



**Société Anonyme Commercial Technical Company**  
**85 Mesogeion Ave., 115 26 Athens**  
**Reg.No. 318/06/B/86/28**  
**General Trade Register No. 312701000**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SEPARATE AND CONSOLIDATED OF 30 SEPTEMBER 2013**

**(January 1<sup>st</sup> to September 30<sup>th</sup> 2013)**

**In accordance with International Accounting Standard 34**

## TERNA ENERGY GROUP

Interim Financial Statements of 30 September 2013

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

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**TERNA ENERGY GROUP**

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

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**INTERIM CONDENSED FINANCIAL STATEMENTS  
SEPARATE AND CONSOLIDATED OF 30 SEPTEMBER****(1 JANUARY - 30 SEPTEMBER 2013)****IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The accompanying Interim Financial Statements were approved by the Board of Directors of TERNA ENERGY SA on 29.11.2013 and have been published by being posted on the internet at the website [www.terna-energy.com](http://www.terna-energy.com), as well as the Athens Exchange website, in which they remain at the disposal of the investment community for at least 5 years since their publication. It is noted that the published in the press Condensed Data and Information derived from the interim condensed financial statements, aim at providing the reader with certain general information on the financial position and results of the company and Group, but do not provide a full picture of the financial position, financial performance and cash flows of the company and Group in accordance with IFRS.

**TERNA ENERGY GROUP**

Interim Financial Statements of 30 September 2013

*(Amounts in thousand Euro, unless stated otherwise)***TERNA ENERGY GROUP  
STATEMENT OF FINANCIAL POSITION  
30 SEPTEMBER 2013**

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

	Note	<b>GROUP</b>		<b>COMPANY</b>	
		<b>30-Sept 2013</b>	<b>31-Dec 2012</b>	<b>30-Sept 2013</b>	<b>31-Dec 2012</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	6	29,191	29,589	1,468	1,530
Tangible assets	6	758,988	769,424	124,676	130,263
Investment property		923	923	923	923
Participation in subsidiaries		-	-	204,253	212,794
Participations in associates		5,541	5,391	5,401	5,341
Participation in joint-ventures		-	-	279	285
Other long-term receivables		27,322	9,585	54,924	69,808
Other investments		1,325	131	131	131
Deferred tax assets		2,371	2,218	-	210
<b>Total non-current assets</b>		<b>825,661</b>	<b>817,261</b>	<b>392,055</b>	<b>421,285</b>
<b>Current assets</b>					
Inventories		3,728	3,303	3,360	2,959
Trade receivables		54,645	47,548	29,497	31,955
Receivables according to IAS 11		10,275	9,257	18,710	10,414
Prepayments and other receivables		114,552	176,792	23,462	27,669
Income tax receivables		1,193	114	1,005	33
Cash and equivalents		94,923	126,778	23,848	27,556
<b>Total current assets</b>		<b>279,316</b>	<b>363,792</b>	<b>99,882</b>	<b>100,586</b>
<b>TOTAL ASSETS</b>		<b>1,104,977</b>	<b>1,181,053</b>	<b>491,937</b>	<b>521,871</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital	7	32,794	32,796	32,794	32,796
Share premium	7	238,413	261,067	238,726	261,204
Reserves		27,764	19,371	26,063	21,855
Retained earnings		54,900	47,491	38,160	35,736
<b>Total</b>		<b>353,871</b>	<b>360,725</b>	<b>335,743</b>	<b>351,591</b>
Non-controlling interests		2,623	2,329	-	-
<b>Total equity</b>		<b>356,494</b>	<b>363,054</b>	<b>335,743</b>	<b>351,591</b>
<b>Long-term liabilities</b>					
Long-term loans	8	309,392	292,582	54,179	61,934
Other financial liabilities		35,274	35,899	-	-
Liabilities from derivatives	9	2,138	3,418	440	539
Other provisions	10	4,369	3,979	856	856

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Interim Financial Statements of 30 September 2013

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

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Provision for staff indemnities	10	268	349	254	335
Grants	11	281,897	288,885	48,535	49,494
Deferred tax liabilities		4,422	2,554	448	-
Other long-term liabilities		148	1,964	-	-
<b>Total long-term liabilities</b>		<b>637,908</b>	<b>629,630</b>	<b>104,712</b>	<b>113,158</b>
<b>Short-term liabilities</b>					
Suppliers		15,688	27,596	13,292	21,101
Short-term loans	8	39,718	100,355	2,305	-
Long-term liabilities falling due in the next period	8	33,515	29,528	9,864	9,152
Long-term financial liabilities falling due in the next period		2,534	13,795	-	-
Liabilities according to IAS 11		4,215	3,324	5,564	5,251
Accrued and other short-term liabilities		13,091	12,387	20,457	21,618
Income tax payable		1,814	1,384	-	-
<b>Total short-term liabilities</b>		<b>110,575</b>	<b>188,369</b>	<b>51,482</b>	<b>57,122</b>
<b>Total liabilities</b>		<b>748,483</b>	<b>817,999</b>	<b>156,194</b>	<b>170,280</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,104,977</b>	<b>1,181,053</b>	<b>491,937</b>	<b>521,871</b>

The accompanying notes form an integral part of the financial statements

**TERNA ENERGY GROUP**

Interim Financial Statements of 30 September 2013

(Amounts in thousand Euro, unless stated otherwise)

**TERNA ENERGY GROUP**

**STATEMENT OF COMPREHENSIVE INCOME**

**30 SEPTEMBER 2013**

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

	Note	GROUP				COMPANY			
		1.1 – 30.9	1.7 – 30.9	1.1 – 30.9	1.7 – 30.9	1.1 – 30.9	1.7 – 30.9	1.1 – 30.9	1.7 – 30.9
		2013	2013	2012	2012	2013	2013	2012	2012
<b>Continued activities</b>									
Turnover		102,552	35,063	88,442	33,230	53,245	17,445	54,981	22,895
Cost of sales		(61,109)	(20,848)	(55,316)	(23,167)	(40,059)	(14,361)	(42,556)	(18,695)
<b>Gross profit</b>		<b>41,443</b>	<b>14,215</b>	<b>33,126</b>	<b>10,063</b>	<b>13,186</b>	<b>3,084</b>	<b>12,425</b>	<b>4,200</b>
Administrative & distribution expenses		(9,682)	(2,668)	(8,817)	(2,379)	(5,423)	(1,675)	(4,990)	(1,357)
Research & development expenses		(1,947)	(1,012)	(1,648)	(389)	(1,882)	(995)	(1,543)	(379)
Other income/(expenses)	12	(82)	(600)	4,871	2,088	(452)	(211)	796	(148)
<b>Operating results</b>		<b>29,732</b>	<b>9,935</b>	<b>27,532</b>	<b>9,383</b>	<b>5,429</b>	<b>203</b>	<b>6,688</b>	<b>2,316</b>
Financial income/(expenses)		(15,374)	(5,043)	(10,929)	(4,250)	(1,692)	(693)	(1,643)	(573)
<b>EARNINGS BEFORE TAX</b>		<b>14,358</b>	<b>4,892</b>	<b>16,603</b>	<b>5,133</b>	<b>3,737</b>	<b>(490)</b>	<b>5,045</b>	<b>1,743</b>
Income tax expense		(4,467)	(323)	(4,072)	(826)	(1,012)	284	(1,124)	(271)
<b>Net earnings from continued activities</b>		<b>9,891</b>	<b>4,569</b>	<b>12,531</b>	<b>4,307</b>	<b>2,725</b>	<b>(206)</b>	<b>3,921</b>	<b>1,472</b>
<b>NET EARNINGS FOR THE PERIOD</b>		<b>9,891</b>	<b>4,569</b>	<b>12,531</b>	<b>4,307</b>	<b>2,725</b>	<b>(206)</b>	<b>3,921</b>	<b>1,472</b>
<b>Other income recognized directly in Equity from:</b>									
Foreign exchange differences from incorporation of foreign units		(371)	350	511	(612)	-	-	-	-
Income/Expenses from hedging of cash flow risk		2,778	(33)	(5,969)	(815)	98	(43)	(424)	1,150
Expenses of capital increase		(299)	(16)	(80)	-	(123)	(15)	(75)	-

