459**	**12.994**
Plus/Less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	700	(744)	952	(733)
Decrease / (increase) in receivables	(29.497)	(20.002)	7.207	(28.674)
(Decrease) / increase in liabilities (other than to banks)	20.036	(154)	(4.603)	11.168
(Less):				
Income taxes paid	(1.302)	(1.728)	(1.258)	(879)
Net cash flows from/(used in) operating activities (a)	**58.140**	**25.725**	**20.757**	**(6.124)**
Investing activities				
Purchases of tangible & intangible assets	(69.902)	(67.384)	(2.115)	(2.962)
Rebate of grants	(1.070)	-	-	-
Interest received	601	552	785	246
Net change in loans granted	(500)	-	(30.633)	(735)
Sale of publicly listed shares	-	9.622	-	9.622
(Purchases)/sales of participations and securities	-	-	(22.881)	(3.981)
Cash flows (used in)/from investing activities (b)	**(70.871)**	**(57.210)**	**(54.844)**	**2.190**
Financing activities				
Return of share capital	(5.292)	-	(5.292)	-
Receipts from share capital increase of subsidiary	119	1.125	-	-
Purchases of treasury shares	(636)	(2.869)	(636)	(2.869)
Net change in long-term loans	28.905	(5.973)	54.687	5.785
Net change in short-term loans	35.344	56.731	7.000	-
Dividends paid	(9.754)	(5.893)	(9.754)	(5.893)
Interest and related expenses paid	(21.424)	(13.503)	(5.648)	(2.066)
Change in financial liabilities	(894)	(85)	-	-
Cash flows from/(used in) financing activities (c)	**26.368**	**29.533**	**40.357**	**(5.043)**
Effect of FX differences on cash equivalents	(1.361)	(600)	-	-
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**12.276**	**(2.552)**	**6.270**	**(8.977)**
Cash and cash equivalents at the beginning of the period	**164.399**	**166.739**	**29.249**	**38.045**
Cash and cash equivalents at the end of the period	**176.675**	**164.187**	**35.519**	**29.068**

Athens, 27 September 2017

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