TERNA SOCIETE ANONYME
TOURISM TECHNICAL SHIPPING COMPANY

85 Mesogeion Ave., 115 26 Athens
General Commerce Reg. No. 8554301000
S.A. Reg. No. 56330/01/B/04/506(08)

ANNUAL FINANCIAL REPORT

for the period

1 January to 31 December 2017

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I. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated Financial Statements of TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY (the Company), which comprise the separate and consolidated statement of financial position as at December 31, 2017, the separate and consolidated statements of comprehensive income, changes in equity and cash flows statement for the year then ended, and a summary of significant accounting principles and methods and other explanatory notes.

In our opinion, the abovementioned separate and consolidated Financial Statements present fairly, in all material respects, the financial position of TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY and its subsidiaries (together the "Group") as at December 31, 2017, and its financial performance and the consolidated Cash Flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union in compliance with the regulatory requirements of C.L. 2190/1920.

Basis for Opinion

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

Other Matter

The separate and consolidated financial statements of the Company for FY ended as at 31 December 2016 have been audited by another auditing firm. Regarding the FY in question, on 26/04/2017, the Certified Chartered Accountant issued Unqualified Opinion Auditor's Report.

Other information

Management is responsible for the other information. The other information comprises of the Board of Directors Report, for which reference is also made in section Report on Other Legal and Regulatory Requirements, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the separate and consolidated Financial Statements

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless, management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statement

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

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

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

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Matters

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

a) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 43a and 107A, CL 2190/1920, and its content corresponds to the accompanying separate and consolidated financial statements for the year ended as at 31/12/2017.

b) Based on the knowledge we obtained from our audit for the Company TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY and its environment, we have not identified any material misstatement to the Board of Directors report.

Athens, 27th April, 2018

The Chartered Accountant

Pavlos Stellakis

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II. ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2017

The present report of the Board of Directors for the closing period from 01/01/2017 to 31/12/2017, which includes the audited separate and consolidated financial statements, the notes on the financial statements and the audit report of the Certified Auditor, has been prepared according to the provisions of CL 2190/1920 (article 43a paragraph 3 article 107A par. 3 and article 136 par.2).

A. Financial Developments & Performance for the Year

Despite the improvement that has been achieved in the Fiscal Figures, the constant delays seen in the fulfillment of various obligations on behalf of the Greek State towards the Private Sector (VAT rebate, non-payment of interest on the delayed VAT rebate, payment of grants, etc.) in combination with the frequent changes of taxation and insurance legislation, as well as the limitations in the free movement of capital, affected negatively the economic activity, making even more difficult the efforts to attract investments in the country and boost employment level.

Furthermore, the Banks mainly due to the uncertainty regarding the resolution of the problem of non-performing-loans were not in position to pour credit in the market while at the same time they offered loans based on high interest rates and deposits based on zero-level interest rates. The above developments aggravated the financial burden of the market and delayed the material “restart” of the Greek economy.

It is noted that the construction of large motorway projects in which our Group also participated, contributed directly to the economy due to the substantial domestic added value, the increase in employment with tens of thousands new jobs (new salaries – social security fund contributions – payment of taxes and duties, etc.).

Under this context, TERNA Group continued its investment plan in Greece and abroad concerning the execution equipment of projects as well as the industrial segment of magnesium production, as its capital structure remains satisfactory.

Our Group, despite the prevailing difficulties, continues to be present abroad since a significant part of its revenues in construction and energy stems from the countries of the S.E. Europe and Middle East.

The most important Financial Figures of 2017 according to the International Financial Reporting Standards are as follows:

Turnover to third parties, from continuing activities, reached EUR 895 million approximately versus EUR 952 million in 2016, posting a decrease by 6%.

Turnover, which amounted to EUR 895 million, was attributed by 86.4% to activities in Greece (versus 79% in the previous period), by 2.8% to activities in Balkan countries (versus 4.7% in the previous period), by 10% (versus 16% previously) to activities in Middle East, and by 0.8% to activities in Malta, Libya and W. Europe (versus 0.3% previously).

The backlog of signed construction contracts on 31.12.2017 amounts to about EUR 1,583 million versus EUR 2,421 million at the end of 2016. It is noted that 14% (versus 17% at the end of the previous year) of the backlog concerns projects executed abroad.

Operating profit before interest, taxes, depreciation and amortization (EBITDA) settled at EUR 98.1 million versus EUR 135.94 million in the previous year. At the same time, earnings before interest and tax (EBIT) settled at EUR 79.1 million versus EUR 113.37 million in the previous year.

The item “Operating results (EBIT)” is defined as Gross profit, minus Administrative and distribution expenses, minus Research and development expenses, plus/minus Other income/(expenses) except for the payment and valuation related Foreign exchange differences, the Recoveries of impairments (Impairments / eliminations) of fixed assets, the Recoveries of impairments (Impairments / eliminations) of inventories, the Provisions, the Recoveries of impairments (Impairments / eliminations) of trade receivables and of the Results from participations and securities as presented in the accompanying financial statements.

The item “EBITDA” is defined as the Operating results (EBIT), plus depreciations of fixed assets, minus the grants amortization, as presented in the attached financial statements.

The financial year 2017 resulted into earnings before taxes amounting to EUR 58.71 million versus earnings before taxes of EUR 51.91 million for financial year 2016, posting an increase of 13% approximately.

Results after taxes and minority rights amounted to earnings of EUR 28.84 million, versus earnings of EUR 25.26 million in the previous financial year.

Net Debt of TERNA Group (cash and cash equivalents less bank debt) settled on 31.12.2017 at approximately plus EUR 61.78 million compared to plus EUR 250.26 million on 31.12.2016.

The Group’s equity amounted to EUR 151.78 million, compared to EUR 138.76 million on 31.12.2016.

The Total Assets of the Group amounted to EUR 1,238 million versus EUR 1,371 million on 31.12.2016.

The Board of Directors of the Company proposes the non-distribution of dividend concerning the year 2017.

B. Important Events for the Year 2017

The Company, almost all Greek Construction Companies as well as a significant number of foreign companies, were audited by the Hellenic Competition Commission (HCC) regarding their acts and actions, which could be considered that they could lead to a violation of the relevant rules.
Subsequently, the Company, on the basis of Article 25a of Law 3959/2011 as well as the decision of the Plenary Session of the HCC no. 628/2016, submitted after very cautious and extended consideration, for reasons of clear corporate interest and in order to implement the beneficiary provisions of Article 25A and 14 par. 2 case id (ee) of Law 3959/2011 and the 628/2016 Decision of the HCC regarding the terms, conditions and procedure for the settlement of disputes in cases of horizontal counterparty agreements in violation of article 1 of Law 3959/2011 and /or article 101 of the Treaty on the Functioning of the European Union, a request for inclusion in the envisaged dispute settlement procedures, namely in a process of consensual resolution.
On 03.08.2017, the Company TERNA SA was notified about the decision numbered 642/2017 of the Hellenic Competition Commission according to which a fine of 18,612 was imposed to the Company concerning violation of Article 1 of Law 3959/2011 and of Article 101 of the Treaty on the Functioning of the European Union (for the period from 11.5.2005 to 4.1.2007 and from 4.6.2011 to 26.11.2012). The settlement procedure was finalized and a fine of 18,612 was imposed. It should be noted that with regard to this fine, the Company and the Group have already included in the Financial Statements of the year 2016 a related provision of 19,000 (see note 22 in the financial statements of 2016).

On 30.05.2017 the Association of Entities "TERNA SA" - GMR Airports Limited" was declared Temporary sponsor of the project " Study, Construction, Financing, Operation, Maintenance and Exploitation of the New International Airport of Heraklion Crete as well as Study, Construction and Financing of its Road Connections ". The signing of the agreement is expected to take place up until the third quarter 2018.

Within the fourth quarter of 2017, the Certificate of Completion of works for the Period of Studies - Construction of the Concession Projects of Ionia Road, Central Greece and Olympia Road was issued, in accordance with the relevant Agreements signed by the Group and the Greek State on 11.5.2016 (for Ionian Concessions Road & Central Greece) and 25.07.2016 for Olympia Road, through which the new delivery times and the restoration of delay events have been finalized.

On 01.12.2017, the parent company GEK TERNA signed a EUR 193.95 million Secured Bond Loan Program with Greek Credit Institutions in order to refinance existing loans to Group companies of which an amount of EUR 81.74 million concerned TERNA SA. The basic terms of this Bond Loan are a borrowing cost of 4.5%-5.5% depending on the interest rates and a repayment period up to 2023.

After the adoption of the new IFRS 11, the company "HERON II S.A." is being consolidated through the equity method. In the current period, the earnings after taxes which have been incorporated amounted to 0.4 million euro compared to 0.4 million euro in 2016.

