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

ANNUAL FINANCIAL REPORT

for the period

from 1st January to 31st December 2017

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

CONTENTS

I. STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS

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

We

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

STATE THAT

To the best of our knowledge:

a. The annual company and consolidated financial statements of the Company TERNA ENERGY ABETE for the period from January 1st 2017 to December 31st 2017, which were prepared in accordance with the accounting standards in effect, give a true picture of the assets and liabilities, the shareholders' equity and the results for the period of the Group and Company, as well as of the companies included in the consolidation and considered aggregately as a whole, and

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

Athens, 27 April 2018

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

II. AUDIT REPORT BY INDEPENDENT CERTIFIED AUDITOR ACCOUNTANT

To the Shareholders of

"TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY"

Report on Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of "TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY" ("the Company"), which comprise the separate and consolidated statement of financial position as at December 31, 2017, separate and consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiary (the Group) as at 31 December 2017, their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union in compliance with the regulatory requirements of CL 2190/1920.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) incorporated into the Greek Legislation. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of separate and consolidated financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters, as well as the related risk of significant misstatements, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
The Group's revenues arise from diversified operating segments. Recognition of revenue from construction contracts and revenue related to concession contracts have been identified as areas of particular audit interest, since they involve complexity related to special accounting treatment in accordance with IFRS, judgments and estimates of the Management, which are rather uncertain. In particular, the Group's income related to construction contracts as defined by International Accounting Standard 11, based on their completion stage, as arising from the balance between the incurred cost and the total estimated cost until the completion of the project. The Group's revenue related to concession contracts is recognized in accordance with the provisions of Interpretation 12, IFRS Interpretations Committee IFRIC 12) and the management's estimates. The Group's and Company's disclosures regarding accounting policy, judgments and estimates used in respect of the revenue are included in the Notes 2.δ(a), 3.η(i) 3.η(viii),5,12 and 15 to the financial statements.	The key audit procedures we carried out included, among others: – Evaluation of recognition assumptions in income from of non-invoiced revenue at the end of the year ended as at 31 December 2017. – Reassessment of the completion rate of the implementation commitments based on the construction costs incurred and the project implementation certifications signed by the engineers-in-charge-of the projects. Actual construction costs and signed implementation certifications were examined on a sampling basis. – Understanding and analyzing the terms of the concession agreements for the purposes of adopting the appropriate model of recognition under the provisions of IFRIC 12. – Confirmation of sound accounting treatment of the revenue recognized in financial statements under the provisions of IFRIC 12. – Assessment of adequacy of the disclosures included in the notes to financial statement regarding this matter.
Assessment of non-current assets impairment	
As at 31 December 2017, the Group recognized intangible assets of € 22.853 k (Company: 2.004 k) and property, plant and equipment of € 1.122.834 k (Company: € 93.205). Also, as at 31 December 2017, the Company holds investments in subsidiaries of € 288.641 k and investments in associates amounting to € 4.188 k. Intangible assets with definite useful life, property, plant and equipment and investments in subsidiaries and associates are tested for impairment whenever there are relevant indications that require a significant degree of judgment. An impairment test involves determining the recoverable amounts of every Cash Generation Unit (CGU) based on value in use of such assets. Calculation of value in use arises from discounted	The key audit procedures we carried out included, among others: – Evaluation of procedures used by the Management to identify indication of impairment in non-current assets. – Evaluation of the procedures used by the Management in order to prepare reliable business plans through comparing the actual performance in relation to previous projections. – Evaluation of the reasonableness of the Management's assumptions and estimates, such as the reasonableness of discount rates used and the application of generally accepted evaluation

cash flow method, based on business plans that incorporate key assumptions and estimates of the Management, such as revenue growth, capital and operating expenses and discounted rates used.

Given the significance of the aforementioned items and the use of the management's assumptions and estimates, we consider that assessment of impairment of those non-current assets is one of the key audit matters.

During the year ended as at 31 December 2017 an impairment loss arising for the Group amounted to € 2.340 k (Company: € 7.957 k) in relation to the above categories of non-current assets.

The Group's and Company's disclosures regarding the accounting policy and assumptions and estimates used under assessing impairment of these assets are included in Notes 2.δ(ε), 3(β), 3(ια), 6, 7, 9 and 10 to financial statements.

methods.

– Review of the mathematical precision of discounted cash flow models.

– Assessment of adequacy of the disclosures included in the notes to financial statements regarding this matter.

As far as the aforementioned procedures are concerned when necessary, Grant Thornton experts took part in the assessment.

Other Information

Management is responsible for the other information. The other information included in the Annual Financial Report includes the Board of Director's Report, the reference to which is made in the "Report on Other Legal and Regulatory Requirements" section of our Report and Statements of the Members of the Board of Directors, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our audit, we conclude that there is a material misstatement therein, we are required to communicate that matter to those charged with governance. No such issue has arisen.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management's intention is to procced with liquidating the Company and the Group or discontinuing its operations or unless the management has no other realistic option but to proceed with those actions.

The Company's Audit Committee (Article 44, Law 4449/2017) is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as an aggregate, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, incorporated into the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding financial information of entities or business activities within the Group for the purpose of expressing an opinion on the separate and consociated financial statements to be able to draw reasonable conclusions on which to base the auditor's opinion. Our responsibility is to design, supervise and perform the audit of the Company and the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors Report

Taking into consideration the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, management has the responsibility for the preparation of the Board of Directors' Report, the following is to be noted:

a) The Board of Directors' Report includes the Corporate Governance Statement that provides the data and information defined under article 43bb, CL 2190/1920.
b) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 43a and 107A and Paragraph 1 (cases c' and d'), Article 43bb, CL 2190/1920, and its content corresponds to the accompanying separate and consolidated financial statements for the year ended as at 31/12/2017.
c) Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the Company "TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY" and its environment.

2. Additional Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report to the Company Audit Committee, prepared in compliance with Article 11, Regulation (EU) No 537/2014.

3. Provision of Non-Audit Services

We have not provided the prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014.

Authorized non-audit services provided by us to the Company during the year ended as at December 31, 2017 are disclosed in Note 29 to the accompanying separate and consolidated financial statements.

4. Auditor's Appointment

We were first appointed the Company's Chartered Accountants following as of 30/06/2007 Decision of the Annual Regular General Meeting of the Shareholders. Our appointment has been renewed by the decision of the annual general meeting of shareholders for a total uninterrupted period of 11 years.

Athens, 30th April 2018

The Chartered Accountant

Pavlos Stellakis

I.C.P.A. Reg. No 24941

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

III. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2017

Dear Shareholders,

According to the provisions of C.L. 2190/1920 (article 43α par.3, article 107 par. 3 and article 136, par.2) as well as L. 3556/2007 article 4 par. 2(c), 6, 7 & 8 and the decisions issued by the Hellenic Capital Market Commission under No. 7/448/11-10-2007 article 2 and the Company's Articles of Association, we hereby submit the annual management report by the Board of Directors for the present financial year from 01/01/2017 to 31/12/2017, which includes the audited separate and consolidated financial statements, the notes on the financial statements, the annual Corporate Governance Statement of the Company as well as the audit report by the certified auditors – accountants.

A. Financial Developments & Performance for the Reporting Period

The entire year of 2017 was marked by the ongoing attempt for the Greek economy to exit from the economic crisis and the pursuit to return to the financial markets on its own in order to secure, with logical cost, the necessary resources in order to meet the increased cash needs of the State, as well as support for the implementation of the government's development program. Under this context, and despite the continued validity of restrictions on capital movements, in July 2017, the Greek State issued a five-year bond with the aim of raising EUR 3 billion from the financial markets for the first time since 2014. The fact of over-coverage by 2.2 times noted the interest of foreign investors to re-examine Greece as an investment destination, which led the Greek Government to issue a new bond of seven years duration in February 2018 in order to source 3bn Euro so as to boost efforts to bring the Greek economy back to a new course of development. The amount was covered by more than two times, confirming the real interest of foreign financial and investment firms in the development of the Greek economy.

To this trend, significant contribution is expected to have the RES sector and, in general, the business activities linked to strengthening of the green economy and the protection of the environment. These activities contribute effectively to the sustainable development of the global economy, significantly enhance the investment interest and create favorable conditions for the continuation of our Company's development and the conquering of the leading position in the markets that it operates.

TERNA ENERGY continued to implement its investment program throughout 2017, based on its business plan for each of the sectors operating, and in particular:

(a) in the energy sector exceeded the milestone of one thousand (1 000) MW or one (1) GW of installed capacity as follows:

	TOTAL	GREECE	USA	POLAND	BULGARIA
WIND PARKS	977.4	552.0	293.4	102.0	30
HYDROELECTRIC	17.8	17.8			
PHOTOVOLTAIC	8.5	8.5			
BIOMASS	1.0	1.0			
TOTAL	1,004.7*	579.3**	293.4	102.0	30.0

*986MW Licensed-46,2 in trial operation

**561MW non licensed

b) in the waste management sector continues to build the relevant facilities in the Region of Epirus with the aim of starting operation in the beginning of 2019. The processing capacity of the plant currently amounts to 105 thousand tons per year.

c) the Company's construction sector continues to provide its services both to external customers and within the Group, by constructing the Company's and its subsidiaries' projects.

For the year 2017, the consolidated sales of the Group based on IFRS amounted to EUR 276.5 million compared to EUR 225.6 million in 2016, enhanced by 22.6%, mainly due to increased revenues from construction, energy from renewable sources and concessions. EBITDA amounted to EUR 147.5 million compared to EUR 115.8 million in the previous year, enhanced by 27.4%, mainly due to the increased energy capacity of the Group in operation. Earnings before taxes amounted to EUR 57.0 million, increased by 57.1% compared to EUR 36.3 million in 2016, while net profit after taxes and third party interest stood at EUR 37.1 million, up by 79.6% (2016: EUR 20.6 million)

Regarding the results of the sub-sectors:
1) the energy sector generated revenues from sale of energy of EUR 173.0 million, increased by 14.5% compared to 2016, while EBITDA amounted to EUR 126.0 million, noting an increase of 15.7% compared to the corresponding period of 2016. This increase is mainly attributed to the full (annual) operation of the 73.2 MW wind farm in the Ai-Giorgis islet of Lavreotiki Municipality and the opening of three wind farms of 48.6 MW in the Municipality of Tanagra in the Region of Central Greece in the first half of 2017.

2) The electricity trading sector generated revenues of EUR 13.6 million, noting a decrease of 56.7% compared to the year 2016. EBITDA in the sector amounted to EUR 1.0 million compared to EUR 0.4 million of the year 2016.

3) Turnover of TERNA ENERGY's construction activity to third parties amounted to EUR 38.7 million, recording an increase of 28.0% compared to 2016. The EBITDA of the sector stood at EUR 18.5 million compared to EUR 6.4 million in the year 2016. The backlog of operations to third parties amounted to EUR 21.1 million at the end of 2017.

4) Finally, the revenues from the concession sector amounted to EUR 51.1 million against EUR 12.8 million in 2016, recording an increase of 301.8% which is mainly due to the execution of the construction phase in the concession projects. EBITDA amounted to EUR 2.0 million against a marginal operating profit in 2016.
The Group's financial position remains robust, with cash reserves of EUR 201.3 million and debt liabilities of EUR 781.9 million, thus forming the net debt position of the Company (bank liabilities less available cash and cash equivalents) to the level of EUR 563.9 million.

It is noted that the Group’s cash and cash equivalents as of 31/12/2017 include rebates of EUR 24.6 million which concern collected grants. This is due to the cancellation of the construction or the expiration of the time limits for the inclusion of particular Wind Parks in the provisions of law.

Within the year 2017, grants of EUR 62.5 million were returned and furthermore within the year 2018, grants of EUR 18.4 million have been also rebated.

The current balance amounts to EUR 6.2 million and will be rebated as soon as the relevant procedures of the competent Ministry of Development's services are completed.

The distributable dividend according to the provisions of article 45 of Law 2190/1920 amounts to EUR 0.04 per share and it has already been paid as a temporary dividend, pursuant to the decision of the Board of Directors dated 27.11.2017.

B. Significant events for the year 2017

The following major events occurred in 2017:

1. The operation of a wind farm complex, with a total installed capacity of 48.6 MW, was initiated in the Municipality of Tanagra in the Region of Central Greece.

2. The company "AIFORIKI EPIRUS SA" was founded, 100% subsidiary of the Group, which undertook the implementation and operation of the waste management unit in the Region of Epirus. Construction works began in July 2017 and are expected to be completed by the end of 2018, with the aim of starting the operation in January 2019.

3. The Group activated the company "TERNA ENERGY FINANCE SA", 100% subsidiary of the Group, that was established in 2016, aiming at the issuance of a corporate bond amounting to EUR 60,000,000 for the support of the investment program in Greece and the USA. Alpha Bank SA and Eurobank Ergasias SA were the Coordinators and Main Underwriters of the Public Offer for the issuance of the bond and the listing of the bonds of "TERNA ENERGY FINANCE SA" for trading in the Fixed Income Category of the Athens Stock Exchange Organized Market.

With the completion of the Public Offer on July 19, 2017, and according to the aggregate allocation data generated by the use of the Electronic Book Building of the Athens Stock Exchange, a total of 60.000 common anonymous bonds of the Company were allocated with a nominal value € 1,000 each and funds were raised of € 60.000.000. The total valid demand from investors participating in the Public Offer amounted to EUR 154.4 million. The broad response of the investing public had as a result the Public Offer to be covered by 2.57 times and sum of all the participating investors to stand at 2,881.

The final yield of the Bonds was set at 3.85%, the Bond's interest rate at 3.85% and the Bond Issue Price at € 1,000 each, namely 100% of its nominal value.

The Bonds that were allocated based on the demand expressed on the 3.85% yield are as follows:
(a) 42,000 Bonds (70% of the total Bonds issued) were allocated to individual investors on a total of 102,890 Bonds for which interest was expressed (namely 40.8% of the expressed demand in this category of investors was satisfied), and
(b) 18,000 Bonds (30% of the total issued Bonds) were allocated to Special Investors on a total of 42,531 Bonds for which interest was expressed (namely 42.3% of the expressed demand was satisfied at this category of investors).
(c) Of the 18,000 Bonds allocated to Special Investors, the Underwriters received for their own account 7,920 Bonds as follows:

Underwriter	Allocated Bonds
Alpha Bank SA and related companies	1,320
Eurobank Ergasias SA and related companies	1,650
National Bank of Greece Securities SA	1,650
Piraeus Bank SA and related companies	3,300
Total	**7,920**

4. At the meeting held on 27 November 2017, the Board of Directors decided to distribute an interim dividend to the shareholders of Euro 0.04 per share against the dividend payable in the year 2017. According to paragraph 11 of article 112 of Law 4387/2016, the amount of the dividend is subject to withholding tax of 15% and the payment was made on 17.01.2018.

5. In December 2017, the Group set in full operation the second investment (Fluvanna) of the Company in Dallas, Texas, in America following the completion of its funding. The installed capacity of Fluvanna is 155 MW, produced by 74 wind turbines GAMESA G116 2.1MW. The budget of the investment amounts to $ 252.5 million and its financing is as follows:
Financing of $ 152.5 million by Goldman Sachs (SSIG), a $ 60 million loan from Copenhagen Infrastructure Partners and $ 40 million share capital by Terna Energy USA Holdings Corp.

Fluvanna's production will be sourced to the energy market, in particular to the system operator, at the price that the prevailing conditions will shape without having a guaranteed amount. In order to hedge the relative risk and to ensure the minimum amount of the sale price of the energy produced, the Company has entered into a contract with Morgan Stanley Commodities with 12-year duration.

6. The investigation carried out by the Hellenic Competition Commission (GEC), within the framework of its competences, was concluded for restrictive competition in the public works market. This research examined almost all Hellenic Construction Companies - including our Company - as well as a significant number of foreign companies.

In the context of the above investigation, it was mentioned as a possible participant, in an only one case before twenty years, a Company, which in the past was merged with our Company under transformation processes.

As a result of the aforementioned event, our Company, pursuant to article 25a of Law 3959/2011 and the no. 628/2016 decision of the Plenary Session of the EEA (Hellenic Competition Commission), submitted, for reasons of clear corporate interest and a short settlement in view of its legitimate probable exemption, a request to be subject to the envisaged dispute settlement procedures, namely a conciliation procedure.

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

7. It has been pointed out by the competent Operation and Maintenance Division that the efficiency of the Wind Parks that have been set in operation since 1999-2000 (namely Tsilikoka, Tsouka, Profitis Ilias and Pyrgari) remains at high levels, making it obvious that it will continue to operate after the end of the 20-year period that W/T manufacturers indicate as a "guaranteed" useful life.
Based on the above, the relevant Administration examined all the factors, the technical and technological data, as well as the relevant international practices and prepared a special report to the BoD of the Company (attached to its minutes of 27/04/2018), recommending the extension of the useful life of W/Ps from 20 to 25 years that can be ensured without significant changes in their strategic operation and maintenance.

In the same report, the Group's Financial Management: **(1)** lists the International Accounting Standards (IFRS) regarding the extension of the useful life of wind turbines, **(2)** points out the necessity to implement this measure in order for the financial statements of the Group to reflect as accurately as possible its true position and ensure the completeness and integrity of the information to the shareholders and the investing public in general, and **(3)** records as follows the before tax effects of the above on the financial statements of the Group:

In thous. Euro	
Amortization of intangible assets	128
Depreciation of tangible fixed asset	12,824
Depreciationo f subsidies	(2,017)
Effect on the financial cost of de-installation provision	119
Total effect of the change in assets' useful life (profits' increase)	**11,054**

This effect will be declining in the coming years, as the oldest parks of the Group will approach their originally defined 20-year life, while from the moment of expiration of the initially defined useful life and for the additional five years of its expansion, the effect will be negative.

The Management of the Group, accepting the above recommendation, agrees that the accounting for the extension of the useful life of the W / P will enhance the correct presentation of the financial statements of the Group and the reliability of the information to the shareholders and to all the interested parties on the financial figures, performance and prospects. For this reason, provides the Financial Department with the proper guidance to adjust the depreciation time of the Group's productive fixed assets to 25 years, duration which corresponds best to the current global situation.

C. Significant Events after the end of the year 2017

On 9 February 2018 an Extraordinary General Meeting of Shareholders was held and the following decisions were taken:

1. Approved the proposal for the approval of the decision of the Board of Directors dated 20.11.2017, regarding the suspension of treasury shares' purchase and the cancellation of all the treasury shares held by the Company, namely 4,895,464 shares of nominal value € 0.30 each and the reduction of the share capital of the Company by the amount of € 1,468,639.20.

2. Approved the proposal for the increase of the Company's share capital by the abolition of the pre-emptive right of the old Shareholders, by the amount of € 2.850.000, by cash payment, through the issuance of 9,500,000 common voting shares of nominal value € 0.30 each and issue price of € 4.35 per share while the amount of thirty eight million four hundred seventy five thousand (€ 38.475.000) to be credited to a special reserve of the Company from the issuance of the shares above share premium.

3. Approved a new share buy-back program up to the completion of the 10% of the Company's shares, with a minimum purchase price of thirty cents (€ 0.30) and a maximum price of thirty euro (30.00 €) which will take place within a period of twenty-four (24) months, namely the latest by February 8, 2020, and authorized the Company's Board of Directors to take the relevant decisions regarding the initiation and completion of the program, the determination of the acquisition price as well as the observance of all concerning the abovementioned authorization of legal formalities.

4. On 30 March 2018 the Extraordinary General Meeting of the Shareholders approved the Board of Directors' recommendation for the increase of the share capital of the Company by the amount of 25,062,165.92 € by capitalization of part of the special reserve of share premium with the increase of the nominal value from € 0.30 to € 0.52 and a simultaneous reduction of the share capital by the amount of € 25,062,165.92 with a corresponding reduction in the nominal value of each share from € 0.52 to € 0.30 and the repayment of the reduction amount, € 0.22 per share, to the shareholders. In accordance with the provisions of Art. 4 of Codified Law 2190/20, the return of capital cannot be made before the expiration of at least 2 months after the approval of the Ministry of Economy and Development - General Secretariat of Commerce, which is expected.

D. Prospects, risks and uncertainties

For TERNA ENERGY Group, 2018 will be another decisive step towards its establishment as a stable sustainable development business entity not only in the Greek but also in the international markets of RES and the green economy in general. In this context, the Group's prospects for 2018 are very positive as:

a) the construction was completed and soon the full operation of two new investments in Greece will commence (Vermio 44.0 MW and Rahoula III 6 MW)

b) The Group's investment in Texas, FLUVANNA, will be fully operational throughout 2018

c) the operation of the investment for waste management of the Epirus Region will commence in the beginning of 2019

d) the contract of the Company with the Region of Peloponnese is expected to be signed, which will mark the initiation of the construction works of the Region's waste management

e) it is examined the implementation of new RES investments in Greece and the USA, with a total capacity of 300 MW.

Admittedly, despite the above positive outlook, the Management is aware that external factors associated with the general course of the Greek economy may adversely affect the operation of the market and delay the implementation of the Group's investment program in Greece. To address this and mitigate its negative impact on the financial figures of the Group, Management seeks to expand the Group's activities abroad, continuously monitors developments in the Greek economy, talks and cooperates with financial agents and special analysts of international markets and, in direct, continuous and systematic cooperation with the relevant Managing Directors of the Group, designs and implements measures in order to address any identified risk.

As a result of the above approach, the Company, at the reporting date of the Annual Consolidated Financial Statements, maintains satisfactory capital adequacy, profitability and liquidity, continues to be fully consistent with its obligations to suppliers, social insurance organizations, etc. creditors and successfully implements its investment plan while also distributes dividends and / or returns capital to its shareholders.

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

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

The major risks and uncertainties on the Group's activities are the following:

Credit risk

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

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

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

Credit risk for cash and other receivables is low, given that the counterparties are banks with high-quality capital structure, the State or companies of the wider Public Sector or strong business groups. In addition, Management believes that in 2018 the reduction of deficits in the energy management system will continue, as promised by competent authorities and bodies, thus limiting the credit risk in relation to the energy sector requirements for both the parent and the other Greek companies of the Group.

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

Foreign exchange risk

Apart from Greece, the Group operates in Eastern Europe and the United States of America and therefore it may be exposed to foreign exchange risk that may result from the exchange rate of the euro against other currencies. This type of risk may arise only from trade transactions in foreign currency, from financial investments in foreign currency, as well as from net investments in foreign entities. To limit their risk, especially in the US where the amounts of transactions / commissions are significant, the Group uses the cash surpluses generated in dollars. During the operational phase, all related costs and revenues are made in US dollars, thus excluding any possibility of currency exchange differences.

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

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

Interest rate risk

The Group's policy is to minimize its exposure to interest rate risk with regards to long-term financing and operation. In the context of this policy, the long-term loans received by the Group are either under fixed interest rates or are hedged for interest rate risk for almost the whole of their duration. Therefore, 30.8% of the Group's long-term debt is under fixed interest rates, 30.1% refers to floating interest rate loans that have been hedged with derivatives through which future payments of fixed interest rate are exchanged with future floating interest rate receipts, while 39.1% is under floating interest rates either linked to euribor or wibor.

The Group's total short-term debt is in euro under floating interest rates linked to euribor. Short-term loans are primarily received as bridge financing during the phase of implementation and construction of the Group's investments.

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

Sensitivity analysis of interest rate risk

The following table presents the sensitivity of the year's results against the Group's short-term debt and deposits, to an interest rate change of +20% –20% (2016: +/-20% as well). The interest rate changes examined are considered to fluctuate on a reasonable basis given the recent market condition and, until today, appear stable in relation to the previous year.

	2017		2016	
Amounts in € thous.	**20%**	**(20%)**	**20%**	**(20%)**
Result after taxes - Group	(109)	109	(107)	107
Result after taxes - Company	(71)	71	2	(2)

The Group is not exposed to other interest rate risks.

Analysis of market risk

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

Analysis of liquidity risk

The Group's liquidity is considered satisfactory, as apart from existing cash and cash equivalents, wind parks currently in operation create continuous and satisfactory cash flows. Net cash flows from operating activities amounted to 151.5 mil euro during 2017 compared to 28.3 mil euro in 2016. The Group manages its liquidity needs by applying a cautious cash flow planning, by carefully monitoring the balance of long-term financial liabilities as well as by systematically managing the payments which take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly.