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

Income tax recognized directly in Equity	<u>83</u>	<u>31</u>	<u>258</u>	<u>(72)</u>	<u>135</u>	<u>(5)</u>	<u>100</u>	<u>(230)</u>
<b>Other income for the period net of income tax</b>	<u><b>2,191</b></u>	<u><b>332</b></u>	<u><b>(5,280)</b></u>	<u><b>(1,499)</b></u>	<u><b>110</b></u>	<u><b>(63)</b></u>	<u><b>(399)</b></u>	<u><b>920</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>12,082</b></u>	<u><b>4,901</b></u>	<u><b>7,251</b></u>	<u><b>2,808</b></u>	<u><b>2,835</b></u>	<u><b>(269)</b></u>	<u><b>3,522</b></u>	<u><b>2,392</b></u>
<b>Net earnings attributed to:</b>								
Shareholders of the parent from continued activities	9,648	4,578	12,346	4,426				
Non-controlling interests from continued activities	<u>243</u>	<u>(9)</u>	<u>185</u>	<u>(119)</u>				
	<u><b>9,891</b></u>	<u><b>4,569</b></u>	<u><b>12,531</b></u>	<u><b>4,307</b></u>				
<b>Total income attributed to:</b>								
Shareholders of the parent from continued activities	11,839	4,910	7,066	2,927				
Non-controlling interests from continued activities	<u>243</u>	<u>(9)</u>	<u>185</u>	<u>(119)</u>				
	<u><b>12,082</b></u>	<u><b>4,901</b></u>	<u><b>7,251</b></u>	<u><b>2,808</b></u>				
<b>Earnings per share (in Euro)</b>								
From continued activities attributed to shareholders of the parent	0.0876	0.0420	0.1091	0.0392				
<b>Average weighted number of shares</b>								
Basic	<u>110,090,376</u>	<u>108,891,940</u>	<u>113,139,757</u>	<u>112,736,027</u>				

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Interim Financial Statements of 30 September 2013  
*(Amounts in thousand Euro, unless stated otherwise)*

**TERNA ENERGY GROUP**  
**STATEMENT OF CASH FLOWS**  
**30 SEPTEMBER 2013**

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.1 – 30.9</b>	<b>1.1 – 30.9</b>	<b>1.1 – 30.9</b>	<b>1.1 – 30.9</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Cash flow from operating activities</b>				
Earnings for the period before tax	14,358	16,603	3,737	5,045
Adjustments for the agreement of net flows from operating activities				
Depreciation	27,646	16,868	6,225	6,130
Provisions	(81)	45	(81)	45
Interest and related income	(3,268)	(2,909)	(3,046)	(3,576)
Interest and other financial expenses	18,642	13,838	4,738	5,219
Amortization of grants	(5,522)	(3,532)	(959)	(981)
Foreign exchange differences	1,003	-	-	-
Other adjustments	-	(378)	-	-
<b>Operating profit before working capital changes</b>	<b>52,778</b>	<b>40,535</b>	<b>10,614</b>	<b>11,882</b>
<b>(Increase)/Decrease in:</b>				
Inventories	(424)	51	(401)	61
Trade receivables	(7,097)	(18,324)	(5,839)	3,313
Prepayments and other short term receivables	(6,844)	7,381	330	41
<b>Increase/(Decrease) in:</b>				
Suppliers	(8,992)	(8,823)	(7,809)	(7,987)
Accruals and other short term liabilities	704	1,853	(2,849)	(4,786)
Other long-term receivables and liabilities	(2,421)	38	6	40
Income tax payment	(3,271)	(2,570)	(1,191)	(748)
<b>Net cash inflow from operating activities</b>	<b>24,433</b>	<b>20,141</b>	<b>(7,139)</b>	<b>1,816</b>
<b>Cash flow from investment activities:</b>				
Purchases/sales of tangible and intangible fixed assets	(21,078)	(180,793)	(576)	(3,972)
Receipt of grants	63,063	13,336	4,979	7,666
Interest and related income received	3,914	2,768	1,944	2,467
(Purchases) / sales of participations and securities	(150)	-	8,481	(35,874)
Net change in provided loans	(19,458)	(1,158)	14,878	(28,241)
<b>Cash outflows for investment activities</b>	<b>26,291</b>	<b>(165,847)</b>	<b>29,706</b>	<b>(57,954)</b>
<b>Cash flows from financing activities</b>				
Return of share capital	(7,955)	(2,864)	(7,955)	(2,864)
Purchase of Treasury Shares	(8,844)	(1,950)	(8,844)	(1,950)
Net change of long term loans	18,697	165,409	(7,712)	1,772
Net change of short term loans	(55,812)	(23,597)	2,173	-
Dividends paid	-	(7,222)	-	(6,680)
Interest paid	(16,179)	(13,780)	(3,937)	(3,486)
Change in financial liabilities	(12,212)	-	-	-



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Interim Financial Statements of 30 September 2013

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

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<b>Cash outflows for financing activities</b>	<b>(82,305)</b>	<b>115,996</b>	<b>(26,275)</b>	<b>(13,208)</b>
Effect of exchange rate changes on cash & cash equivalents	(274)	208	-	-
<b>Net increase/decrease in cash</b>	<b>(31,855)</b>	<b>(29,502)</b>	<b>(3,708)</b>	<b>(69,346)</b>
<b>Cash &amp; cash equivalents at the beginning of the period</b>	<b>126,778</b>	<b>167,792</b>	<b>27,556</b>	<b>121,798</b>
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>94,923</b>	<b>138,290</b>	<b>23,848</b>	<b>52,452</b>

**TERNA ENERGY GROUP**

Interim Financial Statements of 30 September 2013

*(Amounts in thousand Euro, unless stated otherwise)***TERNA ENERGY S.A.****STATEMENT OF CHANGES IN EQUITY****30 SEPTEMBER 2013**

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

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>1 January 2012</b>	<b>32,800</b>	<b>282,006</b>	<b>4,048</b>	<b>42,267</b>	<b>361,121</b>
Total comprehensive income for the period	-	(75)	(324)	3,921	<b>3,522</b>
Capitalization of Reserves	6,768	(6,768)	-	-	-
Return of Share Capital	(5,206)	-	-	-	<b>(5,206)</b>
Cancellation of Treasury Shares	(1,566)	(13,959)	15,524	-	<b>(1)</b>
Dividends	-	-	-	(6,680)	<b>(6,680)</b>
Purchase of Treasury Shares	-	-	(1,950)	-	<b>(1,950)</b>
Transfers other movements	-	-	4,828	(4,828)	-
<b>30 September 2012</b>	<b>32,796</b>	<b>261,204</b>	<b>22,126</b>	<b>34,680</b>	<b>350,806</b>
<b>1 January 2013</b>	<b>32,796</b>	<b>261,204</b>	<b>21,855</b>	<b>35,736</b>	<b>351,591</b>
Total comprehensive income for the period	-	(123)	233	2,725	<b>2,835</b>
Capitalization of Reserves	11,100	(11,100)	-	-	-
Return of Share Capital	(9,839)	-	-	-	<b>(9,839)</b>
Cancellation of Treasury Shares	(1,263)	(11,255)	12,518	-	-
Dividends	-	-	-	-	-
Purchase of Treasury Shares	-	-	(8,844)	-	<b>(8,844)</b>
Transfers other movements	-	-	301	(301)	-
<b>30 September 2013</b>	<b>32,794</b>	<b>238,726</b>	<b>26,063</b>	<b>38,160</b>	<b>335,743</b>

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Interim Financial Statements of 30 September 2013

*(Amounts in thousand Euro, unless stated otherwise)***TERNA ENERGY GROUP  
STATEMENT OF CHANGES IN EQUITY****30 SEPTEMBER 2013**

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

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Subtotal</u>	<u>Non-Controlling Interests</u>	<u>Total</u>
<b>1 January 2012</b>	<b>32,800</b>	<b>281,874</b>	<b>6,001</b>	<b>46,815</b>	<b>367,490</b>	<b>2,119</b>	<b>369,609</b>
Total comprehensive income/(losses) for the period	-	(80)	(5,200)	12,346	7,066	185	7,251
Capitalization of Reserves	6,768	(6,768)	-	-	-	-	-
Return of Share Capital	(5,206)	-	-	-	(5,206)	-	(5,206)
Cancellation of Treasury Shares	(1,566)	(13,958)	15,524	-	-	-	-
Purchase of Treasury Shares	-	-	(1,950)	-	(1,950)	-	(1,950)
Dividends	-	-	-	(6,680)	(6,680)	-	(6,680)
Transfers other movements	-	-	6,400	(6,402)	(2)	(1)	(3)
<b>30 September 2012</b>	<b>32,796</b>	<b>261,068</b>	<b>20,775</b>	<b>46,079</b>	<b>360,718</b>	<b>2,303</b>	<b>363,021</b>
<b>1 January 2013</b>	<b>32,796</b>	<b>261,067</b>	<b>19,371</b>	<b>47,491</b>	<b>360,725</b>	<b>2,329</b>	<b>363,054</b>
Total comprehensive income/(losses) for the period	-	(299)	2,490	9,648	11,839	243	12,082
Issue of share capital	11,100	(11,100)	-	-	-	52	52
Taxation of reserves	-	-	2,229	(2,229)	-	-	-
Return of Share Capital	(9,839)	-	-	-	(9,839)	-	(9,839)
Cancellation of Treasury Shares	(1,263)	(11,255)	12,518	-	-	-	-
Purchase of Treasury Shares	-	-	(8,844)	-	(8,844)	-	(8,844)
Transfers other movements	-	-	-	(10)	(10)	(1)	(11)
<b>30 September 2013</b>	<b>32,794</b>	<b>238,413</b>	<b>27,764</b>	<b>54,900</b>	<b>353,871</b>	<b>2,623</b>	<b>356,494</b>

## **TERNA ENERGY GROUP**

Interim Financial Statements of 30 September 2013

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

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### **1. ESTABLISHMENT & ACTIVITY OF THE COMPANY**

The TERNA ENERGY SA Group of companies (hereinafter the «Group» or «TERNA ENERGY») is a Greek group of companies mainly engaged in the energy and construction sector. The Group's activity in the energy sector is related to the construction and exploitation of renewable energy sources. The Company is also engaged in the research for the operation and construction of projects related to other renewable energy sources (RES).

