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

ANNUAL FINANCIAL REPORT
for the period
from 1st January to 31st December 2018

In accordance with Article 4, Law 3556/2007 and the relevant Executive Decisions of the Hellenic Capital Market Commission Board of Directors

Contents

I. REPRESENTATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS
(in compliance with Article 4, Par. 2 of Law 3556/2007)

The below statements are made by the following representatives:

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

WHO HEREBY DECLARE AND CERTIFY

to the best of our knowledge that:

a. The attached separate and consolidated annual financial statements of the Company TERNA ENERGY S.A. for the annual period from January 1st 2018 to December 31st 2018 prepared according to the applicable accounting standards, present truly and fairly the assets and liabilities, the equity and the financial results of the Company as well as of the companies included in the consolidation in aggregate, and

b. The attached BoD Report provides a true view of the Company’s evolution, performance and position, as well as of the companies included in the consolidation in aggregate. A description of the main risks and uncertainties to which they are exposed is also encompassed in the Report.

Athens, March 21, 2019

George Peristeris	Emmanuel Maragoudakis	Vasileios Delikaterinis
Chairman of the BoD	Chief Executive Officer	Member of the BoD

II. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY"

Report on Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of "TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY" ("the Company"), which comprise the separate and consolidated statement of financial position as at December 31, 2018, separate and consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiary (the Group) as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union in compliance with the regulatory requirements of CL 2190/1920.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matter
Assessment of non-current assets impairment	
As at 31 December 2018, the Group recognized intangible assets with definite useful life of € 23.5 million (Company: 2million) and property, plant and equipment of € 1.189,5 million (Company: € 85,8 million) which mostly pertain to “Electricity and RES” segment. Intangible assets and property, plant and equipment are measured at acquisition cost less accumulated amortization/depreciation and any accumulated impairment losses. Also, as at 31 December 2018, the Company holds investments in subsidiaries of € 332,6k , measured at acquisition cost less any accumulated impairment losses. Intangible assets with definite useful life, property, plant and equipment and investments in subsidiaries are tested for impairment whenever the Management estimates that there are relevant indications that require a significant degree of judgment. An impairment test involves determining the recoverable amounts of every Cash Generation Unit (CGU) based on value in use of such assets. Calculation of value in use arises from discounted cash flow method, based on business plans that incorporate key assumptions and estimates of the Management, sales prices, expected return on wind farms, their capital and operating expenses and discounted rates used. Given the significance of the aforementioned items and the degree of objectivity regarding the assumptions used for impairment analysis as well as the use of the Management's estimates, we consider that assessment of impairment of those non-current assets is one of the key audit matters. The Group’s and Company’s disclosures regarding the accounting policy and assumptions and estimates used under assessing impairment of these assets are included in Notes 3.1(ii), 3.2 (vi), 4.4, 4.5, 4.7, 7, 8 and 10 to financial statements.	The key audit procedures we carried out included, among others: – Evaluation of the Management estimate made in order to identify the extent of indication of impairment in non-current assets. – Regarding CGUs, in respect of which indications of impairment were effective, we assessed: (i) appropriateness of the methods used to determine the recoverable amount; and (ii) the reasonableness of the underlying assumptions and estimates of future cash flows. – Evaluation of the procedures used by the Management in order to prepare reliable business plans. Among other issues, we compared and analyzed previously made estimates/projections with the actual return on CGUs. – As far as the aforementioned procedures are concerned and where deemed necessary, Grant Thornton expert was summoned. – Evaluation of adequacy of disclosures in the accompanying financial statements in relation to this matter.
Revenues recognition	
The Group’s revenue arises various operating segments (“Constructions”, “Electricity and RES”, “Trade in electric energy” and “Concessions”). Each operating segment includes various sources of revenue, whose recognition involves a different extent of complexity, judgments and estimates of the Management – the fact that generates a certain degree of uncertainty. Considering the above, in line with the significance of revenue item to the financial statements, we have identified revenue recognition as one of the key audit matters.	The key audit procedures we carried out included, among others: – Understanding the internal controls designed by the Management and related to revenue recognition procedures per operating segment. – We performed, among others, the following substantive procedures in respect of every operating segment: (i) examining, on a sample basis, the correctness of revenue recognition in accordance with the provisions of IFRS and related supporting documents, (ii)

In particular, the Group's revenue arising from RES produced electricity and trade in electric energy is recognized within the period when the respective services are rendered. Furthermore, the Group's revenue related to construction contracts is defined by IFRS 15 applying the method of measuring the progress based on inflows, as arising from the balance between the incurred cost and the total estimated cost until the completion of the project. The Group's revenue related to concession contracts is recognized in accordance with the provisions of IFRIC 12 *"Service Concession Arrangements"* and the management's estimates at construction and operations stages.

The Group's and Company's disclosures regarding revenue recognition accounting policy, judgments and estimates used in respect of revenue recognition are included in Notes 3.1 (iii), 3,2 (i), 4.17 and 6 to the financial statements.

regarding revenue from for construction contracts, reviewing, on a sample basis, realized construction costs recognized in the current year in line with the corresponding supporting documents, as well as a recalculating the amount of revenue from construction contracts recognized based on completion percentage as at December 31, 2018. (iii) regarding revenue form concession agreements, understanding and analyzing the terms of concession agreements and verifying correct accounting treatment of revenue recognized under the provisions of IFRIC 12.

– Evaluation of adequacy of disclosures in the accompanying financial statements in relation to this matter.

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

1. Board of Directors Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 (part B) of L. 4336/2015, we note the following:

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

2. Additional Report to the Audit Committee

Our audit opinion on the separate and the consolidated financial statements is consistent with the additional report to the Audit Committee referred to in article 11 of EU Regulation 537/2014.

3. Provision of Non-Audit Services

We have not provided to the Company and its subsidiaries any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014.

Authorized non-audit services provided by us to the Company and its subsidiaries during the year ended as at December 31, 2018 are disclosed in Note 34 to the accompanying separate and consolidated financial statements.

4. Auditor's Appointment

We were first appointed the Company's Chartered Accountants following as of 30/06/2007 Decision of the Annual Regular General Meeting of the Shareholders. Our appointment has been renewed by the decision of the annual general meeting of shareholders for a total uninterrupted period of 12 years.

Athens, 22 March 2019
The Certified Auditor Accountant

Dimitra Pagoni
SOEL Reg. No 30821

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

III. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF "TERNA ENERGY S.A." ON CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2018

Dear Shareholders,

In compliance with provisions of CL 2190/1920 (Article 43a, Par.3, Article 107, Par. 3 and Article 136, Par.), as effective and amended (Article 147) as well as Law 3556/2007 Article 4, Par. 2(c), 6, 7 & 8 and the decisions issued by the Hellenic Capital Market Commission under No. 7/448/11-10-2007 Article 2 and the Company's Articles of Association, we are hereby submitting the annual management report by the Board of Directors for the present financial year from 01/01/2018 to 31/12/2018. The present report briefly discloses financial reporting for FY 2018 as well as the most significant events occurred (before and after the financial statements reporting date). It also describes the key risks and uncertainties which the Group might face in 2019 and presents significant transactions between the issuer and its related parties.

A. Financial Developments & Performance for the Reporting Period

The efforts made by Greek economy aimed at facilitating the definite exit from the long-term crisis continued throughout 2018, have brought about finalization of the third economic adjustment program in August of the same year in line with upgrading of the country's credit rating by international rating agencies.

Global recognition and confirmation of the interest, foreign financial and investment firms have actually expressed in the development of the Greek economy was obvious when Greece successfully issued a seven-year maturity bond of EUR three billion in February 2018. Even now, in the first quarter of 2019, on-going growth course and adjustment of the Greek economy to fiscal stability treaties have been extremely successful, since the Greek Government has proceeded with a stand-alone appeal to international money markets and successfully issued a new state ten year maturity bond of EUR 2,5 billion on March 12th .

The investment interest expressed by foreign 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 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 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.

In general, RES sector and the business operations related to strengthening the green economy and improving environmental protection effectively contribute to sustainable development of the global economy, substantially enhance the investment interest and broaden the prospects for further growth over the long term. This framework generates favorable conditions facilitating development of our company, which can occupy the leading position in all the markets, where it holds operations.

TERNA ENERGY continues investing in RES segment and till the end of 2018 has in operation (maximum delivered) capacity equaling 986,1 MW and installed capacity 1.011,3 MW in Greece and abroad. The installed-licensed capacity of the Group has exceeded the milestone of one (1) GW, and Management will set the new long and short-term investment objectives in relation to its broader business planning.

In particular:

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

	TOTAL	GREECE	USA	POLAND	BULGARIA
WIND PARKS	984,0	558,6	293,4	102,0	30
HYDROELECTRIC	17,8	17,8			
PHOTOVOLTAIC	8,5	8,5			
BIOMASS	1,0	1,0			
TOTAL	1.011,3	585,9	293,4	102,0	30,0

b. in 2018, the waste management sector has completed the construction of the relevant facilities in the Region of Epirus, while their trial has been completed in the first quarter of 2019. The processing capacity of the plant currently amounts to 105 thousand tons per year.

c. the Company's construction sector continues to render services though at a declining rate, since it is not expected to make a significant contribution to the company's growth course in the near future.

In 2018, the consolidated sales of the Group based on IFRS amounted to EUR 292,1 million compared 276,5 million in 2017, enhanced by 5,6 %, mainly due to increased revenues and energy from renewable sources. EBITDA amounted to EUR 167,9 million compared to EUR 147,5 million in the previous year, enhanced by 13,8%, mainly due to the increased energy capacity of the Group in operation. Earnings before taxed amounted to EUR 62,4 million, increased by 9,5 % compared to EUR 57,0 million in 2017, while net profit after taxes and minority interest stood at EUR 44,9 million, enhanced by 17,0% (2017: EUR 37,1 million)

Regarding the results of the separate sectors:

1) the energy sector generated revenues from sale of energy of EUR 216,3 million, increased by 25,0 % compared to 2017, while EBITDA amounted to EUR 156,3 million, recording an increase of 24,0 % compared to the corresponding period of 2017.
2) the electricity trading sector generated revenues of EUR 19,7 million, recording and increase of 44,6 % compared to 2017. EBITDA in the sector amounted to EUR 1,6 million, compared to EUR 1,0 million recorded in 2017.
3) TERNA ENERGY turnover of construction activity to third parties amounted to EUR 14,4 million, recording a decrease of 62,8 % compared to 2017. EBITDA in the sector amounted to EUR 5,2 million compared to EUR 18,5 million in 2017. The backlog of construction activity to third parties amounted to EUR 6,9 million at the end of 2018 while the backlog of concession activity amounted to EUR 112 million.
4) finally, the revenues from the concession sector amounted to EUR 41,6 million compared to EUR 51,1 million in 2017 recording a decrease of 18,7 % mainly due to the execution of the construction phase in the concession projects. EBITDA amounted to EUR 4,9 million, compared to EUR 2,1 million in 2017.

The Group maintains strong financial position, with cash available amounting to EUR 166,4 million and debt liabilities of EUR 812,4 million, thus forming the net debt position of the Company (bank liabilities less cash available) at the amount of EUR 606,2 million.

It is to be noted that the Group’s cash available as at 31/12/2018 include amounts intended for rebates of EUR 3,0 million which pertain collected grants. This is due to the cancellation of the construction or the expiration of the time limits for the inclusion of particular Wind Farms in the provisions of law.

Within the year 2018, grants of EUR 21,6 million were returned.

As at the financial statements approval date, the current balance stood at EUR 3,0 million and will be rebated as soon as the relevant procedures of the competent Ministry of Development's services are completed.

Environmental issues

Renewable Energy Sources (RES) and Waste Management (WM) industries, in which the company conducts its operations, are leaders, making sizable sizable contributions to pollution control and environmental protection. The European Union recognizes this contribution, sets out objectives and incentives for national governments to implement environmental protection measures and policies and reward companies operating in their territories and participating in this joint effort with the view to meeting these social and economic objectives.

Our Company holds a leading position in RES and WA industries through its significant contribution and particular social sensitivity to meeting the aforementioned objectives. It has developed and implements a long-term growth strategy in the green economy and demonstrates it through investing and using over 100 million euro a year over the last decade.

Human resources management

On 31/12/2018, the Group's total headcount stood at 257 persons, while on 31/12/2017 the respective number was 249. On 31/12/2018, the Company's total headcount numbered 130 employees, while on 31/12/2017 it stood at 135 employees. The Company's Management possesses all the necessary skills regarding implementation of human resources management policies, such as diversification and equal opportunities, respect for human rights, trade union freedom, health and safety at work, education systems, promotion model, etc.

B. Significant events for FY 2018

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

    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. 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 ENERGIAKI 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 10th month following the entry into force of the contract.

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

6. On-going implementation of the investment plan as disposed in Unit D below.

7. On 06.14.2018 the contract of a bond loan was signed between the "ENERGEIKI TERNA SA" and "PERIVALLONTIIKI PELOPONNISOU MAE" bond loan amounting to 13,5 mil. Euro. Due to delays resulting from the signing on 14/06/2018 of the Partnership Agreement between the Region of Peloponnese and the subsidiary "ENVIRONMENTAL PELOPONNESE MAE", the consumption of the financing received by this company from "TERNA ENERGY SA" has been transferred to a later date . Immediate completion of the legal procedures is expected, for the compulsory expropriation of real estate by the Peloponnese Region in order for the company to legally settle in the expropriated areas in order for the Partnership Contract to enter into force.

C. Post 2018 significant events

No other events that could significantly affect the financial position and the course of the Group's development have taken place from 1/1/2019 to the current report preparation date.

D . Prospects, risks and uncertainties

In 2019, TERNA ENERGY will continue to implement its strategy, aimed at on-going development of RES and green economy in general in Greek and global markets, while ensuring the most satisfactory possible distribution of dividends to its shareholders.

TERNA ENERGY aims to maintain its leading position in the Greek market and facilitate its sustainable development in the foreign markets in order to achieve a satisfactory level of business risk dispersion and maintain return on capital at a satisfactory level. The prospects for achieving the targets set out for 2019 are particularly positive given that:

a. the construction of a 18,4 MW wind farm in SERBOUNIA, Evia, and its trial operations started on 17/01/2019.
b. in 2019, a 30 MW wind farm is to be constructed in the location of TARATSA in Viotia.
c. till the end of the third quarter of 2019, 9 121 MW wind farms are expected to be constructed through two parallel stages (4 farms during the first stage and 5 parks during the second stage in 9 corresponding areas on the island of Evia. The construction is estimated to be gradual from the last quarter of 2019 until the end of the second quarter of 2020.
d. in the fourth quarter of 2019, a new 158 MW wind farm (LUVANNA II) in Texas, the USA, will be completed and start operating.
e. the trial period of the waste management plant in the Region of Epirus is being completed.
f. the Management examines the potential regarding new RES investment in Greece and the USE, totaling a capacity of approximately 200 MW.

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

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

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

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

The major risks and uncertainties regarding the Group’s operations are presented below as follows:

Credit risk

The Group examines its receivables on an on-going basis and incorporates the arising data in its credit control.

The total of the energy segment receivables relates to the broader domestic (including LAGIE and DEDDIE) and foreign Public Sector, while the same is effective regarding the main part the receivables of the construction industry.

Given the nature of its operations, the Group is not exposed to significant credit risk from trade receivables except delays in collections from LAGIE, which can be significantly reduced following the application of Law 4254/14.

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

Finally the Group Management estimates that all the aforementioned financial assets, for which the necessary depreciations have been made, are of high credit quality.

Foreign exchange risk

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

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

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

Interest rate risk

The Group's policy is to minimize its exposure to cash flow interest rate risk with regards to its long-term financing. In this context, long-term loans received by the Group either bear a fixed interest rate or are hedged for almost the entire duration. Thus, 39,8% of the Group's long-term borrowing refers to fixed interest rate loans, 23,5% refers to floating-rate loans that have been hedged through derivatives with which future fixed rate payments are exchanged against floating rate collections, while 36,7 % in floating rate loans on a case by case basis euribor or wibor.

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

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

Sensitivity analysis of interest rate risk

The table, presented below, records sensitivity of earnings for the year versus the Group's short-term borrowing and deposits, at a change in the interest rate of + 20% -20% (2017: +/- 20% just as well). Changes in interest rate are estimated to fluctuate on a reasonable basis in relation to the recent market conditions and till currently, they have been stable compared to the previous year.

	2018		2017	
Amounts in thousand €	**20%**	**(20%)**	**20%**	**(20%)**
Earnings for FY after tax – Group	(119)	119	(109)	109
Earnings for FY after tax - Company	(70)	70	(71)	71

The Group is not exposed to other interest rate risks.

Market risk analysis

In respect of its financial assets, the Group is not exposed to market risk.

Liquidity risk analysis

The Group's liquidity is considered satisfactory, as apart from the effective cash and cash equivalents, currently operating wind farms generate satisfactory cash flows on an on-going basis. In 2018, net cash flows from operating activities amounted to € 135,3 million versus € 151,5 million recorded in 2017. The Group manages its liquidity needs by applying a cautious cash flow planning, by carefully monitoring the balance of long-term financial liabilities as well as by systematically managing the payments which take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly.

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

Other risks and uncertainties

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

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

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

The description of the Group’s financial performance includes ratios and indicators such as:

- *“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 equity interests, +/- Provision for impairment of participations and equity interests, +/- Earnings/(losses) from financial instruments valued at fair (Note 6).
- *“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 19 of the attached financial statements)), less restricted deposits (they are included in the item “Prepayments and Other receivables (Note 19 of the accompanying financial statements).
- *“EBITDA”* is defined as *EBIT* plus depreciations for the year less the grants’ amortization corresponding to the year (Note 6).

The ratio Bank Debt to Total Capital Employed. The Total Capital Employed is defined as the sum of the total equity, the bank debt, the securities issued in the context of the tax equity investment (Note 25 to the attached financial statements), the repayment of which follows the repayment of primary debt of the corresponding Wind Farks and is performed only to the extent that the required return from their operation is met, the state grants minus the amount of cash and cash equivalents which are not subject to any limitation in use or to any commitment.

At the end of FYs 2018 and 2017, the aforementioned ratio was as follows:

Amounts in thousand €		31/12/2018	31/12/2017
Bank debt		812.439	781.960
Total equity		389.659	378.749
Bank debt		812.439	781.960
Financial liabilities from secondary securities		160.390	159.370
Grants		141.336	143.294
Less:			
	Cash	166.359	201.328
	Restricted deposits	42.874	41.353
	Grants to be rebated	(3.024)	(24.594)
Cash and cash equivalents		206.209	218.087
Capital		**1.297.615**	**1.245.286**
Bank debt / Total employed capital		**63%**	**63%**

F. Treasury Shares

During the period 01/01/2018 – 31/12/2018, the Company bought back 1.302,475 treasury shares of nominal value of 39.742,5 euro and market value of 7.755.382,54 euro. The total number of treasury shares held by the Company as of 31/12/2018 stands at 1.302.475 shares, i.e. 1,14% of the total share capital, of total acquisition cost of 7.755.382,54 euro.

In the course of its operations, the Company creates Branches, Construction Sites and other similar facilities. In 2018 the Company, maintained 81 facilities.

G. Transactions with Related Parties

According to IAS 24, related parties include subsidiaries, companies under 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 key executives. The Company procures goods and services from its related companies, while it also supplies goods and services to them.

Transactions and balances for 2018 are as follows:

TERNA ENERGY SA				
Amounts in Euro	**SALES**	**ACQUISITIONS**	**RECEIVABLES**	**LIABILITIES**
SUBSIDIARIES				
TERNA ENERGY OVERSEAS LTD	-	-	79.274	10.000.000
HELLAS SMARTICKET SA	64.918	-	18.272	-
AIOLIKI PANORAMATOS DERVENOCHORION SA	384.903	-	-	-
DEI RENEWABLE- TERNA ENERGY SA	69	-	69	-
ENERGIAKI SERVOUNIOU SA	288.170	1.265.763	285.955	24.862.136
IWECO CHONOS LASITHI CRETE SA	159.135	167.189	-	3.407.689
TERNA ENERGY EVROU SA	339.488	995.385	-	21.120.417
AIOLIKI RACHOULAS DERVENOCHORION SA	1.094.859	-	3.171.293	56
ENERGIAKI DERVENOCHORION SA	275.000	-	-	1.720.000

Amounts in Euro	SALES	ACQUISITIONS	RECEIVABLES	LIABILITIES
SUBSIDIARIES				
TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	-	-	-	-
TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	44.169	-	446.659	-
TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	-	-	-	-
TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	25.493	-	152.849	-
AIOLIKI KARYSTIAS EVIA SA	-	-	-	-
TERNA ENERGY SA & ENERGEIAKI KAFIREOS EVIA GP	-	-	-	-
TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	14.666	-	17.282	-
ENERGIAKI NEAPOLOEOS LAKONIAS SA	927.274	-	5.633.889	-
TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	-	-	-	-
TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	36.693	-	44.129	-
AIOLIKI PASTRA ATTIKIS SA	498.295	-	4.503.874	-
ENERGEIAKI PELOPONNISOU SA	3.979.123	-	31.018.432	350
TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	8.382	-	10.394	-
AIOLIKI DERVENI TRAIANOUPOLEOS SA	631.612	900	4.568.235	1.116
ENERGIAKI FERRON EVROU SA	138.194	-	72.888	-
TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	-	-	-	-
TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	-	-	-	-
TERNA ENERGY SA & MEL MACED. ET.PRESR & SYMPAR. GP	-	-	-	-
ENERGIAKI XIROVOUNIOU SA	366.547	-	6.179.267	-
AIOLIKI ILIOKASTROU SA	304.117	-	122.744	41
EUROWIND SA	223.138	160.243	-	3.188.296
DELTA AXIOU ENERGEIAKI SA	-	-	1.811.040	-
TERNA ENERGY SA VECTOR WIND PARKS OF GREECE – WIND PARK TROULOS G.P.	-	-	6.865	-
TERNA ENERGY THALASSIA WIND PARKS S.A.	-	-	15.086	-
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	-	-	12.737	-
VATHYCHORI PERVALLONTIKI SA	-	-	-	-
VATHYCHORI ENA PHOTOVOLTAIC S.A.	281.037	-	346.079	-
ALISTRATI ENERGY LTD	-	-	51.930	-
MALESINA ENERGEIAKH LTD	-	-	14.678	-
ORCHOMENOS ENERGEIAKH LTD	-	-	14.008	-
FILOTAS ENERGEIAKI S.A.	-	-	-	-
DIRFYS ENERGEIAKI S.A.	-	-	4.502	-
CHRYSOUPOLI ENERGEIAKI LTD	-	-	24.346	-
LAGADAS ENERGEIAKH SA	-	-	-	-
DOMOKOS ENERGEIAKI S.A.	-	-	-	-
TERNA ENERGY AI-GIORGIS S.A.	3.045.378	-	39.135.178	318.282
TERNA AIOLIKI XEROVOUNIOU SA	-	-	5.851	-

Amount in euro	SALES	ACQUISITIONS	RECEIVABLES	LIABILITIES
SUBSIDIARIES				
GEOTHERMAL ENERGY DEVELOPMENT S.A.	-	-	1.323	-
TERNA AIOLIKI AMARYNTHOU S.A.	8.983.800	-	16.638.800	-
TERNA ILIAKI PANORAMATOS SA	227.818	-	780.638	-
TERNA ILIAKI PELOPONNISOU SA	420.382	-	5.221.862	-
TERNA ILIAKI VOIOTIAS SA	398.112	-	4.318.679	-
TERNA ILIAKI ILIOKASTROU S.A.	-	-	618	-
VATHYCHORI DYO ENERGEIAKI SA	-	-	1.259.484	-
PERIVALLONTIKI PELOPONNISOU S.A.	36.136	-	15.292.619	-
AEIFORIKI IPEIROU S.A.	31.480.892	12.273	7.221.514	12.655
OPTIMUS ENERGY SA	242	-	-	41
TETRA DOOEL SKOPJE	3.175.349	2.332.791	1.085.472	-
PROENTRA D.O.O BEOGRAD	1.910.058	2.044.010	-	243.396
TERNA ENERGY FINANCE SPSA	-	2.888.684	-	60.066.272
PARENT_GEK TERNA SA	**20.877**	**268.908**	**-**	**13.095.760**
OTHER RELATED PARTIES				
TEPNA SA	11.547	637.155	6.928	858.825
Joint ventures in which GEK TERNA SA and TERNA SA participate	348.571	4.500	5.559.054	9.551
GEK SERVICES SA	-	14.640	-	4.538
EKTONON SA	-	1.508	10.010	9.870
VIPA THESSALONIKIS SA	-	25.435	-	-
HERON THERMOELECTRIC SA	-	445.745	7.735	450.257
NEA ODOS SA	-	382	164	-
ILIOCHORA SA	-	12.681	-	15.724

Regarding the Company's receivables from its subsidiaries amounting to € 149.588.815 (Note 38), the following clarifications are to be provided:

- a total amount of € 111.139.784 relates to bond loans (Note 14)
- total amount of € 31.281.565 relates to receivables from construction services (Note 17)
- a total amount of € 808.857 relates to receivables from maintenance services (Note 17)
- a total amount of € 1.085.472 relates to receivables from electric energy trading (Note 17)
- a total amount of € 5.273.137 relates to receivables from other services (Note 17)

Regarding the Company's liabilities from its subsidiaries amounting to € 124.940.747 (Note 38), the following clarifications are to be provided:

- a total amount of € 112.644.810 relates to bond loans (Note 20)
- a total amount of € 243.396 relates to liabilities from electric energy trading (Note 26)
- a total amount of € 10.000.000 relates to non-finalized Share Capital decrease of a subsidiary (Note 27)
- a total amount of € 2.052.541 relates to liabilities for other services (Note 27)

Regarding the above transactions, the following clarifications are provided:

Sales of TERNA ENERGY SA:

– to HELLAS SMARTICKET SA, an amount of EUR 64.918 from which EUR 19.442 pertain to income from rents, EUR 15.542 pertain to fixed assets acquisition expenses carried forward, EUR 25.626 pertain to maintenance expenses carried forward, EUR 3.762 pertain to other direct consumables acquisition expenses carried forward and EUR 546 pertain to transfer expenses carried forward
– to AIOLIKI PANORAMATOS DERVENOCHORION SA, an amount of EUR 384.903 from which EUR 381.924 pertain to RES maintenance services and EUR 2.979 pertain to income from interest
– to DEI RENEWABLE – TERNA ENERGY SA, EUR 69 pertain to employees insurance expenses carried forward
– to ENERGEIAKI SERVOVOUNIOU SA, an amount of EUR 288.170 from which EUR 275.834 pertain to RES maintenance services and EUR 12.336 pertain to income from interest
– to IWECO CHONOS SA, EUR 159.135 pertain to income from RES maintenance services
– to TERNA ENERGEIAKI EVROU SA, EUR 339.488 pertain to RES maintenance services
– to AIOLIKI RACHOULAS DERVENOCHORIONS SA, an amount of EUR 1.094.859 from which EUR 363.792 pertain to RES maintenance services, EUR 554.000 pertain to income from construction services and EUR 177.067 pertain to letters of guarantee commissions carried forward
– to ENERGEIAKI DERVENOCHORION SA, EUR 275.000 pertain to RES maintenance services
– to Te & SIA AIOL. MARMARIOU EVIA GP, an amount of EUR 44.169 from which EUR 17.971 pertain to letters of guarantee commissions, EUR 6.198 pertain to income from interest and EUR 20.000 engineers fees expenses carried forward
– to Te & SIA ENERGY DYSTION EVIA GP, an amount of EUR 25.493 from which EUR 5.493 pertain to letters of guarantee commissions and EUR 20.000 engineers fees expenses carried forward
– to Te & SIA ENERGY STYRON EVIA GP, an amount of EUR 14.666 from which EUR 4.666 pertain to letters of guarantee commissions and EUR 10.000 engineers fees expenses carried forward
– to ENERGEIAKI NEAPOLEOS LAKONIAS SA, an amount of EUR 927.274 from which EUR 718.000 pertain to income from construction services, EUR 57.267 pertain to RES maintenance services and EUR 152.007 pertain to income from interest
– to Te & SIA AIOL. EASTERN GREECE GP, an amount of EUR 36.693 from which EUR 6.693 pertain to letters of guarantee commissions and EUR 30.000 engineers fees expenses carried forward
– to AIOLIKI PASTRA ATTIKIS SA, an amount of EUR 498.295 from which EUR 73.060 pertain to income from construction services, EUR 212.180 pertain to RES maintenance services, EUR 478.777 pertain to income from interest, EUR 138 pertain to employees insurance expenses carried forward and EUR 212.917 pertain to letters of guarantees commissions
– to ENERGEIAKI PELOPONNISOU SA, an amount of EUR 3.979.123 from which EUR 2.727.000 pertain to constructions services of Wind Farms, EUR 257.733 pertain to RES maintenance services and EUR 994.390 pertain to income from loan interest
– to Te & SIA AIOL. PROVATA TRAIANOYPOLEOS GP, an amount of EUR 8.382 pertain to letters of guarantee commissions
– to AIOLIKI DERVENI TRAIANOUPOLEOS SA, an amount of EUR 631.612 from which EUR 224.422 pertain to RES maintenance services, EUR 159.413 pertain to income from interest, EUR 277 pertain to employees insurance expenses carried forward and EUR 247.500 pertain to letters of guarantee commissions
– to ENERGEIAKI FERRON EVROU SA, an amount of EUR 138.194, from which EUR 137.917 pertain to RES maintenance services and EUR 277 pertain to employees insurance expenses carried forward
– to ENERGEIAKI XIROVOUNIOU SA, an amount of EUR 366.547 from which EUR 95.481 pertain to RES maintenance services, EUR 83 other material sale and EUR 270.983 pertain to income from interest
– to AIOLIKI ILIOKASTROU SA, an amount of EUR 304.117 from which EUR 212.180 pertain to RES maintenance services, EUR 242 pertain to offices leases and EUR 91.695 pertain to letters of guarantee commissions
– to EUROWIND SA, EUR 223.138 pertain to RES maintenance services

– to VATHYCHORI ENA FOTOVOLTAIKI SA, an amount of EUR 281.037 from which EUR 250.000 pertain to RES maintenance services and EUR 31.037 pertain to interest
– to TERNA ENERGEIAKI AI-GIORGIS SA an amount of EUR 3.045.378 from which EUR 1.272.593 pertain to RES maintenance services EUR 1.772.785 pertain to interest
– to TERNA AIOLIKI AMARYNTHOU SA, an amount of EUR 8.983.800 from which EUR 8.900.000 pertain to income from constructions services, EUR 4.000 income from project services and EUR 79.800 income from interest
– to TERNA ILIAKI PANORAMATOS SA, an amount of EUR 227.818 from which EUR 30.869 pertain to income from loan interest and EUR 196.949 pertain to RES maintenance services
– to TERNA ILIAKI PELOPONNISOU SA, an amount of EUR 420.382 from which EUR 212.273 pertain to income from loan interest and EUR 208.109 pertain to RES maintenance services
– to TERNA ILIAKI VIOTIAS SA, an amount of EUR 398.112 from which EUR 191.922 pertain to income from loan interest and EUR 206.191 pertain to RES maintenance services sales
– to TERNA ILIAKI ILIOKASTROU SA, EUR 275 pertain to letters of guarantee commissions
– to PERIVALLONTIKI PELOPONNISOU SA, an amount of EUR 36.136 from which EUR 4.561 pertain to acquisition fixed asset expenses carried forward, EUR 7.583 pertain to interest, EUR 2.701 pertain to maintenance expenses carried forward, EUR 13.348 pertain to other direct consumable material expenses carried forwards, EUR 250 pertain to transport expenses carried forward and EUR 7.692 pertain to income from rentals
– to AEIFORIKI IPEIROU SA, an amount of EUR 31.480.982 from which EUR 31.011.851 pertain to construction services of Wind Farms, EUR 4.295 pertain to acquisition of fixed asset expenses carried forward, EUR 5.784 pertain to income from other equipment sale, EUR 331.716 pertain to interest, EUR 96.160 pertain to letters of guarantee commissions, EUR 2.539 pertain to building maintenance expenses carried forwarded, EUR 18.127 pertain to other expenses carried forward, EUR 2.296 pertain to income from third parties commission sales and EUR 8.214 pertain to income from rentals
– to OPTIMUS ENERGY SA, EUR 242 pertain to income from rentals
– to TETRA DOOEL SKOPJE, EUR 3.175.349 pertain to energy power sale
– to PROENTRA D.O.O BEOGRAD, an amount of EUR 1.342.373, from which EUR 1.050.483 pertain to energy power sale and EUR 291.890 pertain to income from other services
– to GEK TERNA SA, EUR 20.877 pertain to income from interest.
– to TERNA SA, an amount of EUR 11.547 from which EUR 10.160 pertain to machinery leases and EUR 1.387 pertain to other income.
– to Joint Ventures in which participate GEK TERNA SA and TERNA SA, an amount of EUR 348.571, from which EUR 251.353 pertain to construction services, EUR 16.009 pertain to income from rentals, EUR 7.340 pertain to acquisition fixed asset expenses carried forward, EUR 11.311 pertain to maintenance expenses carried forward, EUR 1.777 pertain to acquisition of other consumable material expenses carried forward, EUR 7.408 pertain to other expenses carried forward, EUR 53.373 pertain to letters of guarantee commissions

Acquisitions of TERNA ENERGY SA:

– from ENERGEIAKI SERVOYNIOU SA, EUR 1.265.763 pertain to interest expenses
– from IWECO CHONOS SA, EUR 167.189 pertain to interest expenses
– from TERNA ENERGEIAKI EVROU SA, EUR 995.385 pertain to interest expenses
– from AIOLIKI DERVENI TRAIANOUPOLEOS SA, EUR 900 pertain to maintenance services expenses carried forward
– from EUROWIND SA, EUR 160.243 pertain to interest expenses
– from AEIFORIKI IPEIROU SA, EUR 12.273 pertain to construction inspector expenses carried forward
– from TETRA DOOEL SKOPJE, EUR 2.332.791 pertain to energy power acquisition
– from PROENTRA D.O.O BEOGRAD, EUR 1.918.104 pertain to energy power acquisition
– from TERNA ENERGY FINANCE SA, EUR 2.888.684 pertain to interest

– from GEK TERNA SA, EUR 268.908, from which EUR 172.249 pertain to building leases, EUR 3.000 pertain to advisory services carried forward, EUR 2.280 pertain to rental expenses and EUR 91.378 pertain to subscription carried forward
– from TERNA SA EUR 637.155 from which EUR 134.057 pertain to fixed assets acquisition, EUR 94.823 pertain to software acquisition expenses carried forward, EUR 255.159 pertain to machinery leases, EUR 18.000 pertain to building leases, EUR 30.163 pertain to vehicle leases, EUR 630 pertain to other equipment leases, EUR 87.462 pertain to letters of guarantee commissions, EUR 2.071 pertain to repair expenses carried forward and EUR 14.790 pertain to material acquisition
– from Joint Ventures in which participate GEK TERNA SA and TERNA SA, an amount of EUR 4.500 from which EUR 2.081,27 pertain to consumable material acquisition and EUR 2.419 other expenses carried forward
– from GEK SERVICES SA, EUR 14.640 pertain to maintenance services
– from EKTONON SA, EUR 1.508 pertain to other services
– from VIPA THESSALONIKI SA, EUR 25.435 pertain to buildings leases
– from IRON THERMOILEKTRIKI SA, EUR 445.745 pertain to energy power acquisition
– from NEA ODOS SA, EUR 382 pertain to other services
– from ILIOCHORA SA, EUR 12.681 pertain to machinery leases

Transactions with BoD members

Total fees of the members of the Board of Directors of the Group amounted to 1.677.990 Euro (for the Company 1.190.050 Euro), of which an amount of 487.400 Euro (for the company: 487.400 Euro) concerns BoD fees, whereas an amount of 1.190.590 Euro (for the Company: 702.650 Euro) concerns rendering services.

