



Société Anonyme Industrial Commercial Technical Company

85 Mesogeion Ave., 115 26 Athens, Greece

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

General Electronic Commercial Registry (GEMI) 312701000

**INTERIM CONDENSED FINANCIAL STATEMENTS
SEPARATE AND CONSOLIDATED OF 30 SEPTEMBER 2017**

For the period

January 1st to September 30th 2017

According to the International Accounting Standard 34

TERNA ENERGY GROUP

Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

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TERNA ENERGY GROUP

Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

This report has been translated from the Greek Original Version

1. REVIEW REPORT OF INTERIM FINANCIAL INFORMATION

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

Introduction

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

Scope of Review

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

Conclusion

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

Other matter

The comparative figures for the period ended September 30, 2016 have not been reviewed by an independent auditor.

Athens, 27th November 2017
The Chartered Accountant

Pavlos Stellakis
SOEL Reg. No 24941



Chartered Accountants Management Consultants
56, Zefireou str., 175 54 Palaio Faliro, Greece
Registry Number SOEL 127

TERNA ENERGY GROUP

Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

2. INTERIM CONDENSED FINANCIAL STATEMENTS SEPARATE AND CONSOLIDATED OF 30TH SEPTEMBER 2017

(1 JANUARY - 30 SEPTEMBER 2017)

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accompanying Interim Financial Statements were approved by the Board of Directors of TERNA ENERGY SA on 27.11.2017 and have been published by being posted on the internet at the website www.terna-energy.com, as well as the Athens Exchange website, in which they remain at the disposal of the investment community for at least 10 years since their publication.

TERNA ENERGY GROUP

Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

TERNA ENERGY GROUP

STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2017

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

	Note	GROUP		COMPANY	
		30-Sept 2017	31-Dec 2016	30-Sept 2017	31-Dec 2016
ASSETS					
Non-current assets					
Intangible assets	9	25,059	27,102	1,970	2,116
Tangible assets	8	1,072,752	970,577	93,491	99,427
Investment property		530	530	530	530
Participation in subsidiaries		-	-	295,651	271,479
Participations in associates		5,374	5,374	5,451	5,451
Participation in joint-ventures		-	-	119	119
Other long-term receivables	10	24,106	23,370	94,109	62,372
Receivables from derivatives	16	5,551	1,526	-	-
Financial Assets - Concessions	11	27,797	10,055	-	-
Other investments		1,755	1,755	1,755	1,755
Deferred tax assets		997	4,839	-	-
Total non-current assets		1,163,921	1,045,128	493,076	443,249
Current assets					
Inventories		3,302	4,063	2,120	3,403
Trade receivables		73,141	80,389	56,877	59,246
Receivables according to IAS 11		2,022	3,127	5,178	3,396
Prepayments and other receivables	23	114,224	140,010	19,376	20,086
Income tax receivables		400	495	-	-
Cash and cash equivalents	12	288,613	164,399	84,978	29,249
Total current assets		481,702	392,483	168,529	115,380
TOTAL ASSETS		1,645,623	1,437,611	661,605	558,629
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	13	32,794	32,794	32,794	32,794
Share premium	13	213,781	219,247	213,781	219,247
Reserves		47,082	40,326	15,967	17,283
Retained earnings		61,601	56,493	36,119	37,094
Total		355,258	348,860	298,661	306,418
Non-controlling interests		6,338	6,370	-	-
Total equity		361,596	355,230	298,661	306,418
Long-term liabilities					
Long-term loans	15	645,707	567,175	241,926	111,879
Other financial liabilities	14	39,823	44,567	-	-
Liabilities from derivatives	16	5,136	6,289	939	506
Other provisions	17	14,666	13,687	4,244	4,075
Provision for staff indemnities	17	499	435	421	368
Grants	18	143,695	159,156	17,411	19,007
Deferred tax liabilities		12,484	12,143	-	993
Other long-term liabilities		294	9	876	-

TERNA ENERGY GROUPCondensed Interim Financial Statements of 30th September 2017*(Amounts in thousand Euro, unless stated otherwise)***TERNA ENERGY GROUP****STATEMENT OF FINANCIAL POSITION****30 SEPTEMBER 2017**

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

	Note	GROUP		COMPANY	
		30-Sept 2017	31-Dec 2016	30- Sept 2017	31-Dec 2016
Total long-term liabilities		862,304	803,461	265,817	136,828
Short-term liabilities					
Suppliers		59,448	49,251	14,699	27,546
Short-term loans	15	118,684	5,396	-	5,016
Long-term liabilities falling due in the next period	15	110,877	95,285	26,723	34,977
Long-term financial liabilities falling due in the next period	14	3,114	3,987	-	-
Liabilities according to IAS 11		16,974	10,741	16,632	10,399
Accrued and other short-term liabilities		106,776	107,913	37,116	33,708
Income tax payable		5,850	6,347	1,957	3,737
Total short-term liabilities		421,723	278,920	97,127	115,383
Total liabilities		1,284,027	1,082,381	362,944	252,211
TOTAL LIABILITIES AND EQUITY		1,645,623	1,437,611	661,605	558,629

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

TERNA ENERGY GROUP

 Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

TERNA ENERGY GROUP
STATEMENT OF COMPREHENSIVE INCOME
30 SEPTEMBER 2017

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

	Σημείωση	GROUP				COMPANY			
		1.1 – 30.9 2017	1.7 – 30.9 2017	1.1 – 30.9 2016	1.7 – 30.9 2016	1.1 – 30.9 2017	1.7 – 30.9 2017	1.1 – 30.9 2016	1.7 – 30.9 2016
Continued activities									
Turnover	23	208,352	68,765	148,320	54,505	69,104	23,915	66,133	18,816
Cost of sales	23	(137,874)	(41,965)	(99,499)	(34,595)	(44,954)	(17,400)	(52,723)	(17,131)
Gross profit		70,478	26,800	48,821	19,910	24,150	6,515	13,410	1,685
Administrative & distribution expenses		(9,560)	(3,464)	(8,772)	(2,863)	(5,442)	(2,153)	(4,081)	(1,449)
Research & development expenses		(1,400)	(723)	(921)	(175)	(1,399)	(722)	(920)	(175)
Other income/(expenses)	19	6,568	2,625	9,345	3,843	2,832	1,046	3,397	1,048
Operating results		66,086	25,238	48,473	20,715	20,141	4,686	11,806	1,109
Financial income		1,903	636	1,004	321	3,611	1,423	2,482	809
Financial expenses		(36,214)	(12,101)	(27,332)	(9,302)	(10,983)	(4,009)	(7,514)	(2,535)
Gains / (Losses) from financial instruments measured at fair value		209	(108)	-	-	-	-	-	-
EARNINGS BEFORE TAX		31,984	13,665	22,145	11,734	12,769	2,100	6,774	(617)
Income tax expense		(12,680)	(4,853)	(7,825)	(3,113)	(3,495)	(215)	(1,547)	87
Net Earnings from continued activities		19,304	8,812	14,320	8,621	9,274	1,885	5,227	(530)
NET EARNINGS FOR THE PERIOD		19,304	8,812	14,320	8,621	9,274	1,885	5,227	(530)

TERNA ENERGY GROUP

 Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

	GROUP				COMPANY			
	1.1 – 30.9 2017	1.7 – 30.9 2017	1.1 – 30.9 2016	1.7 – 30.9 2016	1.1 – 30.9 2017	1.7 – 30.9 2017	1.1 – 30.9 2016	1.7 – 30.9 2016
Other comprehensive income / (losses) recognized directly in Equity from:								
Foreign exchange differences from incorporation of foreign units	(1,382)	(1,278)	(207)	562	-	-	-	-
Income/(expenses) from hedging of cash flows	5,717	3,850	(1,465)	173	(432)	3	(55)	(16)
Expenses of capital increase	(60)	181	(54)	-	(60)	-	-	-
Income tax recognized directly in Equity	(260)	92	209	30	125	(1)	16	5
Other comprehensive income / (losses) for the period net of income tax	4,015	2,845	(1,517)	765	(367)	2	(39)	(11)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	23,319	11,657	12,803	9,386	8,907	1,887	5,188	(541)
Net results attributed to:								
Shareholders of the parent from continued activities	19,060	8,786	13,875	8,619				
Non-controlling interests from continued activities	244	26	445	2				
	19,304	8,812	14,320	8,621				
Total comprehensive income attributed to:								
Shareholders of the parent from continued activities	23,062	11,623	12,358	9,384				
Non-controlling interests from continued activities	257	34	445	2				
	23,319	11,657	12,803	9,386				
Earnings per share (in Euro)								
From continued activities attributed to shareholders of the parent	0.1819	0.0839	0.1316	0.0820				
Average weighted number of shares								
Basic	104,787,423	104,697,220	105,433,538	105,135,799				