TERNA ENERGY has a class 6 contractor certificate and its activity in the construction sector relates to the construction of private and public projects as a main contractor or subcontractor or through joint ventures. Based on the Greek legislation in effect, companies who hold a class 6 certificate, undertake public works with an initial contracting price from €5.25 to €44.00 million or up to €60.00 million through joint ventures and private or self-financed independently budgeted, either as main contractors or as sub-contractors or through joint ventures.

TERNA ENERGY is the continuation of the Technical Constructions Company (ETKA SA), which was established in 1949 (Gov. Gaz. 166/21.06.1949), and which during 1999 absorbed TERNA ENERGY SA. The latter had been established in 1997 (Gov.Gaz.6524/11.09.1997), and is based in Athens, 85 Mesogeion Ave.

The Company is listed on the Athens Exchange. The parent company of TERNA ENERGY, which is also listed on Athens Exchange, is GEK TERNA SA.

### **2. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS**

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

The condensed interim financial statements, which consist of the separate and consolidated financial statements of the Parent Company and Group, have been prepared according to the International Financial Reporting Standards (IFRS), as such have been adopted by the European Union and specifically according to the provisions of IAS 34 "Interim Financial Statements". The condensed interim financial statements should be read together with the annual financial statements of 31 December 2012.

#### ***b) Statutory Financial Statements***

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

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

## **TERNA ENERGY GROUP**

Interim Financial Statements of 30 September 2013

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

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

The accounting principles applied for the preparation of the interim financial statements are the same with those applied for the preparation of the annual financial statements of the Company and the Group as of 31 December 2012, apart from the adoption of new accounting standards. The Group has fully adopted all IFRS and interpretations which up to the preparation date of the interim financial statements had been endorsed by the European Union. The application of those standards according to the International Accounting Standards Board (IASB) was compulsory for the financial period ended on 30 September 2013.

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

The following amendments and Interpretations of IFRS were issued by the International Accounting Standards Board (IASB) and their application is mandatory from 01.01.2013 or after. The most important Standards and Interpretations are described as follows:

#### **– Amendments to IAS 1 “Presentation of Financial Statements” – Presentation of items of other comprehensive income**

In June 2011, the IASB issued amendments to IAS 1 “Presentation of Financial Statements”. These amendments refer to the manner in which items of other comprehensive income are presented. The amendments have no effect on the consolidated Financial Statements.

#### **– IFRS 13 “Fair Value Measurement”**

In May 2011 the IASB issued IFRS 13 “Fair Value Measurement”. IFRS 13 provides the definition of fair value and presents in a single standard the context in relation to the definition of fair value and the disclosure requirements for the measurement of fair value. IFRS 13 is applied in the case where other IFRS require or allow the measurement of items at fair value. IFRS 13 does not introduce new requirements in relation to the definition of fair value of an asset or liability. Also, it does not change what other Standards define as regards to which items are measured at fair value and it does not refer to the presentation of fair value changes in the Financial Statements. The standard has no effect on the consolidated Financial Statements.

#### **– Revision of IAS 19 “Employee Benefits”**

In June 2011, the IASB issued the revised standard IAS 19 “Employee Benefits”. This revision aims at improving issues relating to recognition and disclosure requirements on defined benefit plans. The revised standard eliminates the corridor approach and therefore the option to postpone the recognition of actuarial profit or losses while at the same time it requires that adjustments of the net liability (receivable) including actuarial profit and losses that resulted during the reporting period, are recognized in the statement of comprehensive income. Based on the revised standard, the Group/Company revised the comparative period according to the specified transitional provisions of IAS 19 and according to IAS 8 “Accounting policies, changes in accounting estimations and errors”. The revision had no effect on the consolidation Financial Statements.

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### **– IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”**

In October 2011, the IASB issued IFRIC 20. The Interpretation clarifies when the mining production must lead to the recognition of an asset and how the asset must be measured both during initial recognition and in subsequent periods. This Interpretation does not apply to the Group’s activities.

### **– Amendments to IFRS 7 “Disclosures” – Offsetting financial assets and financial liabilities**

In December 2011, the IASB published new requirements for disclosures that allow users of Financial Statements to perform better comparisons between financial statements that are published based on IFRS and those that are published based on the US GAAP. The amendments had no effect on the consolidated Financial Statements.

### **– Amendment to IFRS 1 “First Implementation of International Financial Reporting Standards” – Government loans**

In March 2012, the IASB issued an amendment to IFRS 1 according to which those that adopt IFRS for the first time and have received government loans with a preferential interest rate, have the option not to retrospectively apply IFRS in the presentation of such loans during the transition. The amendment has no effect on the consolidated Financial Statements. The present amendment was endorsed by the European Union in March 2013.

### **– Annual Improvements of Standards Cycle 2009 - 2011**

In May 2012 the IASB proceeded with issuing the “Annual Improvements to the International Financial Reporting Standards Cycle 2009-2011”, which includes a series of adjustments to 5 Standards and is part of the plan for the annual improvements to Standards. The amendments are not particularly important and do not have a substantial effect on the Group’s Financial Statements. The present amendments were endorsed by the European Union in March 2013.

#### ***d) Approval of Financial Statements***

The accompanying interim consolidated financial statements were approved by the Board of Directors of the Parent Company on 29 November 2013.

#### ***e) Use of Estimations***

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3. SUMMARY OF KEY ACCOUNTING PRINCIPLES**

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

#### ***a) Consolidation Basis***

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

The Group's interests in Joint Ventures, in the cases where they are subject to common control, are consolidated in the consolidated financial statements using the equity consolidation method whereby the Group's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is included in the Group's financial statements.



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

### ***b) Investments in Associates***

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

### ***c) Investments and other (non-derivative) financial assets***

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

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

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

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

- (i) Investments available for sale

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

- (ii) Receivables and loans

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

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

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

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(iv) Investments held to maturity

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

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

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

### ***d) Financial Instruments and Risk Management***

Non-derivative financial assets and liabilities in the balance sheet include cash balances, receivables, participations bank loans and other short and long-term liabilities. The Company does not use derivative financial products. The accounting principles for the recognition and measurement of these items are mentioned in the respective accounting principles, which are presented in this Note. Financial instruments are disclosed as receivables, liabilities or equity based on the substance and the contents of the relevant contracts from which they stem. Interest, dividends, gains and losses resulting from the financial instruments that are classified as receivables or liabilities are accounted for as expenses or income respectively. The distribution of dividends to shareholders is accounted for directly through equity. Financial instruments are netted-off when the Company, according to the law, has this legal right and intends to set them off (against each other) on a net basis or to recover the asset and net the liability off at the same time. Financial risk management aims to minimize possible negative effects and specifically:

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

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

- ***Fair Value***

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

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- ***Credit Risk Concentration***

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

Regarding receivables from the private sector, the Group policy is to seek business with customers of satisfactory credit standing while the constant aim is to resolve any resulting differences within an amicable settlement context.

- ***Market Risk***

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

***(e) Operation and Presentation Currency and Foreign Exchange Conversion:***

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

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

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

***f) Intangible Assets***

Intangible assets consist of rights for use of forestry land, where Wind Parks are installed, purchased Wind Park licenses and software acquisition costs. The right of use of forestry land, where Wind Parks are installed, includes the related acquisition costs less accumulated amortization and possible impairment.

The value of software includes the acquisition cost and all expenses incurred to develop the software in order to bring it to operating condition less accumulated amortization and possible impairment. Significant subsequent expenses are capitalized when such increase the software's capacity after initial specifications.

Amortization of licenses and on the rights of use for land where Wind Parks are installed is accounted for, using the straight-line method over the duration of the contractual right for the production of energy (approximately 20 years), beginning from the period when each Wind Park starts operating.