CORPORATE GOVERNANCE STATEMENT

1. Code of Corporate Governance

The Management of TERNA ENERGY S.A. make efforts, on on-going basis, in order to facilitate full compliance with all the measures and regulations, established by legislative, supervisory and other competent authorities regarfding all the activities and operations of the Group. Moreover, it systematically prepares, updates and implements internal regulations, guidelines and business practices that complement the current institutional framework and promote a modern corporate governance system.

The aforementioned measures are summarized in the Company's Corporate Governance Code, which constitutes the basis and reference point of the Group's integrated governance system. By implementing the CGS and the individual thematic regulations, Management ensures the efficient management and utilization of the company's resources and promotes corporate responsibility as a core value of the Group's growth path.

The individual thematic regulations and operating instructions of the company are:
1) Corporate Internal Regulation. It includes all the measures, rules and instructions adopted by the Management, in addition to the mandatory provisions and / or regulations imposed by the competent institutions and the respective Authorities.
2) Code of conduct
3) Audit Committee statutory chart and internal regulation
4) Internal Audit Dept. Regulation
5) Nomination and Remuneration Committee internal regulation
6) General Data Protection Regulation
7) Corporate Responsibility
8) Anti-bribery management system.

Any new relevant provision, measure, rule, etc. is incorporated into the CGC and other regulations. in order to maintain the required completeness and to adapt directly to the changing conditions of the company's economic, social and business environment. The Annual Management Report of the Board of Directors gives a more analytical account of all the above provisions and regulations.

CGC, the Code of Ethics, the Corporate Responsibility Report and Data Protection Regulations are published on the company's website www.terna-energy.com

2. Corporate governance regulations and practices

The CGC analytically states, with clarity and accuracy, the following corporate governance regulations and practices, including the role of the company's key management and control bodies.

2.1. Board of Directors

The CGC clearly defined the role, along with its responsibilities and duties to set and apply the Company’s strategy with the basic objective of protecting the interest of all Shareholders. In its capacity of the supreme authority in the Company’s management, the Board of Directors decides on all the corporate affairs, apart from those falling whiten the authority of the General Meeting. The responsibilities of the Board of Directors include as follows:

- long-term strategic and mid-term business planning regarding the Company
- decisions of strategic importance, such as acquisitions, mergers, liquidations, high budget investments
- formulating general, as well as specific, key policies in respect of the Company's operation
- approving, monitoring and assessing implementation of annual projects and budgets
- ensuring the reliability and completeness of accounting – financial systems and data and the Company financial statements based on them
- ensuring sound operation of the appropriate systems and mechanisms for the Company's internal audit, compliance with its legal – operational framework, as well as assessing and managing the business risks it faces
- on-going effort, aimed at avoiding or sound treatment of potential conflicts of interest of the Board of Directors or its members or key shareholders with the interests of the Company by adopting transparency regulations and transactions
- appointment of the Chief Executive Officer and other members of the Board of Directors and assessment of their overall activity
- defining remuneration of BoD members and proposing its approval by the General Meeting of Shareholders, as well as deciding on the remuneration of the Company's key executives
- deciding on the Company's organizational structure, management systems and procedures, as well as amending them, when deemed necessary by the Company's internal and external operation conditions
- establishing and monitoring sound operation of the committees, set out in the Corporate Governance Principles (Audit Committee and Nomination and Remuneration Committee)
- establishing collective bodies when deemed necessary for the improvement of the Company's efficiency and operations
- defining and monitoring the implmeenetaiton of the Company's primary values and principles, including those of corporate governance, throughout its overall relationship with all related parties.

Following the resignation of Mr. Nikolaos Kalamaras, as at 24/09/2018, the Board of Directors met on 25/09/2018 and, following a proposal of the Committee for the Appointment of the Members of the Board of Directors, elected Mr. Georgios Th. Kouvaris as a new, independent and non-executive member of the Board of Directors, until the end of his term of office, i.e. no later than 30 June 2022, which is the date of the Regular General Meeting of the Company. The Extraordinary General Meeting of Shareholders, held on 18 October 2018 accepted the above election of Mr. George Kouvaris. Therefore, the composition of the nine-member Board of Directors, which will manage the company until the Regular General Meeting, which will be held by 30/6/2022 the latest, includes the following Members:

1.	George Peristeris, farther's name - Theodoros	Chairman – Executive Member
2.	George Perdikaris, farther's name - Gerasimos	Vice-Chairman – Executive Member
3.	Emmanuel Maragoudakis, farther's name - Vasileios	Chief Executive Officer – Executive Member
4.	George Spyrou, farther's name - Symeon	Executive Director – Executive Member
5.	Vasileios Delikaterinis, farther's name - Evangelos	Executive Director – Executive Member
6.	Michael Gourzis, farther's name - Alexandros	Non-Executive Member
7.	George Mergos , farther's name - Ioannis	Independent Non-Executive Member
8.	Gagik Apkarian, farther's name - Serop	Independent Non-Executive Member
9.	George Kouvaris, farther's name - Theologos	Independent Non-Executive Member

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

The Board of Directors held 9 regular meetings in 2018, in accordance with the relevant program, scheduled at the end of 2017. In addition, the members held extraordinary meetings as at 5/1/18, 16/1/18, 17/1/18, 19/1/18 , 12/2/18, 23/2/18, 8/3/18, 19/3/18, 17/4/18, 15/5/18, 6/6/18, 13/6/18, 14 / 6/18, 11/7/18, 20/7/18, 11/9/18, 19/11/18, 12/12/18, whenever it was requested to deal with extraordinary events that could not be foreseen when establishing the initial programming.

During the exercise of their duties and the Board meetings in 2018, the Board members exhibited "diligence of a prudent businessman", dedicated the sufficient time needed for the efficient management of the Company, acted with integrity, accountability and proper judgment, avoiding actions that could endanger the Company's competitiveness or conflict its interests. Also, they protected the confidentiality of information they had privileged access to and ensured the prompt and simultaneous provision of information to all shareholders and interest investors on issues that could affect their decision to realize any transaction on Company shares.

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

2.2. Chairman of the Board of Directors

The Chairman is the key person behind applying Corporate Governance Principles in the Company, with responsibility, among others, for efficient operation of the Board of Directors and active participation of all its members in making and reviewing implementation, as well as for sound communication between the Company and its shareholders.

The Chairman's responsibilities include convening and guiding the BoD activities in respect of the issues of the daily agenda prepared by the Chairman according to the Company's needs and the relevant requests of other BoD members. Furthermore, the Chairman is in charge of efficient coordination and sound communication among all the BoD members, as well as between the Company and its shareholders – investors. Lastly, it is the duty of the Chairman to provide timely, clear and reliable information to the members of the Board of Directors on all activities and operations of the company, to ensure smooth integration and cooperation among them, as well as to encourage them to actively participate in corporate affairs and in making business decisions.

The Board of Directors is supported by Committees, which have consulting, through an extremely significant role in the decision making process regarding the BoD. The Committees include as follows:

2.2.1. Members of the Board of Directors Nomination and Remuneration Committee

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

The Committee's responsibilities, in relation to proposing nominees, mainly include defining the Company's requirements as regards to the size and composition of its Board of Directors, defining the role, responsibilities and skills of each position within the Board of Directors, the periodic review of the Board's size and composition and the submission of proposals for changes – improvements when deemed necessary. In relation to its responsibilities on remuneration issues, the Nomination and Remuneration Committee holds meetings at least twice a year and whenever else deemed necessary.

The Committee examines and recommends application of the system that defines remuneration of employees, BoD members and key executives, prepares and submits to the BoD proposals regarding the corporate remuneration policy and assesses its application according to the relevant annual remuneration report. Moreover, the Committee it prepares proposals to be submitted by the BoD to the General Meeting of shareholders for approval.

The composition of the Committee is as follows:

George Mergos - Chairman of the Committee, Independent Non-Executive Member
George Kouvaris - Independent Non-Executive Member
Michail Gourzis - Non-Executive Member

In the current FY, the Committee held two (2) meetings: on April 24, 2018, regarding the BoD remuneration, and on 24th September 2018, regarding the sole issue of submitting a proposal for replacement of the resigning member of the BoD, Mr. Nikolaos Kalamaras, by Mr. George Kouvaris.

2.2.2. Investment Committee

Mid-long-term strategic planning of the company's development includes, amongst others, the following investment policy, aimed at meeting and maintaining its business objectives through time.

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

The Investment Committee (I.C.) consists of five members, three (3) of whom are from the BoD of the company and its parent company and two (2) other members are senior executives or consultants of the company, according to the issue to be discussed.

The present composition of the Committee is as follows:

George Peristeris
Emmanuel Maragoudakis
George Spyrou
and two of the following three members, depending on the issue to be discussed:
Vasileios Delikaterinis
George Agrafiotis
Emmanuel Moustakas.

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

During the meetings held in 2018, the Investment Committee examined the progress of the Group's investment plan, in particular - the investment in the USA, where the company has expanded. The members of the Committee thoroughly analyzed the prevailing conditions and changes introduced by the new US president in taxation and – generally - in the institutional framework of business operations and assessed the potential risks for the company's investment in America. They were also briefly informed about new investment proposals, assessed by the relevant key executives of the Group and instructed those in charge to prepare a relative proposal by the first quarter of 2019, when the aforementioned framework has been clarified.

2.2.3. Audit Committee

The Audit Committee (EU) role, responsibilities and composition are analytically described in Chapter 4 of the Corporate Governance Code, published on the company's website. Relevant extracts are listed below for the sake of completeness of this report.

The Audit Committee supports the Board of Directors in fulfilling its responsibility to ensure compliance of the Company's bodies and actions with the provisions of the legal – institutional – regulatory framework and the Corporate Governance Principles that govern its operation; completeness and reliability or accounting, IT and administrative systems of the Company and the financial statements prepared based on these systems, as well as the other documents and reports. The AC is also in charge of facilitating effective operation of all the Company's control mechanisms in order to promptly identify, apart from the above, business risks and address them prudently and effectively.

The AC convenes at least four times a year and whenever else it deems necessary. It invites the statutory auditor to its meeting at least twice a year, who provides clarifications – explanations regarding the auditor's notes and conclusions on the financial statements and the Company's general financial reporting.

The AC has the following basic responsibilities, classified per subject:

It oversees the preparation of the Company's financial statements and other financial reports and examines their reliability. It ensures sound implementation of internal audit procedures by providing support to the Internal Audit Division and periodically assesses adequacy and reliability of the methods and procedures it applies in order uses to carry out its work. The key objective is early diagnosis and analysis of business risks, so that the Board of Directors should quickly react and address them.

Moreover, the AC analytically examines potential transactions of the Company with any related party and submits relevant reports to the Board of Directors in order to assess the possibility of conflicts of interest with full transparency and prevent potential damage or loss to the Company.

Thy AC receives the reports of the Internal Audit Division, assesses their contents and proposes the nomination of the Head of the Division to the Board of Directors, assessing his/her effectiveness and efficiency and - based on the above - proposes continuity or termination of his/her term of office.

The AC monitors the statutory auditor's conduct of activities and assesses whether they are in accordance with the relevant legal – regulatory framework, international standards and best practices. The Committee also examines and assesses adequacy of knowledge, professional consistency, independence and effectiveness of the statutory auditor, and and - based on the above - proposes continuity or termination of the aforementioned relationships to the Board of Directors.

The Audit Committee consists of at least three (3) members.
The Audit Committee is composed of non-executive members of the Board of Directors or third independent parties within the meaning of the provisions of Law 3016/2002, not included in the company's human recourses, elected by the General Meeting of Shareholders in accordance with the provisions of Article 44 of Law 4449/2017.

The Audit Committee members, as a whole, have sufficient knowledge in the domain, in which the Company operates.

The Chairman of the Audit Committee is appointed by its members, or elected by the General Meeting of the Shareholders and is independent from the Company. At least one member of the Audit Committee is a statutory auditor, suspended or retired, or has sufficient knowledge of audit and accounting.

At present the compositions of the Audit Committee is as follows:

George Mergos – Independent Non-Executive Member, Chairman of the Committee
Michail Gourzis – Non-Executive Member
Nikolaos Kalamaras – Accounting and auditing expert
Mr. Nikolaos Kalamaras used to be an Independent Non-Executive BoD Member until 24/9/2018.

In 2018, the Audit Committee met ten (10) times, performed all its duties and responsibilities, cooperated with the Company's Internal Audit Divisions (IAD), and provided the appropriate instructions for continuing audit per subject and priority.

The AC members discussed with the company's internal auditors the issues in respect of his/her findings and conclusions and confirmed the accuracy of the financial statements preparation process in cooperation with the independent auditors of the Group. They also examined all the issues raised by the latter on the basis of their knowledge and experience in performing their duties. Particular attention was paid to IAD findings and conclusions arising from the audit conducted in the USA, where the Group develops and expands its operations.

The AC members collaborated with auditors on issues of common interest throughout 2018 and thoroughly analyzed their conclusions regarding the correctness and accuracy of the financial statements and the integrity of the information provided to the Shareholders and investors in general.

Finally, the AC members submitted proposals for upgrading systems and procedures that will improve the Company's efficiency at all levels of its organizational structure.

3. Internal Control and Risk Management
Analytical reference to internal control system and its implementation regarding risk assessment and risk management procedures applied by the company is made in Chapter 4 of the CGC, published on the company's website.
Risk assessment and management in 2018 is described in the relevant Chapter D of the Annual Report of the Board of Directors for the same fiscal year.

4. Relations – Communication with Shareholders - Investors

The Board of Directors assigns particular significance to protecting the rights of all Company Shareholders, by timely providing them with relative information about development of corporate affairs and by encouraging their participating in General Meetings, where they have the opportunity to directly communicate with Management, submit questions they may have and contribute to the final positioning of the Company's strategic directions.

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

In the same context, the Chairman of the BoD and/or the Chief Executive Officer are in position to hold individual meetings with the Company Shareholders that own a significant share of its share capital, with the view to providing them with more detailed information on corporate governance issues. The Chairman of the BoD and/or the Chief Executive Officer also examine the views expressed by Shareholders, disclose them to the other BoD members and ensure that the principles and procedures of corporate governance and any other information useful for Shareholders and investors id promptly made available and easily accessible to them through modern means of communication.

5. General Meeting of Shareholders

The Company adheres to the total relevant terms and provisions established by the effective legal – regulatory framework as regards to the General Meeting (GM) of its Shareholders, with particular dedication to reinforcing their ability to exercise their rights, based on completeness, accuracy and clarity of the information they are promptly provided with by the relevant Company bodies, through all means of communication, available to the Company.

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

Members of the Board of Directors, the Company auditors and any other key executive of the Company, whose presence an the GM is considered essential for the provision of detailed information and clarifications on Shareholders' inquiries, can also attend the General Meetings.

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

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

7. Compliance with the provisions of the Code

Within 2018, the Board of Directors fully complied with the provisions of the Code of Corporate Governance.

INFORMATION AND EXPLANATORY REPORT OF THE BOARD OF DIRECTTORS UNDER ARTICLE 4, LAW 3556/2007

This explanatory report of the Board of Directors is being addressed to the Regular General Meeting of the Company's shareholders under Par. 8, Article 4, Law 3556/2007 and has been prepared according to the provisions of Par. 7, Article 4 of the aforementioned Law.

a) Structure of the Company's share capital

The Company's share capital amounts to thirty-four million, a hundred and seventy-five thousand, three hundred and twenty euro and eighty cents (€ 34.175.680,80) divided into one hundred thirteen million, nine hundred eighteen thousand and nine hundred thirty six (113.918.936) nominal shares with voting shares of nominal value of thirty cents (0.30€) each.

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

Each share confers all rights as provided by law and by the Company's Articles of Association.

b) Restrictions on the transfer of the Company's shares

The transfer of the Company's shares is effective in accordance with the Law and there are no restrictions on their transfer pursuant to the Company's Articles of Association.

c) Significant direct or indirect holdings within the provisions of Law 3556/2007

The shareholders who directly or indirectly hold more than 5% of the total issued shares of the Company on 31/12/2018 are the following:

SHAREHOLDER	SHARES	PERCENTAGE
GEK TERNA S.A.	43.211.556	37,932% (direct)
George Peristeris	24.961.012	21,911%
York Global Finance Offshore BDH (Luxembourg) Sarl	9.317.807	8,179%

d) Shares conferring special control rights

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

e) Restrictions on voting rights

No restrictions are imposed by the Company's Articles of Association on the voting rights arising from the Company's shares.

f) Shareholders' agreements in the Company

The Company is not aware of any agreements between its shareholders which might result in restrictions on the transfer of the Company's shares or in the exercise of the voting rights conferred by its shares.

g) Rules on appointment and replacement of the Board members and amendment of Articles of Association
The Company's Articles of Association are in full compliance with provisions of Law 3604/2007 and do not differ from the stipulation recorded in C.L. 2190/20, as effective, regarding both - appointment and replacement of BoD and the amendment of Articles of Association.

h) Competency of the Board of Directors in respect to the issuance of new shares or buyback programs
According to the provisions of Par. 2, Article 5 of the Articles of Association, the General Meeting may, by means of its decision, assign authority to the Board of Directors to increase the share capital in compliance with the provisions of C.L. 2190/20.

According to the provisions of Article 13, Par. 13, C.L. 2190/20, as effective, the Board of Directors may increase the share capital through issuing new shares in the context of implementing the approved by the General Meeting Stock Option Plan, aimed at acquisition of Company shares by the beneficiaries.

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

Following as of 18/04/2016 decision of the General Meeting of Shareholders, the Company renewed the buyback programs up to 10% of its share capital for a period of twenty four months, i.e. until 18/4/2018. By virtue of its decision the Extraordinary General Meeting of Shareholders held on 09/02/2018, approved the new buyback program up to 10% of the Company's total shares, at a minimum purchase price of thirty cents (0.30 €) and a maximum price of € 30 (€ 30.00). The buyback is to be performed within twenty four (24) months, i.e. till February 2020 at the latest. The Meeting in question authorized the Board of Directors to ensure the implementation of the decision and comply with all the relative legal issues.

i) Important agreements that are to come into effect to be amended or expire in case of change of control following a tender offer
There are no important agreements which will come into effect, will be amended or will expire in case of change of control following a tender offer.

j) Agreements with members of the Board of Directors or personnel of the Company
There are no agreements of the Company with members of its Board of Directors or its personnel that provide for a payment of compensation, especially, in case of resignation or unfair dismissal or in case of termination of their term or employment following a tender offer.

IV. ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR FY ENDED AS AT DECEMBER 31st, 2018
(1 January – 31 December 2018)

According to the International Financial Reporting Standards (IFRS) as adopted by the European Union

The attached annual separate and consolidated financial statements were approved by the Board of Directors of TERNA ENERGY S.A. as of March 21st, 2019 and have been published on the Company's website www.terna-energy.com as well as on the Athens Stock Exchange's website.

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

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st 2018

		GROUP		COMPANY	
	Note	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
ASSETS					
Non-current assets					
Intangible assets	7	23.483	22.853	1.967	2.004
Tangible assets	8	1.189.515	1.122.834	85.830	93.205
Investment property	9	538	509	538	509
Investement in subsidiaries	10	-	-	332.595	288.641
Investment in associates	11	4.233	4.261	4.188	4.188
Investment in joint ventures		-	-	47	119
Other long-term receivables	14	33.586	24.677	106.531	90.830
Receivables from derivatives	21	3.929	1.310	-	-
Financial Assets – Concessions	15	36.930	26.463	-	-
Investments in equity interests	13	1.823	1.755	1.818	1.755
Deferred tax assets	32	6.666	6.651	-	-
Total non-current assets		**1.300.703**	**1.211.313**	**533.514**	**481.251**
Current assets					
Inventories	16	4.783	4.218	3.064	3.097
Trade receivables	17	77.413	77.584	51.298	48.847
Receivables from contracts with customers	18	16.429	21.393	4.896	7.910
Prepayments and other receivables	17	74.632	86.337	17.139	18.489
Income tax receivables		5.951	1.145	4.843	186
Cash and cash equivalents	19	166.359	201.328	39.204	97.782
Total current assets		**345.567**	**392.005**	**120.444**	**176.311**
TOTAL ASSETS		**1.646.270**	**1.603.318**	**653.958**	**657.562**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	29	34.176	32.794	34.176	32.794
Share premium	29	191.793	213.781	191.793	213.781
Reserves	30	41.429	43.550	10.788	15.574
Retained earnings		112.493	79.247	53.476	39.298
Total		**379.891**	**369.372**	**290.233**	**301.447**
Non-controlling interests		11.242	9.377	-	-
Total equity		**391.133**	**378.749**	**290.233**	**301.447**

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

		GROUP		COMPANY	
	Note	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Long-term liabilities					
Long-term loans	20	668.409	670.152	224.645	241.332
Equity interests having a substance of financial liability	25	138.103	134.263	-	-
Liabilities from derivatives	21	9.274	4.543	1.041	923
Other provisions	23	17.236	15.310	3.925	3.755
Provision for staff indemnities	22	498	411	408	331
Grants	24	141.336	143.294	20.175	17.552
Deferred tax liabilities	32	23.010	19.824	1.953	1.405
Other long-term liabilities		89	3.240	-	-
Total long-term liabilities		**997.955**	**991.037**	**252.147**	**265.298**
Short-term liabilities					
Suppliers	26	31.731	39.393	13.373	16.402
Short-term loans	28	43.989	13.837	17.019	-
Long-term liabilities carried forward	20	100.041	97.971	23.050	22.028
Equity interests having a substance of financial liability	25	22.287	25.107	-	-
Liabilities from contracts with customers	18	3.946	16.043	9.715	26.271
Accrued and other short-term liabilities	27	49.729	36.046	48.421	26.116
Income tax payable		5.459	5.135	-	-
Total short-term liabilities		**257.182**	**233.532**	**111.578**	**90.817**
Total liabilities		**1.255.137**	**1.224.569**	**363.725**	**356.115**
TOTAL LIABILITIES AND EQUITY		**1.646.270**	**1.603.318**	**653.958**	**657.562**

Notes:

Under the application of IFRS 9 and IFRS 15, the Group and the Company have not restated comparatives for 2017 and recognized their cumulative effect in the item “Retained Earnings Balance” as at 01/01/2018. However, for comparability purposes, the Group and the Company have reclassified several comparatives (Note 2.6.3).

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

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

STATEMENT OF COMPREHENSIVE INCOME FOR FY 2018

	Note	GROUP		COMPANY	
		1/1 – 31/12 2018	**1/1 – 31/12 2017**	**1/1 – 31/12 2018**	**1/1 – 31/12 2017**
Continuing operations					
Turnover	33	292.052	276.535	98.301	96.175
Cost of sales	34	(168.445)	(162.410)	(75.486)	(59.516)
Gross profit		**123.607**	**114.125**	**22.815**	**36.659**
Administrative & distribution expenses	34	(16.389)	(14.199)	(9.579)	(7.725)
Research & development expenses	34	(1.060)	(1.186)	(955)	(1.185)
Other income / (expenses)	35	11.909	6.601	20.034	(198)
Operating results		**118.067**	**105.341**	**32.315**	**27.551**
Financial income	36	5.153	2.569	5.121	5.066
Financial expenses	36	(62.360)	(49.794)	(13.697)	(14.239)
Gains / (Losses) from financial instruments measured at fair value	21	1.088	12	-	-
Loss from valuation of participating interest and other investments settlement	10	(9)	-	(2.406)	-
Revenue from participating interest and other investments		500	-	500	-
Associates profit and loss proportion	11	(28)	(1.113)	-	-
EARNINGS BEFORE TAX		**62.411**	**57.015**	**21.833**	**18.378**
Income tax expense	32	(15.358)	(19.895)	(793)	(5.909)
NET EARNINGS FOR THE PERIOD		**47.053**	**37.120**	**21.040**	**12.469**
Other comprehensive income					
Other comprehensive income subsequently reclassified in the Income Statement					
Foreign exchange translation differences from incorporation of foreign operations		121	(891)	-	-
Corresponding income tax		-	258	-	-
		121	**(633)**	**-**	**-**
Cast flows hedges		(2.300)	2.120	(119)	(416)
Corresponding income tax		49	(676)	(6)	121
		(2.251)	**1.444**	**(125)**	**(295)**
Total items subsequently reclassified in the Income Statement		**(2.130)**	**811**	**(125)**	**(295)**
Items not subsequently reclassified in the Income Statement					
Actuarial income from defined benefit plans		(36)	92	(35)	87
Corresponding income tax		16	(25)	15	(25)
		(20)	**67**	**(20)**	**62**
Total items not subsequently reclassified in the Income Statement		**(20)**	**67**	**(20)**	**62**
Other comprehensive income /(loss) for the period (after tax)		**(2.150)**	**878**	**(145)**	**(233)**
TOTAL COMPREHENSIVE INCOME FOR		**44.903**	**37.998**	**20.895**	**12.236**

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

THE PERIOD

	Note	GROUP 1/1 – 31/12 2018	GROUP 1/1 – 31/12 2017
Net profit for the period attributed to :			
Shareholders of the parent from continuing operations		44.864	37.089
Non-controlling interests from continuing operations		2.189	31
		47.053	**37.120**
Total income attributed to :			
Shareholders of the parent from continuing operations		42.709	37.948
Non-controlling interests from continuing operations		2.194	50
		44.903	**37.998**
Earnings per share (in Euro)			
From continuing operations attributed to shareholders of the parent	31	0,3984	0,3542
Average weighted number of shares			
Basic		112.601.534	104.700.123

Notes:

Under the application of IFRS 9 and IFRS 15, the Group and the Company have not restated comparatives for 2017 and recognized their cumulative effect in the item “Retained Earnings Balance” as at 01/01/2018. However, for comparability purposes, the Group and the Company have reclassified several comparatives (Note 2.6.3).

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

(Amounts in thousands Euro, unless otherwise mentioned)

STATEMENT OF CASH FLOWS FOR FY 2018

		GROUP		COMPANY	
	Note	**1/1 – 31/12 2018**	**1/1 – 31/12 2017**	**1/1 – 31/12 2018**	**1/1 – 31/12 2017**
Cash flows from operating activities					
Earnings for the period before tax		62.411	57.015	21.833	18.378
Adjustments for reconciliation of net flows from operating activities					
Depreciation	7,8	55.624	46.112	6.188	6.319
Provisions		138	61	130	45
Impairment		4.000	2.296	2.350	7.719
Interest and related income	36	(5.153)	(2.569)	(5.121)	(5.066)
Interest and other financial expenses	36	62.360	49.794	13.697	14.239
Gains and losses from intangible and tangible assets and investment property		(1.095)	187	(913)	188
Gains and losses from participating interest and equity interests	35	(491)	2	(17.014)	(5.221)
Unrealized losses from derivatives		512	-	-	-
Gains and losses from derivatives	21	(1.088)	(12)	-	-
Amortization of grants	35	(7.862)	(7.901)	(1.259)	(1.205)
Gains and losses of associates		28	1.113	-	-
Foreign currency exchange differences	35	(1.921)	3.930	-	-
Operating profit before changes in working capital		**167.463**	**150.028**	**19.891**	**35.396**
(Increase)/Decrease in:					
Inventories		(664)	(163)	(82)	305
Trade and non-invoiced receivables from contracts with customers		(10.920)	3.910	1.167	10.333
Prepayments and other short term receivables		27.213	36.196	5.726	1.666
Unrealized loss from derivatives					
Increase/(Decrease) in:		(14.820)	(21.617)	(19.211)	(9.379)
Suppliers and liabilities from contracts with customers		3.223	(2.470)	9.291	9.744
Accruals and other short term liabilities		(17.619)	1.923	(835)	25
Income tax paid		(16.585)	(16.330)	(4.895)	(9.324)
Net cash inflows from operating activities		**137.291**	**151.477**	**11.052**	**38.766**

(Amounts in thousands Euro, unless otherwise mentioned)

	Note	GROUP 1/1 – 31/12 2018	GROUP 1/1 – 31/12 2017	COMPANY 1/1 – 31/12 2018	COMPANY 1/1 – 31/12 2017
Cash flows from investment activities:					
Acquisition/Disposal of tangible and intangible fixed assets	7,8	(109.292)	(229.194)	2.225	(2.495)
Grant subsidies collected		2.408	-	2.408	-
Rebated grants (capital)		(21.604)	(63.777)	(18.420)	(250)
Interest and related income collected		952	1.273	1.542	1.957
Dividends collected	35	500	-	17.014	5.236
Issued loans		(303)	(500)	(18.837)	(47.375)
Proceeds from issued loans		1.184	-	4.132	19.353
Acquisition / Disposal of participating interest and equity interests		(68)	-	(63)	-
Cash flows from investment activities		**(126.223)**	**(292.198)**	**(9.999)**	**(23.574)**
Cash flows from financing activities					
Share capital return		(25.028)	(5.239)	(25.028)	(5.292)
Proceeds from share capital increases		39.475	58	39.475	-
Acquisition of Treasury Shares		(7.755)	(2.070)	(7.755)	(2.070)
Proceeds/(payments) from changes in participating interest		(1.625)	1.000	(47.665)	(25.496)
Proceeds for long term loans		89.518	211.503	40	133.057
Payments for long term loans		(100.624)	(98.073)	(17.758)	(17.846)
Proceeds from equity interests having a substance of financial liability		-	127.882	-	-
Payments for equity interests having a substance of financial liability		(6.157)	(4.598)	-	-
Net change in short term loans		29.873	8.250	17.000	(5.000)
Dividends paid		(5.868)	(10.561)	(5.543)	(10.154)
Interest paid		(58.946)	(47.091)	(12.397)	(13.858)
Cash inflows /(outflows) from financing activities		**(47.137)**	**181.061**	**(59.631)**	**53.341**
Net increase/(decrease) in cash and cash equivalents		**(36.069)**	**40.340**	**(58.578)**	**68.533**
Effect of exchange rate changes on cash & cash equivalents		1.100	(3.411)	-	-
Opening cash and cash equivalents	19	201.328	164.399	97.782	29.249
Closing cash and cash equivalents	19	**166.359**	**201.328**	**39.204**	**97.782**

Notes:

Under the application of IFRS 9 and IFRS 15, the Group and the Company have not restated comparatives for 2017 and recognized their cumulative effect in the item “Retained Earnings Balance” as at 01/01/2018. However, for comparability purposes, the Group and the Company have reclassified several comparatives (Note 2.6.3).

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

(Amounts in thousands Euro, unless otherwise mentioned)

STATEMENT OF CHANGES IN EQUITY AS OF DECEMBER 31st 2018

GROUP

	Share Capital	Share Premium	Reserves	Retained Earnings	Subtotal	Non-controlling interests	Total
1 January 2017	**32.794**	**219.247**	**40.326**	**56.493**	**348.860**	**6.370**	**355.230**
Net profit for the year	-	-	-	37.089	**37.089**	31	**37.120**
Other comprehensive income							**-**
Foreign currency translation differences from incorporation of foreign operations	-	-	(652)	-	**(652)**	19	**(633)**
Cash flow risk hedges	-	-	1.444	-	**1.444**	-	**1.444**
Actuarial profit from defined benefit plans	-	-	67	-	**67**	-	**67**
Other comprehensive income (after tax)	**-**	**-**	**859**	**-**	**859**	**19**	**878**
Total comprehensive income	**-**	**-**	**859**	**37.089**	**37.948**	**50**	**37.998**
Share capital return	(5.466)	-	227	(60)	**(5.299)**	-	**(5.299)**
Issue of share capital	5.466	(5.466)	-	-	**-**	-	**-**
Issue of share capital of subsidiary	-	-	-	-	**-**	118	**118**
Formation of reserves	-	-	4.304	(4.304)	**-**	-	**-**
Treasury shares	-	-	(2.070)	-	**(2.070)**	-	**(2.070)**
Distribution of dividends	-	-	-	(9.838)	**(9.838)**	(408)	**(10.246)**
Change of participation in subsidiaries	-	-	(96)	(131)	**(227)**	3.245	**3.018**
Transfers – Other changes	-	-	-	(2)	**(2)**	2	**-**
Transactions with Shareholders	**-**	**(5.466)**	**2.365**	**(14.335)**	**(17.436)**	**2.957**	**(14.479)**
31 December 2017	**32.794**	**213.781**	**43.550**	**79.247**	**369.372**	**9.377**	**378.749**

(Amounts in thousands Euro, unless otherwise mentioned)

	Share Capital	Share Premium	Reserves	Retained Earnings	Subtotal	Non-controlling interests	Total
1 January 2018	**32.794**	**213.781**	**43.550**	**79.247**	**369.372**	**9.377**	**378.749**
Adjustments from changes in accounting policies and application of new standards (Note 2.6.3)	**-**	**-**	**-**	**(344)**	**(344)**	**-**	**(344)**
1 January 2018, Readjusted Balances	**32.794**	**213.781**	**43.550**	**78.903**	**369.028**	**9.377**	**378.405**
Net profit for the year	-	-	-	44.864	**44.864**	2.189	**47.053**
Other comprehensive income							
Foreign currency translation differences from incorporation of foreign operations	-	-	117	-	**117**	4	**121**
Cash flow risk hedges	-	-	(2.251)	-	**(2.251)**	-	**(2.251)**
Actuarial losses from defined benefit plans	-	-	(20)	-	**(20)**	-	**(20)**
Other comprehensive income (after tax)	**-**	**-**	**(2.154)**	**-**	**(2.154)**	**4**	**(2.150)**
Total comprehensive income	**-**	**-**	**(2.154)**	**44.864**	**42.710**	**2.193**	**44.903**
Capitalization of Inventory & Retained Earnings	59.238	(59.238)	-	53	**53**	(53)	**-**
Share capital return	(59.238)	-	-	-	**(59.238)**	-	**(59.238)**
Issue of share capital	2.850	38.475	-	(1.850)	**39.475**	50	**39.525**
Formation of reserves	-	-	5.097	(5.097)	**-**	-	**-**
Treasury shares	(1.468)	(1.225)	(5.062)	-	**(7.755)**	-	**(7.755)**
Distribution of dividends	-	-	-	(4.373)	**(4.373)**	(325)	**(4.698)**
Transfers – Other changes	-	-	(2)	(7)	**(9)**	-	**(9)**
Transactions with Shareholders	**1.382**	**(21.988)**	**33**	**(11.274)**	**(31.847)**	**(328)**	**(32.175)**
31 December 2018	**34.176**	**191.793**	**41.429**	**112.493**	**379.891**	**11.242**	**391.133**

Notes:

Under the application of IFRS 9 and IFRS 15, the Group and the Company have not restated comparatives for 2017 and recognized their cumulative effect in the item “Retained Earnings Balance” as at 01/01/2018. However, for comparability purposes, the Group and the Company have reclassified several comparatives (Note 2.6.3).