TERNA ENERGY GROUPCondensed Interim Financial Statements of 30th September 2017*(Amounts in thousand Euro, unless stated otherwise)***TERNA ENERGY GROUP
STATEMENT OF CASH FLOWS****30 SEPTEMBER 2017**

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

	GROUP		COMPANY	
	1.1 – 30.9 2017	1.1 – 30.9 2016	1.1 – 30.9 2017	1.1 – 30.9 2016
Cash flow from operating activities				
Earnings for the period before tax	31,984	22,145	12,769	6,774
Adjustments for the agreement of net flows from operating activities				
Depreciation	44,645	38,298	6,498	6,148
Provisions	58	26	49	22
Impairments	-	300	-	205
Interest and related income	(1,903)	(1,004)	(3,611)	(2,482)
Interest and other financial expenses	36,214	27,332	10,983	7,514
Results from intangible and tangible assets and from investment property	39	(4)	-	16
Results from derivatives	(209)	-	-	-
Results from participations and securities	-	(717)	(423)	(1,112)
Amortization of grants	(8,052)	(8,129)	(1,346)	(1,409)
Foreign exchange differences	4,093	1,007	-	-
Operating profit before working capital changes	106,869	79,254	24,919	15,676
(Increase)/Decrease in:				
Inventories	752	(934)	1,283	(696)
Trade receivables	8,176	(5,042)	587	(14,253)
Prepayments and other short term receivables	24,532	(15,446)	3,442	1,061
Increase/(Decrease) in:				
Suppliers	15,681	483	(11,045)	4,926
Accruals and other short term liabilities	6,316	(445)	10,660	7,844
Other long-term receivables and liabilities	(19,198)	(3,409)	(23)	(82)
Income tax payment	(9,145)	(5,319)	(5,267)	(1,878)
Net cash inflows from operating activities	133,983	49,142	24,556	12,598
Cash flow from investment activities:				
(Purchases)/sales of tangible and intangible fixed assets	(177,714)	(99,010)	(2,197)	(3,450)
Dividends received	-	-	423	395
Interest and related income received	893	791	1,053	725
Sale of publicly traded shares	-	9,622	-	9,622
(Purchases) / sales of participations and securities	-	-	(24,172)	(8,961)
Net change in provided loans	(500)	-	(31,891)	(9)
Rebate of grants	(1,320)	-	(250)	-
Cash outflows for investment activities	(178,641)	(88,597)	(57,034)	(1,678)

TERNA ENERGY GROUPCondensed Interim Financial Statements of 30th September 2017*(Amounts in thousand Euro, unless stated otherwise)***Cash flows from financing activities**

Purchase of Treasury Shares	(1,586)	(2,950)	(1,586)	(2,950)
Share capital return	(5,292)	-	(5,292)	-
Proceeds from share capital increases of subsidiary	119	1,125	-	-
Net change of long term loans	102,901	110,284	120,452	23,765
Net change of short term loans	118,205	(32,184)	(5,000)	(12,200)
Dividends paid	(10,411)	(8,196)	(10,003)	(7,817)
Interest and other financial expenses paid	(31,753)	(26,185)	(10,364)	(4,516)
Change in financial liabilities	(981)	(20)	-	-
Cash inflows from / (outflows for) financing activities	171,202	41,874	88,207	(3,718)
Effect of exchange rate changes on cash & cash equivalents	(2,330)	(353)	-	-
Net increase/decrease in cash	124,214	(2,066)	55,729	7,202
Cash & cash equivalents at the beginning of the period	164,399	166,739	29,249	38,045
Cash & cash equivalents at the end of the period	288,613	168,805	84,978	45,247

TERNA ENERGY GROUPCondensed Interim Financial Statements of 30th September 2017*(Amounts in thousand Euro, unless stated otherwise)***TERNA ENERGY S.A.****STATEMENT OF CHANGES IN EQUITY****30 SEPTEMBER 2017**

(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>Total</u>
1 January 2016	32,794	219,247	19,925	35,003	306,969
Net results for the period	-	-	-	5,227	5,227
Other net losses for the period	-	-	(39)	-	(39)
Total comprehensive income for the period	-	-	(39)	5,227	5,188
Formation of Reserves	-	-	414	(414)	-
Dividends	-	-	-	(9,838)	(9,838)
Purchase of Treasury Shares	-	-	(2,950)	-	(2,950)
Transactions with the Company's Shareholders	-	-	(2,536)	(10,252)	(12,788)
30 September 2016	32,794	219,247	17,350	29,978	299,369
1 January 2017	32,794	219,247	17,283	37,094	306,418
Net results for the period	-	-	-	9,274	9,274
Other net losses for the period	-	-	(367)	-	(367)
Total comprehensive income for the period	-	-	(367)	9,274	8,907
Return of Share Capital	(5,466)	-	-	-	(5,466)
Issuance of share capital	5,466	(5,466)	-	-	-
Formation of Reserves	-	-	351	(351)	-
Dividends	-	-	-	(9,838)	(9,838)
Purchase of Treasury Shares	-	-	(1,586)	-	(1,586)
Transfers – other movements	-	-	286	(60)	226
Transactions with the Company's Shareholders	-	(5,466)	(949)	(10,249)	(16,664)
30 September 2017	32,794	213,781	15,967	36,119	298,661

TERNA ENERGY GROUP

 Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

TERNA ENERGY GROUP
STATEMENT OF CHANGES IN EQUITY
30 SEPTEMBER 2017

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

	Share Capital	Share Premium	Reserves	Retained Earnings	Sub- total	Non- controlling interests	Total
1 January 2016	32,794	219,247	33,965	55,869	341,875	4,906	346,781
Net results for the period	-	-	-	13,875	13,875	445	14,320
Other net losses for the period	-	-	(1,517)	-	(1,517)	-	(1,517)
Total comprehensive income for the period	-	-	(1,517)	13,875	12,358	445	12,803
Issuance of share capital of subsidiary	-	-	-	-	-	1,119	1,119
Formation of Reserves	-	-	3,330	(3,330)	-	-	-
Purchase of Treasury Shares	-	-	(2,950)	-	(2,950)	-	(2,950)
Dividends	-	-	-	(9,838)	(9,838)	(379)	(10,217)
Transfers – other movements	-	-	53	(53)	-	(1)	(1)
Transactions with the Shareholders	-	-	433	(13,221)	(12,788)	739	(12,049)
30 September 2016	32,794	219,247	32,881	56,523	341,445	6,090	347,535
1 January 2017	32,794	219,247	40,326	56,493	348,860	6,370	355,230
Net results for the period	-	-	-	19,060	19,060	244	19,304
Other net income for the period	-	-	4,002	-	4,002	13	4,015
Total comprehensive income for the period	-	-	4,002	19,060	23,062	257	23,319
Return of Share Capital	(5,466)	-	-	-	(5,466)	-	(5,466)
Issuance of share capital	5,466	(5,466)	-	-	-	-	-
Issuance of share capital of subsidiary	-	-	-	-	-	119	119
Formation of Reserves	-	-	4,054	(4,054)	-	-	-
Purchase of Treasury Shares	-	-	(1,586)	-	(1,586)	-	(1,586)
Dividends	-	-	-	(9,838)	(9,838)	(408)	(10,246)
Transfers – other movements	-	-	286	(60)	226	-	226
Transactions with the Shareholders	-	(5,466)	2,754	(13,952)	(16,664)	(289)	(16,953)
30 September 2017	32,794	213,781	47,082	61,601	355,258	6,338	361,596

TERNA ENERGY GROUP

Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

3. ESTABLISHMENT & ACTIVITY OF THE COMPANY

The TERNA ENERGY SA Group of companies (hereinafter the «Group» or «TERNA ENERGY») is a Greek group of companies mainly engaged in the sectors of renewable energy sources, construction, trading of electric energy and concessions. The Group's major business activities refer to the construction and exploitation of installations of renewable sources of Wind and hydroelectric energy, photovoltaic parks as well as other renewable energy sources (RES).