The Group is engaged in the production of quarry products and in the extraction and processing of magnesite through the licenses and mining concessions it holds.

The Management estimating that the demand for caustic magnesia will be high in the coming years, has started a considerable investment program of total estimated amount of 100 mil euro in its self-owned facilities at Mantoudi Evia for the extraction and treatment of magnesium, for the production of caustic mag CCM, magnesia (DBM) and magnesium hydroxide (MDH) products through its subsidiary TERNA LEYKOLITHI (or TERNA MAG) SA.

The turnover of TERNA MAG SA amounted to 7 million euro versus 3.3 million euro in 2016.

C. Significant Events after the end of the period 2017

On January 30, 2018, the coverage, as a whole, of the 1.12.2017 signed Common Secured Bond Loan of 193.95 million Euros of the parent company GEK TERNA, was completed by Greek Credit Institutions. By this manner, the purpose of refinancing the existing loans of the parent Company was fulfilled. Through the above loan of the parent company GEK TERNA, loans amounting to 81.74 million of TERNA SA were repaid.

On 2.2.2018 the Group signed a contract with M.M. Makronisos Marina Ltd for the execution of the following projects in connection with the development of the Marina of Agia Napa: villas, towers and commercial buildings, with a conventional objective of 163.4 million.

D. Risks and Uncertainties

The Group's activities are subject to several risks and uncertainties, such as market risk (volatility in exchange rates, interest rates market prices etc.), credit risk and liquidity risk.

In order to handle the financial risks, the Group has a risk management program that aims to minimize the negative effect on the financial results of the group that emerges from the inability to predict financial markets and the volatility of the cost and sales variables.

The financial instruments of the group are mainly deposits in banks, loans, trade and other debtors and creditors, receivables from construction contracts, loans to affiliated companies, investments in equities, dividends payable, long-term and short-term liabilities from leasing agreements and loans.

Following, the effect of basic risks and uncertainties on the Group's activities is presented.

Market risk

The Group is exposed to a risk related to the change in the fair value of the Investments available for sale which may affect the Financial Statements.

Foreign exchange risk

Foreign exchange risk is the risk that results from the fact that the fair value of future cash flows of a financial instrument will be subject to fluctuations due to changes in exchange rates.

This type of risk may result, for the Group, from foreign exchange differences due to valuation and conversion into the Group's currency of financial assets, mainly receivables and financial liabilities from transactions agreed in currency other than the operating currency of the Group's entities as well as from operating currencies of the Group's entities other than the Euro which is the reporting currency of the financial statements. The transactions mainly concern purchases of fixed assets and inventories, commercial sales, investments in financial assets, loans, as well as net investments in foreign operations. The Group operates through branches and companies in Greece, the Middle East and the Balkans and thus it may be exposed to foreign exchange risk.

As regards to the construction projects in the Balkans: the contractual receivables, liabilities to basic suppliers (cement, iron products, asphalt, cobble, skids etc) and sub-contractors are realized mainly in euro and thus the exposure to foreign exchange risk is limited. Moreover, the Bulgarian lev (BGN) has a fixed exchange rate against the euro.

As regards to the construction projects in the Middle East, the contractual receivables, liabilities to basic suppliers (concrete, iron products, asphalt, cobble, skids etc) and sub-contractors are realized in local currencies, which are pegged to the US dollar (USD) and thus there is exposure to foreign exchange from change in the EUR/USD exchange rate.

To manage this category of risk, the Group's Management and the financial department makes sure that the cash management of the Group is covered against changes in foreign exchange rates. Furthermore, it makes sure that the largest possible part of receivables (income) and liabilities (expenses) are realized in euro or in currencies pegged to the euro (i.e. the Bulgarian lev (BGN) or in the same currency in order to be matched against each other.

Regarding the transactions of the company with foreign companies, these mainly take place with European groups and the settlement currency is euro.

Interest rate risk

The Group's policy is to minimize its exposure to interest rate risk as regards to long-term financing. Due to the limited exposure to such financing, the Group does not enter interest rate swap agreements to cover interest rate risk.

Almost the entire long-term debt and financial leases held by the Group at the end of the present year from banks was based on floating rates by 99.5% (and by 99.3% at the end of the previous fiscal year). The remaining part was based on fixed rate.

Due to the short-term nature of the placements in cash reserves, these are based on floating interest rates, whereas the entire receivables from loans granted to affiliated companies are based on fixed rates.

The short-term debt of the Group is based by 99.95% on floating rates linked to Euribor and by 0.05% on fixed rates, and is agreed on local currencies for any Group company. Short-term loans are received mainly either as working capital or as funding for the Group's construction investments. Such loans are repaid from the collection of trade receivables. Therefore, the Group is exposed to interest rate risk emanating from its short-term and long-term debt based on floating rates.

Due to the short duration of the placements in cash and cash equivalents, these placements are based on floating interest rate, whereas the entire amount of loans towards associate companies is based on fixed interest rate.

Credit risk

The credit risk relates to the potential loss resulting from the inability of a counterparty participating in a financial transaction to fulfill its obligation and make the respective payment to the other counterparty.

The Group continuously monitors its receivables, either separately or by groups and it incorporates the resulting information in its credit control. When necessary, external reports or analyses are used as regards to existing or potential clients.

The credit risk for cash equivalents as well as for other receivables is not considered as significant, given that the counter parties are reliable banks having a high grade capital structure, the Greek state or companies of the broader public sector, or powerful business groups. Despite the above, these receivables are under a special status and if required additional adjustments will be made.

The management views that all financial assets for which special impairments have been formed, are characterized of high credit quality.

Liquidity Risk

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

The Group maintains cash and cash equivalents in banks to cover its liquidity needs for periods up to 30 days. Capitals for mid-term liquidity needs are released from term deposits.

Risks due to the current economic conditions prevailing in Greece

The measures implemented for the realization of the program's provision (tax and insurance) agreed with the Lenders, the failure to solve the Banks' problem regarding the non-performing loans, negatively affected the existing economic climate.

The continuation of the measure of capital controls in the economy has a negative effect on the international transactions given the difficulty to repay contractual obligations to suppliers and creditors. The latter generates additional costs and in overall it postpones the return to economic normality whereas it further weakens the country's ability to attract investments.

The full unfolding of the consequences from the above conditions of uncertainty and the delays observed in the payments made from the State and the broader public sector toward the Group in combination with the non-compliance on behalf of the State to the various provisions of Law (for example refusal of paying interest on the delayed VAT rebates) affect negatively the cash flows and the results of the Group, to the minimum degree by the amount of interest, in a way that it cannot be predicted accurately.

Despite the existence of risks referring to the recovery of the future benefits of the asset portfolios and the adequacy of the cash flows, the activities of the Group continue at a normal pace. In this context, the Management systematically assesses the broader situation and its potential effect, in order to ensure that all necessary measures and actions are taken for the minimization of the potential effects on the Group's activities. The Management of the Group aims at immediately informing the investor community about any significant effect generated by the constantly changing conditions.

Other risks and uncertainties

The Group's activity is exposed to trends prevailing in the construction market and thus may be negatively affected by the slowdown of construction activity in Greece and abroad, which may be continued due, amongst others, to the general economic conditions. The backlog of construction contracts is not necessarily indicative of future income from the Group's activity in this segment. Despite the fact that the backlog of such contracts represents projects that are considered certain, there is no guarantee that there shall be no cancellations or adjustments to their scope. The backlog of construction contracts of the Group may be subject to fluctuations related to project delays, external market factors and economic factors not under the Group control.

E. Non-Financial Information

INTRODUCTION

TERNA Group has established itself as an important business group. In the Management's Report for the year 2017, the Group incorporates a distinct section that deals exclusively with non-financial items and presents the policies, results and impacts of its activity on Sustainability issues, particularly in relation to: Environment, Society, Labor and Human Rights, Fight against Corruption and Bribery. A detailed presentation of these issues is made in the Corporate Responsibility Reports issued by the GEK TERNA Group and its subsidiary, TERNA ENERGY, on a yearly basis.

These issues have been identified through specific GRI procedures of significant issues' identification and are based on certain standards (The GRI Standards), international methodologies (ISO26000, United Nations Global Compact, AA1000) and global initiatives (Universal Declaration on Human Rights, Worldwide Sustainable Development Targets). Especially with regard to the Global Objectives of Sustainable Development, the GEK TERNA Group is committed to taking actions that will ensure social equality, prosperity and a sustainable natural environment for future generations. The Group is committed to contribute voluntary to the objectives directly related to its activity and invests in responsible entrepreneurship, Corporate Governance and Corporate Responsibility as tools to achieve these goals.