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

Other risks and uncertainties

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

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

E. Definitions and reconciliation of the Alternative Performance Measures ("APMs")

During the description of the Group's performance the following indicators, ratios or measures are being utilized:

"EBIT" is an index used by the Management in order to assess 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, +/- Provision for impairment of participations and securities, +/- Earnings/(losses) from financial instruments valued at fair, as it is presented in the financial statements (Note 5).

"Net debt / (Surplus)" is an index used by Management in order to assess 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 16 of the attached financial statements)), minus the blocked deposits (they are included in the item "Prepayments and Other receivables (Note 16 of the attached financial statements)), as it is presented in the financial statements (Note 5).

"EBITDA" is defined as the *EBIT* plus the depreciations of the year minus the grants' amortization corresponding to the year, as it is presented in the financial statements (Note 5).

The ratio Bank Debt to Total Capital Employed. The Total Capital Employed is defined as the sum of the total equity, the bank debt, the securities issued in the context of the tax equity investment (Note 22 of the attached financial statements), the repayment of which follows the repayment of primary debt of the corresponding Wind Parks and is performed only to the extent that the required return from their operation is met, the state grants minus the amount of cash and cash equivalents which are not subject to any limitation in use or to any commitment.

The ratio at the end of the years 2017 and 2016 was the following:

Amounts in € thous.		**31/12/2017**	**31/12/2016**
Bank debt		781,960	667,856
Total equity		378,749	355,230
Bank debt		781,960	667,856
Financial liabilities from secondary securities		159,370	48,554
Grants		143,294	159,156
Less:			
	Cash	201,328	164,399
	Blocked deposits	41,353	36,007
	Grants to be rebated	(24,594)	(87,051)
Cash and cash equivalents		218,087	113,355
Capital		**1,245,286**	**1,117,441**
Bank debt / Total employed capital		**63%**	**60%**

F. Treasury Shares

During the period 01/01/2017 – 31/12/2017, the Company bought back 579,199 own shares with a nominal value of 173,760 euro and market value of 2,069,841 euro. The total number of treasury shares held by the Company as of 31/12/2017 had reached 4,895,464 shares, i.e. 4.48% of the total share capital, with a total acquisition cost of 13,081,683 euro.

G. Transactions with Related Parties

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

Transactions and balances for 2017 are as follows:

TERNA ENERGY SA				
	SALES	PURCHASES	RECEIVABLES	LIABILITY
SUBSIDIARIES				
TERNA ENERGY OVERSEAS LTD	-	-	79,274	-
HELLAS SMARTICKET SA	-	-	8,841	-
AIOLIKI PANORAMATOS DERVENOCHORION SA	441,357	-	377,893	-
DEI RENEWABLES – TERNA ENERGY SA	-	-	-	-
ENERGIAKI SERVOUNIOU SA	283,620	1,490,562	273,620	23,787,430
IWECO CHONOS LASITHI CRETE SA	154,500	196,792	-	3,257,293
TERNA ENERGY EVROU SA	329,600	1,333,225	-	20,148,733
AIOLIKI RACHOULAS DERVENOCHORION SA	990,567	-	1,897,247	56
ENERGIAKI DERVENOCHORION SA	275,000	-	77,541	1,720,000
TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	-	-	17,178	-
TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	8,201	-	252,421	-
TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	-	-	32,552	-
TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	871	-	56,563	-
AIOLIKI KARYSTIAS EVOIAS SA	-	-	-	-
TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	174,636	-	216,549	-
TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	2,232	-	46,610	-
ENERGIAKI NEAPOLOEOS LAKONIAS SA	2,034,346	-	4,609,421	-
TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	-	-	21,881	-
TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	2,404	-	87,473	-
AIOLIKI PASTRA ATTIKIS SA	857,842	-	4,417,018	-
ENERGEIAKI PELOPONNISOU SA	14,701,181	-	26,888,223	-
TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	-	-	17,482	-
AIOLIKI DERVENI TRAIANOUPOLEOS SA	686,732	-	4,100,956	

ENERGIAKI FERRON EVROU SA	157,978	34,333	71,366	-
TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	-	-	20,514	-
TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	-	-	14,808	-
TERNA ENERGY SA - M.E.L. MACEDONIAN PAPER COMPANY SA & SIA CO-PRODUCTION GP				
ENERGIAKI XIROVOUNIOU SA	418,703	-	6,966,067	-
AIOLIKI ILIOKASTROU SA	317,365	-	113,702	40
EUROWIND SA	219,300	183,944	-	3,012,157
DELTA AXIOU ENERGEIAKI SA	-	-	1,811,093	-
TERNA ENERGY SA VECTOR WIND PARKS OF GREECE – WIND PARK TROULOS G.P.	-	-	5,542	-
TERNA ENERGY THALASSIA WIND PARKS S.A.			12,846	
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.			10,087	
VATHYCHORI PERVALLONTIKI SA	-	-	29,405	-
VATHYCHORI ENA PHOTOVOLTAIC SA	377,111	-	2,694,759	-
ALISTRATI ENERGY LTD	-	-	45,604	-
MALESINA ENERGEIAKH LTD	-	-	12,491	-
ORCHOMENOS ENERGEIAKH LTD	-	-	11,821	-
FILOTAS ENERGEIAKI S.A.	-	-	4,174	-
DIRFYS ENERGEIAKI S.A.	-	-	4,348	-
CHRYSOUPOLI ENERGEIAKI LTD	-	-	22,164	-
LAGADAS ENERGEIAKH SA	-	-	12,319	-
DOMOKOS ENERGEIAKI S.A.	-	-	4,174	-
TERNA ENERGEIAKI – AI GIORGIS SA	3,377,091	-	37,398,207	-
TERNA AIOLIKI XEROVOUNIOU SA	-	-	5,851	-
GEOTHERMIKI ENERGEIAKH ANAPTYXIAKI SA	-	-	6,074	-
TERNA AIOLIKI AMARYNTHOU SA	1,500	-	-	-
TERNA ILIAKI PANORAMATOS SA	788,852	-	963,005	-
TERNA ILIAKI PELOPONNISOU SA	1,258,154	-	5,169,417	-
TERNA ILIAKI VOIOTIAS SA	1,478,955	-	4,165,118	-
TERNA ILIAKI ILIOKASTROU S.A.	275	-	1,598	-
VATHYCHORI DYO ENERGEIAKI	-	-	1,759,484	-
PERIVALLONTIKI PELOPONNISOU S.A.	-	-	2,221,938	-
AEIFORIKI IPEIROU MAEES	6,585,698	74,644	3,347,044	1,032
OPTIMUS ENERGY SA	60	-	40	-
TETRA DOOEL SKOPJE	623,403	380,489	623,403	380,489
PROENTRA D.O.O BEOGRAD	1,342,373	1,918,104	475,054	584,498
TERNA ENERGY FINANCE SP SA	29,370	1,266,272	-	60,010,872

PARENT COMPANY

GEK TERNA SA	56,051	276,399	2,673,351	197

OTHER RELATED PARTIES

TERNA S.A.	83,025	166,805	18,036	281,494
Joint ventures in which GEK TERNA SA and TERNA SA participate	30,805,312	17,871	13,751,987	540,809
GEK SERVICES SA	-	14,640	-	12,102
EKTONON SA	-	1,363	10,010	9,194
VIPA THESSALONIKIS SA	-	25,200	-	-
HERON THERMOELECTRIC SA	-	942,955	43,523	703,427
NEA ODOS SA	-	203		4
VIOMEK SA	-	1,840		2,282

Regarding the Company's receivables from its subsidiaries amounting to € 111,482,256 (note 33) are displayed the following clarifications:

- a total amount of € 91,807,604 relates to bond loans (note 11)
- total amount of € 10,214,075 relates to receivables from construction services (note 14)
- a total amount of € 732,236 relates to claims from maintenance services (note 14)
- a total amount of € 1,098,457 concerns receivables from electric energy trading (note 14)
- a total amount of € 7,629,884 relates to receivables from other services (note 14)

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

- a total amount of € 110,216,485 relates to bond loans (note 17)
- a total amount of € 964,987 concerns liabilities from electric energy trading (note 23)
- a total amount of € 1,721,128 relates to obligations for other services (note 24)

Regarding the above transactions, the following clarifications are provided:

Sales of Terna Energy SA:

– to AIOLIKI PANORAMATOS DERVENOCHORION S.A. amount of 441,357 euro out of which EUR 370,800 refers to RES maintenance services and EUR 70,557 relates to interest income.
- to ENERGIAKI SERVOUNIOU SA amount of EUR 283,620 out of which EUR 267,800 relates to RES maintenance services, EUR 1,722 relates to the sale of other stocks and EUR 14,098.13 relates to interest income
- IWECO CHONOS SA of EUR 154,500 relates to revenues from RES maintenance services.
- to TERNA ENERGY EVROU SA amount of EUR 329,600 for RES maintenance services.
- to AIOLIKI RACHOULAS DERVENOCHORION SA amount of EUR 990,567 out of which EUR 216,000 are related to RES maintenance services, EUR 596,000 relate to revenue from construction services, EUR 1,500 relate to income from studies of building permits and 177,067 for letters of guarantee's commissions.
-to ENERGIAKI DERVENOCHORION SA amount of EUR 275,000 refer to RES maintenance services
- to TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP amount of EUR 8.201 for the letters of guarantee's commissions.
- to TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP amount of € 871, relating to commissions for letters of guarantee.
- to TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP amount of EUR 174,636 for letters of guarantee's commissions.
- to TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP amount of EUR 2,232 related to commissions of letters of guarantee.
-to ENERGIAKI NEAPOLOEOS LAKONIAS SA amount of EUR 2,034,346 out of which 1,913,074 euro relate to sales of services, 1,500 euro relate to income from studies of building permits and 78,324 interest income and 41,448 euro related to commissions for letters of guarantee.
- TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP amount of EUR 2,404 relating to commissions for letters of guarantee
- AIOLIKI PASTRA ATTIKIS SA amount of EUR 857,842 out of which EUR 206,000 are for RES maintenance services and EUR 478,777 relate to interest income and EUR 173,065 for letters of guarantee's commissions.
- to ENERGEIAKI PELOPONNISOU S.A amount of € 14,701,181 out of which € 14,166,000 relate to wind farm construction, € 2,000 for construction permit issuance and € 533,181 for interest income on loans.

- to AIOLIKI DERVENI TRAIANOUPOLEOS S.A. amount of € 686,732 out of which € 222,200 relate to RES maintenance services, € 1,845 relate to income from building permit studies, € 182,187 relate to interest income and € 280,500 relate to commissions for letters of guarantee.
- to ENERGEIAKI FERRON EVROU S.A amount of 157,978 euro, out of which 133,900 euro are for RES maintenance services and 24,078 euro for letters of guarantee's commissions.
- to ENERGIAKI XIROVOUNIOU S.A amount of 418,703 euro, out of which 92,700 euro are for RES maintenance services and 326,003 relate to interest income.
- to AIOLIKI ILIOKASTROU S.A. amount of 317,365 euro, out of which 206,000 are related to RES maintenance services, 19,610 to sales of other materials and 91,695 to commissions for letters of guarantee.
- to EUROWIND SA amount of 219,300 euro refer for RES maintenance services.
- to VATHYCHORI ENA PHOTOVOLTAIC SA amount of EUR 377 111, out of which EUR 250,000 refer to RES maintenance and 127,111 refer to interest.
- to TERNA ENERGEIAKI – AI GIORGIS SA amount of 3,377,091 euro, out of which 1,272,823 euro are for RES maintenance services, 12,114 euro for the sale of stocks and 2.092.154 refer to interest.
- to TERNA AIOLIKI AMARYNTHOU SA amount of 1,500 refer to the revenues from construction permits' studies
- TERNA ILIAKI PANORAMATOS SA amount of EUR 788,852 out of which EUR 608,672 relates to wind farm construction and EUR 8,216 relates to interest income on loans and 171,964 sales of RES maintenance services
- to TERNA ILIAKI PELOPONNISOU SA amount of EUR 1,258,154, out of which € 818,000 relate to wind farm construction, 311,353 relate to interest income on loans and 128,801 to RES maintenance services
- to TERNA ILIAKI VOIOTIAS SA amount of 1,478,955 euro, out of which 1,190,000 euro are related to wind farm construction and 257.829 euro for interest income on loans and 31,126 euro for sales of RES maintenance services
- to TERNA ILIAKI ILIOKASTROU S.A. amount of €275 that refer to Commissions of Letters of Guarantee.
- to AEIFORIKI EPIRUS MAEES amount of EUR 6,585,698 out of which EUR 5,788,149 relates to waste management construction services, EUR 145,349 relates to interest, EUR 55,620 relates to Commissions of Letters of Guarantee and EUR 596,560 to other services
- to OPTIMUS ENERGY SA amount of EUR 60 relates to rental income
- to TETRA DOOEL SKOPJE amount of € 623.403 relating to the sale of electricity
- to PROENTRA D.O. BEOGRAD amounting to € 1,342,373, out of which 1,050,483 relate to the sale of electricity and 291,890 relate to other income from services.
- to TERNA ENERGY FINANCE SA amount of € 29,370 relating to other services.
- to GEK TERNA SA amount of EUR 56,051 that refer to interest income
- to TERNA SA amount of € 83,025, out of which € 66,736 relates to leases of machinery, € 11,518 for the sale of materials and € 4,771 to other income.
- to joint ventures in which GEK TERNA SA and TERNA SA participate amount of EUR 30,805,312, out of which EUR 30,680,048 are for construction services, EUR 9,500 for the leasing of property, EUR 55,764 for commissions of letters of guarantee and EUR 60,000 for operating and maintenance services.

Purchases of TERNA ENERGY SA:
- from ENERGIAKI SERVOUNIOU SA amount of 1,490,562 out of which 37,400 relates to the sale of spare parts and 1,453,162.08 euro relates to interest expense
- from IWECO CHONOS SA amount of EUR 196,792 for interest expenses.
- from TERNA ENERGY EVROU SA amount of EUR 1,333,225 for interest expenses.
- from ENERGIAKI FERRON EVROU SA amounting to 34,333 euro relate to interest expense.

- from EUROWIND SA amount of EUR 183,944 relates to interest expense.
- from AEIFORIKI EPIRUS MAEES amounting to EUR 74,644 relate to the transfer of study expenses.
- from TETRA DOOEL SKOPJE amounting to EUR 380,489 relating to purchase of electricity.
- from PROENTRA D.O. BEOGRAD amount of € 1,918,104 relating to the purchase of electricity.
- from TERNA ENERGY FINANCE SA amounting to EUR 1,266,272 relate to interest.
- from GEK TERNA SA amount of EUR 276,399, out of which EUR 268,399 relate to the lease of buildings and EUR 8,000 relate to other expenses.
- from TERNA SA amount of EUR 166,805, out of which EUR 13,000 relate to the purchase of fixed assets, EUR 68,619 for machinery leases, EUR 80,538 for commissions of letters of guarantee and EUR 4,648 for the purchase of materials.
- from joint ventures in which GEK TERNA SA and TERNA SA participate out of which EUR 17,871 relate to purchases of raw materials and consumables.
- from GEK SERVICES SA amount of EUR 14,640 for maintenance services.
- from EKTONON SA EUR 1,363 for other services.
- from VIPA THESSALONIKI SA amount of EUR 25,200 relates to the lease of buildings.
- from HERON THERMOELECTRIC SA amount of EUR 942,955 relate to purchases of electricity.
- from NEA ODOS SA amount of EUR 203 for other services.
- from BIOMEK SA amount of 1,840 euro are related to the purchase of materials.

Transactions with Board members

The total remuneration to the members of the Board of Directors of the Group amounted to 1,020,365 euro (for the company 507,341 Euros) out of which an amount of 93,600 Euros (for the company: 0 Euro) concerns BoD fees, whereas an amount of 926,765 (for the company: 507,341 Euros) concerns the provision of services.

CORPORATE GOVERNANCE STATEMENT

1. Corporate Governance Code

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

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

2. Corporate governance rules and practices

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

Board of Directors

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

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

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

The Ordinary General Meeting of Shareholders of the 30th May 2017 elected a nine-member Board of Directors to manage the Company for a five-year period from the date of its election, term which is automatically extended until the Annual General Meeting to be convened no later than 30/06/2022.

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

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

The Board of Directors, following the announcement of a member's resignation, in particular of Mr. Aristeidis Ntasis on 18/7/2017, met on 18/7/2017 and, following the proposal of the Nominations and Remunerations Committee, elected Mr. Gagik Apkarian of Serop as independent non-executive member, in replacement of the resigned member for the remainder of his tenure, namely until 30th of June 2022 at the latest.
The above replacement was announced to the Extraordinary General Assembly on the 9th of February 2018.

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

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

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

During the exercise of their duties and the Board meetings in 2017, the Board members exhibited "diligence of a prudent businessman", dedicated the sufficient time needed for the efficient management of the Company, acted with integrity, accountability and proper judgment, avoiding actions that could endanger the Company's competitiveness or conflict its interests. Also, they protected the confidentiality of information they had privileged access to and ensured the prompt and simultaneous provision of information to all shareholders and interest investors on issues that could affect their decision to realize any transaction on Company shares.

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

Chairman of the Board of Directors

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

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

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

Nomination and Remuneration Committee

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

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

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

The Committee, consisting of the members: Emmanuel Maragoudakis - CEO and executive member, Theodoros Tagkas – Non-executive member, and Aristeidis Ntasis – Independent non-executive member, convened on 5th May 2017 and decided: a) the submission to the Ordinary General Meeting of 30th May 2017 of a proposal concerning the new composition of the Company's Board of Directors and b) the submission of a proposal with regard to the new composition of the Audit Committee. Based on the decision of the Company's Board of Directors during its meeting on 28th June 2017, the Nomination and Remuneration Committee obtained a new composition as follows: Emmanuel Maragoudakis - CEO and executive member, Michael Gourzis – Non-executive member, and Nikolaos Kalamaras – Independent non-executive member.

Investment Committee

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

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

The Investment Committee (I.C.) consists of five members, while three (3) members from the company's and its parent's Boards participate in it together with two (2) senior executives or advisors of the company, according to the issue to be discussed. The Chairman and Managing Director of the parent company may be members of the Investment Committee.

As is the case of other company committees, the I.C. has the character of providing proposals and not making decisions. Its basic responsibilities include preparing the investment policy and long-term investment plan of the company, evaluating and approving the implementation of the annual investment plan, as well as any new significant investment that is separately submitted, examining the company's capital adequacy to implement each investment proposal, evaluating the business risks associated with such and evidencing its objective and confirming that its implementation is included in the application measures of the company's approved business strategy.

The Investment Committee following the decision of the Company's Board of Directors on 28th June 2017 has the following composition: G. Peristeris – Chairman, Em. Maragoudakis – CEO, G. Spyrou – Executive Director and two Senior Directors – Members of the BoD or not, from the following three individuals: V. Delikaterinis, G. Agrafiotis, Em. Moustakas. The Investment Committed during its meetings examined the course of the implementation of the Group's investment program, and mainly of its investment titled FLUVANNA in Texas of USA. The investment was completed and operations commenced in November 2017. In addition, the Committee was briefed about the new investment proposals, which the pertinent senior staff of the Group had evaluated and provided guidance in order for these proposals to be placed in a timetable and be discussed in a following meeting of the Committee.

Audit Committee

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

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

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

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

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

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

The Audit Committee consists of at least three (3) non-executive Board members, of which one (1) is independent. At least one (1) of the three members must have adequate knowledge and experience in accounting and auditing issues.

Its members are elected by the General Meeting of Shareholders according to article 44 of Law 4449/2017.

The members of the Audit Committee elected from the General Meeting of 30th May 2017 are the following:
Georgios Mergos – non Executive member
Nikolaos Kalamaras – independent non Executive member
Aristeidis Ntasis – independent non Executive member
In the meeting of 18th July 2017, Mr. Aristeidis Ntasis was replaced by Mr. Michael Gourzis.

The Audit Committee convened twelve (12) times during 2017, it exercised all of its responsibilities and tasks, it cooperated with the Company's Internal Audit Department and provided the appropriate guidance for the continuation of the audit by subject and priority.

The Committee discussed with the Company's internal auditor on the findings and conclusions and confirmed the correctness of the process of preparing its financial statements. He/she affirmed the latter with the Group's external auditors and examined all the issues they raised on the basis of their knowledge and experience gained in the performance of their duties.

The Committee collaborated with auditors on issues of common interest throughout 2017 and thoroughly analyzed their conclusions regarding the correctness and accuracy of the financial statements and the thoroughness of the Shareholders' information and the investing public in general.

3. Internal Control and Risk Management

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

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

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

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

The evaluation and management of risks during 2017 is described in the relevant chapter D of the Annual Report of the Board of Directors for the same fiscal year.

4. Relations – Communication with Shareholders - Investors

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

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

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

5. General Meeting of Shareholders

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

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

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

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

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

7. Compliance with the provisions of the Code

The Board of Directors has complied with the provisions of the Corporate Governance Code during 2017.

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

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

a) Structure of Share Capital

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

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

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

b) Limitations to the transfer of Company shares

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

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

Shareholders which during 31/12/2017 held a percentage larger than 5%, based on the total issued shares, are presented in the following table:

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

d) Shares providing special control rights

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

e) Limitations to voting rights

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

f) Agreements between Company Shareholders

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

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

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

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

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

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

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

The Company, following the decision of its Ordinary General Meeting of Shareholders on 18/04/2016, renewed the share buyback program up to 10% of its share capital for a period of twenty four months, namely up to 18/4/2018. By virtue of its decision the Extraordinary General Meeting of Shareholders on 09/02/2018, approved the new share buy-back program up to the completion of the 10% stake of the Company's shares, with a minimum purchase price of thirty cents (0.30 €) and a maximum price of € 30 (€ 30.00), which will take place within twenty four (24) months, namely by 8 February 2020 at the latest, and authorized the Board of Directors to ensure the implementation of the decision and the observation of all the related to the above approval legal formalities.

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

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

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

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

IV. ANNUAL FINANCIAL STATEMENTS PARENT AND CONSOLIDATED OF 31 DECEMBER 2017

(1 January – 31 December 2017)

According to the International Financial Reporting Standards

The accompanying Financial Statements were approved by the Board of Directors of TERNA ENERGY ABETE on 27/4/2018 and have been published by being posted on the internet at the website www.terna-energy.com , as well as the Athens Exchange website, in which they remain at the disposal of the investment community for at least 5 years since their publication. It is noted that the published in the press Data and Information derived from the Financial Statements, aim at providing the reader with certain general financial information but do not provide a full picture of the financial position and the results of the Company and Group, in accordance with the International Financial Reporting Standards (IFRS).