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

(Amounts in thousands Euro, unless otherwise mentioned)

COMPANY

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2017	**32.794**	**219.247**	**17.283**	**37.094**	**306.418**
Net profit for the year	-	-	-	12.469	**12.469**
Other comprehensive income					
Cash flow risk hedges	-	-	(295)	-	**(295)**
Actuarial gains from defined benefits plan	-	-	62	-	**62**
Other comprehensive losses for the year (after tax)	**-**	**-**	**(233)**	**-**	**(233)**
Total comprehensive income for the year	**-**	**-**	**(233)**	**12.469**	**12.236**
Share capital return	(5.466)	-	227	-	**(5.239)**
Issue of share capital	5.466	(5.466)	-	(60)	**(60)**
Formation of reserves	-	-	367	(367)	**-**
Distribution of dividends	-	-	-	(9.838)	**(9.838)**
Treasury shares	-	-	(2.070)	-	**(2.070)**
Transactions with Shareholders	**-**	**(5.466)**	**(1.476)**	**(10.265)**	**(17.207)**
31 December 2017	**32.794**	**213.781**	**15.574**	**39.298**	**301.447**

(Amounts in thousands Euro, unless otherwise mentioned)

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2018	**32.794**	**213.781**	**15.574**	**39.298**	**301.447**
Adjustments from changes in accounting policies and application of new standards (Note 2.6.3)	**-**	**-**	**-**	**(219)**	**(219)**
1 January 2018, Readjusted Balances	**32.794**	**213.781**	**15.574**	**39.079**	**301.228**
Net profit for the year	-	-	-	21.040	**21.040**
Other comprehensive income					
Cash flow risk hedges	-	-	(125)	-	**(125)**
Actuarial losses from defined benefit plans	-	-	(20)	-	**(20)**
Other comprehensive losses for the year (after tax)	**-**	**-**	**(145)**	**-**	**(145)**
Total comprehensive income for the year	**-**	**-**	**(145)**	**21.040**	**20.895**
Capitalization of Inventory & Retained Earnings	59.238	(59.238)	-	-	**-**
Share capital return	(59.238)	-	-	-	**(59.238)**
Issue of share capital	2.850	38.475	-	(1.850)	**39.475**
Formation of reserves	-	-	420	(420)	**-**
Distribution of dividends	-	-	-	(4.373)	**(4.373)**
Treasury shares	(1.468)	(1.225)	(5.061)	-	**(7.754)**
Transactions with Shareholders	**1.382**	**(21.988)**	**(4.641)**	**(6.643)**	**(31.890)**
31 December 2018	**34.176**	**191.793**	**10.788**	**53.476**	**290.233**

Notes:

Under the application of IFRS 9 and IFRS 15, the Group and the Company have not restated comparatives for 2017 and recognized their cumulative effect in the item “Retained Earnings Balance” as at 01/01/2018. However, for comparability purposes, the Group and the Company have reclassified several comparatives (Note 2.6.3).

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

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE GROUP

TERNA ENERGY S.A. Group of companies (hereinafter “the Group” or “TERNA ENERGY”) is a Greek Group of companies operating in the sectors of renewable energy sources, construction, trading of electric energy and concessions. The key operations of the Group pertain to 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 holds Class 6 contractor certificate and its operations whiten the construction sector include construction of private and public projects as a main contractor or subcontractor or through joint ventures. In full complained with the effective legislation, companies, holding Class 6 certificate, undertake public works at an initial contracting price up to €44.00 million or up to €60.00 million through joint ventures and private or self-financed independently budgeted ventures, either as main contractors or as sub-contractors or through joint ventures.

TERNA ENERGY has succeeded the Technical Constructions Company (ETKA S.A.), established in 1949 (Gov. Gaz. 166/21.06.1949), which TERNA ENERGY S.A. in 1999. The latter had been established in 1997 (Gov.Gaz.6524/11.09.1997), and is domiciled in Athens, Greece, 85 Mesogeion Ave.

The Company is listed on Athens Stock Exchange. The parent company of TERNA ENERGY, which is also listed on Athens Stock Exchange, is GEK TERNA S.A., which on 31/12/2017 held 39.529% of the Company’s issued share capital. The financial statements of TERNA ENERGY GROUP are consolidated in the financial statements of GEK TERNA S.A. under full consolidation method.

The Group's operations are mainly performed in Greece, while the Group also has a strong presence in the Balkans, Eastern Europe and North America. The Group's operations focus on the following operating segments:

- **Constructions**: almost exclusively, contracts regarding technical works.
- **Electric energy from RES:** production of electricity through wind farms, solar energy and biomass.
- **Trade**: trade in electric energy.
- **Concessions**: construction and operation of public sector works (Unified Automatic Collection System and municipal waste treatment facility) in exchange for their long-term exploitation rendering services to the public.

Concessions: construction and operation of public sector works (Unified Automatic Collection System and municipal waste treatment facility) in exchange for their long-term exploitation rendering services to the public. On 31/12/2018, the total number of the Group's headcount was 257, while on 31/12/2017 it was 249. people. On 31/12/2018, the Company's headcount was 130, while on 31/12/2017 it was 135.

TERNA ENERGY companies included in the consolidated financial statements and their unaudited FYs are analytically recorded Note 5 to the Financial Statements.

The attached separate and consolidated Financial Statements as of 31 December 2018 were approved by the Board of Directors on 21/03/2019 and are subject to the final approval of the General Meeting of Shareholders. The Financial Statements in question are available to the investing public at the Company's premises (Athens, 85 Mesogeion Ave.) and the Company's website on the Internet.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis for Financial Statements Presentation

The Company's consolidated and separate Financial Statements as of 31/12/2018 covering the financial year starting on January 1st until December 31st 2018, have been prepared according to the International Financial Reporting Standards (IFRS), which were published by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union until 31/12/2018. The Group applies all the International Accounting Standards, International Financial Reporting Standards and their Interpretations, which apply to the Group's activities. The relevant accounting policies, a summary of which is presented below in Note 4, have been applied consistently in all periods presented.

Going concern

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

2.2. Basis of measurement

The accompanying separate and consolidated financial statements as of December 31st 2018, have been prepared according to the principle of historical cost, apart from investment property, financial derivatives and financial assets measured at fair value through profit or loss, carried at fair value.

2.3. Presentation currency

The presentation currency is Euro (the currency of the Group's parent domicile) and all the amounts are presented in thousand Euro unless otherwise mentioned.

2.4. Comparability

Comparative sizes recorded in the Group's and the Company's Financial Position as of 31/12/2017 have been restated in order to present certain reclassifications of items. These reclassifications were performed for presentation purposes and had no impact on equity, non-controlling interests, turnover, profits after tax and cash flows of the Group and the Company (see Note 2.6.3).

2.5. Use of estimates

The preparation of the financial statements according to IFRS requires the use of estimates and judgments on the application of the Company's accounting policies. Opinions, assumptions and Management estimates affect the valuation of several asset and liability items, the amounts recognized during the financial year regarding specific income and expenses as well as the presented estimates on contingent liabilities.

The assumptions and estimates are assessed on a continuous basis according to historic experience and other factors, including expectations on future event outcomes that are considered as reasonable given the current conditions. The estimates and assumptions relate to the future and, consequently, the actual results may deviate from the accounting calculations.

The aspects requiring the highest degree of judgment as well as the aspects mostly affecting the consolidated Financial Statements are presented in Note 3 to the Financial Statements.

2.6. New Standards, Interpretations and Amendments to Standards

The accounting principles applied for the preparation of the financial statements are the same as those applied for the preparation of the annual financial statements of the Group and the Company for FY ended as at 31 December 2017, apart from the adoption of several new accounting standards, whose application was mandatory in the European Union for FYs beginning as at January 1st, 2018 (see Noted 2.6.1 and 2.6.2).

2.6.1. New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

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

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

In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The Group has examined the effect of the new Standard on the consolidated Financial Statements. Analytical reference is presented in Note 2.6.3.

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

In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The Group has examined the effect of the new Standard on the consolidated Financial Statements. Analytical reference is presented in Note 2.6.3.

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

In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but clarify how those principles should be applied.

The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The Group has examined the effect of the new Standard on the consolidated Financial Statements. Analytical reference is presented in Note 2.6.3.

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

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments do not affect the consolidated Financial Statements.

Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods starting on or after 01/01/2018)

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption") and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the "overlay approach"). The amendments do not affect the consolidated Financial Statements.

Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01/01/2018)

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle and are effective for annual periods starting on or after 01/01/2018 are the following: **IFRS 1:** Deletion of short-term exemptions for first-time adopters, **IAS 28:** Measuring an associate or joint venture at fair value. The amendments do not affect the consolidated Financial Statements.

Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods starting on or after 01/01/2018)

In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The amendments do not affect the consolidated Financial Statements.

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

In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The amendments do not affect the consolidated Financial Statements.

2.6.2. New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

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

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease.

IFRS 16 replaces the effective accounting treatment of leases under IAS 17 "Leases", IFRIC 4 "Determination of lease agreements", SIC 15 "Operating leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" . The new Standard requires lessees to recognize more leases in their financial statements, since it introduces a new single model for the presentation of all leases in the financial statements of financial entities.

The Standard provides exemptions for short-term leases of fixed assets and leases of low-value fixed assets. The accounting treatment of leases for lessors remains the same as that applied under the effective model, that is to say, the lessors will continue to classify their leases into operating and finance leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Standard has been adopted by the European Union with effective date on 1 January 2019, with earlier application is permitted.

The Group intends to apply IFRS 16 for the first time on 1 January 2019, applying the modified retrospective approach. Based on this approach, the Group will recognize a liability measured at its present value, as arising from discounting the remaining leases through the incremental borrowing cost effective on the date of the Standard's initial application. Furthermore, it will recognize a right to use an asset by measuring that right at an amount equal to the corresponding liability that will be recognized, adjusted for any lease payments immediately effective prior to the date of first application. Comparative information will not be reworded, and no effect is expected to arise following the application of the new Standard on Equity under the first time adoption.

Moreover, the Group has decided to apply the exemption provided in the Standard with respect to determination of leases, and, in particular, the applicable practices under IFRS 16, according to which the Entity does not need to reassess whether a contract is or contains a lease at the first transition date. This practically means that IFRS 16 will be applied to contracts that have already been recognized as leases under the application of IAS 17 "Leases" and IFRIC 4 "Determining whether an Arrangement contains a Lease". Finally, the Group will also make use of exemptions to the Standard in respect of short-term leases and low value fixed assets leases. With respect to the discount rate, the Group has decided to apply a single discount rate to every category of leases with similar characteristics and depending on the residual duration of every lease.

Management is in the process of assessing the full impact of the Standard. Adoption of IFRS 16 is expected to have the following significant results for the Group:

(i) As at the reporting date, the Group holds operating leases in respect of land, buildings, machinery and vehicles. The Standard will mainly affect the accounting treatment of the Group's operating leases. In particular, when adopting IFRS 16, liabilities arising from operating leases - which, in accordance with IAS 17, should be disclosed in the Notes to the financial statements - will be presented as assets (rights to use) and liabilities from leases in the statement of financial position. The increase in the lease obligations will lead to a corresponding increase in the Group's net borrowings. Estimates indicate that the rights to use to be recognized on 01/01/2019 amount to approximately € 7,2 million, with a corresponding increase to be recorded in lease liabilities.

(ii) The nature of the expenses associated with these leases is also to be changed, since following the application of IFRS 16, operating cost of lease is depreciated at amortized cost for the rights-related assets and interest expense on the arising liabilities. This will lead to an improvement in "Operating Profit before Financial and Investment Activities, Depreciation and Amortization". The decrease in expenses from expenses from fir FY 2019 is expected to stand approximately at € 1,3 million.

(iii) No effect is expected to arise in the statement of changes in equity under the first implementation since the Group will recognize an equal liability.

(iv) In the statement of cash flows, the component relating to repayment of lease payments will reduce the cash flows from financing activities and will no longer be included in net cash flows from operating activities. Only interest payments will continue to be included in net cash flows from operating activities.

(v) The conclusion reached by the Group is that no significant effect regarding the effective finance leases will be recognized in the Statement of Financial Position.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group does not expect any changes for leases where they are acting as a lessor.

Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods starting on or after 01/01/2019)

In October 2017, the IASB published narrow-scope amendments to IFRS 9. Under the existing requirements of IFRS 9, an entity would have measured a financial asset with negative compensation at fair value through profit or loss as the "negative compensation" feature would have been viewed as introducing potential cash flows that were not solely payments of principal and interest. Under the amendments, companies are allowed to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2019.

IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods starting on or after 01/01/2019)

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Group will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2019.

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

In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9. The Group will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2019.

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

In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: **IFRS 3 - IFRS 11:** Previously held interest in a joint operation, **IAS 12:** Income tax consequences of payments on financial instruments classified as equity, **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 the above on its Financial Statements. The above have not been adopted by the European Union.

Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement" (effective for annual periods starting on or after 01/01/2019)

In February 2018, the IASB published narrow-scope amendments to IAS 19, under which an entity is required to use updated assumptions to determine current service cost and net interest for the remainder of the reporting period after an amendment, curtailment or settlement to a plan. The objective of the amendments is to enhance the understanding of the financial statements and provide useful information to the users. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

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

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01/01/2020)

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

Amendments to IFRS 3: "Definition of a Business" (effective for annual periods starting on or after 01/01/2020)

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

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

Amendments to IAS 1 and IAS 8: "Definition of Material" (effective for annual periods starting on or after 01/01/2020)

In October 2018, the IASB issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

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

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

2.6.3. Effect on the Financial Statements as of 31/12/2018 from the application of IFRS 9 and IFRS 15

As a result of changes in accounting policies, described above (Note 2.6.1), the Group and the Company adopted IFRS 15 on 1 January 2018 using the retrospective method, when the effect of the first application was collectively recognized in " Retained Earnings", while the comparative sizes were not restated. The Group and the Company were not affected at all during the first application of IFRS 15. Therefore, no adjustment was made to the "Retained Earnings" on 1 January 2018.

Furthermore, with respect to IFRS 9, the Group and the Company have applied the new Standard from 01/01/2018 retrospectively, without reviewing comparative information from previous years. Therefore, the adjustments arising from the new classification of financial assets and the new impairment regulations are not recorded do in the Statement of Financial Position as of 31/12/2017 but were recognized in the Statement of Financial Position as of 01/01/2018. On the date of the initial application of IFRS 9, all existing hedging relationships of the Group can be classified as continuing and, therefore, the application of the new Standard does not affect the financial statements. The Group's risk management policies comply with the provisions of the new standard and hedge accounting continues to apply. The Group and the Company did not opt to apply hedge accounting on 01/01/2018 according to the new standard. Therefore, they will continue to apply their present hedge accounting policy, although they will consider starting hedge accounting in accordance with provisions of IFRS 9 when a new hedging relationship arises.

(Amounts in thousands Euro, unless otherwise mentioned)

Regarding the balances of trade and other receivables, the Group and the Company applied the simplified approach of IFRS 9 regarding impairment of expected credit losses.

The effect of changes due to the application of IFRS 9 on the Group's and the Company's equity is recorded as follows:

Amounts in thousand €	**COMPANY**	**GROUP**
Closing period 31/12/2017	**79.247**	**39.298**
Adjustments due to IFRS 9 application	(344)	(219)
Adjusted opening period 01/01/2018	**78.903**	**39.079**

The effect on the financial assets of the Group and the Company on 1/1/2018 is analytically presented below as follows:

Group

Amounts in thousand €	**31/12/2017 IAS 39**	**Adjustments due to IFRS 9 application**	**1/1/2018 IFRS 9**
Other long term receivables	24.677	(124)	**24.553**
Trade receivables	77.714	(113)	**77.601**
Prepayments and other receivables	105.440	(107)	**105.333**
	207.831	**(344)**	**207.487**

Company

Amounts in thousand €	**31/12/2017 IAS 39**	**Adjustments due to IFRS 9 application**	**1/1/2018 IFRS 9**
Other long term receivables	90.830	-	**90.830**
Trade receivables	48.977	(115)	**48.862**
Prepayments and other receivables	22.718	(104)	**22.614**
	162.525	**(219)**	**162.306**

No changes arising from the above effects were recorded in the Statements of Comprehensive Income and Cash Flows.

For comparability purposes, the Group and the Company have reclassified the following amounts for the previous FY 2017:

Group

	31/12/2017-Publicized	**Reclassifications Charges /(Credits)**	**31/12/2017-Reclassified**
Assets			
Trade receivables	77.714	(130)	77.584
Receivables from contracts with customers	2.153	19.240	21.393
Other provisions	105.440	(19.103)	86.337
Prepayments and other receivables			

(Liabilities)	(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)

	Company		
	31/12/2017-Publicized	**Reclassifications Charges /(Credits)**	**31/12/2017-Reclassified**
Assets			
Trade receivables	48.977	(130)	48.847
Receivables from contracts with customers	3.544	4.366	7.910
Prepayments and other receivables	22.718	(4.229)	18.489
(Liabilities)			
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 SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT ASSESSMENTS

Preparation of Financial Statements in accordance with the International Financial Reporting Standards (IFRS) requires the Management to make judgments, estimates and assumptions which affect assets and liabilities, contingent receivables and liabilities disclosures as well as revenue and expenses during the presented periods.

In particular, amounts included in or affecting the financial statements, as well as the related disclosures, are estimated through making assumptions about values or conditions that can not be known with certainty at the time of preparation of the financial statements and therefore actual results may differ from what has been estimated. An accounting estimate is considered significant when it is material to the financial position and income statement of the Group and requires the most difficult, subjective or complex judgments of the Management.

Estimates and judgments of the Management are based on past experience and other factors, including expectations for future events that judged to be reasonable in the circumstances. Estimates and judgments are continually reassessed on the basis of all the available data and information.

Key estimates and evaluations referring to data whose development could affect the financial statements items in the upcoming 12 months are the following:

3.1 Significant judgments of the Management

Key judgments carried out by the Management, applied while implementing the Group and the Company accounting policies, (besides the judgments associated with estimates, outlined in Note 3.2) which have the most significant impact on the financial statements mainly relate to the following:

i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets are recognized for unused tax losses is based on the judgment regarding the extent to which it is probable that sufficient taxable profits will be offset with these tax losses. . In order to determine the amount of a deferred tax asset for recognition, significant judgments and estimates are required from the Group's Management, based on future tax profits combined with future tax strategies to be pursued (for further information please refer to Note 31).

ii) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in the effective conditions demonstrate that their book value may not be recoverable in accordance with the accounting policy described in Note 4.7).

iii) Evaluation of contracts containing lease data

In the context of electricity sale contracts, signed by the Group with an electric energy provider company, the Group undertakes the obligation to sell all the electricity generated at a particular premises. Under the provisions of IFRIC 4 *"Determining whether a contract includes a lease",* the Group examines the sale of electricity contracts in order to assess whether they include lease items to recognize the related proceeds in accordance with IAS 17 "Leases". Lease terms are considered to be included in a contract when all production of a particular wind farm is sold to the provider and the contractual price is neither fixed nor represents the current market price at the time of production. The estimate of income from rentals recognized under the straight-line method depends on the future production of the wind farm according to its capacity and wind measurements. When applying the provisions of IAS 17 in respite of classification of leases, there are instances when a transaction is not always conclusive. In such cases, the management applies its judgment to determine whether a lease transfers substantially all the risks and rewards of ownership from the lessee to the lessor.

3.2 Uncertainty of estimates and assumptions

Specific amounts that are included or affect the Financial Statements and the related disclosures are estimated through requirement to make assumptions about values or conditions that can not be known with certainty at the Financial Statements preparation date. An accounting estimate is considered significant when it is material to the financial position and results of the Group and requires most difficult, subjective or complex management judgments. The Group assesses such estimates on an ongoing basis, based on historical results and experience, while meetings with specialists, applying trends and other methods considered reasonable in the circumstances, as well as projections retrograding potential changes in the future.

i) Recognition of revenue from construction contracts

Revenue from contracts with customers and related receivables from construction contracts reflect significant estimates of the management, since they are determined using the segmentation method, arising from the ration of realized cost to total estimated cost till the project has been completed. Based on the input method under IFRS 15, construction costs at every reporting date are compared to the total estimated cost of projects in order to determine their completion percentage. Total budgeted cost is based on estimation procedures and is reassessed and reviewed at every reporting date.

The Group makes estimates regarding the outcome of the project contracts and the total budgeted contract cost, based on which the completion percentage is defined. If the outcome of a project contract is not feasible to be determined reliably (eg works contracts are at an early stage), the Group estimates the result to the extent that the assumed cost is likely to be recovered, while the cost is recognized in the Income Statement for the period in which it is incurred.

ii) Provision for income tax

The provision for income tax based on IAS 12 is calculated by estimating the taxes to be paid to tax authorities and includes the current income tax for every financial year and a provision for additional taxes that might emerge in tax audits.

The Group's companies are subject to various income taxation legislations. To determine the total provision for income tax, as presented in the Statement of Financial Position, significant estimates are required. For specific transactions and calculations, the final tax determination is uncertain. The Group recognizes liabilities for the forecasted tax issues based on calculations as to the extent to which additional tax will arise. In cases where the final tax amount differs from what had been initially recognized, the differences affect the provisions for income tax and deferred tax for the period when it had been determined (for further information please refer to Note 32).

iii) Provision for personnel compensation

Based on IAS 19, the Group, makes estimates of the assumptions underlying the actuarial valuation of provision for personnel compensation.

The provision amount for personnel compensation is based on an actuarial study. The actuary's study includes specific assumptions on discount rate, employees' remuneration increase rate, consumer price index increase and the expected remaining working life. The assumptions used are imbedded with significant uncertainty and the Group's Management continuously reassesses these assumptions (for further information please refer to Note 22).

iv) Fair value measurement

The Management uses valuation techniques to determine the fair value of financial instruments (when no active market prices are available) and non-financial assets. This procedure involves making estimates and assumptions about the price that market participants would pay to acquire these financial instruments. The Management bases its assumptions on observable data, but this is not always feasible. In such cases, the Management uses the best available information for its estimates, based on its past experience and taking into account available information. Estimated fair values may differ from the actual values that would be made in the ordinary course of trade at the reporting date of the financial statements (further information in Note 39).

The Group uses derivative financial instruments to manage a range of risks including interest rate, foreign exchange and commodity prices risks. For the purpose of establishing an effective hedging relationship, the Group requires both to declare its hedging strategy and to assess that the hedge will be effective throughout the hedging instrument. Further information regarding the use of derivatives is provided in Note 21.

v) Inventory

To facilitate valuation of inventories, the Group estimates, based on statistical valuation reports and market conditions, the expected selling prices and the costs of processing and disposing them, per inventory category.

vi) Estimates when calculating value in use of Cash Generating Units (CGU)

The Group conducts a related impairment test of investments in subsidiaries and associates whenever there is evidence of impairment in accordance with the provisions of IAS 36. If it is established that there are reasons for impairment, it is necessary to calculate value in use and fair value less costs to sell regarding every CGU. Recoverable amounts of CGUs are determined for impairment tests purposes, based on the value in use calculation, which requires making estimates. For the purpose of calculating value in use, estimated cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money as well as the risks associated with particular CGU. Estimation of future operating results is based on wind farm efficiency estimates based on wind data and historical data of comparable units. The key assumptions used to determine the recoverable amount of various CGUs are reported in Note 10 to the Financial Statements.

vii) Useful lives of depreciated assets

For the purpose of calculating depreciation, the Group examines the useful life and residual value of tangible and intangible assets in each reporting period in the light of technological, institutional and economic developments as well as the experience of their exploitation. On 31/12/2018, the Management estimates that useful lives represent the expected usefulness of assets.

It is to be noted that within the previous year (2017), the Group decided to extend the useful life of the Wind Farms from 20 to 25 years, based on new assessments arising under evaluating the conditions that have been generated during the operation and - in general - the technological development of wind turbines. This change was based on careful analysis of Group data as well as studies and industrial practices, according to which the economic life of separate wind turbines or wind power plants as a whole can safely be redefined to 25-30 years, without significant changes in their operational and maintenance strategy. The Group Management believes that extending the useful life performed within the previous fiscal year will facilitate fair presentation of financial statements by adjusting depreciation time closer to the real conditions. This change in accounting estimates resulted in a decrease in depreciation cost for FY 2017 by € 12.824 k compared to the depreciation that would have arisen if the useful life extension had not been performed. This effect will be declining in the forthcoming years, since the Group's oldest wind farms will approach their originally defined twenty-year life. However, from the time of expiry of their originally defined useful life and for additional five years of its expansion, the aforementioned effect will turn into negative.

viii) Provisions for rehabilitation of environment

The Group makes provision for its related obligations to dismantle the technical equipment of wind farms and other productive facilities and restoration of the environment resulting from the applicable environmental legislation or from binding practices of the Group. Provision for rehabilitation of environment reflects the present value (based on the appropriate discount rate) of the rehabilitation obligation less the estimated recoverable amount of the materials, estimated to be disposed of and sold (further information is recorded in Note 4.16).

ix) Financial liabilities

The Group has issued equity interests in the United States in the context of the Tax Equity Investment plan, whose payments depend on the future returns of specific investments (wind farms) of the Group. This financial liability is measured at amortized cost, applying the effective interest method. Calculation of the effective interest rate is based on the management's estimates of future cash flows of those investments over their expected life. (see Notes 4.11.5 and 25)

x) Contingent liabilities and receivables

The existence of contingent liabilities and receivables requires the management to make assumptions and judgments on on-going basis about the probability that future events will occur or not occur as well as the possible consequences that these events may have on the Company's and the Group's operations. Determining contingencies and requirements is a complex process that includes judgments about future events, laws, regulations, etc. Changes in crises or interpretations are likely to lead to an increase or decrease in the Company's contingent liabilities in the future. When additional information becomes available, the Group's Management reviews the facts on which it may also be led to review its estimates (see Note 44).

xi) Provisions for expected credit losses from receivables from clients

The Group and the Company apply the simplified approach under the provisions of IFRS 9 for calculation of expected credit losses. Under the aforementioned approach, provision for impairment is measured at an amount equal to the expected lifetime loss for the receivables from customers and the contractual assets. The Group and the Company have made provisions for bad debts in order to adequately cover the loss that can be reliably estimated and arises from these receivables. At every reporting period date, the provision that has been made is adjusted and potential changes are recognized in the income statement (further information is presented in Notes 14, 17 and 18).

4 SUMMARY OF KEY ACCOUNTING PRINCIPLES

4.1 Basis for consolidation

The key accounting policies adopted under the preparation of the accompanying consolidated and separate financial statements are as follows:

The accompanying consolidated financial statements include the financial statements of TERNA ENERGY and its subsidiaries as at 31/12/2018. The date of preparation of the financial statements of the subsidiaries coincides with that of the parent.

Intra-group transactions and balances have been eliminated in the accompanying consolidated financial statements. Where required, the accounting policies of subsidiaries have been amended to ensure consistency with the accounting policies adopted by the Group. Note 5 provides a complete list of consolidated subsidiaries in line with the participating interest, held by the Group.

Subsidiaries are consolidated from the date the Group acquires control over them and cease to be consolidated at the date of termination of this control.

Non-controlling interests constitute the component of equity of a subsidiary not directly or indirectly attributable to the parent. Losses relating to non-controlling interests (minority interests) of a subsidiary may exceed the rights of non-controlling interests in the subsidiary's equity. Gains or losses and each component of other comprehensive income are accounted for both by the owners of the parent and the non-controlling interests, even if as a result, such non-controlling interests present deficit.

(a) Subsidiaries

Subsidiaries are all the companies, which the Parent has the power to control directly or indirectly through other subsidiaries and they are fully consolidated (full consolidation). The Company has and exercises control through its ownership of the majority of the subsidiaries' voting rights. In order to define the control, the following conditions are examined, as defined in IFRS 10:

1. The parent company has authority over the investee, since it can direct the related (operational and financial) activities. This is achieved through appointing the majority of the members of the Board of Directors and the directors of the subsidiary by the Management of the parent.
2. The parent company holds rights with variable returns from its investment in the subsidiary. Other non-controlled investments are greatly dispersed and therefore can not materially influence decision-making.
3. The parent company may exercise its authority over the subsidiary to influence the amount of its profits. This is the result of decision-making on affiliate matters through controlling decision-making bodies (Board of Directors and Directors).

Changes in a parent's ownership interest in a subsidiary

In case of changes in a parent's ownership interest in a subsidiary, it is examined whether the changes result in a loss of control or not.

- Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.
- In case the parents' ownership interest changes in such a way that there is loss of control, then the parent shall record the necessary accounting entries and recognize the result from the sale (derecognition of the assets, goodwill and liabilities of the subsidiary as of the date of loss of control, derecognition of the book value of non-controlling interests, determination of the result from the sale). When determining the sale result, any amount previously recognized in other comprehensive income in respect of that company is accounted for using the same method as would be applied by the Group in the event of direct sale of its assets or liabilities. That is to say, the amounts previously recognized in other comprehensive income are reclassified to the income statement. Following loss of control of a subsidiary, any investment in the former subsidiary is recognized according to the provisions of IFRS 9.

Investments in subsidiaries in the separate financial statements

Investments of the parent in its consolidated subsidiaries are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

(b) Joint arrangements

The Group applies IFRS 11 to all its joint arrangements. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Jointly controlled entities are consolidated using the proportionate consolidation method (if it is a joint operation) or the equity method (if it is a joint venture).

Joint operations: Joint operations are accounted for using the proportional consolidation method. In particular, the Group recognizes in the consolidated financial statements: (i) its assets (including its share in any of its assets it holds jointly), (ii) its liabilities (including its share of any jointly held liabilities), (iii) its share in the proceeds of the sale from disposal of joint venture, and (iv) its expenses (including its share in any jointly incurred expenses). Essentially, these are tax joint operations, which are do not constitute a separate entity within the framework of the IFRS. Their assets and liabilities are incorporate according to the effective proportions in the financial statements of the Company or its subsidiaries.

Joint ventures: Joint ventures are accounted for using the equity method, under which participating interests in joint ventures are initially recognized at cost and subsequently readjusted in compliance with the Group's share of the profits (or losses) and other comprehensive income of the joint ventures. Under the joint venture model, joint venture schemes are the ones in which members have rights over the net assets of the investments and are liable up to the extent of their contribution to the capital of the company. If the Group's participating interest in joint venture losses exceeds the value of the participating interest, the Group discontinues recognizing further losses unless it has entered into commitments or has made payments on behalf of the joint venture. Allocation of operating results and other comprehensive results is proportional to the participating interest. Unrealized gains on transactions between the Group and joint ventures are eliminated according to the Group's interest in joint ventures. Unrealized losses are also eliminated unless there is evidence of the transaction for impairment of the asset transferred.

Consolidation takes into account the percentage held by the Group and is effective as at consolidation date. The structure of the business scheme is the key and determining factor in determining accounting control. The accounting policies of jointly controlled entities have been differentiated where deemed necessary to be consistent with those adopted and applied by the Group. The date of preparation of the financial statements of jointly controlled entities coincides with that of the parent Company.

Investments in jointly controlled operations in the separate financial statements

Investments of the parent in joint operations are included in the separate financial statements in proportion. In particular, assets and liabilities are proportionally incorporated in the Company's financial statements.

Investments in joint ventures in the separate financial statements

Investments of the parent in joint ventures are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

(c) Associates

Associates are entities over which the Group exercises significant influence, but does not exercise control. The Group's investments in associates are accounted for using the equity method. The assumptions used by the Group suggest that holding participating interest of between 20% and 50% of a company's voting rights implies a significant influence over the investee unless it can be clearly demonstrated that this is not the case. Investments in associates are initially recognized at cost and then consolidated using the equity method. According to this method, investments in associates are recognized at cost less any changes in the Group's participating interest after the initial acquisition date, less any provisions for impairment of those participating interests.

Consolidated statement of comprehensive income includes the proportion of the Group in the total income of associates. If the Group's participating interest in an Associate's loss exceeds the value of the participating interest, the Group discontinues recognizing further losses unless it has settled liabilities or made payments on the part of the affiliate and, in general, settled the payments arising from shareholding. If the associate subsequently produces profits, the investor starts recognizing its share of profits only if its share of profits equals the share of losses it had not recognized.

Unrealized gains on transactions between the Group and associates are eliminated according to the Group's participating interest in associates. Unrealized losses are eliminated unless the transaction provides evidence of impairment of the transferred asset.

Accounting policies followed by associates do not differ from those used by the Group and the date of preparation of the financial statements of associates is the same as that of the parent.

Investments in associates in the separate financial statements

Investments of the parent in consolidated associates are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

Foreign currency translation

Functional and reporting currency

The consolidated financial statements are presented in Euro, which is the functional currency and the Group's and Parent Company's reporting currency.

Transactions in Foreign Currency

Foreign currency transactions are converted into the functional currency by using the exchange rates applicable on the date when the said transactions were performed.

The monetary assets and liabilities which are denominated in foreign currency are converted into the Group's functional currency on the Statement of Financial Position reporting date using the prevailing exchange rate on that day. Any gains or losses due to translation differences that result from the settlement of such transactions during the period, as well as from the conversion of monetary assets denominated in foreign currency based on the prevailing exchange rates on the Statement of Financial Position reporting date, are recognized in the Income Statement.