Vision and Principles
TERNA Group, based on the principles of Sustainable Development, its effective organizational structure, its proactive business strategy and the high know-how of its people, excels in important areas of business action. Its dynamic presence and its establishment of its leading position are accompanied by its unwavering support to the local communities in which it operates, from absolute respect to the natural environment and the completion of work-stations that create value for future generations. For nearly half a century, the Group has been operating setting as a priority values that demonstrate that ethical and sustainable entrepreneurship constitute growth driver.
These are:

- Respect for man and the natural environment
- Creating value for employees, associates, customers and shareholders
- Sincerity and reliability
- Targeted social contribution

Principles of Governance
The Corporate Governance Code is the cornerstone of the TERNA Group Corporate Governance System. The Code committees the whole of the Management and employees at every level of the organizational structure and defines the framework of both proper operation and acceptable behavior. Its aim is to ensure compliance with the principles of transparency, professional ethics and proper management of all Group resources.

In 2017, the Group proceeded to draft and publish the Code of Ethics, which reflects the basic principles, beliefs, corporate culture, business ethics and voluntary moral commitments that characterize it. The Code strengthens the core principles on which the Group is based and concerns employees and management and extends to associates, subcontractors and suppliers. Issues related to corruption and bribery, their combating, and inappropriate behavior are the core values of the Code.

CORPORATE RESPONSIBILITY

The framework
The Corporate Responsibility Framework developed and operated by the Group:

- incorporates our holistic approach in a simple and comprehensible way
- helps to prioritize business issues
- assists in selecting appropriate actions
- improves the understanding and implementation of Corporate Responsibility
- supports the achievement of corporate goals
- strengthens relations with stakeholders
- constitutes risk management methodology

Strategic approach: Recognition of risks and opportunities
The Group is exposed to multiple risks, which are related to a number of external factors and include: economic conditions in Greece and international trends in the construction market. Additional financial risks affect the Group's financial position and the way in which it makes business decisions and conducts strategic partnerships in Greece and abroad.

Corporate Responsibility is accompanied by a framework of principles, the effective integration of which influences the way the Group operates and guarantees:

For Corporate Governance

- ensuring optimal benefits for shareholders, investors, employees and customers
- ensuring entrepreneurial excellence based on ethics, integrity and transparency
- an intimate relationship with employees, and all stakeholders
- sustainable development based on the principles of Sustainability

For the environment

- environmental protection and optimal management of natural resources
- adoption of environmentally friendly technologies and minimization of the burden from the Group's activity

For the Market sector

- extension to new areas of action and to new markets outside Greece
- maintaining high quality
- strengthening its strong position in its traditional areas of activity in Greece
- Maintaining selected suppliers and supporting Greek suppliers

For Employees

- developing and strengthening human resources
- empowering workers' skills
- ensuring equality and a fair work environment
- strengthening know-how and innovation
- Health and Safety
- ensuring Health and Safety for the employees and subcontractors of the Group
- ensuring health and safety for users

For Society and Local Communities

- strengthening local communities
- supporting local communities and strengthening their economies

Certified Management Systems

For TERNA Group, the integration of standards and systems into its activities and operations is inextricably linked to the effective management of its operational function. International management standards allow the Group to use the tools and methodologies necessary in the international competitive environments in which it operates.

- Quality Management System ISO 9001: 2008: TERNA, TERNA LEFKOLITHI, TERNA S.A. ABU DHABI BRANCH
- Environmental Management System ISO 14001: 2004: TERNA, TERNA LEFKOLITHI, TERNA S.A. ABU DHABI BRANCH
- Occupational Health and Safety Management System OHSAS 18001: 2007: TERNA, TERNA LEFKOLITHI, TERNA S.A. ABU DHABI BRANCH

Other certifications include:

TERNA: Pressure Equipment Manufacturer's Quality System in accordance with European Directive 97/23 / EC (ANNEX III, SECTION H)

TERNA - POLYCASTROU QUARRY: Certificate of Conformity of Production Control of Natural Aggregates at Factory in compliance with European Regulation 305/2011 / EU

TERNA LEUKOLITHI: GMP / + B3 certification for caustic magnesia intended for animal feed

Important Issues

The issues on which the Group focuses:

- Are of interest, affect and concern the Group's stakeholders
- These are issues of risk and opportunities for the Group itself, but also the direct and indirect environment of the Group
- They are issues of wider interest on a social, environmental, ethical and legal basis
- They concern not only the countries in which the Group operates, but these are issues of international importance

Table of material issues

The process of selecting key issues is of great importance to the Group as it affects investment and strategic decisions that shape the Group's social, environmental and financial impacts at the same time.

CORPORATE GOVERNANCE PUBLIC POLICY COMBATING CORRUPTION ENVIRONMENTAL, FINANCIAL AND SOCIAL COMPLIANCE				
Environment	**Market and Business Operation**	**Employees**	**Health and Safety**	**Society and Local Society**
• Materials • Liquid Effluents and Waste • Water • Biodiversity • Emissions • Energy	• Procurement Practices • Financial Performance • Project Quality	• Training and Education • Fair Workplace • Employment	• Occupational Health and Safety • User Health and Safety	• Indirect Economic Effects • Local Communities

These issues have the potential to significantly influence the implementation of strategic objectives and individual business decisions and therefore have a significant impact on both the shareholders and the Group.

Concern for the Environment
TERNA Group recognizes the degree of its impact on the natural environment and for this and it has set its protection as priority of its strategy. At the very least, GEK TERNA Group fully complies with the relevant laws and regulations in the environments in which it operates and seeks to over-cover the minimum requirements. Applying an integrated Environmental Management System, the Group prevents and addresses environmental impacts and takes the necessary measures in a timely manner.

Management of natural resources
The main volume of the Group's activities focuses on the construction sector and a large part of the environmental impact is due to the Group's construction activity. In the Group's office buildings and building sites, there is a recycling process for paper, electronic and electrical equipment, lamps and batteries. The Group has entrusted the management of both hazardous and non-hazardous waste to appropriately licensed companies.

Responsible Supplies and Local Suppliers
Although the Group operates business-wise and beyond Greek borders, it does not cease to support the Greek market and the Greek suppliers. As ambassador of Sustainable Development and economic stability, it helps to develop local communities, being aware that the social dividends from its operation benefits multiply the Greek society and local suppliers.

Caring for our People
The way the Group operates is governed by certified systems and clear procedures that contribute to corporate goals' achievement and employees' development. The key success factor of the Group is our people. That is why we have constantly created and improved a work environment characterized by respect, transparency, equal opportunities, justice and safety.

Employees' Training and Development
The Group invests in the human resources that manages its companies and continuously cares for its professional development, security and prosperity. The continuing education and development that we offer is in line with the Group's anthropocentric approach, which is formally reflected in TERNA's Code of Ethics, "based on a value system that promotes mutual trust, transparency, cooperation, recognition, integrity, equal opportunities and motivation for progress, and which distinguishes the skills and characteristics of each person's personality, helps to overcome personal and interpersonal difficulties, promotes innovation of thinking and actions based on achievements up to date and it creates security and meritocracy feeling for all employees in a modern environment "

Education and provision of opportunities stimulates employees' self-confidence, strengthens culture and team spirit and promotes innovation. At the same time, the personal and professional development of the executives ensures the continuous progress and development of the Group itself, thus safeguarding its leading position in the market.

Equal Treatment
The Group invests in creating a safe, healthy and friendly work environment for all employees, with respect for human rights and human values.

The work environment in which the Group consciously invests is based on the equal treatment of all employees, without discrimination. The Group maintains non-discriminatory criteria for all matters relating to the management of human resources, from the recruitment to the termination of the cooperation with the Group. Every employee is treated equitably and meritocratic on the basis of his / her abilities and performance. Specific training was conducted in 2017, focusing on the implementation of the Code of Ethics and the value system, which should characterize the professional behavior of all Group people.

Human Rights

The Group has consistently applied international human rights principles and operates in accordance with the national and international law of the countries in which it operates.

TERNA Group places special emphasis on child and forced labor issues, as well as on collaborators and subcontractors, and applies audit procedures that ensure that there is no violation of fundamental human rights. The following systems far outweigh the minimum expectations and no human rights violations and no incidents of discrimination in the whole of the Group's operations have occurred in its operations.