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

		GROUP		COMPANY	
	Note	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
ASSETS					
Non-current assets					
Intangible assets	6	22,853	27,102	2,004	2,116
Tangible assets	7	1,122,834	970,577	93,205	99,427
Investment property	8	509	530	509	530
Participation in subsidiaries	9	-	-	288,641	271,479
Participations in associates	10	4,261	5,374	4,188	5,451
Participation in joint-ventures		-	-	119	119
Other long-term receivables	11	24,677	23,370	90,830	62,372
Receivables from derivatives	18	1,310	1,526	-	-
Financial Assets - Concessions	12	26,463	10,055	-	-
Other investments		1,755	1,755	1,755	1,755
Deferred tax assets	28	6,651	4,839	-	-
Total non-current assets		**1,211,313**	**1,045,128**	**481,251**	**443,249**
Current assets					
Inventories	13	4,218	4,063	3,097	3,403
Trade receivables	14	77,714	80,389	48,977	59,246
Receivables according to IAS 11	15	2,153	3,127	3,544	3,396
Prepayments and other receivables	14	105,440	140,010	22,718	20,086
Income tax receivables		1,145	495	186	-
Cash and cash equivalents	16	201,328	164,399	97,782	29,249
Total current assets		**391,998**	**392,483**	**176,304**	**115,380**
TOTAL ASSETS		**1,603,311**	**1,437,611**	**657,555**	**558,629**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	26	32,794	32,794	32,794	32,794
Share premium		213,781	219,247	213,781	219,247
Reserves		43,550	40,326	15,574	17,283
Retained earnings		79,247	56,493	39,298	37,094
Total		**369,372**	**348,860**	**301,447**	**306,418**
Non-controlling interests		9,377	6,370	-	-
Total equity		**378,749**	**355,230**	**301,447**	**306,418**

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

		GROUP		COMPANY	
	Note	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Long-term liabilities					
Long-term loans	17	670,152	567,175	241,332	111,879
Other financial liabilities	22	134,263	44,567	-	-
Liabilities from derivatives	18	4,543	6,289	923	506
Other provisions	20	15,303	13,687	3,748	4,075
Provision for staff indemnities	19	411	435	331	368
Grants	21	143,294	159,156	17,552	19,007
Deferred tax liabilities	28	19,824	12,143	1,405	993
Other Long-term liabilities	12	3,240	9	-	-
Total long-term liabilities		**991,030**	**803,461**	**265,291**	**136,828**
Short-term liabilities					
Suppliers	23	39,393	49,251	16,402	27,546
Short-term loans	25	13,837	5,396	-	5,016
Long-term liabilities falling due in the next period	17	97,971	95,285	22,028	34,977
Long-term financial liabilities falling due in the next period	22	25,107	3,987	-	-
Liabilities according to IAS 11	15	12,284	10,741	14,759	10,399
Accrued and other short-term liabilities	24	39,805	107,913	37,628	33,708
Income tax payable		5,135	6,347	-	3,737
Total short-term liabilities		**233,532**	**278,920**	**90,817**	**115,383**
Total liabilities		**1,224,562**	**1,082,381**	**356,108**	**252,211**
TOTAL LIABILITIES AND EQUITY		**1,603,311**	**1,437,611**	**657,555**	**558,629**

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

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

	Note	GROUP 1/1 – 31/12 2017	GROUP 1/1 – 31/12 2016	COMPANY 1/1 – 31/12 2017	COMPANY 1/1 – 31/12 2016
Continued activities					
Turnover	5	276,535	225,560	96,175	107,433
Cost of sales	29	(162,410)	(151,358)	(59,516)	(79,733)
Gross profit		**114,125**	**74,202**	**36,659**	**27,700**
Administrative & distribution expenses	29	(14,199)	(12,269)	(7,725)	(5,893)
Research & development expenses	29	(1,186)	(1,152)	(1,185)	(1,151)
Other income/(expenses)	30	6,601	13,969	(198)	4,571
Operating results		**105,341**	**74,750**	**27,551**	**25,227**
Financial income	31	2,569	1,457	5,066	3,411
Financial expenses	31	(49,794)	(40,905)	(14,239)	(9,912)
Gains / (Losses) from financial instruments measured at fair value	18	12	1,069	-	-
Proportion in results of associate companies	10	(1,113)	(80)	-	-
EARNINGS BEFORE TAX		**57,015**	**36,291**	**18,378**	**18,726**
Income tax expense	28	(19,895)	(14,912)	(5,909)	(6,242)
NET EARNINGS FOR THE PERIOD		**37,120**	**21,379**	**12,469**	**12,484**
Other total (losses) / income recognized directly in Equity from:					
Items that are reclassified subsequently in the results					
Foreign exchange translation differences from incorporation of foreign units		(891)	(16)	-	-
Corresponding income tax		258	5	-	-
		(633)	**(11)**	-	-
Income/(expenses) from hedging of cash flows		2,120	(873)	(416)	52
Corresponding income tax		(676)	452	121	(15)
		1,444	**(421)**	**(295)**	**37**
		811	**(432)**	**(295)**	**37**
Items that are not reclassified subsequently in the results					
Actuarial income from defined benefit plans		92	24	87	27
Corresponding income tax		(25)	(7)	(25)	(8)
		67	**17**	**62**	**19**
Share capital expenses		(60)	(163)	(60)	-
		7	**(146)**	**2**	**19**
Other total (losses) / income for the period net of income tax		**818**	**(578)**	**(293)**	**56**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**37,938**	**20,801**	**12,176**	**12,540**

	Note	GROUP	
		1/1 – 31/12 2017	**1/1 – 31/12 2016**
Net profit for the period attributed to :			
Shareholders of the parent from continued activities		37,089	20,648
Non-controlling interests from continued activities		31	731
		37,120	**21,379**
Total income attributed to:			
Shareholders of the parent from continued activities		37,888	20,077
Non-controlling interests from continued activities		50	724
		37,938	**20,801**
Earnings per share (in Euro)			
From continued activities attributed to shareholders of the parent	27	0,3542	0,1960
Average weighted number of shares			
Basic		104,700,123	105,342,255

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

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

		GROUP		COMPANY	
	Note	**1/1 – 31/12 2017**	**1/1 – 31/12 2016**	**1/1 – 31/12 2017**	**1/1 – 31/12 2016**
Cash flow from operating activities					
Earnings for the period before tax		57,015	36,291	18,378	18,726
Adjustments for the agreement of net flows from operating activities					
Depreciation	6,7	46,112	53,294	6,319	8,179
Provisions		61	120	45	80
Impairments		2,296	536	7,719	313
Interest and related income	31	(2,569)	(1,457)	(5,066)	(3,411)
Interest and other financial expenses	31	49,794	40,905	14,239	9,912
Results from intangible and tangible assets and from investment property		187	(156)	188	65
Results from participations and securities	30	2	(586)	(5,221)	(981)
Results from derivatives	18	(12)	(1,069)	-	-
Amortization of grants	30	(7,901)	(10,868)	(1,205)	(1,878)
Results from associates		1,113	80	-	-
Foreign exchange differences	30	3,930	(821)	-	-
Operating profit before working capital changes		**150,028**	**116,269**	**35,396**	**31,005**
(Increase)/Decrease in:					
Inventories		(163)	(1,181)	305	(910)
Trade receivables		3,910	(23,937)	10,333	(26,777)
Prepayments and other short term receivables		36,196	(60,856)	1,666	(9)
Increase/(Decrease) in:					
Suppliers		(21,617)	14,765	(9,379)	15,101
Accruals and other short term liabilities		(2,470)	5,420	9,744	3,826
Other long-term receivables and liabilities		1,923	(12,793)	25	(553)
Income tax payment		(16,330)	(9,437)	(9,324)	(2,711)
Net cash inflows from operating activities		**151,477**	**28,250**	**38,766**	**18,972**
Cash flows from investment activities:					
(Purchases)/sales of tangible and intangible fixed assets	6,7	(229,194)	(145,474)	(2,495)	(3,955)
Grants rebated	24	(63,777)	-	(250)	-
Interest and related income received		1,273	1,171	1,957	960
Sale of publicly traded shares		-	9,622	-	9,622
Collection of dividends	30	-	-	5,236	395
Net change in provided loans		(500)	-	(28,021)	(4,159)
(Purchases) / sales of participations and securities		1,000	(50)	(25,496)	(25,346)
Cash outflows for investment activities		**(291,198)**	**(134,731)**	**(49,069)**	**(22,483)**

Cash flows from financing activities					
Share capital return		(5,239)	-	(5,292)	-
Proceeds from share capital increases		58	1,125	-	-
Purchase of Treasury Shares		(2,070)	(3,250)	(2,070)	(3,250)
Net change of long term loans		236,714	219,658	115,210	23,839
Net change of short term loans		8,250	(45,777)	(5,000)	(7,200)
Dividends paid		(10,561)	(8,697)	(10,154)	(8,317)
Interest and other financial expenses paid		(47,091)	(34,479)	(13,858)	(6,476)
Change in financial liabilities		-	(2,882)	-	-
Cash outflows for financing activities		**180,061**	**125,698**	**78,836**	**(1,404)**
Net increase/decrease in cash and cash equivalents		**40,340**	**19,217**	**68,533**	**(4,915)**
Effect of exchange rate changes on cash & cash equivalents		(3,411)	1,578	-	-
Cash & cash equivalents at the beginning of the period	16	164,399	143,604	29,249	34,164
Cash & cash equivalents at the end of the period	16	**201,328**	**164,399**	**97,782**	**29,249**

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

TERNA ENERGY GROUP
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 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**
Total comprehensive income/(losses) for the period	-	-	(571)	20,648	**20,077**	724	**20,801**
Issue of share capital	-	-	-	-	**-**	1,119	**1,119**
Formation of reserves	-	-	10,024	(10,024)	**-**	-	**-**
Purchase of Treasury Shares	-	-	(3,250)	-	**(3,250)**	-	**(3,250)**
Distribution of dividends	-	-	-	(9,838)	**(9,838)**	(379)	**(10,217)**
Transfers – Other movements	-	-	158	(162)	**(4)**	-	**(4)**
31 December 2016	**32,794**	**219,247**	**40,326**	**56,493**	**348,860**	**6,370**	**355,230**
1 January 2017	**32,794**	**219,247**	**40,326**	**56,493**	**348,860**	**6,370**	**355,230**
Total comprehensive income for the period	-	-	859	37,029	**37,888**	50	**37,938**
Issue of share capital	5,466	(5,466)	-	-	**-**	118	**118**
Share capital return	(5,466)	-	227	-	**(5,239)**	-	**(5,239)**
Formation of reserves	-	-	4,304	(4,304)	**-**	-	**-**
Termination of subsidiary's consolidation	-	-	(96)	(131)	**(227)**	3,245	**3,018**
Purchase of Treasury Shares	-	-	(2,070)	-	**(2,070)**	-	**(2,070)**
Distribution of dividends	-	-	-	(9,838)	**(9,838)**	(408)	**(10,246)**
Transfers – Other movements	-	-	-	(2)	**(2)**	2	**-**
31 December 2017	**32,794**	**213,781**	**43,550**	**79,247**	**369,372**	**9,377**	**378,749**

TERNA ENERGY S.A.
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 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**
Total comprehensive income for the period	-	-	56	12,484	**12,540**
Formation of reserves from retained earnings	-	-	552	(552)	**-**
Distribution of dividends	-	-	-	(9,838)	**(9,838)**
Purchase of Treasury Shares	-	-	(3,250)	-	**(3,250)**
Transfers – Other movements	-	-	-	(3)	**(3)**
31 December 2016	**32,794**	**219,247**	**17,283**	**37,094**	**306,418**
1 January 2017	**32,794**	**219,247**	**17,283**	**37,094**	**306,418**
Total comprehensive income/(losses) for the period	-	-	(293)	12,469	**12,176**
Issue of share capital	5,466	(5,466)	-	-	**-**
Share capital return	(5,466)	-	227	-	**(5,239)**
Formation of reserves from retained earnings	-	-	367	(367)	**-**
Distribution of dividends	-	-	-	(9,838)	**(9,838)**
Purchase of Treasury Shares	-	-	(2,070)	-	**(2,070)**
Transfers – Other movements	-	-	60	(60)	**-**
31 December 2017	**32,794**	**213,781**	**15,574**	**39,298**	**301,447**

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

1 ESTABLISHMENT & ACTIVITY OF THE COMPANY

The TERNA ENERGY SA Group of companies (hereinafter the «Group» or «TERNA ENERGY») is a Greek group of companies mainly engaged in the 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 31/12/2017 held 39.529% of the Company's issued share capital. The financial statements of TERNA ENERGY GROUP are being consolidated with the financial statements of GEK TERNA SA under the full liquidation method.

2 BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

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

a1) Ongoing Concern

The Group's management estimates that the Company and its subsidiaries possess sufficient resources, which ensure their operation as "Going Concern" in the foreseeable future.

b) Statutory Financial Statements

From January 1st, 2005, TERNA ENERGY SA and its Greek subsidiaries 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 accounting books of the Company and the Group's subsidiaries fully comply with the provisions of each country, where the companies activate, as well as with the rules stipulated by International Accounting Standards.

c) New Standards, Amendments of Standards and Interpretations

The accounting principles applied for the preparation of the financial statements are the same with those applied for the preparation of the annual financial statements of the Company and the Group as of 31 December 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 31 December 2017.

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

The following amendments of Standards were issued by the International Accounting Standards Board (IASB), have been adopted by the European Union and their application is mandatory from 01/01/2017 or after.

Amendments to IAS 7 "Disclosure Initiative" (effective for annual periods beginning on or after 01/01/2017)

In January 2016, the IASB issued limited-purpose amendments to IAS 7. The purpose of these amendments is to make it possible for users of financial statements to assess changes in liabilities arising from financial activities. The amendments require entities to provide disclosures that will enable investors to assess changes in liabilities arising from financial activities, including changes in cash flows and non-cash changes. The amendment has no impact on the consolidated Financial Statements.

Amendments to IAS 12 "Recognition of Deferred Tax Asset for Unrealized Loss" (effective for annual periods beginning on or after 01/01/2017)

In January 2016, the IASB issued limited-purpose amendments to IAS 12. The purpose of these amendments is to clarify the accounting treatment of deferred tax assets for unrealized losses on debt securities measured at fair value. The amendments do not have an impact on the consolidated Financial Statements.

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

In December 2016, the IASB issued the "Annual Improvements to IFRS - Cycle 2014-2016", which is consisted of a series of amendments to some Standards and is part of the program for annual improvements to IFRSs. The amendment included in this cycle and is effective for annual periods beginning on or after 1 January 2017 is as follows: **IFRS 12**: Clarification of the Scope of the Standard. The amendment does not have any effect on the consolidated Financial Statements.

The other amendments included in this cycle and are effective for annual periods beginning on or after 1 January 2018 are analyzed in the following section.

ii. <u>New Standards, Interpretations, Revisions and Amendments to existing Standards which have not yet entered into force or have not been adopted by the European Union</u>

The following new Standards, Interpretations and Standards' amendments have been issued by the International Accounting Standards Board (IASB) but either have not yet entered into force or are not adopted by the European Union.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 01/01/2018)

In July 2014, the IASB issued the final version of IFRS 9. The improvements introduced by the new Standard include the creation of a reasonable model for classification and measurement, a single predictive model for impairment "expected losses", and also one substantially reformed approach for hedge accounting. The Company plans to adopt the new standard on the required date. The new impairment model requires the recognition of impairment provisions based on expected credit losses and not only on realized credit losses, as is currently the case in accordance with IAS 39. The Group concluded that when adopting the new standard, the provision for impairment will not have a significant impact on the financial statements. The Group is in the process of final audits in order to determine the impact of the transition to the new standard. The above have been adopted by the European Union and with effective date 01/01/2018.

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

In May 2014, the IASB issued a new Standard, IFRS 15. This Standard is fully in line with the requirements for revenue recognition in accordance with the principles of both IFRS and US GAAP. The underlying principles on which this Standard is based are consistent with an important part of current practice. The new Standard is expected to improve financial reporting by introducing a more robust framework to address emerging issues by enhancing comparability between industries and capital markets by providing additional disclosures and clarifying the accounting treatment of contract costs. The new Standard replaces IAS 18 "Revenue", IAS 11 "Construction Contracts", and some revenue-related Interpretations.

The Group plans to adopt the new standard on the required date. No significant differences from current accounting policies have been identified. As a result, the new standard will not have a significant impact on the consolidated financial statements of the Group. The above have been adopted by the European Union and entered into force on 01/01/2018.

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

In April 2016, the IASB issued clarifications to IFRS 15. The amendments to IFRS 15 do not alter the core principles of the Standard but provide clarification as to the application of those principles. The amendments clarify the way based on which is recognized a commitment execution in a contract, how it is determined whether an entity is the originator or trustee, and how it is determined whether the income from the granting of a license should be recognized at a particular time; or through time. The Group examined the impact of all of the above on its Financial Statements. The above have been adopted by the European Union and entered into force on 01/01/2018.

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

In September 2016, the IASB issued amendments to IFRS 4. The purpose of these amendments is to determine the treatment of temporary accounting effects due to the different date of entry into force of IFRS 9 Financial Instruments and of under issuance Standard for insurance contracts. Amendments to the existing requirements of IFRS 4 allow entities whose main activities are linked with insurance to postpone the application of IFRS 9 up to 2021 ('temporary exemption') and allow to all issuers of insurance contracts to recognize in the other comprehensive income rather than in profits or losses, the volatility that may result from the application of IFRS 9 before the issuance of the new Standard on Insurance Contracts ("overlapping approach"). The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have been adopted by the European Union with effective date 01/01/2018.

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

In January 2016, the IASB issued a new Standard, IFRS 16. The purpose of the IASB project was the development of a new Standard for leases that defines the principles that both parties apply to a contract - namely, the client (the "lessee") and the supplier ("the lessor") - to provide relevant leases information in a manner that faithfully reflects these transactions. In order to achieve this purpose, the lessee should recognize the assets and liabilities arising from the lease.

The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2019.

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

In December 2016, the IASB issued the "Annual Improvements to IFRS - Cycle 2014-2016", which consists of a series of amendments to some Standards and is part of the program for annual improvements to IFRSs. The amendments included in this cycle that are effective for annual periods beginning on or after 1 January 2018 are as follows: IFRS 1: Deletion of short-term exemptions for first-time IFRS adopters, IAS 28: Measurement of an associate or a Joint Venture at fair value. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2018.

Amendment to IFRS 2: "Classification and measurement of share-based Payment Transactions" (effective for annual periods beginning on or after 01/01/2018)

In June 2016, the IASB issued a limited-purpose amendment to IFRS 2. The purpose of this amendment is to provide clarification on the accounting treatment of specific types of equity-based payment transactions. In particular, the amendment introduces the requirements regarding the accounting treatment of the effect of vesting and non-vesting conditions on the measurement of cash-based equity-settled payments, the accounting treatment of equity-settled payment transactions bearing a settlement characteristic in an offsetting basis for a withholding tax, and an amendment to the terms and conditions of an equity-linked payment which changes the classification of the transaction from cash-settled to equity-settled. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2018.

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

In December 2016, the IASB issued limited scoping changes to IAS 40. The purpose of these amendments is to strengthen the principle of transfers from or to investment property so as to determine that (a) a transfer from, or investment property should be realized only if there is a change in the use of the property and (b) such a change in the use of the property would include the valuation of the property as to whether the respective property meets the criteria for classification as an investment property. This change in use should be supported by relevant documentation / evidence. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2018.

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

In December 2016, the IASB issued a new Interpretation, IFRIC 22. This Interpretation includes the requirements regarding the exchange rate that should be used when presenting foreign currency transactions (namely revenue transactions) when payment has been received or paid in advance. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2018.

Amendments to IAS 28 "Long-term Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 01/01/2019)

In October 2017, the IASB issued limited-purpose amendments to IAS 28. The purpose of these amendments is to provide clarifications on the accounting treatment of long-term participations in an associate or joint venture - to which the equity method does not apply - based on IFRS 9. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

Amendments to IFRS 9 "Prepaid Items with Negative Return" (effective for annual periods beginning on or after 01/01/2019)

In October 2017, the IASB issued limited-purpose amendments to IFRS 9. Based on the existing requirements of IFRS 9, an entity would measure a financial asset with negative return on fair value through the results, as the characteristic of the "negative return" could be considered as generating potential cash flows that are not only composed of capital and interest payments. Under the amendments, entities may measure specific prepaid financial assets with a negative return on amortized cost or at fair value through other comprehensive income, provided that a specific condition is met. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2019.

Annual Improvements to IFRSs - Cycle 2015-2017 (effective for annual periods beginning on or after 01/01/2019)

In December 2017, the IASB issued the "Annual Improvements to IFRSs - Cycle 2015-2017", which consists of a series of amendments to certain Standards and is part of the annual improvements program for IFRS. The amendments included in this cycle are as follows: IFRS 3 - IFRS 11: Participation rights previously held by the acquirer in a joint venture, IAS 12: Effect on income tax form payments for financial instruments classified as equity items, IAS 23: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

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

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

Amendments to IAS 19 "Amendment, Curtailment or Settlement of a Defined Benefit Plan" (effective for annual periods beginning on or after 01/01/2019)

In February 2018, the IASB issued limited-purpose amendments to IAS 19, under which an entity is required to use updated actuarial assumptions when determining the current service cost and net interest for the remaining period after the amendment, the curtailment or the settlement of a defined benefit plan. The purpose of these amendments is to enhance the understanding of the financial statements and the provision of more useful information to its users. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

Revision of the Financial Reporting Concept Framework (effective for annual periods beginning on or after 01/01/2020)

In March 2018, the IASB revised the Financial Reporting Concept Framework, the purpose of which was to incorporate important issues that were not covered, as well as the updating and provision of clarification in relation to specific guidance. The revised Financial Reporting Concept Framework contains a new chapter on measurement in which it is analyzed the measurement concept, including factors that should be taken into account when choosing a measurement basis, issues relating to presentation and disclosure in the Financial Statements and guidance regarding the de-recognition of assets and liabilities from the Financial Statements. Furthermore, the revised Financial Framework Concept contains improved definitions of assets and liabilities, guidance to help implement these definitions, updating of the criteria for recognizing assets and liabilities, as well as clarification on significant issues such as the management roles, conservatism, and uncertainty when measuring financial information. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

Amendments to the Financial Reporting Concept Framework (applied for annual periods beginning on or after 01/01/2020)

In March 2018, the IASB issued amendments to the Financial Reporting Concept Framework Reports as a follow-up to its review. Some Standards include explicit references to earlier versions of the Financial Reporting Concept Framework. The purpose of these amendments is to update these references and the support for the transition to the revised Financial Reporting Concept Framework. The Group will examine the impact of all of the above in its Financial Statements, 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, which replaces an interim Standard, IFRS 4. The aim of the IASB's project was to develop a single Standard based on principles (principle-based-standard) for the accounting treatment of all types of insurance contracts, including reinsurance contracts held by an insurance organization. A single Standard based on principles will enhance the comparability of the financial reporting among economic entities, jurisdictions and capital markets. IFRS 17 specifies the requirements that an entity should apply on financial reporting related to insurance contracts that it issues and reinsurance contracts that it holds.

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

δ) Approval of Financial Statements

The accompanying annual consolidated financial statements were approved by the Board of Directors of the Parent Company on 27 April 2018.

Use of Estimates

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

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

a) Recognition of income from construction contracts: The Group uses the percentage of completion method to recognize revenue from construction contracts, in accordance with IAS 11. According to this method the construction cost as of each balance sheet date is compared to the budgeted total cost of the project in order to determine the percentage of completion of the project.

The cumulated effect of the restatements/reassessments of the total budgeted cost of the projects and the total contractual payment (recognition of work over and above the contract) is recorded in the financial years during which such restatements arise. The total budgeted cost and the total contractual payment of the projects arise from estimation procedures and are reassessed and reviewed at each balance sheet date.

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

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

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

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

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

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

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

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

j) Financial Liabilities: The Group has issued financial securities, in the context of a tax equity investment program (note 19), the payments of which depend on the future returns on specific Group investments. This financial liability is measured at amortized cost with the effective interest rate method. The calculation of the effective interest rate is based on management's estimations regarding the future cash flows of the specific investments for the entire expected duration of such.

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

3 SUMMARY OF KEY ACCOUNTING PRINCIPLES

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

a) Consolidation Basis

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

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

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

b) Investments in Associates

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

c) Joint operations

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

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

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

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

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

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

(i) Investments available for sale

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

(ii) Receivables and loans

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

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

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

(iv) Investments held to maturity

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

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

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

e) Financial Instruments and Risk Management

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

Financial instruments are netted-off when the Company, according to the law, has this legal right and intends to set them off (against each other) on a net basis or to recover the asset and net the liability off at the same time. Financial risk management aims to minimize possible negative effects and specifically:

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

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

- ***Fair Value***

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

- ***Credit Risk Concentration***

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

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

- ***Market Risk***

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

f) Operation and Presentation Currency and Foreign Exchange Conversion:

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

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

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

g) Intangible Assets

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

Amortization of licenses and on the rights of use for land where Wind Parks are installed is accounted for, using the straight-line method over the duration of the contractual right for the production of energy (approximately 25 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) Revenues from concession contracts

During the construction phase, revenue is recognized based on the percentage of completion, in accordance with the Group's accounting policy for recognizing revenue from construction contracts.

During the operating phase, revenue is recognized in the period in which the Group's services are provided. In the case that a concession agreement includes revenue for more than one service, then the contract price is allocated to the different services based on the relative fair values of the services provided.

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.

(All amounts in thousand Euro, unless stated otherwise)

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	3-25
Vehicles	5-12
Fixtures and Other Equipment	3-12

The residual values and useful lives of the tangible assets are subject to review at least for each end of use. In this context, in 2017, it was decided to extend the useful life of wind farms from 20 to 25 years, based on new assessments that emerged when assessing the conditions that have been established in the operation and technological development of wind turbines in general. This change is based on the careful analysis of the Group data as well as on recent studies and industrial practices according to which the economic life of individual wind turbines or wind power plants as a whole can safely be redefined in 25-30 years without significant changes in strategic operation and maintenance. Group’s Management considers that extending the useful life will protect the fair and reasonable presentation of the financial statements by adjusting the depreciation time closer to reality.