The non-monetary assets which are denominated in foreign currency and which are measured at fair value are converted into the Group's functional currency using the prevailing exchange rate on the date of their fair value measurement. The FX translation differences from non-monetary items measured at fair value are considered as part of the fair value and thus are recorded in the same account as the fair value differences. In the case where currency risk is effectively hedged for nonmonetary assets that are valued as available for sale, the part of the change in their fair value which is attributed to currency fluctuations is recognized in the Income Statement for the reporting period.

Gains or losses deriving from transactions in foreign currency as well as from the end of period valuation of monetary assets, denominated in foreign currency, which meet the criteria for cash flow hedges are recognized in other comprehensive income and cumulatively in equity.

Foreign operations
The functional currency of the Group's foreign subsidiaries is the official currency of the country in which every subsidiary operates. For the preparation of consolidated financial statements, assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments due to business combinations, are translated into Euro at the exchange rates effective at the Statement of Financial Position reporting sate. Revenue and expenses are translated into the presentation currency of the Group based on the average exchange rates for the reported period. Any differences arising from this procedure are charged / (credited) to the balance sheet of foreign currency subsidiaries' transition balance sheet reserves, equity, and recognized in other comprehensive income in the Statement of Comprehensive Income. Upon the disposal, write off or derecognition of a foreign subsidiary, the above reserves are transferred to profit or loss for the period.

4.2. Operating segments

The Company's BoD is the main corporate body responsible for business decision-making. The BoD reviews all of the internal financial reports in order to assess the Company's and Group's performance and resolve upon the allocation of resources. The Management has set the operating segments based on the said internal reports. The BoD uses different criteria in order to assess the Group's activities which vary according to the nature of each segment, taking into consideration the risks involved and their cash requirements.

TERNA ENERGY's operating segments are defined as the segments in which the Group operates and on which the Group's management information systems are based (please refer to Note 6).

4.3. Intangible assets

The Group's intangible assets pertain to forestry use licenses where wind farms have been located, acquired licenses for Wind Farms operations, rights to invoice the other services arising PPPs concession contacts (see Note 4.12) and acquired software.

The intangible assets of the Group pertain to forestry plots use rights where Wind Farms, acquired wind Wind Park licenses software programs are installed.

Upon initial recognition, the intangible assets acquired separately are recorded at cost. Intangible assets acquired as part of business combinations are recognized at fair value at the acquisition date.

Following initial recognition, the intangible assets are measured at cost less accumulated amortization and any impairment loss. Amortization is recorded based on the straight-line method during the useful life of the said assets. The Group's intangible assets have a definite useful life.

The period and method of amortization is redefined at least at the end of every reporting period.

Changes in the expected useful life of each intangible asset are accounted for as a change in accounting estimates.

Methods of amortization and useful lives of the Group's intangible assets can be summarized as follows:

Category	Methods of amortization	Useful life in years
Software	Fixed	3
Generation and energy units installation and operation licenses	Fixed	25
Rights Δικαιώματα	Fixed	25-27

Gains or losses arising from the write-off due to disposal of an intangible asset are calculated as the difference between the net proceeds of the divestment and the current value of the asset and are recognized in profit or loss for the period.

(a) Software

The maintenance of software programs is recognized as an expense when the expense is realized. In the contrary, the costs incurred for improving or prolonging the return of software programs beyond their initial technical specifications, or respectively the costs incurred for the modification of the software, are incorporated in the acquisition cost of the intangible asset, only if they can be measured reliably.

(b) Forestry plots use rights

The value of the land use rights of the forestry land where the Wind Farms are installed includes the acquisition cost of these items less the amount of accumulated depreciation and any impairment of their value.

(c) Generation and energy units installation and operation licenses

Various types of licenses held by the Group enable it to construct energy units or generate the right to produce and sell energy. Effective market conditions provide the required indications regarding the recoverable amount of these licenses.

(Amounts in thousands Euro, unless otherwise mentioned)

Upon acquisition, the Group recognizes these licenses as intangible assets at fair value and then measures them applying the cost model, according to which the asset is measured at cost (which is the acquisition fair value) less accumulated depreciation and any accumulated provisions for impairment. Amortization is carried out on a straight-line basis over the useful life of those assets, which is 25 years for electricity generation from renewable energy sources. Regarding the impairment tests, please refer to Note 4.7.

4.4. Property, plant and equipment

Tangible fixed assets are recognized in the financial statements at cost, less accumulated depreciation and any potential impairment losses. The acquisition cost includes all direct costs stemming from the acquisition of the assets. Subsequent expenses are recorded as an increase in the book value of tangible assets or as a separate asset only to the degree that the said expenses increase the future financial gains anticipated from the use of the fixed asset and their cost can be measured reliably.
The cost of repair and maintenance works is recognized in the Income Statement when the said works are realized.

Tangible assets are written off when they are sold or withdrawn or when no further economic benefits are expected from their continued use. Profit or loss arising from the write-off of tangible fixed assets are included in the income statement for the year in which the asset is written off.

Assets under construction include fixed assets and are carried at cost. Assets under construction are not depreciated until the fixed asset is settled and put into operation.

Depreciation of tangible fixed assets (excluding land, which is not depreciated) is calculated based on the straight-line method over their estimated useful life as follows:

Property, plant and equipment	Useful life (in years)
Building and technical works	8 - 30
Machinery and technical installations	3 - 25
Vehicles	5 - 12
Furniture and fixtures	3 - 12

The useful life of the tangible fixed assets are re-assessed at least at the end of every FY. In this context, in FY 2017, it was decided to extend the Wind Park useful life from 20 to 25 years (please refer to Note 3.2 (vii)).

When the book values of the tangible fixed assets are higher than their recoverable value, then the difference (impairment) is recognized directly as an expense in the Income Statement. Upon sale of tangible assets, the differences between the sale price and their book value are recognized as profits or losses in the Income Statement.

Interest accrued on loans specifically or generally issued in order to finance the construction of tangible fixed assets is capitalized in the year when tangible assets are incurred when the recognition criteria are met (please refer to Note 8).

4.5. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which will require considerable time until the asset is ready for the suggested use or disposal, form part of the acquisition cost of that asset until the asset it ready for the suggested use or disposal. In other cases, the borrowing costs burden profit or loss of the period when incurred.

4.7. Impairment of non-current assets (intangible and tangible assets/investments in consolidated companies)

In respect of tangible and intangible fixed assets subject to amortization/depreciation, an impairment test is performed when events or changes in circumstances indicate that their carrying amount may no longer be recoverable. When the net book value of tangible and intangible fixed assets exceeds their recoverable amount, then the excess amount relates to an impairment loss and is recognized directly as an expense in the income statement. Respectively, financial assets that are subject to impairment testing (if indicated) are assets measured at cost of acquisition or equity method (investments in subsidiaries and associates). The recoverable amount of investments in subsidiaries and associates is determined in the same way as that in respect of non-financial assets.

For the purpose of impairment testing, assets are grouped to the lowest level for which cash flows can be separately identified. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and value in use. For the purpose of calculating value in use, Management estimates the future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of future cash flows.

An impairment loss is recognized for the amount where the book value of an asset or a Cash Generating Unit exceeds its recoverable amount, which is the highest between fair value less sale costs and value in use. In order to define value in use, the Management defines the estimated cash flows for every Cash Generating Unit, defining a suitable discount rate in order to calculate the current value of these cash flows. Discounting factors are determined individually for each Cash Generating Unit and reflect the corresponding risk data that has been determined by the Management for each of them. Further assumptions are made that prevail in the energy market. The period considered by the management exceeds five years, a period that is encouraged by IAS 36, especially as for renewable energy units, even a longer period will be judged to be quite satisfactory.

Impairment losses of Cash Generating units first reduce the book value of goodwill allocated to them. The residual impairment losses are charged pro rata to the other assets of the particular Cash Generating Unit. With the exception of goodwill, all assets are subsequently reviewed for indications that their previously recognized impairment loss is no longer effective. The Group has no recognized goodwill as at 31/12/2018.

An impairment loss is reversed if the recoverable value of a Cash Generating unit exceeds its book value.

In such a case, the increased book value of the asset will not exceed the book value that would have been determined (net depreciation), if no impairment loss had been recognized, in the asset in previous years.

4.8 Investment property

Investment property relates to investments in properties which are held (either through acquisitions or through leasing) by the Group, either to generate rent from its lease or for the increase in its value (increased capital) or for both purposes and are not held: a) to be used for production or distribution of raw materials / services or for administrative purposes; and b) for the sale as part of the company's ordinary activities.

Investment property is initially valued at purchase cost including transaction expenses. Subsequently, it is measured at fair value. Independent appraisers with adequate experience in the location and in the nature of investment properties measure the fair value.

The book value recognized in the Group's Financial Statements reflects the market conditions on the date of the reporting date of the Statement Financial Position. Every profit or loss derived from the fair value revaluations of the investment is recognized in the Income Statement for the period in which it has been recognized. Repairs and maintenance are recognized as expenses in the period in which they are incurred. Significant subsequent expenses are capitalized when they increase the useful life of the property and its production capacity or reduce their operating costs.

Property transfers from investment property to fixed assets take place only when there is a change in the use of the said property which is proven by the Group's own use of the property or by the Group's commencement to develop this property for sale.

An investment property is derecognized (eliminated from the Statement of Financial Position) when it is sold, it is permanently retired or when the investment is not expected to generate future economic benefits from its sale. The profits or losses from the retirement or sale of investment properties are derived from the difference of the net proceeds from the sale and the book value of the asset and are recognized in the Income Statement for the period in which the asset was sold or withdrawn.

4.9. Inventory

Inventory include spare parts and raw and auxiliary materials of Wind Farms. Inventories are measured at the lower of cost and net realizable value. The cost of raw material, semi-finished and finished products is determined using the weighted average cost method.

Appropriate provisions are formed for devalued inventory, if necessary. Impairment of inventory in net realizable value and other losses from inventory are recognized in profit or loss for the period in which they are incurred.

4.10. Cash available

Cash and cash equivalents include cash in hand, sight deposits, term deposits, bank overdrafts and other highly liquid investments that are directly convertible into particular amounts of cash equivalents which are not subject to significant value change risk.

The Group considers term deposits and other highly liquid investments less than three months maturity as cash available, as well as time deposits over three months maturity for which it has the right to early liquidation without loss of capital.

For the purposes of preparing the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank deposits as well as cash equivalents as defined above.

The Group's restricted deposits, irrespective of the nature of their commitment, are not included in the cash and cash equivalents but are classified in the item "Prepayments and other receivables" (please refer to Note 17).

4.11. Financial instruments

4.11.1. Recognition and derecognition

Financial assets and financial liabilities are recognized in the Statement of Financial Position when and only when the Group becomes a party to the financial instrument.

The Group ceases to recognize a financial asset when and only when the contractual rights to the cash flows of the financial asset expire or when the financial asset is transferred and the substance substantially transfers all the risks and benefits associated with the specific financial asset. A financial liability is derecognised from the Statement of Financial Position when, and only when, it is repaid - that is, when the commitment set out in the contract is fulfilled, canceled or expires.

4.11.2. Classification and initial recognition of financial assets

With the exception of trade receivables that do not include a significant finance item and are measured at the transaction price in accordance with IFRS 15, other financial assets are initially measured at fair value by adding the relevant transaction cost except in the case of financial assets measured at fair value through profit or loss.

Financial assets, except those defined as effective hedging instruments, are classified into the following categories:

- Financial assets at amortized cost,
- Financial assets at fair value through profit & loss, and
- Financial assets at fair value through other comprehensive income without recycling cumulative profit and losses on derecognition (equity instruments)

Classification of every asset is defined according to:

- the Group's business model regarding management of financial assets, and
- the characteristics of their conventional cash flows.

All income and expenses related to financial assets recognized in the Income Statement are included in the items "Other financial results", "Financial expenses" and "Financial income", except for the impairment of trade receivables included in operating results.

4.11.3. Subsequent measurement of financial assets

Financial assets at amortized cost

A financial asset is measured at amortized cost when the following conditions are met:

I. financial asset management business model includes holding the asset for the purposes of collecting contractual cash flows,
II. contractual cash flows of the financial asset consist exclusively of repayment of capital and interest on the outstanding balance (“SPPI” criterion).

Following the initial recognition, these financial assets are measured at amortized cost using the effective interest method. In cases where the discount effect is not significant, the discount is omitted.

The amortized cost measured category includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments that are not traded on an active market, as well as cash and cash equivalents, trade and other receivables.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, or financial assets that are required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for sale or repurchase in the near future. Derivatives, including embedded derivatives, are also classified as held for trading, unless defined as effective hedging instruments.

Financial assets with cash flows that are not only capital and interest payments are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets classified at fair value through total income (equity interests)

In accordance with the relevant provisions of IFRS 9, at initial recognition, the Group may irrevocably choose to disclose to other profit or loss directly in equity the subsequent changes in the fair value of an equity investment that is not for trading.

Profits and loss from these financial assets are never recycled to the income statement. Dividends are recognized as other income in the income statement when the payment entitlement has been proved, unless the Group benefits from such income as a recovery of part of the cost of the financial asset, then such profit is recognized in the statement of comprehensive income. Equity interests designated at fair value through total income are not subject to an impairment test. This option is effective for each security separately.

The Group has chosen to classify investments in this category (please refer to Note 13).

Available for sale financial assets according to the provisions IAS 39 (comparative FY 2017)

Assets available for sale include non-derivative financial assets, which are either classified as available for sale or they do not meet the criteria IAS 39 to be classified in any other financial assets category. All the financial assets available for sale are measured at fair value, only when their fair value can be reliably estimated, and changes in their fair value are recognized in other comprehensive income of the Statement of Comprehensive Income and cumulatively in a special reserves account in equity. Available-for-sale equity interests portfolios are those for which there is no set-in time horizon and can be liquidated according to liquidity needs, changes in interest rates or prices. In the event of impairment, the amount of cumulative losses transferred from equity and recognized in profit or loss is the difference between the acquisition cost and the fair value less any impairment loss previously recognized.

When assets available for sale are sold or impaired, accumulated profits or losses, which had been recognized in equity, are reclassified and recognized in the Income Statement. The current value of the aforementioned investments traded in organized stock markets derives from the closing price on the balance sheet date. The fair value of investments not listed in the stock market is derived by using generally accepted valuation techniques. These techniques are based on similar transactions in comparable investments, reference to market multiples based on the market capitalization of investments with similar characteristics, discounted cash flow analysis and other financial valuation models.

Interest income from the available for sale portfolio is recognized in the Income Statement using the effective interest rate method. Dividends from assets available for sale are recognized in the Income Statement when the Group has the right to the dividends. Foreign currency differences are recognized in the Income Statement of the period.

4.11.4. Impairment of financial assets

Adoption of IFRS 9 led to a change in the accounting treatment of impairment losses for financial assets, as it replaced the treatment of IAS 39 for recognition of realized losses by recognizing the expected credit losses. Impairment is defined in IFRS 9 as an Expected Credit Loss (ECL), which is the difference between the contractual cash flows attributable to the holder of a particular financial asset and the cash flows expected to be recovered, i.e. cash deficit arising from default events, discounted approximately at the initial effective interest rate of the asset.

The Group and the Company recognize provisions for impairment for expected credit losses for all financial assets except those measured at fair value through profit or loss. The objective of the IFRS 9 impairment provisions is to recognize the expected credit losses over the life of a financial instrument whose credit risk has increased since initial recognition, regardless of whether the assessment is made at a collective or individual level, using all the information that can be collected on the basis of both historical and present data, as well as data relating to reasonable future estimates of the financial position of customers and the economic environment.

To facilitate implementation of this approach, a distinction is made among:

- financial assets whose credit risk has not deteriorated significantly since initial recognition or which have a low credit risk at the reporting date (Stage 1) and for which the expected credit loss is recognized for the following 12 months,
- financial assets whose credit risk has deteriorated significantly since initial recognition and which have no low credit risk (Stage 2). For these financial assets, the expected credit loss is recognized up to their maturity.
- financial assets for which there is objective evidence of impairment at the reporting date (Stage 3) and for which the expected credit loss is recognized up to maturity.

Impairment of financial assets according to the provisions IAS 39 (comparative FY 2017)

In the previous FY, impairment of financial assets was reviewed in the light of the provisions of IAS 39. In accordance with the provisions of this Standard, financial assets subject to impairment testing (if relevant) are elements of Assets valued at cost of acquisition or equity method (participations in subsidiaries and associates), assets valued at amortized cost (long-term receivables) and available-for-sale investments. In the case of financial instruments at fair value (debt, equity and available-for-sale), the decrease in fair value of the component recognized in other comprehensive income and cumulatively in equity is transferred to profit or loss for the period. The amount of the impairment loss is equal to the difference between the acquisition cost of the asset and its fair value. Subsequent reversal of an impairment loss on an security may not be carried out through the results. On the other hand, if at a later date the fair value of a debit security increases and is related to objective events that occurred after the provision was formed, the reversal of the impairment provision is recognized through the income statement. The recoverable amount of investments in subsidiaries and associates is determined in the same way as for non-financial assets. The recoverable / receivable value of other financial assets for the purpose of carrying out the related impairment testing is generally determined on the basis of the present value of the estimated future cash flows discounted either based on the original discount rate of the asset or group of assets, current return on a similar financial asset. The resulting impairment losses are recognized in the results of the reporting period.

Trade receivables, other receivables and receivables from contracts with customers

The Group and the Company apply the simplified approach of IFRS 9 to trade and other receivables. The Group and the Company apply the simplified approach of IFRS 9 to trade and other receivables as well as to receivables from on construction contracts and receivables from leases, estimating the expected credit losses over the life of the above items. In this case, the expected credit losses represent the expected shortfalls in the contractual cash flows, taking into account the possibility of default at any point during the life of the financial instrument.

In calculating the expected credit losses, the Group uses a provisioning table by grouping the above financial instruments based on the nature and maturity of the balances and taking into account available historical data in relation to the debtors, adjusted for future factors in relation to the debtors and the economic environment. Further analysis is presented in Note 17 and 18.

4.11.5. Classification and measurement of financial liabilities

As the accounting requirements for financial liabilities remained broadly similar to those set in IAS 39, the Group's accounting policies regarding financial liabilities were not affected by the adoption of IFRS 9. The Group's financial liabilities include mainly borrowings, suppliers and other liabilities, as well as derivative financial instruments. They include additional financial liabilities recognized in US Wind Farms in the form of equity investments having a substance of financial liabilities for Tax Equity Investments. Financial liabilities are initially recognized at cost, which is the fair value of the consideration received outside borrowing costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method, with the exception of derivatives that are subsequently measured at fair value with changes recognized in profit or loss (except derivatives that are hedging instruments, see Note 4.11.6).

Financial liabilities are classified as short-term liabilities unless the Group has the unconditional right to transfer the settlement of the financial liability for at least 12 months after the financial statements reporting date.

In particular:

(i) Loan liabilities

The Group's loan liabilities are initially recognized at cost, which reflects the fair value of the amounts receivable minus the relative costs directly attributable to them, where they are significant. After initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account issuing expenses and the difference between the initial amount and the maturity. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired through the amortization process.

Loan commitments with early repayment option

In the case of bond loans issued by the Group, which are entitled to early repayment, the management assesses whether this option is closely related to the bond loan. The Option is described as directly related when (a) its exercise price resembles the unamortized cost of the bond at each date on which the option can be exercised; or (b) the exercise price of the option compensates the lender with a similar amount with the present value of the unpaid interest on the remaining maturity of the bond loan.

When the option is designated as directly related to the bond loan, it is recognized in combination with the bond as a combined debt instrument, which is measured at amortized cost based on the effective interest rate. In particular, the aforementioned composite instrument is initially recognized at fair value plus any direct transaction costs. For the determination of the effective interest rate, the expected cash flows and the estimated duration of the instrument shall be determined taking into account the early repayment right, where:

- If it is initially estimated that the option will be exercised, the estimated cash flows will include capital and interest payments, as at the exercise date, and the exercise price of the option; or
- If the option is not expected to be exercised then the estimated cash flows will include capital and interest payments for the entire contractual period.

In the next year the assessment of the probability of exercising the option may change. This will affect the expected cash flows and the estimated useful life of the financial instrument. The alterations arising from these changes are calculated by discounting the revised flows based on the original effective interest rate and any effect occurring for the net book value is recognized in the income statement of the relevant reporting period.

(ii) Trade and other liabilities

Balance from suppliers and other liabilities is initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method. Trade and other short-term liabilities are not interest-bearing accounts and are usually settled on the basis of the agreed credits.

(iii) Equity instruments having a substance of financial liabilities

The Group has entered into agreements with "Tax Equity Investors" investors in the USA. According to these agreements, the cash flows and tax benefits generated by wind farms are distributed conventionally amongst investors (tax equity investors, hereinafter "TEI") and the Group. Tax benefits include Production Tax Credits (PTCs) and accelerated depreciation. In fact, based on these figures, TEIs acquire a form of participation in the scheme by paying cash and agreeing on the expected return (estimated internal degree of return) that they will achieve during the period in which wind farms produce these tax benefits. Expected return is calculated based on the total expected benefit that Tax Equity Investors will receive and includes the value of PTCs of distributed taxable income or loss and cash proceeds.

Control and management of these wind farms according to the provisions of IFRS 10 falls within the responsibility of the Group and is fully consolidated in its financial statements using the full consolidation method. The initial investment of TEIs is initially recognized at fair value in the account “Equity instruments having a substance of financial liabilities” and then measured at amortized cost. This financial liability is reduced by the value of tax benefits and tax distributions to Tax Equity Investors, such as these distributions are conventionally defined during the period in which the TEI is to achieve its expected return. The value of accelerated depreciation is recognized as "Amortization of tax benefits" on a pro-rata basis according to the estimated period of the investor's stay in the investment scheme. The value of the "PTCs" transferred to the investor is recognized when they are generated by the project, in return for turnover. The financial liability is increased by a financial expense determined by the balance of liabilities and the effective interest rate resulting from the discounted total cash inflows (TEI initial investment) and expected outflows (distribution of cash flows and tax benefits to the TEI) over the contract duration, as calculated on the date of payment of the initial investment by TEI.

There are no contractual obligations of TERNA ENERGY Group and its subsidiaries to provide any form of financial assistance in case of financial difficulty or any form of failure to fulfill the obligations of TERNA ENERGY USA Holding Corporation, including contractual obligations to the TEI. The main features of these transactions are as follows:

- Irrespective of the shareholding held by the counterparties, the TERNA ENERGY SA maintains control over the management of wind farms, according to the provisions of IFRS 10, and therefore are fully consolidated in the Group's financial statements under full consolidated method.
- Counterparties receive a significant portion of the profits, tax losses and PTCs generated by wind farms, as well as a part of cash flow, until they achieve a predetermined (at the start of investment) rate of a non-guarantee return.
- Counterparties remain shareholders in wind farms until they have achieved a predetermined return on their investment.
- When the return on the investment of the counterparties reaches the predetermined level, the Group has the option to redeem the counterparty's rights in the return on the investment.
- The return on the investment of the counterparties depends solely on the performance of wind farms. Although the TERNA ENERGY GROUP undertakes to operate these parks in the best possible way and to take all appropriate measures for their smooth operation, it is not obliged to pay cash to the counterparties beyond what is required to achieve the predetermined non-guarantee return on their investment.

After the date when TEI has achieved its contractually agreed performance and if the Group decides not to acquire the rights of TEI, TEI still maintains an insignificant percentage of the wind farm's return for the remaining contractual maturity.

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 financial liability is measured at net book value using the effective interest method. This obligation shall be reduced by the cash distribution received by TEI and, depending on the terms of the contract and the value of the tax benefits.

4.11.6. Derivative financial instruments and hedge accounting

At the date of the initial application of IFRS 9, all existing hedging relationships of the Group can be classified as continuing and therefore the application of the new Standard has no impact on the financial statements. The Group's risk management policies are in line with the provisions of the new standard and hedge accounting continues to apply.

In the context of risk management, the Group uses:

- derivative financial instruments for the exchange of interest rates to hedge the risks associated with the future fluctuation of variable loan interest rates,
- derivative financial instruments to hedge the risk of change in electricity prices (options, forward contracts for the sale of electricity)

- derivative financial instruments to hedge the risks associated with the future fluctuation of variable income.

These derivative financial instruments are initially recognized at their fair value at the date of the contract and are subsequently measured at their fair value. Changes in the fair value of financial derivative instruments are recognized at each reporting date either in the Statement of Comprehensive Income or in other comprehensive income, depending on whether the derivative financial instrument meets the requirements of hedge accounting and, if so, according to the nature of the hedging object.

On the transaction date, the Group records the relationship between the hedging instrument and the hedging item, as well as the risk management objective and hedging transaction strategy. The Group also records both when creating the hedging transaction and then whether the tools used in these changes are effective in offsetting fluctuations in the cash flows of hedging items.
Derivative financial products are measured at fair value at the reporting date and the changes are recognized in profit or loss. The fair value of these derivatives is determined primarily on a market value and is confirmed by the counterparty credit institutions. Exceptions are derivatives that act as hedging instruments in cash flow hedges, for which special accounting is required. A hedging relationship is appropriate for hedge accounting when all the following criteria are met:

- the hedging relationship includes only eligible hedging instruments and eligible hedged items.
- at the inception of the hedging relationship there is a formal determination and documentation of the hedging relationship and the entity's risk management objective and its hedging strategy. The documentation includes the determination of the hedging instrument, the hedged item, the nature of the hedged risk, and the manner in which the entity will assess whether the hedging relationship meets the effectiveness requirements (including an analysis of the sources of inefficiency of the hedge and how determination of the hedging factor).
- The hedging relationship covers all the following efficiency requirements: (a) there is an financial relationship between the hedged item and the hedging instrument, (b) the effect of the credit risk does not override the changes in value arising from this financial relationship, and (c)), the hedging factor of the hedging relationship is the same resulting from the amount of hedged item actually hedged by the entity and the amount of the hedging instrument the entity actually uses the entity to offset this amount of hedging item.

Hedge of future cash flows

The part of changes in fair value that is attributable to effective risk hedging is recognized in equity. Any gain or loss arising from changes in fair value attributable to non-effective risk hedging is recognized directly in the statement of comprehensive income in the item "Earnings from financial instruments measured at fair value". Cumulative amounts in equity are recycled through the Statement of Comprehensive Income to the income statement in the periods in which the hedged item affects the result (when the hedged transaction is taking place).

Hedge accountancy is discontinued when the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the hedge accountancy criteria. The cumulative amount of profit or losses recognized directly in equity until that date remains in the reserve until the hedged item affects the Statement of Comprehensive Income. In the event that a hedged transaction is no longer expected to be realized, the net accumulated profits or losses entered in the reserves are immediately transferred to the Statement of Comprehensive Income.

4.11.7. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is shown in the Statement of Financial Position only if there is the present legal right to offset the recognized amounts and intends to clear them on a net basis or to require the asset and settle the liability simultaneously.

4.12. Service concession agreements

Under the terms of the contracts, the operator acts as a service provider. The operator constructs or upgrades an infrastructure (manufacturing or upgrading services) used to provide a service of general interest and deals with the operation and maintenance of that infrastructure (operating services) for a specified period of time.

According to IFRS, such infrastructure is recognized as a financial asset or as an intangible asset, depending on the contractually agreed terms. The Group companies recognize both an intangible asset from the concession and a financial asset (bifurcated model) or recognize a financial asset only.

Intangible Assets

Group companies operating as concessionaires recognize an intangible asset and an income to the extent that they acquire the right to charge the users of utilities. Revenue recognition is based on the integration rate method. Furthermore, the intangible asset is amortized on the basis of the time of the concession and an impairment test, while the revenues from the infrastructure users are recognized on the accrual basis.

For more information on the concession of right, see Note 7.

Financial asset (Financial contribution of the State)

Group companies that act as concessionaires recognize a financial asset as they have an unconditional contractual right to receive cash or other financial asset from the grantor for the construction services.

In the case of concessions, the concessionaire has an unconditional right to receive cash if the concessionor contractually guarantees to pay to the concessionaire:

(i) specific or fixed amounts, or
(ii) the deficit which may arise between the amounts received by the users of the public service and the specific or fixed amount provided for in the Concession Agreement.

The Group recognizes the Financial Contribution of the State as a financial asset under the provisions of IFRIC 12 "Agreements for the Grant of a Service Provider".

In particular, the Group recognizes a financial asset receivable and income based on the rate of completion method and the asset is measured at amortized cost less any impairment losses. More information can be found in Note 15.

4.13. Employee benefits

Short-term benefits: Short-term benefits to personnel (except for termination of employment benefits) in cash and in kind are recognized as an expense when considered accrued. Any unpaid amount is recognized as a liability, whereas in case the amount already paid exceeds the benefits' amount, the entity identifies the excess as an asset (prepaid expense) only to the extent that the prepayment shall lead to a future payments' reduction or refund.

Retirement Benefits: Benefits following termination of employment include lump-sum severance grants, pensions and other benefits paid to employees after termination of employment in exchange for their service. The Group's liabilities for retirement benefits cover both defined contribution plans and defined benefit plans. The defined contribution plan's accrued cost is recognized as an expense in the financial year where it relates. Pension plans adopted by the Group are partly financed through payments to insurance companies or state social security funds.

(a) Defined Contribution Plan
Defined contribution plans pertain to contribution payment to Social Security Organizations and therefore, the Group does not have any legal obligation in case the Fund is incapable of paying a pension to the insured person. The employer's obligation is limited to paying the employer's contributions to the Funds. The payable contribution by the Group in a defined contribution plan is identified as a liability after the deduction of the paid contribution, while accrued contributions are recognized as expenses in the income statement.

(b) Defined Benefit Plan (non-funded)
Under Laws 2112/20 and 4093/2012, the Company must pay compensation upon retirement or termination to its employees. The amount of compensation paid depends on the years of service, the level of wages and the way of leaving service (dismissal or retirement). The entitlement to participate in these plans is usually based on years of service of the employee until retirement.

The liability recognized in the Statement of financial Position for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserve from payments to an insurance company), the changes deriving from any actuarial profit or loss and the service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary through the use of the projected unit credit method. Regarding FY 2017, the selected rate follows the tendency of iBoxx AA Corporate Overall 10+ EUR indices, which is regarded as consistent with the provisions of IAS 19, i.e. is based on bonds corresponding to the currency and the estimated term relative to employee benefits as well as appropriate for long-term provisions.

A defined benefit plan establishes, based on various parameters, such as age, years of service and salary, the specific obligations for payable benefits. Provisions for the period are included in the relative staff costs in the accompanying separate and consolidated Income Statements and comprise of the current and past service cost, the relative financial cost, the actuarial gains or losses and any possible additional charges. Regarding unrecognized actuarial gains or losses, the revised IAS 19 is applied, which includes a number of changes to accounting for defined benefit plans, including:

i) recognition of actuarial gains / losses in other comprehensive income and their permanent exclusion from the Income Statement,
ii) non-recognition of the expected returns on the plan investment in the Income Statement but recognition of the relative interest on net liability / (asset) of the benefits calculated based on the discount rate used to measure the defined benefit obligation,
iii) recognition of past service cost in the Income Statement at the earliest between the plan modification date or when the relative restructuring or terminal provision are recognized,
iv) other changes include new disclosures, such as quantitative sensitivity analysis.

4.14. Leases

Operating leases
Leases where the lessee maintains all the risks and benefits of owning the asset are recognized as operating lease payments. The operating lease payments are recognized as an expense in the Income Statement on a constant basis during the lease term.

The Group as a lessor
The Group receives rents from the operating leases of its investment property items. Income from rentals is recognized gradually over the lease term.

4.15. Government grants

Government grants related to grants for assets are recognized at fair value when there is reasonable assurance that the grant will be received and that all the relevant conditions attached will be met.

These grants are recognized as deferred income, which is recognized in the profits or loss of each reporting period in equal instalments based on the useful life of the asset after deducting all related depreciation expenses.

Grants relating to expenses are recorded in transit accounts and recognized in the income statement over the period necessary to balance the expenses they are intended to compensate.

4.16. Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has present legal or imputed liabilities as a result of past events; their settlement is possible through resources' outflow and the exact liability amount can be reliably estimated. The provisions are reviewed on the date of the Financial Statements and are adjusted accordingly to reflect the present value of the expense expected for the settlement of the liability. Restructuring provisions are identified only if there is a detailed restructuring plan and if Management has informed the affected parties on the plan's key points. When the effect of the time value of money is significant, the provision is calculated as the present value of the expenses expected to be incurred in order to settle this liability.

If it is no longer probable that an outflow will be required in order to settle a liability for which a provision has been formed, then it is reversed.

In cases where the outflow due to current commitments is considered improbable or the provision amount cannot be reliably estimated, no liability is recognized in the financial statements.
Potential inflows from economic benefits for the Group which do not meet the criteria of an asset are considered a contingent asset and are disclosed when the inflow of the economic benefits is probable.

Provisions for rehabilitation of natural landscape

In the restoration of natural landscapes, the Group recognizes the provisions made by the entities of the Group's energy sector for the decommissioning of wind turbines from Wind Farms and the restoration of the surrounding area. Decommissioning and remediation provisions reflect the present value at the reporting date of the estimated cost less the estimated residual value of the recoverable materials. Provisions are reviewed at each reporting date in the Statement of Financial Position and they are adjusted to reflect the present value of the expense that is expected to be disbursed for the disposal of the decommissioning and remediation obligation. The related provision is recognized in an increase in the acquisition cost of wind turbines and is depreciated on a straight-line basis over the 25-year term of the energy contract. The amortization and disposal of the capitalized decommissioning and restoration costs is included in the Statement of Comprehensive Income together with depreciation of Wind Farms. Any changes in estimates with respect to the estimated cost or the discount rate are added or deducted respectively in the cost of the asset. The effect of discounting the estimated cost is recognized in profit or loss as an expense.

Furthermore, these provisions include certain provisions of the Group's industrial entities in order to cover the costs of rehabilitation of the natural landscape where the power plants and quarry operators are installed at the end of the holding, which lasts 20- 30 years, according to the licenses received by the state.

4.17 Revenue

IFRS 15 established the core principle by applying the following steps for identifying revenue from contracts with customers:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at the amount by which an entity expects to have in exchange for the transfer of the goods or services to a counterparty. When awarding a contract, account shall be taken of the additional costs and the direct costs required to complete the contract. Income is defined as the amount that an entity expects to be entitled to in exchange for the goods or services it has transferred to a customer. If the promised consideration in a contract includes a variable amount, the entity estimates the consideration amount that would be entitled to the transfer of the promised goods or services to customer.

The consideration amount may vary due to discounts, price subsidies, refunds, credits, price reductions, incentives, additional performance benefits, penalties or other similar items. Promising consideration may also change if the entity's entitlement to the consideration depends on the occurrence or non-occurrence of a future event. For example, a consideration amount will be variable if the product has been sold with a refund or if a fixed amount promise has been given as an additional performance benefit to achieve a specific milestone.