Health and Safety

Safeguarding Health and Safety at work is a non-negotiable principle under which the strategy of TERNA Group has been built. It is a prerequisite for every Group business activity and equally applies to employees, subcontractors and the entire network of partners.
The Group, through a specific Health and Safety policy and a strict Health and Safety Management System, aims at identifying and minimizing the risks involved in all its activities in a timely manner.
The approach followed by the Group is based on the following five axes:
1. Active role of Management
2. Employee involvement
3. Health and Safety Partnerships
4. Actions that promote Health and Safety
5. Compliance audits

Supporting Local Communities

The substantial contribution of the Group in the construction of modern infrastructure and energy projects that promote Sustainable Development, contributes significantly to achieving social welfare and the positive promotion of Greece internationally.
The multiple benefits of the business of TERNA Group are translated into thousands of jobs, benefits and social security contributions, together with thousands of suppliers to market products and services, as well as in taxes and investments. The GEK TERNA Group focuses mainly on the following areas of social support:
1. creating infrastructures
2. employment
3. cooperation with local suppliers
4. Sponsorships, donations and support in kind (Sports & Culture, Environment, Schools, Universities, Youth Associations & Teams, Municipalities, Social Structures & Bodies)

F. Outlook and Future Developments

As results, the Group’s prospects, despite the existing economic crisis, are considered positive mainly due to the geographic dispersion of its business activities.

Dear Shareholders,

2017 was a year during which the Group continued its stable trend. Moreover, the Group carefully continues its investment plan, by maintaining at the same time adequate liquidity.

We would like to express our thanks to the Board or Directors, our Staff, Executives and Partners for their contribution to our work.

We also thank our Customers, Suppliers and cooperating Banks and of course you Shareholders for your trust in us.

The Board of Directors unanimously approves the above Management Report to be submitted to the Ordinary General Meeting of Shareholders.

Athens, 26 April 2018
For the Board of Directors

Georgios Peristeris
Chairman of BOD

III. ANNUAL FINANCIAL STATEMENTS SEPARATE AND CONSOLIDATED OF 31 DECEMBER 2017 (1 January - 31 December 2017)

According to the International Financial Reporting Standards

The Financial Statements were approved by the Board of Directors of TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY on 26th April 2018 and have been published by being posted on the internet at the website http://www.terna.gr where such will remain available for at least 10 years from their issue and publication.

STATEMENT OF FINANCIAL POSITION

TERNA GROUP
31st DECEMBER 2017
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Note	GROUP 31 December 2017	GROUP 31 December 2016	COMPANY 31 December 2017	COMPANY 31 December 2016
ASSETS					
Non-current assets					
Tangible fixed assets	6	105,835	106,444	68,892	74,349
Intangible fixed assets	7	35,721	43,237	901	785
Goodwill	8	3,183	9,759	0	0
Investment property	9	3,001	2,512	2,377	1,889
Participations in subsidiaries	4, 10	0	0	110,248	111,580
Participations in jointly controlled entities	4, 11	20,657	21,006	21,006	21,006
Investments available for sale	13	14,925	13,506	7,828	6,409
Other long-term assets	14	150,530	97,623	114,461	55,845
Deferred tax assets	27	39,857	65,308	30,012	59,852
Total non-current assets		**373,709**	**359,395**	**355,725**	**331,715**
Current assets					
Inventories	15	23,023	24,291	6,170	7,675
Trade receivables	16	197,434	222,011	204,078	305,635
Receivables from construction contracts	17	149,213	114,234	132,535	106,623
Advances and other receivables	16	154,135	194,861	168,700	184,153
Income tax receivables		44,961	14,809	41,483	7,202
Investments held for trading purposes	12	0	0	0	0
Investments available for sale	13	0	0	0	0
Cash and cash equivalents	18	295,404	441,587	264,033	322,967
Total current assets		**864,170**	**1,011,793**	**816,999**	**934,255**
TOTAL ASSETS		**1,237,879**	**1,371,188**	**1,172,724**	**1,265,970**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	19	52,210	52,210	52,210	52,210
Share premium account		54,252	69,376	54,252	69,376
Reserves	19	55,550	53,875	53,699	53,063
Retained earnings		(25,555)	(54,299)	34,756	(17,788)
Total		**136,457**	**121,162**	**194,917**	**156,861**
Non-controlling interests		15,319	17,599	0	0
Total equity		**151,776**	**138,761**	**194,917**	**156,861**

	Note				
Non-current liabilities					
Long-term loans	20	21,189	122,740	20,000	122,041
Loans from finance leases	20	11,674	16,470	11,262	15,798
Other long-term liabilities	21	276,501	326,039	280,853	330,173
Provisions for personnel indemnities	22	6,350	7,802	3,724	4,793
Other provisions	23	9,990	27,684	8,790	26,484
Grants	24	14,451	14,584	0	0
Deferred tax liabilities	27	45	7,506	45	7,122
Total non-current liabilities		**340,200**	**522,825**	**324,674**	**506,411**
Current liabilities					
Suppliers	25	200,622	191,146	181,458	173,575
Short term loans	26	87,808	46,698	60,705	25,617
Long term liabilities payable during the next financial year	20	112,948	5,421	112,461	5,173
Liabilities from construction contracts	17	170,178	255,600	142,290	224,421
Accrued and other short term liabilities	25	173,907	193,767	156,087	161,063
Income tax payable		440	16,970	132	12,850
Total current liabilities		**745,903**	**709,602**	**653,133**	**602,699**
Total liabilities		1,086,103	**1,232,427**	977,807	**1,109,109**
TOTAL EQUITY AND LIABILITIES		**1,237,879**	**1,371,188**	**1,172,724**	**1,265,970**

The accompanying notes constitute an integral part of the financial statements

STATEMENT OF COMPREHENSIVE INCOME

TERNA GROUP
31st December 2017

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

		GROUP		COMPANY	
	Note	**1.1 – 31.12 2017**	**1.1 – 31.12 2016**	**1.1 – 31.12 2017**	**1.1 – 31.12 2016**
Profit and Loss					
Continued operations					
Revenues	28	894,561	951,670	791,019	825,960
Cost of sales	29	(794,718)	(817,862)	(680,033)	(701,213)
Gross profit		**99,843**	**133,808**	**110,986**	**124,747**
Administrative and distribution expenses	29	(24,227)	(20,915)	(17,400)	(15,315)
Research and development expenses	29	(361)	(530)	(94)	(127)
Other income/(expenses)	32	(13,020)	(54,626)	(5,675)	(109,405)
Net financial income/(expenses)	33	(3,173)	(5,427)	(3,165)	(5,260)
Share in the results of joint ventures consolidated with the equity method	11	(348)	(397)	0	0
NET EARNINGS BEFORE TAX		**58,714**	**51,913**	**84,652**	**(5,360)**
Income tax expense	27	(31,510)	(29,091)	(32,108)	(26,461)
Net Earnings/(losses) from continued operations		**27,204**	**22,822**	**52,544**	**(31,821)**
Discontinued operations					
NET EARNINGS / (LOSSES) from discontinued operations		0	0	0	0
NET EARNINGS / (LOSSES)		**27,204**	**22,822**	**52,544**	**(31,821)**
Other Comprehensive Income					
a) Other Comprehensive Income transferred to Results of the Year in following periods					
Valuation of financial assets held for sale	13,36	1,288	(2,374)	1,288	(536)
Translation differences from incorporation of foreign entities		485	4,352	(448)	1,827
Reclassification of impairment losses held for sale	13,36	0	11,338	0	4,649
Income tax corresponding to the above results	27	(442)	(1,149)	(443)	(536)
		1,331	**12,167**	**397**	**5,404**
b) Other Comprehensive Income non-transferred to Results of the Year in following periods					
Actuarial gains/losses from defined benefit plans	22	235	26	238	4
Share in the Other Comprehensive Results of joint ventures consolidated with the equity method	11	0	(15)	0	0
Net Other Comprehensive Income		**1,566**	**12,178**	**635**	**5,408**
TOTAL COMPREHENSIVE INCOME		**28,770**	**35,000**	**53,179**	**(26,413)**

Net earnings/(losses) attributed to:			
Owners of the parent from continued operations	19	28,849	25,262
Owners of the parent from discontinued operations		0	0
Non-controlling interests from continued operations		(1,645)	(2,440)
		27,204	**22,822**

Total comprehensive results attributed to:			
Owners of the parent from continued operations		30,418	37,445
Owners of the parent from discontinued operations		0	0
Non-controlling interests from continued operations		(1,648)	(2,445)
		28,770	**35,000**

Earnings/(losses) per share (in Euro):			
From continued operations attributed to owners of the parent	19	55,2557	50,9897
From discontinued operations attributed to owners of the parent		0	0
Weighted average number of shares:			
Basic	19	522,100	495,433

