



**Société Anonyme Industrial Commercial Technical Company**

**85 Mesogeion Ave., 115 26 Athens, Greece**

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

**General Electronic Commercial Registry (GEMI) 312701000**

## **SEMI-ANNUAL FINANCIAL REPORT**

**For the period**

**January 1st to June 30th 2018**

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

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**STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS**

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

We

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

STATE THAT

To the best of our knowledge:

- a. The semi-annual financial statements of the company TERNA ENERGY SA for the period from January 1st 2018 to June 30<sup>th</sup> 2018, which were prepared in accordance with the accounting standards in effect, give a true picture of the assets, liabilities, the shareholders' equity and the results of the Company, as well as of the companies included in the consolidation and considered aggregately as a whole, according to those stated by paragraphs 3 to 5 of article 5 of L. 3556/2007, and
- b. The Semi-Annual Board of Directors' Report depicts in a true manner the information required according to those stated by paragraph 6 of article 5 of L. 3556/2007.

Athens, 25 September 2018

Chairman of the  
Board

Managing Director

Executive Board  
Member

Georgios Peristeris

Emmanuel Maragoudakis

Georgios Spyrou

This report has been translated from the Greek Original Version

## **REVIEW REPORT OF INTERIM FINANCIAL INFORMATION**

**To the Board of Directors of “TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY”**

### **Introduction**

We have reviewed the accompanying separate and consolidated interim condensed statement of financial position of TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY as at 30 June 2018 and the related separate and consolidated condensed statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the selected explanatory notes that comprise the interim financial information, which form an integral part of the six-month financial report of Law 3556/2007. Management is responsible for the preparation and fair presentation of this interim condensed financial statement in accordance with the International Financial Reporting Standards as adopted by the European Union and apply for interim financial information (International Accounting Standard “IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### **Scope of Review**

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

### Conclusion

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

Athens, 26 September 2018  
Certified Public Accountants Auditors

Dimitra Pagoni  
Institute of CPA (SOEL) Reg. No 30821



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### **SEMI-ANNUAL REPORT BY THE BOARD OF DIRECTORS of the Société Anonyme Company “TERNA ENERGY S.A.” for the period 01/01/2018 – 30/06/2018**

The present Semi-Annual Report of the Board of Directors concerns the period 1 January – 30 June 2018. It is prepared and is in line with the provisions of article 5 of Law 3556/2007 as well as the related executive decisions of the Board of Directors of the Capital Markets Commission.

#### **A. Financial Developments & Performance of the Reporting period**

In the first half of 2018 it was concluded that the Greek economy maintained its growth path, adapted to the conditions of fiscal stability, and in August it succeeded in exiting from the third economic adjustment program and in the upgrading of the country's credit rating by Moody's and S & P. These events led to the strengthening of Greek citizens' and investors' confidence, resulting in the gradual return of private deposits, increased interest in the real estate market and the development of important sectors of the Greek economy such as tourism and other business of exporting nature.

GDP has continued to rise, the investment interest of foreign capital and investors for placements in Greece has intensified, while expectations have been strengthened for further maintenance of fiscal stability and implementation of measures of the necessary structural reforms that will ensure the sustainability of the economic growth path. In this context of development, investments in Renewable Energy Sources (RES) will play a prominent role, with the EU having plans, for example, for the reinforcement of wind power with new substitution targets for traditional forms of energy by the end of 2030 and the directive towards Member States of setting their quantitative targets for the period 2018-2022.

More generally, the RES sector and the business activities that are linked with the strengthening of the green economy and environmental protection contribute effectively to the sustainable development of the global economy, substantially enhance the investment interest and broaden the prospects for further growth over the long term. This framework creates favorable conditions for the continuation of the development of our company and the achievement of the leading position in all markets that it activates in.

TERNA ENERGY continues to invest in the RES sector and by the end of the first half of 2018 has 986 MW installed-licensed capacity in Greece and abroad, namely: 561 MW in Greece, 293 MW in the USA, 102 MW in Poland and 30 MW in Bulgaria. The installed-licensed capacity of the Group almost approached the milestone of one (1) GW, and Management will set the new long-term and short-term investment objectives in relation to its wider business plan.

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For the first half of 2018, the consolidated sales of the Group amounted to € 138.7 million compared to € 139.6 million in the first half of 2017, decreased by 0.7%. Operating EBITDA reached € 81.8 million compared to € 68.1 million in the first half of 2017, increased by 20.1%, due to the increase in installed capacity. Earnings before taxes amounted to € 29.4 million, enhanced by 60.3% compared to the first half of 2017. Net profit after tax and minority interests stood at € 18.4 million, increased by 78.9%.

With regard to the results of the sub-sectors: The energy sector generated sales of € 104.3 million, up by 32.4% compared to the first half of 2017, while EBITDA amounted to € 75.3 million, posting an increase of 33.0% compared to the corresponding period of 2017. This increase is mainly due to the operation of a 155.4 MW wind park in Texas, USA in December 2017 and the launch of three wind farms with a capacity of 51 MW, in the Municipality of Veroia in the Region of Central Macedonia, in Kozani in Western Macedonia and Tanagra municipality in the Region of Central Greece, during the first half 2018.

The electricity trading sector generated revenue of € 3.8 million, posting a drop of 25.7% compared to the first half of 2017. The EBITDA of the segment amounted to € 0.0 million against € 0.4 million in the first half of 2017.

TERNA ENERGY's third-party construction activity stood at € 11.2 million, down by 50.5% compared to the first half of 2017. EBITDA of the segment amounted to € 4.7 million compared to € 10.7 million in the corresponding period of 2017. The respective decrease is attributed to the gradual decrease of the construction activity. The backlog towards third parties in this sector at the end of the first half of 2018 amounted to € 10.2 million.

Finally, the revenues from the concession sector amounted to € 19.4 million compared to € 33.1 million in the first half of 2017, recording a decrease of 41.5%, mainly due to the completion of the construction and installation of the Unified Automatic Fare Collection System within the third quarter of 2017. EBITDA amounted to € 1.8 million against a marginal operating profit in the first half of 2017.

The financial position of the Group remains satisfactory as cash reserves amounted to € 247.7 million, while bank liabilities amounted to € 763 million, with the net debt position (cash and cash equivalents less bank liabilities) reaching € 515.3 million. It is noted that the Group's cash and cash equivalents include amounts for repayment of € 6.2 million relating to subsidies received due to the cancellation of the construction or the expiry of the time limits of the decisions for inclusion of certain wind farms. The aforementioned amounts will be reimbursed once the relevant procedures of the relevant Ministry of Development have been completed.

It is noted that within 2018, grants were reimbursed amounting to € 18.4 million.

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The investments of TERNA ENERGY Group amounted to € 17.3 million in the first half of year 2018. The Company's continuing investment activity creates the conditions for stabilization of increased revenues and profitability over the long term.

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

During the 1<sup>st</sup> Half of 2018 the following significant events occurred:

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

**a.** 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.

**b.** 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 par value (share premium).

**c.** 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.

**2.** 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.

**3.** Signing of a PPP contract for the Integrated Waste Management Project of the Peloponnese Region.



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On June 14, 2018, the contract of the PPP project "Integrated Waste Management of the Peloponnese Region" was signed, between the Environmental Peloponnese SA, a member of TERNA ENERGIKI Group and the Region of Peloponnese. It is the largest waste management project in the country, which implements most of the Peloponnese PESDA, while it operates alongside with the local recycling projects at the source of municipalities. The amount of the investment stands at € 168 million, out of which the € 66 million comes from an ESPA grant. The contract provides for the construction and operation of three (3) Waste Treatment Units (WTUs) and an equal number of landfill sites in Arcadia, Messinia and Laconia, as well as two (2) Waste Shipment Stations in Corinthia and Argolida, finally resolving the major waste problem in the periphery of Peloponnese. The total duration of the contract is 28 years and includes the two-year construction period and the 26-year operation period. The agreement also provides for the initiation of the transient waste management at the premises of the concession company from the 10<sup>th</sup> month following the entry into force of the contract.

**4.** Commencement of commercial operation of two wind farms (Vermio) in Macedonia with a total installed capacity of 44.4 MW.

Commencement of the commercial operation of the wind farms: "Eressou – Ipsoma Fourka", in the Municipality of Veroia of the Region of Central Macedonia (formerly municipality of Imathia) with a total installed capacity of 36 MW and "Lefkes - Kerassia" in the Municipality of Kozani of the Region of Western Macedonia (formerly Municipality of Kozani ) of a total installed capacity of 8.4 MW.

**5.** Commencement of the commercial operation of wind farm's expansion in Voiotia, with installed capacity of 6.6 MW.

Commencement of commercial operation expansion of the "Rahoula - Paschalies" Wind Park in the Municipality of Tanagra, Central Greece, with installed capacity of 6.6 MW.

### **C. Significant Events after the Reporting Date of the Statement of Financial Position**

There are not any significant events after 30 June 2018 that affect the financial position of the Company.

### **D. Prospects, risks and uncertainties for the second half of the financial year**

The prospects of TERNA ENERGY Group for the second half of the year are positive, since:

a) The construction of new RES and waste management projects in Greece and the USA are being completed, b) Renewal of licensing and financing of new investments are maturing, which are expected to be under construction, allowing the Group to maintain its growth rate according to its business design.

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b) The aforementioned improvement in the main figures of the Greek economy, the higher confidence of the markets and investors towards the economy and the gradual de-escalation of the restrictions in the movement of capital eliminate the risk of cancellation or slowdown in the implementation of the Group's investment program. In addition, the Group's significant activity in overseas markets and in North America in particular, contributes to the diversification of related risks and to the balancing of the impact on the financial figures of the Group in the event of a failure in the continuation of the Greek economy's recovery path. Such a development could negatively affect the implementation of the Group's investment program in Greece and impede, inter alia, the financing terms of Group's activities as well as the transactions with the suppliers of imported equipment.

The above contingencies, if verified, are likely to temporarily affect the performance of the Company's domestic activity.

c) The position of the Management is that it is not possible to accurately predict the future developments in the Greek economy and identify those that will have the greatest impact on the Group's operations, financial performance, cash flows and financial position. However, taking into account all of the above, the Management ensures that it maintains its proper functioning in the Greek territory by implementing procedures for the continuous identification and evaluation of any risks that may arise in the near future. In direct, continuous and systematic co-operation with the Group's executives, the Management plans and applies measures in order to address each identified risk so as to minimize its negative impact.

d) Despite the current financial crisis, the Group maintains satisfactory capital adequacy, profitability and liquidity at the reporting date of the 6-month Consolidated Financial Statements and continues to be fully consistent with its obligations to suppliers, public insurance organizations, etc. creditors.

In addition, Management believes that in the second half of 2018, the credit risk for the Parent Company as well as for the other Greek companies of the Group is limited.

e) The company remains exposed to the short-term fluctuations of wind and hydrological data, without this though affecting the long-term profitability of its projects, as for the implementation of its investments extensive researches are being previously conducted that refer to the long-term performance of the above factors.

f) The construction industry of TERNA ENERGY is subject to significant fluctuations both in turnover and profitability of individual projects due to the increased volatility of the backlog of construction contracts with third parties, which is significantly affected by the speed of new projects being included in the Public Works Program of the country.

During the period beginning from the end of the first half of 2018 to date, no material damage or the likelihood of such loss has arisen.

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### 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 4).

“*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 9 of the attached financial statements)), as it is presented in the financial statements (Note 4).

“*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 4).