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

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

The Company is listed on Athens Exchange. The parent company of TERNA ENERGY, which is also listed on Athens Exchange, is GEK TERNA SA., which on 30/09/2017 held 39.529% of the Company's share capital. The financial statements of the TERNA ENERGY Group are included in the consolidated financial statements of GEK TERNA SA, consolidated with the full consolidation method.

4. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

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

b) Statutory Financial Statements

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

TERNA ENERGY GROUP

Condensed Interim Financial Statements of 30th September 2017

(Amounts in thousand Euro, unless stated otherwise)

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

c) New Standards, Interpretations and Amendments

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

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

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

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

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

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

In May 2014, the IASB issued a new standard, IFRS 15. This standard is fully harmonized with the requirements for the recognition of revenue in accordance with IFRS and American accounting principles (US GAAP). The basic principles of the particular Standard are in line with significant part of current practices. The new Standard is expected to improve the financial information by establishing a more solid framework for the resolution of the issues which may arise, thus strengthening the comparability among sectors and capital markets, as well as providing additional disclosures and clarifying the accounting treatment of the contracts' cost. The new standard has been formed to replace IAS 18 Revenue, IAS 11 Construction Contracts and some interpretations that are related to revenues. The Group will consider the impact of all the above in the Financial Statements of the Company, even though it is not expected to be any. These have been adopted by the European Union with the effective date set on 01/01/2018.

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(Amounts in thousand Euro, unless stated otherwise)

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

In July 2014 the IASB issued the final version of IFRS 9. The improvements made to the new standard refer to the existence of a logical model regarding the classification and measurement, a single proactive model for "expected losses" from impairment and also a substantially reformed approach for hedge accounting. The Group will consider the impact of all the above in the Financial Statements of the Company, even though it is not expected to be any. These have been adopted by the European Union with the effective date set on 01/01/2018.

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

In January 2016, IASB published the new Standard, IFRS 16. The aim of the project by IASB was to develop a new Standard for leases which determines the principles applied by both parties in a corresponding agreement, namely the customer ("the lessee") and the supplier ("the lessor"), concerning the provision of information for the leases in a manner that accurately depicts such transactions. In order to serve the above aim, the lessee will have to recognize the assets and liabilities emanating from the lease. The Group will consider the impact of all the above in the Financial Statements, although it is not expected to be any. These have not been adopted by the European Union.

- **Amendment to IAS 12 Deferred Taxation "Recognition of deferred tax assets for unrealized losses" (effective for annual periods beginning on or after 01/01/2017)**

In January 2016, IASB proceeded with the issuance of a narrow-scope amendment to IAS 12. The aim of the said amendments was to clarify the accounting treatment of the deferred tax assets for the unrealized losses from securities measured at fair value. The above amendments are not expected to have a material impact on the Group's financial statements. These have not been adopted by the European Union.

- **Amendments in IAS 7: «Disclosure Initiative» (effective for annual periods beginning on or after 01/01/2017)**

In January 2016, IASB proceeded with the issue of amendments of limited scope in IAS 7. The aim of the amendments is to make feasible for the users of the financial statements to evaluate the changes in liabilities occurring from financial activities. The amendments require from the economic entities to provide disclosures, which will make feasible to the investors to evaluate the changes in liabilities occurring from financial activities, including the changes deriving from cash flows, as well as non-cash changes. The above amendments are not expected to have a material impact on the Group's financial statements. These have not been adopted by the European Union.

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

In April 2016, IASB proceeded to the issuance of clarifications concerning IFRS 15. The amendments of IFRS 15 do not alter the basic principles of the Standard, but provide clarifications regarding the application of these standards. The amendments clarify the pattern with which a commitment for the execution of contract is recognized, how it is determined whether an economic entity constitutes the entity giving or receiving a mandate, as well as how it is determined whether the income from a license should be recognized at a particular point in time or gradually with the passage of time. The Group will consider the impact of all the above in the Financial Statements, although it is not expected to be any. These have not been adopted by the European Union.

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

In June 2016, IASB proceeded with the issuance of an amendment of limited scope in IFRS 2. The aim of the particular amendment is to provide clarifications regarding the accounting treatment of certain types of share-based payment transactions. More specifically, the amendment introduces the requirements regarding the accounting treatment of the effect of the vesting and non-vesting conditions in the measurement of share-based payments arranged in cash, the accounting treatment of the share-based payment transactions which carry a characteristic of settlement on an offsetting basis regarding the obligation for withheld tax, as well as an amendment in the conditions and terms of share-based payment, which alters the classification of the transaction from arranged in cash to arranged based on shares. The above amendment is not expected to have a material impact on the Group's financial statements. These have not been adopted by the European Union.

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

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

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- **Annual Improvements to IFRSs - Cycle 2014-2016 (effective for annual periods beginning on or after 01/01/2017 and 01/01/2018)**

In December 2016, the IASB issued the "Annual Improvements to IFRS - Cycle 2014-2016", which consists of a series of amendments to some Standards and is part of the program for annual improvements to IFRSs. The amendments included in this circle are as follows: IFRS 12: Clarification of the implementation context of the Standard, IFRS 1: Deletion of short-term exemptions for first-time IFRS adopters, IAS 28: Measurement of a related or a joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 with respect to IFRS 12 and on or after 1 January 2018 with respect to IFRS 1 and IAS 28. The above amendments are not expected to have a material impact on the Group's financial statements. The above have not been adopted by the European Union.

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

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

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

In December 2016, the IASB issued amendments of limited scope to IAS 40. The purpose of these amendments is to strengthen the principle of transfers from or to investment property so as to determine that (a) a transfer from, or to Property investments should be made only if there is a change in the use of the property and (b) such a change in the use of the property would include the valuation of the property that meets the criteria for classification as an investment property. This change in use should be supported by relevant documentation / evidence. The above amendments are not expected to have a material impact on the Group's financial statements. These have not been adopted by the European Union.

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

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

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

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

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

In October 2017, IASB proceeded with the issuance of amendments of limited scope in IFRS 9. Based on the existing requirements of IFRS 9, an economic entity would measure a financial asset with negative compensation at the fair value through the results, since the feature of "negative compensation" could be deemed that it generates potential cash flows which do not only consist of interest and capital payments. Based on the amendments, the economic entities are allowed to measure certain prepaid financial assets with negative compensation at the amortized cost or at the fair value through the other comprehensive income, provided that a certain condition is fulfilled. The Group will examine the impact of all of the above on its Financial Statements, although it is not expected to have a material effect. The above have not been adopted by the European Union.

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

In October 2017, IASB proceeded with the issuance of amendments of limited scope in IAS 28. The purpose of the amendments is to provide clarifications with regard to the accounting treatment of the long-term interests in associates or joint ventures – in which no equity method applies – based on IFRS 9. The Group will examine the impact of all of the above on its Financial Statements, although it is not expected to have a material effect. The above have not been adopted by the European Union.

d) Approval of Financial Statements

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

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e) Use of Estimates

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

The main assumptions and judgments with regard to elements and data that may affect the financial statements in the coming 12 months are as follows:

a) Recognition of income from construction contracts: The Group uses the percentage of completion method to recognize revenue from construction contracts, in accordance with IAS 11. According to this method the construction cost as of each balance sheet date is compared to the budgeted total cost of the project in order to determine the percentage of completion of the project. The cumulative effect of the restatements/reassessments of the total budgeted cost of the projects and the total contractual payment (recognition of work over and above the contract) is recorded in the financial years during which such restatements arise. The total budgeted cost and the total contractual payment of the projects arise from estimation procedures and are reassessed and reviewed at each balance sheet date.