The accompanying notes constitute an integral part of the financial statements

STATEMENT OF CASH FLOWS

TERNA GROUP

31st December 2017

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

		GROUP		COMPANY	
	Note	1.1 – 31.12 2017	1.1 – 31.12 2016	1.1 – 31.12 2017	1.1 – 31.12 2016
Cash flows from operating activities					
Profit before tax from continued operations		58,714	51,913	84,652	(5,360)
Adjustments for the agreement of the net flows from the operating activities					
Depreciation	6,7,29,32	18,995	22,624	7,967	10,957
Amortization of fixed assets' grants	24,32	(104)	(59)	0	0
Impairments		12,676	21,876	6,874	70,287
Eliminations of liabilities	32	(31)	(1,267)	(31)	(795)
Provisions		2,718	18,274	2,204	23,487
Interest and related revenue	33	(8,184)	(5,906)	(6,540)	(4,615)
Interest and other financial expenses	33	11,524	11,640	9,753	9,982
Results from associates and joint ventures	11	348	397	0	0
Results from participations and securities	32	(3)	19,729	(3)	21,009
Results from fixed assets and investment property		(1,151)	1,240	(678)	786
Foreign exchange differences		5,159	273	626	135
Operating profit before changes in working capital		**100,662**	**140,732**	**104,823**	**125,873**
(Increase)/Decrease in:					
Inventories		281	(3,618)	815	(372)
Trade receivables		(13,478)	48,338	76,167	(97,138)
Prepayments and other short term receivables		13,978	2,830	2,369	3,597
Increase/(Decrease) in:					
Suppliers		12,463	(13,831)	9,084	(8,787)
Accruals and other short term liabilities		(102,146)	112,345	(87,441)	141,608
Collection of grants	24	0	0	0	0
Other long-term receivables and liabilities		(65,502)	44,314	(64,162)	37,801
Income tax payments		(60,120)	(44,610)	(56,266)	(33,657)
Net cash flows from operating activities		**(113,862)**	**286,500**	**(14,611)**	**168,925**
Cash flows from investing activities					
Payments for fixed assets		(14,057)	(16,804)	(3,482)	(11,945)
Sales of fixed assets		1,218	1,047	613	851
Interest and related income received		1,603	644	1,465	361
Purchases of participations and securities	12,13	(931)	(275)	(931)	0
Sales of participations and securities		803	15,671	803	15,671
Granting of cash facilities and other inter-company loans to third parties		(42,500)	(51,119)	(51,330)	(18,616)
Collections from repayment of cash facilities and other inter-company loans to third parties		7,731	621	(5)	621
Initial cash balance of companies acquired or which recorded change in their consolidation percentage rate		0	0	0	0
Net cash flows from investing activities		**(46,133)**	**(50,215)**	**(52,867)**	**(13,057)**

	Note				
Cash flows from financing activities					
Share capital increase (return)		(15,005)	45,654	(15,005)	45,654
Payments for changes of participations in subsidiaries without loss of control	10	0	0	(918)	(1,920)
Net change of short-term loans		41,249	(20,396)	35,094	(6,717)
Cash collections from issued / received long-term loans	20	5,826	20,040	5,000	20,000
Payments of long-term loans		(399)	(3,636)	(301)	(3,636)
Payments of loans from financial leases	20	(4,456)	(4,983)	(4,208)	(4,745)
Dividends paid		0	(12,000)	0	(12,000)
Interests and other financial expenses payable		(10,636)	(12,802)	(9,018)	(10,319)
Net cash flows for financing activities		**16,579**	**11,877**	**10,644**	**26,317**
Effect of foreign exchange differences in cash		(2,767)	926	(2,100)	522
Net increase /(decrease) of cash and cash equivalents		**(146,183)**	**249,088**	**(58,934)**	**182,707**
Cash and cash equivalents at the beginning of the year		441,587	192,499	322,967	140,260
Cash and cash equivalents at the end of the year		**295,404**	**441,587**	**264,033**	**322,967**

The accompanying notes constitute an integral part of the financial statements

(Amounts in thousands Euro, unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

TERNA S.A.

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2017	**52,210**	**69,376**	**53,063**	**(17,788)**	**156,861**
Total comprehensive income for the period	0	0	636	52,544	**53,180**
Share capital increase	15,005	(15,124)	0	0	**(119)**
Share capital return	(15,005)	0	0	0	**(15,005)**
Formation/(Distribution) of reserves/transfers	0	0	0	0	**0**
31 December 2017	**52,210**	**54,252**	**53,699**	**34,756**	**194,917**

	Share Capital	Capital Due	Share Premium	Reserves	Retained Earnings	Total
1 January 2016	**40,010**	**45,750**	**35,922**	**47,655**	**24,033**	**193,370**
Total comprehensive income for the period	0	0	0	5,408	(31,821)	**(26,413)**
Share capital increase	12,200	(45,750)	33,454	0	0	**(96)**
Distribution of dividends	0	0	0	0	(10,000)	**(10,000)**
Formation/(Distribution) of reserves/transfers	0	0	0	0	0	**0**
Change of percentage stake in consolidated joint venture	0	0	0	0	0	**0**
31 December 2016	**52,210**	**0**	**69,376**	**53,063**	**(17,788)**	**156,861**

(Amounts in thousands Euro, unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY
TERNA GROUP
31st December 2017
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Share Capital	Share Premium	Reserves	Retained Earnings	Sub-total	Non-controlling interests	Total
1 January 2017	**52,210**	**69,376**	**53,875**	**(54,299)**	**121,162**	**17,599**	**138,761**
Total comprehensive income for the period	0	0	1,569	28,849	**30,418**	(1,648)	**28,770**
Share capital increase	15,005	(15,124)	0	0	**(119)**	0	**(119)**
Share capital return	(15,005)	0	0	0	**(15,005)**	0	**(15,005)**
Formation/(Distribution) of reserves/transfers	0	0	105	(105)	**0**	(632)	**(632)**
31 December 2017	**52,210**	**54,252**	**55,549**	**(25,555)**	**136,456**	**15,319**	**151,775**

	Share Capital	Capital Due	Share Premium	Reserves	Retained Earnings	Sub-total	Non-controlling interests	Total
1 January 2016	**40,010**	**45,750**	**35,922**	**41,933**	**(69,802)**	**93,813**	**20,044**	**113,857**
Total comprehensive income for the period	0	0	0	12,183	25,262	**37,445**	(2,445)	**35,000**
Share capital increase	12,200	(45,750)	33,454	0	0	**(96)**	0	**(96)**
Distribution of dividends	0	0	0	0	(10,000)	**(10,000)**	0	**(10,000)**
Formation/(Distribution) of reserves/transfers	0	0	0	(241)	241	**0**	0	**0**
31 December 2016	**52,210**	**0**	**69,376**	**53,875**	**(54,299)**	**121,162**	**17,599**	**138,761**

The accompanying notes constitute an integral part of the financial statements

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY AND THE GROUP

“TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY” (the “Company” or “TERNA”), as renamed from LITHOS SOCIETE ANONYME COMPANY by virtue of the decision dated 6.11.2008 by the Extraordinary General Shareholders Meeting, which was published in the Government Gazette Issue 14207/30.12.2008 (SA & LTD Issue), is registered in General Commerce Register of the Ministry of Development under Reg. No. 8554301000 and in the Société Anonyme Registrar of the Athens Prefecture, under Reg. No.56330/01/B/04/506(08). The company’s duration has been set to ninety (90) years.
On 23.12.2008, the merger through absorption of part of the construction activities of the company TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY, was approved by virtue of the decision by the Ministry of Development under Reg. No. K2-15458/23.12.2008 together with the increase of the share capital by 28,388,000.00 euro and therefore the share capital amounted to euro 28,910,000.00 divided into 289,100 common registered shares, with a nominal value of 100.00 euro each.
On 28.06.2013 the merger through acquisition of the company HERON HOLDINGS S.A. was approved, as well as the increase of the share capital by 11,100,000 euro, which now amounted to a total of euro 40,010,000.00 divided into 400,100 common registered shares with a nominal value of 100.00 euro each.
The Extraordinary General Meeting of the Company’s shareholders on 23.12.2015 approved the increase of the share capital by an amount of twelve million two hundred thousand (12,200,000) Euros via the issuance of one hundred twenty two thousand (122,000) new common registered shares, with nominal value of one hundred (100) Euros per share and with offering price of three hundred seventy five (375) Euros per share or equivalent with capital proceeds of forty five million seven hundred fifty thousand Euros (45,750,000 €). The difference between the nominal value and the offering price of the shares was credited in the “Share premium” account.