### F. Transactions with related parties

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

Transactions and balances for the period that ended on 30.06.2018 are as follows:

TERNA ENERGY SA				
	SALES	PURCHASES	RECEIVABLE	LIABILITY
<b>SUBSIDIARIES</b>				
TERNA ENERGY OVERSEAS LTD	-	-	79,274	-
HELLAS SMARTICKET SA	40,462	-	59,014	-
AIOLIKI PANORAMATOS DERVENOCHORION SA	193,941	-	118,396	-
ENERGIAKI SERVOUNIOU SA	144,034	627,680	365,245	24,415,109
IWECO CHONOS LASITHI CRETE SA	79,568	82,907	1,284,332	3,339,971
TERNA ENERGY EVROU SA	169,744	493,602	4,105,241	20,642,335
AIOLIKI RACHOULAS DERVENOCHORION SA	750,534	-	2,718,409	56
ENERGIAKI DERVENOCHORION SA	137,500	-	85,250	1,720,000
TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	-	-	17,178	-
TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	5,261	-	400,220	-

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TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	-	-	32,973	-
TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	397	-	57,408	-
TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	941	-	48,029	-
ENERGIKI NEAPOLOEOS LAKONIAS SA	387,468	-	4,991,089	-
TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	-	-	22,415	-
TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	1,106	-	92,231	-
AIOLIKI PASTRA ATTIKIS SA	211,673	-	4,439,552	-
ENERGIKI PELOPONNISOU SA	2,635,019	-	29,471,562	350
TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	-	-	18,815	-
AIOLIKI DERVENI TRAIANOUPOLEOS SA	315,013	-	4,472,599	-
ENERGIKI FERRON EVROU SA	68,959	-	156,874	-
TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	-	-	20,981	-
TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	-	-	14,808	-
ENERGIKI XIROVOUNIOU SA	189,277	-	7,166,821	-
AIOLIKI ILIOKASTROU SA	152,057	-	122,703	40
EUROWIND SA	111,843	79,454	68,663	3,091,611
DELTA AXIOU ENERGEIAKI SA	-	-	1,811,040	-
TERNA ENERGY SA VECTOR WIND PARKS OF GREECE – WIND PARK TROULOS G.P.	-	-	5,701	-
TERNA ENERGY THALASSIA WIND PARKS S.A.	-	-	12,846	-
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	-	-	10,497	-
VATHYCHORI PERVALLONTIKI SA	-	-	29,405	-
VATHYCHORI ENA PHOTOVOLTAIC S.A.	149,704	-	458,500	-
ALISTRATI ENERGY LTD	-	-	49,314	-
MALESINA ENERGEIAKH LTD	-	-	12,706	-
ORCHOMENOS ENERGEIAKH LTD	-	-	12,036	-
FILOTAS ENERGEIAKI S.A.	-	-	-	-
DIRFYS ENERGEIAKI S.A.	-	-	4,502	-
CHRYSOUPOLI ENERGEIAKI LTD	-	-	22,374	-
LAGADAS ENERGEIAKH SA	-	-	-	-
DOMOKOS ENERGEIAKI S.A.	-	-	-	-
TERNA ENERGY AI-GIORGIS S.A.	1,515,404	-	38,277,314	470,992
TERNA AIOLIKI XEROVOUNIOU SA	-	-	5,851	-
GEOTHERMAL ENERGY DEVELOPMENT S.A.	-	-	-	-
TERNA AIOLIKI AMARYNTHOU S.A.	1,599,000	-	1,974,950	-

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TERNA ILIAKI PANORAMATOS SA	113,782	-	887,185	-
TERNA ILIAKI PELOPONNISOUS SA	209,134	-	5,243,652	-
TERNA ILIAKI VOIOTIAS SA	198,172	-	4,349,413	-
TERNA ILIAKI ILIOKASTROU S.A.	-	-	1,598	-
VATHYCHORI DYIO ENERGEIAKI	-	-	1,519,484	-
PERIVALLONTIKI PELOPONNISOUS S.A.	18,070	-	2,254,344	-
AEIFORIKI IPEIROU S.A.	11,389,731	1,600	6,391,307	4,964,973
OPTIMUS ENERGY SA	120	-	-	40
TETRA DOOEL SKOPJE	617,406	675,148	185,172	-
PROENTRA D.O.O BEOGRAD	664,404	704,527	664,404	813,970
TERNA ENERGY FINANCE SPSA	-	1,432,471	-	60,042,529

<b>PARENT COMPANY</b>				
GEK TERNA SA	20,877	120,729	69,228	9,564,090

<b>OTHER RELATED PARTIES</b>				
TERNA SA	7,213	130,395	1,554	352,014
Joint ventures in which GEK TERNA SA and TERNA SA participate	177,568	2,419	8,337,919	60,484
ILIOCHORA SA	-	4,227	-	5,241
VIPATHE THESSALONIKIS SA	-	10,500	-	-
GEK SERVICES SA	-	7,320	410	9,077
VIOMEK SA	-	-	-	2,282
EKTONON SA	-	714	-	-
NEA ODOS SA	-	269	104	-
HERON THERMOELECTRIC SA	-	73,979	35,196	735,186

Regarding the above transactions, the following clarifications are provided:

**a) Sales of TERNA ENERGY SA:**

- to HELLAS SMARTICKET SA, an amount of € 40,462 relates to income from ancillary activities.
- to AIOLIKI PANORAMATOS DERVENOCHORION SA, a total amount of 193,941 euro concerns RES maintenance services amounting to 190,962 euro and interest income of 2,979 euro.
- to ENERGEIAKI SERVOUNIOU SA, a total amount of € 144,034 refers to RES maintenance services amounting to € 137,917 and interest income of € 6,117.
- to IWECO CHONOS LASITHI CRETE SA, amounting to 79,568 euro for RES maintenance services.
- to TERNA ENERGY EVROS SA, amount of 169,744 euro that concern RES maintenance services.
- to AIOLIKI RACHOULAS DERVENOCHORION SA, a total amount of EUR 750,534 relates to RES maintenance services amounting to EUR 108,000, revenue from construction services amounting to EUR 554,000 and an amount of letters of guarantee amounting to EUR 88,534.
- to ENERGEIAKI DERVENOCHORION SA, an amount of 137,500 euro concerns RES maintenance services.

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- to TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA G.P., a total amount of € 5,261 relates to interest income of € 2,543 and an amount of letters of guarantee of € 2,718.
- to TERNA ENERGY SA & SIA ENERGY DISTION EVIA G.P. amounting to EUR 397 for letters of guarantee.
- to TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIAS G.P., amounting to 941 euro for letters of guarantee.
- to ENERGEIAKI NEAPOLEOS LACONIA SA, a total amount of EUR 387,468 relates to RES maintenance services amounting to EUR 19,089, revenue from construction services of EUR 293,000 and interest income of EUR 75,379.
- to TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP, amounting to EUR 1,106 for letters of guarantee.
- to AIOLIKI PASTRA ATTICA SA , a total amount of € 211,673 relates to RES maintenance services amounting to € 106,090 and interest income of € 105,583.
- to ENERGEIAKI PELOPONNISOU SA, a total amount of EUR 2,635,019 relates to RES maintenance services amounting to 85,911 euro, revenue from construction services amounting to EUR 2,056,000 and interest income of EUR 493,108.
- to AIOLIKI DERVENI TRAIANOUPOLEOS SA total amount of € 315,013 concerns RES maintenance services of EUR 112,211, interest income of EUR 79,052 and an amount of EUR 123,750 for letters of guarantee.
- to ENERGEIAKI FERROS EVROS SA, an amount of EUR 68,959 concerns RES maintenance services.
- to ENERGEIAKI XIROVOUNIOU SA, a total amount of EUR 189.277 concerns RES maintenance services amounting to EUR 47.741, interest income of EUR 141.454 and sales of spare parts amounting to 82 euro.
- to AOLIKI ILIOKASTROU SA, a total amount of EUR 152,057 relates to RES maintenance services amounting to 106,090, rental income of EUR 120 and amount of letters of guarantee of 45,847 euro.
- to EUROWIND SA, amounting to EUR 111,843 for RES maintenance services.
- to VATHICHORI PHOTOVOLTAICS ONE SA, a total amount of € 149,704 relates to RES maintenance services amounting to € 125,000 and interest income of € 24,704.
- to TERNA ENERGEIAKI AI-GIORGIS SA, a total amount of EUR 1,515,404 concerns RES maintenance services amounting to EUR 636,297 and interest income of EUR 879,107.
- in TERNA AIOLIKI AMARYNTHOU SA, a total amount of EUR 1,599,000 relates to income from studies of building permits amounting to EUR 4,000 and revenues from construction services amounting to EUR 1,595,000.
- to TERNA ILIAKI PANORAMATOS SA, a total amount of 113,782 Euros relates to RES maintenance services amounting to 98,474 euro and interest income of 15,308 Euros.
- to TERNA ILIAKI PELOPONNISOU SA, a total amount of € 209,134 relates to RES maintenance services amounting to € 103,870 and interest income of € 105,264.
- to TERNA ILIAKI VIOTIAS SA, a total amount of € 198,172 relates to RES maintenance services amounting to € 103,000 and interest income of € 95,172.
- to PERIVALLONTIKI PELOPONNISOU MAE, an amount of EUR 18,070 relates to income from ancillary activities.

## **TERNA ENERGY GROUP**

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

*(Amounts in thousand Euro, unless stated otherwise)*

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- to AEIFORIKI IPEIROU MAE, a total amount of EUR 11,389,731 relates to revenues from construction services amounting to EUR 11,154,103, interest income of EUR 162,646, letter of guarantee amounting to EUR 55,580, income from ancillary activities of EUR 17,282 and rental income of EUR 120.
- to OPTIMUS ENERGY SA, an amount of EUR 120 relates to rental income.
- to TETRA DOOEL SKOPJE, an amount of EUR 617.406 relates to the sale of electricity.
- to PROENTRA D.O. BEOGRAD, amounting to € 664.404 relating to the sale of electricity.
- to GEK TERNA SA, an amount of EUR 20,877 relates to interest income.
- to TERNA SA, a total amount of € 7,213 relates to the lease of tangible assets of € 6,560 and other income of € 653.
- to the joint ventures in which GEK TERNA SA and TERNA SA participate, a total amount of € 177,568 relates to construction services revenue of € 141,976, rental of tangible assets of € 3,000, other income of € 24,845 and interest income of € 7,747.

### **b) Purchases of TERNA ENERGY SA:**

- to ENERGEIAKI SERVOUNIOU SA, an amount of EUR 627,680 relates to interest expense.
- to IWECO CHONOS LASITHI CRETE SA, an amount of € 82,907 relates to interest expense.
- to TERNA ENERGEIAKI EVROS SA, an amount of 493,602 euro relates to interest expense.
- to EUROWIND SA, an amount of € 79,454 relates to interest expense.
- to PERIVALLONTIKI IPEIROU MAE, amount of 1,600 euro relates to the transfer of study expenses.
- to TETRA DOOEL SKOPJE, an amount of EUR 675,148 relates to the purchase of electricity.
- to PROENTRA D.O. BEOGRAD, an amount of EUR 704,527 relates to the purchase of electricity.
- to TERNA ENERGY FINANCE SP SA, an amount of € 1,432,471 relates to interest expense.
- to GEK TERNA SA, a total amount of € 120,729 relates to rental income of tangible assets of € 87,265 and other income of € 33,464.
- to TERNA SA, a total amount of EUR 130,395 relates to the lease of tangible assets of EUR 119,395 and the purchase of tangible assets amounting to EUR 11,000.
- to the joint ventures in which GEK TERNA SA and TERNA SA participate amounting to € 2,419 relate to other expenses.
- to ILIOCHORA SA, an amount of € 4.227 relates to the lease of tangible assets.
- to VIPA THESSALONIKI SA, an amount of EUR 10,500 relates to the lease of tangible assets.
- to GEK SERVICES SA, amounting to EUR 7,320 for maintenance and repair services.
- to EKTONON SA, an amount of EUR 714 relates to other services.
- to NEA ODOS SA, amounting to EUR 269 for other services.
- to HERON THERMOELECTRIC SA, an amount of € 73,979 relates to the purchase of electricity.