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Amortization of software is accounted for based on the straight-line method over 3 years. The amortization of all the aforementioned items is included in the income statement.

### ***g) Income recognition***

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

#### *(i) Income from construction activities*

The Group and the joint-ventures it participates in recognize income from construction contracts in their accounting books based on amounts invoiced to customers, which result from the relevant partial certifications of work completed that are issued by the responsible engineers and correspond to the work completed up to the closing date. For reasons of compliance with the IFRS income from construction activity is accounted for in the attached consolidated financial statements using the percentage-of-completion method in accordance with the provisions of IAS 11 "Construction Contracts".

According to the percentage-of-completion method the construction costs incurred up to the reporting date are compared to the total estimated cost of the project in order to determine the percentage of the project that has been completed. This percentage is applied to the total revised contract price in order to determine the cumulated income from the project, based on which the invoiced income to date is revised. The cumulated effect of the revisions of the total estimated construction cost and the total contract price are accounted for during the accounting periods in which they arise. In the cases of contracts where it is forecast that the total estimated cost will exceed the total contract price, the entire loss is recognized in the year during which the loss-making events become probable.

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

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

#### *(ii) Sale of goods*

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

#### *(iii) Revenue from the sale of Electric Energy*

Revenue from the sale of Electric Energy is accounted for in the year in which it accrues. Revenue from sales of electric energy to the Operator of Electric Energy (LAGHE) or any other buyer that have not yet been invoiced is recognized as accrued non-invoiced income in the financial statements.

#### *(iv) Rent Revenue*

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

#### *(v) Dividends*

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

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### (vi) Interest

Interest income is recognized on an accruals basis.

### h) Tangible Fixed Assets

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

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

Tangible fixed asset items are eliminated from the balance sheet on disposal or withdrawal or when no further economic benefits are expected from their continued use. Gains or losses resulting from the elimination of an asset from the balance sheet are included in the income statement of the financial year in which the fixed asset in question is eliminated.

Fixed assets under construction include fixed assets that are work in progress and reflect their cost. Fixed assets under construction are not depreciated until the asset is completed and put into operation.

### i) Depreciation

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

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

### j) Impairment of the Value of Fixed Assets

The book values of licenses of Wind Parks that are not yet in operation and of intangible assets with an indefinite life are reviewed for impairment purposes on an annual basis. Other long-term assets are reviewed for impairment purposes when facts or changes in circumstances imply that the book value may not be recoverable. When the book value of an asset exceeds its recoverable amount, the respective impairment loss is registered in the income statement. The recoverable amount is defined as the largest value between the net estimated sales price and the value in use. The net sales value is the plausible income from the sale of an asset in the context of an arm's-length transaction, in which all parties have full knowledge and willingness, after the deduction of each additional direct sales cost for the asset. The acquisition cost consists of the net present value of future estimated cash flows expected to occur from the continuous use of the asset and from the income expected to arise from its sale at the end of its estimated useful economic life. In order to determine the impairment, the asset items are grouped at the lowest level for which cash flows can be recognized separately.

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A reversal of an impairment loss for the value of assets accounted for in previous years, takes place only when there are sufficient indications that such an impairment no longer exists or it has been reduced. In these cases the above reversal is treated as income.

The Management assesses that there is no case of impairment of the Group's fixed assets and thus a calculation of the assets' recoverable amounts has not been made.

### ***k) Investment property***

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

### ***l) Inventories***

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

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

### ***m) Receivables Accounts***

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

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### ***n) Cash and Cash Equivalents***

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

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

### ***o) Loan liabilities***

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

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

The interest on loans is recognized as an expense in the period such arise according to the accrual principle, apart for loan interest that is allocated directly or indirectly to the acquisition or construction of selective tangible assets, which are capitalized during the period that is required to construct the assets and until such are ready for use. The Group classifies loans with embedded derivatives, whose financial characteristics are not linked closely with the loan agreement, as financial liabilities at fair value through the results during their initial recognition.

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

### ***p) Provisions for Staff Retirement Indemnities***

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

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

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

### ***q) Government Pension Plans***

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

### ***r) Income Tax (Current and Deferred)***

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

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

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

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



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Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the financial year when the asset will be realized or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted during the reporting period.

Income tax that relates to items, which have been recognized in other comprehensive income, is directly recorded in other comprehensive income and not in the consolidated income statement.

### ***s) Finance and Operating Leases***

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

### ***t) Government Grants***

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

### ***u) Provisions, Contingent Liabilities and Contingent Receivables***

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

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### ***v) Provision for wind park dismantlement and rehabilitation of environment***

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

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

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

### ***w) Earnings per Share***

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

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

### ***x) Acquisition of non-controlling interests***

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

### ***y) Derivative Financial Instruments and Hedge Accounting***

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

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

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

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Derivatives that constitute hedging instruments are valued at the end of each reporting period.

Derivatives that do not meet the criteria for hedge accounting, profit or losses that arise from changes in fair value of such are recognized in the period's profit or loss.

### *Cash Flow Hedge Accounting*

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

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

## 4. GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 30.09.2013 are as follows:

### A) Subsidiaries of TERNA ENERGY SA

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

The parent company TERNA ENERGY SA has been audited by the tax authorities until the fiscal year 2008 included. During the preparation date of the accompanying interim financial statements, the tax un-audited fiscal years of the Group's companies are as follows:

Participation Percentage				
Company Name	30/9/2013	31/12/2012	Business Activity	Tax un-audited fiscal years
1. IWECO CHONOS LASITHIOU CRETE SA	100%	100%	Production of Electric Energy from RES	3
2. ENERGIAKI SERVOUNIOU SA	100%	100%	Production of Electric Energy from RES	3
3. TERNA ENERGY EVROU SA	100%	100%	Production of Electric Energy from RES	3
4. PPC RENEWABLES – TERNA ENERGY S.A.	51%	51%	Production of Electric Energy from RES	3
5. AIOLIKI PANORAMATOS S.A.	100%	100%	Production of Electric Energy from RES	3

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Participation Percentage				
Company Name	30/9/2013	31/12/2012	Business Activity	Tax un-audited fiscal years
6. AIOLIKI RACHOULAS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	3
7. ENERGEIAKI DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	3
8. AIOLIKI MALEA LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	3
9. ENERGEIAKI FERRON EVROU S.A.	100%	100%	Production of Electric Energy from RES	2
10. AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	100%	100%	Production of Electric Energy from RES	2
11. ENERGEIAKI PELOPONNISOUS S.A.	100%	100%	Production of Electric Energy from RES	3
12. ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	3
13. AIOLIKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	3
14. EUROWIND S.A.	100%	100%	Production of Electric Energy from RES	3
15. ENERGEIAKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	2
16. DELTA AXIOU ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	2
17. TERNA ENERGY THAASSIA WIND PARKS S.A.	77%	77%	Production of Electric Energy from RES	2
18. TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	77%	77%	Production of Electric Energy from RES	3
19. TERNA ENERGY WIND PARKS PYRGAKI MAKRYRACHI KALLIEON S.A.	77%	77%	Production of Electric Energy from RES	3
20. TERNA ENERGY WIND PARKS SOTIRA - ANALIPSI - DRAGONERA XYLOKASTROU S.A.	77%	77%	Production of Electric Energy from RES	3
21. TERNA ENERGY WIND PARKS PROFITIS ILIAS - POULAGEZA SOLYGEIAS S.A.	77%	77%	Production of Electric Energy from RES	3
22. TERNA ENERGY WIND PARKS TSOUMANOLAKKA - PYRGOS KALLIOEN & YPATIS S.A.	77%	77%	Production of Electric Energy from RES	3
23. TERNA ENERGY WIND PARKS DENTROULI MUNICIPALITY DOMNISTAS S.A.	77%	77%	Production of Electric Energy from RES	2
24. TERNA ENERGY WIND PARKS OROPEDIO EYROSTINIS - D. EYROSTINIS CORINTH PREFECTURE S.A.	77%	77%	Production of Electric Energy from RES	2
25. TERNA ENERGY WIND PARKS KALIAKOUDAS - D. POTAMIAS EYRYTANIA S.A.	77%	77%	Production of Electric Energy from RES	2
26. TERNA ENERGY WIND PARKS CHELIDONAS - D. POTAMIAS EYRYTANIAS S.A.	77%	77%	Production of Electric Energy from RES	2
27. TERNA ENERGY HYDROELECTRIC MYIS SARANTAPOROU S.A.	77%	77%	Production of Electric Energy from RES	3
28. TERNA ENERGY HYDROELECTRIC MYIS LEPTOMAKARIAS S.A.	77%	77%	Production of Electric Energy from RES	2
29. TERNA ENERGY HYDROELECTRIC MYIS ARKOUDORREMA S.A.	77%	77%	Production of Electric Energy from RES	2