The volatility associated with the consideration promised by a customer may be expressly stated in the contract. An entity shall measure the amount of the variable consideration using one of the following methods, whichever method it considers best suited to the amount of consideration to which it will be entitled to:

(a) Estimated value - the estimated value is equal to the sum of the probability-weighted amounts in a range of possible consideration amounts. Estimated value is an appropriate estimate of the variable amount if the entity has a large number of contracts with similar characteristics.

b) Potential amount - the most probable amount is the only most probable amount in a range of possible consideration amounts (i.e., the only likely outcome of the contract). The most probable amount is an appropriate estimate of the variable amount if the contract has only two possible outcomes (for example, the entity provides additional performance or not).

The Group and the Company recognize income when it satisfies the performance of the contractual obligation by transferring the goods or services on the basis of this obligation. 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 goods are transferred to the customer, usually upon delivery to the customer, and there is no obligation that could affect the acceptance of the good by the customer.

Commitments for implementation performed over time

The Group recognizes revenue for a performance obligation that is performed over time only if it can reasonably measure its performance in full compliance with the obligation. The Group is not in a position to reasonably measure progress in meeting a performance obligation when it does not have the reliable information required to apply the appropriate method of measuring progress. In some cases (eg during the initial stages of a contract), the entity may not be able to reasonably measure the outcome of a performance obligation, but at least expects to recover the costs incurred to meet it. In such cases, an entity shall recognize revenue only on the extent of the cost incurred until it is able to reasonably measure the outcome of the execution obligation.

Income from 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 receivable from client is recognized when there is an unconditional right for the entity to receive the consideration for the contractual obligations performed to the client.

A conventional asset is recognized when the Group or the Company has satisfied its liabilities 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 to a price which is postponed before the performance of the contractual obligations and the transfer of the goods or services. The contractual obligation is derecognized when the contract obligations are met and the income is recorded in the income statement.

Commitments for implementation performed at a specific time

When an implementation commitment is not met over time (as outlined above), then the entity enforces the implementation commitment at a particular time. In determining when the client acquires control of a promising asset and the entity performs an implementation commitment, the entity examines the requirements for the acquisition control, as analytically recorded in IFRS 15.

(i) The main categories of income recognized from implementation commitments fulfilled over time for the Group are as follows:

(i) Revenue from contracts with customers related to construction operations

It relates to revenue from contracts with customers and results from implementation commitments that are fulfilled over time. Subsidiaries and joint ventures engaged in the implementation of constructions recognize revenue from construction contracts in their tax records on the basis of customer invoices resulting from relevant sectional project implementation certifications issued by accredited engineers and responsive to the work carried out until the closing date. For the purpose of complying with IFRS, the proceeds from the construction activity are accounted for in the accompanying financial statements progressively during construction, based on the imput method of measurement in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers".

The imput method recognizes revenue based on the entity's efforts or inflows towards fulfilling an implementation commitment (for example, the resources consumed, the hours worked, the costs incurred the time spent or the hours of operation of the machines consumed) in relation to the total expected inputs to fulfill this implementation commitment.

(ii) Sale of goods

Revenue from the sale of goods, after deduction of sales discounts, sales incentives and related VAT are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer.

(iii) Revenue from sale of Electric Energy

It relates to revenue from contracts with customers and results from implementation commitments that are fulfilled over time. Revenues from the Sale of Electric Energy are accounted for in their intended use.

In the preparation of the financial statements, revenues accrued unbilled, revenues from electricity purchased by LAGIE or another client not yet priced are considered. In addition, the expected collections from energy production under energy sales contracts that, according to IFRIC 4, include lease receivables are recognized in income on a straight-line basis over the life of the contract to the extent that those receivables relate to the lease. An energy sales contract is considered to contain lease terms when it concerns all the energy produced by a specific plant in the Group and the unit price per unit is neither stable over the lifetime of the contract nor represents the market price at the date production.

For wind farms operating in the USA and selling electricity to specific US energy markets (ERCOT) at spot prices, revenue from the sale of electricity is recognized on the basis of the amount of electricity delivered at market prices for transactions on where all the revenue recognition criteria are met. In order to reduce its exposure to changes in energy prices in these markets. The Group, in order to reduce its exposure to changes in energy prices in these markets, uses the derivative instruments described in Note 4.11.6 above. The proceeds from the liquidation of these derivatives are included in the proceeds from the sale of electricity. For derivatives that do not meet the cash flow hedge accounting criteria but which are nonetheless used to reduce exposure to the risk of a change in earnings, the Turnover also includes unrealized gains/losses from valuation.

Renewable Energy Credits ("RECs") and/or Green Certificates form an economic benefit achieved through the operation of a wind farm. RECs are generated by the wind power generation of wind farms and can be sold either through REC's organized markets or directly to individual buyers under contracts. RECs held for sale are generally classified as inventories that are recognized at fair value. Revenue from the sale of RECs is recognized in the Turnover.

(iv) Revenue from tax benefits

The value of tax benefits is recognized in the income statement. The value of tax losses attributable to Tax Equity Investor is recognized in other income of FY, on proportional basis in compliance withy the estimated period, during which the investor remains in the investment scheme, while the value of Production Tax Credits (PTCs) associated with its annual energy production wind farm is recognized for each use on the basis of actual production for the benefit of turnover.

(v) Income from rentals

The income in question pertains to revenue from contracts with customers and arises from implementation commitments that are fulfilled over time. Rental income (operating leases) is recognized using the straight-line method according to the terms of the lease.

(vi) Dividends

Dividends are accounted for when the right of recovery is finalized by the shareholders by decision of the General Meeting of Shareholders.

(vii) Interests

Interest income is recognized on an accrual basis.

(viii) Revenue from concession contracts

At the construction stage, revenue is recognized based on the integration rate, in accordance with the Group's accounting policy for recognizing revenue from construction contracts.

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

4.18. Income tax

Income taxes charges for the year consists of current taxes, deferred taxes and tax differences from previous years.

Current Tax

The current and taxes are calculated based on the Financial Statements of each of the companies included in the consolidated Financial Statements, according to the tax regulation effective in Greece or other tax frameworks under which the foreign subsidiaries operate. The expenses for current Income tax is calculated based on the earnings of each company as such are reformed on the companies' tax reports and provisions for additional income taxes and is calculated in accordance with statutory or substantially institutionalized tax rates.

Deferred Tax

Deferred taxes are taxes or tax relief that are related to the financial burdens or benefits accruing in the year but have already been accounted for or accounted for by the tax authorities in different uses. Deferred income tax is determined using the liability method that results from the temporary differences between the carrying amount and the tax base of the assets and liabilities. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, when the transaction took place, did not affect either the accounting or the tax profit or loss.

Deferred taxes are the taxes or the tax reliefs from the financial encumbrances or benefits of the financial year in question, which have been allocated or shall be allocated to different financial years by the tax authorities. Deferred income tax is determined under the liability method deriving from the temporary differences between the book value and tax base of assets and liabilities. There is no deferred income tax if it derives from the initial recognition of an asset or liability at a transaction, other than at a business combination, and the recognition did not affect either the accounting or the tax profit or loss.

Deferred income taxes are measured using the liability method in all temporary differences at the date of the financial statements between the tax base and the carrying amount of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are measured at each reporting date and are reduced to the extent that it is unlikely that there will be sufficient taxable profits against which part or all of the deferred income tax assets may be used.

Deferred tax assets and obligations are measured at the tax rates that are expected to be in force for the year in which the asset is incurred or the liability will be settled and are based on the tax rates (and tax laws) that are in effect or effectively in force at the date of reporting of the financial statements. In the event that the temporary reversal of temporary differences can not be clearly identified, the tax rate applicable on the next day of the statement of financial position is used.

Income tax related to items that are recognized in other comprehensive income is also recognized in other comprehensive income.

4.19. Earnings per share

Basic earnings per share are calculated by dividing net earnings by the weighted average number of ordinary shares outstanding during the period, excluding the average number of the ordinary shares acquired by the Group as treasury shares.

Earnings per share are measured by dividing the net profit attributable to shareholders by the weighted average number of shares outstanding during the year.

4.20. Share capital, reserves and distribution of dividends

Common registered share are recorded as equity. Costs, directly attributable to a component of equity net of tax effect, are monitored as a deduction to the Balance of Retainhed Earnings in equity. Otherwise, this amount is recognized as an expense in the period in question.

In cases when the Company or its subsidiaries acquire part of the Company's share capital (treasury shares), the amount paid, including any expense, net of tax, is deducted from equity until the shares are derecognised or sold. The number of treasury shares held by the Company does not reduce the number of shares in circulation but affects the number of shares included in the calculation of earnings per share. Treasury shares held by the Company do not incorporate a right to receive a dividend. At 31/12/2018 the Group held a total of 1.302.475 treasury shares.

In particular, the reserves are divided into:

Statutory reserves

In compliance with the Greek Commercial Law, companies shall transfer at least 5% of their annual net profits to a statutory reserve until such reserve equals 1/3 of the paid-up share capital. This reserve can not be distributed during the Company's operations.

Development and tax legislation reserves

These reserves refer to profits not taxed at the applicable tax rate in accordance with the applicable tax framework in Greece and include reserves arising from taxable profits and pertaining to the company's participation in development laws. These reserves will be taxable at the tax rate applicable at the time of their distribution to the shareholders or their conversion into equity under certain circumstances.

(Amounts in thousands Euro, unless otherwise mentioned)

Cash flows risk hedging reserves
The risk hedge reserve is used to record profits or losses on derivative financial products, which can be classified as future cash flow hedges and are recognized in other comprehensive income.

Foreign currency translation differences from incorporation of foreign operations
Foreign exchange differences arising on foreign currency translation are recognized in other comprehensive income and accumulated in other reserves. The cumulative amount is transferred to the income statement of the year when the amounts were transferred.

Treasury shares reserves
The Company has proceeded with successive acquisitions of treasury shares through implementing the approved share buy-back plan in accordance with article 16, CL 2190/1920. The total value of these acquisitions is presented in reserves as a deduction from Equity.

Other reserves
Other reserves mainly include actuarial losses of pension schemes.
The category of other reserves comprises:

i. Actuarial gains/(losses) from defined benefit pension schemes arising from (a) actual adjustments (the effect of differences between previous actuarial assumptions and those eventually occurring) and (b) changes in actuarial assumptions.
ii. Changes in fair value of investments classified as equity investments.

Dividends distributed to the Company's shareholders are recognized in the financial statements as a liability in the period in which the distribution proposal of the Management is approved by the Annual General Meeting of the Shareholders. Also, at the same time, the financial statements reflect the effect of the disposal of the results approved by the General Meeting and the possible formation of reserves.

5. GROUP STRUCTURE

As at 31/12/2018, investments in subsidiaries, associates and joint ventures are as follows:

A) TERNA ENERGY S.A. subsidiaries
i) Subsidiaries in legal form of Societe Anonyme or Limited Liability Company

The parent Company, TERNA ENERGY S.A., has been audited by the tax authorities until the fiscal year 2012 inclusively. As at the accompanying financial statements preparation date, tax un-audited fiscal years of the Group’s companies, including FY 2018, are as follows:

		Participating Interest			
N/N	**Title**	**31/12/2018**	**31/12/2017**	**Business Activity**	**Tax non-inspected 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

(Amounts in thousands Euro, unless otherwise mentioned)

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
		Participating Interest			
N/N	**Title**	**31/12/2018**	**31/12/2017**	**Business Activity**	**Tax non-inspected years**
19	VATHYCHORI PERIVALLONTIKI S.A.	100%	100%	Production of Electric Energy from RES	6
20	VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	100%	Production of Electric Energy from RES	6
21	CHRYSOUPOLI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
22	LAGADAS ENERGEIAKI S.A.	-	80%	Production of Electric Energy from RES	6
23	DOMOKOS ENERGEIAKI S.A.	-	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%	Production of Electric Energy from RES	6

26	MALESINA ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
27	ORHOMENOS ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
28	ALISTRATI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
29	TERNA ENERGY AI-GIORGIS S.A.	100%	100%	Production of Electric Energy from RES	6
30	TERNA AIOLIKI AMARYNTHOU S.A.	100%	100%	Production of Electric Energy from RES	6
31	TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	100%	Production of Electric Energy from RES	6
32	TERNA ILIAKI VIOTIAS S.A.	100%	100%	Production of Electric Energy from RES	6
33	VATHYCHORI DYO ENERGIAKI S.A.	100%	100%	Production of Electric Energy from RES	6
34	TERNA AIOLIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	6
35	TERNA ILIAKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	6
36	TERNA ILIAKI PANORAMATOS S.A.	100%	100%	Production of Electric Energy from RES	6
37	AIOLIKI KARYSTIAS EVIAS S.A.	100%	100%	Production of Electric Energy from RES	6
38	GEOTHERMAL ENERGY DEVELOPMENT S.A.	50%	50%	Production of Electric Energy from RES	6
39	TERNA ILIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	6
40	PERIVALLONTIKI PELOPONNISOU S.A.	100%	100%	Waste Management	4
41	HELLAS SMARTICKET S.A.	35%	35%	Electronic Systems Operation	5
42	WASTE SYCLO S.A.	51%	51%	Waste Management	6
43	TERNA ENERGY FINANCE S.A.	100%	100%	Credit Services	3
		Participating Interest			
N/N	**Title**	**31/12/2018**	**31/12/2017**	**Business Activity**	**Tax non-inspected years**
44	AEIFORIKI IPEIROU MAEES	100%	100%	Waste Management	2
45	OPTIMUS ENERGY S.A.	51%	51%	Trade of Electric Energy	2
46	TERNA ENERGY TRADING EOOD	51%	51%	Trade of Electric Energy	6
47	TERNA ENERGY OVERSEAS LTD	100%	100%	Production of Electric Energy from RES	7
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	6
52	GALLETTE LTD	100%	100%	Holding	6

(Amounts in thousands Euro, unless otherwise mentioned)

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	8
57	DESERT MEADOW WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	8
58	HAMMETT HILL WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	8
59	MAINLINE WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	8
60	RYEGRASS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	8
61	TWO PONDS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	8
62	MOUNTAIN AIR WIND, LLC	100%	100%	Production of Electric Energy from RES	8
63	TERNA ENERGY USA HOLDING CORPORATION	100%	100%	Holding	8
64	MOUNTAIN AIR PROJECTS, LLC	100%	100%	Production of Electric Energy from RES	8
65	MOUNTAIN AIR INVESTMENTS, LLC	100%	100%	Production of Electric Energy from RES	8
66	MOUNTAIN AIR ALTERNATIVES, LLC	100%	100%	Production of Electric Energy from RES	8
67	MOUNTAIN AIR RESOURCES, LLC	100%	100%	Production of Electric Energy from RES	8
68	MOUNTAIN AIR HOLDINGS, LLC	100%	100%	Production of Electric Energy from RES	8
		Participating Interest			
N/N	**Title**	**31/12/2018**	**31/12/2017**	**Business Activity**	**Tax non-inspected years**
69	FLUVANNA WIND ENERGY, LLC	100%	100%	Production of Electric Energy from RES	4
70	FLUVANNA HOLDINGS, LLC	100%	100%	Production of Electric Energy from RES	3
71	FLUVANNA INVESTMENTS, LLC	100%	100%	Production of Electric Energy from RES	3
72	TERNA DEN, LLC	100%	100%	Production of Electric Energy from RES	3
73	TERNA HOLDCO INC	100%	100%	Production of Electric Energy from RES	3
74	TERNA RENEWABLE ENERGY PROJECTS, LLC	100%	100%	Production of Electric Energy from RES	3

75	AEGIS RENEWABLES, LLC	100%	100%	Production of Electric Energy from RES	8
76	MOHAVE VALLEY ENERGY, LLC	100%	100%	Production of Electric Energy from RES	3
77	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	100%	100%	Holding	6
78	EOLOS NORTH sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
79	EOLOS EAST sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
80	AIOLIKI PASTRA ATTIKIS S.A.	100%	100%	Production of Electric Energy from RES	6
81	TERNA ENERGY TRADING LTD	51%	51%	Holding	4
82	JP GREEN sp.z.o.o.	100%	100%	Production of Electric Energy from RES	4
83	WIRON sp.z.o.o.	100%	100%	Production of Electric Energy from RES	4
84	BALLADYNA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	3
85	TERNA ENERGY UK PLC	100%	100%	Credit Services	-
86	TETRA DOOEL SKOPJE	51%	51%	Trade of Electric Energy	4
87	Terna Energy Trading D.O.O	51%	51%	Trade of Electric Energy	4
88	TERNA ENERGY TRADING SHPK	51%	51%	Trade of Electric Energy	1
89	FLUVANNA I INVESTOR, INC	100%	100%	Production of Electric Energy from RES	1
90	FLUVANNA I HOLDING COMPANY, LLC	100%	100%	Production of Electric Energy from RES	1
91	FLUVANNA HOLDINGS 2, LLC	100%	-	Production of Electric Energy from RES	-
92	FLUVANNA INVESTMENTS 2, LLC	100%	-	Production of Electric Energy from RES	-
93	FLUVANNA WIND ENERGY 2, LLC	100%	-	Production of Electric Energy from RES	-

Within 2018, the companies FLUVANNA HOLDINGS 2, LLC, FLUVANNA WIND ENERGY 2, LLC and FLUVANNA INVESTMENTS 2, LLC, operating in the domain of RES electricity production, were established in the USA.

The companies LAGKADAS ENERGY S.A., DOMOKOS ENERGY S.A. and FILOTAS ENERGY S.A. were under liquidation and the liquidation procedures were finalized at the end of 2018. The company GEOTHERMIKI ENERGY DEVELOPMENT S.A. is under liquidation, while the liquidation procedures were had not been finalized as at the Group Financial Statements publication date.

ii) Subsidiaries in legal form of General Partnership (G.P.)

		Participating Interest			
N/N	**Title**	**31/12/2018**	**31/12/2017**	**Business Activity**	**Tax non-inspected years**
1	TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of Electric Energy from RES	6

(Amounts in thousands Euro, unless otherwise mentioned)

2	TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of Electric Energy from RES	6
3	TERN ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of Electric Energy from RES	6
4	TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of Electric Energy from RES	6
5	TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of Electric Energy from RES	6
6	TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	100%	100%	Production of Electric Energy from RES	6
7	TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	100%	100%	Production of Electric Energy from RES	6
8	TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	100%	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 S.A.

i) Joint Ventures

The table, presented below, records technical projects' implementation joint ventures. Joint ventures, in which the Group holds participating interest and which have been completed and, thus, dissolved or are to be shortly dissolved are not consolidated.

N/N	Title	Participating Interest		Tax non-inspected years
		31/12/2018	31/12/2017	
1	J/V EVANGELISMOS PROJECT C'	50%	50%	6
2	J/V EMBEDOS – PANTECHNIKI ENERGEIAKI	50,10%	50,10%	6

J/V GEK TERNA SA – TERNA ENERGY S.A. was liquidated within 2018.

ii) Joint Entities

N/N	Title	Participating Interest		Tax non-inspected years
		31/12/2018	31/12/2017	
1	J/V GEK TERNA SA – TERNA ENERGY SA	50%	50%	4

(Amounts in thousands Euro, unless otherwise mentioned)

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

N/N	Title	Establishment	Participating Interest 31/12/2018	Participating Interest 31/12/2017	Business Activity	Tax non-inspected years
1	TERNA ENERGY SA & SIA LP	24/5/2000	70%	70%	Completion of construction works of section Kakavia - Kalpaki	6

The company TERNA ENERGY S.A. & SIA LP had essentially completed the aforementioned project in 2003.

All the aforementioned subsidiaries and joint ventures have been established in Greece, except for TERNA ENERGY TRADING EOOD, 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., TERNA ENERGY TRANSATLANTIC Spzoo, JP GREEN sp.z.o.o., WIRON sp.z.o.o and BALLADYNA , established in Poland, 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 HOLDCO INC, TERNA RENEWABLE ENERGY PROJECTS LLC, AEGIS RENEWABLES LLC, MOHAVE VALLEY ENERGY LLC, FLUVANNA I INVESTOR INC, FLUVANNA I HOLDING COMPANY LLC, FLUVANNA HOLDINGS 2 LLC, FLUVANNA WIND ENERGY 2 LLC and FLUVANNA INVESTMENTS 2 LLC, established in the USA, TERNA ENERGY UK PLC, established in the UK, PROENTRA D.O.O. BEOGRAD, established in Serbia, TERNA ENERGY TRADING SHPK, established in Albania and TETRA DOOEL SKOPJE, established in North Macedonia.

C) TERNA ENERGY S.A. associates

N/N	Title	Participating Interest 31/12/2018	Participating Interest 31/12/2017	Consolidation Method	Tax non-inspected years
1	Renewable Energy Center RES Cyclades SA *	45%	45%	Equity	6
2	EN.ER.MEL. S.A.	49,2%	49,2%	Equity	6

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

6. SEGMENT REPORTING

An operating sector is a component of an economic entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses that concern transactions with other components of the same economic entity) and, b) whose operating results are regularly reviewed by the chief operating decision maker of the entity to make decisions about resources to be allocated to the segment and assess of its performance.

The term “chief operating decision maker” defines the function of the Group that is responsible for the allocation of resources and the assessment of the economic entity’s operating segments. For the application of IFRS 8, this function is assigned to the Managing Director (Chief Executive Officer).

An entity presents separately the information on each operating segment that meets certain criteria of characteristics and exceeds certain quantitative limits.

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

The above information is presented in the accompanying consolidated statements of financial position, comprehensive income and cash flows according to the IFRS, whereas previously recorded operating segments – as presented in the financial statements of the previous financial year- require no modifications.

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

(i) Constructions:

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

(ii) Electricity from RES:

The segment 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.

(iii) Trade in electric energy:

The segment refers to trade in electric energy and includes as follows:

- Supply and sale of electric energy from and to the neighboring markets and the markets of Southeastern Europe.
- Development of the network of subsidiaries in the neighboring countries (North Macedonia, Serbia) with the objective to access the respective markets of electric energy.
- 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.
- Continuing operations and analysis of options offered in the international markets of electric energy (on a daily, monthly and annual basis).

(iv) Concessions

The segments concerns the construction and operation of infrastructure and public sector projects (such as Unified Automatic Collection System and the municipal waste treatment facility in Epirus Region) in exchange for long-term operation of the above projects through provision of services to the public.

In line with the application of the revised standard, the Group allocates –whenever such allocation is not possible to be made directly- all assets and liabilities per segment as well as the corresponding income and expenses for the period, such as financial results and income tax.

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

The description of the Group's financial performance includes ratios and indicators such as:

- *"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 equity interests, +/- Provision for impairment of participations and equity interests, +/- 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 19 of the attached financial statements)), less restricted deposits (they are included in the item "Prepayments and Other receivables (Note 19 of the accompanying financial statements) .
- *"EBITDA"* is defined as *EBIT* plus depreciations for the year less the grants' amortization corresponding to the year.

(Amounts in thousands Euro, unless otherwise mentioned)

Business segment	Construction	Electricity from RES	Trade in electric energy	Concessions	Consolidation Write-offs	Total Consolidated
31/12/2018						
Income from external customers						
Sales of products	-	216.335	19.702	8.803	-	**244.840**
Income from construction services	14.419	-	-	32.793	-	**47.212**
Total income from external customers	**14.419**	**216.335**	**19.702**	**41.596**	**-**	**292.052**
Inter-segment income	40.069				(40.069)	**-**
Total income	**54.488**	**216.335**	**19.702**	**41.596**	**(40.069)**	**292.052**
Net Results per Segment	**3.740**	**37.159**	**1.457**	**4.697**	**-**	**47.053**
Depreciations	(54)	(55.552)	(5)	(14)	-	**(55.625)**
Amortization of grants	-	7.862	-	-	-	**7.862**
Financial income	21	959	1	4.172	-	**5.153**
Financial expenses	(258)	(45.763)	(20)	(3.692)	-	**(49.733)**
Finance cost of tax equity investor (Note 25)		(12.627)				**(12.627)**
Foreign exchange differences on valuation	-	1.932	(11)	-	-	**1.921**
Profit from financial instruments at fair value	-	1.088	-	-	-	**1.088**
Profit from sale of participations and equity interests	491	-	-	-	-	**491**
Provision for impairment of fixed assets	-	(1.147)	-	-	-	**(1.147)**
Provision for impairment of participations and equity interests	(139)	(2.512)	(13)	(190)	-	**(2.854)**
Results from associates	-	(28)	-	-	-	**(28)**
Income tax	(1.492)	(13.329)	(92)	(445)	-	**(15.358)**
EBIT	**5.117**	**108.587**	**1.592**	**4.853**	**-**	**120.147**
EBIDTA	**5.171**	**156.277**	**1.596**	**4.866**	**-**	**167.910**

(Amounts in thousands Euro, unless otherwise mentioned)

Business segment	Construction	Electricity from RES	Trade in electric energy	Concessions	Consolidation Write-offs	Total Consolidated
31/12/2018						
Segment assets	26.942	1.541.534	7.959	65.602	-	**1.642.037**
Investments in associates	-	4.233	-	-	-	**4.233**
Total assets	**26.942**	**1.545.767**	**7.959**	**65.602**	**-**	**1.646.270**
Segment liabilities	**10.928**	**1.190.244**	**3.185**	**50.780**	**-**	**1.255.137**
Bank liabilities	-	768.364	32	44.043	-	**812.439**
Cash (apart from grants to be returned)	(16.918)	(131.989)	(1.663)	(12.765)	-	**(163.335)**
Restricted deposits	-	(42.874)	-	-	-	**(42.874)**
Net debt / (surplus)	**(16.918)**	**593.501**	**(1.631)**	**31.278**	**-**	**606.230**
Equity interests having a substance of financial liability (Note 25)	-	160.390	-	-	-	**160.390**
Capital expenditures for the year	35	108.068	21	1.815	-	**109.939**

(Amounts in thousands Euro, unless otherwise mentioned)

Business segment	Construction	Electricity from RES	Trade in electric energy	Concessions	Consolidation Write-offs	Total Consolidated
31/12/2017						
Income from external customers						
Sales of products	-	173.024	13.623	9.472		**196.119**
Income from construction services	38.747	-	-	41.669	-	**80.416**
Total income from external customers	**38.747**	**173.024**	**13.623**	**51.141**	**-**	**276.535**
Inter-segment income	23.450				(23.450)	**-**
Total income	**62.197**	**173.024**	**13.623**	**51.141**	**(23.450)**	**276.535**
Net Results per Segment	**12.244**	**22.837**	**738**	**1.301**	**-**	**37.120**
Depreciations	(60)	(46.046)	-	(6)	-	**(46.112)**
Amortization of grants	-	7.901	-	-	-	**7.901**
Financial income	56	1.339	-	1.174	-	**2.569**
Financial expenses	(215)	(45.153)	(27)	(1.603)	-	**(46.998)**
Finance cost of tax equity investor (Note 25)	-	(2.796)	-	-	-	**(2.796)**
Foreign exchange differences on valuation	-	(3.980)	(18)	-	-	**(3.998)**
Profit from financial instruments at fair value	-	12	-	-	-	**12**
Profit from sale of participations and equity interests	-	7	-	-	-	**7**
Provision for impairment of fixed assets	-	-	-	-	-	**-**
Provision for impairment of participations and equity interests	-	(2)	-	-	-	**(2)**
Results from associates	-	(1.113)	-	-	-	**(1.113)**
Income tax	(6.009)	(13.352)	(188)	(346)	-	**(19.895)**
EBIT	**18.412**	**87.875**	**971**	**2.076**	**-**	**109.334**
EBIDTA	**18.472**	**126.020**	**971**	**2.082**	**-**	**147.545**

(Amounts in thousands Euro, unless otherwise mentioned)

Business segment	**Construction**	**Electricity from RES**	**Trade in electric energy**	**Concessions**	**Consolidation Write-offs**	**Total Consolidated**
31/12/2017						
Segment assets	63.524	1.469.535	5.145	60.853	-	**1.599.057**
Investments in associates	-	4.261	-	-	-	**4.261**
Total assets	**63.524**	**1.473.796**	**5.145**	**60.853**	**-**	**1.603.318**
Segment liabilities	**21.126**	**1.148.836**	**3.358**	**51.249**	**-**	**1.224.569**
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)**
Restricted deposits	-	(41.353)	-	-	-	**(41.353)**
Net debt / (surplus)	**(35.214)**	**572.325**	**(468)**	**27.230**	**-**	**563.873**
Equity interests having a substance of financial liability (Note 25)	-	159.370	-	-	-	**159.370**
Capital expenditures for the year	73	232.372	-	66		**232.511**

(Amounts in thousands Euro, unless otherwise mentioned)

Geographic segments 31/12/2018	**Greece**	**Eastern Europe**	**USA**	**Total consolidated**
Turnover from external customers	212.641	34.169	45.242	**292.052**
Non-current assets	586.204	222.271	492.228	**1.300.703**
Capital expenditure	38.221	46	71.672	**109.939**
31/12/2017				
Turnover from external customers	221.383	29.954	25.198	**276.535**
Non-current assets	620.431	150.393	406.065	**1.176.889**
Capital expenditure	59.563	-	172.948	**232.511**

In FY ended as at December 31st 2018, an amount of 141 million (48,3 %) of the Group's turnover has arisen from an external customer (Customer A) from electric energy segment.

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 USA.

7. INTANGIBLE ASSETS

Intangible assets and changes taking place for the periods from 1 January to 31 December 2018 and 2017, presented in the accompanying financial statements, are analyzed as follows:

GROUP	Software Programs	Concessions and Rights	Intangible assets from concessions	Total
Acquisition value				
As at 1 January 2017	**405**	**34.864**	**-**	**35.269**
Additions	37	263	-	**300**
Foreign Exchange Differences	-	(1.120)	-	**(1.120)**
31 December 2017	**442**	**34.007**	**-**	**34.449**
Την 1 Ιανουαρίου 2018	**442**	**34.007**	**-**	**34.449**
Additions	136	49	1.801	**1.986**
Decreases/Write offs	-	(49)	-	**(49)**
Foreign Exchange Differences	-	372	-	**372**
Την 31η Δεκεμβρίου 2018	**578**	**34.379**	**1.801**	**36.758**
Accumulated Amortization				
1 January 2017	**272**	**7.895**	**-**	**8.167**
Amortization	42	1.294	-	**1.336**
Decreases/Write offs	-	2.340	-	**2.340**
Foreign Exchange Differences	-	(247)	-	**(247)**
31 December 2017	**314**	**11.282**	**-**	**11.596**
1 January 2018	**314**	**11.282**	**-**	**11.596**
Amortization	49	1.278	-	**1.327**
Decreases/Write offs	-	251	-	**251**
Foreign Exchange Differences	-	101	-	**101**
31 December 2018	**363**	**12.912**	**-**	**13.275**
Book Value				
31 December 2017	**128**	**22.725**	**-**	**22.853**
31 December 2018	**215**	**21.467**	**1.801**	**23.483**

(Amounts in thousands Euro, unless otherwise mentioned)

	COMPANY			
	Software Programs	Concessions and Rights	Intangible assets from concessions	Total
Acquisition Value				
1 January 2017	**404**	**3.426**	**-**	**3.830**
Additions	37	-	-	**37**
31 December 2017	**441**	**3.426**	**-**	**3.867**
1 January 2018	**441**	**3.426**	**-**	**3.867**
Additions	119	-	-	**119**
31 December 2018	**560**	**3.426**	**-**	**3.986**
Accumulated Amortization				
1 January 2017	**270**	**1.444**	**-**	**1.714**
Amortization	42	107	-	**149**
31 December 2017	**312**	**1.551**	**-**	**1.863**
1 January 2018	**312**	**1.551**	**-**	**1.863**
Amortization	50	106	-	**156**
31 December 2018	**362**	**1.657**	**-**	**2.019**
Book Value				
31 December 2017	**129**	**1.875**	**-**	**2.004**
31 December 2018	**198**	**1.769**	**-**	**1.967**

In the year ended on December 31st 2018, an impairment loss of € 251 k was recognized (2017: € 2.340 k) in the licenses of two wind farms of subsidiary companies in Greece and Bulgaria that had been recognized in the consolidated statement of financial position. This loss burdened the item "Other income/(expenses)" (see Note 35).

The management of the Group carried out an impairment test of the RES-related assets, parks, which had relevant indications. For the audit, the recoverable value is determined in accordance with the value in use calculation. This calculation uses projections for cash flows, based on budgets, which have been approved by the management and cover the remaining useful life of the park, that is, on case basis, 20 or 25 years from the beginning of the production process.

Key assumptions

The assumptions of selling prices constitutive the best estimate of the management. The factors taken into account under calculating these projections include inflation, local market growth, competition, etc.

Recoverable amount use is affected by (is sensitive to) the following key factors:

• Sales volumes
• Sales prices
• EBITDA
• Discount rate (in Greece: 5,27% - 8,99%, in Poland 5,24% - 8,36% and in Bulgaria 8,74%)

“Concessions and Rights” also comprise the cost of obtaining licenses for the intervention and use rights of forestry land where Wind Farms are located. Furthermore, in the respective account it is recorded as well the value of the licenses obtained by the Group during companies acquisition.