### **Transactions with BoD Members**

The total amounts paid to the members of the Board of Directors of the Group amounted to 979,660 Euros (for the Company: 806.455 Euros), out of which 487,400 Euros (for the Company: 487,400 euro) related to Board remuneration, while amount of 492,260 Euros (for the company: 319,055 Euros) concerned the provision of services.

**TERNA ENERGY GROUP**

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

*(Amounts in thousand Euro, unless stated otherwise)*

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**G. Treasury Shares**

During the period 01.01.2018 - 30.06.2018 the Company proceeded into a reduction of the share capital by € 1,468,639 via the cancellation of 4,895,464 treasury shares of nominal value € 0.30 per share and with a total acquisition cost of € 13,081,683. Also, during the same period, it purchased 49,771 treasury shares with a purchase price of 251,460 Euros. The total number of treasury shares held by the Company on 30.06.2018 amounted to 49,771 shares, namely 0.044% of the share capital of the Company, with a total acquisition cost of 251,460 Euros.

Athens, 25 September 2018

The Board of Directors

Georgios Peristeris  
BOD Chairman



**TERNA ENERGY GROUP**

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

*(Amounts in thousand Euro, unless stated otherwise)*

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**INTERIM CONDENSED FINANCIAL STATEMENTS PARENT AND CONSOLIDATED OF 30 JUNE 2018**

**(1 JANUARY - 30 JUNE 2018)**

**IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The accompanying Interim Financial Statements were approved by the Board of Directors of TERNA ENERGY SA on 25/09/2018 and have been published by being posted on the internet at the website [www.terna-energy.com](http://www.terna-energy.com) , as well as the Athens Exchange website, in which they remain at the disposal of the investment community for at least 10 years since their publication.

## TERNA ENERGY GROUP

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

(Amounts in thousand Euro, unless stated otherwise)

### INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		30/6/2018	31/12/2017*	30/6/2018	31/12/2017*
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	5	22,355	22,853	1,939	2,004
Tangible assets	6	1,115,765	1,122,834	88,337	93,205
Investment property		509	509	509	509
Participation in subsidiaries		-	-	290,338	288,641
Participations in associates		4,266	4,261	4,188	4,188
Participation in joint-ventures		-	-	119	119
Other long-term receivables	7	25,858	24,677	91,771	90,830
Receivables from derivatives	13	1,862	1,310	-	-
Financial Assets - Concessions	8	35,825	26,463	-	-
Other investments		1,779	1,755	1,779	1,755
Deferred tax assets		6,481	6,651	-	-
<b>Total non-current assets</b>		<b>1,214,700</b>	<b>1,211,313</b>	<b>478,980</b>	<b>481,251</b>
<b>Current assets</b>					
Inventories		4,636	4,218	3,664	3,097
Trade receivables		61,471	77,584	44,416	48,847
Receivables from contracts with customers		2,291	2,290	2,071	3,681
Prepayments and other receivables		76,362	105,440	19,514	22,718
Income tax receivables		2,121	1,145	1,626	186
Cash and cash equivalents	9	247,710	201,328	124,309	97,782
<b>Total current assets</b>		<b>394,591</b>	<b>392,005</b>	<b>195,600</b>	<b>176,311</b>
<b>TOTAL ASSETS</b>		<b>1,609,291</b>	<b>1,603,318</b>	<b>674,580</b>	<b>657,562</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital	10	34,176	32,794	34,176	32,794
Share premium		225,969	213,781	225,969	213,781
Reserves		47,166	43,550	18,196	15,574
Retained earnings		88,588	79,247	54,887	39,298
<b>Total</b>		<b>395,899</b>	<b>369,372</b>	<b>333,228</b>	<b>301,447</b>
Non-controlling interests		10,047	9,377	-	-
<b>Total equity</b>		<b>405,946</b>	<b>378,749</b>	<b>333,228</b>	<b>301,447</b>

**TERNA ENERGY GROUP**

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

*(Amounts in thousand Euro, unless stated otherwise)***INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

	Note	GROUP		ETAPEIA	
		30/6/2018	31/12/2017*	30/6/2018	31/12/2017*
<b>Long-term liabilities</b>					
Long-term loans	12	653,598	670,152	232,976	241,332
Other financial liabilities	11	135,904	134,263	-	-
Liabilities from derivatives	13	6,667	4,543	966	923
Other provisions	14	16,455	15,310	3,838	3,755
Provision for staff indemnities	14	444	411	360	331
Grants	15	144,239	143,294	20,805	17,552
Deferred tax liabilities		24,900	19,824	3,038	1,405
Other Long-term liabilities		124	3,240	-	-
<b>Total long-term liabilities</b>		<b>982,331</b>	<b>991,037</b>	<b>261,983</b>	<b>265,298</b>
<b>Short-term liabilities</b>					
Suppliers		33,665	39,393	16,171	16,402
Short-term loans	12	23,424	13,837	-	-
Long-term liabilities falling due in the next period	12	86,026	97,971	22,716	22,028
Long-term financial liabilities falling due in the next period	11	24,359	25,107	-	-
Liabilities from contracts with customers		5,352	16,043	10,967	26,271
Accrued and other short-term liabilities		39,040	36,046	28,996	26,116
Income tax payable		9,148	5,135	519	-
<b>Total short-term liabilities</b>		<b>221,014</b>	<b>233,532</b>	<b>79,369</b>	<b>90,817</b>
<b>Total liabilities</b>		<b>1,203,345</b>	<b>1,224,569</b>	<b>341,352</b>	<b>356,115</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,609,291</b>	<b>1,603,318</b>	<b>674,580</b>	<b>657,562</b>

\* The Group and the Company did not proceed with any adjustment of the comparative amounts of the fiscal year 2017 during the adoption of IFRS 9 and IFRS 15 and they recognized their aggregate effect in "Retained Earnings" (note 2e).

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

## TERNA ENERGY GROUP

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

(Amounts in thousand Euro, unless stated otherwise)

### INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		1.1 – 30.6 2018	1.1 – 30.6 2017*	1.1 – 30.6 2018	1.1 – 30.6 2017*
<b>Continued activities</b>					
Turnover		138,679	139,587	46,175	45,189
Cost of sales		(75,223)	(95,909)	(31,628)	(27,554)
<b>Gross profit</b>		<b>63,456</b>	<b>43,678</b>	<b>14,547</b>	<b>17,635</b>
Administrative & distribution expenses		(8,516)	(6,096)	(4,790)	(3,289)
Research & development expenses		(1,000)	(677)	(664)	(677)
Other income	16	5,134	3,943	19,088	1,786
<b>Operating results</b>		<b>59,074</b>	<b>40,848</b>	<b>28,181</b>	<b>15,455</b>
Financial income		2,093	1,267	2,609	2,188
Financial expenses		(31,861)	(24,113)	(7,210)	(6,974)
Gains from financial instruments measured at fair value	13	66	317	-	-
<b>Profit before income tax</b>		<b>29,372</b>	<b>18,319</b>	<b>23,580</b>	<b>10,669</b>
Income tax expense		(9,999)	(7,827)	(2,156)	(3,280)
<b>Net profit for the period</b>		<b>19,373</b>	<b>10,492</b>	<b>21,424</b>	<b>7,389</b>
<b>Other comprehensive income recognized directly in Equity from: Items that are reclassified subsequently in the results</b>					
Foreign exchange translation differences from incorporation of foreign units		(694)	(104)	-	-
Corresponding income tax		201	30	-	-
		<b>(493)</b>	<b>(74)</b>	-	-
Hedging of cash flow risk		(1,415)	1,867	(43)	(435)
Corresponding income tax		(207)	(382)	12	126
		<b>(1,622)</b>	<b>1,485</b>	<b>(31)</b>	<b>(309)</b>
		<b>(2,115)</b>	<b>1,411</b>	<b>(31)</b>	<b>(309)</b>
<b>Items that are not reclassified subsequently in the results</b>					
Share capital increase expenses		(1,454)	(241)	(1,454)	(60)
Corresponding income tax		422		422	
		<b>(1,032)</b>	<b>(241)</b>	<b>(1,032)</b>	<b>(60)</b>
<b>Other total income / (losses) for the period net of income tax</b>		<b>(3,147)</b>	<b>1,170</b>	<b>(1,063)</b>	<b>(369)</b>
<b>Total comprehensive income for the period</b>		<b>16,226</b>	<b>11,662</b>	<b>20,361</b>	<b>7,020</b>

**TERNA ENERGY GROUP**

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

*(Amounts in thousand Euro, unless stated otherwise)***INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	<b>GROUP</b>	
	<b>1.1 – 30.6 2018</b>	<b>1.1 – 30.6 2017*</b>
<b>Net profit for the period attributed to :</b>		
Shareholders of the parent from continued activities	18,378	10,274
Non-controlling interests from continued activities	995	218
	<b>19,373</b>	<b>10,492</b>
<b>Total income for the period attributed to:</b>		
Shareholders of the parent from continued activities	15,231	11,439
Non-controlling interests from continued activities	995	223
	<b>16,226</b>	<b>11,662</b>
<b>Earnings per share (in Euro)</b>		
From continued activities attributed to shareholders of the parent	0.1645	0.0980
<b>Average weighted number of shares</b>		
Basic	111,697,778	104,833,087

\* The Group and the Company did not proceed with any adjustment of the comparative amounts of the fiscal year 2017 during the adoption of IFRS 9 and IFRS 15 and they recognized their aggregate effect in "Retained Earnings" (note 2e).

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

## TERNA ENERGY GROUP

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

(Amounts in thousand Euro, unless stated otherwise)

### INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Note	GROUP		COMPANY	
		1.1 – 30.6 2018	1.1 – 30.6 2017	1.1 – 30.6 2018	1.1 – 30.6 2017
<b>Cash flow from operating activities</b>					
Earnings for the period before tax		29,372	18,319	23,580	10,669
<i>Adjustments for the agreement of net flows from operating activities</i>					
Depreciation	5,6	27,455	30,131	3,125	4,334
Provisions		30	40	26	33
Impairments	16	2,412	-	(85)	-
Interest and related income		(2,093)	(1,267)	(2,609)	(2,188)
Interest and other financial expenses		31,861	24,113	7,210	6,974
Results from intangible and tangible assets and from investment property		(765)	36	(998)	-
Results from participations and securities	16	(704)	-	(17,218)	(423)
Results from derivatives		(66)	(317)	-	-
Amortization of grants	15	(3,903)	(5,465)	(629)	(940)
Foreign exchange differences		(88)	2,613	-	-
<b>Operating profit before working capital changes</b>		<b>83,511</b>	<b>68,203</b>	<b>12,402</b>	<b>18,459</b>
<b>(Increase)/Decrease in:</b>					
Inventories		(416)	700	(567)	952
Trade receivables		14,050	(34,386)	5,930	3,161
Prepayments and other short term receivables		29,298	4,889	7,611	4,046
<b>Increase/(Decrease) in:</b>					
Suppliers		2,003	28,607	(234)	(9,745)
Accruals and other short term liabilities		(11,043)	3,778	(16,607)	5,163
Other long-term receivables and liabilities		(12,969)	(12,349)	(53)	(21)
Income tax payment		(1,444)	(1,302)	(1,174)	(1,258)
<b>Net cash inflows from operating activities</b>		<b>102,990</b>	<b>58,140</b>	<b>7,308</b>	<b>20,757</b>
<b>Cash flows from investment activities:</b>					
(Purchases)/sales of tangible and intangible fixed assets	5,6	(21,160)	(69,902)	2,807	(2,115)
Grants rebated	9	(18,420)	(1,070)	(18,420)	-
Grants received	15	2,408	-	2,408	-
Interest and related income received		455	601	858	785
Collection of dividends		-	-	11,279	-
Purchases of participations and securities		-	-	(1,722)	(22,881)
(Purchases) / sales of participations and securities		864	(500)	2,927	(30,633)
<b>Cash inflows / (outflows) for investment activities</b>		<b>(35,853)</b>	<b>(70,871)</b>	<b>137</b>	<b>(54,844)</b>