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Participation Percentage				
Company Name	30/9/2013	31/12/2012	Business Activity	Tax un-audited fiscal years
30. VATHYCHORI PERIVALLONTIKI S.A.	100%	100%	Production of Electric Energy from RES	3
31. VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	100%	Production of Electric Energy from RES	2
32. CHRYSOUPOLI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	2
33. LAGADAS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	2
34. DOMOKOS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	2
35. DIRFYS ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	1
36. FILOTAS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	1
37. MALESINA ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	1
38. ORHOMENOS ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	1
39. ALISTRATI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	1
40. TERNA ENERGY AI-GIORIS S.A.	100%	100%	Production of Electric Energy from RES	1
41. TERNA AIOLIKI AMARYNTHOU S.A.	100%	100%	Production of Electric Energy from RES	1
42. TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	100%	Production of Electric Energy from RES	1
43. TERNA ILIAKI VIOTIAS S.A.	100%	100%	Production of Electric Energy from RES	1
44. VATHYCHORI DYDIO ENERGEIAKI S.A.	100%	100%	Production of Electric Energy from RES	1
45. TERNA AIOLIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	1
46. TERNA ILIAKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	1
47. TERNA ILIAKI PANORAMATOS S.A.	100%	100%	Production of Electric Energy from RES	1
48. AIOLIKI KARYSTIAS EVIAS S.A.	100%	100%	Production of Electric Energy from RES	6
49. GEOTHERMAL ENERGY DEVELOPMENT S.A.	100%	100%	Production of Electric Energy from RES	1
50. TERNA ILIAKI PELOPONNISOU S.A.	100%	-	Production of Electric Energy from RES	1
51. GP ENERGY LTD	100%	100%	Trade of Electric Energy	8
52. EOL TECHNICS CONSULT SRL	100%	100%	Production of Electric Energy from RES	4
53. TERNA ENERGY OVERSEAS LTD	100%	100%	Production of Electric Energy from RES	4
54. EOLOS POLSKA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
55. EOLOS NOWOGRODZEC sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
56. TERNA ENERGY NETHERLANDS BV	100%	100%	Production of Electric Energy from RES	4
57. HAOS INVEST 1 EAD	100%	100%	Production of Electric Energy from RES	2

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Participation Percentage				
Company Name	30/9/2013	31/12/2012	Business Activity	Tax un-audited fiscal years
58. VALE PLUS LTD	100%	100%	Trade of Electric Energy Equipment	3
59. GALLETTE LTD	100%	100%	Holdings	4
60.ECO ENERGY DOBRICH 2 EOOD	100%	100%	Production of Electric Energy from RES	2
61.ECO ENERGY DOBRICH 3 EOOD	100%	100%	Production of Electric Energy from RES	2
62.ECO ENERGY DOBRICH 4 EOOD	100%	100%	Production of Electric Energy from RES	2
63. COLD SPRINGS WINDFARM LLC	100%	100%	Production of Electric Energy from RES	2
64.DESERT MEADOW WINDFARM LLC	100%	100%	Production of Electric Energy from RES	2
65.HAMMETTHILL WINDFARM LLC	100%	100%	Production of Electric Energy from RES	2
66. MAINLINE WINDFARM LLC	100%	100%	Production of Electric Energy from RES	2
67. RYEGRASS WINDFARM. LLC	100%	100%	Production of Electric Energy from RES	2
68. TWO PONDS WINDFARM. LLC	100%	100%	Production of Electric Energy from RES	2
69. MOUNTAIN AIR WIND. LLC	100%	100%	Production of Electric Energy from RES	2
70. TERNA ENERGY USA HOLDING CORPORATION	100%	100%	Holdings	2
71. TERNA ENERGY TRANSATLANTIC sp.z.o.o.	100%	100%	Holdings	2
72. EOLOS NORTH sp.z.o.o.	100%	100%	Production of Electric Energy from RES	1
73. EOLOS EAST sp.z.o.o.	100%	-	Production of Electric Energy from RES	1

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

Participation Percentage				
Company Name	30/9/2013	31/12/2012	Activity	Tax Un-audited Years
1. TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of Electric Energy from RES	6
2. TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of Electric Energy from RES	6
3. TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of Electric Energy from RES	6
4. TERNA ENERGY SA & SIA AIOLIKI PASTRA ATTICA GP	100%	100%	Production of Electric Energy from RES	6
5. TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of Electric Energy from RES	6
6. TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of Electric Energy from RES	6

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Participation Percentage				
Company Name	30/9/2013	31/12/2012	Activity	Tax Un-audited Years
7. TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	100%	100%	Production of Electric Energy from RES	6
8. TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	100%	100%	Production of Electric Energy from RES	6
9. TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	99%	99%	Production of Electric Energy from RES	6
10. TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	100%	100%	Production of Electric Energy from RES	6
11. TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	100%	100%	Production of Electric Energy from RES	6
12. TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	100%	100%	Production of Electric Energy from RES	6
13. TERNA ENERGY SA VECTOR WIND PARKS GREECE - WIND PARK TROULOS G.P.	90%	90%	Production of Electric Energy from RES	2

### B) Joint ventures of TERNA ENERGY SA consolidated with the proportionate method

#### i) Joint Ventures

	Company Name	Participation Percentage 2013 & 2012	Tax un-audited fiscal years
1	J/V ENVAGELISMOU, PROJECT C'	50%	8
2	J/V TERNA ENERGY – TSAMPR. DRAMAS HOSPITAL	40%	8
3	J/V EPL DRAMAS	24%	8
4	J/V K. MANIOTIS - TERNA - TERNA ENERGY	37.5%	8
5	J/V/ EMBEDOS – PANTECHNIKI - TERNA ENERGY	50.1%	4
6	J/V THEMELI - TERNA ENERGY - TERNA SA IMPREGILO SPA	40%	4
7	J/V/ KL. ROUTSIS - TERNA ENERGY ABETE	50%	4

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

Company Name	Establishment	Participation Percentage		Activity	Tax Un-audited Years
		30/9/2013	31/12/2012		
1. TERNA ENERGY SA - M.E.L. MACEDONIAN PAPER COMPANY SA & SIA CO-PRODUCTION GP	12.02.2001	50%	50%	Construction/ Operation of co-production unit of electricity for serving of needs of MEL	5
2. TERNA ENERGY SA & SIA LP	24.05.2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki	5

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The above company No. 1 is currently inactive. The company No. 2 had essentially completed the aforementioned project from 2003.

All aforementioned companies and joint ventures have been established in Greece, except for GP ENERGY LTD and HAOS INVEST 1EAD, ECO ENERGY DOBRICH 2, ECO ENERGY DOBRICH 3 and ECO ENERGY DOBRICH 4 which have been established in Bulgaria, EOL TECHICHS CONSULT SRL established in Romania, TERNA ENERGY OVERSEAS LTD, VALUE PLUS LTD and GALLETTE LTD established in Cyprus, EOLOS POLSKA Spzoo, EOLOS NOWOGRODZEC Spzoo, EOLOS NORTH sp.z.o.o., EOLOS EAST sp.z.o.o. and TERNA ENERGY TRANSATLANTIC Spzoo, which were established in Poland, TERNA ENERGY NETHERLANDS, which was established in Holland, and the companies COLD SPRINGS WINDFARM LLC, DESERT MEADOW WINDFARM LLC, HAMMETT HILL WINDFARM LLC, MAINLINE WINDFARM LLC, RYEGRASS WINDFARM LLC, TWO PONDS WINDFARM LLC, MOUNTAIN AIR WIND LLC, TERNA ENERGY USA HOLDING CORPORATION, which were established in the United States of America.