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

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

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

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

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

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

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

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

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

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

5. 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:

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a) Consolidation Basis

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

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

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

b) Investments in Associates

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

c) Joint operations

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

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

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

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

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

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

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(i) Investments available for sale

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

(ii) Receivables and loans

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

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

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

(iv) Investments held to maturity

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

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

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

e) Financial Instruments and Risk Management

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

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

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

- ***Fair Value***

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

- ***Credit Risk Concentration***

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

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

- ***Market Risk***

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

f) Operation and Presentation Currency and Foreign Exchange Conversion:

The euro is the currency of operation and presentation of the Group and its Greek subsidiaries. Transactions in other currencies are converted into euro using the exchange rates in effect at the date of the transaction. At the date of compilation of the financial statements the monetary asset and liability items that are denominated in other currencies are adjusted so as to reflect the current exchange rates. The profits and losses resulting from the end-of-year valuation of monetary items in foreign currencies are reflected in the attached consolidated income statement. The profits or losses resulting from transactions are also reflected in the consolidated income statement.

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

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g) Intangible Assets

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

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

h) Income recognition

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

(i) Income from construction activities

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

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

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

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

(ii) Sale of goods

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

(iii) Revenue from the sale of Electric Energy

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

(iv) Rent Revenue

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

(v) Dividends

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

(vi) Interest

Interest income is recognized on an accruals basis.

i) Tangible Fixed Assets

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

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

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

Fixed assets under construction include fixed assets that are work in progress and are recorded at their cost, as well as advances for asset acquisitions. Fixed assets under construction are not depreciated until the asset is completed and put into operation.

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j) Depreciation

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

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

k) Impairment of the Value of Fixed Assets

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

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

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

l) Investment property

Investments in property are those held for rent income or capital gain and are valued at their fair value that is based on market value, that is to say the amount the property is likely to be sold at the date of a transaction. The assessment, when necessary, is made by external professional evaluators. Profits or losses that arise from changes in the real value of investments in property are included in the income statement of the period during which they arise.

Repairs and maintenance are recorded as expenses in the year in which they are incurred. Material subsequent expenses are capitalized when they augment the useful economic life of the buildings, their productive capacity or reduce their operation cost. Investment properties are eliminated from the accounts upon sale. All gains or losses resulting from the sale of a property are included in the income statement of the year during which it was sold. Investment property under construction is recorded at cost value as tangible assets till its completion and then is transferred to investment property account.

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m) Financial Assets – Loans and Receivables

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

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

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

n) Inventories

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

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

o) Receivables Accounts

Short-term receivables are accounted for at their nominal value less the provisions for doubtful receivables, while long-term receivables are valued at net amortized cost based on the effective interest rate method. At each reporting period all overdue or doubtful receivables are reviewed in order to determine the necessity for a provision for doubtful receivables.

The balance of the specific provision for doubtful receivables is appropriately adjusted at each balance sheet date in order to reflect the estimated relevant risks. Each write-off of customer balances is debited to the existing provision for doubtful receivables.

p) Cash and Cash Equivalents

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

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q) Loan liabilities

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

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

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

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

r) Provisions for Staff Retirement Indemnities

According to the provisions of L2112/20, the Group reimburses its retiring or dismissed employees, and the amount of the relevant indemnities depends on the years of service, the level of wages and the reason for exit from employment (dismissal or retirement).

The liabilities for staff retirement indemnities are calculated using the discounted value of future benefits that have accrued at the end of the year, based on the recognition of the employees' benefit rights during the duration of their expected working years.

The above liabilities are calculated based on the financial and actuarial assumptions and are defined using the projected unit method of actuarial valuation. Net retirement costs for the period are included (a) in the attached income statement and consist of the present value of benefits that have accrued during the year, the interest on the benefits' liability and the cost of prior service (b) the statement of comprehensive income which includes the actuarial profit or loss and any other additional retirement costs. The prior service costs are recognized on a straight-line basis over the average period during which access to the program's benefits is earned.

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The liabilities for retirement benefits are not financed. As at the 1st of January 2004 (transition date to IFRS and compilation of initial Balance Sheet) the Group, applying the exemptions provided for by IFRS 1 for the first-time application of the IFRS, recognized the total actuarial losses that had accumulated as of the 1st of January 2004. During the compilation of subsequent financial statements and until 31/12/2012, the Group, applying the general provisions of IAS 19, followed the "margin" method for the recognition of accumulated actuarial losses/profits. Actuarial profits and losses were registered as income or expenses when the accumulated actuarial profit or losses for each program separately exceeded 10% of the largest value between the liability of the defined benefit and the actual value of the program's assets. These profits or losses were systematically recorded during the expected average remaining working life of employees participating in the plans. Since the fiscal year 2013, the Group has adopted the revised IAS 19, according to which, the "margin" method is removed and the effect resulting from recalculations in the current year is required to be recognized as other comprehensive income. It also alters the measurement and presentation of specific cost elements of defined benefits. The net amount in the results is affected by subtracting the expected income on the plan's assets and the cost of interest and their replacement with a net cost of interest based on the net asset or net liability of the defined benefit plan. It increases disclosures, including more information regarding the characteristics of defined benefit plans and the risks involved.

s) Government Pension Plans

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

t) Income Tax (Current and Deferred)

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

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

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

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

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

u) Finance and Operating Leases

Finance leases, which essentially transfer to the Group all the risks and returns related to the leased fixed asset, are capitalized during the inception of the lease based on the leased asset's fair value or, if it is lower, on the present value of the minimal leases.

Payments for finance leases are allocated between the financial expenses and the reduction of the financing liability, in order to achieve a fixed interest rate on the remaining portion of the liability. The financial expenses are debited directly to the results. Capitalized leased fixed assets are depreciated with the straight-line method based on the estimated useful life of the asset.

Leases where the lessor maintains all the risks and returns related to ownership of the fixed asset, are recorded as operating leases. The payments of operating leases are recognized as an expense in the income statement on a constant basis for the duration of the lease.

v) Government Grants

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

w) Provisions, Contingent Liabilities and Contingent Receivables

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

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x) Provision for wind park dismantlement and rehabilitation of environment

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

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

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

y) Earnings per Share

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

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

z) Acquisition of non-controlling interests

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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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.

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6. GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 30.09.2017 are as follows:

A) Subsidiaries of TERNA ENERGY SA

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

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

Participation Percentage					
No.	Company Name	30/09/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
1	IWECO CHONOS LASITHIOU CRETE SA	100%	100%	Production of Electric Energy from RES	5
2	ENERGIAKI SERVOUNIOU SA	100%	100%	Production of Electric Energy from RES	5
3	TERNA ENERGY EVROU SA	100%	100%	Production of Electric Energy from RES	5
4	PPC RENEWABLES – TERNA ENERGY S.A.	51%	51%	Production of Electric Energy from RES	5
5	AIOLIKI PANORAMATOS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	5
6	AIOLIKI RACHOULAS DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	5
7	ENERGEIAKI DERVENOCHORION S.A.	100%	100%	Production of Electric Energy from RES	5
8	AIOLIKI MALEA LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	5
9	ENERGEIAKI FERRON EVROU S.A	100%	100%	Production of Electric Energy from RES	5
10	AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	100%	100%	Production of Electric Energy from RES	5
11	ENERGEIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	5
12	ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	100%	100%	Production of Electric Energy from RES	5
13	AIOLIKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	5
14	EUROWIND S.A.	100%	100%	Production of Electric Energy from RES	5

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Participation Percentage					
No.	Company Name	30/09/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
15	ENERGIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	5
16	DELTA AXIOU ENERGEIAKI S.A.	66%	66%	Production of Electric Energy from RES	5
17	TERNA ENERGY THALASSIA WIND PARKS S.A.	77%	77%	Production of Electric Energy from RES	6
18	TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	77%	77%	Production of Electric Energy from RES	6
19	VATHYCHORI PERIVALLONTIKI S.A.	100%	100%	Production of Electric Energy from RES	5
20	VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	100%	Production of Electric Energy from RES	5
21	CHRYSOUPOLI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	6
22	LAGADAS ENERGEIAKI S.A.	80%	80%	Production of Electric Energy from RES	6
23	DOMOKOS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	6
24	DIRFYS ENERGEIAKI S.A.	51%	51%	Production of Electric Energy from RES	5
25	FILOTAS ENERGEIAKI S.A.	90%	90%	Production of Electric Energy from RES	5
26	MALESINA ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	5
27	ORHOMENOS ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	5
28	ALISTRATI ENERGEIAKI LTD	80%	80%	Production of Electric Energy from RES	5
29	TERNA ENERGY AI-GIORGIS S.A.	100%	100%	Production of Electric Energy from RES	5
30	TERNA AIOLIKI AMARYNTHOU S.A.	100%	100%	Production of Electric Energy from RES	5
31	TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	100%	Production of Electric Energy from RES	5
32	TERNA ILIAKI VIOTIAS S.A.	100%	100%	Production of Electric Energy from RES	5
33	VATHYCHORI DYO ENERGEIAKI S.A.	100%	100%	Production of Electric Energy from RES	5
34	TERNA AIOLIKI XIROVOUNIOU S.A.	100%	100%	Production of Electric Energy from RES	5