**TERNA ENERGY GROUP**

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

*(Amounts in thousand Euro, unless stated otherwise)***INTERIM CONDENSED STATEMENT OF CASH FLOWS**

	Note	GROUP		COMPANY	
		1.1 – 30.6 2018	1.1 – 30.6 2017	1.1 – 30.6 2018	1.1 – 30.6 2017
<b>Cash flows from financing activities</b>					
Share capital return		-	(5,292)	-	(5,292)
Proceeds from share capital increases		39,871	119	39,871	-
Purchase of Treasury Shares		(251)	(636)	(251)	(636)
Net change of long term loans		(30,513)	28,905	(8,860)	54,687
Net change of short term loans		9,606	35,344	-	7,000
Dividends paid		(5,237)	(9,754)	(5,237)	(9,754)
Interest and other financial expenses paid		(30,676)	(21,424)	(6,441)	(5,648)
Change in financial liabilities		(3,599)	(894)	-	-
<b>Cash inflows/(outflows) from financing activities</b>		<b>(20,799)</b>	<b>26,368</b>	<b>19,082</b>	<b>40,357</b>
<b>Net increase in cash and cash equivalents</b>					
Effect of exchange rate changes on cash & cash equivalents		44	(1,361)	-	-
<b>Cash &amp; cash equivalents at the beginning of the period</b>	9	<b>201,328</b>	<b>164,399</b>	<b>97,782</b>	<b>29,249</b>
<b>Cash &amp; cash equivalents at the end of the period</b>	9	<b>247,710</b>	<b>176,675</b>	<b>124,309</b>	<b>35,519</b>

\* The Group and the Company did not proceed with any adjustment of the comparative amounts of the fiscal year 2017 during the adoption of IFRS 9 and IFRS 15 and they recognized their aggregate effect in "Retained Earnings" (note 2e).

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

## TERNA ENERGY GROUP

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

(Amounts in thousand Euro, unless stated otherwise)

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY OF THE GROUP

	Share Capital	Share Premium	Reserves	Retained Earnings	Sub- total	Non- controlling interests	Total
<b>1 January 2017</b>	<b>32,794</b>	<b>219,247</b>	<b>40,326</b>	<b>56,493</b>	<b>348,860</b>	<b>6,370</b>	<b>355,230</b>
Net earnings for the period	-	-	-	10,274	10,274	218	10,492
Other comprehensive income for the period	-	-	1,165	-	1,165	5	1,170
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,165</b>	<b>10,274</b>	<b>11,439</b>	<b>223</b>	<b>11,662</b>
Share capital return	(5,466)	-	-	-	(5,466)	-	(5,466)
Issuance of share capital	5,466	(5,466)	-	-	-	-	-
Issuance of share capital of subsidiary	-	-	-	-	-	119	119
Formation of Reserves	-	-	2,352	(2,352)	-	-	-
Treasury Shares	-	-	(636)	-	(636)	-	(636)
Dividends	-	-	-	(9,838)	(9,838)	(407)	(10,245)
Transfers – other movements	-	-	465	(241)	224	-	224
<b>Transactions with the Company's Shareholders</b>	<b>-</b>	<b>(5,466)</b>	<b>2,181</b>	<b>(12,431)</b>	<b>(15,716)</b>	<b>(288)</b>	<b>(16,004)</b>
<b>30 June 2017</b>	<b>32,794</b>	<b>213,781</b>	<b>43,672</b>	<b>54,336</b>	<b>344,583</b>	<b>6,305</b>	<b>350,888</b>
<b>1 January 2018, according to the IFRS published</b>	<b>32,794</b>	<b>213,781</b>	<b>43,550</b>	<b>79,247</b>	<b>369,372</b>	<b>9,377</b>	<b>378,749</b>
Adjustments due to adoption of IFRS 9*	-	-	-	(344)	(344)	-	(344)
<b>1 January 2018, Adjusted Balance</b>	<b>32,794</b>	<b>213,781</b>	<b>43,550</b>	<b>78,903</b>	<b>369,028</b>	<b>9,377</b>	<b>378,405</b>
Net earnings for the period	-	-	-	18,378	18,378	995	19,373
Other comprehensive losses for the period	-	-	(3,147)	-	(3,147)	-	(3,147)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(3,147)</b>	<b>18,378</b>	<b>15,231</b>	<b>995</b>	<b>16,226</b>
Share capital return	(25,062)	-	-	-	(25,062)	-	(25,062)
Issuance of share capital	27,912	13,413	-	-	41,325	-	41,325
Formation of Reserves	-	-	3,289	(3,289)	-	-	-
Treasury Shares	(1,468)	(1,225)	2,442	-	(251)	-	(251)
Dividends	-	-	-	(4,372)	(4,372)	(325)	(4,697)
Transfers – other movements	-	-	1,032	(1,032)	-	-	-
<b>Transactions with the Company's Shareholders</b>	<b>1,382</b>	<b>12,188</b>	<b>6,763</b>	<b>(8,693)</b>	<b>11,640</b>	<b>(325)</b>	<b>11,315</b>
<b>30 June 2018</b>	<b>34,176</b>	<b>225,969</b>	<b>47,166</b>	<b>88,588</b>	<b>395,899</b>	<b>10,047</b>	<b>405,946</b>

\* The Group and the Company did not proceed with any adjustment of the comparative amounts of the fiscal year 2017 during the adoption of IFRS 9 and IFRS 15 and they recognized their aggregate effect in "Retained Earnings" (note 2e).

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



## TERNA ENERGY GROUP

Semi-Annual Financial Report for the Period from 1st January to 30th June 2018

(Amounts in thousand Euro, unless stated otherwise)

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
<b>1 January 2017</b>	<b>32,794</b>	<b>219,247</b>	<b>17,283</b>	<b>37,094</b>	<b>306,418</b>
Net earnings for the period	-	-	-	7,389	7,389
Other comprehensive losses for the period	-	-	(369)	-	(369)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(369)</b>	<b>7,389</b>	<b>7,020</b>
Share capital return	(5,466)	-	-	-	(5,466)
Issuance of share capital	5,466	(5,466)	-	-	-
Formation of Reserves	-	-	276	(276)	-
Dividends	-	-	-	(9,838)	(9,838)
Treasury Shares	-	-	(636)	-	(636)
Transfers – other movements	-	-	286	(60)	226
<b>Transactions with the Company's Shareholders</b>	<b>-</b>	<b>(5,466)</b>	<b>(74)</b>	<b>(10,174)</b>	<b>(15,714)</b>
<b>30 June 2017</b>	<b>32,794</b>	<b>213,781</b>	<b>16,840</b>	<b>34,309</b>	<b>297,724</b>
<b>1 January 2018, according to the IFRS published</b>	<b>32,794</b>	<b>213,781</b>	<b>15,574</b>	<b>39,298</b>	<b>301,447</b>
Adjustments due to adoption of IFRS 9*	-	-	-	(219)	(219)
<b>1 January 2018, Adjusted Balance</b>	<b>32,794</b>	<b>213,781</b>	<b>15,574</b>	<b>39,079</b>	<b>301,228</b>
Net earnings for the period	-	-	-	21,424	21,424
Other comprehensive losses for the period	-	-	(1,063)	-	(1,063)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(1,063)</b>	<b>21,424</b>	<b>20,361</b>
Share capital return	(25,062)	-	-	-	(25,062)
Issuance of share capital	27,912	13,413	-	-	41,325
Formation of Reserves	-	-	211	(211)	-
Dividends	-	-	-	(4,373)	(4,373)
Treasury Shares	(1,468)	(1,225)	2,442	-	(251)
Transfers – other movements	-	-	1,032	(1,032)	-
<b>Transactions with the Company's Shareholders</b>	<b>1,382</b>	<b>12,188</b>	<b>3,685</b>	<b>(5,616)</b>	<b>11,639</b>
<b>30 June 2018</b>	<b>34,176</b>	<b>225,969</b>	<b>18,196</b>	<b>54,887</b>	<b>333,228</b>

\* The Group and the Company did not proceed with any adjustment of the comparative amounts of the fiscal year 2017 during the adoption of IFRS 9 and IFRS 15 and they recognized their aggregate effect in "Retained Earnings" (note 2e).

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

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### **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 30/06/2018 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 AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

#### ***a) Basis for the Preparation of the financial statements***

The condensed interim financial statements, which consist of the separate and consolidated financial statements of the Parent Company and Group, have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as such have been adopted by the European Union and specifically according to the provisions of IAS 34 "Interim Financial Statements". The financial statements do not include the entire information required in the preparation of the annual financial statements and should be read together with the annual financial statements of the Group and the Company on 31 December 2017.

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However, the financial statements also include selected notes providing explanation about events and transactions which are significant for the better understanding of the changes in the financial position of the Group and the Company, and as compared to the previously published annual financial statements. The accounting principles that were applied for the preparation of the interim condensed financial statements are consistent with the ones applied for the preparation of the annual financial statements of the Group for the fiscal year ended on 31<sup>st</sup> December 2017, except for the new standards and interpretations which were adopted. The application of those standards and interpretations is mandatory for accounting periods beginning after 1<sup>st</sup> January 2018.

### ***b) New Standards, Interpretations and Amendments***

The accounting principles applied for the preparation of the financial statements are the same with those applied for the preparation of the annual financial statements of the Company and the Group for the period ended on 31 December 2017, apart from the adoption of new accounting standards. The Group has fully adopted all IFRS and interpretations which up to the preparation date of the financial statements had been endorsed by the European Union and whose application was mandatory, according to the International Accounting Standards Board (IASB), for the financial period that ended on 30 June 2018.

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

The following new Standards, Interpretations and Amendments of Standards have been issued by the International Accounting Standards Board (IASB), have been endorsed by the European Union and their application is mandatory from 01/01/2018 or after.

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

In July 2014 the IASB issued the final version of IFRS 9. The improvements made to the new standard refer to the existence of a logical model regarding the classification and measurement, a single proactive model for "expected losses" from impairment and also a substantially reformed approach for hedge accounting. The Group reviewed the effect of the new standard on the Financial Statements. An analytical explanation is provided in Note 2e.

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

In May 2014, the IASB issued a new standard, IFRS 15. This standard is fully harmonized with the requirements for the recognition of revenue in accordance with IFRS and American accounting principles (US GAAP). The basic principles of the particular Standard are in line with significant part of current practices. The new Standard is expected to improve the financial information by establishing a more solid framework for the resolution of the issues which may arise, thus strengthening the comparability among sectors and capital markets, as well as providing additional disclosures and clarifying the accounting treatment of the contracts' cost. The new standard has been formed to replace IAS 18 Revenue, IAS 11 Construction Contracts and some interpretations that are related to revenues. The Group reviewed the effect of the new standard on the Financial Statements. An analytical explanation is provided in Note 2e.