(Amounts in thousands Euro, unless otherwise mentioned)

8. PROPERTY, PLANT AND EQUIPMENT

Details of the Group's property, plant and equipment and changes whiten the period January 1 - December 31, 2018 and 2017 are recorded in the accompanying financial statements as follows:

			GROUP				
	Land-Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Furniture and fixtures	Assets under construction	Total
Acquisition Cost							
1 January 2017	**4.851**	**85.909**	**1.049.752**	**2.104**	**4.550**	**92.389**	**1.239.555**
Additions	9	6.080	163.612	199	364	55.021	**225.285**
Borrowing cost	-	-	5.711	-	-	247	**5.958**
Provisions for restoration	-	-	968	-	-	-	**968**
Reductions / Write-offs	(36)	-	(21)	(391)	-	-	**(448)**
Transfers	-	13.327	59.112	-	-	(72.439)	**-**
Foreign exchange differences	-	(2.577)	(33.963)	(18)	1	(4.381)	**(40.938)**
31 December 2017	**4.824**	**102.739**	**1.245.171**	**1.894**	**4.915**	**70.837**	**1.430.380**
1 January 2018	**4.824**	**102.739**	**1.245.171**	**1.894**	**4.915**	**70.837**	**1.430.380**
Additions	309	3.514	32.493	138	361	68.693	**105.508**
Borrowing cost	-	-	98	-	-	1.323	**1.421**
Provisions for restoration	-	-	1.024	-	-	-	**1.024**
Reductions / Write-offs	-	(397)	(3.268)	(14)	(6)	(9)	**(3.694)**
Transfers	-	14.044	35.017	-	-	(49.061)	**-**
Foreign exchange differences	-	1.252	14.571	10	(2)	2.606	**18.437**
31 December 2018	**5.133**	**121.152**	**1.325.106**	**2.028**	**5.268**	**94.389**	**1.553.076**
Accumulated depreciations							
1 January 2017	**-**	**24.994**	**239.214**	**1.235**	**3.535**	**-**	**268.978**
Depreciations for the period	-	3.250	41.150	129	247	-	**44.776**
Reductions / Write-offs	-	-	3	(158)	-	-	**(155)**
Foreign exchange differences	-	(325)	(5.720)	(7)	(1)	-	**(6.053)**
31 December 2017	**-**	**27.919**	**274.647**	**1.199**	**3.781**	**-**	**307.546**
1 January 2018	**-**	**27.919**	**274.647**	**1.199**	**3.781**	**-**	**307.546**
Depreciations for the period	-	4.512	49.451	115	220	-	**54.298**
Reductions / Write-offs	-	(27)	(296)	(12)	(6)	-	**(341)**
Foreign exchange differences	-	140	1.914	4	-	-	**2.058**
31 December 2018	**-**	**32.544**	**325.716**	**1.306**	**3.995**	**-**	**363.561**
Net Book Value							
31 December 2017	**4.824**	**74.820**	**970.524**	**695**	**1.134**	**70.837**	**1.122.834**
31 December 2018	**5.133**	**88.608**	**999.390**	**722**	**1.273**	**94.389**	**1.189.515**

(Amounts in thousands Euro, unless otherwise mentioned)

COMPANY							
	Land-Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Furniture and fixtures	Assets under construction	Total
Acquisition Cost							
1 January 2017	**896**	**11.210**	**154.618**	**1.428**	**3.957**	**9.423**	**181.532**
Additions	-	-	4	52	351	263	**670**
Provisions for restoration	-	-	(493)	-	-	-	**(493)**
Reductions / Write-offs	-	-	-	(348)	-	-	**(348)**
31 December 2017	**896**	**11.210**	**154.129**	**1.132**	**4.308**	**9.686**	**181.361**
1 January 2018	**896**	**11.210**	**154.129**	**1.132**	**4.308**	**9.686**	**181.361**
Additions	-	27	75	22	307	226	**657**
Reductions / Write-offs	-	-	(3.155)	(1)	(6)	-	**(3.162)**
31 December 2018	**896**	**11.237**	**151.049**	**1.153**	**4.609**	**9.912**	**178.856**
Accumulated depreciations							
1 January 2017	**-**	**6.151**	**71.635**	**967**	**3.352**	**-**	**82.105**
Depreciations for the period	-	343	5.578	58	193	-	**6.172**
Reductions / Write-offs	-	-	-	(121)	-	-	**(121)**
31 December 2017	**-**	**6.494**	**77.213**	**904**	**3.545**	**-**	**88.156**
1 January 2018	**-**	**6.494**	**77.213**	**904**	**3.545**	**-**	**88.156**
Depreciations for the period	-	339	5.486	41	166	-	**6.032**
Reductions / Write-offs	-	-	(1.155)	(1)	(6)	-	**(1.162)**
31 December 2018	**-**	**6.833**	**81.544**	**944**	**3.705**	**-**	**93.026**
Net Book Value							
31 December 2017	**896**	**4.716**	**76.916**	**228**	**763**	**9.686**	**93.205**
31 December 2018	**896**	**4.404**	**69.505**	**209**	**904**	**9.912**	**85.830**

Within FY ended as at December 31, 2018, impairment loss standing at € 896 k (2017: € 0 k) was recognized in respect of licenses of two wind farms of subsidiaries in Greece, recorded in the consolidated Statement of Financial Position. The aforementioned loss has burdened the item "Other revenue/(expenses)" (see Note 35). Analytical information regarding the conduct of impairment tests is provided in Note 7.

The account "Technological and mechanical equipment" totally amounting to € 999.,390 k regarding the Group and € 69.505 k regarding the Company, includes Wind Farm generators that have been collateralized at banks as security for long-term loans.

The categories "Land-Plots", "Buildings and installations" and "Technological and mechanical equipment", include fixed assets of net book value of € 83.181 k and € 78.460 as at December 31st 2018 and 2017 respectively, which refer to Installations of Distribution Networks constructed by the Company, and which, in compliance with the agreements signed with DEDDIE, are transferred to DEDDIE, without any consideration, under beginning of every Wind Farm's operations. However, even following their transfer, such installations will continue to serve the purpose for which they were constructed, i.e. disposal of produced electric energy to DEDDIE and LAGIE, remaining within the exclusive use of the Company, Therefore, net book cost as at the transfer date will continue to be amortized, as previously, until the 25-year depreciation period of the Wind Farms has expired.

(Amounts in thousands Euro, unless otherwise mentioned)

Additions to the item "Fixed assets under construction" regarding the Group for 2018, amounting to € 68.693 are mainly due to the construction of the second wind farm (Fluvanna II) in Texas, USA, of a total capacity of 158 MW, whose construction is expected to be completed at the end of 2019, while the transfers of € 49.061 are due to inception of operations of two wind farms in Greece, in Municipality of Veria, Prefectire of Imathia and Municipality of Kozani.

9. INVESTMENT PROPERTY

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening Balance	509	530	509	530
Change in fair value of investment property	29	(21)	29	(21)
Total	**538**	**509**	**538**	**509**

10. INVESTMENT IN SUBSIDIARIES

Changes in book value of the parent company's investments in consolidated entities are as follows:

	Company data	
	2018	2017
Opening period	**288.641**	**271.479**
Additions	46.397	29.756
Sales of stake in subsidiaries	-	(2.625)
Company liquidation	(13)	(15)
Transfer to receivables from proceeds from the liquidation	(37)	-
Share capital decreases of investments	-	(3.260)
Impairment of investments	(2.393)	(6.694)
Closing period	**332.595**	**288.641**

Additions standing at € 46.397 k, performed in 2018, pertain to the following companies:

N/N	Company	Addition	Justification
1	TERNA ENERGY OVERSEAS LTD	44.400	Share capital increase
2	Te & SIA AIOL. ROKANI DERVENOCH. GP	1.059	Share capital increase
3	Te & SIA AIOL. MARMARIOU EVIA GP	310	Share capital increase (€ 200 k) and increase in participating interest through payment of receivables (€ 110 k)
4	Te & SIA ENERGY PETRION EVIA GP	297	Share capital increase
5	Te & SIA ENERGY DYSTION EVIA GP	19	Increase in participating interest through payment of receivables
6	Te & SIA ENERGY STYRON EVIA GP	35	Increase in participating interest through payment of receivables
7	Te & SIA ENERGY VELANIDION LAKONIA GP	60	Increase in participating interest through payment of receivables
8	Te & SIA AIOL. EASTERN GREECE GP	50	Increase in participating interest through payment of receivables
9	Te & SIA AIOL. PROVATA TRAIANOUPOLEOS GP	24	Increase in participating interest through payment of receivables
10	Te & SIA ENERGY ARI SAPPON GP	52	Share capital increase (€ 31 k) and increase in participating interest through payment of receivables (€ 21 k)
11	Te & SIA AIOL. POLYKASTROU GP	24	Share capital increase (€ 1 k) and increase in participating interest through payment of receivables (€ 23 k)
12	ENERGEIAKI XIROVOUNIOU SA	16	Increase in participating interest through payment of receivables
13	WASTE CYCLO S.A.	51	Share capital increase
		46.397	

(Amounts in thousands Euro, unless otherwise mentioned)

Within the FY ended as at December 31, 2018, TERNA ENERGY liquidated three companies, analytically presented in the following table:

Description	**Acquisition value**	**Accumulated impairment**	**Equity**
FILOTAS ENERGY S.A.	54	(30)	24
LAGKADAS ENERGY S.A	48	(48)	-
DOMOKOS ENERGY S.A.	54	(28)	26
Total	**156**	**(106)**	**50**

Following the liquidation of three aforementioned companies, a loss standing at € 13 k has arisen, which was recorded in the item “Loss from disposal and valuation of participating interest and other investments” in the statement of comprehensive Income, while the amount of € 37 k will be settled in cash in 2019.

Cost of investment impairment test

In accordance with the applied accounting policies and in line with provisions of IAS 36, the Company performs an impairment test on the assets at the end of each annual reporting period if there is any indication of impairment. The test can be performed earlier if any evidence of impairment arises. The arising evaluation focuses on both - extrinsic and endogenous factors. Regarding the impairment test, every wind farm constitutes a Cash Generating Unit (CGU). The recoverable amounts of the above GTUs were determined using the value in use method. Value in use was calculated applying the discounted cash flow method, i.e. projections for cash flows, based on the Management calculations and projections until the end of the useful life of each wind farm.

Assumptions used to determine value in use

The recoverable amount of every CGU is determined according to value in use calculation. The calculation arises from the present value of the estimated future cash flows expected to be generated by every CGU (discounted cash flow method). This method of determining value in use is affected by (is sensitive to) the following key assumptions, adopted by the Management in order to determine future cash flows

- Projected sales: Projected sales include management assumptions and estimates that have taken into account historical measurements of electricity generation and electricity sales prices.
- Pre – calculated EBITDA: Operating profit margins and EBITDA are calculated on the basis of the latest years’ actuarial data. For the projected period, EBITDA margin for RES is estimated fluctuate between 39% and 68%, while for the biomass - between 16% and 36%.
- Discount Rate from 8 to 9% on case-to-case basis.

Impairment test outcome

Based on the results of the impairment test performed on December 31, 2018, the comparison of the recoverable amount of the investment costs of the wind farms of the subsidiaries with their book value resulted in a decrease in the item of investment in subsidiaries by € 2.393 k. The amount is broken out as follows: € 2.374 k for the subsidiary "ENERGIAKH CHIROVOUNIOU S.A." and € 19 k for the subsidiary "THESSALONIKI AEOL. ROKANI DERVENOX. GP ". The impairment are mainly due to the reduced projected income from the projects.

The arising loss was recorded in the item of the Statement of Comprehensive Income in the item “Loss from disposal and valuation of participating interests and other investments”.
The Group’s subsidiaries are analyzed as follows:

(Amounts in thousands Euro, unless otherwise mentioned)

Title	Domicile	Participating interest 2018	Participating interest 2017
IWECO CHONOS LASITHI CRETE SA	GREECE	100%	100%
ENERGIAKI SERVOUNIOU SA	GREECE	100%	100%
TERNA ENERGY EVROU SA	GREECE	100%	100%
DEI RENEWABLES – TERNA ENERGY SA	GREECE	51%	51%
AIOLIKI PANORAMATOS DERVENOCHORION SA	GREECE	100%	100%
AIOLIKI RACHOULAS DERVENOCHORION SA	GREECE	100%	100%
ENERGIAKI DERVENOCHORION SA	GREECE	100%	100%
AIOLIKI MALEA LAKONIAS SA	GREECE	100%	100%
ENERGIAKI FERRON EVROU SA	GREECE	100%	100%
AIOLIKI DERVENI TRAIANOUPOLEOS SA	GREECE	100%	100%
ENERGEIAKI PELOPONNISOU SA	GREECE	100%	100%
ENERGIAKI NEAPOLEOS LAKONIAS SA	GREECE	100%	100%
AIOLIKI ILIOKASTROU SA	GREECE	100%	100%
EUROWIND SA	GREECE	100%	100%
ENERGIAKI XIROVOUNIOU SA	GREECE	100%	100%
DELTA AXIOU ENERGEIAKI SA	GREECE	66%	66%
TERNA ENERGY THALASSIA WIND PARKS S.A.	GREECE	77%	77%
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	GREECE	77%	77%
VATHYCHORI PERIVALLONTIKI SA	GREECE	100%	100%
VATHYCHORI ENA PHOTOVORTAIC SA	GREECE	100%	100%
CHRYSOUPOLI ENERGEIAKI LTD	GREECE	80%	80%
LAGADAS ENERGEIAKI SA	GREECE	-	80%
DOMOKOS ENERGEIAKI S.A.	GREECE	-	90%
DIRFYS ENERGEIAKI S.A.	GREECE	51%	51%
FILOTAS ENERGEIAKI S.A.	GREECE	-	90%
MALESINA ENERGEIAKH LTD	GREECE	80%	80%
ORCHOMENOS ENERGEIAKH LTD	GREECE	80%	80%
ALISTRATI ENERGY LTD	GREECE	80%	80%
TERNA ENERGEIAKI – AI GIORGIS SA	GREECE	100%	100%
TERNA AIOLIKI AMARYNTHOU SA	GREECE	100%	100%
TERNA AIOLIKI AITOLOAKARNANIAS SA	GREECE	100%	100%
TERNA ILIAKI VOIOTIAS SA	GREECE	100%	100%
VATHYCHORI DYO ENERGEIAKI	GREECE	100%	100%
TERNA AIOLIKI XEROVOUNIOU SA	GREECE	100%	100%
TERNA ILIAKI ILIOKASTROU SA	GREECE	100%	100%
TERNA ILIAKI PANORAMATOS SA	GREECE	100%	100%
AIOLIKI KARYSTIAS EVOIAS SA	GREECE	100%	100%
GEOTHERMIKI ENERGEIAKH ANAPTYXIAKI SA	GREECE	50%	50%
TERNA ILIAKI PELOPONNISOU SA	GREECE	100%	100%
PERIVALLONTIKI PELOPONNISOU S.A.	GREECE	100%	100%
HELLAS SMARTICKET SA	GREECE	35%	35%
WASTE SYCLO SA	GREECE	51%	51%
TERNA ENERGY FINANCE SPSA	GREECE	100%	100%
AEIFORIKI IPEIROU MAEES	GREECE	100%	100%
OPTIMUS ENERGY SA	GREECE	51%	51%
TERNA ENERGY TRADING EOOD	BULGARIA	51%	51%
TERNA ENERGY OVERSEAS LTD	CYPRUS	100%	100%
EOLOS POLSKA sp.z.o.o.	POLAND	100%	100%
EOLOS NOWOGRODZEC sp.z.o.o.	POLAND	100%	100%
HAOS INVEST 1 EAD	BULGARIA	100%	100%
VALUE PLUS LTD	CYPRUS	100%	100%
GALLETTE LTD	CYPRUS	100%	100%

(Amounts in thousands Euro, unless otherwise mentioned)

ECO ENERGY DOBRICH 2 EOOD	BULGARIA	100%	100%
ECO ENERGY DOBRICH 3 EOOD	BULGARIA	100%	100%

Title	**Domicile**	**Participating interest 2018**	**Participating interest 2017**
ECO ENERGY DOBRICH 4 EOOD	BULGARIA	100%	100%
COLD SPRINGS WINDFARM LLC	USA	100%	100%
DESERT MEADOW WINDFARM LLC	USA	100%	100%
HAMMETTHILL WINDFARM LLC	USA	100%	100%
MAINLINE WINDFARM LLC	USA	100%	100%
RYEGRASS WINDFARM, LLC	USA	100%	100%
TWO PONDS WINDFARM, LLC	USA	100%	100%
MOUNTAIN AIR WIND, LLC	USA	100%	100%
TERNA ENERGY USA HOLDING CORPORATION	USA	100%	100%
MOUNTAIN AIR PROJECTS LLC	USA	100%	100%
MOUNTAIN AIR INVESTMENTS LLC	USA	100%	100%
MOUNTAIN AIR ALTERNATIVES LLC	USA	100%	100%
MOUNTAIN AIR RESOURCES LLC	USA	100%	100%
MOUNTAIN AIR HOLDINGS LLC	USA	100%	100%
FLUVANNA WIND ENERGY LLC	USA	100%	100%
FLUVANNA HOLDINGS LLC	USA	100%	100%
FLUVANNA INVESTMENTS LLC	USA	100%	100%
TERNA DEN LLC	USA	100%	100%
FLUVANNA I INVESTOR INC	USA	100%	100%
FLUVANNA I HOLDING COMPANY LLC	USA	100%	100%
TERNA RENEWABLE ENERGY PROJECTS LLC	USA	100%	100%
AEGIS RENEWABLES LLC	USA	100%	100%
MOHAVE VALLEY ENERGY LLC	USA	100%	100%
TERNA ENERGY TRANSATLANTIC sp.z.o.o.	POLAND	100%	100%
EOLOS NORTH sp.z.o.o.	POLAND	100%	100%
EOLOS EAST sp.z.o.o.	POLAND	100%	100%
AIOLIKI PASTRA ATTIKIS SA	ENGLAND	100%	100%
TERNA ENERGY TRADING LTD	CYPRUS	51%	51%
JP GREEN sp.z.o.o.	POLAND	100%	100%
WIRON sp.z.o.o.	POLAND	100%	100%
BALLADYNA sp.z.o.o.	POLAND	100%	100%
TERNA ENERGY UK PLC	ENGLAND	100%	100%
TETRA DOOEL SKOPJE	NORTH MACEDONIA	51%	51%
Terna Energy Trading D.O.O	SERBIA	51%	51%
TERNA ENERGY TRADING SHPK	ALBANIA	51%	51%
TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	GREECE	100%	100%
TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	GREECE	100%	100%
TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	GREECE	100%	99%
TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	GREECE	100%	100%

(Amounts in thousands Euro, unless otherwise mentioned)

Title	Domicile	Participating interest 2018	Participating interest 2017
TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	GREECE	100%	100%
TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	GREECE	100%	100%
TERNA ENERGY SA VECTOR WIND PARKS OF GREECE – WIND PARK TROULOS G.P.	GREECE	90%	90%
FLUVANNA HOLDINGS 2, LLC	USA	100%	-
FLUVANNA INVESTMENTS 2, LLC	USA	100%	-
FLUVANNA WIND ENERGY 2, LLC	USA	100%	-
TERNA HOLDCO INC	USA	100%	100%

TERNA ENERGY S.A. (hereinafter “the Company”) holds a participating interest of 35% in the share capital of the subsidiary company HST, which is consolidated as a subsidiary of TERNA ENERGY Group, since the latter exercises control over in compliance with provisions of IFRS 10. The Company is authorized to appoint the majority of the members of the Board of Directors and the directors of the subsidiary after 2017. Therefore, it has disposed of 35% of its holding to its parent company GEK TERNA. Moreover, the Company is in position to use its authority in order to affect the amount of its profits. This is the result of decision-making on matters of subsidiary through the control of the decision-making bodies (Board of Directors and Managing Directors).

Subsidiaries with significant percentage of non-controlling interests

The following tables summarize financial data of subsidiaries in which non-controlling interests hold a significant percentage.

Statement of financial position summary data

	HST S.A.		DEI RENEWABLES- TERNA ENERGY S.A.		DELTA AXIOU S.A.	
Non-controlling interest (%)	**65,00%**	**65,00%**	**49,00%**	**49,00%**	**34,00%**	**34,00%**
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Non-current assets	25.002	27.216	10.750	11.446	5.502	6.144
Current assets	14.486	28.226	2.522	1.802	1.256	1.490
TOTAL ASSETS	**39.488**	**55.442**	**13.272**	**13.248**	**6.758**	**7.634**
Long-term liabilities	20.862	23.629	5.350	6.377	1	3.654
Short-term liabilities	8.600	24.180	1.298	914	6.065	2.573
Total liabilities	**29.462**	**47.809**	**6.648**	**7.291**	**6.066**	**6.227**
Equity	**10.026**	**7.633**	**6.624**	**5.957**	**692**	**1.407**
Attributed to :						
Non-controlling interests	6.517	4.961	3.246	2.919	235	478

(Amounts in thousands Euro, unless otherwise mentioned)

Statement of comprehensive income summary data

	HST S.A.		DEI RENEWABLES- TERNA ENERGY S.A.		DELTA AXIOU S.A.	
	1-Jan		1-Jan		1-Jan	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Sales	8.877	46.604	3.034	1.668	1.402	1.510
Net earnings / (losses) for the year	**2.390**	**416**	**1.322**	**336**	**(716)**	**(416)**
Other comprehensive expenses for the year (net, after taxes)	3	-	9	-	-	-
Total Comprehensive Income / (Expenses) of year	**2.393**	**416**	**1.331**	**336**	**(716)**	**(416)**
Earnings / (losses) of year attributed to non-controlling interests	1.555	137	652	165	(243)	(141)

Statement of cash flows summary data

	HST S.A.		DEI RENEWABLES- TERNA ENERGY S.A.		DELTA AXIOU S.A.	
	1-Jan		1-Jan		1-Jan	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Total inflows / (outflows) from operating activities	17.412	(2.882)	1.617	2.051	555	830
Total inflows / (outflows) from investment activities	(18)	(4)	-	4	(96)	(299)
Total inflows / (outflows) from financing activities	(16.761)	11.540	(1.565)	(1.759)	(537)	(566)
Net increase / (decrease) in cash and cash equivalents of year	**633**	**8.654**	**52**	**296**	**(78)**	**(35)**

11. INVESTMENT IN ASSOCIATES

As of 31/12/2018, the Group owns 45% of the share capital of the associate company Cyclades RES Energy Center S.A. as well as 49,2% of the shares of the company EN.ER.MEL S.A.

	Consolidated Data		Company Data	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Beginning of year	**4.261**	**5.374**	**4.188**	**5.451**
Share of loss (after taxes)	(28)	(1.113)	-	-
(Impairment of participations in associate companies)	-	-	-	(1.263)
End of year	**4.233**	**4.261**	**4.188**	**4.188**

In FY 2018, the Company did not impair its investments. During the fiscal year 2017, the Company impaired its investment in the associate EN.ER.MEL S.A. by an amount of € 1.263 k. The arising loss was recorded in the item of the statement of comprehensive income “Other income / (expenses)” (see Note 35). The respective amount for the Group has been classified in the item “Profit and loss percentage in associates” of the Statement of Comprehensive Income.

(Amounts in thousands Euro, unless otherwise mentioned)

The following table presents summary financial data of the associates.

	31/12/2018	31/12/2017
Total Assets	8.593	8.716
Total Liabilities	45	41
Total Income	-	-
Total Expenses	(57)	(540)
Losses after taxes	**(57)**	**(540)**

12. JOINT ENTITIES CONSOLIDATED UNDER PROPORTIONAL METHOD

The following amounts record contribution of joint entity J/V GEK TERNA S.A. – TERNA ENERGY S.A. in the Company and the Group. The amounts in question are included in the Statement of Financial Position as well as the statement of Comprehensive Income of the Group and the Company for FYs 2018 and 2017:

	31/12/2018	31/12/2017
Non-current assets	5	1.153
Cash and cash available	1.076	1.084
Other current assets	1.323	144
Total assets	**2.404**	**2.381**
Long term liabilities	64	98
Suppliers	237	315
Other short term liabilities	202	412
Total liabilities	**503**	**825**
Equity	**1.901**	**1.556**
Turnover	2.356	4.407
Gross earnings	1.890	1.591
Earnings before tax	686	1.584
Earnings after tax	369	1.122
Total income after tax	345	1.122

13. INVESTMENTS IN EQUITY INTERESTS

Investments in equity interests are analyzed as follows:

	GROUP		COMPANY A	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	1.755	1.755	1.755	1.755
Additions /(Decreases)	68	-	63	-
Total	**1.823**	**1.755**	**1.818**	**1.755**

The investments in question are analyzed as follows:

Title	% Participation	Operations/Information
J/V EUROIONIA	5%	Construction and maintenance of motorways
J/V CENTRAL GREECE MOTORWAY E-65	5%	Construction and maintenance of motorways
DRYMARI ENERGEIAKI S.A.	17,02%	Construction, installation of a substation and its operation
EOS HELLENIC RENAISSANCE FUND	4,24%	Investment fund

(Amounts in thousands Euro, unless otherwise mentioned)

14. OTHER LONG TERM RECEIVABLES

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

	GROUP		COMPANY	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Loans to subsidiaries	-	-	105.033	89.111
Loans to parent – other related companies	1.049	1.743	-	1.048
Balance from provided guarantees	1.536	407	1.308	232
Other long-term receivables	31.043	22.527	198	439
Provision for impairment of long-tern financial assets	(42)	-	(8)	-
Total	**33.586**	**24.677**	**106.531**	**90.830**

The Company participated in bond loan issues of subsidiaries. The loans will be repaid either at their maturity date or through premature repayments and carry an interest rate within the range of 4,95% - 5,25%. The increase in "Loans to subsidiary companies" is mainly due to the financing of construction of wind farms of the Group's subsidiaries by the parent Company.

In particular, in 2018, the Company financed the construction of a wind far in the Municipality of Amarynthia in Evia, which started in the first half of 2018 and is expected to be completed in the first half of 2019. Furthermore, the Company covered a bond loan issued by company "PERIVALLONTIKI PELOPONNISOU S.A." to facilitate implementation of the project "Integrated Waste Management of Peloponnese Region with PPP".

The item "Other Long-Term Receivables" includes an amount of € 4.789 k, which relates to the expenses incurred in order to facilitate the issuance of a long-term loan pertaining to the operation of the second wind farm of the Group in the USA, which, as at 31/12/2018 is under construction. According to as of 26/09/2018 agreement between the Group's subsidiary in the USA and Tax Equity Investor (TEI), as at the date of commencement of operation of the wind farm expected in the 4th quarter of 2019, TEI will deposit an amount of € 122.358 k ($ 140.100 k), which will be used for the full repayment of a construction loan (Note 17). The Group is expected to pay off financial on behalf of TEI over a period of approximately 10 years from the date of commencement of operation of the wind farm until the agreed performance of the wind farm has been achieved. TEI financing issue expenses include projected fees (commitment fees) as well as the fees of lawyers and consultants, who have performed financial, legal and technical audit to complete the procedures required to sign the contract with TEI. As at 31/12/2018, financing from TEI was not disbursed. Upon disbursement of the long-term financing from TEI, the aforementioned expenses will be deducted from the short-term financing and will be amortized using the effective interest method.

The remaining amount of the item "Other long-term receivables" mainly includes accrued expenses from energy sale contracts revenues, containing lease elements.

(Amounts in thousands Euro, unless otherwise mentioned)

Provision for impairment of long-tern financial assets based on the new standard IFRS 9 is analyzed as follows:

	GROUP			COMPANY		
	2018			2018		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance as at 1/1/2018	**-**	**106**	**-**	**-**	**-**	**-**
(Provision for credit loss for the period)	-	56	-	-	8	-
Recovered provisions for credit loss for the period	-	(123)	-	-	-	-
Foreign exchange differences from valuation	-	3	-	-	-	-
Balance as at 31/12/2018	**-**	**42**	**-**	**-**	**8**	**-**

15. FINANCIAL ASSETS - CONCESSIONS

The Group constructs and operates two contracts:

a) Unified Automatic Fare Collection System

On 29/12/2014, a partnership agreement (PPP) for the study, financing, installation, maintenance and technical management of a Unified Automatic Fare Collection System was signed between the OASA (Athens Transport) Group and the subsidiary Company "HST SA" for the companies of the OASA Group. The total duration of the contract is 12 years and 6 months.

The construction and installation was completed in the third quarter of 2017, and during the first half of 2017, the operation started, which is expected to last 10 years and 4 months. There is an overlap of construction and operating periods for 6 months.

The construction, installation and operation of all the equipment of the electronic Ticket, including the gateways to the stations within the boundaries of Attica, is completed in stages. Specifically, during the first half of 2017, the operation for Buses, Trolley, TRAM and Line 1, 2 and 3 of the Metro began, while the Suburban Railway was launched in the third quarter of 2017.

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

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

b) Urban Waste Treatment Plant of the Region of Epirus

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

From the commencement of the construction of the project, the work is carried out within the schedules of the partnership agreement. Under the contract, the Epirus waste treatment plant will process 105.000 tn of conventional waste per year, for which Epirus will receive from the Region of Epirus a default price per ton as a payment for availability. Other revenues for AEIFORIKI EPIRUS will result from the exploitation of secondary products, i.e. from the sale of recyclable materials and the sale of electricity.

The minimum guaranteed quantity of waste guaranteed by the concessor to deliver to the concessionaire is 80.000 tons per year for the total duration of the contract. If the total quantity of conventional waste is less than the minimum guaranteed quantity, then the charge to be calculated will be determined assuming that the amount of waste is equal to the minimum guaranteed.

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

The Management of the Group, considering these contractual terms, considered that in this particular case, recognition of a receivable-guaranteed financial asset by the concessionaire is applicable, recognizing and accounting for the income and costs associated with the construction or upgrading services in accordance with IAS 11, while income and costs related to operating services are recognized and accounted for in accordance with IAS 18. Moreover, a concession intangible asset was recognized, standing at of € 1.801 k in compliance with the provisions of IFRIC 12, pertaining to the right to sell electricity produced from biomass.

(Amounts in thousands Euro, unless otherwise mentioned)

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

Financial Assets - Concessions	**Unified Automated System for Ticket Collection**	**Installation of civil waste processing Epirus Region**	**Total**
Opening balance 01/01/2017	**10.055**	**-**	**10.055**
Increases/decreases in financial item	15.234	(3.071)	**12.163**
Effective interest on receivables	1.174	-	**1.174**
Reclassification in Liabilities of the Financial Assets of Concessions	-	3.071	**3.071**
Closing balance 31/12/2017	**26.463**	**-**	**26.463**
Opening balance 01/01/2018	**26.463**	-	**26.463**
Increases/decreases in financial item	(5.674)	12.113	**6.439**
Effective interest on receivables	4.049	123	**4.172**
Impairment (IFRS 9)	(20)	(124)	**(144)**
Closing balance 31/12/2018	**24.818**	**12.112**	**36.930**
Analysis of revenues per category 2018			
Income from construction services	75	29.673	**29.748**
Income from operation services	8.802	-	**8.802**
Effective interest on receivables	4.049	123	**4.172**
Total	**12.926**	**29.796**	**42.722**
Analysis of revenues per category 2017			
Income from construction services	38.740	2.929	**41.669**
Income from operation services	9.472	-	**9.472**
Effective interest on receivables	1.174	-	**1.174**
Total	**49.386**	**2.929**	**52.315**

Impairment of financial assets – concessions in 2018, based on the new standard IFRS 9, is analyzed as follows:

	GROUP			**COMPANY**		
	2018			**2018**		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Balance as at 1/1/2018	**-**	**-**	**-**	**-**	**-**	**-**
(Provision for credit loss for the period)	-	144	-	-	-	-
Balance as at 31/12/2018	**-**	**144**	**-**	**-**	**-**	**-**

(Amounts in thousands Euro, unless otherwise mentioned)

16. INVENTORY

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

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Merchandise	33	33	33	33
Finished and semi-finished products	422	-	-	-
Raw and Auxiliary Materials	561	690	379	508
Spare-parts of Fixed Assets	3.883	3.495	2.768	2.556
Impairment (Note 35)	(116)	-	(116)	-
Total	**4.783**	**4.218**	**3.064**	**3.097**

As at December 31st 2018, no need arose to make provisions for impaired or slow moving inventory. Inventory items are not burdened with liens.

17. TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

Trade receivables on 31 December 2018, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Customers of the construction sector	3.388	12.539	3.388	26.813
Customers of the energy sector (DEDDIE, LAGIE and others)	73.439	61.584	44.016	17.484
Customers – Withheld guarantees	3.752	3.740	4.033	4.550
Less: Provisions for impairment of trade receivables	(3.166)	(279)	(139)	-
Total	**77.413**	**77.584**	**51.298**	**48.847**

The above trade receivables also include receivables from Energy sector customers amounting to € 56.073 k on 31 December 2018 which are pledged to banks as security for provided long-term and bond loans to finance the construction of Wind Farms.

Provisions for impairment of trade receivables are analyzed as follows under the new standard IFRS 9:

	GROUP			COMPANY		
	2018			2018		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance as at 1/1/2018	**-**	**132**	**275**	**-**	**111**	**-**
(Provision for credit loss for the period)	-	179	2.618	-	1	-
Recovered provision for credit loss for the period	-	(40)		-	(8)	35
Foreign exchange differences from valuation	-	1	1	-	-	-
Balance as at 31/12/2018	**-**	**272**	**2.894**	**-**	**104**	**35**

(Amounts in thousands Euro, unless otherwise mentioned)

The maturity of the trade receivables is presented below:

	GROUP		COMPANY	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Not postdated	67.480	66.155	27.010	15.549
Postdated for 0-6 months	7.691	8.793	6.447	16.250
Postdated for 6-12 months	1.528	242	8.057	7.451
Postdated for 12-24 months	1.295	121	3.082	4.096
Postdated for over 24 months	2.585	2.552	6.840	5.501
Less: Impairment of receivables	(3.166)	(279)	(138)	-
Total	**77.413**	**77.584**	**51.298**	**48.847**

The amounts which are not postdated include an amount of € 3,8 million which concerns withheld amounts for good execution purposes (withheld guarantees).

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

a. Receivables from Bodies of the Greek State (including LAGIE) of total amount € 57,6 million for the Group and € 8.2 million for the Company, which are considered to be fully collectable.
b. Receivables from other related parties of total amount € 5,4 million which to their entirety are considered to be safe in terms of their collection.

The other balances, after impairments, concern customers of € 14,3 million which, according to estimates made by the Management, are viewed as credible and their collection is considered to be safe. In the context of the Group's business activity, all the necessary actions are taken per case in order to ensure the collectability of the receivables.

Prepayments and other receivables on 31 December 2018 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Short term component of long term bond loans	-	-	6.107	
Other Receivables of the Group's Joint Ventures, GP, LP and the Group	143	288	85	704
Other receivables from subsidiaries	537	1.675	2.820	6.406
Restricted deposits	42.874	41.353	4.282	-
Income for the year collectible	4	763	-	741
Other receivables – Sundry debtors	6.964	1.314	750	1.237
Provisions/recovered impairments of other financial receivables	(24)	(33)	(27)	(33)
Total	**50.498**	**45.360**	**14.017**	**9.055**

Regarding "Other Receivables from Subsidiaries", the amount of € 2.820 k is fully recoverable and a repayment schedule has been settled.

(Amounts in thousands Euro, unless otherwise mentioned)

The account "Other receivables – Sundry debtors" includes an amount of € 4.251 k, which relates to the issuance of a short-term construction loan amounting to € 122.358 k ($ 140.100 k), to be disbursed in 2019 for the construction of the second wind farm of the Group in the USA. According to as of 26/09/2018 agreement between the Group's subsidiary in the USA and the crediting bank in the USA, the construction loan will be repaid on completion of the construction and inception of operations of the wind farm, through the financing that the Group will receive from the Tax Equity Investor (Note 14). Construction loan issue costs include projected fees (commitment fees, maintenance fees, structuring fees, construction upfront fees), as well as the fees of lawyers and consultants, who have performed financial, legal and technical audit to complete the procedures required to sign the construction loan contract. As at 31/12/2018, the construction loan was not disbursed. Upon disbursement of the construction loan, the aforementioned expenses will be deducted from the short-term loan and will be amortized using the effective interest method.