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Participation Percentage					
No.	Company Name	30/09/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
35	TERNA ILIAKI ILIOKASTROU S.A.	100%	100%	Production of Electric Energy from RES	5
36	TERNA ILIAKI PANORAMATOS S.A.	100%	100%	Production of Electric Energy from RES	5
37	AIOLIKI KARYSTIAS EVIAS S.A.	100%	100%	Production of Electric Energy from RES	6
38	GEO THERMAL ENERGY DEVELOPMENT S.A.	50%	50%	Production of Electric Energy from RES	5
39	TERNA ILIAKI PELOPONNISOU S.A.	100%	100%	Production of Electric Energy from RES	5
40	PERIVALLONTIKI PELOPONNISOU SA	100%	100%	Waste Management	2
41	HELLAS SMARTICKET S.A.	70%	70%	Electronic Systems Operation	3
42	WASTE SYCLO S.A.	51%	51%	Waste Management	5
43	TERNA ENERGY FINANCING SPSA	100%	100%	Credit Services	1
44	AEIFORIKI IPEIROU SA	100%	-	Waste Management	-
45	OPTIMUS ENERGY SA	51%	-	Trade of Electric Energy	-
46	GP ENERGY LTD	51%	51%	Trade of Electric Energy	12
47	TERNA ENERGY OVERSEAS LTD	100%	100%	Production of Electric Energy from RES	8
48	EOLOS POLSKA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
49	EOLOS NOWOGRODZEC sp.z.o.o.	100%	100%	Production of Electric Energy from RES	6
50	HAOS INVEST 1 EAD	100%	100%	Production of Electric Energy from RES	6
51	VALE PLUS LTD	100%	100%	Εμπορεία Εξοπλισμού Ηλεκτρικής Ενέργειας	7
52	GALLETTE LTD	100%	100%	Holding	8
53	ECO ENERGY DOBRICH 2 EOOD	100%	100%	Production of Electric Energy from RES	6
54	ECO ENERGY DOBRICH 3 EOOD	100%	100%	Production of Electric Energy from RES	6
55	ECO ENERGY DOBRICH 4 EOOD	100%	100%	Production of Electric Energy from RES	6
56	COLD SPRINGS WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
57	DESERT MEADOW WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6

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Participation Percentage					
No.	Company Name	30/09/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
58	HAMMETTHILL WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
59	MAINLINE WINDFARM LLC	100%	100%	Production of Electric Energy from RES	6
60	RYEGRASS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	6
61	TWO PONDS WINDFARM, LLC	100%	100%	Production of Electric Energy from RES	6
62	MOUNTAIN AIR WIND, LLC	100%	100%	Production of Electric Energy from RES	6
63	TERNA ENERGY USA HOLDING CORPORATION	100%	100%	Holding	6
64	MOUNTAIN AIR PROJECTS LLC	100%	100%	Production of Electric Energy from RES	6
65	MOUNTAIN AIR INVESTMENTS LLC	100%	100%	Production of Electric Energy from RES	6
66	MOUNTAIN AIR ALTERNATIVES LLC	100%	100%	Production of Electric Energy from RES	6
67	MOUNTAIN AIR RESOURCES LLC	100%	100%	Production of Electric Energy from RES	6
68	MOUNTAIN AIR HOLDINGS LLC	100%	100%	Production of Electric Energy from RES	6
69	FLUVANNA WIND ENERGY LLC	100%	100%	Production of Electric Energy from RES	2
70	FLUVANNA HOLDINGS LLC	100%	100%	Production of Electric Energy from RES	1
71	FLUVANNA INVESTMENTS LLC	100%	100%	Production of Electric Energy from RES	1
72	TERNA DEN LLC	100%	100%	Production of Electric Energy from RES	1
73	TERNA RENEWABLE ENERGY PROJECTS LLC	100%	100%	Production of Electric Energy from RES	1
74	AEGIS LLC	100%	100%	Production of Electric Energy from RES	6
75	MOHAVE VALLEY ENERGY LLC	100%	100%	Production of Electric Energy from RES	1
76	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	100%	100%	Holding	6
77	EOLOS NORTH sp.z.o.o.	100%	100%	Production of Electric Energy from RES	5
78	EOLOS EAST sp.z.o.o.	100%	100%	Production of Electric Energy from RES	5

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Participation Percentage					
No.	Company Name	30/09/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
79	AIOLIKI PASTRA ATTIKIS SA	100%	100%	Production of Electric Energy from RES	6
80	TERNA ENERGY TRADING LTD	51%	51%	Holding	2
81	JP GREEN sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
82	WIRON sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
83	BALLADYNA sp.z.o.o.	100%	100%	Production of Electric Energy from RES	2
84	TERNA ENERGY UK PLC	100%	100%	Credit Services	-
85	TETRA DOOEL SKOPJE	51%	51%	Trade of Electric Energy	2
86	PROENTRA D.O.O BEOGRAD	51%	51%	Trade of Electric Energy	2

Within the first 9-month period of 2017, two companies were established in Greece: the company "AEIFORIKI IPEIROU SA" with the objective to activate in the area of waste management and the company "OPTIMUS ENERGY SA" with the objective to activate in the trading (sale) of electricity.

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

Participation Percentage					
No.	Company Name	30/09/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
1	TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of Electric Energy from RES	6
2	TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of Electric Energy from RES	6
3	TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of Electric Energy from RES	6
4	TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of Electric Energy from RES	6
5	TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of Electric Energy from RES	6
6	TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	100%	100%	Production of Electric Energy from RES	6
7	TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	100%	100%	Production of Electric Energy from RES	6
8	TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	99%	99%	Production of Electric Energy from RES	6
9	TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	100%	100%	Production of Electric Energy from RES	6

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Participation Percentage					
No.	Company Name	30/09/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
10	TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	100%	100%	Production of Electric Energy from RES	6
11	TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	100%	100%	Production of Electric Energy from RES	6
12	TERNA ENERGY SA VECTOR WIND PARKS OF GREECE – WIND PARK TROULOS G.P.	90%	90%	Production of Electric Energy from RES	6

B) Joint ventures & Companies of TERNA ENERGY SA

i) Joint Ventures

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

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		30/09/2017	31/12/2016	
1	J/V TERNA SA – TERNA ENERGY EVANGELISMOS PROJECT C'	50%	50%	6
2	J/V EMBEDOS – PANTECHNIKI - ENERGEIAKI	50.10%	50.10%	6

ii) Joint entities

No.	Company Name	Participation Percentage		Tax un-audited fiscal years
		30/09/2017	31/12/2016	
1	J/V GEK TERNA SA – TERNA ENERGY SA	50%	50%	2

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

Participation Percentage						
No.	Company Name	Establishment	30/09/2017	31/12/2016	Business Activity	Tax un-audited fiscal years
1	1. TERNA ENERGY SA - M.E.L. MACEDONIAN PAPER COMPANY SA & SIA CO-PRODUCTION GP	12/2/2001	50%	50%	Construction/ Operation of co-production unit of electricity for serving of needs of MEL	6
2	2. TERNA ENERGY SA & SIA LP	24/5/2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki	6

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

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

C) Associates of TERNA ENERGY SA

No.	Company Name	Participation Percentage		Consolidation Method	Tax un-audited fiscal years
		30/09/2017	31/12/2016		
1	Renewable Energy Center RES Cyclades SA *	45%	45%	Equity	5
2	EN.ER.MEL. S.A.	49.2%	49.2%	Equity	5

* Participation through IWECO CHONOS LASITHIOU CRETE S.A.