With the decision of the Ordinary General Meeting of Shareholders on 27 June 2017, it was approved the reduction of the share capital by an amount of fifteen million five thousand and one hundred fifty four Euros (15,005,154) through the reduction of the nominal value per share from one hundred (100) Euro to seventy one Euro and twenty six cents (71.26) and the return of the amount of reduction, namely twenty eight Euros and seventy four cents (28.74) per share, to the Shareholders with a simultaneous share capital increase of the Company by the amount of fifteen million five thousand and one hundred fifty four Euros (15,005,154) via the capitalization of part of the share premium related special reserve and with the increase of the nominal value per share from seventy one Euro and twenty six cents (71.26) to one hundred (100) Euro. Following the above, the Company’s share capital amounted to fifty two million two hundred and ten thousand Euros (52,210,000) divided into five hundred twenty two thousand and one hundred (522,100) common registered shares with a nominal value of one hundred (100) Euros per share

The basic sector in which the Company and Group are active is constructions. TERNA S.A. holds a 7th grade construction certificate and its main activity is to undertake and carry out public and private construction projects of any kind. According to the legislation in effect, companies that hold a 7th grade construction certificate may undertake public projects of over 35 million Euros. There is no upper limit to the budget of the projects that the Group may independently undertake. The Group’s construction activities now extend beyond Greece, in the Balkans and the Middle East.

Moreover, TERNA owns and manages a quarry and trades and supplies its construction segment with inert materials.

The Group is engaged in the production of quarry products and in the extraction and processing of magnesite, namely in the production of magnesite based products, through the licenses and mining concessions it holds via the subsidiary company TERNA MAG SA (or TERNA LEFKOLITHI SA).

The Management estimating that the demand for caustic magnesia will be high in the coming years, has already implemented the largest part of a considerable investment program of total estimated amount of 100 mil euro in its self-owned facilities at Mantoudi Evia for the extraction and processing of magnesite, the production of caustic magnesia (CCM), DBM and MDH through its subsidiary TERNA MAG SA.

Furthermore, the Group, via HERON II VIOTIA, continues its activities in the production of electric energy from thermal sources.

The consolidated financial statements of TERNA are included in the consolidated financial statements of its parent GEK TERNA SA, which during the balance sheet date, owned 100% of its share capital.

2. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

The accompanying separate and consolidated financial statements have been prepared according to the historic cost principal, except for investment property, derivative financial instruments, investments available for sale and investments held for trading purposes that are valued at fair value. Also, several self-used tangible fixed assets on the transition date (1 January 2004) to the International Financial Reporting Standards (IFRS) were valued at fair values, which were used as deemed cost, according to the provisions of IFRS 1 “First time adoption of IFRS”.
The interim condensed financial statements consist of the separate and consolidated financial statements of the Parent Company and its Group and have been prepared according to IFRS, as such have been adopted by the European Union.

b) New standards, interpretations and amendments of standards

The accounting principles applied during the preparation of the financial statements are the same as those followed for the preparation of the Group’s and company’s financial statements for the year ended on December, 31 2016, except for the adoption of certain standards’ amendments, whose application is mandatory in the European Union for periods beginning on 1 January 2017.
Therefore, from January, 1 2017 the Group and the company adopted certain amendments of standards as follows:

New Standards, Interpretations, Revisions and Amendments to Existing Standards mandatory for the year 2017

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

IAS 7 (Amendment) "Cash Flow Statement: Disclosure Initiative"

The amendment applies to annual accounting periods beginning on or after 1.1.2017 and it is not adopted by the European Union. On 29 January 2016, the International Accounting Standards Board adopted an amendment to IAS 7 under which a company is required to provide disclosures that help users of the financial statements to evaluate changes in those liabilities for which cash flows are classified in the financing activities in the cash flow statement. Changes to be disclosed, which are not necessarily cash, include changes in cash flows from financing activities, changes resulting from the acquisition or loss of control of subsidiaries or other companies, changes in exchange differences, changes in fair value and other changes.

IAS 12 (Amendment) "Income Taxes": Recognition of Deferred Tax Assets for Unrealized Losses "
On 19 January 2016, the International Accounting Standards Board issued an amendment to IAS 12 stating that:
• Unrealized losses on debt instruments, which are valued for accounting purposes at fair value and for tax purposes in cost, may lead to deductible temporary differences regardless of whether the holder is to recover the value of the items through the sale or their use.
• The recoverability of a deferred tax asset is dealt with in conjunction with other deferred tax assets. However, if the tax law restricts the offsetting of specific taxable losses to specific income categories, the deductible temporary differences in question should be considered only in conjunction with other deductible temporary differences in the same category.
• When assessing the recoverability of deferred tax assets, the deductible tax differences are compared with future taxable profits without taking into account the tax deductions arising from the reversal of deferred tax assets.

Annual Improvements to IFRS, Cycle 2014-2016
The amendments to the 2014-2016 Cycle were issued by the International Accounting Standards Board on 8 December 2016. The amendment included in this cycle that is effective for annual periods beginning on or after 1 January 2017 is as follows:

IFRS 12 Disclosures of participations in other entities: Clarification of the purpose of the standard.
The amendment clarified the scope of the standard by specifying that the disclosure requirements of the standard, other than those in paragraphs B10-B16, apply to the entity's holdings referred to in paragraph 5 that are classified as held for sale, held for distribution or discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

New Standards, Interpretations, Revisions and Amendments to Existing Standards that have not yet entered into force or have not been adopted by the European Union for financial statements beginning after 1 January 2017

The following new standards, amendments of standards and interpretations have been issued, however they are compulsory for subsequent accounting periods or they are expected to be adopted from the European Union. The Company and the Group have not proceeded with an earlier adoption of the following standards and assesses their effect on the financial statements.

IFRS 9 "Financial Instruments"
On 24 July 2014 the Board issued the final version of IFRS 9, which includes the classification and measurement, the impairment and the hedge accounting. The standard will replace IAS 39 and all previous versions of IFRS 9. The financial assets are valued at the non-depreciated cost, at the fair value through the results, or at the fair value through the other comprehensive income, based on the business model of the company with regard to the management of the financial assets and the conventional cash flows of the financial assets. Apart from the risk of the entity, the classification and measurement of the financial liabilities has not changed in comparison to existing requirements. The Group and the Company are in the process of assessing the effect from IFRS 9 on the financial statements. IFRS 9 is mandatorily applied for annual accounting periods beginning on or after 1st January 2018 and was adopted by the European Union on 22 November 2016. The Group will apply the modified retrospective method, meaning that the effect from the transition will be recognized on cumulative basis into the Earnings carried forward whereas the comparative amounts will not be adjusted. Initially, it is estimated that during the first adoption the effect on the Company and the Group will not be significant. The Group is in the finalization process of the above effect on the Financial Statements.

IFRS 15 “Revenue from Contracts with Customers”
On 28 May 2014 the IASB issued the IFRS 15 “Revenue from Contracts with Customers”, which including also the amendments to the standard issued on 11 September 2015 is mandatory for annual periods beginning on or after 1 January 2018 and is the new standard referring to revenue recognition.
The IFRS 15 supersedes the IAS 18 “Revenue”, IAS 11 “Construction contracts” and the interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.
The new standard establishes a single, five-step model that shall be used for revenue arising from a contract with a customer (with limited exemptions), regardless of the nature of the revenue transaction or the sector. The requirements of the standard will be applied also for the recognition and measurement of gains and losses from the sale of certain non-financial assets that do not constitute production from the entity’s usual activities (e.g. sales of property, plant and equipment or intangible assets). Further disclosures shall be required, including an analysis of the total revenue, information in relation to return obligations, changes in the balance of the contract’s assets and liabilities between the periods and critical judgments and estimates. The IFRS 15 was approved by the European Union on 22 September 2016. The Group is in the finalization process of the above effect on the Financial Statements and will adopt the modified retrospective method, meaning that the effect from the transition will be recognized on cumulative basis into the Earnings carried forward whereas the comparative amounts will not be adjusted.

IFRS 14 “Regulatory Deferral Accounts”
On 30th January 2014, the International Accounting Standards Board issued the IFRS 14 “Regulatory Deferral Accounts”. The aim of IFRS 14 is to define the requirements of financial information regarding the balances of the “regulated deferred accounts” which derive when an economic entity provides goods or services to customers, at a price or percentage which is under a special regulated status by the state.
IFRS 14 allows an economic entity which is a first-time adopter of the standard to continue accounting for, based on minor changes, the balances of the “regulated deferred accounts” according to previous accounting standards, both at the first adoption of the IFRS as well as in subsequent financial statements. The balances and the movements of these accounts are separately presented in the statements of financial position, results and other total comprehensive income, whereas certain disclosures are required. The new standard is applied in annual accounting period beginning on or after January 1st, 2016 and is not expected to be adopted by the European Union in anticipation of a final standard.

IFRS 16 “Leases”
On 13 January 2016 the International Accounting Standards Board (IASB) issued the IFRS 16 which supersedes the IAS 17. Purpose of the standard is to ensure that lessors and lessees provide useful information that presents fairly the substance of the transactions concerning leases. The FIRS 16 introduces a single lessee accounting model on lessee’s side, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. For the accounting, on the lessor’s side, the IFRS 16 substantially incorporates the requirements of the IAS 17. Consequently, lessors continue to classify leases as operating or finance, and follow different lessor accounting for each type of contract. The new standard is applicable for annual periods beginning on or after 1 January 2019, has been approved by the European Union and the Group assesses its effect on the financial statements.