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

In April 2016, IASB proceeded to the issuance of clarifications concerning IFRS 15. The amendments of IFRS 15 do not alter the basic principles of the Standard, but provide clarifications regarding the application of these standards. The amendments clarify the pattern with which a commitment for the execution of contract is recognized, how it is determined whether an economic entity constitutes the entity giving or receiving a mandate, as well as how it is determined whether the income from a license should be recognized at a particular point in time or gradually with the passage of time. The Group reviewed the effect of the new standard on the Financial Statements. An analytical explanation is provided in Note 2e.

**Amendment in IFRS 2: «Classification and Measurement of Share-based Payment Transactions» (effective for annual periods beginning on or after 01/01/2018)**

In June 2016, IASB proceeded with the issuance of an amendment of limited scope in IFRS 2. The aim of the particular amendment is to provide clarifications regarding the accounting treatment of certain types of share-based payment transactions. More specifically, the amendment introduces the requirements regarding the accounting treatment of the effect of the vesting and non-vesting conditions in the measurement of share-based payments arranged in cash, the accounting treatment of the share-based payment transactions which carry a characteristic of settlement on an offsetting basis regarding the obligation for withheld tax, as well as an amendment in the conditions and terms of share-based payment, which alters the classification of the transaction from arranged in cash to arranged based on shares. The amendments do not have any effect on the consolidated Financial Statements.

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

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

**Annual Improvements to IFRSs - 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 circle and which are applicable for the annual accounting periods beginning on or after 1<sup>st</sup> January 2018, are as follows: IFRS 12: Clarification of the implementation context of the Standard, IFRS 1: Deletion of short-term exemptions for first-time IFRS adopters, IAS 28: Measurement of a related or a joint venture at fair value. The amendments do not have any effect on the consolidated Financial Statements.

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

In December 2016, the IASB issued amendments of limited scope to IAS 40. The purpose of these amendments is to strengthen the principle of transfers from or to investment property so as to determine that (a) a transfer from, or to Property investments should be made only if there is a change in the use of the property and (b) such a change in the use of the property would include the valuation of the property that meets the criteria for classification as an investment property. This change in use should be supported by relevant documentation / evidence. The amendments do not have any effect on the consolidated Financial Statements.

**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 amendments do not have any effect on the consolidated Financial Statements.

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

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 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 material effect. These have been adopted by the European Union and entered into force on 01/01/2019.

**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.

**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. These have not been adopted by the European Union.

**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. 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.

**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. 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.

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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. 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. These have not been adopted by the European Union.

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

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

#### **c) Approval of Financial Statements**

The accompanying interim consolidated financial statements were approved by the Board of Directors of the Parent Company on 25th September 2018.

#### **d) 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.



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During the preparation of these interim condensed financial statements, the significant accounting estimates and judgments that were adopted by the Management in order to apply the Group's accounting policies, are consistent with the ones applied in the annual financial statements of 31<sup>st</sup> December 2017. Moreover, the main sources of uncertainty, which existed during the preparation of the annual financial statements of 2017, remained the same for the interim condensed financial statements of 30<sup>th</sup> June 2018.

### **e) Changes in Accounting Policies**

#### **IFRS 15 "Revenue from Contracts with Customers"**

IAS 11 "Construction Contracts", IAS 18 "Revenues" and all interpretations that refer to revenues from contracts with customers are replaced by IFRS 15, unless these revenues from a contract fall within the scope of other standards.

Under IFRS 15, a five-step model is established for the determination of revenues from contracts with customers. Revenues are recognized to the amount by which an entity expects to have in exchange for the transfer of goods or services to counterparty. When awarding a contract according to this standard, is established the accounting monitoring of the additional costs as well as the direct costs incurred for the completion of the contract.

The Group and the Company on 1 January 2018 adopted IFRS 15 using the retrospective method where the effect from the first application was collectively recognized in the "Retained Earnings Balance", while the comparative amounts were not restated. The Group and the Company did not have any impact on the first IFRS 15 application. Therefore, no adjustment was made to the "Retained Earnings Balance" on 1 January 2018.

As revenue is defined the amount that an entity expects to be entitled as an exchange for the goods or services that it has transferred to a customer, except for the amounts collected on behalf of third parties (VAT, other third party taxes). Variable amounts are included in the consideration and are calculated either using the "expected value" method or the "most likely amount" method.

An entity recognizes revenue when it satisfies the performance of the contractual obligation by transferring the goods or services on the basis of that obligation. The acquisition of control by the client occurs when it has the ability to direct the use and to derive virtually all the economic benefits from this good or service. Control is passed over a period or at a specific time. Revenue from the sale of goods is recognized when the control of the goods is transferred to the customer, usually upon the delivery to the customer, and there is no obligation that could affect the acceptance of the good by the customer.

Revenue from the provision of services is recognized in the accounting period in which the services are provided and measured according to the nature of the services to be provided. The receivables from the customer are recognized when there is an unconditional right for the entity to receive the consideration for the contractual obligations performed to the customer.

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The conventional asset is recognized when the Group or the Company has satisfied its obligations to the counterparty before it pays or before the payment is due, for example when the goods or services are transferred to the customer prior to the right of the Group or the Company to issue an invoice.

The contractual obligation is recognized when the Group or the Company receives a consideration from the counterparty as an advance or when it reserves the right on a part of the consideration which is postponed before the performance of the contract's obligations and the transfer of the goods or services. The contractual obligation is recognized when the contract obligations are met and the revenue is recorded in the income statement.

Operating lease income is recognized in profit or loss statement on a straight-line basis over the lease term.

### **IFRS 9 "Financial Instruments"**

IAS 39 "Financial Instruments: Recognition and Measurement" is replaced by IFRS 9 "Financial Instruments" for annual periods beginning on or after 1 January 2018, summarizing the three categories of financial instruments' accounting treatment: classification and measurement, impairment and hedge accounting.

The Group and the Company have applied the new standard from 1 January 2018 retrospectively, without reviewing the comparative information from previous years, therefore the adjustments resulting from the new classification and the new impairment rules do not appear in the financial position of 31 December 2017, but there were recognized in the opening financial position as at 1 January 2018. In 2017, the Group and the Company had not applied hedge accounting and did not opt to apply hedge accounting on 1 January 2018 according to the new standard. Therefore, they will continue to apply their present policy for hedge accounting, although they will consider initiating the hedge accounting in accordance with IFRS 9 requirements when a new hedging association arises.

With regard to the balances of the trade and other receivables, the Group and the Company applied the simplified approach of IFRS 9 for the impairment of the expected credit losses.

The effect of the changes due to the adoption of IFRS 9 in the Retained Earnings of the Group and the Company is as follows:

<i>Amounts in € thousand</i>	<b>Group</b>	<b>Company</b>
<b>Beginning of period 1/1/2018</b>	<b>79,247</b>	<b>39,298</b>
Adjustments due to adoption of IFRS 9	(344)	(219)
<b>Adjusted beginning of period 1/1/2018</b>	<b>78,903</b>	<b>39,079</b>

Analytically, the effect on the financial assets of the Group and the Company on 1/1/2018 is presented below:

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	<b>Group</b>		
	<b>31/12/2017</b>	<b>Adjustments</b>	<b>1/1/2018</b>
	<b>Book Value based on IAS 39</b>	<b>due to the adoption of IFRS 9</b>	<b>Book Value based on IFRS 9</b>
<i>Amounts in € thousand</i>			
Other long-term receivables	24,677	(124)	<b>24,553</b>
Trade receivables	77,584	(113)	<b>77,471</b>
Prepayments and other receivables	105,440	(107)	<b>105,333</b>
	<b>207,701</b>	<b>(344)</b>	<b>207,357</b>
	<b>Company</b>		
	<b>31/12/2017</b>	<b>Adjustments</b>	<b>1/1/2018</b>
	<b>Book Value based on IAS 39</b>	<b>due to the adoption of IFRS 9</b>	<b>Book Value based on IFRS 9</b>
<i>Amounts in € thousand</i>			
Other long-term receivables	90,830	-	<b>90,830</b>
Trade receivables	48,847	(115)	<b>48,732</b>
Prepayments and other receivables	22,718	(104)	<b>22,614</b>
	<b>162,395</b>	<b>(219)</b>	<b>162,176</b>

**(a) Classification and measurement**

The Group and the Company measure the financial assets initially at their fair value by adding transaction costs in the case where a financial asset is not measured at fair value through profit and loss statement. The transaction costs of the financial assets that are measured at fair value through profit and loss statement are been expensed.

Accounts receivables are initially measured at the transaction price.

Financial assets with embedded derivatives are considered in their entirety when investigating whether their cash flows are only capital and interest payments.

Under IFRS 9, securities are subsequently measured at amortized cost, or at fair value through other comprehensive income, or at fair value through profit and loss statement. The classification is based on two criteria: a) the business model of financial asset management; and b) the contractual cash flows of the instrument if they represent "only capital and interest payments" (SPPI criterion) on the outstanding balance. The new classification and measurement of the Group's and Company's securities is as follows:

I. Securities at amortized cost for financial assets acquired within the context of a business model with the purpose of maintenance and the collection of the contractual cash flows that meet the SPPI criterion. Interest income of these items is included in financial income and is recognized using the effective interest rate. Any gain or loss resulting from the write-off is recognized immediately in the income statement.

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II. Securities at fair value through other comprehensive income, with gains or losses being carried forward to the income statement of the year at their de-recognition. Financial assets in this category are debt securities that meet the SPPI criterion and are held within the context of a business model of cash flow collection and sale. Changes in their carrying amount are recognized in the statement of comprehensive income, except for the recognition of impairment gains or losses, interest income and gains or losses on exchange rate differences which are recognized in the income statement. Interest income from these items is included in financial income and is recognized using the effective interest method.

III. Financial assets at fair value through income statement include derivatives and equity instruments that the Group and the Company had not irrevocably chosen to classify in the statement of comprehensive income upon initial recognition or transfer. This category also includes securities whose cash flows do not meet the SPPI criterion or the Group or the Company does not hold them within the context of a business model with the purpose of collecting contractual cash flows or collecting contractual cash flows and selling them. The gain or loss on financial assets at fair value through profit or loss is recognized in the income statement.

Other financial assets are classified and subsequently measured as follows:

IV. Equity securities at fair value through the statement of comprehensive income, without the transfer of profit or loss to the income statement at their de-recognition. This category includes only those securities that the Group or the Company intends to hold for the foreseeable future and has irrevocably decided to classify them by this way in their initial recognition or to the transfer to the IFRS9. Equity instruments at fair value through the statement of comprehensive income are not subject to impairment. Dividends from such investments continue to be recognized in the income statement unless they represent recovering part of the investment cost.

V. Financial assets classified as fair value through:

Income statement on their initial recognition and which could otherwise be measured later at amortized cost or at fair value through the statement of comprehensive income.

### **(b) Impairment**

The Group has a type of financial asset that is subject to the new expected credit loss model of IFRS 9, trade and other receivables.

The Group and the Company apply the simplified model of IFRS 9 for the estimation of the Expected Credit Loss of trade and other receivables.

Based on IFRS 9, future credit losses should be estimated using the following three stages:

**Stage 1:** Measuring Expected Credit Losses (ECL) for the next 12 months. It includes all financial assets with insignificant credit growth

**Stage 2:** Measuring Expected Credit Loss (ECL) for total life - without credit impairment. If a financial asset has a significant credit risk increase since initial recognition but it has not yet been impaired, it is classified in Stage 2.

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**Stage 3:** Measuring Expected Credit Losses for total life – with credit impairment. If a financial asset is designated as credit impaired, it is transferred to Stage 3 and it is measured by the ECL for its total life.