7. INFORMATION REGARDING OPERATING SEGMENTS

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

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

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

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

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

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

Trading of electric energy: It refers to the trading of electric energy and includes:

- a) Supply and sale of electric energy from and to the neighboring markets and the markets of Southeastern Europe.
- b) Development of the network of subsidiaries in the neighboring countries (FYROM, Serbia) with the objective to access the respective markets of electric energy.
- c) Participation in tenders for the purchase of rights for cross-border electric energy transmission. The acquisition of such rights is a requirement for the transmission of electric energy among the neighboring countries.
- d) Continuous activation and analysis of options offered in the international markets of electric energy (on a daily, monthly and annual basis).

Concessions: concerns the construction and operation of infrastructure and public sector projects in exchange for the long-term operation of the above projects through the provision of services to the public.

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

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

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

“Net debt / (Surplus)”: It is an index used by Management to judge the cash flow of an operating segment at every point in time. It is defined as the total liabilities from loans minus Cash and cash equivalents (with the exception of the amounts of grants to be rebated (Note 12)), minus the blocked deposits (they are included in the item “Prepayments and Other receivables (Note 12)).

“EBITDA”: It is defined as Operating results (EBIT) plus the depreciations of the year minus the grants’ amortization corresponding to the year.

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Business segments	Electricity from renewable		Trading	Concessions	Consolidation Write-offs	Total Consolidated
	Construction	energy sources	Electric Energy			
30.9.2017						
Income from external customers						
Sales of products	-	125,477	8,217	5,814	-	139,508
Income from construction services	30,247	-	-	38,597	-	68,844
Total income from external customers	30,247	125,477	8,217	44,411	-	208,352
Inter-segment income	15,881	-	-	-	(15,881)	-
Total income	46,128	125,477	8,217	44,411	(15,881)	208,352
Net Results per Segment	8,748	9,552	515	489	-	19,304
Depreciations	(75)	(44,566)	-	(4)	-	(44,645)
Amortization of grants	-	8,052	-	-	-	8,052
Financial income	41	1,006	-	856	-	1,903
Financial expenses	(299)	(34,863)	(15)	(1,037)	-	(36,214)
Foreign exchange valuation differences	-	(4,078)	(15)	-	-	(4,093)
Profit / (losses) from financial instruments valued at fair	-	209	-	-	-	209
Income tax	(4,236)	(8,069)	(137)	(238)	-	(12,680)
EBIDTA	13,317	91,861	682	912	-	106,772
EBIT	13,242	55,347	682	908	-	70,179
Capital expenditure for the period	4	177,864	-	82	-	177,950
Segment assets	41,609	1,514,363	2,287	81,990	-	1,640,249
Investments in associates	-	5,374	-	-	-	5,374
Total Assets	41,609	1,519,737	2,287	81,990	-	1,645,623
Segment liabilities	26,405	1,181,558	1,154	74,910	-	1,284,027
Debt obligations	-	836,085	83	39,100	-	875,268
Cash (apart from grants to be returned)	(16,192)	(170,220)	(834)	(14,316)	-	(201,562)
Blocked deposits	-	(37,661)	-	-	-	(37,661)
Net debt / (surplus)	(16,192)	628,204	(751)	24,784	-	636,045

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Business segments	Electricity from		Trading		Consolidation	
	Construction	renewable energy sources	Electric Energy	Concessions	Write-offs	Total Consolidated
30.9.2016						
Income from external customers						
Sales of products	-	104,722	24,638	-	-	129,360
Income from construction services	18,590	-	-	370	-	18,960
Total income from external customers	18,590	104,722	24,638	370	-	148,320
Inter-segment income	26,967	2,173	4,661	-	(33,801)	-
Total income	45,557	106,895	29,299	370	(33,801)	148,320
Net Results per Segment	963	13,366	269	(278)	-	14,320
Depreciations	(87)	(38,210)	(1)	-	-	(38,298)
Amortization of grants	-	8,129	-	-	-	8,129
Financial income	-	850	-	154	-	1,004
Financial expenses	(529)	(26,270)	(27)	(506)	-	(27,332)
Foreign exchange valuation differences	-	(1,001)	(6)	-	-	(1,007)
Profit from sale of participations and securities	(5)	722	-	-	-	717
Income tax	(893)	(7,028)	(36)	132	-	(7,825)
EBIDTA	2,477	76,174	339	(58)	-	78,932
EBIT	2,390	46,093	338	(58)	-	48,763
Capital expenditure for the period	14	108,266	-	-	-	108,280
31.12.2016						
Segment assets	36,745	1,357,162	2,932	35,398	-	1,432,237
Investments in associates	-	5,374	-	-	-	5,374
Total Assets	36,745	1,362,536	2,932	35,398	-	1,437,611
Segment liabilities	30,399	1,021,833	1,977	28,172	-	1,082,381
Debt obligations	-	641,544	78	26,234	-	667,856
Cash (apart from grants to be returned)	(6,310)	(69,126)	(211)	(1,701)	-	(77,348)
Blocked deposits	-	(36,007)	-	-	-	(36,007)
Net debt / (surplus)	(6,310)	536,411	(133)	24,533	-	554,501

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Geographic segments	Greece	Eastern Europe	America	Total consolidated
30.9.2017				
Turnover from external customers	170,037	21,572	16,743	208,352
Non-current assets	614,857	149,909	364,810	1,129,576
Capital expenditure	52,511	13	125,426	177,950
30.9.2016				
Turnover from external customers	92,660	37,195	18,465	148,320
31.12.2016				
Non-current assets	583,115	154,627	283,837	1,021,579
Capital expenditure	99,318	875	50,561	150,754

8. TANGIBLE FIXED ASSETS

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Net book value 1 January	970.577	858.667	99.427	100.264
Additions during the period	172,965	104,157	394	3,604
Borrowing cost	4,336	2,388	-	-
Provisions for restoration	385	1,659	22	-
Depreciation for the period	(43,122)	(37,509)	(6,352)	(5,998)
Reductions / Write-offs	(59)	(93)	-	(37)
Reclassifications	-	(22)	-	(20)
Foreign exchange differences	(32,330)	(6,970)	-	-
Net book value 30 September	1,072,752	922,277	93,491	97,813

From the total value of the Group's fixed assets on 30/09/2017, an amount of € 226,159 concerns Assets under Construction and Prepayments for Acquisition of Fixed Assets.

Moreover, an amount of € 783,185 concerns "Technological and machinery equipment" which includes the wind generators of the wind parks that have been placed as pledge in banks against the Group's long-term loans.

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9. INTANGIBLE FIXED ASSETS

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Net book value 1 January	27,102	30,319	2,116	2,485
Additions during the period	264	76	-	13
Amortization during the period	(1,523)	(789)	(146)	(150)
Reductions / Write-offs	-	(1,170)	-	(205)
Reclassifications	-	22	-	20
Foreign Exchange Differences	(784)	(202)	-	-
Net book value 30 September	25,059	28,256	1,970	2,163

10. OTHER LONG-TERM RECEIVABLES

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

	GROUP		COMPANY	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Loans to subsidiaries	-	-	92,359	61,185
Loans to parent – other related companies	1,732	1,160	1,042	501
Several Provided Guarantees	389	350	211	189
Other Long-Term Receivables	21,985	21,860	497	497
Total	24,106	23,370	94,109	62,372

The Company participated in bond loan issues of subsidiaries. The loans will be repaid either at their maturity date or through premature repayments and carry an interest rate within the range of 5%-6%. The increase of “Loans to subsidiary companies” is mainly due to the financing of construction of wind parks of the Group’s subsidiaries by the parent Company. Specifically, during the 9-month period of 2017, the Company financed the construction of two wind parks, in the Peripheries of Central and Western Macedonia. The construction commenced within the first half of 2017 and is expected to complete within the first half of 2018. Moreover, the Company financed the construction of two wind parks in Tanagra Municipality, Periphery of Central Greece. The construction phase completed within the 9-month period of 2017 and operation of the wind parks commenced. Furthermore, the Company financed the construction of the installation for solid waste treatment of Epirus Region, Greece, which commenced during the third quarter of 2017 and is expected to complete until the end of 2018.