The consequences of the abovementioned change in the useful life of wind farms in the results before tax for the year 2017 are given in Note 6, 7, 20 and 21.

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.

l) Investment property

Investment property is defined as property that is designated for long-term rental yields or for capital gains or both and is not used by any subsidiary Company of the Group. The properties, which are used by the Group, are used for its productive or administrative needs and are not considered as investment property. This is also the criterion for the separation of real estate between investment and own-occupied properties. Investment properties are initially recorded at historical cost, including the related direct acquisition costs and borrowing costs, wherever possible. After initial recognition, investment properties are measured at fair value. Fair value reflects market conditions at the date of preparation of the financial statements and is determined by management or independent valuers on a yearly basis. The best indication of the fair value of a property is given by the current price of similar real estate in the same area and in the same condition as the investment property in a market where the transactions are carried out at a high rate while the same terms of the lease and the other conditions apply (comparable transactions). When there are no identical conditions, the Group takes into account and compares the differences from the comparable properties, whether they occur in the area, the nature and condition of the property, or the contractual terms of the lease and other contracts related to the property. The gain or loss arising from the change in the fair value of investment property is recognized in the income statement in the "Other income / (expenses)" account in the period in which it is realized.

Subsequent expenditures are capitalized at the carrying amount only when it is probable that future economic benefits associated with such expenses will enter the Group and their cost can be measured reliably. All other expenses for repairs and maintenance are charged to the income statement as they are incurred. When part of an investment property is replaced, the current value of that investment asset ceases to be recognized. The fair value of investment property does not reflect future capital expenditures that will improve or enhance these properties, nor does it reflect the associated future benefits of these costs, in addition to those costs or benefits that any reasonable market participant would take into account, in order to determine the value of the property. When the Group disposes a property at its fair value, in accordance with the market conditions, the current value of the property is adjusted, immediately prior to disposal, to the selling price and the difference is accounted for in the income statement as net profit /loss from the measurement of the fair value cease to be recognized when sold.

In the case that an investment property is used for own-use, it is reclassified as a tangible asset. The fair value of the property at the date of reclassification is the deemed cost of acquisition for further accounting. In the case that a tangible fixed asset is classified as an investment property because its use has changed the accounting principles of IAS 16 are applied up to and including the date of transfer to investment property and it is then measured at fair value. The investment property is measured at its fair value at the date of the transfer and the gain or loss from its fair value adjustment, namely the difference between fair value and current value, is recognized in equity, in accordance with IAS 16, as a revaluation of fixed assets' value. The gain of the measurement is recognized directly in equity through other comprehensive income, unless there is an earlier impairment loss on the property.

In this case, the gain from fair value adjustment is recognized in the income statement to the extent that it offsets an earlier impairment loss and any additional gain from fair value adjustment is recognized directly in equity through other comprehensive income. The loss from fair value adjustment is recognized in the income statement.

m) Financial assets under concession contracts

In Public-Private Partnership agreements where the right to provide State's services to a private individual is granted, the Group applies IFRIC 12 if the following two conditions are met:

(a) the grantor audits or determines which services the operator will have to provide, to whom and at what price and

(b) the grantor controls any significant balance of interest in the infrastructure at the end of the concession period.

Under IFRIC 12, such infrastructure is not recognized in the assets of the concessionaire as tangible fixed assets. The Concession Company recognizes a Financial Receivable Asset to the extent that it has an unconditional contractual right to receive cash or another financial asset, guaranteed by the Government Body (Financial Asset Model) and / or intangible asset as Concession right (intangible asset model), to the extent that it receives the right to charge the users of the utility. Treatment is conducted according to the conventionally agreed terms.

Group companies that operate as concessionaires recognize a financial asset to the extent that they have an unconditional contractual right to receive cash if the grantor contractually guarantees to pay to the concessionaire: (a) specific or identifiable amounts; or (b) the deficit that may, if appropriate, arise between the amounts received by the public service users and the specific or fixed amount provided for in the Partnership Contract. The concessionaire shall charge revenue and expenses in respect of construction or upgrading services in accordance with IAS 11. Revenue and expenses relating to operating services are accounted for in accordance with IAS 18.

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.

Right to early repayment

When an option allowing the borrower to repay a debt instrument before the end of its full contractual term exist, management should assess whether this option is closely related to the host debt. The repayment option is closely related if a) its exercise price is approximately equal to the amortized cost of the host debt at each date on which the option can be exercised, or b) the exercise price of a repayment option reimburses the lender for an amount up to the approximate present value of the lost interest for the remaining term of the host contract.
If the repayment option is closely related, the combined debt instrument is accounted for as a single instrument, measured at amortized cost using the effective interest method, as follows:

- The combined debt instrument is initially recorded at fair value plus or minus any directly attributable transaction costs.
- In determining the effective interest rate (EIR), the expected cash flows and expected life of the instrument are estimated taking account of the repayment option. Accordingly:
    - If at inception the option is expected to be exercised, the expected cash flows would include payments of interest and principal to the exercise date along with the exercise price of the option or
    - If the option is not expected to be exercised, the expected cash flows would include payments of interest and principal over the full contractual term.

Subsequently the assessment of the likelihood of the option being exercised may change. This will affect the expected cash flows and expected life of the instrument. The change in expected cash flows and life is accounted for by discounting the revised cash flows at the original EIR. The effect on the carrying value is reported in profit or loss.

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

t) Income Tax (Current and Deferred)

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

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

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

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

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

u) Finance and Operating Leases

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

v) Government Grants

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

w) Provisions, Contingent Liabilities and Contingent Receivables

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is possible that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The provisions are reviewed during each reporting period and are adjusted in order to reflect the present value of expenses that are deemed necessary for the settlement of the liability. If the effect of the time value of money is significant, then provisions are calculated by discounting the expected future cash flows with a pre-tax rate, which reflects the market's current estimations for the time value of money, and wherever considered necessary, the risks related specifically to the obligation. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed, unless the probability of an outflow of economic benefits is small. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of financial benefits is likely.

x) Provision for wind park dismantlement and rehabilitation of environment

The Group forms provisions for the dismantlement of power generators from wind parks and the rehabilitations of environment. These provisions reflect the present value, during the reporting period, of the estimated cost, reduced by the estimated residual value of recoverable materials. The provisions are re-examined on each reporting date of the statement of financial position and are adjusted in order to reflect the present value of the expense that is expected to be cashed for the settlement of liability for dismantlement and rehabilitation.
The relevant provision is recorded increasingly of the cost value of wind power generators and is depreciated based on the straight line during a 25-year period in which the contract for the production of energy lasts. The depreciation-expense of the capitalized expenses for dismantlement and rehabilitation is included in the income statements together with the depreciations of wind parks.

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

y) Earnings per Share

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

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

z) Acquisition of non-controlling interests

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

Cash Flow Hedge Accounting

For cash flow hedges that meet the criteria for hedge accounting, the proportion of profit or loss from the derivative that is defined as an active hedge, are registered directly in reserves and the proportion defined as inactive hedge is registered in profit and loss. Profit or losses that had been recognized in other comprehensive income and cumulatively in the reserves, are transferred to Profit and Loss in the same period during which the hedge transaction affected the results.

Hedge accounting is suspended when the hedging instrument matures or is sold, terminated or exercised or when the hedge no longer meets the criteria for hedge accounting. The cumulative amount of profit or losses that had been recognized directly in equity until then remains in the reserves until the hedged item affects Profit and Loss. In case where a hedge transaction is no longer expected to take place, the net cumulative profit or losses that had been registered in reserves are directly transferred to Profit or Loss.

4 GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 31.12.2017 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 2011 included. During the preparation date of the accompanying financial statements, the tax un-audited fiscal years of the Group's companies taking also into account the fiscal year 2017 are as follows:

(All amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
No.	**Company Name**	**31/12/2017**	**31/12/2016**	**Business Activity**	**Tax un-audited fiscal years**
1	IWECO CHONOS LASITHIOU CRETE SA	100%	100%	Production of Electric Energy from RES	6
2	ENERGIAKI SERVOUNIOU SA	100%	100%	Production of Electric Energy from RES	6
3	TERNA ENERGY EVROU SA	100%	100%	Production of Electric Energy from RES	6
4	PPC RENEWABLES – TERNA ENERGY S.A.	51%	51%	Production of Electric Energy from RES	6
5	AIOLIKI PANORAMATOS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	6
6	AIOLIKI RACHOULAS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	6
7	ENERGEIAKI DERVENOHORION S.A.	100%	100%	Production of Electric Energy from RES	6
8	AIOLIKI MALEA LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	6
9	ENERGEIAKI FERRON EVROU S.A	100%	100%	Production of Electric Energy from RES	6
10	AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	100%	100%	Production of Electric Energy from RES	6
11	ENERGEIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	6
12	ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	6
13	AIOLIKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	6
14	EUROWIND S.A.	100%	100%	Production of Electric Energy from RES	6
15	ENERGIAKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	6
16	DELTA AXIOU ENERGEIAKI S.A.	66%	66%	Production of Electric Energy from RES	6
17	TERNA ENERGY THALASSIA WIND PARKS S.A.	77%	77%	Production of Electric Energy from RES	6
18	TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	77%	77%	Production of Electric Energy from RES	6
19	VATHYCHORI PERIVALLONTIKI S.A.	100%	100%	Production of Electric Energy from RES	6
20	VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	100%	Production of Electric Energy from RES	6
21	CHRYSOUPOLI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
22	LAGADAS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	6
23	DOMOKOS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	6

(All amounts in thousand Euro, unless stated otherwise)

24	DIRFYS ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	6
25	FILOTAS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	6
26	MALESINA ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
27	ORHOMENOS ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
28	ALISTRATI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
29	TERNA ENERGY AI-GIORGIS S.A.	100%	100%	Production of Electric Energy from RES	6
30	TERNA AIOLIKI AMARYNTHOU S.A.	100%	100%	Production of Electric Energy from RES	6
31	TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	100%	Production of Electric Energy from RES	6
32	TERNA ILIAKI VIOTIAS S.A.	100%	100%	Production of Electric Energy from RES	6
33	VATHYCHORI DYO ENERGIAKI S.A.	100%	100%	Production of Electric Energy from RES	6
34	TERNA AIOLIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	6
35	TERNA ILIAKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	6
36	TERNA ILIAKI PANORAMATOS S.A.	100%	100%	Production of Electric Energy from RES	6
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	6
39	TERNA ILIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	6
40	PERIVALLONTIKI PELOPONNISOU SA	100%	100%	Waste Management	3
41	HELLAS SMARTICKET S.A.	35%	70%	Electronic Systems Operation	4
42	WASTE SYCLO S.A.	51%	51%	Waste Management	6
43	TERNA ENERGY FINANCE SA	100%	100%	Credit Services	1
44	AEIFORIKI IPEIROU MAEES	100%	-	Waste Management	1
45	OPTIMUS ENERGY SA	51%	-	Trade of Electric Energy	1
46	GP ENERGY LTD	51%	51%	Trade of Electric Energy	6
47	TERNA ENERGY OVERSEAS LTD	100%	100%	Production of Electric Energy from RES	9
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	8

(All amounts in thousand Euro, unless stated otherwise)

52	GALLETTE LTD	100%	100%	Holding	9
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 Energy from RES	2
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	6

(All amounts in thousand Euro, unless stated otherwise)

78	EOLOS EAST sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
79	AIOLIKI PASTRA ATTIKIS S.A.	100%	100%	Production of Electric Energy from RES	6
80	TERNA ENERGY TRADING LTD	51%	51%	Holding	3
81	JP GREEN sp.z.o.o.	100%	100%	Production of Electric Energy from RES	3
82	WIRON sp.z.o.o.	100%	100%	Production of Electric Energy from RES	3
83	BALLADYNA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	3
84	TERNA ENERGY UK PLC	100%	100%	Credit Services	-
85	TETRA DOOEL SKOPJE	51%	51%	Trade of Electric Energy	3
86	PROENTRA D.O.O BEOGRAD	51%	51%	Trade of Electric Energy	3
87	TERNA ENERGY TRADING SHPK	51%	-	Trade of Electric Energy	-
88	FLUVANNA I INVESTOR INC	100%	-	Production of Electric Energy from RES	-
89	FLUVANNA I HOLDING COMPANY LLC	100%	-	Production of Electric Energy from RES	-

Within the year 2017, the company AEFORIKI EPIRUS MAEES was established in Greece, whose activity is related to waste management, as well as OPTIMUS ENERGY A.E., whose activity is related to electricity (sales) services. Additionally, TERNA ENERGY TRADING SHPK was established in Albania whose activity is related to electricity (sales) services. Finally, FLUVANNA I INVESTOR INC and FLUVANNA I HOLDING COMPANY LLC were established in USA whose activity is related to the production of electric energy from RES.

At the end of 2017, GEOTHERMIKI ENERGY DEVELOPMENT SA , LAGKADAS ENERGY SA , DOMOKOS ENERGY SA and FILOTAS ENERGY SA were set in liquidation process. The process of liquidation of these companies has not been completed until the date of publication of the Group's Financial Statements.

Finally, the Company has transferred 35% of the share capital of HELLAS SMARTICKET SA to the Group’s Parent Company, GEK TERNA HOLDINGS SA. After the acquisition date, the Board of Directors has not changed. Therefore, the Company continues to maintain control and be the one to consolidate the aforementioned Company.

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

		Participation Percentage			
No.	**Company Name**	**31/12/2017**	**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

(All amounts in thousand Euro, unless stated otherwise)

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 depicts the joint ventures of technical projects' construction in which the Group participates, have already completed the projects for which they have been set up and their final dissolution is imminent. As result, these are not included in consolidation.

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		31/12/2017	31/12/2016	
1	J/V EVANGELISMOS PROJECT C'	50%	50%	6
2	J/V EMBEDOS – PANTECHNIKI ENERGEIAKI	50.10%	50.10%	6

ii) Joint Entities

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		31/12/2017	31/12/2016	
1	J/V GEK TERNA SA – TERNA ENERGY SA	50%	50%	3

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

			Participation Percentage			
No.	Company Name	Establishment	31/12/2017	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%	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

(All amounts in thousand Euro, unless stated otherwise)

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

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

C) Associates of TERNA ENERGY SA

No.	Company Name	Participation Percentage		Consolidation Method	Tax un-audited fiscal years
		31/12/2017	31/12/2016		
1	Renewable Energy Center RES Cyclades SA *	45%	45%	Equity	6
2	EN.ER.MEL. S.A.	49.2%	49.2%	Equity	6

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

5 INFORMATION REGARDING OPERATING SEGMENTS

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

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

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

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

Constructions: 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.

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

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

"EBIT" is an index used by the Management in order to assess 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, +/- Provision for impairment of participations and securities, +/- Earnings/(losses) from financial instruments valued at fair.

"Net debt / (Surplus)" is an index used by Management in order to assess 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 16 of the attached financial statements)), minus the blocked deposits (they are included in the item "Prepayments and Other receivables (Note 16 of the attached financial statements)), as it is presented in the financial statements (Note 5).

"EBITDA" is defined as the *EBIT* plus the depreciations of the year minus the grants' amortization corresponding to the year, as it is presented in the financial statements (Note 5).

(All amounts in thousand Euro, unless stated otherwise)

Business segments 31/12/2017	Construction	Electricity from renewable energy sources	Trading Electric Energy	Concessions	Consolidation Write-offs	Total Consolidated
Income from external customers						
Sales of products	-	173,024	13,623	9,472	-	**196,119**
Income from construction services	38,747	-	-	41,669	-	**80,416**
Total income from external customers	**38,747**	**173,024**	**13,623**	**51,141**	**-**	**276,535**
Inter-segment income	23,450				(23,450)	**-**
Total income	**62,197**	**173,024**	**13,623**	**51,141**	**(23,450)**	**276,535**
Net Results per Segment	**12,244**	**22,837**	**738**	**1,301**	**-**	**37,120**
Depreciations	(60)	(46,046)	-	(6)	-	**(46,112)**
Amortization of grants	-	7,901	-	-	-	**7,901**
Financial income	56	1,339	-	1,174	-	**2,569**
Financial expenses	(215)	(47,949)	(27)	(1,603)	-	**(49,794)**
Foreign exchange differences	-	(3,980)	(18)	-	-	**(3,998)**
Profit from financial instruments valued at fair	-	12	-	-	-	**12**
Profit from sale of participations and securities	-	7	-	-	-	**7**
Provision for impairment of participations and securities	-	(2)	-	-	-	**(2)**
Results from associates	-	(1,113)	-	-	-	**(1,113)**
Income tax	(6,009)	(13,352)	(188)	(346)	-	**(19,895)**
Earnings before interest and taxes (EBIT)	**18,412**	**87,875**	**971**	**2,076**	**-**	**109,334**
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**18,472**	**126,020**	**971**	**2,082**	**-**	**147,545**
Segment assets	63,517	1,469,535	5,145	60,853	-	**1,599,050**
Investments in associates	-	4,261	-	-	-	**4,261**
Total Assets	**63,517**	**1,473,796**	**5,145**	**60,853**	**-**	**1,603,311**
Segment liabilities	**21,119**	**1,148,836**	**3,358**	**51,249**	**-**	**1,224,562**
Bank liabilities	-	742,598	92	39,270	-	**781,960**
Cash (apart from grants to be returned)	(35,214)	(128,920)	(560)	(12,040)	-	**(176,734)**
Blocked deposits	-	(41,353)	-	-	-	**(41,353)**
Net debt / (surplus)	**(35,214)**	**572,325**	**(468)**	**27,230**	**-**	**563,873**
Capital expenditures for the year	73	232,372	-	66	-	**232,511**

(All amounts in thousand Euro, unless stated otherwise)

Business segments 31/12/2016	**Construction**	**Electricity from renewable energy sources**	**Trading Electric Energy**	**Concessions**	**Consolidation Write-offs**	**Total Consolidated**
Income from external customers						
Sales of products	-	151,113	31,458	-	-	**182,571**
Income from construction services	30,261	-	-	12,728	-	**42,989**
Total income from external customers	**30,261**	**151,113**	**31,458**	**12,728**	**-**	**225,560**
Inter-segment income	36,974	-	-	-	(36,974)	**-**
Total income	**67,235**	**151,113**	**31,458**	**12,728**	**(36,974)**	**225,560**
Net Results per Segment	**3,430**	**17,955**	**323**	**(329)**	**-**	**21,379**
Depreciations	(114)	(53,178)	(2)	-	-	**(53,294)**
Amortization of grants	-	10,868	-	-	-	**10,868**
Net financial results	(506)	(38,394)	(32)	(516)	-	**(39,448)**
Foreign exchange differences	-	821	-	-	-	**821**
Profit / (losses) from sale of participations and securities	(5)	591	-	-	-	**586**
Profit / (losses) from financial instruments valued at fair	-	1,069	-	-	-	**1,069**
Results from associates	-	(80)	-	-	-	**(80)**
Income tax	(2,302)	(12,690)	(66)	146	-	**(14,912)**
Earnings before interest and taxes (EBIT)	**6,243**	**66,639**	**421**	**41**	**-**	**73,344**
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**6,357**	**108,948**	**423**	**41**	**-**	**115,769**
Segment assets	36,745	1,357,162	2,932	35,398	-	**1,432,237**
Investments in associates	-	5,374	-	-	-	**5,374**
Total Assets	**36,745**	**1,362,536**	**2,932**	**35,398**	**-**	**1,437,611**
Segment liabilities	**30,399**	**1,021,833**	**1,977**	**28,172**	**-**	**1,082,381**
Bank liabilities	-	641,544	78	26,234	-	**667,856**
Cash (apart from grants to be returned)	(6,310)	(69,126)	(211)	(1,701)	-	**(77,348)**
Blocked deposits	-	(36,007)	-	-	-	**(36,007)**
Net debt / (surplus)	**(6,310)**	**536,411**	**(133)**	**24,533**	**-**	**554,501**
Capital expenditures for the year	39	150,715	-	-	-	**150,754**

(All amounts in thousand Euro, unless stated otherwise)

Geographic segments **31/12/2017**	**Greece**	**Eastern Europe**	**America**	**Total consolidated**
Turnover from external customers	221,383	29,954	25,198	**276,535**
Non-current assets	620,431	150,393	406,065	**1,176,889**
Capital expenditure	59,563	-	172,948	**232,511**
31/12/2016				
Turnover from external customers	148,328	50,322	26,910	**225,560**
Non-current assets	583,115	154,627	283,837	**1,021,579**
Capital expenditure	99,318	875	50,561	**150,754**

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

6 INTANGIBLE FIXED ASSETS

Intangible fixed assets and their movement for the periods from 1 January to 31 December 2017 and 2016, which are presented in the accompanying financial statements, are analyzed as follows:

GROUP	Software Programs	Concessions and Rights	Total
Acquisition Cost			
As at 1 January 2016	**392**	**35,971**	**36,363**
Additions	13	71	**84**
Transfers	-	16	**16**
Reductions / eliminations during the period	-	(1,520)	**(1,520)**
Foreign Exchange Differences	-	326	**326**
31 December 2016	**405**	**34,864**	**35,269**
As at 1 January 2017	**405**	**34,864**	**35,269**
Additions	37	263	**300**
Impairment of wind park licenses(Note 30)	-	(2,340)	**(2,340)**
Foreign Exchange Differences	-	(1,120)	**(1,120)**
31 December 2017	**442**	**31,667**	**32,109**
Accumulated Amortization			
As at 1 January 2016	**227**	**5,817**	**6,044**
Amortization for the period	45	2,024	**2,069**
Reclassifications	-	(20)	**(20)**
Foreign Exchange Differences	-	74	**74**
31 December 2016	**272**	**7,895**	**8,167**
As at 1 January 2017	**272**	**7,895**	**8,167**
Amortization for the period	42	1,294	**1,336**
Foreign Exchange Differences	-	(247)	**(247)**
31 December 2017	**314**	**8,942**	**9,256**
Net Book Value			
31 December 2016	**133**	**26,969**	**27,102**
31 December 2017	**128**	**22,725**	**22,853**

(All amounts in thousand Euro, unless stated otherwise)

COMPANY	Software Programs	Concessions and Rights	Total
Acquisition Cost			
As at 1 January 2016	**391**	**3,629**	**4,020**
Additions	13	2	**15**
Reductions / eliminations during the period	-	(205)	**(205)**
31 December 2016	**404**	**3,426**	**3,830**
As at 1 January 2017	**404**	**3,426**	**3,830**
Additions	37	-	**37**
31 December 2017	**441**	**3,426**	**3,867**
Accumulated Amortization			
As at 1 January 2016	**225**	**1,310**	**1,535**
Amortization for the period	45	154	**199**
Reclassifications	-	(20)	**(20)**
31 December 2016	**270**	**1,444**	**1,714**
As at 1 January 2017	**270**	**1,444**	**1,714**
Amortization for the period	42	107	**149**
31 December 2017	**312**	**1,551**	**1,863**
Net Book Value			
31 December 2016	**134**	**1,982**	**2,116**
31 December 2017	**129**	**1,875**	**2,004**

In the year ended on the 31st of December 2017, an impairment loss of € 2,340 was recognized in the licenses of two wind farms of subsidiary companies in Greece and Bulgaria that had been recognized in the consolidated statement of financial position. This loss encumbered "Other income / (expenses)" in the statement of comprehensive income (see Note 30). The management of the Group carried out an impairment test of the RES-related assets, parks, which had relevant indications. For the audit, the recoverable value is determined in accordance with the value in use calculation. This calculation uses cash flow forecasts, based on budgets, which have been approved by the management and cover the remaining useful life of the park, that is 25 years from the beginning of the production process.

Basic assumptions

The assumptions of selling prices are the best estimate of the management. The factors taken into account in calculating these forecasts are inflation, local market growth, competition, etc.

Value in use is affected by (is sensitive to) the following key factors:

• Sales volumes
• Sales prices
• EBITDA
• Discount rate (for Greece: 8.41% and for Bulgaria: 8.63%)

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

The change in "Concessions and Rights" includes the effect of extending the useful life of wind farms from 20 to 25 years, which took place during the year 2017, resulting in a reduction in depreciation costs of € 128 in relation to the depreciation cost that would have arisen if the useful life extension had not occurred (see Note 3 (j). This effect will be declining in the coming years, as the oldest parks of the Group will approach their originally defined twenty-year life, and from the time of expiration of their initially defined useful life and for the additional five years of its expansion, it will turn into negative.