In order to measure the expected credit loss, trade and other receivables are grouped on the basis of their credit risk characteristics and their age (plus days after maturity) at the reporting date. This measurement is based on specific credit risk measures (eg, probabilities of breach of agreement, credit events) calculated on the basis of historical data, current market conditions and future estimates at the end of each reporting period.

### f) **Reclassifications**

For comparability purposes, the Group and the Company, reclassified the following categories of interim condensed financial position for the previous year 2017:

	<b>Group</b>		
	<b>31/12/2017- published figures</b>	<b>Reclassifications</b>	<b>31/12/2017-after Reclassifications</b>
Trade receivables	77,714	(130)	77,584
Receivables from contracts with customers	2,153	137	2,290
Other provisions	15,303	7	15,310
Liabilities from contracts with customers	12,284	3,759	16,043
Accrued and other short-term liabilities	39,805	(3,759)	36,046

  

	<b>Company</b>		
	<b>31/12/2017- published figures</b>	<b>Reclassifications</b>	<b>31/12/2017-after Reclassifications</b>
Trade receivables	48,977	(130)	48,847
Receivables from contracts with customers	3,544	137	3,681
Other provisions	3,748	7	3,755
Liabilities from contracts with customers	14,759	11,512	26,271
Accrued and other short-term liabilities	37,628	(11,512)	26,116

### 3. **GROUP STRUCTURE**

During the first semester of 2018, the Group structure remained unchanged.

The participations in subsidiaries, associates and joint ventures on 30/06/2018 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 inclusive. During the preparation date of the accompanying financial statements, the tax un-audited fiscal years of the Group's companies (without taking into account the fiscal year 2018 which is underway) are as follows:

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*(Amounts in thousand Euro, unless stated otherwise)*

Participation Percentage					
No.	Company Name	30/06/2018	31/12/2017	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

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22	LAGADAS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	6
23	DOMOKOS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	6
24	DIRFYS ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	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 ENERGEIAKI 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	GEOHERMAL 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%	35%	Electronic Systems Operation	4
42	WASTE SYCLO S.A.	51%	51%	Waste Management	6
43	TERNA ENERGY FINANCE SPSA	100%	100%	Credit Services	1
44	AEIFORIKI IPEIROU SA	100%	100%	Waste Management	1
45	OPTIMUS ENERGY SA	51%	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

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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
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



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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
78	EOLOS EAST sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
79	ΑΙΟΛΙΚΗ ΠΑΣΤΡΑ ΑΤΤΙΚΗΣ ΑΕ	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%	51%	Trade of Electric Energy	-
88	FLUVANNA I INVESTOR INC	100%	100%	Production of Electric Energy from RES	-
89	FLUVANNA I HOLDING COMPANY LLC	100%	100%	Production of Electric Energy from RES	-

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

Participation Percentage					
No.	Company Name	30/06/2018	31/12/2017	Business Activity	Tax un-audited fiscal years
1	TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of Electric Energy from RES	6
2	TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of Electric Energy from RES	6
3	TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of Electric Energy from RES	6
4	TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of Electric Energy from RES	6
5	TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of Electric Energy from RES	6

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

### B) Joint ventures & Companies of TERNA ENERGY SA

#### i) Joint Ventures

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

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		30/06/2018	31/12/2017	
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
		30/06/2018	31/12/2017	
1	J/V GEK TERNA SA – TERNA ENERGY SA	50%	50%	3

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

No.	Company Name	Establishment	Participation Percentage		Business Activity	Tax un-audited fiscal years
			30/06/2018	31/12/2017		
1	TERNA ENERGY SA - M.E.L. MACEDONIAN	12/2/2001	-	-	Construction/ Operation of co-production unit of electricity for serving	6

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	PAPER COMPANY SA & SIA CO-PRODUCTION GP				of needs of MEL	
2	TERNA ENERGY SA & SIA LP	24/5/2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki	6

The above company No. 1 was in liquidation phase which was completed at the end of 2017. The company No. 2 had essentially completed the aforementioned project from 2003.

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

### C) Associates of TERNA ENERGY SA

No.	Company Name	Participation Percentage		Consolidation Method	Tax un-audited fiscal years
		30/06/2018	31/12/2017		
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 IWEKO CHONOS LASITHIOU CRETE S.A.

## 4. 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.

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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. More specifically, the Group recognizes the following operating segments that must be reported, whereas no other segments exist that could be incorporated in the “other segments” category.

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

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Concessions: concerns the construction and operation of infrastructure and other public sector projects (such as the Unified Automatic Fare Collection System and the Urban Waste Treatment Plant of the Region of Epirus) 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 IFRS 8, the Group allocates –whenever such allocation is not possible to be made directly- all assets and liabilities per segment as well as the corresponding income and expenses for the period, such as financial results and income tax.

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

“EBIT” 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 9 of the attached financial statements)), minus the blocked deposits (they are included in the item “Prepayments and Other receivables”).

“EBITDA” is defined as the EBIT plus the depreciations of the year minus the grants’ amortization corresponding to the year.

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Business segments 30/06/2018	Construction	Electricity from RES	Trading of Electric Energy	Concessions	Consolidation Write-offs	Total Consolidated
<b>Income from external customers</b>						
Sales of products	-	104,305	3,824	5,471	-	113,600
Income from construction services	11,166	-	-	13,913	-	25,079
<b>Total income from external customers</b>	<b>11,166</b>	<b>104,305</b>	<b>3,824</b>	<b>19,384</b>	-	<b>138,679</b>
Inter-segment income	16,341	-	-	-	(16,341)	-
<b>Total income</b>	<b>27,507</b>	<b>104,305</b>	<b>3,824</b>	<b>19,384</b>	<b>(16,341)</b>	<b>138,679</b>
<b>Net Results per Segment</b>	<b>3,359</b>	<b>14,529</b>	<b>(47)</b>	<b>1,532</b>	-	<b>19,373</b>
Depreciations	(27)	(27,423)	()	(5)	-	(27,455)
Amortization of grants	-	3,903	-	-	-	3,903
Financial income	21	583	1	1,488	-	2,093
Financial expenses	(75)	(30,180)	(8)	(1,598)	-	(31,861)
Foreign exchange differences	-	92	(4)	-	-	88
Profit from financial instruments valued at fair	-	66	-	-	-	66
Results from participations and securities	704	-	-	-	-	704
Income tax	(1,975)	(7,794)	(39)	(191)	-	(9,999)
<b>Earnings before interest and taxes (EBIT)</b>	<b>4,684</b>	<b>51,762</b>	<b>3</b>	<b>1,833</b>	-	<b>58,282</b>
<b>Earnings before interest, taxes, depreciation &amp; amortization (EBITDA)</b>	<b>4,711</b>	<b>75,283</b>	<b>3</b>	<b>1,838</b>	-	<b>81,834</b>
Segment assets	80,404	1,458,070	3,716	62,835	-	1,605,025
Investments in associates	-	4,266	-	-	-	4,266
<b>Total Assets</b>	<b>80,404</b>	<b>1,462,336</b>	<b>3,716</b>	<b>62,835</b>	-	<b>1,609,291</b>
<b>Segment liabilities</b>	<b>30,198</b>	<b>1,119,736</b>	<b>1,921</b>	<b>51,490</b>	-	<b>1,203,345</b>
Bank liabilities	-	722,733	111	40,204	-	763,048
Cash (apart from grants to be returned)	(56,788)	(168,107)	(1,425)	(15,216)	-	(241,536)
Blocked deposits	-	(39,537)	-	-	-	(39,537)
<b>Net debt / (surplus)</b>	<b>(56,788)</b>	<b>515,089</b>	<b>(1,314)</b>	<b>24,988</b>	-	<b>481,975</b>
<b>Capital expenditures for the period</b>	-	<b>17,307</b>	<b>11</b>	<b>13</b>	-	<b>17,331</b>

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Business segments 30/06/2017	Construction	Electricity from RES	Trading of Electric Energy	Concessions	Consolidation Write-offs	Total Consolidated
<b>Income from external customers</b>						
Sales of products	-	78,780	5,147	3,005	-	86,932
Income from construction services	22,551	-	-	30,104	-	52,655
<b>Total income from external customers</b>	<b>22,551</b>	<b>78,780</b>	<b>5,147</b>	<b>33,109</b>	-	<b>139,587</b>
Inter-segment income	7,332	-	-	-	(7,332)	-
<b>Total income</b>	<b>29,883</b>	<b>78,780</b>	<b>5,147</b>	<b>33,109</b>	<b>(7,332)</b>	<b>139,587</b>
<b>Net Results per Segment</b>	<b>7,344</b>	<b>2,445</b>	<b>318</b>	<b>385</b>	-	<b>10,492</b>
Depreciations	(50)	(30,079)	-	(2)	-	(30,131)
Amortization of grants	-	5,465	-	-	-	5,465
Financial income	25	626	-	616	-	1,267
Financial expenses	(206)	(23,321)	(11)	(575)	-	(24,113)
Foreign exchange differences	-	(2,605)	(8)	-	-	(2,613)
Profit from financial instruments valued at fair	-	317	-	-	-	317
Income tax	(3,086)	(4,583)	(19)	(139)	-	(7,827)
<b>Earnings before interest and taxes (EBIT)</b>	<b>10,611</b>	<b>32,011</b>	<b>356</b>	<b>483</b>	-	<b>43,461</b>
<b>Earnings before interest, taxes, depreciation &amp; amortization (EBITDA)</b>	<b>10,661</b>	<b>56,625</b>	<b>356</b>	<b>485</b>	-	<b>68,127</b>
<b>Capital expenditures for the period</b>	<b>1</b>	<b>63,653</b>	-	<b>61</b>	-	<b>63,715</b>
<b>31/12/2017</b>						
Segment assets	63,524	1,469,535	5,145	60,853	-	1,599,057
Investments in associates	-	4,261	-	-	-	4,261
<b>Total Assets</b>	<b>63,524</b>	<b>1,473,796</b>	<b>5,145</b>	<b>60,853</b>	-	<b>1,603,318</b>
<b>Segment liabilities</b>	<b>21,126</b>	<b>1,148,836</b>	<b>3,358</b>	<b>51,249</b>	-	<b>1,224,569</b>
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)
<b>Net debt / (surplus)</b>	<b>(35,214)</b>	<b>572,325</b>	<b>(468)</b>	<b>27,230</b>	-	<b>563,873</b>

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Geographic segments	Greece	Eastern Europe	America	Total consolidated
<b>30/6/2018</b>				
Turnover from external customers	103,109	13,371	22,199	<b>138,679</b>
Non-current assets	617,393	142,185	410,954	<b>1,170,532</b>
Capital expenditure	15,587	-	1,744	<b>17,331</b>
<b>30/6/2017</b>				
Turnover from external customers	113,882	13,553	12,152	<b>139,587</b>
<b>31/12/2017</b>				
Non-current assets	620,431	150,393	406,065	<b>1,176,889</b>
Capital expenditure	59,563	-	172,948	<b>232,511</b>

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.