Prepayments and other non-financial receivables

Prepayments and other receivables as at December 31, 2018 in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Prepayments to Suppliers	3.123	5.161	1.753	3.653
Accounts for Management of Prepayments and Credits	-	340	-	129
Expenses carried forward	5.972	5.987	974	634
Income for the year receivable	-	-	-	-
Receivables from VAT	13.113	27.784	-	24
Receivables from wind farm grants (Note 24)	1.479	1.479	-	-
Receivables from social security funds	346	226	325	226
Restricted deposits	-	-	-	4.768
Other non-financial receivables	101	-	70	-
Less: Provision for impairment of non-financial receivables	-	-	-	-
Total	**24.134**	**40.977**	**3.122**	**9.434**

The grants concern investments in Wind Farms and are expected to be received with the approval of completion of the relevant investment plans. The change in "Receivables from VAT" is mainly due to the VAT (to be returned or to be offset) which derives from the development of new projects by the Group's subsidiaries. Provisions/recovery of impairment of other financial and non-financial receivables are analyzed as follows in compliance with the provisions of the new standard IFRS 9:

	GROUP			COMPANY		
	2018			2018		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance as at 1/1/2018	**-**	**37**	**107**	**-**	**33**	**105**
(Provision for credit loss for the period)	-	2	-	-	-	-
Recovered provision for credit loss for the period	-	5	(101)	-	-	(87)
Transfers among the stages	-	(2)	-	-	-	-
Write off for the period	-	(24)	-	-	(24)	-
Balance as at 31/12/2018	**-**	**18**	**6**	**-**	**9**	**18**

(Amounts in thousands Euro, unless otherwise mentioned)

18. RECEIVABLES/(LIABILITIES) FROM CONTRACTS WITH CUSTOMERS

Receivables/ liabilities from contracts with customers of the Group and the Company are analyzed as follows:

Receivables from contracts with customers	**GROUP**	**COMPANY**
Balance as at 1/1/2018	**21.393**	**7.903**
Effect of changes on estimate of comprehensive income in opening balance	-	1
Remaining revenue for a contract period with cumulative costs in previous years	15.130	3.531
Revenue for the period from new contracts	-	9.428
(Invoices for the period)	(19.535)	(14.112)
Transfer to liabilities from contracts with customers	(559)	(1.855)
Balance as at 31/12/2018	**16.429**	**4.896**

Liabilities from contracts with contracts	**GROUP**	**COMPANY**
Balance as at 1/1/2018	**16.043**	**26.271**
Effect of changes on estimate of comprehensive income in opening balance	(121)	(47)
Remaining revenue for a contract period with cumulative costs in previous years	(13.482)	(43.740)
Revenue for the period from new contracts	-	-
(Invoices for the period)	6.063	40.520
Transfer from receivables from contracts with customers	(559)	(1.856)
Balance as at 31/12/2018	**3.946**	**9.715**

19. CASH AVAILABLE

Cash available on December 31st 2018 and 2017 in the accompanying financial statements are analyzed as follows:

	GROUP		**COMPANY**	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Cash in hand	10	17	-	-
Sight & Time Deposits	166.349	201.311	39.204	97.782
Total	**166.359**	**201.328**	**39.204**	**97.782**

Time deposits usually have a term of up to three months and bear interest rates ranging between 0,7%-1,2% for FY 2018.

The Group's cash and cash equivalents include amounts for repayment amounting to € 3.024 k (2017: €24.594 k) (for the Company: € 0 k (2017: € 18.420 k)), relating to grants previously collected, due to cancellation of the construction of certain wind farms or due to the expiration of deadlines regarding the inclusion decisions of others whose construction has not been canceled. Out the total amount to be rebated, an amount of € 21.570 k was returned within 2018. In addition, the Group returned interest income of € 441 k.

Furthermore, the Group has restricted deposits amounting to € 42.874 k (for the Company: € 4.282 k), which are retained in certain bank accounts for the facilitation of its short-term operating and financial liabilities. These restricted deposits are classified in the item "Prepayments and other receivables" (Note 17).

(Amounts in thousands Euro, unless otherwise mentioned)

20. LONG-TERM LOANS

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

	GROUP		COMPANY	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Long-term loans	768.450	768.123	247.695	263.360
Less: Short-term part	(100.041)	(97.971)	(23.050)	(22.028)
Long-term part	**668.409**	**670.152**	**224.645**	**241.332**

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

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

The Group's total long-term debt in Greece is in Euro (64,3% of the total), in the United States - in USD (27,8% of the total), in Poland - in PLN (6,7% of the total) and in Bulgaria - in EUR (1,2% of the total). Of the total long-term debt, as reported at the end of the fiscal year, 39,8% are at a fixed interest rate, 23,5%, are floating-rate loans that have been hedged with future fixed rate payments against floating rate receipts, while 36,7% are floating-rate loans based on euribor or wibor, as the case may be each time.

The weighted average interest rate for FYs 2018 and 2017 was 5,0% and 5,7% respectively.

The total interest of the Group's loans for FYs 2018 and 2017 was € 43.378 k and € 39.115 k respectively (see Note 36). The Group estimates that the fair value of the above loans is not significantly different from their book value.

Part of the Company's long-term loans is loans from its subsidiaries, amounting to € 109.879 k, on 31 December 2018.

Of the Group's total debt, the amount of € 152,137 k corresponds to bank loans of the parent Company, € 404.318 k (of which an amount of € 39.465 k pertains to short-term loans, see Note 28) corresponds to loan liabilities guaranteed by the parent Company and € 255.984 k (of which an amount of € 4.524 k pertains to short-term loans, see Note 28) corresponds to loan liabilities for which the parent Company has not provided any guarantee.

The Group's New Debt for 2018 mainly relates to financing the investment in wind farms of subsidiaries of the Group, namely Fluvanna II Wind Park in Texas, USA, amounting to € 54.658 k, as well as financing PPP Partnership of the subsidiary "Epirus" of € 34.861 k.

In 2017, the Group issued a bond loan from the parent Company for a total amount of € 60.000 k (coverage: € 50,000 k from the EBRD and € 10.000 k – from Piraeus Bank), for the development, construction and operation of wind farms of the Group's subsidiaries. The loan amounting to € 59.402 k (issuance revenues of € 60.000 k less issuing expenses of € 598) was disbursed at the beginning of the first half of 2017.

Moreover, a subsidiary of the Group, issued a common bond loan through a Public Offer of € 60.000 k. The loan amounting to € 58.883 k (issuance revenues of € 60.000 k less issuing costs of € 1.117 k) was disbursed at the beginning of the third quarter of 2017. According to the terms of the loan, there is a prepayment option (call option) from the year 2019. In case the prepayment date is in the period commencing on the second (2nd) anniversary of the Loan Issue (inclusive) and ends on the third (3rd) anniversary of the Loan Issue Date (not included), prepayment is made at 101% . In any other case, prepayment stands at 100%.
The Group has the obligation to maintain specific financial ratios relating to bond loans.

As at 31 December 2017, the Group was in full compliance with the required limits of these ratios as at, except for bond loans of carrying amount of € 21.674 k. These loans were reclassified to Short-term Liabilities in the item "Long-term carried forward” since the financial ratios of the relevant loan contracts were not complied with on 31/12/17.

Regarding 2018, the aforementioned loans were reclassified to "Long-term loans" since they complied with the terms of the loan agreements.

Furthermore, on December 31 2018, the Group fully complied with the required limits of the financial ratios, in accordance with the requirements of its loan agreements, excluding debt securities of amortized amount of € 22.445 k. These loans were reclassified under Short-term Liabilities and specifically under item "Long-term liabilities payable in the next financial year", as the financial ratios of the relevant loan contracts were not complied with on 31/12/2018. It is to be noted that Group’s Management takes all necessary steps to eliminate reasons for non-compliance.

(Amounts in thousands Euro, unless otherwise mentioned)

21. RECEIVABLES/ LIABILITIES OF DERIVATIVES

Liabilities and assets from financial derivatives on 31/12/2018 & 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
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
For hedging purposes						
Interest Rate Swaps:	€ 7.537	€ 7.537	222	271	-	-
Interest Rate Swaps:	€ 9.000	€ 9.000	347	401	-	-
Interest Rate Swaps:	€ 5.772	€ 5.772	108	169	-	-
Interest Rate Swaps:	€ 17.000	€ 17.000	1.183	1.345	-	-
Interest Rate Swaps:	€ 11.005	-	648	-	-	-
Interest Rate Swaps:	€ 15.400	€ 15.400	777	847	-	-
Interest Rate Swaps:	€ 11.160	€ 11.160	147	51	-	-
Interest Rate Swaps:	€ 103.650	€ 103.650	824	536	-	-
Interest Rate Swaps:	€ 6.563	€ 6.563	297	382	297	382
Interest Rate Swaps:	€ 30.000	€ 30.000	458	339	458	339
Interest Rate Swaps:	€ 20.000	€ 20.000	286	202	286	202
			5.297	**4.543**	**1.041**	**923**
For hedging purposes						
Options (collar)	-	-	2.549	-	-	-
Sale of electric energy forward contract (physical)	-	-	900	-	-	-
			3.449	**-**	**-**	**-**
For trade purposes						
Electric energy swap contract (balance of hedge)	-	-	528	-	-	-
			528	**-**	**-**	**-**
			9.274	**4.543**	**1.041**	**923**

RECEIVABLE	Nominal Value		GROUP		COMPANY	
			Fair Value of Receivable	Fair Value of Receivable	Fair Value of Receivable	Fair Value of Receivable
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
For hedging purposes						
Interest Rate Swaps	$25.000	$25.000	625	312	-	-
Options (collar)	-	-	1.908	200	-	-
Options (swaption)	-	-	1.396	798	-	-
			3.929	**1.310**	**-**	**-**

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

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

The Group entered into these derivatives with the ultimate purpose of using them to hedge the risk of cash flow variability in the energy for the Group's investment in a Wind Park in the USA, through a subsidiary company. This particular subsidiary constructs and will operate a wind park of 155,4 MW-capacity in West Texas of the United States.

In addition, in September 2018, the Group issued two derivatives, a forward contract for sale of electricity at a predetermined price, physical, and a collar option. Regarding the forward contract, the effective date will be 01/11/2019, while regarding the the collar - 01/11/2024.

The Group entered into these derivatives with the ultimate purpose of using them to hedge the risk of cash flow variability in the energy for the Group's investment in a Wind Park in the USA, through a subsidiary company. This particular subsidiary constructs and will operate a wind park of 158 MW-capacity in West Texas of the United States.

The Group examined all the elements and requirements of IFRS 9 in order to use the cash flow hedging accounting. The provisions of the standard were complied with and, therefore, the Group applies cash flow hedging accounting. Thus, in FY 2018, profit from changes in fair value attributable to the non-effective cash flow hedging of € 1.088 k (profit) (2017: profit of € 12 k) was recognized in the income statement for the year, in the item "Earnings from financial instruments measured at fair value", while the part of changes in fair value corresponding to the effective hedging of cash flow risk of € 2.300 k (loss) (2017: profit of € 2.120 k) was recognized in the item "Cash flow risk hedging” in the statement of other comprehensive income.

Finally, in July 2018, the Group, through a US subsidiary, issued a balance of hedge , through which it will swap variable income from sale of wind farm electricity to the US for a fixed payment. The contract of lonely financially settled and does not include product swap.

The Group entered into the aforementioned contracts with the ultimate purpose of using them to hedge the risk of market price changes and, secondary, their effect on revenue from sale of electric energy. The balance changes transaction effective date was 03/07/2018.

As at 31/12/2018, the aforementioned contract did not comply with hedging of cash flow risk provisions stated in IFRS 9. Unrealized losses from valuation of balance of hedge, standing at € 512 k, constitute operating losses of the wind farm, therefore they are recorded as a deduction to Turnover.

22. PROVISIONS FOR EMPLOYEE COMPENSATION

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

(Amounts in thousands Euro, unless otherwise mentioned)

The estimates in respect of staff compensation liabilities were defined through actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the consolidated results and comprehensive income for the financial year ended on the 31st of December 2018 and the changes in the relevant provision accounts for staff indemnities presented in the attached consolidated Statement of Financial Position for the year ended on December 31st 2017.

Expenses in respect of employee compensation recognized in the Statement of Comprehensive Income, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current cost of service	138	83	130	66
Financial cost	6	6	5	6
Effect of Curtailment / Settlement / End of Service Benefits	-	(21)	-	(21)
Recognition of actuarial profit/losses	36	(92)	35	(87)
Total	**180**	**(24)**	**170**	**(36)**

Changes in the relevant provision in the Statement of Financial Position are recorded as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	411	435	332	368
Provision recognized in the income statement	144	68	135	51
Provision recognized in other comprehensive income	36	(92)	35	(87)
Compensation paid	(94)	-	(94)	-
Total	**498**	**411**	**408**	**332**

Key actuarial assumptions for FY 2018 are as follows:

	2018	2017
Discount rate	1,50%	1,50%
Future wage increases	1,25%	1,25%
Volatility of salaried/day-waged workers (voluntary withdrawal)	1%	1%
Volatility of salaried employees (dismissal)	6%	6%
Mortality: MT_EAE 2012P (Bank of Greece, Credit and Insurance Committee)		

The following table presents sensitivity analysis of provision for employee compensation:

	GROUP	COMPANY
Change in discount rate +0,5% & Change in salaries 0%	459	387
Change in discount rate -0,5% & Change in salaries 0%	512	431
Change in discount rate 0% & Change in salaries +0,25%	498	419
Change in discount rate 0% & Change in salaries -0,25%	472	397

(Amounts in thousands Euro, unless otherwise mentioned)

23. OTHER PROVISIONS

Changes in the relevant provision in the Statement of Financial Position for FYs 2018 and 2017 are recorded as follows:

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	Other provisions	Provisions for environmental rehabilitation	Other provisions
Balance 1 January 2018	**14.407**	**896**	**2.988**	**760**
Adjustments from change sin accounting policies and application of new standards		**7**		**7**
Balance 1 January 2018	**14.407**	**903**	**2.988**	**767**
Provision recognized in the results	844	-	176	-
Provisions used	-	(7)	-	(6)
Revenue from non-used provisions	-	-	-	-
Provision recognized in fixed assets	1.024	-	-	-
Foreign exchange differences	65	-	-	-
Balance 31 December 2018	**16.340**	**896**	**3.164**	**761**

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	Other provisions	Provisions for environmental rehabilitation	Other provisions
Balance 1 January 2017	**12.791**	**896**	**3.315**	**760**
Provision recognized in the results	690	-	166	-
Provision recognized in fixed assets	2.848	-	-	-
Provision recognized in fixed assets due to adjustment of economic life	(1.880)	-	(493)	-
Foreign exchange differences	(42)	-	-	-
Balance 31 December 2017	**14.407**	**896**	**2.988**	**760**

The companies of the Group's energy sector are under obligation to proceed with environmental rehabilitation in locations, where they have installed electricity production units following the completion of the operations based on the effective licenses granted by the states where the installations are being implemented. The aforementioned provision of € 16.340 k (€ 14.407 k as at 31/12/2017) reflects the expenses required for the removal of equipment and restoration of the area in which the equipment used to be installed, applying available technology and materials.

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

Other provisions mainly refer to provisions for pending litigations and tax inspection differences.

(Amounts in thousands Euro, unless otherwise mentioned)

24. GRANTS

Grants on 31 December 2018 and 31 December 2017 in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Balance 1 January	**143.294**	**159.156**	**17.552**	**19.007**
Approved and collected grants	3.882	-	3.882	-
Returned grants	-	(1.320)	-	(250)
Transfer of period's proportion to the income statement	(7.862)	(7.901)	(1.259)	(1.205)
Foreign exchange differences	2.022	(6.641)	-	-
Balance 31 December	**141.336**	**143.294**	**20.175**	**17.552**

Grants relate to government grants for the development of Wind Farms and are amortized in the Statement of Comprehensive Income for the period they refer to, according to the depreciation rate of granted fixed assets.

The "Grants" include approved though not collected grants, totaling € 1.479 k , classified as "Prepayments and other receivables" (Note 17). These grants were recognized based on the Group Management's certainty that all the terms and conditions, facilitating their collecting, are complied with and that eventually the amounts will be received following the completion of the relevant investments.

The aforementioned grants are amortized in income only to the extent of the component corresponding to fully completed and operating wind farms.

In 2017, the line item "Transfer of period's proportion to the results" refers to the effect of extending the useful life of wind farms from 20 to 25 years, which took place during the year 2017, resulting in a decrease in the income of depreciation by € 2.017 k in relation to the income that would have arisen if the useful life had not been extended (see Note 3 (vii)).

25. EQUITY INSTRUMENTS HAVING A SUBSTANCE OF FINANCIAL LIABILITY

In order to facilitate optimal use of tax benefits provided by the local legislation, in 2012, TERNA ENERGY Group entered into transaction in the USA, in which the counterparty paid the amount of € 49.693 k 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 contributes capital as a Tax Equity Investor (TEI) and is fully consolidated. According to the agreement between the two parties, TEI contributed capital in exchange of 50% of the membership interests, the contractual rights of which stipulate that TEI will receive 99% of tax losses and a certain percentage of net cash flows until it achieves the return on its invested capital as defined in the agreement.

(Amounts in thousands Euro, unless otherwise mentioned)

Within 2017, construction was completed and the Fluvanna I Wind Farm, of 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 FY 2017. As a result of the aforementioned tax treatment of the construction cost of the project, significant tax losses will be incurred in FY 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 Wind Farm (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 k (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.

In FY 2017, TEI received 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.

Other Financial Liabilities (long-term and short-term) recorded in the accompanying financial statements as at December 31st, 2018 and December 31st ,2018 are analyzed as follows:

	GROUP	
	31/12/2018	**31/12/2017**
Financial liabilities	111.187	111.708
Deferred income	26.916	22.555
Long-term part	**138.103**	**134.263**
Long-term financial liabilities payable in the following year	22.287	25.107
Short-term part	**22.287**	**25.107**
Total	**160.390**	**159.370**

Changes in Other Financial Liabilities recorded in the Statement of Financial Position are analyzed as follows:

Financial liabilities	GROUP	
	31/12/2018	**31/12/2017**
Balance 1 January	**136.815**	**48.554**
Receipts from TEI	-	127.882
Distribution of cash to TEI	(3.405)	(2.915)
Value of tax benefits	(18.596)	(27.718)
Interest of the period (Note 36)	12.627	2.796
Foreign exchange differences	6.033	(11.784)
Balance 31 December	**133.474**	**136.815**

Deferred income	GROUP	
	31/12/2018	**31/12/2017**
Balance 1 January	**22.555**	**-**
Value of tax benefits	6.479	26.623
Amortization of benefits (Note 35)	(3.262)	(2.662)
Foreign exchange differences	1.144	(1.406)
Balance 31 December	**26.916**	**22.555**

(Amounts in thousands Euro, unless otherwise mentioned)

Financial liability is measured at amortized cost using the effective interest rate method. This liability is reduced following the cash distribution received by TEI, depending on the terms of the agreement and the value of the tax benefits. Tax benefits value is recognized in the income statement. In particular, the value of the tax losses, attributed to TEI, is recognized in Other Income for the year, using the straight-line amortization method during the term of the agreement (2018: € 3.262 k., 2017: € 2.662 k.), while, the value of PTCs, are associated with the annual Wind Farm energy generation, is recognized for each year based on actual production, benefiting turnover (2018: € 12.117 k., 2017: € 1.095 k.).

26. SUPPLIERS

As at December 31st 2018 and 2017, suppliers in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Suppliers	31.731	39.365	13.373	16.374
Checks payable post-dated	-	28	-	28
Total	**31.731**	**39.393**	**13.373**	**16.402**

27. ACCRUED AND OTHER SHORT TERM LIABILITIES

The accrued and other short-term liabilities as at 31 December 2018 and 31 December 2017, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
Accrued and other short term financial liabilities	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Employee fees due	277	220	229	192
Third party fees due	286	1.771	52	1.222
Short-term Liabilities to Associates & Other Parties	2.225	113	11.896	1.792
Sundry Creditors	34.936	391	34.466	181
Income carried forward – accrued expenses	4.587	2.948	217	904
Total	**42.311**	**5.443**	**46.860**	**4.291**

	GROUP		COMPANY	
Other short term non-financial liabilities	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Social security funds	432	388	356	344
VAT Liabilities	2.175	2.468	542	1.445
Other withheld taxes	1.787	2.680	663	1.176
Grants to be returned (Note 24)	3.024	25.067	-	18.860
Total	**7.418**	**30.603**	**1.561**	**21.825**

The item “Grants to be returned” includes grants previously collected, but about to be returned due to cancellation of the construction of certain wind farms or due to the expiration of deadlines regarding the inclusion decisions of others whose construction has not been canceled. A total amount of € 22.011 k was rebated whiten 2018, an amount of € 21.570 k refers to grants capital and an amount of € 441 k referred to interest income (see Note 19).

The item “Sundry creditors” includes an amount of € 34.176 k that pertains to liabilities for capital rebate in compline with as of 18/10/2018 decision of the Extraordinary General Meeting of Shareholders.

28. SHORT TERM LOANS

The Group's short-term loans pertain to bank borrowings received at regular intervals and renewable in proportion to the Group's needs. Collected amounts are mainly used in order to cover liquidity needs during the Wind Farms construction period of the Group's energy sector.

Within the current FY, net increase of the Group's short-term loans stood at € 30.152 k. (€ 8.441 k last year). The Group estimates that the fair value of the above loans does not substantially differ from their book value.

Weighted average interest rate for the aforementioned loans was 5,6% and 3,4% for 2018 and 2017 respectively.

The total interest on the aforementioned loans of the Group for FYs ended on December 31st 2018 and 2017 is € 1.455 k and € 1.497 k. respectively (see Note 36).

29. SHARE CAPITAL

Following the decision of the Extraordinary General Meeting of Shareholders, held on February 8, 2018, the Company's share capital decreased by an amount of one million four hundred sixty eight thousand six hundred and thirty nine euros and twenty cents (€1.468.639,20) through cancellation of treasury shares held by the Company, namely 4,895,464 shares.

Following the decision, made as at the the same date, the Company's share capital increased by an amount of two million eight hundred and fifty thousand (€ 2.850.000) in cash, through the issuance of nine million five hundred thousand 9.500.000 common voting shares with voting rights of nominal value € 0,30 each and distribution price of four euros and thirty five cents (€ 4,35) per share, while the amount of thirty eight million four hundred seventy five thousand (€ 38.475.000) was credited to a special reserve of the Company from share premium issue.

Following the decision of the Extraordinary General Meeting of Shareholders, held on March 30, 2018, the Company's share capital increased by an amount of twenty five million sixty two thousand one hundred sixty five euros and ninety two cents (€25.062.165,92) by capitalization of part of share premium special reserve with the increase of the nominal value of every share from thirty cents (€ 0,30) to fifty two cents (€ 0,52) and a simultaneous share capital decrease by an amount of twenty five million sixty two thousand one hundred sixty five euros and ninety two cents (€ 25.062.165,92) with a corresponding decrease in the nominal value of each share from fifty two cents (€ 0,52) to thirty cents (€ 0,30) and the repayment of the amount of the decrease in question to the shareholders.

Following the decision of the Extraordinary General Meeting of Shareholders, held on October 18, 2018, the Company's share capital increased by an amount of thirty four million one hundred and seventy five thousand six hundred eighty euros and eighty cents (€ 34.175.680,80 €) by capitalization of part of share premium special reserve with the increase of the nominal value of every share from thirty cents (€ 0,30) to sixty cents (€ 0,60) and a simultaneous share capital decrease by an amount of thirty four million one hundred and seventy five thousand six hundred eighty euros and eighty cents (€ 34.175.680,80 €) with a corresponding decrease in the nominal value of each share from sixty cents (€ 0,60) to thirty cents (€ 0,30) and the repayment of the amount of the decrease in question to the shareholders.

Following the above, the Company's share capital amounts to thirty four million one hundred and seventy five thousand six hundred eighty euros and eighty cents (€ 34.175.680,80 €), divided into one hundred and thirteen million nine hundred and thirty eight thousand nine hundred and thirty six (113.918.936) common registered shares with voting rights of a nominal value thirty cents (€ 0,30) each.

During the period 01/01/2018 – 31/12/2018, the Company bought back 1.302.475 treasury shares of nominal value of 39,742.5 euros and market value 7.755.382,54 euros. The total number of treasury shares held by the Company as of 31/12/2018 stood at 1.302.475 shares, i.e. 1,14% of the total share capital, with a total acquisition cost of 7.755.382,54 euros.

SHARE PREMIUM

Inflows, received in excess of the nominal value of shares issued during the year are included in the consideration from share premium, whereas the related expenses pertaining to the increase, net of the related tax benefits, have been transferred from the item "Balance of Retained Earnings". Expenses in respect of new shares, charged to equity, amounted to € 38.475 k.

A decrease in share premium, amounting to € 1.225 k, has arisen following cancellation of treasury shares, decided upon within 2018. Furthermore, a decrease of € 59.238 k has arisen from the Share Capital increase performed in 2018, through capitalization of share premium.

Following the aforementioned changes, the share premium amounted to € 191.793 k.

(Amounts in thousands Euro, unless otherwise mentioned)

30. RESERVES

Reserves for FYs 2018 and 2017, in the accompanying financial statements, are analyzed as follows:

Group	Statutory reserves	Treasury shares	Foreign currency translation differences to Euro reserves	Differences from cash flows risk hedges reserves	Actuarial revenue/losses from defined benefit plan reserves	Development and tax legislation reserves	Total
1 January 2017	**7.885**	**(850)**	**(1.132)**	**(9.917)**	**130**	**44.210**	**40.326**
Earnings from other comprehensive income for the year			(652)	1.444	67		859
Formation of reserves	645	-	-	-	-	3.660	4.305
Acquisition of treasury shares	-	(2.070)	-	-	-	-	(2.070)
Transfers to minority interest and other changes	-	226	(18)	-	(78)	-	130
31 December 2017	**8.530**	**(2.694)**	**(1.802)**	**(8.473)**	**119**	**47.870**	**43.550**
1 January 2018	**8.530**	**(2.694)**	**(1.802)**	**(8.473)**	**119**	**47.870**	**43.550**
Earnings from other comprehensive income for the year			117	(2.251)	(20)		(2.154)
Formation of reserves	882	-	-	-	-	4.214	5.096
Acquisition of treasury shares	-	(7.755)	-	-	-	-	(7.755)
Cancellation of treasury shares	-	2.694	-	-	-	-	2.694
Transfers to minority interest and other changes	-	-	(4)	2	-	-	(2)
31 December 2018	**9.412**	**(7.755)**	**(1.689)**	**(10.722)**	**99**	**52.084**	**41.429**

(Amounts in thousands Euro, unless otherwise mentioned)

Company	Statutory reserves	Treasury shares	Foreign currency translation differences to Euro reserves	Differences from cash flows risk hedges reserves	Actuarial revenue/losses from defined benefit plan reserves	Development and tax legislation reserves	Total
1 January 2017	**5.050**	**(850)**	**-**	**(362)**	**54**	**13.391**	**17.283**
Earnings from other comprehensive income for the year			-	(295)	62		(233)
Formation of reserves	-	-	-	-	-	367	367
Acquisition of treasury shares	-	(2.070)	-	-	-	-	(2.070)
Transfers/other changes	-	227	-	-	-	-	227
31 December 2017	**5.050**	**(2.693)**	**-**	**(657)**	**116**	**13.758**	**15.574**
1 January 2018	**5.050**	**(2.693)**	**-**	**(657)**	**116**	**13.758**	**15.574**
Earnings from other comprehensive income for the year			-	(125)	(20)		(145)
Formation of reserves	-	-	-	-	-	420	420
Acquisition of treasury shares	-	(7.755)	-	-	-	-	(7.755)
Cancellation of treasury shares	-	2.694	-	-	-	-	2.694
31 December 2018	**5.050**	**(7.754)**	**-**	**(782)**	**96**	**14.178**	**10.788**

31. EARNINGS PER SHARE

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

	GROUP		COMPANY	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Net profit attributable to shareholders of the parent	44.864	37.089	21.040	12.469
Weight average number of shares	112.601.534	104.700.123	112.601.534	104.700.123
Earnings per share	0,3984	0,3542	-	-

32. INCOME TAX

According to Greek tax legislation the tax rate corresponded to 29% for the years 2018 and 2017. Article 23, Law 4579/2018, states that income tax rates are gradually reduced to twenty-eight percent (28%) for income of tax year 2019, to twenty-seven percent (27%) for income of tax year 2020, to twenty-six per cent (26%) for income of tax year 2021 and twenty five per cent (25%) for income of tax year 2022 and thereafter. The effective tax rate differs from the nominal. The calculation of the effective tax rate is affected by several factors, the most important of which are the non-exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful life and the use of rates stipulated by L. 4172/2013, and the ability of companies to generate tax-exempted discounts and tax-exempted reserves.

(Amounts in thousands Euro, unless otherwise mentioned)

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

	GROUP		COMPANY	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Current tax	12.099	14.478	237	5.401
Total current tax expenses	**12.099**	**14.478**	**237**	**5.401**
Deferred tax expense	3.259	5.417	556	508
Total	**15.358**	**19.895**	**793**	**5.909**

	GROUP		COMPANY	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Earnings before taxes	**62.411**	**57.015**	**21.833**	**18.378**
Nominal tax rate	29%	29%	29%	29%
Income tax based on effective nominal tax rate	**18.099**	**16.534**	**6.332**	**5.330**
Adjustments for:				
Tax of previous periods & Additional taxes	80	(132)	68	(132)
Difference of tax rates from foreign operations	2.001	(1.153)	-	-
Effect of change in tax rate	(4.882)	-	(704)	-
Change in recoverable tax losses	2.805	3.275	-	-
Other tax exempted income – expenses	(5.844)	(477)	(5.321)	(1.292)
Other permanent tax differences – non-exempted expenses	3.099	2.156	418	2.020
Other	-	(308)	-	(17)
Actual tax expense	**15.358**	**19.895**	**793**	**5.910**
Effective tax rate	24,61%	34,89%	3,63%	32,16%

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

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

Pursuant to the relevant tax provisions: (a) paragraph 1 of article 84 of law 2238/1994 (unaudited income tax cases), b) paragraph 1 of article 57 of Law 2859/2000 (unaudited cases of VAT (A) and (c) of paragraph 5 of Article 9 of Law 2523/1997 (imposition of fines for income tax cases), the right of the State to impose the tax for the fiscal years up to 2012 is withheld until 31/12/2018, without prejudice to specific or exceptional provisions which provide for a longer limitation period and under the conditions set forth. TERNA ENERGY S.A. constitutes an exception, since it has been disposed a partial tax audit, thus extending the right of the Greek State to levy taxes for FY 2012. Moreover, according to standard legislation of the Council of State and the Administrative Courts, in the absence of a limitation provision included in the Codified Law on Stamp Duties, the State's claim for stamp duty is subject to twenty-year limitation period laid down in Article 249 of the Civil Code.

For the fiscal years ended after December 31, 2012 and remain tax unchecked by the competent tax authorities or by the Certified Auditor of the Company, we estimate that the taxes that may arise will not have a material effect on the financial / financial statements.

The parent Company, TERNA ENERGY S.A. is tax-audited up to the fiscal year 2008 included. On 28th December 2015, the Company received an audit call concerning the ordinary tax audit from the pertinent tax authorities for the financial years 2009 and 2010. However, from CIRC. 1208 / 20.12.2017, where the Governor of AADE accepts the opinion No 268/2017 of the 1st Plenary Session of the PIU, it appears that for the fiscal years 2008 to 2010 it is not possible to issue tax assessment and fining acts in pending control cases under the provisions of paragraph 3 of art. 36 of the Code, in conjunction with the provision of the second paragraph of par. 11 of Art. 72. The fiscal year 2011 is considered, based on the general rule, lapse. For the financial years 2012 and 2013, the Company has been tax audited according to the Decision 1159/26/7/2011 whereas for the years 2014, 2015 ,2016 and 2017 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 2018 financial statements. The particular audit is not expected to materially affect the tax obligations already recorded in the Financial Statements, since the Company has already formed adequate provisions.

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

The tax non-inspected years as at the accompanying financial statements preparation date, including FY 2018, in respect of the companies of the Group, are presented in Note 5.

Deferred tax

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

The Company and the Group maintain tax-exempt reserves amounting to €12.781 k and €38.028 k, respectively, which in case of distribution or capitalization will be taxed under the current tax rate and in compliance with the effective provisions of development laws. In the immediate future the Group does not plan to distribute or capitalize these reserves.

(Amounts in thousands Euro, unless otherwise mentioned)

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

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Receivables from deferred income tax	6.666	6.651	-	-
Liability from deferred income tax	(23.010)	(19.824)	(1.953)	(1.405)
Net deferred tax asset (liability)	**(16.344)**	**(13.173)**	**(1.953)**	**(1.405)**
Opening balance	**(13.173)**	**(7.304)**	**(1.406)**	**(993)**
Debit) / Credit recognized in the results	(3.259)	(5.416)	(556)	(508)
Debit) / Credit recognized in other comprehensive income	65	(443)	8	95
Foreign exchange translation differences	22	(10)	-	-
Closing balance	**(16.344)**	**(13.173)**	**(1.953)**	**(1.406)**

The effect of decrease in tax rate arising from the provisions of Article 23, Law 4579/2018, recorded revenue of € 4.882 k for the Group and € 704 k for the Company.