IFRS 17 "Insurance Contracts"
On May 18, 2017, the International Accounting Standards Board issued a new Standard, IFRS 17, which replaces an interim standard, IFRS 4. It is applied for annual periods beginning on or after January 01, 2021. The purpose of the International Accounting Standards Board's work was to develop a single, principle-based standard for the accounting of all types of insurance contracts, including reinsurance contracts held by an insurance company. 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 to financial reporting that is related to insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

IFRS 10 (Amendment) "Consolidated Financial Statements" and IAS 28 (Amendment) "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between the Investor and its Associate or Consortium

The main consequence of the amendment adopted by the Board on 11 September 2014 is that a full profit or loss is recognized when a transaction includes a business (whether it is hosted in a subsidiary or not). A partial gain or loss is recognized when a transaction includes non-business assets, even if those assets are housed in a subsidiary. The amendment is effective for annual periods beginning on or after 1 January 2016 and its adoption has been postponed by the European Union for an indefinite period.

IFRS 2 Share-based Payment (Amendment) “Classification and Measurement of Share-based Payment”

The amendment to IFRS 2 “Share-based Payment” clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendment is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

IFRS 4 (Amendment) “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”

The Board issued on 12 September 2016 amendments to IFRS 4 to address, concerns about applying the new standard IFRS 9 Financial Instruments before the application of the new Board amended IFRS 4. The amendments introduce two approaches: overlay approach and temporary exemption. The amended standard shall:

• Allow all companies that issue insurance contracts to recognize in OCI, rather than profit or loss, the volatility that may arise when IFRS 9 is applied before the new insurance contracts.

• Provide to companies with activities predominantly connected with insurance an optional temporary exemption to defer the application of IFRS 9 until 2021.

The amendment is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

Clarifications to IFRS 15 “Revenue from Contacts with Customers”

On April 2016, the IASB issued clarifications to IFRS 15. The amendments to IFRS 15 do not change the basic principles of the Standard but provide clarification on how to apply these policies. The amendments clarify how to identify performance obligations recognized as a contract, how to determine whether an entity is a principal or an agent and how is determined whether the revenue from granting a license should be recognized as transferred at a point in time or over time. The Company and the Group will assess the impact of all the above on the financial statements, however is not expected any. The amendment is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

Annual Improvements to IFRSs 2014-2016 Cycle

The amendments of the 2014 - 2016 Cycle were issued by the IASB on 8 December 2016, are applicable for annual periods beginning on or after 1 January 2018 and have not yet been approved by the European Union. The amendments below are not expected to have a material impact on the financial statements of the Company (The Group) unless stated otherwise.

IFRS 1 First time adoption of IFRS
The amendment eliminates the "Short-term exemptions from IFRS" which were required according to Section E of IFRS 1 under the concept that they have served their purpose and are no longer appropriate.

IAS 28 (Amendment) "Measurement of Associates or Joint Ventures at Fair Value"
The amendment clarifies that the option given to investments in an associate or joint venture held by an entity that is a venture capital fund or other entity that qualifies to be measured at fair value through profit or loss is available for each investment in associate or joint venture separately at initial recognition.

IAS 40 (Amendment) "Investment Property" Transfer of Investment Property
The amendments to IAS 40 issued by the IASB on 8 December 2016 clarify that an entity can transfer a property to, or from investment properties, when and only when, there is evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. A change in management's intentions for the use of a property, in isolation, is not evidence of a change in use to support a transfer.
The amendment is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

IFRIC 22 Interpretation "Foreign currency transactions and Advance consideration"
The Interpretation 22 clarifies the accounting for foreign currency transactions including the receipt or the payment of consideration in advance. Specifically, it applies for the foreign currency transactions where an entity recognizes a non-monetary asset or liability arising from the payment or the receipt of consideration in advance before the entity recognizes the related item as expense or revenue. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognizes the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance, the date of transition is determined for each payment or receipt.
The interpretation is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

IFRIC 23 "Income Tax Treatment Uncertainty"
On June 7, 2017, the International Accounting Standards Board issued a new IFRIC Interpretation 23. It is applied for annual periods beginning on or after 01/01/2019. IAS 12 "Income Taxes" specifies the accounting for current and deferred tax but does not specify how the effects of the uncertainty should be reflected. IFRIC 23 includes the additional to IAS 12 requirements, specifying how the effects of the uncertainty on the accounting treatment of income taxes should be reflected. The Group will examine the impact of all of the above in its Financial Statements. These have not been adopted by the European Union.

Amendments to IFRS 9 "Prepaid items with Negative Return" (effective for annual periods beginning on or after 01/01/2019)
In October 2017, the International Accounting Standards Board issued limited-purpose amendments to IFRS 9. Based on the existing requirements of IFRS 9, an entity would measure a financial asset with negative return on fair value through profit or loss , as the "negative return" characteristic could be considered as generating potential cash flows that are not only composed of capital and interest payments. Under the amendments, entities may measure specific prepaid financial assets with a negative return on amortized cost or at fair value through other comprehensive income, provided that a particular condition is met. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union with effective date on 01/01/2019.

Amendments to IAS 28 "Long-term Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 01/01/2019)
In October 2017, the International Accounting Standards Board issued limited-purpose amendments to IAS 28. The purpose of these amendments is to provide clarifications on the accounting treatment of long-term participations in an associate or joint venture - to which it does not apply the equity method - under IFRS 9. The Group will examine the impact of all of the above in its Financial Statements. These have not been adopted by the European Union.

Annual Improvements to IFRS - Cycle 2015-2017
In December 2017, the International Accounting Standards Board issued the "Annual Improvements to IFRSs - Cycle 2015-2017", which consists of a series of amendments to certain Standards and is part of the program for annual improvements to IFRSs. The modifications included in this cycle are as follows:

IFRS 3 - IFRS 11: Participation rights previously held by the acquirer in a joint venture,
IAS 12: Effect on income tax from payments for financial instruments classified as equity,
IAS 23: Borrowing costs eligible for capitalization. The amendments shall be applied for annual periods beginning on or after 1 January 2019.

These have not been adopted by the European Union. The Group examines their possible impact on the financial statements.

Amendments to IAS 19 "Amendment, Curtailment or Settlement of a Defined Benefit Plan" (effective for annual periods beginning on or after 01/01/2019)
In February 2018, the IASB issued limited-purpose amendments to IAS 19, under which an entity is required to use updated actuarial assumptions when determining the current service cost and net interest for the remaining period after the amendment, the curtailment or the settlement of a defined benefit plan. The purpose of these amendments is to enhance the understanding of the financial statements and the provision of more useful information to its users. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have not been adopted by the European Union.

Revision of the Financial Reporting Concept Framework
In March 2018, the IASB revised the Financial Reporting Concept Framework, the purpose of which was to incorporate important issues that were not covered, as well as the updating and provision of clarification in relation to specific guidance. The revised Financial Reporting Concept Framework contains a new chapter on measurement in which it is analyzed the measurement concept, including factors that should be taken into account when choosing a measurement basis, issues relating to presentation and disclosure in the Financial Statements and guidance regarding the de-recognition of assets and liabilities from the Financial Statements. Furthermore, the revised Financial Framework Concept contains improved definitions of assets and liabilities, guidance to help implement these definitions, updating of the criteria for recognizing assets and liabilities, as well as clarification on significant issues such as the management roles, conservatism, and uncertainty when measuring financial information. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The revision is applied on annual periods starting on or after 01/01/2020. These have not been adopted by the European Union.

Amendments to the Financial Reporting Concept Framework
In March 2018, the IASB issued amendments to the Financial Reporting Concept Framework Reports as a follow-up to its review. Some Standards include explicit references to earlier versions of the Financial Reporting Concept Framework. The purpose of these amendments is to update these references and the support for the transition to the revised Financial Reporting Concept Framework. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The amendment is applied on annual periods beginning on or after 01/01/2020. These have not been adopted by the European Union.

c) Use of Estimates
The Group makes estimations, assumptions and judgments in order to choose the best accounting principle related to the future evolution of events and transactions. These estimations, assumptions and judgments are continuously assessed in order to reflect current information and risk and are based on the management's experience related to level/volume of transactions or events.
The main assumptions and judgments that refer to data that may affect the financial statements in the coming 12 months are as follows:
i) Recognition of income from construction contracts and agreements for the construction of real estate: The Group uses the percentage of completion method to recognize such income, in accordance with IAS 11. According to this method the construction cost as of each date of the statement of financial position, is compared to the budgeted total cost of the project in order to determine the percentage of completion of such. The cumulated effect of the restatements/reassessments of the total budgeted cost of the projects and the total contractual payment (recognition of work over and above the contract) are recorded in the financial years during which such restatements arise.
The total budgeted cost arises from estimation procedures and is reassessed and reviewed at each statement of financial position date.