### 5. INTANGIBLE FIXED ASSETS

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

	GROUP		COMPANY	
	2018	2017	2018	2017
<b>Net book value 1 January</b>	<b>22,853</b>	<b>27,102</b>	<b>2,004</b>	<b>2,116</b>
Additions during the period	11	259	11	-
Amortization for the period	(657)	(568)	(76)	(98)
Foreign exchange differences	148	(566)	-	-
<b>Net book value 30 June</b>	<b>22,355</b>	<b>26,227</b>	<b>1,939</b>	<b>2,018</b>

### 6. TANGIBLE FIXED ASSETS

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

	GROUP		COMPANY	
	2018	2017	2018	2017
<b>Net book value 1 January</b>	<b>1,122,834</b>	<b>970,577</b>	<b>93,205</b>	<b>99,427</b>
Additions during the period	16,457	60,324	181	348
Borrowing cost	98	2,747	-	-
Provisions for restoration	765	385	-	22
Depreciation for the period	(26,798)	(29,563)	(3,049)	(4,236)
Reductions / Write-offs	(2,447)	(56)	(2,000)	-
Foreign exchange differences	4,856	(16,690)	-	-
<b>Net book value 30 June</b>	<b>1,115,765</b>	<b>987,724</b>	<b>88,337</b>	<b>95,561</b>

From the total value of the Group's fixed assets on 30/06/2018, an amount of € 27,438 concerns Assets under Construction and Prepayments for Acquisition of Fixed Assets.



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Moreover, an amount of € 994,887 concerns “Technological and machinery equipment” which includes the wind generators of the wind parks that have been placed as pledge in banks against the Group’s long-term loans.

### 7. OTHER LONG-TERM RECEIVABLES

The account Other Long-term Receivables as at 30/6/2018 and 31/12/2017 is analyzed as follows:

	GROUP		COMPANY	
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
Loans to subsidiaries	-	-	90,983	89,111
Loans to parent – other related companies	922	1,743	69	1,048
Several Provided Guarantees	632	407	269	232
Adjustments due to adoption of IFRS 9	(139)	-	(3)	-
Other Long-Term Receivables	24,443	22,527	453	439
	<b>25,858</b>	<b>24,677</b>	<b>91,771</b>	<b>90,830</b>

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 of 5.25%. The item “Loans to subsidiary companies” mainly includes the financing of construction of wind parks of the Group’s subsidiaries by the parent Company. Specifically, during the first half of 2017, the Company financed the construction of two wind parks, in the Peripheries of Central and Western Macedonia. The construction commenced within the first half of 2017 and completed within the first half of 2018. Moreover, the Company financed the construction of two wind parks in Tanagra Municipality, Periphery of Central Greece. The construction phase completed within the first half of 2017 and operation of the wind parks commenced. Moreover the Company financed the construction of the installation for the urban waste management in the periphery of Epirus, which commenced during the third quarter of 2017 and is expected to complete in 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.

### 8. FINANCIAL ASSETS - CONCESSIONS

The Group constructs and operates two concession contracts:

#### **a) Unified Automatic Fair 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.

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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 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, as well as the revenue and costs related to operating services 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.

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.

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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.

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

<b>Financial Assets - Concessions</b>	<b>Unified Automated System for Ticket Collection</b>	<b>Installation of urban waste processing Epirus Region</b>	<b>Total</b>
<b>Beginning balance 01/01/2017</b>	<b>10,055</b>	-	<b>10,055</b>
Increases of Financial Item	10,906	-	<b>10,906</b>
Reversal of discounting (Effective interest on receivables)	616	-	<b>616</b>
<b>Ending balance 30/06/2017</b>	<b>21,577</b>	-	<b>21,577</b>
<b>Ending balance 01/01/2018</b>	<b>26,463</b>	-	<b>26,463</b>
Increases / (decreases) of Financial Item	(2,408)	13,351	<b>10,943</b>
Reversal of discounting (Effective interest on receivables)	1,490	-	<b>1,490</b>
Reclassification in the Liabilities of the Financial Assets of Concessions	-	(3,071)	<b>(3,071)</b>
<b>Ending balance 30/06/2018</b>	<b>25,545</b>	<b>10,280</b>	<b>35,825</b>
<b>Analysis of revenues per category 01/01-30/06/2018</b>			
Income from construction services	58	13,854	<b>13,912</b>
Income from operation services	5,471	-	<b>5,471</b>
Reversal of discounting (Effective interest on receivables)	1,490	-	<b>1,490</b>
<b>Total</b>	<b>7,019</b>	<b>13,854</b>	<b>20,873</b>
<b>Analysis of revenues per category 01/01-30/06/2017</b>			
Income from construction services	30,104	-	<b>30,104</b>
Income from operation services	3,005	-	<b>3,005</b>
Reversal of discounting (Effective interest on receivables)	616	-	<b>616</b>
<b>Total</b>	<b>33,725</b>	-	<b>33,725</b>

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### 9. CASH & CASH EQUIVALENTS

The cash & cash equivalents on 30 June 2018 and 31 December 2017, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
Cash in Hand	16	17	-	-
Sight & Time Deposits	247,694	201,311	124,309	97,782
	<b>247,710</b>	<b>201,328</b>	<b>124,309</b>	<b>97,782</b>

The Group's cash reserves include amounts to be rebated, amounting to € 6,174, which concern received grants. The amounts will be returned due to the cancellation of certain wind parks' construction or due to the time expiry of decisions concerning the grants of other wind parks.

From total amount of grants to be rebated, during the first semester of 2018, an amount of € 18,420 was rebated. In addition, accounted interest of amount € 440 was rebated. The aforementioned amounts were included in account "Accrued and other short-term liabilities", as 'Grants to be returned'.

Moreover, the Group maintains blocked deposits of € 39,537 (2017: € 41,353) [for the Company of € 4,598 (2017: € 4,768)], which are held in certain bank accounts for the servicing of short-term operating and financial obligations. The particular blocked deposits are classified in the item "Prepayments and other receivables".

### 10. SHARE CAPITAL

By the decision of the Extraordinary General Meeting of Shareholders dated 9 February 2018 it was decided to reduce the share capital of the Company by the amount of one million four hundred and sixty eight thousand six hundred and thirty nine euro and twenty cents (€ 1,468,639.20) through the cancellation of 4,895,464 own shares of the Company. During the period from 01/01/2018 to 30/06/2018, it purchased 49,771 treasury shares of nominal value euro 14,931.30 with a purchase value of 251,460.41 euro. The total number of treasury shares held by the Company on 30/06/2018 amounted to 49,771 shares, namely 0.04% of the total capital, with a total acquisition cost of € 251,460.41.

On the same date, it was also decided to increase of the Company's share capital by the amount of € 2,850,000 through cash payment by issuing of nine million five hundred thousand (9,500,000) common voting shares of nominal value thirty cents (€ 0.30) each and offer price each of four euro and thirty-five cents (€ 4.35), the amount of thirty eight million four hundred seventy five thousand (€ 38.475.000) has been placed in a special reserve account of the Company from the issue of share premium.

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By decision of the Extraordinary General Meeting of Shareholders dated 30 March 2018 it was decided to increase the share capital of the Company by the amount of twenty five million sixty two thousand one hundred sixty five euro and ninety two cents (€ 25.062.165,92) through the capitalization of a part of the special reserve from the issue of shares' premium by increasing the nominal value of each share from thirty cents of euro (€ 0.30) to fifty two cents (€ 0.52) and simultaneous reduce of the share capital of the Company by the amount of twenty five million sixty two thousand one hundred sixty five euro and ninety two cents (€ 25.062.165,92) with a reduction in the nominal value of each share from fifty two cents (€ 0.52) to thirty cents (€ 0,30) and the reimbursement of this reduction to the shareholders.

Subsequently, the Company's share capital amounts to thirty four million one hundred and seventy five thousand six hundred eighty euro and eighty cents (€ 34,175,680.80) divided into one hundred and thirteen million nine hundred and eighteen thousand nine hundred and thirty six (113,918,936) common registered voting shares of a nominal value of thirty cents (€ 0.30) each.

### **11. 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.

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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 non-guaranteed 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.
- 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-guaranteed 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.

The other Financial Liabilities (long-term and short-term) at 30 June 2018 and 31 December 2017 in the accompanying financial statements are analyzed as follows:

	ΟΜΙΛΟΣ	
	30/6/2018	31/12/2017
Financial liabilities	111,152	111,708
Deferred income	24,752	22,555
<b>Long-term part</b>	<b>135,904</b>	<b>134,263</b>
Long-term financial liabilities payable in the following year	24,359	25,107
<b>Short-term part</b>	<b>24,359</b>	<b>25,107</b>
<b>Total</b>	<b>160,263</b>	<b>159,370</b>

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

Financial Liabilities	GROUP	
	2018	2017
<b>Balance 1 January</b>	<b>136,815</b>	<b>48,554</b>
Allocation of cash to the TEI	(1,522)	(1,596)
Value of tax benefits	(9,925)	-
Interest of the period	6,843	1,384
Foreign exchange differences	3,300	(3,828)
<b>Balance 30 June</b>	<b>135,511</b>	<b>44,514</b>

  

Deferred income	ΟΜΙΛΟΣ	
	2018	2017
<b>Balance 1 January</b>	<b>22,555</b>	-
Value of tax benefits	3,162	-
Amortization of tax benefits (Note 16)	(1,592)	-
Foreign exchange differences	627	-
<b>Balance 30 June</b>	<b>24,752</b>	-

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, namely, the value of the tax losses attributed to the TEI is recognized in Other income (Note 16) of the period, using the straight-line amortization method during the term of the contract (2018: € 1,592, 2017: € 0). The value of PTCs, which are associated with the annual wind power generation, is recognized for each year based on actual production to the benefit of turnover (2018: € 6,763, 2017: € 0).

## 12. LOANS

The summary movement of the Group's and Company's short-term and long-term debt on 30/06/2018 and 30/06/2017, was as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
<b>Balance 1 January</b>	<b>781,960</b>	<b>667,856</b>	<b>263,360</b>	<b>151,872</b>
New debt	28,994	99,747	-	71,402
Repayment of loans	(49,923)	(35,496)	(8,860)	(9,715)
Capitalization of interest	671	4,774	1,192	1,226
FX differences	1,346	(10,921)	-	-
<b>Balance 30 June</b>	<b>763,048</b>	<b>725,960</b>	<b>255,692</b>	<b>214,785</b>

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

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

On 30/06/2018, out of the Group's total bank borrowings, an amount of € 144,160 corresponds to bank loans of the parent company, amount of € 230,186 corresponds to the loan liabilities for which the parent company has provided a guarantee and € 388,702 corresponds to loan liabilities for which no guarantee has been provided by the parent company.

The Group's "New Borrowing" for the first half of 2018 mainly concerns the financing of the investment in wind farms of the Group's subsidiaries, namely in the wind farms at the location "LEFKES KERASIES" and at the location "ERESSOUS - HYPSONA - FOURKA amounting to € 9,900 as well as to the financing of the PPP partnership of Group's subsidiary "AEIFORIKI IPEIROU SA" € 15,118.

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

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

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

As of December 31, 2017, the Group satisfied fully the required limits of these financial ratios according to the respective loan contracts, excluding bond loans, of amortized amount € 21,674. These loans were reclassified to Short-term Liabilities, and in specific to the account "Long-term liabilities payable in the next financial year", as the financial ratios of the relevant loan agreements were not met on 31/12/2017.

On June 30, 2018, from the aforementioned loans, the amount of loans of 6,876 was reclassified to the item "Long-term loans" as it fulfilled the terms of the loan agreements.

Additionally, as of 30 June 2018, bond loans of unamortized cost € 8,264 were reclassified to Short-term Liabilities, namely to "Long-term liabilities payable in the next financial year", given that the financial ratios of the relevant loan contracts were not met as of 30/06/2018.