The deferred tax assets and liabilities of 2018 and 2017 as well as the effect of the deferred tax on the separate and consolidated statement of comprehensive income are analyzed as follows:

GROUP	**1/1/2018**	**Net earnings for the year (Debit)/Credit**	**Other comprehensive income (Debit)/Credit**	**31/12/2018**
Deferred Tax Asset				
Provision for staff indemnities	118	(10)	15	**123**
Other provisions	1.360	(77)	-	**1.283**
Grants	(1.383)	1.208	-	**(175)**
Hedging of cash flow risk	1.190	-	49	**1.239**
Provision for doubtful receivables	111	19	-	**130**
Trade receivables and liabilities from contracts with customers	3.419	(4.767)	-	**(1.348)**
Impairment of participations	2.273	(1.723)	-	**550**
Loans	2.177	(167)	23	**2.033**
Tangible assets	(25.279)	3.007	-	**(22.272)**
Intangible assets	5.911	(1.496)	-	**4.415**
Other	(3.070)	747	-	**(2.323)**
Deferred tax of net earnings / other comprehensive income		**(3.259)**	**87**	
Net deferred tax liability	**(13.173)**			**(16.344)**

(Amounts in thousands Euro, unless otherwise mentioned)

GROUP	1/1/2017	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31/12/2017
Deferred Tax Asset				
Provision for staff indemnities	134	11	(27)	**118**
Other provisions	1.494	(133)	-	**1.361**
Grants	717	(2.100)	-	**(1.383)**
Hedging of cash flow risk	3.637	-	(417)	**3.220**
Provision for doubtful receivables	110	1	-	**111**
Trade receivables and liabilities from contracts with customers	3.558	(2.170)	-	**1.388**
Impairment of participations	-	2.273	-	**2.273**
Loans	1.352	834	(9)	**2.177**
Tangible assets	(23.895)	(1.384)	-	**(25.279)**
Intangible assets	6.046	(135)	-	**5.911**
Other	(457)	(2.614)	-	**(3.071)**
Deferred tax of net earnings / other comprehensive income		**(5.417)**	**(453)**	
Net deferred tax liability	**(7.304)**			**(13.173)**

COMPANY	1/1/2018	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31/12/2018
Deferred Tax Asset				
Provision for staff indemnities	96	(9)	15	**102**
Other provisions	925	(83)	-	**842**
Grants	130	469	-	**599**
Hedging of cash flow risk	268	-	(7)	**261**
Provision for doubtful receivables	92	19	-	**111**
Trade receivables and liabilities from contracts with customers	3.733	(4.273)	-	**(540)**
Impairment of participations	2.273	288	-	**2.561**
Loans	(99)	30	-	**(69)**
Tangible assets	(6.598)	762	-	**(5.836)**
Intangible assets	-	16	-	**16**
Other	(2.225)	2.225	-	**-**
Deferred tax of net earnings / other comprehensive income		**(556)**	**8**	
Net deferred tax liability	**(1.405)**			**(1.953)**

(Amounts in thousands Euro, unless otherwise mentioned)

COMPANY	1/1/2017	Net earnings for the year (Debit)/Credit	Other comprehensive income (Debit)/Credit	31/12/2017
Deferred Tax Asset				
Provision for staff indemnities	107	15	(25)	**97**
Other provisions	1.019	(95)	-	**924**
Grants	409	(279)	-	**130**
Hedging of cash flow risk	147	-	121	**268**
Provision for doubtful receivables	110	(18)	-	**92**
Trade receivables and liabilities from contracts with customers	3.557	176	-	**3.733**
Impairment of participations	-	2.273	-	**2.273**
Loans	(117)	19	-	**(98)**
Tangible assets	(5.943)	(655)	-	**(6.598)**
Other	(282)	(1.944)	-	**(2.226)**
Deferred tax of net earnings / other comprehensive income		**(508)**	**96**	
Net deferred tax liability	**(993)**			**(1.405)**

33. TURNOVER

Turnover in the accompanying financial statements as at 31 December 2018 and 2017 is analyzed as follows:

Turnover from contracts with customers by category

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Revenue from construction services segment				
Road construction works	8.614	30.089	8.614	30.089
Railway construction works	3.833	806	3.833	806
Constructions works	(67)	3.068	(67)	3.068
Electromechanical works	43	2.859	43	2.859
Industrial works	1.925	246	30.799	3.035
Energy RES works	74	-	11.268	20.601
Other services in construction segment (except leases)	-	62	-	62
	14.422	**38.747**	**54.490**	**62.137**

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Revenue from RES energy generation segment				
Energy generation from Wind Farms	197.906	167.096	19.501	18.594
Revenue from tax benefits (PTCs) (Note. 25)	12.217	1.095	-	-
Energy generation from Hydro plants	6.182	4.617	3.148	2.949
Repair and maintenance of RES	31	-	5.455	4.550
Other revenue RES energy segment (except leases)	-	216	-	216
	216.336	**173.024**	**28.104**	**26.309**

(Amounts in thousands Euro, unless otherwise mentioned)

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Revenue from concession operating segment				
Revenue from the construction of waste treatment plants	30.897	2.930	-	-
Revenue from installing e-ticket system	75	39.817	-	1.077
Revenue from operation e-ticket system	10.620	8.394	1.818	531
	41.592	**51.141**	**1.818**	**1.608**

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Revenue from thermal energy generation and trade segment				
Energy trade	19.702	13.623	13.889	6.121
	19.702	**13.623**	**13.889**	**6.121**
Total turnover from contracts with customers	**292.052**	**276.535**	**98.301**	**96.175**

Turnover analysis from contracts with customers at the time of revenue recognition

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Transfer of goods at a specific time	210.410	163.452	34.720	27.880
Services at a specific time	2.325	-	2.356	-
Services over time	79.317	113.083	61.224	68.295
Turnover total from contracts with customers	**292.052**	**276.535**	**98.300**	**96.175**

Turnover analysis from contracts with customers per operating risk category of the contract

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Closed-value contracts	278.171	237.788	44.350	34.038
Cost contracts plus profit percentage	13.881	38.747	53.951	62.137
Turnover total from contracts with customers	**292.052**	**276.535**	**98.301**	**96.175**

Turnover analysis from contracts with customers during the contract period

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Long-term contracts	248.762	262.912	56.307	63.805
Short-term contracts	43.290	13.623	41.994	32.370
Turnover total from contracts with customers	**292.052**	**276.535**	**98.301**	**96.175**

(Amounts in thousands Euro, unless otherwise mentioned)

Time analysis of expected execution of a backlog of contracts with customers

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
1 year	61.472	14.419	66.933	45.085
1-5 years	57.465	6.731	58.137	12.639
Total turnover from contracts with customers	**118.937**	**21.150**	**125.070**	**57.724**

34. COST OF SALES, ADMINISTRATIVE AND RESEARCH AND DEVELOPMENT EXPENSES

Cost of sales, administrative and research & development expenses at December 31st 2018 and 2017, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
COST OF SALES	**2018**	**2017**	**2018**	**2017**
Employee Remuneration and expenses	3.644	3.135	3.490	3.155
Fees of consultants	129	386	113	352
Remuneration and expenses of third parties (engineers, accountants, lawyers)	20.463	10.036	8.450	2.348
Fees and expenses of other third parties	2.804	2.188	4.539	1.627
Materials and expenses of constructions – Cost of sales from trading of energy	30.669	21.894	26.809	18.451
Leases	1.499	1.218	1.533	1.192
Repairs, Maintenance	20.345	15.684	2.933	2.069
Sub-contractors	12.337	47.788	16.664	17.783
Depreciation	55.350	45.809	6.003	6.107
Third party benefits	1.906	2.155	345	431
Contributions to local government authorities	11.785	6.773	1.092	995
Transportation expenses	1.705	969	2.645	3.969
Insurance premiums	3.793	3.043	603	546
Other	2.016	1.332	267	491
Total	**168.445**	**162.410**	**75.486**	**59.516**

	GROUP		COMPANY	
ADMINISTRATIVE EXPENSES	**2018**	**2017**	**2018**	**2017**
Employee remuneration and expenses	4.208	3.077	2.384	1.640
Fees of consultants	727	1.539	-	331
Remuneration and expenses of third parties (engineers, accountants, lawyers)	4.639	1.383	4.191	1.338
Fees and expenses of other third parties	1.617	1.594	-	889
Auditors fees – statutory audits	469	947	71	72
Fees for other services rendered by auditing firms	192	147	42	56
Subscriptions	559	541	433	402
Leases	616	613	315	321
Depreciation	205	198	116	107
Travel and promotion expenses	711	993	559	720
Third party benefits	186	255	119	141
Board of Directors' remuneration	473	18	473	15
Insurance premiums	136	139	53	53
Other	1.651	2.755	823	1.640
Total	**16.389**	**14.199**	**9.579**	**7.725**

(Amounts in thousands Euro, unless otherwise mentioned)

Regarding FY ended as at December 31, 2018, expenses for the year, analyzed in the item "Fees for other services rendered by auditing firms" include statutory auditors' and auditing firm's fees amounting to € 23 k for the Group and € 13 k for the Company. The fees include permissible non-audit services (excluding statutory audit and tax compliance report).

	GROUP		COMPANY	
RESEARCH & DEVELOPMENT EXPENSES	**2018**	**2017**	**2018**	**2017**
Employee Remuneration and expenses	11	-	11	-
Fees of consultants	817	57	729	57
Remuneration and expenses of third parties (engineers, accountants, lawyers)	55	858	40	858
Scientific / Lab experiments	-	2	-	2
Third party benefits	52	25	51	24
Depreciation	69	105	69	105
Travel and promotion expenses	21	126	21	126
Other	35	13	34	13
Total	**1.060**	**1.186**	**955**	**1.185**

35. OTHER INCOME/(EXPENSES)

The other income/(expenses) for the period, in the accompanying financial statements of 31st December 2018 and 2017, are analyzed as follows:

Other income

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Change of the fair value of investment property	29	-	29	-
Grant amortizations	7.862	7.901	1.259	1.205
Income from leasing of machinery	10	67	10	67
Income from leasing of property	14	18	33	24
Other services	-	3	-	-
Other income	1.858	1.598	1.002	1.038
Amortization of tax benefits (Note 25)	3.262	2.662	-	-
Income from insurance indemnities	1.756	2.279	974	973
Profit from sale of participations and equity interests	-	7	-	-
Income from dividends	-	-	16.514	5.236
Profit from sales of fixed assets	1.077	1	1.010	-
Foreign exchange differences (credit)	1.922	-	1	-
Total other income	**17.790**	**14.536**	**20.832**	**8.543**

(Amounts in thousands Euro, unless otherwise mentioned)

Other expenses

	GROUP		COMPANY	
	1/1-31/12/2018	**1/1-31/12/2017**	**1/1-31/12/2018**	**1/1-31/12/2017**
Change of the fair value of investment property	-	(21)	-	(21)
Impairments	(4.001)	(2.534)	(65)	(7.957)
Losses from sale of fixed assets	(15)	(167)	-	(167)
Losses from sale of Participations and securities	-	-	-	(7)
Other expenses	(1.614)	(1.192)	(654)	(589)
Extraordinary Contribution under Law 4093/2012	(207)	-	(79)	-
Foreign exchange differences	(44)	(4.021)	-	-
Total other expenses	**(5.881)**	**(7.935)**	**(798)**	**(8.741)**
Total other income/(expenses)	**11.909**	**6.601**	**20.034**	**(198)**

In FY 2018, the item “Impairment” includes an amount of € 4.001 k for the Group pertaining to impairment of intangible assets and impairment of property, plant and equipment standing at € 251 k and € 896 k respectively, impairment of inventory standing at € 116 k, recovering impaired other long-term receivables under IFRS 9 standing at € 67 k, (Note 14), impairment of financial assets - concessions under IFRS 9 standing at € 144 k, (Note 15), impairment of trade receivables under IFRS 9 standing at € 2.757 k, (Note 7) and recovering impairment of advance payments and other receivables under IFRS 9 amounting to € 96 k (Note 17).

Impairments standing at € 63 k in respect of the Company pertain to to impairment of inventory standing at € 116 k, impairment of other long-term receivables under IFRS standing at € 8 k, (Note 14), impairment of trade receivables under IFRS 9 standing at € 28 k, (note 17) and recovering impairment of advance payments and other receivables under IFRS 9 amounting to € 87 k (Note 17).

The item Other Expenses includes an amount of € 491 k arising from dispute settlement through arbitration against the subsidiary company ENERGIAKI SERVOUNIOU SA , fees from tax duties and other surcharges amounting to 470 k.

In 2017, the item "Impairment" includes an amount of amounts of € 2, k for the Group that relates to the impairment of wind farms licenses (See Note 7). Additionally, in 2017, the item "Impairment" includes amounts of € 6,560 k and € 1,263 k regarding the Company that relate to the impairment of its participation in the subsidiary VALE PLUS LTD and the impairment of its participation in the affiliated company EN. ER.MEL SA respectively (see Note 10 and 11).

(Amounts in thousands Euro, unless otherwise mentioned)

36. FINANCIAL INCOME/(EXPENSES)

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

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Interest on Long-term Loans	(43.378)	(39.115)	(12.193)	(11.758)
Interest on Short-term Loans	(1.455)	(1.497)	(183)	(196)
Interest from grants to be returned	(27)	(27)	-	-
Finance cost due to tax equity investors (Note 25)	(12.627)	(2.796)	-	-
Bank expenses and other expenses	(4.873)	(6.359)	(1.321)	(2.285)
Financial Expenses	**(62.360)**	**(49.794)**	**(13.697)**	**(14.239)**
Interest from sight deposits	299	799	18	6
Interest from time deposits	613	378	613	378
Other Financial income	4.241	1.392	4.490	4.682
Financial Income	**5.153**	**2.569**	**5.121**	**5.066**
Net Financial Results	**(57.207)**	**(47.225)**	**(9.173)**	**(6.501)**

37. PAYROLL COST

Employee remuneration and the average headcount are analyzed as follows:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Wages and Related benefits of day-waged workers	580	324	566	517
Wages and Related benefits of regular staff	5.662	4.725	3.869	3.226
Social Security Contributions	1.484	1.100	1.319	1.007
Provision for employee compensation	144	68	135	51
Total	**7.870**	**6.217**	**5.889**	**4.801**
Average Headcount				
Day-waged workers	43	40	32	34
Regular staff	214	209	98	101

(Amounts in thousands Euro, unless otherwise mentioned)

38. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2018 and 01/01-31/12/2017, as well as the balances of receivables and liabilities arising From the above transactions as of 31/12/2018 and 31/12/2017 are as follows:

Period 1/1-31/12/2018	**GROUP**				**COMPANY**			
Related party	**Sales**	**Acquisitions**	**Debit balances**	**Credit balances**	**Sales**	**Acquisitions**	**Debit balances**	**Credit balances**
Subsidiaries	-	-	-	-	59.763	9.867	149.589	124.941
Parent	21	269	-	13.096	21	269	-	13.096
Other related parties	1.706	2.744	6.166	1.931	360	1.142	5.584	1.349
Key executives	-	1.678	-	331	-	1.190	-	91

Period 1/1-31/12/2017	**GROUP**				**COMPANY**			
Related party	**Sales**	**Acquisitions**	**Debit balances**	**Credit balances**	**Sales**	**Acquisitions**	**Debit balances**	**Credit balances**
Subsidiaries	-	-	-	-	37.919	6.878	111.482	112.903
Parent	56	276	2.673	-	56	276	2.673	-
Other related parties	34.251	2.569	14.563	1.743	30.888	1.171	13.824	1.549
Key executives	-	1.020	-	529	-	507	-	12

Remuneration of Board of Directors members and senior executives of the Company: The remuneration of Board of Directors members and senior executives of the Group and Company, recognized on 31 December 2018 and 2017 is analyzed as follows:

	GROUP		**COMPANY**	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Board of Directors remuneration	487	94	487	-
Remuneration of executives included in the executive Board members	1.191	926	703	507
	1.678	**1.020**	**1.190**	**507**

39. RISK MANAGEMENT POLICIES AND PROCEDURES

The Company is exposed to multiple financial risks such as market risk (fluctuations in exchange rates, interest rates, market prices, etc.), credit risk and liquidity risk. The Group is further espoused to risks related to political and economic conditions as well as those prevailing at the energy market and the developments taking place in Greece. Other risks also pertain to changes in legislation or regulations as well as frequent changes to the tax system in Greece. The risk management plan of the Group aims to eliminate the negative effect of these risks on financial results of the Group arising from inability to make projections regarding financial markets and variables in respect of costs and sales.

The Group’s financial services are in charge of risk management policy. The procedure followed is described below as follows:

- Evaluating the risks related to the Group’s activities and operations,
- Scheduling methodology and selecting the necessary financial products for the reduction of risk and

(Amounts in thousands Euro, unless otherwise mentioned)

• Implementing risk management procedures in accordance with the approved risk management procedures.

The Group's financial instruments mainly include bank deposits, overdraft rights in banks, short-term highly liquid financial instruments traded on financial market, commercial debtors and creditors, loans to and from subsidiaries, affiliates, joint ventures, equity investments, dividends payable and lease obligations.

FOREIGN EXCHANGE RISK

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

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

The Group's effective foreign operations are related to electric energy generation and trade.
Projects in countries like Bulgaria, contractual receivables and liabilities are either expressed in euro or in local currency (which is linked to euro) and, hence, exposure to foreign exchange risk is limited.

However, development of energy projects and trading of electricity in other countries such as Poland, the USA, Serbia and North Macedonia, where the local currency varies in relation to euro, may lead to exchange differences and exposure to foreign exchange risk arising from a change in USD, Polish zloty (PLN), RSD and MYD (North Macedonia) versus euro. The Group uses physical methods to hedge foreign exchange risk in the countries where it operates through borrowing in part in the local currency, thus hedging foreign exchange risk from its receivables.

	2018			
Nominal amounts	**USD**	**MKD**	**RSD**	**PLN**
Current Financial assets	49.641	3.966	5.589	12.696
Current Financial liabilities	(36.990)	(3.387)	(4.201)	(20.400)
Total	**12.652**	**579**	**1.387**	**(7.704)**
Non-current Financial assets	29.980	-	10	2
Non-current Financial liabilities	(421.729)	-	-	(57.666)
Total	**(391.749)**	**-**	**10**	**(57.663)**

	2017			
Nominal amounts	**USD**	**MKD**	**RSD**	**PLN**
Current Financial assets	27.122	998	1.812	15.977
Current Financial liabilities	(38.392)	(650)	(760)	(22.943)
Total	**(11.270)**	**348**	**1.052**	**(6.966)**
Non-current Financial assets	23.430	-	10	3
Non-current Financial liabilities	(324.415)	(94)	-	(60.821)
Total	**(300.984)**	**(94)**	**10**	**(60.818)**

(Amounts in thousands Euro, unless otherwise mentioned)

The following table presents FX sensitivity analysis regarding the income statement and equity at the exchange rate fluctuations through their effect on monetary assets and liabilities. We checked the aforementioned sensitivity by taking into consideration a change in FX rates by +/- 10%.

	2018							
	USD		MKD		RSD		PLN	
Nominal amounts	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**
Effect on Net profit before tax	256	(256)	-	-	-	-	15	(15)
Effect on Other comprehensive income	(37.910)	37.910	58	(58)	140	(140)	(6.464)	6.464

	2017							
	USD		MKD		RSD		PLN	
Nominal amounts	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**
Effect on Net profit before tax	232	(232)	-	-	-	-	71	(71)
Effect on Other comprehensive income	(31.223)	31.223	25	(25)	106	(106)	(6.778)	6.778

To manage this risk category, the Management and financial management department of the Group ensure that receivables (revenue) and liabilities (expenses) are expressed, as much as possible, in euro or currencies that have a fixed exchange rate with euro or in the same currency in order to facilitate comparability.

INTEREST RISK SENSITIVITY ANALYSIS

The Group’s policy is to minimize its exposure to cash flow interest rate risk with regards to its long-term financing. In this context, long-term loans received by the Group either bear a fixed interest rate or are hedged for almost the entire duration. Thus, 39,8% of the Group's long-term borrowing refers to fixed interest rate loans, 23,5% refers to floating-rate loans that have been hedged through derivatives with which future fixed rate payments are exchanged against floating rate collections, while 36,7 % in floating rate loans on a case by case basis euribor or wibor (Note 20 & 21).

In contrast, short-term borrowings of the Group are on a floating rate (Note 28). It is noted that the Group's policy is to convert short-term borrowing to long-term when the Wind Farm whose construction is financed is completed. The balance of the Group's short-term borrowings at 31/12/2018 amounts to € 43.989 k.

The table, presented below, records sensitivity of earnings for the year versus the Group's short-term borrowing and deposits, at a change in the interest rate of + 20% -20% (2017: +/- 20% just as well). Changes in interest rate are estimated to fluctuate on a reasonable basis in relation to the recent market conditions and till currently, they have been stable compared to the previous year.

	2018		2017	
Amounts in thousand €	**20%**	**(20%)**	**20%**	**(20%)**
Earnings for FY after tax – Group	(119)	119	(109)	109
Earnings for FY after tax – Company	(70)	70	(71)	71

The Group is not exposed to other interest rate risk.

MARKET RISK ANALYSIS

In respect of its financial assets, the Group is not exposed to market risk.

ANALYSIS OF CREDIT RISK

Credit risk is the risk when the counterparty in a financial instrument will cause damage to the other party by failing to pay the relevant obligation.

The Group examines its receivables on an on-going basis and incorporates the arising data in its credit control.

The total of the energy segment receivables relates to the broader domestic (including LAGIE and DEDDIE) and foreign Public Sector, while the same is effective regarding the main part the receivables of the construction industry.

Given the nature of its operations, the Group is not exposed to significant credit risk from trade receivables except delays in collections from LAGIE, which can be significantly reduced following the application of Law 4254/14.

The credit-transaction risk for cash and other receivables is low, since the parties to transaction are banks of high-quality capital structure, the State or the entities of the broader Public Sector or strong business groups.

The Group Management estimates that all the aforementioned financial assets, for which the necessary depreciations have been made, are of high credit quality.

The amounts representing the maximum exposure risk at the end of the current and the comparative period are the current value of those items in the respective periods. The Company's maximum credit risk is the occurrence of the counterparty's bankruptcy probability.
As at 31/12/18, there are no guarantees and credit enhancements on to secure the credit risk of the above receivables for both the Company and the Group.

As at 31/12/18, there are no doubtful financial receivables regarding both: the Company and the Group.

LIQUIDITY RISK ANALYSIS

TERNA ENERGY Group manages its liquidity needs by carefully monitoring the debts of long-term financial liabilities as well as payments made daily. Liquidity needs are monitored in different time zones, on a daily and weekly basis, as well as in a rolling 30-day period. Liquidity needs for the next 6 months and the following year are determined on a monthly basis. The Company keeps cash and bank deposits in order to meet liquidity needs for periods of up to 30 days.

The Company keeps cash and cash available at banks to meet liquidity needs for periods of up to 30 days. Funds for medium-term liquidity needs are released from time deposits of the Company.

(Amounts in thousands Euro, unless otherwise mentioned)

Maturity of for TERNA ENERGY Group's financial liabilities as at 31 December 2018 is analyzed as follows:

	31/12/2018		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**>5 years**
Long-term debt	100.041	359.997	308.412
Other financial liabilities	22.287	73.637	64.466
Liabilities from derivatives	-	5.540	3.734
Short-term debt	43.989	-	-
Trade liabilities	35.677	-	-
Other liabilities	49.729	89	-
Total	**251.723**	**439.263**	**376.612**

Respective maturity of the financial liabilities at 31 December 2017 was as follows:

	31/12/2017		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**>5 years**
Long-term debt	97.971	310.763	359.389
Other financial liabilities	25.107	76.298	57.965
Liabilities from derivatives	-	2.006	2.537
Short-term debt	13.837	-	-
Trade liabilities	51.677	-	-
Other liabilities	39.805	169	3.071
Total	**228.397**	**389.236**	**422.962**

The aforementioned contractual maturity dates reflect gross cash flows, which may differ from the book values of liabilities as at the balance sheet date.

PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

Financial assets as well as financial liabilities the end of the reporting period can be classified as follows:

	31/12/2018	**31/12/2017**
Non-current assets:		
Loans and receivables-Other long-term receivables	33.586	24.677
Financial assets available for sale – Other investments	1.823	1.755
	35.409	**26.432**
Current assets:		
Loans and receivables – Trade receivables	77.413	77.584
Loans and receivables – Prepayments and other receivables	73.153	86.337
Cash and cash equivalents	166.359	201.328
	316.925	**365.249**
Total	**352.334**	**391.681**

(Amounts in thousands Euro, unless otherwise mentioned)

	31/12/2018	31/12/2017
Long-term liabilities:		
Liabilities measured at amortized cost – Long-term loans	668.409	670.152
Liabilities measured at amortized cost – Other Financial liabilities	138.103	134.263
Liabilities measured at fair value – Liabilities from derivatives	9.274	4.543
	815.786	**808.958**
Short-term liabilities:		
Liabilities measured at amortized cost – Suppliers	31.731	39.393
Liabilities measured at amortized cost – Short-term loans	43.989	13.837
Liabilities measured at amortized cost –Long-term liabilities carried forward	122.328	123.078
Liabilities measured at amortized cost –Accrued and other short-term liabilities	49.729	36.046
	247.777	**212.354**
Total	**1.063.563**	**1.021.312**

Note 4.11 presents a more detailed description on the way the category of financial instruments affects their subsequent valuation.

LIABILITIES ARISING FROM FINANCING ACTIVITIES

In compliance with the provisions of IAS 7, non-cash changes not obligatory disclosed in Cash Flows, are presented below as follows:

Amounts in thousand €	Long- term loans	Long-term liabilities carried forward	Short-term term loans	Equity instruments having a substance of financial liability	Equity instruments having a substance of financial liability (short-term component)	Total
1 January 2018	**670.152**	**97.971**	**13.837**	**134.263**	**25.107**	**941.330**
Cash Flows:						
- Repayments	-	(100.625)	(2.685)	-	(6.157)	**(106.714)**
- Proceeds	89.519	-	32.558	-	-	**122.077**
Non-cash changes:	(91.263)	102.694	279	3.840	3.337	**18.888**
31 December 2018	**668.409**	**100.041**	**43.989**	**138.103**	**22.287**	**972.829**

Amounts in thousand €	Long- term loans	Long-term liabilities carried forward	Short-term term loans	Equity instruments having a substance of financial liability	Equity instruments having a substance of financial liability (short-term component)	Total
1 January 2017	**567.175**	**95.285**	**5.396**	**44.567**	**3.987**	**716.410**
Cash Flows:						
- Repayments	-	(99.573)	(145.057)	-	(4.598)	**(249.229)**
- Proceeds	212.994	-	153.307	127.882	-	**494.183**
Non-cash changes:	(110.017)	102.260	192	(38.187)	25.718	**(20.035)**
31 December 2017	**670.152**	**97.971**	**13.837**	**134.263**	**25.107**	**941.330**

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

Financial derivatives held by the Group in its trade portfolio constitute the only financial instruments that at 31/12/2018 are measured at fair value. Other comprehensive income recognized directly in equity for FY 2018 includes loss amounting to € 2.300 k, which is recorded in cash flow hedge reserves.

The Group has adopted the revision of IFRS 7 regarding the fair value hierarchy at the following levels:

- Level 1: Quoted prices in active markets

(Amounts in thousands Euro, unless otherwise mentioned)

- Level 2: Inputs from valuation models based on observable market data
- Level 3: Inputs from valuation models not based on observable market data.

The Group's financial derivatives are classified into Level 2 and 3.

Level 2 financial derivatives pertain to forward rate swaps and contracts for the exchange of revenue from the sale of electricity, while Level 3 financial derivatives pertain to collar, swaption and futures contracts for sale of electricity (physical). In order to define the fair value, the Group applies appropriate valuation methods depending on the category of the financial instrument. As far as forward rate swaps contracts are concerned, fair value is measured by means of referring to market interest rate curves, through valuations conducted by credit institutions and in conjunction with an internal valuation using interest rate curves. Regarding other derivatives, their fair value is determined using future market prices and discounting their estimated future value at present value.

Financial assets measured at fair value are analyzed as at 31/12/2018 at the abovementioned hierarchy levels as follows:

Amounts in thousand €				
Financial asset	**Hierarchy level**	**Fair value of asset/(liability)**	**Change in Net profit/(losses)**	**Change in Other comprehensive income /(losses)**
Receivables from cash flow hedging derivatives and other derivatives	2	625	-	289
Receivables from cash flow hedging derivatives and other derivatives	3	3.304	2.239	(52)
Liabilities from cash flow hedging derivatives and other derivatives	2	(5.825)	(512)	(754)
Liabilities from cash flow hedging derivatives and other derivatives	3	(3.449)	(1.151)	(2.188)

Financial assets measured at fair value are analyzed as at 31/12/2017 at the abovementioned hierarchy levels as follows:

Amounts in thousand €

Χρηματοοικονομικό στοιχείο	**Hierarchy level**	**Fair value of asset/(liability)**	**Change in Net profit/(losses)**	**Change in Other comprehensive income /(losses)**
Receivables from cash flow hedging derivatives and other derivatives	2	312	-	44
Receivables from cash flow hedging derivatives and other derivatives	3	998	12	
Liabilities from cash flow hedging derivatives and other derivatives	2	(4.543)	-	1.652

(Amounts in thousands Euro, unless otherwise mentioned)

Amounts in thousand €	31/12/2018		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**
Opening balance	**-**	**4.231**	**(998)**
Effect from cash flow hedging derivatives and other derivatives			
- Effect on the income statement from valuation of derivatives	-	512	(1.088)
- Effect on other comprehensive income from valuation of derivatives	-	465	2.240
- Foreign exchange differences	-	(8)	(8)
Closing balance	**-**	**5.200**	**146**

Amounts in thousand €	31/12/2017		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**
Opening balance	**-**	**5.887**	**(1.124)**
Effect from cash flow hedging derivatives and other derivatives			
- Effect on the income statement from valuation of derivatives	-	-	(12)
- Effect on other comprehensive income from valuation of derivatives	-	(1.696)	-
- Foreign exchange differences	-	40	138
Closing balance	**-**	**4.231**	**(998)**

40. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The objectives of the Group regarding capital management are as follows:

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

The Group defines the level of capital in proportion to the risk pertaining to its operations. The Group monitors the developments taking place in the economic environment and their effect on the risk characteristics, and manages its capital structure (debt to capital ratio) through adjustment of the amount and maturity of debt, issue of new shares or return of capital to shareholders, through adjustment of dividends and disposal of individual assets or groups of assets.

The Group finances the construction of Wind Farms and other projects through a combination of capital, bank borrowings and government grants. Therefore, the Group monitors Bank Debt to Total Employed Capital ratio. Total Employed Capital is defined as total equity, bank borrowings, titles issued in the context of the tax equity investment (Note 25), whose repayment follows repayment of the primary debt of the respective Wind Farms and is performed only to the extent the required performance is achieved from their operation, and government grants less the amount of cash not to be restricted or suspended for any reason.

(Amounts in thousands Euro, unless otherwise mentioned)

At closing FY 2018 and 2017, the ratio in question was as follows:

Amounts in € thousand	31/12/2018	31/12/2017
Bank borrowings	812.439	781.960
Total equity	391.133	378.749
Bank borrowings	812.439	781.960
Financial liabilities from secondary titles	160.390	159.370
Grants	141.336	143.294
Less:		
Cash	166.359	201.328
Restricted deposits	42.874	41.353
Grants to be rebated	(3.024)	(24.594)
Cash and deposits	206.209	218.087
Capital	**1.299.089**	**1.245.286**
Bank debt / Total employed capital	**63%**	**63%**

The Group has settled all its material contractual obligations arising from loan agreements.

41. EFFECTIVE LIENS

In order to cover financing needs regarding new projects, the Company and the Group issue notional collateral on its current assets as well as liens (usually in the form of mortgages) on its non-current assets as guarantees to the creditors.

42. SIGNIFICANT EVENTS DURING THE PERIOD

During 2018 the following significant events occurred:

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

- 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.
- 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).
- 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.

B. 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.

C. 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 ENERGIAKI 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 10th month following the entry into force of the contract.

D. 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.

E. 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.

F. On 06.14.2018 the contract of a bond loan was signed between the "ENERGEIKI TERNA SA" and "PERIVALLONTIIKI PELOPONNISOU MAE" bond loan amounting to 13,5 mil. Euro. Due to delays resulting from the signing on 14/06/2018 of the Partnership Agreement between the Region of Peloponnese and the subsidiary "ENVIRONMENTAL PELOPONNESE MAE", the consumption of the financing received by this company from "TERNA ENERGY SA" has been transferred to a later date . Immediate completion of the legal procedures is expected, for the compulsory expropriation of real estate by the Peloponnese Region in order for the company to legally settle in the expropriated areas in order for the Partnership Contract to enter into force.

43. SIGNIFICANT EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No other events that could significantly affect the financial position and the course of the Group's development have taken place from 1/1/2019 to the current financial statements preparation date.

44. CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

TERNA ENERGY S.A.

- Legal action was taken against Terna Energy S.A. by the residents of the Municipality of Sitia, Lassithi, Crete regarding a total amount of € 2.523 k. for tort law property and moral damage due to the Company's acquisition of a license for a locally established Wind Farm electricity production. According to the Company's legal consultants, the lawsuit will not be settled successfully for the claimant.

(Amounts in thousands Euro, unless otherwise mentioned)

- Legal action was taken against Terna Energy S.A., of Terna S.A., and the joint venture under the title Euro Ionia Joint Venture by the Company FERROVIAL AGROMAN S.A.. The claim totals € 1.241 k as compensation for moral damage. In compliance with the estimates of the Company's legal consultants, an amount of € 100 k. has been recognized as a provision in the Company's books and records in the item "Other provisions".

PERIVALLONTIKI PELOPONNISOU S.A.

Pecuniary claim for moral damage was filed by Argyrios Besos, Margarita Emmanuel Vrentzou, Vasiliki Panayiotis Mousse and Iraklis Besos against the company PERIVALLONTIKI PELOPONNISOU S.A. at the First Instance Court of Tripoli. Damage demanded by every aforementioned claimant amounts to € 50 k. The case hearing is yet to be defined. According to the Company's legal consultants, the lawsuit will not be settled successfully for the claimants.

Contingent Assets

TERNA ENERGIAKI AI GIORGIS S.A.

Lawsuit was filed against Panama domiciled company SILVER SUN SHIPPING S.A., which also operates office premises in Greece, regarding tort law payment of € 18.514 k in compensation of loss and adverse effect of profits suffered by the Company due to damage. On 13/3/2018, decision No. 1291/2018 was issued justifying a part of the lawsuit, and the Company is to receive an amount of € 12.034 from the beginning of 2017. Since the aforementioned decision established that the Company was co-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, settled for hearing on 15/11/2018. On the same date, the appeal, made by the opponent against the decision No. 1291/2018 was also to be heard. According to the Company's legal consultants, the appeal filed by the Company is expected to be accepted, though the appeal made by the opponent is expected to be rejected. At the same time, the Company has filed a lawsuit against the insurance company under the title UK PROTECTION & INDEMNITY CLUB (UK P & I CLUB), requesting the defendant insurance company to pay to its member Company under the title SILVER SUN SHIPPING SA an amount of € 18.514 k. The lawsuit was heard on 19/10/2017 and the decision No. 1394/2018 was issued rejecting the lawsuit. The Company's legal consultants are examining the actions in respect of potential appeal.

Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officers Operation	Finance	The Head of Accountant
George Peristeris ID No. AB 560298	Emmanuel Maragoudakis ID No. AB 986527	Emmanouel Fafalios ID No. AK 082011	Aristotelis Spiliotis ID No. AK 127469	Artan Tzanari ID No. AM 587311 License Reg. No A' CLASS O64937