(All amounts in thousand Euro, unless stated otherwise)

7 TANGIBLE FIXED ASSETS

Tangible fixed assets and their movement for the periods from 1 January to 31 December 2017 and 2016, in the accompanying financial statements, are analyzed as follows:

GROUP							
	Land-Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Fixtures and other equipment	Assets under construction	Total
Acquisition Cost							
1 January 2016	**4.817**	**77.917**	**882.916**	**1.963**	**4.328**	**103.284**	**1.075.225**
Additions	34	40	71.340	139	275	78.842	**150.670**
Borrowing cost	-	78	2.305	-	-	384	**2.767**
Provisions for restoration	-	-	3.962	-	-	-	**3.962**
Reductions / Write-offs	-	-	(184)	(2)	(50)	(217)	**(453)**
Transfers	-	7.534	84.731	-	-	(92.265)	**-**
Reclassifications	-	-	-	-	-	(16)	**(16)**
Foreign exchange differences	-	340	4.682	4	(3)	2.377	**7.400**
31 December 2016	**4.851**	**85.909**	**1.049.752**	**2.104**	**4.550**	**92.389**	**1.239.555**
1 January 2017	**4.851**	**85.909**	**1.049.752**	**2.104**	**4.550**	**92.389**	**1.239.555**
Additions	9	6.080	163.612	199	364	55.021	**225.285**
Borrowing cost	-	-	5.711	-	-	247	**5.958**
Provisions for restoration	-	-	968	-	-	-	**968**
Reductions / Write-offs	(36)	-	(21)	(391)	-	-	**(448)**
Transfers	-	13.327	59.112	-	-	(72.439)	**-**
Foreign exchange differences	-	(2.577)	(33.963)	(18)	1	(4.381)	**(40.938)**
31 December 2017	**4.824**	**102.739**	**1.245.171**	**1.894**	**4.915**	**70.837**	**1.430.380**
Accumulated depreciations							
1 January 2016	**-**	**20.866**	**191.290**	**1.126**	**3.276**	**-**	**216.558**
Depreciations for the period	-	4.046	46.800	109	270	-	**51.225**
Reductions / Write-offs	-	-	(134)	(1)	(11)	-	**(146)**
Reclassifications	-	-	20	-	-	-	**20**
Foreign exchange differences	-	82	1.238	1	-	-	**1.321**
31 December 2016	**-**	**24.994**	**239.214**	**1.235**	**3.535**	**-**	**268.978**
1 January 2017	**-**	**24.994**	**239.214**	**1.235**	**3.535**	**-**	**268.978**
Depreciations for the period	-	3.250	41.150	129	247	-	**44.776**
Reductions / Write-offs	-	-	3	(158)	-	-	**(155)**
Transfers	-	-	-	-	-	-	**-**
Foreign exchange differences	-	(325)	(5.720)	(7)	(1)	-	**(6.053)**
31 December 2017	**-**	**27.919**	**274.647**	**1.199**	**3.781**	**-**	**307.546**
Net Book Value							
31 December 2016	**4.851**	**60.915**	**810.538**	**869**	**1.015**	**92.389**	**970.577**
31 December 2017	**4.824**	**74.820**	**970.524**	**695**	**1.134**	**70.837**	**1.122.834**

(All amounts in thousand Euro, unless stated otherwise)

COMPANY							
	Land-Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Fixtures and other equipment	Assets under construction	Total
Acquisition Cost							
1 January 2016	**896**	**11,210**	**151,959**	**1,367**	**3,967**	**5,116**	**174,515**
Additions	-	-	190	63	79	4,307	**4,639**
Provisions for restoration	-	-	2,598	-	-	-	**2,598**
Reductions / Write-offs	-	-	(129)	(2)	(89)	-	**(220)**
31 December 2016	**896**	**11,210**	**154,618**	**1,428**	**3,957**	**9,423**	**181,532**
1 January 2017	**896**	**11,210**	**154,618**	**1,428**	**3,957**	**9,423**	**181,532**
Additions	-	-	4	52	351	263	**670**
Provisions for restoration	-	-	(493)	-	-	-	**(493)**
Reductions / Write-offs	-	-	-	(348)	-	-	**(348)**
31 December 2017	**896**	**11,210**	**154,129**	**1,132**	**4,308**	**9,686**	**181,361**
Accumulated depreciations							
1 January 2016	**-**	**5,620**	**64,569**	**917**	**3,145**	**-**	**74,251**
Depreciations for the period	-	531	7,175	51	223	-	**7,980**
Reductions / Write-offs	-	-	(129)	(1)	(16)	-	**(146)**
Reclassifications	-	-	20	-	-	-	**20**
31 December 2016	**-**	**6,151**	**71,635**	**967**	**3,352**	**-**	**82,105**
1 January 2017	**-**	**6,151**	**71,635**	**967**	**3,352**	**-**	**82,105**
Depreciations for the period	-	343	5,578	58	193	-	**6,172**
Reductions / Write-offs	-	-	-	(121)	-	-	**(121)**
31 December 2017	**-**	**6,494**	**77,213**	**904**	**3,545**	**-**	**88,156**
Net Book Value							
31 December 2016	**896**	**5,059**	**82,983**	**461**	**605**	**9,423**	**99,427**
31 December 2017	**896**	**4,716**	**76,916**	**228**	**763**	**9,686**	**93,205**

The account “Technological and mechanical equipment” amounting to € 970,524 includes Wind Park generators that have been collateralized at banks as security against long-term loans.

The categories “Land-Plots”, “Buildings and installations” and “Technological and mechanical equipment”, include fixed assets with a net book value of € 78,460 and € 75,283, during December 31st 2017 and 2016 respectively, which refer to Installations of Distribution Networks constructed by the Company, and as stipulated by the agreements with DEDDIE, such are transferred to DEDDIE, free of charge, during the commissioning of each Wind Park. However, and after their transfer, such installations will continue to serve the purpose for which they were constructed, namely the sale of produced electric energy to DEDDIE and LAGIE, remaining at the exclusive use of the Company and therefore, the net book cost during the transfer date, will continue to depreciate, as previously, until the 25-year depreciation period of the Wind Parks is fulfilled.

The change in "Technological and Mechanical Equipment" includes the effect of extending the useful life of wind farms from 20 to 25 years, which took place during the year 2017, resulting in a decrease of the depreciation cost of € 12,824 in relation to the depreciation that would have arisen if the useful life extension had not occurred (see Note 3 (j). This effect will be declining in the coming years, as the oldest parks of the Group will approach their originally defined twenty-year life, and from the time of expiration of their initially defined useful life and for the additional five years of its expansion, it will turn into negative.

(All amounts in thousand Euro, unless stated otherwise)

8 INVESTMENT PROPERTY

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Opening Balance	530	575	530	575
Change in fair value of investment assets	(21)	(45)	(21)	(45)
Total	**509**	**530**	**509**	**530**

9 INVESTMENT IN SUBSIDIARIES

The change of book value of the parent company's investments in companies which are being consolidated was as follows:

	Company data	
	2017	2016
Beginning of period	**271,479**	**246,182**
Additions	29,756	34,333
(Sales of stake in subsidiaries)	(2,625)	-
(Resolution of company)	(15)	-
(Share capital decreases of participations)	(3,260)	(9,036)
(Impairment of participations in subsidiaries)	(6,694)	-
End of period	**288,641**	**271,479**

The additions amounting to € 29,756 that were realized within 2017, concern the following companies:

Company	Addition	Justification
TERNA ENERGY OVERSEAS LTD	20,950	Share capital increase
AIOLIKI KARYSTIAS EVOIAS SA	297	Share capital increase
Te & SIA ENERGY, KAFIREOS EVOIAS GP	1,776	Share capital increase
ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	1,200	Share capital increase
ENERGEIAKI PELOPONNISOU S.A.	4,468	Share capital increase
AEIFORIKI IPEIROU MAEES	900	Participation in establishment of company
OPTIMUS ENERGY SA	123	Participation in establishment of company
TERNA ENERGY UK PLC	41	Share capital increase
	29,756	

During the year ended 31 December 2017, TERNA ENERGY proceeded to:

- the sale of 50% of its participation in the subsidiary HELLAS SMARTICKET SA (from 70% in 2016 to 35% in 2017) to GEK TERNA for € 2,625 without any profit or loss. The Group continues to consolidate HELLAS SMARTICKET SA via the full consolidation method.
- the reduction of share capital in its subsidiary TERNA SOLAR PANORAMA SA by € 3,260

In the year 2017, the decrease in Investments by € 6,694 relates to the impairment of investments in subsidiaries after a relevant impairment check. The majority of the impairment loss of € 6,560 relates to the subsidiary VALE PLUS LTD, which is active in the Electricity Market. The resulting loss was recognized in the statement of comprehensive income under "Other income / (expenses)" (see Note 30).

(All amounts in thousand Euro, unless stated otherwise)

The Group's subsidiaries are analyzed as follows:

Name	Domicile	Participation stake 2017	Participation stake 2016
IWECO CHONOS LASITHI CRETE SA	GREECE	100%	100%
ENERGIAKI SERVOUNIOU SA	GREECE	100%	100%
TERNA ENERGY EVROU SA	GREECE	100%	100%
DEI RENEWABLES – TERNA ENERGY SA	GREECE	51%	51%
AIOLIKI PANORAMATOS DERVENOCHORION SA	GREECE	100%	100%
AIOLIKI RACHOULAS DERVENOCHORION SA	GREECE	100%	100%
ENERGIAKI DERVENOCHORION SA	GREECE	100%	100%
AIOLIKI MALEA LAKONIAS SA	GREECE	100%	100%
ENERGIAKI FERRON EVROU SA	GREECE	100%	100%
AIOLIKI DERVENI TRAIANOUPOLEOS SA	GREECE	100%	100%
ENERGEIAKI PELOPONNISOU SA	GREECE	100%	100%
ENERGIAKI NEAPOLOEOS LAKONIAS SA	GREECE	100%	100%
AIOLIKI ILIOKASTROU SA	GREECE	100%	100%
EUROWIND SA	GREECE	100%	100%
ENERGIAKI XIROVOUNIOU SA	GREECE	100%	100%
DELTA AXIOU ENERGEIAKI SA	GREECE	66%	66%
TERNA ENERGY THALASSIA WIND PARKS S.A.	GREECE	77%	77%
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	GREECE	77%	77%
VATHYCHORI PERVALLONTIKI SA	GREECE	100%	100%
VATHYCHORI ENA PHOTOVOLTAIC SA	GREECE	100%	100%
CHRYSOUPOLI ENERGEIAKI LTD	GREECE	80%	80%
LAGADAS ENERGEIAKH SA	GREECE	80%	80%
DOMOKOS ENERGEIAKI S.A.	GREECE	90%	90%
DIRFYS ENERGEIAKI S.A.	GREECE	51%	51%
FILOTAS ENERGEIAKI S.A.	GREECE	90%	90%
MALESINA ENERGEIAKH LTD	GREECE	80%	80%
ORCHOMENOS ENERGEIAKH LTD	GREECE	80%	80%
ALISTRATI ENERGY LTD	GREECE	80%	80%
TERNA ENERGEIAKI – AI GIORGIS SA	GREECE	100%	100%
TERNA AIOLIKI AMARYNTHOU SA	GREECE	100%	100%
TERNA AIOLIKI AITOLOAKARNANIAS SA	GREECE	100%	100%
TERNA ILIAKI VOIOTIAS SA	GREECE	100%	100%
VATHYCHORI DYO ENERGEIAKI	GREECE	100%	100%
TERNA AIOLIKI XEROVOUNIOU SA	GREECE	100%	100%
TERNA ILIAKI ILIOKASTROU S.A.	GREECE	100%	100%
TERNA ILIAKI PANORAMATOS SA	GREECE	100%	100%
AIOLIKI KARYSTIAS EVOIAS SA	GREECE	100%	100%
GEOTHERMIKI ENERGEIAKH ANAPTYXIAKI SA	GREECE	50%	50%
TERNA ILIAKI PELOPONNISOU SA	GREECE	100%	100%
PERIVALLONTIKI PELOPONNISOU S.A.	GREECE	100%	100%
HELLAS SMARTICKET SA	GREECE	35%	70%
WASTE SYCLO SA	GREECE	51%	51%
TERNA ENERGY FINANCE SPSA	GREECE	100%	100%
AEIFORIKI IPEIROU MAEES	GREECE	100%	-
OPTIMUS ENERGY SA	GREECE	51%	-
GP ENERGY LTD	BULGARIA	51%	51%
TERNA ENERGY OVERSEAS LTD	CYPRUS	100%	100%
EOLOS POLSKA sp.z.o.o.	POLAND	100%	100%
EOLOS NOWOGRODZEC sp.z.o.o.	POLAND	100%	100%
HAOS INVEST 1 EAD	BULGARIA	100%	100%
VALE PLUS LTD	CYPRUS	100%	100%

(All amounts in thousand Euro, unless stated otherwise)

GALLETTE LTD	CYPRUS	100%	100%
ECO ENERGY DOBRICH 2 EOOD	BULGARIA	100%	100%
ECO ENERGY DOBRICH 3 EOOD	BULGARIA	100%	100%
ECO ENERGY DOBRICH 4 EOOD	BULGARIA	100%	100%
COLD SPRINGS WINDFARM LLC	USA	100%	100%
DESERT MEADOW WINDFARM LLC	USA	100%	100%
HAMMETTHILL WINDFARM LLC	USA	100%	100%
MAINLINE WINDFARM LLC	USA	100%	100%
RYEGRASS WINDFARM, LLC	USA	100%	100%
TWO PONDS WINDFARM, LLC	USA	100%	100%
MOUNTAIN AIR WIND, LLC	USA	100%	100%
TERNA ENERGY USA HOLDING CORPORATION	USA	100%	100%
MOUNTAIN AIR PROJECTS LLC	USA	100%	100%
MOUNTAIN AIR INVESTMENTS LLC	USA	100%	100%
MOUNTAIN AIR ALTERNATIVES LLC	USA	100%	100%
MOUNTAIN AIR RESOURCES LLC	USA	100%	100%
MOUNTAIN AIR HOLDINGS LLC	USA	100%	100%
FLUVANNA WIND ENERGY LLC	USA	100%	100%
FLUVANNA HOLDINGS LLC	USA	100%	100%
FLUVANNA INVESTMENTS LLC	USA	100%	100%
TERNA DEN LLC	USA	100%	100%
FLUVANNA I INVESTOR INC	USA	100%	-
FLUVANNA I HOLDING COMPANY LLC	USA	100%	-
TERNA RENEWABLE ENERGY PROJECTS LLC	USA	100%	100%
AEGIS LLC	USA	100%	100%
MOHAVE VALLEY ENERGY LLC	USA	100%	100%
TERNA ENERGY TRANSATLANTIC sp.z.o.o.	POLAND	100%	100%
EOLOS NORTH sp.z.o.o.	POLAND	100%	100%
EOLOS EAST sp.z.o.o.	POLAND	100%	100%
ΑΙΟΛΙΚΗ ΠΑΣΤΡΑ ΑΤΤΙΚΗΣ ΑΕ	GREECE	100%	100%
TERNA ENERGY TRADING LTD	CYPRUS	51%	51%
JP GREEN sp.z.o.o.	POLAND	100%	100%
WIRON sp.z.o.o.	POLAND	100%	100%
BALLADYNA sp.z.o.o.	POLAND	100%	100%
TERNA ENERGY UK PLC	ENGLAND	100%	100%
TETRA DOOEL SKOPJE	FYROM	51%	51%
PROENTRA D.O.O BEOGRAD	SERBIA	51%	51%
TERNA ENERGY TRADING SHPK	ALBANIA	51%	51%
TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	GREECE	100%	100%
TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	GREECE	100%	100%
TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	GREECE	99%	99%
TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	GREECE	100%	100%
TERNA ENERGY SA VECTOR WIND PARKS OF GREECE – WIND PARK TROULOS G.P.	GREECE	90%	90%

(All amounts in thousand Euro, unless stated otherwise)

Subsidiary companies with significant percentage of non-controlling interests

The following tables present in synopsis the financial data of subsidiaries in which the non-controlling participations hold a significant percentage.

Summary data of the statement of financial position

	HST SA		DEI RENEWABLES – TERNA ENERGY SA		DELTA AXIOU SA	
Non-controlling interest (%)	**65,00%**	**30,00%**	**49,00%**	**49,00%**	**34,00%**	**34,00%**
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Non-current assets	27,216	10,173	11,446	12,143	6,144	6,199
Current assets	28,226	25,225	1,803	2,716	1,489	1,762
Total assets	**55,442**	**35,398**	**13,249**	**14,859**	**7,633**	**7,961**
Long-term liabilities	23,629	19,400	6,377	7,304	3,653	3,904
Short-term liabilities	24,180	8,780	915	1,104	2,572	2,234
Total liabilities	**47,809**	**28,180**	**7,292**	**8,408**	**6,225**	**6,138**
Equity	**7,633**	**7,218**	**5,957**	**6,451**	**1,408**	**1,823**
Attributed to:						
Non-controlling interests	4,961	2,165	2,919	3,161	479	620

Summary data of the statement of comprehensive income

	HST SA		DEI RENEWABLES – TERNA ENERGY SA		DELTA AXIOU SA	
	1-Jan		**1- Jan**		**1- Jan**	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Sales	46,604	12,728	46,604	12,728	46,604	12,728
Net earnings / (losses) for the year	**416**	**(329)**	**416**	**(329)**	**416**	**(329)**
Other comprehensive expenses for the year (net, after taxes)	-	(6)	-	(6)	-	(6)
Total Comprehensive Income / (Expenses) of year	**416**	**(335)**	**416**	**(335)**	**416**	**(335)**
Earnings / (losses) of year attributed to non-controlling interests	137	(101)	204	(164)	141	(114)

Summary data of the cash flow statement

	HST SA		DEI RENEWABLES – TERNA ENERGY SA		DELTA AXIOU SA	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Total inflows / (outflows) from operating activities	(2,882)	(29,462)	2,051	972	830	(675)
Total inflows / (outflows) from investment activities	(4)	-	4	7	(299)	(521)
Total inflows / (outflows) from financing activities	11,540	29,214	(1,759)	(1,728)	(566)	364
Net increase / (decrease) in cash and cash equivalents of year	**8,654**	**(248)**	**296**	**(749)**	**(35)**	**(832)**

(All amounts in thousand Euro, unless stated otherwise)

10 PARTICIPATION IN ASSOCIATE COMPANIES

As of 31/12/2017, the Group owns 45% of the share capital of the associate company Cyclades RES Energy Center SA. Also, it owns 49.2% of the shares of the company EN.ER.MEL S.A.

	Consolidated Data		Company Data	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Beginning of year	**5,374**	**5,454**	**5,451**	**5,451**
Share of loss (after taxes)	(1,113)	(80)	-	-
(Impairment of participations in associate companies)	-	-	(1,263)	-
End of year	**4,261**	**5,374**	**4,188**	**5,451**

During the fiscal year 2017, the Company proceeded with an impairment of its participation in the associate company EN.ER.MEL S.A. by an amount of € 1,263. The resulting loss was recorded in the item of the statement of comprehensive income “Other income / (expenses)” (see Note 30). The relevant amount for the Group has been reclassified to the line “Proportion in results of associate companies” of the statement of comprehensive income.

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

	31/12/2017	31/12/2016
Total Assets	8,716	8,755
Total Liabilities	41	30
Total Income	-	-
Total Expenses	(540)	(490)
Losses after taxes	**(540)**	**(490)**

11 OTHER LONG-TERM RECEIVABLES

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

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Loans to subsidiaries	-	-	-	61,185
Loans to parent – other related companies	1,743	1,160	90,159	501
Various Provided Guarantees	407	350	232	189
Other Long-Term Receivables	22,527	21,860	439	497
Total	**24,677**	**23,370**	**90,830**	**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 5.25% - 8%. 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 9-month period 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 9-month period of 2017 and operation of the wind parks commenced. Furthermore, the Company financed the construction of the installation for solid waste treatment of Epirus Region, Greece, which commenced during the third quarter of 2017 and is expected to complete until the beginning of 2019.

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

12 FINANCIAL ASSETS - CONCESSIONS

The Group constructs and operates two contracts:

a) Unified Automatic Fare Collection System

On 29/12/2014, a partnership agreement (PPP) for the study, financing, installation, maintenance and technical management of a Unified Automatic Fare Collection System was signed between the OASA (Athens Transport) Group and the subsidiary Company "HST SA" for the companies of the OASA Group. The total duration of the contract is 12 years and 6 months. The construction and installation was completed in the third quarter of 2017, and during the first half of 2017, the operation started, which is expected to last 10 years and 4 months. There is an overlap of construction and operating periods for 6 months.
The Group constructs and operates two contracts:

The construction, installation and operation 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 for Buses, Trolley, TRAM and Line 1, 2 and 3 of the Metro began, while the Suburban Railway was launched in the third quarter of 2017.

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

The Group’s Management, considering these contractual terms, considered that in this particular case the recognition of a financial receivable, guaranteed by the concessioner is applicable, by recognizing and accounting for the revenue and costs associated with the construction or upgrading services in accordance with IAS 11 , while revenue and costs related to operating services are recognized and accounted for in accordance with IAS 18.

b) Urban Waste Treatment Plant of the Region of Epirus

On 21/07/2017 a partnership agreement (PPP) was signed between the EPIRUS REGION and the subsidiary company "AEIFORIKI EPIRUS MONOPROSOPI SPECIAL PURPOSE SOCIETE ANONYME", for the implementation of the project for the urban waste treatment plant of the Region of Epirus. The contract is executed in two periods, the period of project and the service period and is of a duration of 27 years. The construction of the project began in the third quarter of 2017 and construction works are expected to be completed in January 2019, with the start of the service period. A trial period is included in the above period.

(All amounts in thousand Euro, unless stated otherwise)

From the commencement of the construction of the project, the work is carried out within the schedules of the partnership agreement. Under the contract, the Epirus waste treatment plant will process 105,000 tn of conventional waste per year, for which Epirus will receive from the Region of Epirus a default price per ton as a payment for availability. Other revenues for AEIFORIKI EPIRUS will result from the exploitation of secondary products, i.e. from the sale of recyclable materials and the sale of electricity.

The minimum guaranteed quantity of waste guaranteed by the concessor to deliver to the concessionaire is 80,000 tons per year for the total duration of the contract. If the total quantity of conventional waste is less than the minimum guaranteed quantity, then the charge to be calculated will be determined assuming that the amount of waste is equal to the minimum guaranteed.

During the service period, AEIFORIKI EPIRUS is required to perform maintenance work and programmed replacements of the equipment, based on the conventional life cycle replacement schedule. When the partnership agreement expires, AEIFORIKI EPIRUS will transfer to the Region of Epirus (or to a third party designated by the Region of Epirus), in exchange for one Euro, all rights and titles on its assets. The partnership agreement does not contain any terms of extension but only termination terms.

In the year 2017, the Group received financial assistance related to the construction of the infrastructure, which it recognized as a separate financial liability element amounting to € 3,071 and is included in “Other Long-term liabilities” in the statement of financial position.

The analysis of the movement of the generated Financial Assets from Concessions as well as the revenue per category are analyzed as follows:

Financial Assets - Concessions	**Unified Automated System for Ticket Collection**	**Installation of civil waste processing Epirus Region**
Beginning balance 01/01/2016	1,723	-
Increases of Financial Item	8,084	-
Reversal of discounting (Effective interest on receivables)	248	-
Ending balance 31/12/2016	**10,055**	**-**
Ending balance 01/01/2017	10,055	-
Increases / decreases of Financial Item	15,233	(3,071)
Reversal of discounting (Effective interest on receivables)	1,174	-
Reclassification in the Liabilities of the Financial Assets of Concessions	-	3,071
Ending balance 31/12/2017	**26,463**	**-**
Analysis of revenues per category 2017		
Income from construction services	38,740	2,929
Income from operation services	9,472	-
Reversal of discounting (Effective interest on receivables)	1,174	-
Total	**49,386**	**2,929**
Analysis of revenues per category 2016		
Income from construction services	12,728	-
Reversal of discounting (Effective interest on receivables)	248	-
Total	**12,977**	**-**

(All amounts in thousand Euro, unless stated otherwise)

13 INVENTORIES

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

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Merchandise	33	33	33	33
Raw and Auxiliary Materials	690	2,291	508	2,150
Spare-parts of Fixed Assets	3,495	1,739	2,556	1,220
Total inventories	**4,218**	**4,063**	**3,097**	**3,403**

During 31 December 2017 there was no need for provisions for impaired or low turnover inventories.