### C) Associates of TERNA ENERGY SA

Company Name	Domicile	Participation Percentage %		Consolidation Method	Tax un-audited fiscal years
		2013	2012		
Renewable Energy Center RES Cyclades SA *	Greece	45	45	Equity	1
EN.ER.MEL. S.A.	Greece	48	-	Equity	1

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

## 5. OPERATING SEGMENTS

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

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

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



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

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

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

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

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

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Business segments	Construction	Electricity from renewable energy sources	Consolidation Write-offs	Total Consolidated
<b>30.9.2013</b>				
<b>Income from external customers</b>				
Sales of products	-	78,471	-	78,471
Income from construction services	24,081	-	-	24,081
<b>Total income from external customers</b>	<b>24,081</b>	<b>78,471</b>	<b>-</b>	<b>102,552</b>
Inter-segment income	8,578	-	(8,578)	-
<b>Total income</b>	<b>32,659</b>	<b>78,471</b>	<b>(8,578)</b>	<b>102,552</b>
<b>Net Earnings per Segment</b>	<b>(177)</b>	<b>10,068</b>	<b>-</b>	<b>9,891</b>
Depreciations	(75)	(27,571)	-	(27,646)
Amortization of grants	-	5,522	-	5,522
Net financial results	(504)	(14,870)	-	(15,374)
Foreign exchange differences	-	(1,003)	-	(1,003)
Income tax	120	(4,587)	-	(4,467)
<b>Earnings before interest, taxes, depreciation &amp; amortization (EBIDTA)</b>	<b>282</b>	<b>52,577</b>	<b>-</b>	<b>52,859</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>207</b>	<b>30,528</b>	<b>-</b>	<b>30,735</b>
Segment assets	30,770	1,068,666	-	1,099,436
Investments in associates	-	5,541	-	5,541
<b>Total Assets</b>	<b>30,770</b>	<b>1,074,207</b>	<b>-</b>	<b>1,104,977</b>
<b>Segment liabilities</b>	<b>21,881</b>	<b>726,602</b>	<b>-</b>	<b>748,483</b>
Capital expenditure	11	24,592	-	24,603

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Business segments	Construction	Electricity from renewable energy sources	Consolidation Write-offs	Total Consolidated
<b>30.9.2012</b>				
<b>Income from external customers</b>	-	-	-	-
Sales of products	-	55,518	-	55,518
Income from construction services	32,924	-	-	32,924
<b>Total income from external customers</b>	<b>32,924</b>	<b>55,518</b>	-	<b>88,442</b>
Inter-segment income	3,316	-	(3,316)	-
<b>Total income</b>	<b>36,240</b>	<b>55,518</b>	<b>(3,316)</b>	<b>88,442</b>
<b>Net Earnings per Segment</b>	<b>810</b>	<b>11,721</b>	-	<b>12,531</b>
Depreciations	(110)	(16,758)	-	(16,868)
Amortization of grants	-	3,532	-	3,532
Net financial results	(347)	(10,582)	-	(10,929)
Foreign exchange differences	-	386	-	386
Income tax	(423)	(3,649)	-	(4,072)
<b>Earnings before interest, taxes, depreciation &amp; amortization (EBIDTA)</b>	<b>1,690</b>	<b>38,792</b>	-	<b>40,482</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>1,580</b>	<b>25,952</b>	-	<b>27,532</b>
<b>31.12.2012</b>				
Segment assets	25,152	1,150,510	-	1,175,662
Investments in associates	-	5,391	-	5,391
<b>Total Assets</b>	<b>25,152</b>	<b>1,155,901</b>	-	<b>1,181,053</b>
<b>Segment liabilities</b>	<b>25,929</b>	<b>792,070</b>	-	<b>817,999</b>
Capital expenditure	43	216,594	-	216,637

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Geographic segments	Greece	Eastern Europe	America	Total consolidated
<b>30.9.2013</b>				
Turnover from external customers	74,011	13,826	14,715	<b>102,552</b>
Non-current assets	433,162	190,318	192,944	<b>816,424</b>
Capital expenditure	20,852	3,751	-	<b>24,603</b>
<b>30.09.2012</b>				
Turnover from external customers	79,295	9,147		<b>88,442</b>
<b>31.12.2012</b>				
Non-current assets	465,965	137,930	205,626	<b>809,521</b>
Capital expenditure	27,147	33,431	156,059	<b>216,637</b>

### 6. FIXED ASSETS (intangible and tangible)

The summary movement of intangible and tangible fixed assets, is as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
Net book value as at 1 January	<b>799,013</b>	<b>612,522</b>	<b>131,793</b>	<b>135,428</b>
Additions during the period	24,603	180,231	565	3,972
Depreciation and other movements	(27,628)	(21,350)	(6,214)	(6,130)
Foreign Exchange Differences	(7,809)	-	-	-
Net book value as at 30 September	<b>788,179</b>	<b>771,403</b>	<b>126,144</b>	<b>133,270</b>

From the total value of the Group's fixed assets on 30/9/2013, an amount of € 156,116 concerns Assets under Construction and Prepayments for Purchases of Fixed Assets.

### 7. CAPITAL

The Annual General Meeting of Shareholders dated 25 April 2013, decided on the increase of the Company's share capital by the amount of euro 9,838,716 with capitalization of part of the share premium account with increase of the nominal value per share from euro 0.30 to euro 0.39 and at the same time the General Meeting decided on the decrease of the Company's share capital by the amount of 9,838,716 with decrease of the nominal value per share from euro 0.39 to 0.30 euro and the return of the respective amount to shareholders. Following the above, the Company's share capital amounted to euro 32,795,721 and divided into 109,319,070 common registered shares with a nominal value of euro 0.30 each. Subsequently, the Extraordinary General Meeting of Shareholders held on 25 July 2013 decided on the decrease of the Company's share capital by the amount of one million two hundred and sixty two thousand seven hundred and twenty one euro (1,262,721 €) through the cancellation of 4,209,070 treasury shares. Following the said decrease, the Company's share capital amounted to thirty one million five hundred and

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thirty three thousand euro (31,533,000 €), divided into one hundred and five million one hundred and ten thousand (105,110,000) common registered shares with a nominal value of thirty cents of a euro (0.30 €) each. Also, the General Meeting decided to increase the Company's share capital by the amount of one million two hundred and sixty one thousand three hundred and twenty euro (1,261,320 €) through capitalization of part of the share premium reserve with the issue of four million two hundred and four thousand and four hundred (4,204,400) new common registered shares with a nominal value of thirty cents of a euro (0.30 €) each. As a result of the above decisions, the Company's share capital will amount to a total of thirty two million seven hundred and ninety four thousand three hundred and twenty euro (32,794,320 €), divided into one hundred and nine million three hundred and fourteen thousand and four hundred (109,314,400) common registered shares with a nominal value of thirty cents of a euro (0.30 €) each.

During the period 01.01.2013 – 30.09.2013 the company bought back 3,483,048 shares with an acquisition value of 8,844 thousand €. The total number of treasury shares owned by the company on 30.09.2013 amounted to 511,553 shares, namely a percentage of 0.46% of the company's share capital, with a total acquisition cost of € 1,202 thousand.

### 8. LOANS

The summary movement of the short-term and long-term loans of the group and company during 30/09/2013 and 30/09/2012, is presented as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
<b>Balance 1 January</b>	<b>422,465</b>	<b>305,073</b>	<b>71,086</b>	<b>75,077</b>
New loans	67,910	224,637	11,464	13,424
Foreign Exchange Differences	(4,200)	-	-	-
Repayment of loans	(103,550)	(83,187)	(16,202)	(10,430)
<b>Balance 30 September</b>	<b>382,625</b>	<b>446,523</b>	<b>66,348</b>	<b>78,071</b>

The total loans concern the energy segment of the Group and are related to financing wind park installations.

### 9. FINANCIAL DERIVATIVES

The liabilities from financial derivatives on 30.09.2013 & 30.09.2012 are analyzed as follows:

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	Nominal Value		GROUP		COMPANY	
			Fair Value of Liability	Fair Value of Liability	Fair Value of Liability	Fair Value of Liability
	30.9.2013	30.9.2012	30.9.2013	30.9.2012	30.9.2013	30.9.2012
Interest Rate Swaps:	-	158,815	-	8,276	-	-
Interest Rate Swaps:	6,563	43,919	440	787	440	332
Interest Rate Swaps:	5,772	-	262	-	-	-
Interest Rate Swaps:	17,000	-	1,138	-	-	-
Interest Rate Swaps:	15,400	-	298	-	-	-
Synthetic Forward Foreign Exchange Swaps:	-	40,000	-	92	-	92
			<b>2,138</b>	<b>9,155</b>	<b>440</b>	<b>424</b>

	Nominal Value		GROUP		COMPANY	
			Fair Value of Receivable	Fair Value of Receivable	Fair Value of Receivable	Fair Value of Receivable
	30.9.2013	30.9.2012	30.9.2013	30.9.2012	30.9.2013	30.9.2012
Interest Rate Swaps:	\$ 24,656	-	1,194	-	-	-
			<b>1,194</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above amount of receivables is included in the Non-Current Assets account "Other investments".

It is Group policy to minimize its exposure to cash flow interest rate risk as regards to long-term financing. The Group applies hedge accounting for the above agreements, and the loss from their valuation has been recognized in the account "Losses from cash flow hedges" in the statement of comprehensive income.