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

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11. FINANCIAL ASSETS - CONCESSIONS

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

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

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

In accordance with the provisions of Interpretation IFRIC 12, the Group has recognized a financial asset for the aforementioned concession contract by the Greek State.

On September 30th, 2017, the unamortized balance of the financial asset is € 27,797, compared to € 10,055 at 31st of December 2016. The increase is due to the realization of a significant part of the construction during the 9-month period of 2017 and also during the commencement of the system's operation.

12. CASH & CASH EQUIVALENTS

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

	GROUP		COMPANY	
	30.9.2017	31.12.2016	30.9.2017	31.12.2016
Cash in Hand	15	15	-	-
Sight & Time Deposits	288,598	164,384	84,978	29,249
Total	288,613	164,399	84,978	29,249

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

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From total amount of grants to be rebated, on 24/11/2017, an amount of € 8,655, was rebated. In addition, accounted interest of amount € 224 was rebated.

Moreover, the Group maintains blocked deposits of € 37,661 (2016: € 36,007) [for the Company of € 4,800 (2016: € 4,756)], which are held in certain bank accounts for the servicing of short-term operating and financial obligations. The particular blocked deposits are classified in the item "Prepayments and other receivables".

13. SHARE CAPITAL

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

Following the above, the Company's share capital amounts to thirty two million seven hundred ninety four thousand and three hundred twenty euro (€ 32,794,320.00) and is divided into one hundred nine million three hundred fourteen thousand and four hundred (109,314,400) common registered shares with voting rights of a nominal value per share thirty cents of euro (€ 0.30).

During the period 01.01.2017 – 30.09.2017, the Company purchased 461,790 treasury shares with a purchase price of € 1,585,382. The total number of treasury shares held by the Company at 30.09.2017 amounted to 4,778,055 shares, namely 4.37% of the total share capital, with an aggregate acquisition cost of € 12,597,224.

14. FINANCIAL LIABILITIES

In USA, TERNA ENERGY Group in the context of its investment strategy and in order to take advantage in the most optimal manner of the tax benefits provided by local law, entered a transaction during the financial year of 2012 where the counterparty company paid the amount of €49,693 in order to receive the right to receive, mainly, cash and tax losses (tax equity investment). The control is based on a contractual agreement with the company MetLife, which contributed capital as Tax Equity Investor (TEI) and which is controlled and fully consolidated. According to the agreement between the two parties, TEI contributed capital in exchange for 50% of the corporate shares (membership interests), the contractual rights of which define that the TEI will receive 99% of the tax losses, as well as a certain percentage of the net cash flows until the return on the invested capital (as it was defined in the relevant agreement) is achieved.

The relevant membership interests have been recognized as financial liability according to IAS 32. There are no contractual obligations of the parent company TERNA ENERGY and its subsidiaries for the provision of any form of financial support in case of economic difficulty or inability for the repayment of obligations by Terna Energy USA Holding Corporation, including the contractual liability to the TEI.

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The basic characteristics of the transaction are as follows:

- Regardless of the participation stake in the share capital held by the counterparty company, TERNA ENERGY group maintains control of management of the wind parks and therefore such are fully consolidated in the group's financial statements.
- The counterparty company receives a significant portion of the earnings and tax losses created from such wind parks until such achieve a predefined (during the initial investment) rate of non-guaranteed return.
- The counterparty company remains a shareholder of the wind parks until the predefined rate of return on their investment is achieved.
- When the return on the investment of the counterparty company reaches the predefined level, the Group has the option to acquire the rights of the counterparty company in the return of the investment.
- The return of the investment of the counterparty company, depends exclusively on the performance of the wind parks. Even though TERNA ENERGY group commits to operate such parks in the best possible manner and takes all possible measures to ensure their smooth operations, it is not obliged to pay cash to the counterparty company over and above the amount required to achieve the predefined non-guaranteed return on their investment.

The Group, based on the objective of such transactions, classifies the initial investment of the counterparty company as a "Financial liability" in the consolidated statement of financial position. The financial liability is measured at net book cost.

15. LOANS

The summary movement of the group's and company's short-term and long-term debt on 30/09/2017 and 30/06/2016, was as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Balance 1 January	667,856	486,072	151,872	131,348
New debt	282,817	220,832	145,057	52,015
Repayment of loans	(61,711)	(142,436)	(29,605)	(40,450)
Capitalization of interest	8,725	2,555	1,325	2,679
FX differences	(22,419)	(3,908)	-	-
Balance 30 September	875,268	563,115	268,649	145,592

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

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

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During 30/09/2017, out of the total bank debt obligations of the Group, an amount of € 152,536 corresponds to the parent company's bank loans, an amount of € 281,007 corresponds to bank debt obligations for which a collateral has been provided by the parent company, and an amount of € 441,725 corresponds to bank debt obligations for which no collateral has been provided.

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

Furthermore, a subsidiary of the Group issued an ordinary bond loan via Public Offering of € 60,000. The loan amounted to € 58,883 (issued amount of € 60,000 minus issuance expenses of € 1,117) and was disbursed in the beginning of the third quarter of 2017.

In addition, the parent company and the subsidiaries of the Group received short-term loans for an amount of € 135,504 and long-term loans of € 29,028 in order to cover liquidity needs during the construction period of the Group's wind energy parks.

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

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

On 30 September 2017, the above mentioned loans were reclassified in the item "Long-term loans" since they fulfilled the terms of the respective loan agreements.

Additionally, on 30 September 2017, the Group fully satisfied the required limits of the financial ratios, in accordance with the requirements of its borrowing contracts, excluding bond loans of amortized amount € 30,485. These loans were reclassified to Short Term Liabilities and specifically to the account "Long-term liabilities payable in the next financial year", as the financial ratios of the relevant loan agreements were not met on 30/09/2017.

16. FINANCIAL DERIVATIVES

Liabilities and assets from financial derivatives on 30/09/2017 and 31/12/2016, are analyzed as follows:

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LIABILITY	Nominal Value		GROUP		COMPANY	
			Fair Value of Liability	Fair Value of Liability	Fair Value of Liability	Fair Value of Liability
			30.9.2017	31.12.016	30.9.2017	31.12.016
For hedging purposes						
Interest Rate Swaps	€ 7,537	€ 7,537	308	426	-	-
Interest Rate Swaps	€ 9,000	€ 9,000	443	574	-	-
Interest Rate Swaps	€ 5,772	€ 5,772	212	256	-	-
Interest Rate Swaps	€ 17,000	€ 17,000	1,526	1,755	-	-
Interest Rate Swaps	€ 9,000	€ 9,000	-	330	-	-
Interest Rate Swaps	€ 15,400	€ 15,400	950	1,069	-	-
Interest Rate Swaps	€ 11,160	€ 11,160	77	164	-	-
Interest Rate Swaps	€ 103,650	€ 103,650	681	1,114	-	-
Interest Rate Swaps	€ 6,563	€ 6,563	444	506	444	506
Interest Rate Swaps	€ 30,000	-	311	-	311	-
Interest Rate Swaps	€ 20,000	-	184	-	184	-
			5,136	6,194	939	506
For trading purposes						
Options (collar)			-	95	-	-
			5,136	6,289	939	506
ASSET	Nominal Value		GROUP		COMPANY	
			Fair Value of Asset	Fair Value of Asset	Fair Value of Asset	Fair Value of Asset
			30.9.2017	31.12.2016	30.9.2017	31.12.016
For hedging purposes						
Interest Rate Swaps	\$25,000	\$25,000	156	307	-	-
Options (collar)			4,249	-	-	-
Options (swaption)			1,146	-	-	-
			5,551	307	-	-
For trading purposes						
Options (swaption)			-	1,219	-	-
			5,551	1,526	-	-

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

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

The Group has entered into these derivatives with the ultimate purpose of using them to hedge the risk of cash flow variability in the energy for the Group's investment in a Wind Park in the USA, through its subsidiary. This particular subsidiary constructs and will operate a wind park of 150 MW capacity in West Texas of the United States.