No liens exist against the inventories.

14 TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

Trade receivables on 31 December 2017, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Customers of the construction sector	12,539	14,716	26,813	30,366
Customers of the energy sector (DEDDIE, LAGIE and others)	61,584	65,962	17,484	29,091
Customers – Withheld guarantees	3,740	-	4,550	-
Non-invoiced receivables (apart from IFRS 11)	130	-	130	-
Minus: Provisions for doubtful receivables	(279)	(289)	-	(211)
Total	**77,714**	**80,389**	**48,977**	**59,246**

The above trade receivables also include receivables from Energy sector customers amounting to € 47,257 on 31 December 2017 which are pledged to banks as security for provided long-term and bond loans to finance the construction of Wind Parks.

The maturity of the trade receivables is presented below:

		ΟΜΙΛΟΣ		ΕΤΑΙΡΕΙΑ	
	Months	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Not in delay and not impaired		66,285	31,763	15,679	13,301
In delay but not impaired	0-6	8,793	46,534	16,250	33,691
	6-12	242	867	7,451	5,208
	12-24	121	293	4,096	2,065
	>24	2,552	1,221	5,501	5,192
minus: Bad debt provision		(279)	(289)	-	(211)
Total		**77,714**	**80,389**	**48,977**	**59,246**

The amounts which are not in delay include an amount of € 3.74 million which concerns withheld amounts for good execution purposes (withheld guarantees).

(All amounts in thousand Euro, unless stated otherwise)

The receivables for which there was a relevant provision for impairment, concern almost to their entirety receivables in delay of over 12 months. In total, the receivables in delay, and after impairment, include the following:

a) Receivables from Bodies of the Greek State (including LAGIE) of total amount € 3.471 million, which are considered to be fully collectable to their entirety.
b) Receivables from other related parties of total amount € 7.7 million which to their entirety are considered to be safe in terms of their collection.

The other balances, after impairments, concern customers of € 0.28 million which according to estimates made by the Management are viewed as credible and their collection is considered to be safe. In the context of the Group's business activity, all the necessary actions are taken per case in order to ensure the collectability of the receivables. Finally, the received prepayments, which as of 31/12/2017 amounted to € 3.8 million, constitute an important insurance against the final collection of the respective balances.
The analysis of the provisions for doubtful receivables on 31 December 2017 in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Balance at 1 January	289	211	211	211
Provision recognized in the statement of results	194	78	-	-
Used provisions	(211)	-	(211)	-
Foreign exchange differences	7	-	-	-
Balance at 31 December	**279**	**289**	**-**	**211**

The prepayments and other receivables on 31 December 2017 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Prepayments to Suppliers	5,161	21,786	3,653	2,654
Accounts for Management of Prepayments and Credit	340	197	129	180
Deferred expenses	5,987	3,442	634	1,096
Accrued income	19,866	14,870	4,970	2,361
Other Receivables of the Group's Joint Ventures, GP, LP and the Group	288	284	704	689
Other receivables from subsidiaries	-	-	6,406	3,916
Other receivables from other associated companies	1,675	313	-	-
Receivables from VAT	27,784	37,513	24	15
Receivables from wind park subsidies (Note 21)	1,479	1,479	-	-
Receivables from insurance indemnities	-	6,765	-	197
Receivables from social security funds	226	1,170	226	1,170
Blocked deposits	41,353	36,007	4,768	4,756
Income tax to be returned	-	1,285	-	-
Other receivables – Sundry debtors	1,314	14,959	1,237	3,112
Minus: Provisions for doubtful receivables	(33)	(60)	(33)	(60)
Total	**105,440**	**140,010**	**22,718**	**20,086**

(All amounts in thousand Euro, unless stated otherwise)

The grants concern investments in Wind Parks and are expected to be received with the approval of completion of the relevant investment plans. In year 2016, an amount of € 7,938 was de-recognized from "Receivables from wind park subsidies" (note 21). In the line "Other receivables from subsidiaries" the amount of € 6,406 is fully recoverable and its repayment has been scheduled.

In "Other receivables from subsidiaries" the amount of € 3,916 of year 2016 was fully recovered during the fiscal year 2017.

Accrued income includes income from produced electric energy of December 2017 amounting to € 16,209 for the Group and € 2,547 for the Company, which were invoiced at the beginning of 2018.

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

In year 2016, the account "Other receivables - sundry debtors" included an amount of EUR 11,329, which relates to the issuance of loans to the companies of the Group. Until 31/12/2016 their disbursement had not started. Within 2017, the aforementioned loans were withdrawn and the respective amount has been recognized, as a deduction of the amounts of the loans involved and will be amortized using the effective interest rate method.

15 AGREEMENTS FOR THE CONSTRUCTION OF TECHNICAL WORKS

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

	GROUP		COMPANY	
Cumulatively from the beginning of the projects	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Cumulative costs	119,228	99,414	151,326	182,056
Cumulative profit	31,964	9,778	35,796	24,931
Received prepayments	546	6,821	8,299	6,821
Amounts withheld from customers of projects	3,668	-	4,541	-
Receivables of projects, invoiced	159,855	116,806	196,869	213,990
Receivables from customers of projects	2,153	3,127	3,544	3,396
Liabilities towards customers of projects	(12,284)	(10,741)	(14,759)	(10,399)
Net liability from customers of projects	**(10,131)**	**(7,614)**	**(11,215)**	**(7,003)**

16 CASH & CASH EQUIVALENTS

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

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Cash in Hand	17	15	-	-
Sight & Time Deposits	201,311	164,384	97,782	29,249
Total	**201,328**	**164,399**	**97,782**	**29,249**

Term deposits usually have a duration of up to three months and bear interest rates ranging between 0.7%-1.2% for the year 2017.

(All amounts in thousand Euro, unless stated otherwise)

The Group's cash and cash equivalents include amounts for repayment amounting to € 24,594 (2016: € 87,051) (for the Company: € 18,420 (2016: € 18,420)), relating to subsidies previously collected, due to the cancellation of the construction of certain wind farms or due to the expiration of deadlines regarding the inclusion decisions of others whose construction has not been canceled. Out the total amount to be rebated, an amount of € 62,457 was returned within 2017. In addition to the above time, the Group returned interest income of € 1,375.

In addition, the Group maintains blocked deposits amounting to EUR 41,353 (for the Company: EUR 4,768), which are retained in certain bank accounts for the facilitation of its short-term operating and financial liabilities. These committed deposits are classified under the heading "Advances and other receivables" (note 14).

17 LONG-TERM LOANS

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

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Long-term loans	768,123	662,460	263,360	146,856
Minus: Short-term portion	(97,971)	(95,285)	(22,028)	(34,977)
Long-term portion	**670,152**	**567,175**	**241,332**	**111,879**

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

To secure all Group loans, Wind Park generators are collateralized, as well as cash while insurance contracts ,receivables from the sale of electric energy to LAGIE or DEDDIE and securities (subsidiaries' bonds owned by the parent company and subsidiaries' shares) are pledged to banks. In the context of this form of financing, the Group's companies maintain a series of blocked bank accounts, which serve the above liabilities. The pledges that have been granted exceed the amount of the Group's debt obligations.

The Group's long-term debt in Greece is in Euro (71.2% of the total), in the United States is in USD (19.6% of the total), in Poland is in PLN (7.7% of the total) and in Bulgaria is in EUR (1.5% of the total). Of the total long-term debt, as reported at the end of the fiscal year, 30.8% are at a fixed interest rate, 30.1% are floating-rate loans that have been hedged with future fixed rate payments against floating rate receipts, while 39.1% are floating-rate loans based on euribor or wibor, as the case may be each time.

The weighted average interest rate for the years 2017 and 2016 was 5.7% and 5.5% respectively.

The total interest of the Group's loans for the fiscal years 2017 and 2016 was € 39.115 and € 27.789 respectively. The Group estimates that the fair value of the above loans is not significantly different from their book value.

Part of the Company's long-term loans is loans from its subsidiaries, amounting to € 110,216, on 31 December 2017.

Of the Group's total debt, the amount of € 153,144 corresponds to bank loans of the parent Company, € 248,249 (amount of € 13,745 concerns to short-term loans-see note 25) corresponds to loan liabilities guaranteed by the parent Company and € 380,567 (amount of € 92 concerns to short-term loans-see note 25) corresponds to loan liabilities for which the parent Company has not provided any guarantee.

The Group's "New Debt" for 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 EBRD and € 10,000 from Piraeus Bank), for the development, construction and operation of wind farms of the Group's subsidiaries. The loan amounting to € 59.402 (issuance revenues of € 60,000 minus issuing expenses of € 598) was disbursed at the beginning of the first half of 2017.
In addition, a subsidiary of the Group, issued a common bond loan through a Public Offer of € 60,000. The loan amounting to € 58,883 (issuance revenues of € 60,000 minus issuing costs of € 1,117) was disbursed at the beginning of the third quarter of 2017. According to the terms of the loan, there is a prepayment option (call option) from the year 2019. The prepayment option was assessed by management as closely related to the bond. According to IAS 39 principles, this option was accounted for together with the bond as a single instrument (Combined debt instrument) measured at amortized cost using the effective interest method. Management assessed that the option is not expected to be exercised, so the expected cash flows include payments of interest and principal of the host bond over the full contractual term.

The Group has the obligation to maintain specific financial ratios relating to bond loans.

The Group fully satisfied the required limits of these ratios as at 31 December 2016, except for bond loans of carrying amount of € 43.073. These loans were reclassified to Short-term Liabilities, namely the "Long-term liabilities payable over the next financial year", as the financial ratios of the relevant loan contracts were not met on 31/12/16.

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

Additionally, on the 31st of December 2017, the Group fully complied with the required limits of the financial ratios, in accordance with the requirements of its loan agreements, excluding debt securities of amortized amount of € 21,674. These loans were reclassified under Short-term Liabilities and specifically under item "Long-term liabilities payable in the next financial year", as the financial ratios of the relevant loan contracts were not adequate on 31/12/2017. It is noted that Group’s Management takes all necessary steps to eliminate reasons for non-compliance.

18 FINANCIAL DERIVATIVES

Liabilities and assets from financial derivatives on 31.12.2017 & 31.12.2016 are analyzed as follows:

(All amounts in thousand Euro, unless stated otherwise)

			GROUP		COMPANY	
LIABILITY	**Nominal Value**		**Fair Value of Liability**	**Fair Value of Liability**	**Fair Value of Liability**	**Fair Value of Liability**
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
For hedging purposes						
Interest Rate Swaps:	€ 7,537	€ 7,537	271	426	-	-
Interest Rate Swaps:	€ 9,000	€ 9,000	401	574	-	-
Interest Rate Swaps:	€ 5,772	€ 5,772	169	256	-	-
Interest Rate Swaps:	€ 17,000	€ 17,000	1,345	1,755	-	-
Interest Rate Swaps:	€ 9,000	€ 9,000	-	330	-	-
Interest Rate Swaps:	€ 15,400	€ 15,400	847	1,069	-	-
Interest Rate Swaps:	€ 11,160	€ 11,160	51	164	-	-
Interest Rate Swaps:	€ 103,650	€ 103,650	536	1,114	-	-
Interest Rate Swaps:	€ 6,563	€ 6,563	382	506	382	506
Interest Rate Swaps:	€ 30,000	-	339	-	339	-
Interest Rate Swaps:	€ 20,000	-	202	-	202	-
			4,543	**6,194**	**923**	**506**
For trading purposes						
Options (collar)	-	-	-	95	-	-
			4,543	**6,289**	**923**	**506**

			GROUP		COMPANY	
ASSET	**Nominal Value**		**Fair Value of Asset**	**Fair Value of Asset**	**Fair Value of Asset**	**Fair Value of Asset**
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
For hedging purposes						
Interest Rate Swaps	$25,000	$25,000	312	307	-	-
Options (collar)	-	-	200	-	-	-
Options (collar)	-	-	798	-	-	-
			1,310	**307**	**-**	**-**
For trading purposes						
Options (collar)	-	-	-	1,219	-	-
			1,310	**1,526**	**-**	**-**

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

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

The Group 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 a subsidiary company. This particular subsidiary constructs and will operate a wind park of 155.4 MW-capacity in West Texas of the United States.

(All amounts in thousand Euro, unless stated otherwise)

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 is being used from that date and onwards. During the fiscal year 2017, the result of the valuation at fair of the derivatives, amount of € 12 (profit) was recognized in the results of the period. On 31/12/2016, the change of €1,069 in the fair value of derivatives was recorded in the results of the year.

The fair value of the collar on 31/12/2017 implied an asset of € 200 (31/12/2016: liability of €95), whereas the swaption implied an asset of € 798 (31/12/2016: € 1,219).

19 PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

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

The estimations for staff indemnity liabilities were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the consolidated results and comprehensive income for the financial year ended on the 31st of December 2016 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Statement of Financial Position for the year ended on December 31st 2017.

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

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Current cost of service	83	83	66	45
Cost of prior service	-	-	-	-
Financial cost	6	8	6	7
Effect due to Curtailment / Settlement / End Service Benefits	(21)	35	(21)	35
Recognition of actuarial profit/losses	(92)	(24)	(87)	(27)
Total	**(24)**	**102**	**(36)**	**60**

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

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Opening balance	435	390	368	366
Provision recognized in the income statement	68	126	51	87
Provision recognized in other total income	(92)	(24)	(87)	(27)
Indemnity payments	-	(57)	-	(58)
Total	**411**	**435**	**332**	**368**

(All amounts in thousand Euro, unless stated otherwise)

The main actuarial assumptions for financial year 2017 are as follows:

Discount rate	1.50%
Future wage increases	1.25%
Movement of salaried/day-waged workers (departure under their own will)	1%
Movement of salaried workers (laid-off)	6%
Mortality: MT_EAE 2012P (Bank of Greece, Credit and Insurance Committee)	

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

	GROUP	COMPANY
Change in discount rate +0,5% & Change in salaries 0%	381	313
Change in discount rate -0,5% & Change in salaries 0%	427	351
Change in discount rate 0% & Change in salaries +0,25%	415	341
Change in discount rate 0% & Change in salaries -0,25%	392	322

20 OTHER PROVISIONS

The movement of the relevant provision in the Statement of Financial Position for financial years 2017 and 2016, is as follows:

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	Other provisions	Provisions for environmental rehabilitation	Other provisions
Balance 1 January 2017	**12,791**	**896**	**3,315**	**760**
Provision recognized in the results	690	-	166	-
Provision recognized in fixed assets	2,848	-	-	-
Provision recognized in fixed assets due to adjustment of economic life	(1,880)	-	(493)	-
Foreign exchange differences	(42)	-	-	-
Balance 31 December 2017	**14,407**	**896**	**2,988**	**760**

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

The companies of the Group's energy sector are obliged to proceed to environmental rehabilitation where they install production units for electricity, after the completion of the license period that lasts for 20 years according to the licenses granted by the states where the installations are being implemented. The aforementioned provision of €14,407 (€12,791 at 31.12.2016) reflects the required expenses for the removal of equipment and formation of the area in which the equipment is installed, using the available technology and materials.

(All amounts in thousand Euro, unless stated otherwise)

In the year 2017, the Group extended the useful life of wind farms from 20 to 25 years, resulting in a reduction in the provision for the restoration of natural landscapes by € 119 compared to the provision that would have arisen if the expansion of the beneficial life had not taken place (see Note 3 (j)). This effect will be declining in the coming years, as the oldest parks of the Group will approach their originally defined twenty-year life, and from the time of expiration of their initially defined useful life and for the additional five years of its expansion, it will turn into negative.

In the year 2016, the Group proceeded with a revaluation of the natural landscape restoration forecast, which resulted in an increase in the provision of € 2,919.

21 GRANTS

Grants on 31 December 2017 and 31 December 2016 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Balance 1 January	**159,156**	**236,239**	**19,007**	**20,885**
De-recognition of not collected grants	-	(7,938)	-	-
De-recognition of collected grants	(1,320)	(60,102)	(250)	-
Transfer of period's proportion to the results	(7,901)	(10,868)	(1,205)	(1,878)
Foreign exchange differences	(6,641)	1,825	-	-
Balance 31 December	**143,294**	**159,156**	**17,552**	**19,007**

Grants relate to government grants for the development of Wind Parks and are amortized in the results of the period such refer to, according to the depreciation rate of fixed assets granted.

The amount of € 1,479 that concerns approved and non-received grants for the Group is included in "Prepayments and other receivables" (Note 14). Such grants were recognized based on the Group Management's certainty that all the requirements to receive such are regularly met and eventually the amounts will be received with the completion of the relevant investments.

During 2017, following an audit by the Ministry of Development and Competitiveness, grants amounting to € 1,320 were returned with regard to the collected grants of two wind parks and one photovoltaic farm of the Group.

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

The line item "Transfer of period's proportion to the results" refers to the effect of extending the useful life of wind farms from 20 to 25 years, which took place during the year 2017, resulting in a decrease in the income of depreciation by € 2,017 in relation to the income that would have arisen if the useful life extension had not taken place (see Note 3 (j)).

In the year 2016, due to the cancellation of certain wind farms' construction or the time expiry of decisions for inclusion of others whose construction has not been cancelled, subsidies were de-recognized amounting to €68,040 (out of which €60,102 had been collected in previous years). The amount of € 60,102 was reclassified in the account "accrued and other short-term liabilities", whereas the amount of € 7,938 was de-recognized from the account "Grants" as well as from the account "Prepayments and Other Receivables" (note 14).

22 FINANCIAL LIABILITIES

In the USA, TERNA ENERGY Group, in order to make optimal use of the tax benefits provided by local law, entered in 2012 in a transaction in which the counterparty paid the amount of € 49,693 to acquire the right to receive, mainly cash and tax losses (Tax equity investment). The audit is based on a contractual agreement with MetLife, which injects capital as a Tax Equity Investor (TEI) and is fully consolidated. According to the agreement between the two parties, the TEI contributed capital in exchange for 50% of the membership interests, the contractual rights of which stipulate that the TEI will receive 99% of the tax losses and a certain percentage of the net cash flows until it reaches the return on its invested capital as defined in the contract.

During the year 2017, construction was completed and the Fluvanna I Wind Park, with a total capacity of 155.4 MW, located in the state of Texas, USA was set in operation. Under the new tax law in the USA, which entered into force on 22/12/2017, this wind farm is eligible to depreciate for tax purposes almost all of its construction costs within its operating year, namely in the year 2017. As a result of the aforementioned tax treatment of the construction cost of the project, significant tax losses will be incurred in the year 2017. Furthermore, in addition to the tax losses incurred during the first year of operation, the wind farm is eligible to assume additional tax benefits associated with the annual energy production of the park (Production Tax Credits - PTCs).

On 28/12/2017, the Group entered into a transaction in which Goldman Sachs Bank paid the amount of € 127,882 (including issuance fees) to acquire 50% of the membership interests, the contractual rights of which stipulate that the TEI will receive, in the first place, the Tax Benefits (tax losses and Production Tax Credits) of the Fluvanna I Wind Farm, with a limited amount of tax equity investment. For the year 2017, TEI will receive 70% of the tax benefits, and from the 2018 year and until it achieves a predetermined return on its initial payment, it will receive 99% of these benefits.

The relevant membership interests of these contracts with TEIs have been recognized as a financial liability in accordance with IAS 32. There are no contractual obligations of the parent company TERNA ENERGY and its subsidiaries to provide any form of financial assistance in case of financial difficulty or any form of failure to meet the obligations of Terna Energy USA Holding Corporation, including contractual obligations to the TEI.

The main features of these transactions are:

- Irrespective of the shareholding held by the counterparties, the TERNA ENERGY SA maintains control over the management of wind farms and therefore are fully consolidated in the Group's financial statements.
- Counterparties receive a significant portion of the profits, tax losses and PTCs generated by wind farms until they achieve a predetermined (at the start of investment) rate of return (non-guarantee return).
- Counterparties remain shareholders in wind farms until they have achieved a predetermined return on their investment.
- When the return on the investment of the counterparties reaches the predetermined level, the Group has the option to redeem the counterparty's rights in the return on the investment.

(All amounts in thousand Euro, unless stated otherwise)

- The return on the investment of the counterparties depends solely on the performance of wind farms. Although the TERNA ENERGY GROUP undertakes to operate these parks in the best possible way and to take all appropriate measures for their smooth operation, it is not obliged to pay cash to the counterparties beyond what is required to achieve the predetermined (non-guarantee) return on their investment.

The Group, based on the substance of these transactions, classifies the initial investment of the counterparty as a "financial liability" in the consolidated statement of financial position.

Other Financial Liabilities (long-term and short-term) at 31 December 2017 and 31 December 2016 in the accompanying financial statements are analyzed as follows:

	GROUP	
	31-12-2017	**31-12-2016**
Financial liabilities	111,708	44,567
Deferred income	22,555	-
Long-term part	**134,263**	**44,567**
Long-term financial liabilities payable in the following year	25,107	3,987
Short-term part	**25,107**	**3,987**
Total	**159,370**	**48,554**

The movement of the Other Financial Liabilities in the Statement of Financial Position is analyzed as follows:

Financial liabilities	GROUP	
	31-12-2017	**31-12-2016**
Balance 1 January	**48,554**	**49,388**
Receipts from TEI	127,882	-
Distribution of cash to TEI	(2,915)	(5,337)
Value of tax benefits	(27,718)	-
Interest of the period (Note 31)	2,796	2,820
Foreign exchange differences	(11,784)	1,683
Balance 31 December	**136,815**	**48,554**

Deferred income	GROUP	
	31/12/2017	**31/12/2016**
Balance 1 January	**-**	**-**
Value of tax benefits	26,623	-
Amortization of benefits (Note 30)	(2,662)	-
Foreign exchange differences	(1,406)	
Balance 31 December	**22,555**	**-**

(All amounts in thousand Euro, unless stated otherwise)

The financial liability is measured at amortized cost using the effective interest rate method. This obligation is reduced by the cash distribution received by the TEI, depending on the terms of the contract and the value of the tax benefits.

The value of the tax benefits is recognized in the income statement. Specifically, the value of the tax losses attributed to the TEI is recognized in Other income (Note 30) of the year, using the straight-line amortization method during the term of the contract (2017: € 2,662) while, the value of PTCs, which are associated with the annual wind power generation, are recognized for each year based on actual production in the interest of turnover (2017: € 1,095).

23 SUPPLIERS

The suppliers as at 31 December 2017 and 2016, in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Suppliers	39,365	49,246	16,374	27,541
Checks payable post-dated	28	5	28	5
Total	**39,393**	**49,251**	**16,402**	**27,546**

24 ACCRUED AND OTHER SHORT-TERM LIABILITIES

The accrued and other short-term liabilities as at 31 December 2017 and 31 December 2016, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Customer Prepayments	3,759	6,821	11,512	6,821
Social security funds	388	309	344	278
VAT Liabilities	2,468	1,616	1,445	90
Other withheld taxes	2,680	2,135	1,176	983
Employee fees	220	184	192	154
Third party fees	1,771	2,206	1,222	1,538
Short-term Liabilities to Associates & Other Parties	113	1,378	1,792	3,021
Sundry Creditors	391	590	181	265
Grants to be returned (note 21)	25,067	88,872	18,860	18,855
Deferred Income -accrued expenses	2,948	3,802	904	1,703
Total	**39,805**	**107,913**	**37,628**	**33,708**

25 SHORT-TERM LOANS

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

The net increase of the Group’s short-term loans during the present year amounted to € 8,441 (€ 46,053 during the previous year). The Group estimates that the fair value of the above loans does not differ substantially from their book value.

(All amounts in thousand Euro, unless stated otherwise)

The weighted average interest rate for the aforementioned loans was 3.4% and 5.9% for 2017 and 2016 respectively.

The total interest on the aforementioned loans of the Group for the financial years ended on December 31st 2017 and 2016 is € 1,497 and € 1,531 respectively.