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### 13. FINANCIAL DERIVATIVES

Liabilities from financial derivatives on 30/06/2018 and 31/12/2017, are analyzed as follows:

LIABILITY	Nominal Value		GROUP		COMPANY	
			Fair Value of Liability	Fair Value of Liability	Fair Value of Liability	Fair Value of Liability
			30/6/2018	31/12/2017	30/6/2018	31/12/2017
<b>For hedging purposes</b>						
Interest Rate Swaps:	€ 7,537	€ 7,537	208	271	-	-
Interest Rate Swaps:	€ 9,000	€ 9,000	343	401	-	-
Interest Rate Swaps:	€ 5,772	€ 5,772	139	169	-	-
Interest Rate Swaps:	€ 17,000	€ 17,000	1,255	1,345	-	-
Interest Rate Swaps:	€ 15,400	€ 15,400	798	847	-	-
Interest Rate Swaps:	€ 11,160	€ 11,160	90	51	-	-
Interest Rate Swaps:	€ 103,650	€ 103,650	642	536	-	-
Interest Rate Swaps:	€ 6,563	€ 6,563	333	382	333	382
Interest Rate Swaps:	€ 30,000	€ 30,000	393	339	393	339
Interest Rate Swaps:	€ 20,000	€ 20,000	240	202	240	202
			<b>4,441</b>	<b>4,543</b>	<b>966</b>	<b>923</b>
<b>For trading purposes</b>						
Options (collar)	-	-	2,226	-	-	-
			<b>6,667</b>	<b>4,543</b>	<b>966</b>	<b>923</b>
ASSET	Nominal Value		GROUP		COMPANY	
			Fair Value of Asset	Fair Value of Asset	Fair Value of Asset	Fair Value of Asset
			30/6/2018	31/12/2017	30/6/2018	31/12/2017
<b>For hedging purposes</b>						
Interest Rate Swaps	\$25,000	\$25,000	822	312	-	-
Options (collar)	-	-	-	200	-	-
Options (swaption)	-	-	1,040	798	-	-
			<b>1,862</b>	<b>1,310</b>	-	-

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 "Hedging of cash flow risk" in the statement of comprehensive income.

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

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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 its subsidiary. This particular subsidiary constructed and placed into operation a wind park of 155.4 MW capacity in West Texas of the United States.

The Group examined all the elements and requirements of IAS 39 in order to use the cash flow hedging accounting. The requirements of the standard were met within the first quarter of 2017 and as a result cash flow hedging accounting will be used from that date and onwards. Therefore during the first half of 2018, the result from the valuation at fair value of the above derivatives, amounting to € 66 (profit) was recognized in the results of the period, in the item "Gains from financial instruments measured at fair value", whereas an amount of € 2,199 (loss) was recognized in the item "Hedging of cash flow risk" in the statement of other comprehensive income. Additionally, during the first half of 2017, the result from the valuation at fair value of the above derivatives, amounting to € 317 (profit) was recognized in the results of the period, in the item "Gains from financial instruments measured at fair value", whereas an amount of € 463 (income) was recognized in the item "Hedging of cash flow risk" in the statement of other comprehensive income.

The fair value of the collar on 30/06/2018 implied a liability of € 2,226 (31/12/2017: receivable of € 200), whereas the swaption a receivable of € 1,040 (31/12/2017: € 798).

### 14. PROVISIONS

The summary movement of the Group's and company's provisions on 30/06/2018 and 30/06/2017, was as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
<b>Balance 1 January</b>	<b>15,721</b>	<b>14,122</b>	<b>4,086</b>	<b>4,443</b>
Additional provisions charged on the period's results	444	407	111	133
Additional provisions charged on the assets	765	385	-	22
FX differences	(31)	101	1	-
<b>Balance 30 June</b>	<b>16,899</b>	<b>15,015</b>	<b>4,198</b>	<b>4,598</b>

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### 15. GRANTS

The summary movement of the group's and company's grants on 30/06/2018 and 30/06/2017, was as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
<b>Balance 1 January</b>	<b>143,294</b>	<b>159,156</b>	<b>17,552</b>	<b>19,007</b>
Recognition of approved grants	1,474	-	1,474	-
Approved and collected grants	2,408	-	2,408	-
Rebate of grants	-	(1,070)	-	-
Transfer of period's proportion to the results	(3,903)	(5,465)	(629)	(940)
FX differences	966	(4,288)	-	-
<b>Balance 1 January</b>	<b>144,239</b>	<b>148,333</b>	<b>20,805</b>	<b>18,067</b>

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

During the first semester of 2018, the company recognized a grant of total amount € 3,882 under the European Commission's Innovation and Networks Executive Agency. During the first semester of 2018, an amount of € 2,408 was received, while an amount of € 1,474 had been received in the past and included in the account " Accrued and other short-term liabilities " because the terms of the program had not been fulfilled. During the first semester of 2018 and after the fulfillment of all the prerequisites of the Program, the company recognized the total amount in the "Grants" account.

During the first half of 2017, following an audit by the Ministry of Development and Competitiveness, grants amounting to € 1,070 were returned with regard to previously collected grants of two wind parks of the Group. During the first half of 2018, no amount was returned with regard to the Group's grants.

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



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### **18. INCOME TAX**

The expense for income tax is registered based on the management's best estimation on the weighted average annual tax rate for a full year.

The weighted tax rate for 30/06/2018 was 34.10% for the Group and 9.18% for the Company.

The parent Company, TERNA ENERGY S.A. is tax-audited up to the fiscal year 2008 included. On 28th December 2015, the 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.

Additionally, on July 18, 2017, the Company received a partial on-site tax audit order for the fiscal year 2012 and until the date of approval of the interim financial statements, that audit had not started.

For the financial years 2011, 2012 and 2013, the Company has been tax audited according to the Decision 1159/26/7/2011 whereas for the years 2014, 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 interim condensed financial statements. The particular audit is not expected to materially affect the tax obligations already recorded in the Financial Statements.

At the date of preparation of the accompanying financial statements, the unaudited fiscal years (including the 2017 fiscal year) of the Group's companies are presented in note 3.

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### 19. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01/2018 – 30/06/2018 and 01/01/2017 – 30/06/2017, as well as the balances of receivables and liabilities arisen from the above transactions as of 30/06/2018 and 30/06/2017 are as follows:

Period 01/01/2018-30/06/2018	GROUP				COMPANY			
	Sales	Purchases	Debit Balances	Credit Balances	Sales	Purchases	Debit Balances	Credit Balances
<b>Related party</b>								
Subsidiaries	-	-	-	-	22,070	4,097	124,614	119,502
Parent	21	121	69	9,564	21	121	69	9,564
Other related parties	569	1,535	9,085	2,011	185	230	8,375	1,164
Main senior executives	-	980	-	388	-	806	-	60

Period 01/01/2017-30/06/2017	GROUP				COMPANY			
	Sales	Purchases	Debit Balances	Credit Balances	Sales	Purchases	Debit Balances	Credit Balances
<b>Related party</b>								
Subsidiaries	-	-	-	-	11,358	2,453	126,593	59,290
Parent	25	95	1,026	10	25	95	1,026	10
Other related parties	27,457	557	9,720	1,699	26,002	259	8,902	1,261
Main senior executives	-	474	-	709	-	287	-	10

### 20. 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.

### 21. SIGNIFICANT EVENTS DURING THE PERIOD

During the 1<sup>st</sup> Half of 2018 the following significant events occurred:

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

- a. 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.

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**b.** 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 par value (share premium).

**c.** 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.

**2.** 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.

**3.** Signing of a PPP contract for the Integrated Waste Management Project of the Peloponnese Region.

On June 14, 2018, the contract of the PPP project "Integrated Waste Management of the Peloponnese Region" was signed, between the Environmental Peloponnese SA, a member of TERNA ENERGI AKI Group and the Region of Peloponnese. It is the largest waste management project in the country, which implements most of the Peloponnese PESDA, while it operates alongside with the local recycling projects at the source of municipalities. The amount of the investment stands at € 168 million, out of which the € 66 million comes from an ESPA grant. The contract provides for the construction and operation of three (3) Waste Treatment Units (WTUs) and an equal number of landfill sites in Arcadia, Messinia and Laconia, as well as two (2) Waste Shipment Stations in Corinthia and Argolida, finally resolving the major waste problem in the periphery of Peloponnese. The total duration of the contract is 28 years and includes the two-year construction period and the 26-year operation period. The agreement also provides for the initiation of the transient waste management at the premises of the concession company from the 10<sup>th</sup> month following the entry into force of the contract.

**4.** Commencement of commercial operation of two wind farms (Vermio) in Macedonia with a total installed capacity of 44.4 MW.

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Commencement of the commercial operation of the wind farms: "Eressou – Ipsoma Fourka", in the Municipality of Veroia of the Region of Central Macedonia (formerly municipality of Imathia) with a total installed capacity of 36 MW and "Lefkes - Kerassia" in the Municipality of Kozani of the Region of Western Macedonia (formerly Municipality of Kozani ) of a total installed capacity of 8.4 MW.

5. Commencement of the commercial operation of wind farm's expansion in Voiotia, with installed capacity of 6.6 MW.

Commencement of commercial operation expansion of the "Rahoula - Paschalies" Wind Park in the Municipality of Tanagra, Central Greece, with installed capacity of 6.6 MW.

### **22. SIGNIFICANT EVENTS AFTER THE REPORTING DATE OF STATEMENT OF FINANCIAL POSITION**

There are not any significant events after 30 June 2018 that affect the financial position of the Company.

### **23. CONTINGENT ASSETS AND LIABILITIES**

#### **Contingent Liabilities**

##### **TERNA ENERGY S.A.**

- Legal action against Terna Energy SA by the residents of the Municipality of Sitia, Lassithi, Crete for a total amount of € 2,523 for property damage and moral damages due to tort law due to the acquisition by the Company of a license to produce electricity from a wind park in the area. According to the lawyers' opinion, the lawsuit will not succeed.

- Legal action against Terna Energy SA, of Terna SA, and the consortium named Euro Ionia Consortium by FERROVIAL AGROMAN SA, amounting to € 1,241 as compensation for moral damage. According to the Company's lawyers' estimate in the Company's books under "Other provisions", an amount of € 100 has been recognized as a provision.

##### **ENERGY SERVOUNIOU S.A.**

On 26/11/2016, the unanimous successors of the already absorbed Company AEOLUS LUX SARL Company, initiated a dispute settlement procedure through arbitration against the company Energeiaki Servouniou SA for the payment of € 965 as consideration for the purchase of the shares of EUROWIND SA as well as an amount of € 300 for moral damages. According to the lawyers' opinion, the lawsuit will not succeed.



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### **Contingent Claims**

#### **TERNA ENERGIAKI AI GIORGIS SA**

Action against the Company SILVER SUN SHIPPING SA, which is based in Panama, and maintains offices in Greece for the payment of € 18,514 from tort, namely, the remedy of the loss and the loss of profits of the Company due to a fault. On 13/3/2018 was published the decision No. 1291/2018, which partially allowed the claim and the Company received an amount of € 12.034 legally from the beginning of 2017. As it was decided by the above decision that the Company is also responsible for damage at a percentage of 35%, the Company has appealed to the Three-Member Court of Appeal of Piraeus against the decision No. 1291/2018, which was adjudicated on 15/11/2018. On the same date, the appeal brought by the opposing company against the decision No. 1291/2018 will be adjudicated. According to the Company lawyers' opinion, the appeal of the Company is expected to succeed and the appeal brought by the other company is expected to be rejected. 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 insurance company to pay to its member Company under the name SILVER SUN SHIPPING SA the amount of € 18,514. The lawsuit was discussed on 19/10/2017 and a decision was issued on it, which dismissed the lawsuit. The possibility of an appeal is being investigated.

The Chairman of the  
Board

George Peristeris

ID No. AB 560298

The Chief Executive  
Officer

Emmanuel  
Maragoudakis

ID No. AB 986527

The Chief Financial  
Officer

Vasileios  
Delikaterinis

ID No. AI 036060