## 10. PROVISIONS

The summary movement of the group's and company's provisions on 30.09.2013 and 30.09.2012, is analyzed as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
<b>Balance 1 January</b>	<b>4,328</b>	<b>2,718</b>	<b>1,191</b>	<b>1,064</b>
Additional provisions charged in the period's results	64	109	64	109
Additional provisions charged on assets	438	-	-	-
Used provisions	(145)	(64)	(145)	(64)
Foreign Exchange Differences	(48)	-	-	-
<b>Balance 30 September</b>	<b>4,637</b>	<b>2,763</b>	<b>1,110</b>	<b>1,109</b>

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### 11. GRANTS

The summary movement of the group's and company's grants on 30.09.2013 and 30.09.2012, is presented as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
<b>Balance 1 January</b>	<b>288,885</b>	<b>184,067</b>	<b>49,494</b>	<b>36,134</b>
Approved and received grants	-	8,306	-	2,635
Approved and non-received grants	-	67,693	-	-
Transfer of the period's proportion to the results	(5,522)	(3,532)	(959)	(981)
Foreign Exchange Differences	(1,466)	-	-	-
<b>Balance 30 September</b>	<b>281,897</b>	<b>256,534</b>	<b>48,535</b>	<b>37,788</b>

### 12. OTHER INCOME/EXPENSES

The analysis of the amount of other income/expenses for 30 September 2013 and 2012 respectively, which are of irregular nature, is presented in the following table:

	GROUP		COMPANY	
	2013	2012	2013	2012
Amortization of grants	5,522	3,532	959	981
Income from lease of property	123	101	32	62
Income from insurance indemnities	391	205	391	179
Sales of fixed assets and inventories	-	4	-	4
Other services	-	63	-	-
Other income	647	587	173	105
Other expenses	-	(7)	-	-
Foreign exchange differences	(1,003)	386	-	(535)
Windfall Tax of Law 4093/2012	(5,762)	-	(2,007)	-
<b>Total</b>	<b>(82)</b>	<b>4,871</b>	<b>(452)</b>	<b>796</b>

### 13. NUMBER OF EMPLOYEES

The average number of employees under full-time employment at the group, during the first nine-months of 2013 was 183 employees and at the company 163 (237 and 221 employees respectively during the nine-month of 2012).

### 14. INCOME TAX

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

The weighted tax rate for 30.09.2013 was 31.11% for the Group and 27.09% for the Company.

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### 15. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01.01 – 30.09.2013 and 01.01 - 30.09.2012, as well as the balances of receivables and liabilities that resulted from the above transactions as of 30.09.2013 and 30.09.2012 are as follows:

Period	GROUP				COMPANY			
1/1-30/9/2013	Sales	Purchases	Debit Balances	Credit Balances	Sales	Purchases	Debit Balances	Credit Balances
Subsidiaries	-	-	-	-	4,152	203	54,618	15,728
Joint Ventures	-	-	-	-	-	-	-	-
Parent	92	129	2,645	-	79	129	1,612	-
Other related parties	2,266	731	30,293	2,980	1,654	667	10,420	1,743
Basic management executives	-	613	-	225	-	604	-	225

Period	GROUP				COMPANY			
1/1-30/9/2012	Sales	Purchases	Debit Balances	Credit Balances	Sales	Purchases	Debit Balances	Credit Balances
Subsidiaries	-	-	-	-	4,212	230	43,537	17,315
Joint Ventures	-	-	-	-	-	-	609	-
Parent	52	130	1,469	-	51	130	1,448	-
Other related parties	3,560	4,383	9,627	2,861	3,560	1,474	9,606	1,433
Basic management executives	-	1,244	-	425	-	618	-	312

### 16. SIGNIFICANT EVENTS DURING THE PERIOD

The receipt of a 77 mil USD grant, which concerned the company's project in IDAHO U.S.A. was concluded, thus significantly reducing the Group's short-term debt. Also, an operation license was issued for a 1.05MW photovoltaic park and an installation license was issued for the expansion of a wind park by 10 MW. Moreover, a license was issued in Greece for the installation of a 29.7MW wind park and an operation license was issued also in Greece for a photovoltaic park of 1.49MW. In Poland a wind park of 8MW was set into operation, while constructions began for a wind park of 12 MW.

In the construction segment, the Company signed an agreement for the construction of the project "Restoration of the electromovement – telemanagement system of the railway line section Acharnes – Tithorea", with a contractual price of €21,223,162.

Also, the Company signed an agreement for the construction of the project "Widening of Lefkada channel", with a contractual price of €15,904,245.



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

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The company was announced as the lowest bidder in the contest of the Integrated Waste Management of the Peloponnese Region through a public private partnership.

The total construction backlog towards third parties on 30 September 2013 amounts to €75.6 million.

### **17. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There are no significant events after the end of the reporting period.

### **18. CONTINGENT LIABILITIES**

During the execution of projects, the Group may face contingent legal claims by third parties. According to the Management, as well as the legal counselor of the Group there are no cases under litigation or arbitration except from the following:

Several claims made at the Council of State for cancellation of the planned installation of the Wind Park by the subsidiary “AIOLIKI PANORAMATOS DERVENOCHORION SA”, are pending. The court session took place in November 2009 and the Council of State has ordered a pause on the building works for 17 out of 40 wind generators.

THE CHAIRMAN OF THE BOARD

THE MANAGING DIRECTOR

PERISTERIS GEORGIOS

MARAGOUDAKIS EMMANUEL

THE CHIEF FINANCIAL OFFICER

THE HEAD ACCOUNTANT


DELIKATERINIS VASILIOS

MANAVERIS NIKOLAOS

# TERNA ENERGY GROUP

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### 19. DATA AND INFORMATION FOR THE PERIOD 1.1-30.9.2013