26 SHARE CAPITAL

By decision of the Extraordinary General Assembly of Shareholders dated January 9, 2017, the share capital increase of the Company was decided by the amount of five million, four hundred and sixty five thousand, seven hundred and twenty euro (€ 5,465,720). This increase was realized by capitalizing part of the special reserve formed from the above par issuance of shares by increasing the nominal value of each share from thirty cents (€ 0.30) to thirty five cents (€ 0.35) and a simultaneous reduction of the share capital of the Company by the amount of € 5,465,720 through a reduction in the nominal value of each share from thirty five cents (€ 0.35) to thirty cents (€ 0.30) and the reimbursement of the aforementioned amount of this reduction to shareholders.

Following the above, 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 – 31/12/2017, the Company bought back 579,199 own shares with a nominal value of 173,760 euro and market value of 2,069,841 euro. The total number of treasury shares held by the Company as of 31/12/2017 had reached 4,895,464 shares, i.e. 4.48% of the total share capital, with a total acquisition cost of 13,081,683 euro.

27 EARNINGS PER SHARE

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

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net earnings attributed to shareholders of the parent	37,089	20,648	12,469	12,484
Average weighted number of shares	104,700,123	105,342,255	104,700,123	105,342,255
Earnings per share (€)	0,3542	0,1960	-	-

28 INCOME TAX

According to Greek tax legislation the tax rate corresponded to 29% for the years 2017 and 2016. The effective tax rate differs from the nominal. The calculation of the effective tax rate is affected by several factors, the most important of which are the non-exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful life and the use of rates stipulated by L. 4110/2013, and the capability of companies to create tax-exempt discounts and tax-exempt reserves.

(All amounts in thousand Euro, unless stated otherwise)

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

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Current tax	14,478	12,249	5,401	6,449
Tax of previous years	-	480	-	480
Total Expense of current tax	**14,478**	**12,729**	**5,401**	**6,929**
Deferred tax expense	5,417	2,183	508	(687)
Total	**19,895**	**14,912**	**5,909**	**6,242**

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Earnings before taxes	**57,015**	**36,291**	**18,378**	**18,726**
Nominal tax rate	29%	29%	29%	29%
Income tax based on effective nominal tax rate	**16,534**	**10,524**	**5,330**	**5,431**
Adjustments for:				
Tax of previous periods & Additional taxes	(132)	-	(132)	
Provision for unaudited years	-	480	-	480
Difference of tax rates from operations abroad	(1,153)	(341)	-	-
Earnings taxed abroad		(238)	-	-
Change of recoverable tax losses	3,275	1,966	-	-
Other Tax-free Income	(477)	-	(1,292)	-
Other permanent tax Differences - non-exempt expenses	2,156	1,748	2,020	308
Effect from change of Tax Rate	-	-	-	-
Other	(308)	773	(17)	23
Real tax expense	**19,895**	**14,912**	**5,909**	**6,242**
Effective tax rate	34,89%	41,09%	32,15%	33,33%

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

In this case it is possible that the tax authorities may impose additional taxes and surcharges. The tax losses, to the extent that such are accepted by the tax authorities, may offset future profit for a period of five years from the year such emerged.

Pursuant to the relevant tax provisions: (a) paragraph 1 of article 84 of law 2238/1994 (unaudited income tax cases), b) paragraph 1 of article 57 of Law 2859/2000 (unaudited cases of VAT (A) and (c) of paragraph 5 of Article 9 of Law 2523/1997 (imposition of fines for income tax cases), the right of the State to impose the tax for the fiscal years up to 2011 is withheld until 31/12/2017, without prejudice to specific or exceptional provisions which provide for a longer limitation period and under the conditions set forth. Moreover, according to settled case-law of the Council of State and the Administrative Courts, in the absence of a limitation provision contained in the Code on Stamps Law, the State's claim for stamp duty is subject to the twenty-year limitation period laid down in Article 249 of the Civil Code.

For the fiscal years that ended after December 31, 2011 and remain tax unchecked by the competent tax authorities or by the Certified Auditor of the Company, we estimate that the taxes that may arise will not have a material effect on the financial / financial statements .

The parent Company, TERNA ENERGY S.A. is tax-audited up to the fiscal year 2008 included. On 28th December 2015, the Company received an audit call concerning the ordinary tax audit from the pertinent tax authorities for the financial years 2009 and 2010. However, from CIRC. 1208 / 20.12.2017, where the Governor of AADE accepts the opinion No 268/2017 of the 1st Plenary Session of the PIU, it appears that for the fiscal years 2008 to 2010 it is not possible to issue tax assessment and fining acts in pending control cases under the provisions of paragraph 3 of art. 36 of the Code, in conjunction with the provision of the second paragraph of par. 11 of Art. 72. The fiscal year 2011 is considered, based on the general rule, lapse. For the financial years 2012 and 2013, the Company has been tax audited according to the Decision 1159/26/7/2011 whereas for the years 2014, 2015 and 2016 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 2017, 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 2017 financial statements. The particular audit is not expected to materially affect the tax obligations already recorded in the Financial Statements, since the Company has already formed adequate provisions.

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

Impact from the tax rate change in USA

On December 22, 2017, the new tax law, which came into force on the 1st of January 2018, was signed in the US, and it incorporates changes that may affect the funding mechanism for renewable energy projects. These include provisions to prevent multinationals and international financial institutions from engaging in practices aimed at lowering their tax liabilities in the US by transferring deductible tax expenses from their subsidiaries outside the US to their parent companies which are resident and taxed in USA. Therefore, some international financial institutions that finance renewable energy projects in return for the tax benefits deriving from these projects face difficulties in calculating their future tax liabilities. Consequently, they are not in a position to accurately calculate the benefit from the tax benefits they will receive in the future by participating in the financing of renewable energy projects, resulting in being under a continuous assessment on whether or not to participate in such projects in the future.

On 31/12/2017, the Group had already received funding for its projects already set in operation in the US. Also, for future projects, it aims at new partnerships with international financial institutions that may not be affected by changes in the law, resulting thus in active participation in the financing of renewable energy projects.

With the new tax law, the tax losses that companies in the US are about to accumulate from 1/1/2018 will be reduced, hence reducing the rate of netting of tax losses generated by the 2018 and forth, with taxable profits from 100% to 80%. Until the 31st of December 2017, the Group's subsidiaries in the United States have accumulated a significant amount of tax losses that can be used for the next 20 years from the time they were established, without losing their ability to set off them against possible future taxable profits, based on the changes that the law applies.

The new tax law reduced the corporate tax rate from 35% to 21%. It should be noted that the financing mechanism of the Group's projects in the USA is based on the distribution of most of the tax results of its projects for the following years to the tax equity investors, with the result that the Group's subsidiaries, as of 31/12/2017, do not expect taxable profits for the following years, and for this reason they have not proceeded to the creation of a deferred tax asset on accumulated tax losses. Therefore, the change in the tax rate has no impact on the Group's financial statements for the year 2017 and is not expected to have any impact on future tax (deferred and current) receivables of the Group's subsidiaries in the United States. "

(All amounts in thousand Euro, unless stated otherwise)

Deferred tax

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

The Company and the Group maintain tax-exempt reserves amounting to €12,360 and €34,020, respectively, which in case of distribution or capitalization will be taxed under the current tax rate. In the immediate future the Group does not plan to distribute or capitalize these reserves.

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

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Receivables from deferred income tax	6,651	4,839	-	-
Liability from deferred income tax	(19,824)	(12,143)	(1,405)	(993)
Net deferred tax asset (liability)	**(13,173)**	**(7,304)**	**(1,405)**	**(993)**
Opening balance	**(7,304)**	**(5,571)**	**(993)**	**(1,658)**
(Debit) / Credit recognized in the results	(5,417)	(2,183)	(508)	687
(Debit) / Credit recognized in other comprehensive income	(443)	450	96	(22)
Foreign exchange translation differences	(10)	-	-	-
Closing balance	**(13,174)**	**(7,304)**	**(1,405)**	**(993)**

The deferred tax assets and liabilities of 2017 and 2016 as well as the effect of the deferred tax on the separate and consolidated statement of comprehensive income are analyzed as follows:

GROUP	**1/1/2017**	**Net earnings for the year (Debit)/Credit**	**Other comprehensive income (Debit)/Credit**	**31/12/2017**
Deferred Tax Asset				
Provision for staff indemnities	134	11	(27)	**118**
Other provisions	1,494	(133)	-	**1,361**
Grants	717	(2,100)	-	**(1,383)**
Hedging of cash flow risk	1,606		(417)	**1,189**
Provision for doubtful receivables	110	1	-	**111**
Cost of construction projects	3,558	(3,391)	-	**167**
Impairment of participations	-	2,273	-	**2,273**
Loans	1,352	834	(9)	**2,177**
Other	(457)	(2,614)	-	**(3,071)**
Deferred Tax Liability				
Tangible assets	(23,895)	(1,384)	-	**(25,279)**
Intangible assets	6,046	(135)	-	**5,911**
Recognition of revenues based on completion rate	2,031	1,221	-	**3,252**
Deferred tax of net earnings / other comprehensive income		**(5,417)**	**(453)**	
Net deferred tax liability	**(7,304)**			**(13,174)**

(All amounts in thousand Euro, unless stated otherwise)

GROUP	1/1/2016	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31/12/2016
Deferred Tax Asset				
Provision for staff indemnities	120	21	(7)	**134**
Other provisions	2,296	(802)	-	**1,494**
Grants	718	(1)	-	**717**
Hedging of cash flow risk	1,149	-	457	**1,606**
Provision for doubtful receivables	79	31	-	**110**
Cost of construction projects	2,031	1,514	-	**3,545**
Loans	(323)	1,675	-	**1,352**
Other	977	(1,420)	-	**(443)**
Deferred Tax Liability				
Valuation of investment property	(167)	167	-	**-**
Tangible assets	(17,910)	(5,985)	-	**(23,895)**
Intangible assets	5,460	586	-	**6,046**
Recognition of revenues based on completion rate	(1)	2,032	-	**2,031**
Deferred tax of net earnings / other comprehensive income		**(2,182)**	**450**	
Net deferred tax liability	**(5,571)**			**(7,304)**

COMPANY	1/1/2017	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31/12/2017
Deferred Tax Asset				
Provision for staff indemnities	107	15	(25)	**97**
Other provisions	1,019	(95)	-	**924**
Grants	409	(279)	-	**130**
Hedging of cash flow risk	147		121	**268**
Provision for doubtful receivables	110	(18)	-	**92**
Cost of construction projects	1,527	(1,045)	-	**482**
Impairment of participations	-	2,273	-	**2,273**
Loans	(117)	19	-	**(98)**
Other	(283)	(1,944)	-	**(2,227)**
Deferred Tax Liability				
Tangible assets	(5,943)	(655)	-	**(6,598)**
Recognition of revenues based on completion rate	2,031	1,221	-	**3,252**
Deferred tax of net earnings / other comprehensive income		**(508)**	**96**	
Net deferred tax liability	**(993)**			**(1,405)**

(All amounts in thousand Euro, unless stated otherwise)

COMPANY	1/1/2016	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31/12/2016
Deferred Tax Asset				
Provision for staff indemnities	106	8	(7)	**107**
Other provisions	279	740	-	**1,019**
Grants	638	(229)	-	**409**
Hedging of cash flow risk	162	-	(15)	**147**
Provision for doubtful receivables	78	32	-	**110**
Cost of construction projects	2,016	(489)	-	**1,527**
Loans	(136)	19	-	**(117)**
Other	20	(303)	-	**(283)**
Deferred Tax Liability				
Valuation of investment property	(167)	167	-	**-**
Tangible assets	(4,584)	(1,359)	-	**(5,943)**
Intangible assets	(109)	109	-	**-**
Recognition of revenues based on completion rate	39	1,992	-	**2,031**
Deferred tax of net earnings / other comprehensive income		**687**	**(22)**	
Net deferred tax liability	**(1,658)**			**(993)**

29 COST OF SALES, ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

The cost of sales, administrative and research & development expenses at 31 December 2017 and 2016, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
COST OF SALES	**2017**	**2016**	**2017**	**2016**
Employee remuneration and expenses	3,135	1,960	3,155	2,327
Fees of consultants	386	173	352	377
Remuneration and expenses of third parties (engineers, accountants, lawyers)	10,036	2,948	2,348	2,656
Fees and expenses of other third parties	2,188	1,585	1,627	1,441
Materials and expenses of constructions – Cost of sales from trading of energy	21,894	41,835	18,451	13,749
Leases	1,218	980	1,192	1,579
Repairs, Maintenance	15,684	12,826	2,069	1,643
Sub-contractors	47,788	22,937	17,783	42,766
Depreciation	45,809	52,887	6,107	7,939
Third party benefits	2,155	2,170	431	286
Contributions to local government authorities	6,773	6,616	995	1,219
Transportation expenses	969	461	3,969	2,691
Insurance premiums	3,043	2,602	546	688
Other	1,332	1,378	491	372
Total	**162,410**	**151,358**	**59,516**	**79,733**

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
ADMINISTRATIVE EXPENSES	**2017**	**2016**	**2017**	**2016**
Employee remuneration and expenses	3,077	2,515	1,640	1,483
Fees of consultants	1,539	1,285	331	403
Remuneration and expenses of third parties (engineers, accountants, lawyers)	1,383	965	1,338	965
Fees and expenses of other third parties	1,594	2,896	889	1,048
Auditors' fees – ordinary audits	947	588	72	72
Auditors' fees – other services	147	30	56	28
Subscriptions	541	357	402	221
Leases	613	515	321	295
Depreciation	198	273	107	106
Travel and promotion expenses	993	696	720	495
Third party benefits	255	266	141	136
Board of Directors' remuneration	18	468	15	-
Insurance premiums	139	107	53	63
Foreign exchange differences	-	-	-	-
Other	2,755	1,308	1,640	578
Total	**14,199**	**12,269**	**7,725**	**5,893**

For the year ended on December 31, 2017, the expenses for the year that are analyzed under the item "Auditors' fees - other services" include fees of the regular auditors amounting to € 146.7 for the Group and € 55.8 for the Company, concerning permissible non-audit services (excluding statutory audit and tax compliance report).

	GROUP		COMPANY	
RESEARCH & DEVELOPMENT EXPENSES	**2017**	**2016**	**2017**	**2016**
Employee remuneration and expenses	-	29	-	29
Fees of consultants	57	172	57	172
Remuneration and expenses of third parties (engineers, accountants, lawyers)	858	699	858	699
Scientific/Lab experiments	2	1	2	1
Third party benefits	25	17	24	16
Depreciation	105	134	105	134
Travel and promotion expenses	126	95	126	95
Other	13	5	13	5
Total	**1,186**	**1,152**	**1,185**	**1,151**

30 OTHER INCOME/(EXPENSES)

The other income/(expenses) for the period, in the accompanying financial statements of 31st December 2017 and 2016, are analyzed as follows:

Other income	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Grant amortization	7,901	10,868	1,205	1,878
Income from leasing of machinery	67	95	67	95
Income from leasing of property	18	14	24	-
Other services	3	24	-	-
Other income	1,598	960	1,038	1,362
Amortization of benefits (Note 22)	2,662			
Income from insurance indemnities	2,279	12,840	973	644
Profit from sale of participations and securities	7	586	-	586
Income from dividends	-	-	5,236	395
Profit from sales of fixed assets	1	5	-	-
Foreign exchange differences (credit)	-	821	-	-
Total other income	**14,536**	**26,213**	**8,543**	**4,960**

(All amounts in thousand Euro, unless stated otherwise)

Other expenses

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Change of the fair value of investment property	(21)	(45)	(21)	(45)
Impairments (Note 6)	(2,534)	(109)	(7,957)	(109)
Losses from sale of fixed assets	(167)	(286)	(167)	(235)
Losses from sale of Participations and securities	-	-	(7)	-
Other expenses	(1,192)	(11,762)	(589)	-
Foreign exchange differences (debit)	(4,021)	(42)	-	-
Total other expenses	**(7,935)**	**(12,244)**	**(8,741)**	**(389)**
Total other income / (expenses)	**6,601**	**13,969**	**(198)**	**4,571**

In the year 2017, the “impairment” item includes an amount of € 2.340 for the Group that relates to Impairment of wind parks licenses (see Note 6).

Additionally, in the year 2017, in the item "Impairment", amounts of € 6,560 and € 1,263 are included for the Company that relate to the impairment of its participation in the subsidiary VALE PLUS LTD and the impairment of its participation in the affiliated company EN. ER.MEL SA respectively (see Note 9 and 10).
In year 2016, the item “Income from insurance indemnities” includes an amount of € 11,568 concerning income from insurance indemnity due to a damage that occurred in a Wind Park of the Group. The corresponding repair cost is included in the item “Other Expenses”.

31 FINANCIAL INCOME/(EXPENSES)

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

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Interest of Long-term Loans	(39,115)	(27,789)	(11,758)	(7,265)
Interest of Short-term Loans	(1,497)	(1,531)	(196)	(459)
Interest from grants to be returned	(27)	(1,820)	-	(434)
Interest of other Financial Liabilities	(2,796)	(2,820)	-	-
Bank expenses and other expenses	(6,359)	(6,945)	(2,285)	(1,754)
Financial Expenses	**(49,794)**	**(40,905)**	**(14,239)**	**(9,912)**
Interest from sight deposits	799	975	6	46
Interest from term deposits	378	149	378	149
Other Financial income	1,392	333	4,682	3,216
Financial Income	**2,569**	**1,457**	**5,066**	**3,411**
Net Financial Results	**(47,225)**	**(39,448)**	**(9,173)**	**(6,501)**

32 PAYROLL COST

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

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	2017	2016	2017	2016
Wages and Related benefits of day-wage workers	324	194	517	454
Wages and Related benefits of regular staff	4,725	3,451	3,226	2,482
Social Security Contributions	1,100	740	1,007	822
Provision for employee indemnities	68	126	51	87
Total	**6,217**	**4,511**	**4,801**	**3,845**
Average Number of Employees				
Day-wage workers	40	30	34	27
Regular staff	209	131	101	87

33 TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2017 and 01/01-31/12/2016, as well as the balances of receivables and liabilities arisen from the above transactions as of 31/12/2017 and 31/12/2016 are as follows:

Period 1/1-31/12/2017	GROUP				COMPANY			
Related party	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**
Subsidiaries	-	-	-	-	37,919	6,878	111,482	112,903
Parent	56	276	2,673	-	56	276	2,673	-
Other related parties	34,251	2,569	14,563	1,743	30,888	1,171	13,824	1,549
Main senior executives	-	1,020	-	529	-	507	-	12

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

Remuneration of Board of Directors members and senior executives of the Company: The remuneration of Board of Directors members and senior executives of the Group and Company, recognized on 31 December 2017 and 2016 are as follows:

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Board of Directors remuneration	94	527	-	-
Remuneration of executives included in the executive Board members	926	740	507	528
	1,020	**1,267**	**507**	**528**

34 AIM AND POLICIES OF RISK MANAGEMENT

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

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

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

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

EXCHANGE RISK

A foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates.

This type of risk may arise for the Group from transactions denominated in foreign currency, with non-Eurozone countries and countries that have not linked their currency to the euro. Transactions mainly concern purchases of fixed assets and inventories, sales, investments in financial assets, borrowings, and net investments in foreign entities. The Group operates through its subsidiaries in Greece, Cyprus, Eastern Europe and North America and is therefore exposed to exchange rate risk.

The Group's existing activities abroad are related to power generation and trading projects.

For projects in countries such as Bulgaria, contractual claims and liabilities are settled in either euro or local currency (which is linked to the euro) and hence the exposure to foreign exchange risk is limited.

However, the development of energy projects and the trading of electricity in other countries such as Poland, the USA, Serbia and Skopje, where the local currency changes in relation to the euro, may lead to exchange differences and foreign exchange exposure from US dollar, Polish zloty (PLN), Serbian dinar (RSD) and Scopian dinar (MKD) against the euro. The Group uses natural methods to hedge foreign exchange risk in the countries in which it operates, partly borrowing in the local currency, thus offsetting foreign exchange risk from its receivables.

(All amounts in thousand Euro, unless stated otherwise)

	2017			
Nominal Amounts	**USD**	**MKD**	**RSD**	**PLN**
Current financial assets	27,129	296	581	12,735
Current financial liabilities	(38,392)	(3)	(168)	(22,835)
Total	**(11,263)**	**293**	**413**	**(10,100)**
Current financial assets	26,072	-	10	3
Current financial liabilities	(284,175)	-	-	(37,009)
Total	**(258,103)**	**-**	**10**	**(37,006)**

	2016			
Nominal Amounts	**USD**	**MKD**	**RSD**	**PLN**
Current financial assets	48,157	1,169	469	14,006
Current financial liabilities	(16,925)	(167)	(644)	(17,514)
Total	**31,232**	**1,002**	**(175)**	**(3,508)**
Current financial assets	24,249	-	10	3
Current financial liabilities	(215,708)	-	-	(47,698)
Total	**(191,459)**	**-**	**10**	**(47,695)**

The table below shows the sensitivity of the income statement and the equity to exchange rate fluctuations through their effect on monetary assets and liabilities. For these currencies, we tested the sensitivity to a 10% change.

	2017							
	USD		**MKD**		**RSD**		**PLN**	
Nominal Amounts	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**
Effect on the Net profit before taxes	232	(232)	-	-	-	-	71	(71)
Effect on the Other comprehensive income	(31,223)	31,223	25	(25)	106	(106)	(6,778)	6,778

	2016							
	USD		**MKD**		**RSD**		**PLN**	
Nominal Amounts	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**
Effect on the Net profit before taxes	286	(286)	-	-	-	-	255	(255)
Effect on the Other comprehensive income	(20,118)	20,118	24	(24)	57	(57)	(8,060)	8,060

To manage this risk category, the Group's management and financial management department ensures that, to the greatest extent possible, receivables (revenues) and liabilities (expenses) are denominated in euro or in currencies that have a fixed exchange rate with the euro or in the same currency so as to face each other.

SENSITIVITY ANALYSIS OF INTEREST RATE RISK

The Group’s policy is to minimize its exposure to interest rate risk as regards to long-term financing. In the context of this policy, the long-term loans received by the Group are either under fixed interest rates or are hedged for interest rate risk for almost their total duration. Therefore, 30.8% of the Group’s long-term debt is under fixed interest rates, 30.1% under floating interest rates that have been hedged with derivatives that swap future fixed interest rate payments against the receipt of floating interest rate payments, whereas 39.1% under floating interest rates linked either to euribor or to wibor (Notes 17 & 18).

(All amounts in thousand Euro, unless stated otherwise)

The Group’s short-term debt is under floating interest rates (Note 25). It is noted that it is Group policy to convert short-term debt to long-term when the Wind Park, whose construction is being financed, has been completed. The balance of the Group’s short-term debt on 31.12.2017 amounts to € 13,837 thousand.

The following table presents the sensitivity of the results towards the Group’s short-term debt and deposits, in case of an interest rate change of +20% –20% (2016: +/-20% as well). The changes in interest rates are estimated to be in line with the recent market conditions which until today are stable as compared to the previous year.

	2017		2016	
Amounts in € thous.	**20%**	**(20%)**	**20%**	**(20%)**
Result after taxes - Group	(109)	109	(107)	107
Result after taxes - Company	(71)	71	2	(2)

The Group is not exposed to other interest rate risks.

ANALYSIS OF MARKET RISK

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

ANALYSIS OF CREDIT RISK

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

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

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

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

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

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

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

(All amounts in thousand Euro, unless stated otherwise)

On 31/12/2017 there are no guarantees and credit enhancements for security against credit risk of the above receivables, both for the Company and for the Group.

On 31/12/2017 there are no financial receivables overdue, both for the Company and the Group.