The Group examined all the elements and requirements of IAS 39 in order to use the cash flow hedging accounting. The requirements of the standard were met within the first quarter of 2017 and as a result cash flow hedging accounting will be used from that date and onwards. Therefore during the 9-month period of 2017, the result from the valuation at fair of the above derivatives, amounting to € 209 (profit) was recognized in the results of the period, in the item "Earnings / (losses) from financial instruments measured at fair value", whereas an amount of € 4,460 (income) was recognized in the item "Income / (expenses) from hedging of cash flow risk" in the statement of other comprehensive income. On 31/12/2016, the change of € 1,069 in the fair value of derivatives was recorded in the results for the year.

The fair value of the collar on 30/09/2017 implied a receivable of € 4,249 (31/12/2016: liability of € 95), whereas the swaption a receivable of € 1,146 (31/12/2016: € 1,219).

17. PROVISIONS

The summary movement of the group's and company's provisions on 30/09/2017 and 30/09/2016, was as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Balance 1 January	14,122	9,269	4,443	1,329
Additional provisions charged on the period's results	606	356	200	52
Additional provisions charged on the assets	385	1,659	22	-
FX differences	52	(20)	-	-
Balance 30 June	15,165	11,264	4,665	1,381

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18. GRANTS

The summary movement of the group's and company's grants on 30/09/2017 and 30/09/2016, was as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Balance 1 January	159,156	236,239	19,007	20,885
Rebate of grants	(1,320)	-	(250)	-
Transfer of period's proportion to the results	(8,052)	(8,129)	(1,346)	(1,409)
FX differences	(6,089)	(1,663)	-	-
Balance 30 September	143,695	226,447	17,411	19,476

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

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

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

19. OTHER INCOME/EXPENSES

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Grant amortization	8,052	8,129	1,346	1,409
Dividends	-	-	423	395
Income from leasing	73	16	71	73
Income from insurance indemnities	2,189	919	928	295
Gain from sale of securities	-	717	-	717
Sales of fixed assets and inventories	-	20	-	15
Other services	3	-	-	-
Other income	796	799	462	728
Total Other Income	11,113	10,600	3,230	3,632

	GROUP		COMPANY	
	2016	2016	2016	2016
Other expenses	(397)	(12)	(398)	(30)
Loss from write-off of intangible assets	-	(205)	-	(205)
Loss from sale of assets	(39)	-	-	-
FX differences	(4,109)	(1,038)	-	-
Total other expenses	(4,545)	(1,255)	(398)	(235)
Net other income / (expenses)	6,568	9,345	2,832	3,397

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20. NUMBER OF EMPLOYEES

The average number of full-time regular employees of the Group during the 9-month period of 2017 was 190 employees and of the company 113 employees (155 and 110 respectively during the nine-month period of 2016).

21. INCOME TAX

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

The weighted tax rate for 30/09/2017 was 39.65% for the Group and 27.37% for the Company.

The parent company, TERNA ENERGY S.A. is tax-audited up to the fiscal year 2008 included. On 28th December 2015, the Group received an audit call concerning the ordinary tax audit from the pertinent tax authorities for the financial years 2009 and 2010. The audit has commenced and according to the notification made towards the company, the time lapse with regard to the unaudited cases concerning income tax and other tax elements, is extended for two years, namely until 31.12.2017. The taxes which may potentially arise following the above audit from the tax authorities will not have any material effect on the financial statements, since the Company has already formed adequate provisions.

During the preparation date of the accompanying financial statements, the non-audited tax years (including fiscal year 2016) of the Group's companies are presented in Note 6.

For the financial years 2011, 2012 and 2013, the Company has been tax audited according to the Decision 1159/26/7/2011 whereas for the years 2014, 2015 and 2016 according to article 65A paragraph 1 Law 4174/2013.

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

22. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01.01 – 30.09.2017 and 01.01 – 30.09.2016, as well as the balances of receivables and liabilities arisen from the above transactions as of 30.09.2017 and 30.09.2016 are as follows:

Period	GROUP				COMPANY			
1/1-30/09/2017	Sales	Purchases	Debit Balances	Credit Balances	Sales	Purchases	Debit Balances	Credit Balances
Subsidiaries	-	-	-	-	20,699	4,389	134,185	127,871
Parent	41	201	1,042	1,088	41	201	1,042	1,088
Other related parties	31,330	903	13,056	1,145	29,042	432	12,228	1,000
Main senior executives	-	745	-	616	-	412	6	-

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Period	GROUP				COMPANY			
1/1-30/09/2016	Sales	Purchases	Debit Balances	Credit Balances	Sales	Purchases	Debit Balances	Credit Balances
Subsidiaries	-	-	-	-	40,035	1,978	90,383	59,663
Parent	-	137	-	-	-	137	-	-
Other related parties	21,671	901	7,082	6,797	8,972	619	6,433	6,305
Main senior executives	-	1,139	-	643	-	371	95	-

23. SIGNIFICANT ACCOUNT VARIATIONS

During the period 01/01/2017 - 30/09/2017, Group's Turnover increased by € 60,032, compared to the same period last year.

This increase is mainly due to the progress of the Unified Automatic Fair Collection System for the companies of the ATS Group. During the first nine months of 2017, a significant part of the construction was completed and the project was also put into operation. (Note 11).

In addition, it was significantly strengthened due to the full operation of the Ai-Giorgis Wind Park (73.2MW) during the first nine months of 2017, while in the corresponding period of 2016, the operation period was shorter, as the wind park commencement operations at the end of the first semester of the same year.

In addition, during the first nine months of 2017, the Company's Cost of Sales decreased by € 7.769, compared to the corresponding period last year. This decrease mainly stems from the construction activity of the Company and in particular from the completion of the construction of the Ai-Giorgis Wind Park at the end of the first half of 2016.

Finally, Prepayments and other receivables as of 30/09/2017 decreased by € 25,786 compared to 31/12/2016.

This decrease is mainly due to the decrease in VAT receivables, as an amount of approximately € 20mil was collected during the first nine months of 2017, which was derived mainly from the construction of the wind park of Ai Giorgis.

24. SIGNIFICANT EVENTS DURING THE PERIOD

During the 9-month period of 2017 the following significant events took place:

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

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- On 24th May 2017, the company “TERNA ENERGY FINANCING SINGLE PERSON SOCIETE ANONYME”, fully owned (100%) subsidiary of the Group, submitted a prospectus to the Hellenic Capital Market Commission with regard to a bond issue amounting to € 60,000,000 that will finance the Company’s investment plan in Greece and USA.
- On 19.07.2017 the Public Offering concerning the issuance of an Ordinary Bond Loan of the subsidiary company “TERNA ENERGY FINANCING SINGLE PERSON SOCIETE ANONYME” was completed, whereas the new bond securities were listed on the category of Fixed Income Securities at the Organized Market of the Athens Exchange, Greece. In total, 60,000 common non-registered bonds were issued with a nominal value of € 1,000 (one thousand Euros) each resulting into the raising of capital proceeds amounting to € 60,000,000 (sixty million Euros). The final yield of the Bonds was set at 3.85% and the Bonds' offer price at €1,000 (one thousand Euros) each. The Public Offering was covered by 2.57 times. Bonds were allocated as follows based on the demand that was expressed for the yield of 3.85%:

A) 42,000 Bonds were allocated to Private Investors

B) 18,000 Bonds were placed to Special Investors

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

Within the context of the aforementioned investigation, it was mentioned as a possible participant, in only one case, a twenty-year company, which in the distant past merged with our Company under transformation procedures.

As a result of the aforementioned event, our Company, on the basis of article 25a of Law 3959/2011 as well as the resolution no. 628/2016 of the Plenary Session of the HCC, submitted, on the grounds of an obvious corporate interest and of a short settlement with a view to the reasonable possible discharge, a request to be subject to the envisaged settlement dispute procedures, namely in a conciliation procedure.

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

25. CONTINGENT LIABILITIES

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

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

There are no significant events after 30th September 2017 that may affect the financial position of the Group and the Company.

THE CHAIRMAN OF THE BOARD

THE CHIEF EXECUTIVE OFFICER

PERISTERIS GEORGIOS

MARAGOUDAKIS EMMANUEL

THE CHIEF FINANCIAL OFFICER

THE HEAD ACCOUNTANT

DELIKATERINIS VASILEIOS

MANAVERIS NIKOLAOS