	<h2>TERNA ENERGY SA</h2> <p>S.A. Reg. No. 318/06/B/86/28 85 Mesogeion Ave., 11526 Athens Greece</p> <p><b>DATA AND INFORMATION FOR THE FINANCIAL PERIOD FROM 01/01/2013 TO 30/09/2013</b></p> <p>In accordance with the Decision No. 4/507/28.4.2009 issued by the Board of Directors of the Hellenic Capital Market Commission the following data and information that have been derived from the financial statements, aim at providing general information on the financial position and results of TERNA ENERGY SA and its Group. Therefore, before proceeding with any kind of investment choice or other transaction with the company or group, readers should refer to the company's website where the financial statements are posted as well as the audit report by the legal auditor, when applicable.</p>			
<b>COMPANY INFORMATION</b>				
<p>Relevant Authority: General Secretariat of Commerce Board of Directors' Composition: Georgios Peristeris (chairman), Georgios Perdikaris (vice-chairman), Emmanuel Maragoudakis (chief executive officer), Georgios Spyrou (executive director), Michael Gourzis &amp; Panagiotis Pothos (executive members), Theodoros Tagas (non-executive member), Anestis Ntasis &amp; Nikolaos Kalamaras (independent non-executive members).</p>	<p>Approval Date by the Board of Directors of the Interim Financial Statements: 29/11/2013 Type of review report: Unaudited interim financial statement Company website: <a href="http://www.terna-energy.com">www.terna-energy.com</a></p>			
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
<i>Amounts in thousand euro</i>				
<b>GROUP</b>				
<b>COMPANY</b>	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	
30/9/2013	31/12/2012	30/9/2013	31/12/2012	
<b>(Consolidated &amp; non-consolidated data)</b>				
<b>ASSETS</b>				
Self used tangible fixed assets	758.988	769.424	124.676	130.263
Investment property	923	923	923	923
Intangible assets	29.191	29.599	4.468	1.530
Other non-current assets	36.559	17.325	264.988	288.569
Inventories	3.728	3.303	3.360	2.959
Trade receivables	64.920	56.805	48.207	42.369
Cash & cash equivalents	94.923	126.775	23.848	27.556
Other current assets	115.745	176.906	24.467	27.702
<b>TOTAL ASSETS</b>	<b>1.104.977</b>	<b>1.181.053</b>	<b>491.937</b>	<b>521.871</b>
<b>EQUITY &amp; LIABILITIES</b>				
Share capital	32.794	32.796	32.794	32.796
Other items of Shareholders' Equity	321.077	327.929	302.949	318.795
<b>Total Shareholders' Equity (a)</b>	<b>353.871</b>	<b>360.725</b>	<b>335.743</b>	<b>351.591</b>
Non-controlling interests (b)	2.624	2.324	-	-
<b>Total Equity (c) = (a) + (b)</b>	<b>356.494</b>	<b>363.049</b>	<b>335.743</b>	<b>351.591</b>
Long-term bank liabilities	309.392	292.582	54.179	61.934
Provisions/Other long-term liabilities	328.516	337.048	50.533	51.224
Short-term bank liabilities	73.233	129.883	12.169	9.152
Other short-term liabilities	37.342	58.485	39.313	47.970
<b>Total liabilities (d)</b>	<b>748.483</b>	<b>817.999</b>	<b>156.194</b>	<b>170.280</b>
<b>TOTAL EQUITY &amp; LIABILITIES (c) + (d)</b>	<b>1.104.977</b>	<b>1.181.053</b>	<b>491.937</b>	<b>521.871</b>
<i>Amounts in thousand euro</i>				
<b>GROUP</b>				
<b>COMPANY</b>	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	
1/1-30/9/2013	1/7-30/9/2013	1/1-30/9/2012	1/7-30/9/2012	
<b>(Consolidated &amp; non-consolidated data)</b>				
<b>Turnover</b>				
Gross profit / (losses)	102.552	35.063	88.442	33.230
Earnings/(Loss) before interest and tax (EBIT)	41.443	14.215	33.125	10.063
Earnings/(Loss) before tax	29.732	9.935	27.532	9.383
Earnings/(Loss) after tax	14.358	4.892	16.603	5.133
Earnings/(Loss) after tax (A)	9.891	4.569	12.531	4.307
<b>Owners of the parent</b>	<b>9.648</b>	<b>4.578</b>	<b>12.346</b>	<b>4.426</b>
<b>Non controlling interests</b>	<b>243</b>	<b>191</b>	<b>185</b>	<b>181</b>
<b>Total comprehensive income after taxes (B)</b>	<b>2.191</b>	<b>332</b>	<b>(5.280)</b>	<b>(1.499)</b>
<b>Total comprehensive income after taxes (A+B)</b>	<b>12.082</b>	<b>4.801</b>	<b>7.251</b>	<b>2.808</b>
<b>Allocated to:</b>				
Owners of the parent	11.839	4.910	7.066	2.927
Non controlling interests	12.082	4.901	7.251	2.808
Earnings/(Losses) after tax per share - basic (in €)	0,0876	0,042	0,1091	0,0392
Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)	52.859	17.976	40.868	13.473
Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)	10,695	1,951	11,837	4,033
<i>Amounts in thousand euro</i>				
<b>GROUP</b>				
<b>COMPANY</b>	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	
1/1-30/9/2013	1/1-30/9/2012	1/1-30/9/2013	1/1-30/9/2012	
<b>(Consolidated &amp; non-consolidated data)</b>				
<b>Operating activities</b>				
Profit before tax	14.358	16.603	3.737	5.045
<b>Plus/less adjustments for:</b>				
Depreciation	27.646	16.868	6.225	6.130
Provisions	(81)	45	(81)	45
Interest income and related income	(3.288)	(2.909)	(3.046)	(3.576)
Interest expenses and related expenses	18.842	13.838	4.738	5.219
Foreign exchange differences	1.003	-	-	-
Amortization of grants	(5.522)	(3.532)	(969)	(981)
Other adjustments	-	(378)	-	-
Operating profit before changes in working capital	52.778	40.555	10.614	11.882
Plus/less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	(424)	51	(401)	61
Decrease / (increase) in receivables	(13.941)	(10.943)	(5.509)	3.354
(Decrease) / increase in liabilities (other than to banks)	(10.709)	(6.932)	(10.652)	(12.733)
(Less):				
Taxes paid	(3.271)	(2.570)	(1.191)	(748)
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>24.433</b>	<b>20.141</b>	<b>10.614</b>	<b>1.816</b>
<b>Investing activities</b>				
Purchases of tangible & intangible assets	(21.079)	(180.793)	(576)	(3.972)
Grants received	63.063	13.336	4.979	7.666
Interest received	3.914	2.768	1.944	2.467
(Purchases)/sales of participations and securities	(150)	-	8.481	(35.874)
Net change of provided loans	(19.450)	(11.551)	-	(29.241)
<b>Total inflows / (outflows) from investing activities (b)</b>	<b>28.291</b>	<b>(166.847)</b>	<b>29.706</b>	<b>(67.954)</b>
<b>Financing activities</b>				
Purchases of treasury shares	(8.844)	(1.950)	(8.844)	(1.950)
Return of share capital	(7.955)	(2.864)	(7.955)	(2.864)
Net change in long-term loans	19.697	166.409	(7.712)	1.772
Net change in short-term loans	(55.812)	(23.597)	2.173	-
Dividends paid	-	(7.222)	-	(6.680)
Change in financial liabilities	(12.212)	-	-	-
Interest paid	(16.179)	(13.780)	(3.937)	(3.486)
<b>Total inflows / (outflows) from financing activities (c)</b>	<b>(82.305)</b>	<b>115.996</b>	<b>(26.275)</b>	<b>(13.208)</b>
<b>Effect of FX differences on cash equivalents (d)</b>	<b>(274)</b>	<b>208</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c) + (d)</b>	<b>(31.885)</b>	<b>(29.502)</b>	<b>(3.708)</b>	<b>(69.346)</b>
Cash and cash equivalents at the beginning of the period	126.778	167.792	27.556	121.798
<b>Cash and cash equivalents at the end of the period</b>	<b>94.893</b>	<b>138.290</b>	<b>23.848</b>	<b>52.452</b>
<b>ADDITIONAL DATA AND INFORMATION</b>				
1. There was no change in the accounting policies and estimations, and there is no case for correction of accounting errors or reclassification of accounts in the financial statements.				
2. The Basic Accounting Principles of the financial statements as of 31/12/2012 have been followed.				
3. The group during the present reporting period employed 183 individuals. For the respective period of 2012 the group employed 237 individuals. During the present reporting period the company employed 163 individuals, while during the respective period last year it employed 221 individuals.				
4. The Company has been audited by the tax authorities up to fiscal year 2008 included. Note No 4 of the interim financial statements refers to the tax un-audited fiscal years of the consolidated entities.				
5. Claims to cancel the planned installation of the Wind Park of the subsidiary "AIOULKI PANORAMATOS DERVENOCHORON SA" are pending before the Council of State. The hearing of the case took place in November 2009, and until it issues its decision, the Council of State has ordered the postponement of construction activities for the 17 of the 40 wind generators under construction. Reference to such is also made in Note No 18 of the financial statements.				
6. Earnings per share were calculated based on the weighted average number of shares.				
7. The financial statements of the group are included in the consolidated financial statements of GEK TERNA SA, consolidated with the full consolidation method. The aforementioned parent company is registered in Greece and on 30/09/2013 owned 48.91% of the company's share capital.				
8. The amounts of sales and purchases (goods and services) cumulatively from the beginning of the financial period, as well as the balances of receivables and liabilities of the company at the end of the present period, that have emerged from its transactions with its related parties, as such are defined by IAS 24, are as follows:				
	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	
a) Sales of goods and services	2.358	5.885	-	
b) Purchases of goods and services	860	999	-	
c) Receivables	32.938	66.650	-	
d) Liabilities	2.380	17.471	-	
e) Transactions & remuneration of Board members and management executives	613	504	-	
f) Receivables from Board members and management executives	-	-	-	
g) Liabilities to Board members and management executives	225	225	-	
9. The provisions of the company and group are described in detail in note 10 of the interim financial statements, and are analyzed as follows:				
	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	
Provision for unaudited tax years	80	4.820	-	
Other provisions	1.301	-	-	
10. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that were consolidated in the financial statements of 30/09/2013 are mentioned in detail in Note 4 of the financial statements.				
11. During 30 September 2013 no new company was incorporated in the consolidated financial statements compared to the financial period that ended on 31 December 2012.				
12. During 30 September 2013 the following companies were incorporated with the full consolidation method in the consolidated financial statements compared to the respective period of the previous year:				
	<b>Company Name</b>	<b>Percentage</b>	<b>Domicile</b>	
	EOLOS EAST sp.a.o.o	100%	Poland	
	TERNA ILIAKI PELOPONNISOUS S.A.	100%	Greece	
13. The number of treasury shares owned by the company on 30 September 2013 corresponded to 511,553 shares with a total acquisition cost of 1,202.19 thousand €. 14. The amounts and nature of other comprehensive income/(expenses) after taxes, are analyzed as follows:				
	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	
Income tax recognized directly in equity	83	135	-	
Foreign exchange differences from conversion of incorporated foreign operations	(371)	-	-	
Income/expenses from hedging of cash flow risk	2.778	98	-	
Expenses for share capital increase	(299)	(123)	-	
	2.191	110	-	
15. No sector or company has ceased operations.				

Athens, 29/11/2013

THE CHAIRMAN OF THE BOARD

THE CHIEF EXECUTIVE OFFICER

THE CHIEF FINANCIAL OFFICER

THE HEAD ACCOUNTANT

GEORGIOS PERISTERIS  
ID No.: AB 580298

EMMANUEL MARAGODAKIS  
ID No.: AB 986527

VASILIOS DELIKATERINIS  
ID No.: AI 036600

NIKOLAOS MANAVERIS  
ID No.: AE 567798  
License Reg. No. A' CLASS 9674