ANALYSIS OF LIQUIDITY RISK

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

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

The maturity of the financial liabilities on 31 December 2017 for the TERNA ENERGY Group, is analyzed as follows:

	31/12/2017		
	Short-term	Long-term	
	0 - 12 months	1 - 5 years	over 5 years
Long-term Debt	97,971	310,763	359,389
Other Financial liabilities	25,107	76,298	57,965
Liabilities from derivatives	-	2,006	2,537
Short-term Debt	13,837	-	-
Trade Liabilities	51,677	-	-
Other liabilities	39,805	169	3,071
Total	**228,397**	**389,236**	**422,962**

The corresponding maturity of financial liabilities for 31 December 2016 was as follows:

	31/12/2016		
	Short-term	Long-term	
	0 - 12 months	1 - 5 years	over 5 years
Long-term Debt	95,285	229,005	338,170
Other Financial liabilities	3,987	13,434	31,133
Liabilities from derivatives	-	2,777	3,512
Short-term Debt	5,396	-	-
Trade Liabilities	59,992	-	-
Other liabilities	107,913	9	-
Total	**272,573**	**245,225**	**372,815**

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

PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

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

(All amounts in thousand Euro, unless stated otherwise)

	31/12/2017	31/12/2016
Non- current assets:		
Loans and receivables – Other long-term receivables	24,677	23,370
Financial assets available for sale – Other investments	1,755	1,755
	26,432	**25,125**
Current assets:		
Loans and receivables – Trade receivables	77,714	80,389
Loans and receivables – Prepayments and other receivables	103,961	138,531
Cash & cash equivalents	201,328	164,399
	383,003	**383,319**
Total	**409,435**	**408,444**

	31/12/2017	31/12/2016
Long-term liabilities:		
Liabilities measured at amortized cost – Long-term loans	670,152	567,175
Liabilities measured at amortized cost – Other financial liabilities	134,263	44,567
Liabilities measured at fair value – Liabilities from derivatives	4,543	6,289
	808,958	**618,031**
Short-term liabilities:		
Liabilities measured at amortized cost – Suppliers	39,393	49,251
Liabilities measured at amortized cost – Short-term loans	13,837	5,396
Liabilities measured at amortized cost – Long-term liabilities payable in the next period	123,078	99,272
Liabilities measured at amortized cost – Accrued and other short-term liabilities	39,805	107,913
	216,113	**261,832**
Total	**1,025,071**	**879,863**

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

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The derivative financial instruments and the securities held by the Group in its trading portfolio constitute the sole financial instruments which as of 31/12/2017 are measured at fair value. The other comprehensive (losses) / income recognized directly in the Equity of year 2017 include an amount of € 2,120 profit that has been recorded in the cash flow hedging reserves.

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

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

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

(All amounts in thousand Euro, unless stated otherwise)

The financial assets measured at fair value are analyzed as of 31.12.2017 and according to the above hierarchy levels as follows:

Amounts in thous. Euro

Financial asset	**Hierarchy level**	**Fair value of asset / (liability)**	**Change in Net earnings / (losses)**	**Change in Other comprehensive income / (expenses)**
Receivables from cash flow hedging derivatives (IRS) and other derivatives	2	1,310	-	(216)
Liabilities from cash flow hedging derivatives (IRS) and other derivatives	2	(4,543)	-	1,746

The financial assets measured at fair value are analyzed as of 31.12.2017 and according to the above hierarchy levels as follows:

Amounts in thous. Euro

Financial asset	**Hierarchy level**	**Fair value of asset / (liability)**	**Change in Net earnings / (losses)**	**Change in Other comprehensive income / (expenses)**
Receivables from cash flow hedging derivatives (IRS) and other derivatives	2	1,526	-	1,377
Liabilities from cash flow hedging derivatives (IRS) and other derivatives	2	(6,289)	-	(1,546)

Amounts in thous. Euro		**31/12/2017**	
	LEVEL 1	**LEVEL 2**	**LEVEL 3**
Balance at beginning	**-**	**4,763**	**-**
Effect from cash flow hedging derivatives			
- Effect from valuation IRS	-	(1,530)	-
Balance at end	**-**	**3,233**	**-**
		0	

Amounts in thous. Euro		**31/12/2016**	
	LEVEL 1	**LEVEL 2**	**LEVEL 3**
Balance at beginning	**-**	**4,594**	**-**
Effect from cash flow hedging derivatives			
- Effect from valuation IRS	-	169	-
Balance at end	**-**	**4,763**	**-**

The investments of level 2 concern risk hedging derivatives. The investments are analyzed as follows:

	Fair value of investment 31.12.2017	**Fair value calculation method**
Assets / (Liabilities) from risk hedging derivatives (IRS)	(3,233)	Valuations from credit institutions : EUROBANK, PIRAEUS, ALPHA BANK + USA+ BULGARIA in combination with internally based valuation via the use of interest rates curves
TOTAL	**(3,233)**	

35 POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

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

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

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

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

The ratio at the end of 2017 and 2016 was as follows:

Amounts in € thousand		**31/12/2017**	**31/12/2016**
Bank debt		781,960	667,856
Total equity		378,749	355,230
Bank debt		781,960	667,856
Financial liabilities from secondary titles		159,370	48,554
Grants		143,294	159,156
Minus:			
	Cash	201,328	164,399
	Blocked deposits	41,353	36,007
	Grants to be rebated	(24,594)	(87,051)
Cash and deposits		218,087	113,355
Capital		**1,245,286**	**1,117,441**
Bank debt / Total employed capital		**63%**	**60%**

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

36 EXISTING TANGIBLE LIENS

The Company and the Group, for the financing needs of its new projects, recommends a notional collateral on its mobile equipment as well as tangible liens (usually mortgages) on its property, in order to secure the creditors.

37 SIGNIFICANT EVENTS DURING THE PERIOD

During the year 2017, the following major events occurred:

- Launch of a wind farm complex, with a total installed capacity of 48.6 MW, in the municipality of Tanagra of the Region of Sterea Ellada.
- The company "AEFORIKI EPIRUS SA" was founded, a 100% subsidiary of the Group, which will undertake to implement and operate the waste management unit of the Region of Epirus. On July 21, 2017 the partnership agreement with the Region of Epirus was signed and the construction works also commenced.
- On May 24, 2017, the Company "TERNA ENERGY FINANCE S.P.S.A", a 100% subsidiary of the Group, submitted to the Securities and Exchange Commission a prospectus for the issuance of a corporate bond amounting to € 60,000,000 to support the investment program in Greece and the USA.
- On July 19, 2017, the Public Offer for the issuance of a Common Bond Loan and the listing of the bonds of the subsidiary company "TERNA ENERGY FINANCE S.P.S.A" to be traded in the category of fixed income securities of the Athens Stock Exchange was completed. In total, 60,000 common bonds were issued with a nominal value of € 1,000 each and € 60,000,000 (sixty million euro) was raised.

  The final bond yield was set at 3.85% and the bond price at € 1,000 (one thousand euros) each. The Public Offer was oversubscribed by 2.57 times. The allocation of the bonds based on demand on the 3.85% yield is as follows:
  A) 42,000 bonds were allocated to private investors
  B) 18,000 bonds were allocated to qualified investors

- In December 2017, the second investment (Fluvanna) of the Company was launched and set in operation in Dallas, Texas, USA, following the completion of its financing process. The installed capacity of Fluvanna is 155 MW, produced by 74 wind turbines GAMESA G116 2.1 MW. The budget of the investment amounts to $ 252.5 million and its financing has as follows:

  Financing of $ 152.5 million by Goldman Sachs (Tax Equity Investment), a $ 60 million loan from Copenhagen Infrastructure Partners and $ 40 million share capital by Terna Energy USA Holdings Corp.

  The production of Fluvanna will be distributed in the energy market, and in particular to the system operator, at the price that the prevailing conditions will shape without having a guaranteed amount. In order to hedge the relevant risk and to ensure the minimum amount of the disposal price of the energy produced, the Company has entered into a relevant contract with Morgan Stanley Commodities for 12 years.

(All amounts in thousand Euro, unless stated otherwise)

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

  Within the context of the aforementioned investigation, it was mentioned as a possible participant, in only one case, a twenty-year company, which in the distant past merged with our Company under transformation procedures.
  As a result of the aforementioned event, our Company, on the basis of article 25a of Law 3959/2011 as well as the resolution no. 628/2016 of the Plenary Session of the HCC, submitted, on the grounds of an obvious corporate interest and short settlement with a view to the reasonable possible discharge, a request to be subject to the envisaged settlement dispute procedures, namely in a conciliation procedure.
  The plenary session of the Competition Committee, by unanimous decision, which was notified to the Company on August 3, 2017, during the simplified Dispute Settlement procedure of article 25a of Law 3959/2011 and according to its no. 628/2016 Decision, it found that there was no evidence of an offense committed by TERNA ENERGY SA.

- It was pointed out by the competent Operations and Maintenance Division that the efficiency of the Wind Parks that have been in operation since 1999-2000 (i.e. Tsilikoka, Tsouka, Profitis Ilias and Pyrgari) remains high, making it obvious that they will continue to operate after the end of the twenty years that WP manufacturers have indicated as a "guaranteed" useful life. Based on the above, the relevant Administration examined all the factors, the technical and technological data, as well as the relevant international practices and prepared a special report to the BoD of the Company (attached to its minutes of 27/04/2018), recommending the extension of the useful life of A / Ps from 20 to 25 years that can be ensured without significant changes in their operational and maintenance strategy.

  In the same report, the Group's Financial Management: (1) lists the International Accounting Standards (IFRS) regarding the extension of the useful life of wind turbines, (2) points out the necessity to implement this measure in order for the financial statements of the Group to reflect as accurately as possible its true position and to ensure the completeness and integrity of the information of the shareholders and the investing public in general, and (3) record as follows the pre-tax effects of the above on the financial statements of the Group:

In thous. Euro	
Amortization of intangible assets	128
Depreciation of tangible fixed asset	12,824
Depreciation of subsidies	(2,017)
Effect on the financial cost of de-installation provision	119
Total effect of the change in assets' useful life (profits' increase)	**11,054**

  This effect will be declining in the coming years, as the oldest parks of the Group will approach their originally defined 20-year life, and from the moment their original service lives expire and for the additional five years of its expansion, the effect will be negative.

By accepting the above, the Management of the Group agrees that the accounting for the extension of the useful life of the W/F will enhance the correct presentation of the financial statements of the Group and the reliability of the information of the shareholders and all the interested parties on the financial figures, performance and prospects. For this reason, it instructs the Financial Department to adjust the depreciation time of the Group's fixed assets to 25 years, which corresponds best to the current global situation.

38 SIGNIFICANT EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On 9 February 2018, an Extraordinary General Assembly of Shareholders was held and the following decisions were taken:

1. It accepted the proposal for the approval of the decision of the Board of Directors dated 20.11.2017 regarding the suspension of the purchase of treasury shares and the cancellation of all own shares held by the Company, namely 4,895,464 shares of nominal value € 0.30 each and the reduction of the share capital of the Company by the amount of € 1,468,639.20.

2. It approved the proposal for the increase of the share capital of the Company by abolishing the pre-emptive right of the old Shareholders, by the amount of € 2,850,000, by cash payment, through the issuance of 9,500,000 common voting shares of nominal value € 0.30 each and a disposal price of € 4.35 per share. The amount of thirty eight million, four hundred and seventy five thousand euro (€ 38.475.000) was approved to be credited to a special reserve of the Company from the issuance of shares above par.

3. it approved a new share buy-back program up to the completion of the 10% stake of the Company's shares, with a minimum purchase price of thirty cents (€ 0.30) and a maximum price of thirty € (30.00 €) within a period of twenty-four (24) months, i.e. no later than February 8, 2020, and authorized the Company's Board of Directors to take the relevant decisions regarding the start and end of the program, the determination of the acquisition price as well as the keeping of all relevant to the abovementioned legal approval formalities.

4. On March 30, 2018, the Extraordinary General Assembly of Shareholders approved the Board of Directors' recommendation for the increase of the Company's share capital by the amount of € 25,062,165.92 through the capitalization of part of the special reserve from the issuance of shares above par with the increase of the nominal of the share value from € 0.30 to € 0.52 and a simultaneous reduction of the share capital by the amount of € 25.062.165,92 with a corresponding reduction in the nominal value of each share from € 0.52 to € 0.30 and the return of the amount of the reduction, € 0.22 per share, to the Shareholders.

39 CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

TERNA ENERGY SA

- Lawsuit against Terna Energy SA by residents of the Municipality of Sitia, Lassithi, Crete for a total amount of € 2,522 for property loss and moral damage, due to tort because of the acquisition by the Company of an electricity generation license from a wind farm in the area. According to the lawyers' opinion, the lawsuit will not succeed.

(All amounts in thousand Euro, unless stated otherwise)

- Lawsuit against Terna Energy SA, Terna SA, and the consortium named Euro Ionia Consortium by FERROVIAL AGROMAN SA, for a total amount of € 1,240 as indemnity for moral damage. According to the opinion of the Company's lawyers, it is likely to thrive for up to € 100. This amount has been recognized as a provision in the Company's books in the item "Other provisions".

ENERGIAKI SERVOUNIOU SA

On 26/11/2016, the successors of the already absorbed AEOLUS LUX SARL Company, initiated a dispute settlement procedure with arbitration against the company ENERGIAKI SERVOUNIOU SA for the payment of € 965 as a balance from the purchase of the shares of EUROWIND SA and € 600 for compensation of moral damage. According to the lawyers' opinion, the lawsuit will not succeed.

Contingent Receivables

TERNA ENERGEIAKI – AI GIORGIS SA

Lawsuit against SILVER SUN SHIPPING SA, based in Panama, which maintains offices in Greece for the payment of € 18,514 from tort, namely, for the compensation of the damage and the lost profits of the Company due to a malicious fault. According to the lawyers' opinion, a positive decision is expected. At the same time, the Company has filed a lawsuit against the insurance company under the name of UK PROTECTION & INDEMNITY CLUB (UK P & I CLUB), requesting the defendant, the insurance company, to pay to its Company-member under the name SILVER SUN SHIPPING SA the amount € 18.514. Already, on March 13, 2018, there was published the no. 1291/2018 decision on the first action, which partially upheld the claim and awarded the applicant an amount of € 12.034 legitably from the beginning of 2017. The applicant will appeal against that decision.

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

V. DATA AND INFORMATION FOR THE PERIOD 1/1-31/12/2017

TERNA ENERGY SA

S.A. Reg. No. 318/06/B/86/28
85 Mesogeion Ave., 11526 Athens Greece
DATA AND INFORMATION FOR THE FINANCIAL YEAR FROM 01.01.2017 TO 31.12.2017
Published in accordance with C.L. 2190/20 article 135 for companies that prepare annual financial statements, consolidated and non-consolidated, according to IAS

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

COMPANY INFORMATION

Relevant Authority:	General Secretariat of Commerce
Board of Directors' Composition:	Georgios Peristeris (chairman), Georgios Perdikaris (vice-chairman), Emmanuel Maragoudakis (CEO), Georgios Spyrou (executive director), Michael Gourzis & Vasilis Delikaterinis (executive members), George Mergos (non-executive member), Gagik Apkarian & Nikolaos Kalamaras (independent non executive members).
Approval Date of the annual Financial Statements (from which the condensed data were derived):	27 April 2018
Legal Auditor:	Pavlos Stellakis (SOEL Reg. No. : 24941)
Auditing Firm:	GRANT THORNTON AE (SOEL Reg. No. : 127)
Type of audit report by Legal Auditor:	Unqualified
Company Website:	www.terna-energy.com

STATEMENT OF FINANCIAL POSITION (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
ASSETS				
Self used tangible fixed assets	1.122.834	970.577	93.205	99.427
Investment property	509	530	509	530
Other non-current assets	65.117	46.919	385.533	341.176
Intangible assets	22.853	27.102	2.004	2.116
Inventories	4.218	4.063	3.097	3.403
Trade receivables	79.867	83.516	52.521	62.642
Cash & cash equivalents	201.328	164.399	97.782	29.249
Other current assets	106.585	140.505	22.904	20.086
TOTAL ASSETS	**1.603.311**	**1.437.611**	**657.555**	**558.629**
EQUITY & LIABILITIES				
Share capital	32.794	32.794	32.794	32.794
Other items of Shareholders' Equity	336.578	316.066	268.653	273.624
Total Shareholders' Equity (a)	**369.372**	**348.860**	**301.447**	**306.418**
Non-controlling interests	9.377	6.370	-	-
Total Equity (b)	**378.749**	**355.230**	**301.447**	**306.418**
Long-term bank liabilities	670.152	567.175	241.332	111.879
Provisions/Other-long-term liabilities	320.878	236.286	23.959	24.949
Short-term bank liabilities	111.808	100.681	22.028	39.993
Other-short-term liabilities	121.724	178.239	68.789	75.390
Total liabilities	**1.224.562**	**1.082.381**	**356.108**	**252.211**
TOTAL EQUITY & LIABILITIES	**1.603.311**	**1.437.611**	**657.555**	**558.629**

STATEMENT OF COMPREHENSIVE INCOME (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2017	1/1-31/12/2016	1/1-31/12/2017	1/1-31/12/2016
Turnover	276.535	225.560	96.175	107.433
Gross profit / (losses)	114.125	74.202	36.659	27.700
Earnings/(Loss) before interest and tax (EBIT)	105.341	74.750	27.551	25.227
Earnings/(Loss) before tax	57.015	36.291	18.378	18.726
Earnings/(Loss) after tax (A)	37.120	21.379	12.469	12.484
Allocated to:				
Company Shareholders	37.089	20.648		
Minority Shareholders	31	731		
	37.120	21.379		
Other comprehensive income after taxes (B)	818	(578)	(293)	56
Total comprehensive income after taxes (A+B)	37.938	20.801	12.176	12.540
Allocated to:				
Company Shareholders	37.888	20.077		
Minority Shareholders	50	724		
	37.938	20.801		
Earnings/(Losses) after tax per share - basic (in €)	0,3542	0,1960		
Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)	**147.484**	**116.682**	**27.443**	**30.612**

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

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Total equity at beginning of period (01/01/2017 and 01/01/2016)	355.230	346.781	306.418	306.969
Total earnings after taxes (continuing and discontinued operations)	37.938	20.801	12.176	12.540
	393.168	**367.582**	**318.594**	**319.509**
Return of share capital	(5.239)	-	(5.239)	-
Increase of share capital	118	1.119	-	-
Distributed dividends	(10.246)	(10.217)	(9.838)	(9.838)
Purchases of treasury shares	(2.070)	(3.250)	(2.070)	(3.250)
Transfers - other movements	-	(4)	-	(3)
Total equity at end of period (31/12/17 and 31/12/16)	**375.731**	**355.230**	**301.447**	**306.418**

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

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2017	1/1-31/12/2016	1/1-31/12/2017	1/1-31/12/2016
Operating activities				
Profit before tax	57.015	36.291	18.378	18.726
Plus/less adjustments for:				
Depreciation	46.112	53.294	6.319	8.179
Provisions	61	120	45	80
Impairments	2.296	536	7.719	313
Interest income and related income	(2.569)	(1.457)	(5.066)	(3.411)
Interest expenses and related expenses	49.794	40.905	14.239	9.912
Results from intangible and tangible assets and investment property	187	(156)	188	65
Amortization of grants	(7.901)	(10.868)	(1.205)	(1.878)
Results from participation and securities	2	(586)	(5.221)	(981)
Results from derivatives	(12)	(1.069)	-	-
Results from associates	1.113	80	-	-
Foreign exchange differences	3.930	(821)	-	-
Operating profit before changes in working capital	**150.028**	**116.269**	**35.395**	**31.005**
Plus/Less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	(163)	(1.181)	305	(910)
Decrease / (increase) in receivables	40.106	(84.793)	11.999	(26.786)
(Decrease) / increase in liabilities (other than to banks)	(22.164)	7.392	390	18.374
(Less):				
Income taxes paid	(16.330)	(9.437)	(9.324)	(2.711)
Total inflows / (outflows) from operating activities (a)	**151.477**	**28.250**	**38.766**	**18.972**
Investing activities				
Purchases of tangible & intangible assets	(229.194)	(145.474)	(2.495)	(3.955)
Interest received	1.273	1.171	1.957	960
Sale of publicly listed shares	-	9.622	-	9.622
Receipt of dividends	-	-	5.236	395
Net change in loans granted	(500)	-	(28.021)	(4.159)
Grants to be rebated	(63.777)	-	(250)	-
(Purchases)/sales of participations and securities	1.000	(50)	(25.496)	(25.346)
Total outflows from investing activities (b)	**(291.198)**	**(134.731)**	**(49.069)**	**(22.483)**
Financing activities				
Return of share capital	(5.239)	-	(5.292)	-
Receipts from capital increases	58	1.125	-	-
Purchases of treasury shares	(2.070)	(3.250)	(2.070)	(3.250)
Net change in long-term loans	236.714	219.658	115.210	23.839
Net change in short-term loans	8.250	(45.777)	(5.000)	(7.200)
Dividends paid	(10.561)	(8.697)	(10.154)	(8.317)
Interest and related expenses paid	(47.091)	(34.479)	(13.858)	(6.476)
Change in financial liabilities	-	(2.882)	-	-
Total inflows / (outflows) from financing activities (c)	**180.061**	**125.698**	**78.836**	**(1.404)**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**40.340**	**19.217**	**68.533**	**(4.915)**
Effect of FX differences on cash equivalents	(3.411)	1.578	-	-
Cash and cash equivalents at the beginning of the period	**164.399**	**143.604**	**29.249**	**34.164**
Cash and cash equivalents at the end of the period	**201.328**	**164.399**	**97.782**	**29.249**

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 249 individuals. For the respective period of the previous year the group employed 161 individuals. During the present period the company employed 135 individuals, while during the respective period of the previous year the company employed 114 individuals.

4. The Company has been audited by the tax authorities up to fiscal year 2011 included. Note No 4 of the financial statements refers to the tax un-audited fiscal years of the consolidated entities.

5. Earnings per share were calculated based on the weighted average number of shares.

6. The financial statements of the group are included in the consolidated financial statements of GEK TERNA SA, consolidated with the full consolidation method. The aforementioned parent company is registered in Greece and on 31/12/2017 owned 39.529% of the company's share capital.

7. The amounts of sales and purchases (goods and services) cumulatively from the beginning of the financial period, as well as the balances of receivables and liabilities of the company at the end of the present period, that have emerged from its transactions with its related parties, as such are defined by IAS 24, are as follows:

	GROUP	COMPANY
a) Sales of goods and services	34.307	68.863
b) Purchases of goods and services	2.845	8.325
c) Receivables	17.236	127.979
d) Liabilities	1.743	114.452
e) Transactions & remuneration of Board members and executives	1.020	507
f) Liabilities to Board members and executives	529	12

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

	GROUP	COMPANY
Provisions for restoration of natural environment	14.407	2.988
Other Provisions	1.619	1.125

9. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that were consolidated in the financial statements of 31/12/2017 are mentioned in detail in Note 4 of the financial statements.

10. As of 31 December 2017, the following companies were consolidated for the first time via the full method, in the consolidated financial statements in comparison with the previous financial year.

Company Name	Percentage	Date	Country	Activity
AEIFORIKH HPEIROU MAEES	100%	Establ. 03/05/2017	Greece	Waste management
OPTIMUS ENERGY A.E.	51%	Establ. 05/05/2017	Greece	Energy Trading
TERNA ENERGY TRADING SHPK	51 %	Establ. 26/12/2017	Albania	Energy Trading
FLUVANNA I INVESTOR INC	100%	Establ. 21/12/2017	USA	Production of Electric Energy from RES
FLUVANNA I HOLDING COMPANY LLC	100%	Establ. 21/12/2017	USA	Production of Electric Energy from RES

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

	GROUP 31/12/2017	COMPANY 31/12/2017
Foreign exchange differences from conversion of incorporated foreign operations	(891)	-
Actuarial income/losses from defined benefit plans	92	87
Expenses for capital increase	(60)	(60)
Income / expenses from hedging of cash flow risk	2.120	(416)
Tax on items transferred directly to or from equity	(442)	450

12. The number of treasury shares owned by the company on 31 December 2017 corresponded to 4,895,464 shares with a total acquisition cost of 12,586 thous. €.

13. No sector or company has ceased operations.

Athens, 27 April 2018

THE CHAIRMAN OF THE BOARD	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER	THE HEAD ACCOUNTANT
GEORGIOS PERISTERIS ID No.: AB 560298	EMMANUEL MARAGOUDAKIS ID No.: AB 986527	DELIKATERINIS VASILIOS ID No. : AI 036060	ARTAN TZANARI ID No.: AM 587311 License Reg. No. A' CLASS 0064937

The annual financial statements of the Group and Company, as well as the financial statements of the consolidated companies, the audit report by the Certified Auditor Accountant and the Reports by the Board of Directors for the financial year ended on the 31st December 2017 have been posted on the Company's website: http://www.terna-energy.com