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

iii) Value readjustment of investment property: For the valuation of its investment property, when there is an active market the Group defines the fair value based on valuation reports prepared on its behalf from independent appraisers. If no objective reports are available, especially due to the financial conditions, then the management based on its previous experience and taking into account the available information estimates the fair value.

iv) Valuation of inventories: For the valuation of its inventories, the Group estimates, based on valuation reports of statistical data and market conditions, expected sale prices and the cost of their finalization and distribution, per category of inventory.

v) Impairment of assets and reversals: The Group evaluates the technological, institutional and financial developments looking for indications of impairment of any kind of assets (fixed, trade and other receivables, financial assets etc) as well as their reversal.

vi) Provision for staff indemnities: The Group, based on IAS 19, proceeds with estimations of assumptions based on which the provision for staff indemnities is calculated actuarially.

vii) Provision for income tax: The Group, based on IAS 12, makes a provision for income tax, current and deferred. It also includes a provision for additional taxes that may arise from tax audits. The final settlement of income tax may differ from the respective amounts registered in the interim and annual financial statements.

viii) Provision for environmental rehabilitation: The Group creates a provision against its relevant liabilities for dismantlement of the technical equipment of wind parks and rehabilitation of the environment, which emanate from the documented environmental law or from the Group's binding practices. The provision for environmental rehabilitation reflects the present value (based on an appropriate discount rate), during the date of the financial statements, of the rehabilitation liability reduced by the estimated recoverable value of materials expected to be dismantled and sold.

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

x) Contingent Liabilities and receivables. The existence of contingent liabilities and receivables requires from the management to continually make assumptions and judgments about the probability that future events will occur or not occur, and the likely consequences that these events may have on the Company's activity. Determining contingent liabilities and receivables is a complex process involving judgments about future events, laws, regulations, etc. Changes in crises or interpretations are likely to lead to an increase or decrease in the Company's contingent liabilities in the future.

xv) During the acquisition of a company or a business activity, the fair value and the economic life of the acquired tangible and intangible fixed assets are being determined via the use of certain estimates and assumptions. Future events could lead to changes in the assumptions used by the Group which in turn would have an effect on the results and the equity of the Group.

d) Risks due to the current economic conditions prevailing in Greece

The measures and actions that were taken for the implementation of the program (on the fronts of taxation and social security) based on agreement with the creditors had a negative effect on the economic climate and as result the Greek State became unable to fulfill its obligations.

The continuation of the measure of capital controls in the economy has a negative effect on the international transactions given the difficulty to repay contractual obligations to suppliers and creditors and the additional costs incurred.

The full unfolding of the consequences from the above conditions of uncertainty and the delays observed in the payments made from the State and the broader public sector toward the Group affect negatively the cash flows and the results of the Group in a way that it cannot be predicted accurately.

Despite the existence of risks referring to the recovery of the future benefits of the asset portfolios and the adequacy of the cash flows, the activities of the Group continue at a normal pace. In this context, the Management systematically assesses the broader situation and its potential effect, in order to ensure that all necessary measures and actions are taken for the minimization of the potential effects on the Group's activities. The Management of the Group aims at immediately informing the investor community about any significant effect generated by the constantly changing conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The main accounting principles adopted during the preparation of the attached financial statements are the following:

a) Basis of consolidation
The attached consolidated financial statements include those of TERNA SA and its subsidiaries.
Subsidiaries are the companies at which the Group has the control of their operations and they have been consolidated under the full consolidation method.
The control results from the following conditions:

1. The parent company has authority over the invested since it has the ability to direct the related operations (operational and financial). This is achieved through the appointment of the majority of the members of the Board of Directors and the management of the subsidiary by the parent's Management.

2. The parent Company holds rights with variable returns from the participation in the subsidiary. The other non-controlled holdings present significant variability and therefore they cannot materially influence decision-making.

3. The parent Company may exercise its power over the subsidiary in order to influence the amount of its returns. This is the result of the decision-making on subsidiary's issues through the control of the decision-making bodies (Board of Directors and Managing Directors).

The subsidiaries are consolidated as from the date that the Group gains control on them and ends when as from the date that the specific control ceases to exist. The intergroup transactions and balances have been omitted in the accompanying consolidated financial statements. When it is required the accounting principles of the subsidiaries have been amended as to ensure the consistency in the accounting principles adopted by the Group.

a) Joint operations
It refers to tax construction joint operations. The above do not constitute separate entity under the framework of IFRS. Their assets and liabilities are incorporated in the financial statements of the Company or its subsidiaries according to the percentage that they possess of each item.

b) Investments of the Group in Joint Ventures
The participation of the Group in Joint ventures when there is common control, are incorporated in the attached financial statements with the equity consolidation method which instructs for the presentation of the participation at its cost value plus the proportion of the participation in the joint-venture of the shareholders' equity change minus any provisions for impairment in the value of the respective participations. As a result the assets, liabilities, and total income are not incorporated in the consolidated financial statements. Under the context of the standard, as Joint-ventures are considered the forms under joint control where the members have rights in the net assets of the participations and they are responsible up to the percentage of the contribution in the share capital of the company. If the participation of the Group in the losses of a Joint Venture exceeds the value of the participation itself, then the Group terminates the recognition of additional losses. The allocation of the operating results and the other comprehensive results is performed proportionally, according to the participation stake.

c) Investments of the Group 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 comprehensive income statement shows the Group's share in the total comprehensive income of the associate companies.

If the participation of the Group in the losses of an Associate company exceeds the value of the participation itself, then the Group terminates the recognition of additional losses. The allocation of the operating results and the other comprehensive results is performed proportionally, according to the participation stake.

d) Participation cost of the Parent company in affiliates

1. Participations in Subsidiaries
The Company's investments in subsidiaries in the separate financial statements are recognized at cost plus the acquisition expenses and are tested for impairment as described in paragraph (k) "Impairment of Assets" below. In the case that an investment is reclassified separately (or as part of a set of assets with such a destination) to the held for sale or non-current assets available for sale, they are applied the defined in paragraph "Non-current assets held for sale and discontinued operations" as below.
Dividends from a subsidiary are recognized in the separate financial statements when the Company's right to receive the dividend is established. The dividend is recognized in the income statement.
2. Participation in joint ventures
The Company's investments in joint ventures in the separate financial statements are recognized at cost plus the acquisition expenses and are tested for impairment as described in paragraph (xi) "Impairment of Assets" below. In the case that an investment is reclassified separately (or as part of a set of assets with such a destination) to the held for sale or non-current assets available for sale, the following there are applied what is defined in paragraph "Non-current assets held for sale and discontinued operations" as below. These dividends are recognized in the separate financial statements when the Company's right to receive the dividend is established. The dividend is recognized in the income statement.
3. Participation in Associates
The Company's investments in associates in the separate financial statements are recognized at cost plus the acquisition expenses and are tested for impairment as set out in paragraph (xi) "Impairment of Assets" below. In the case that a holding is reclassified separately (or as part of a set of assets with such a destination) to the held for sale or non-current assets available for sale, there are applied what is defined in paragraph “Non-current assets held for sale or Discontinued operations” below. Dividends from a subsidiary are recognized in the separate financial statements when the Company's right to receive the dividend is established. The dividend is recognized in the income statement.

e) 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 comprehensive income statement
(iv) Investments held to maturity

Initially they are recognized at acquisition cost, which represents the fair value plus, in some cases, the direct transaction and acquisition expenses.
The classification of the above financial assets is made upon their initial recognition and wherever permitted it is reviewed and reassessed on a periodic basis.

(i) Investments available for sale
Financial assets (non-derivative) that cannot be classified in any of the above categories are designated and classified as investments available for sale. After the initial recognition, available for sale investments are valued at fair value with the resulting gains or losses being recognized in the other total income of the Comprehensive income statement. Upon sale or write-off or impairment of the investment the accumulated gains or losses are included in the net earnings.

(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 net earnings 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 net earnings

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 net earnings.

(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 recognition, at net amortized cost using the effective interest rate method. Gains or losses are recorded in the net earnings when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

The fair 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 to 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.

f) Financial Instruments and Risk Management

Non-derivative financial assets and liabilities in the Statement of financial position include cash balances, receivables, participations bank loans and other short and long-term liabilities. 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 reduce possible negative consequences. More specifically:

(i) *Interest rate risk and exchange rate risk*

The Group's bank debt is mainly in Euro and is subject to variable and fixed interest rates. The Group has entered into interest rate swap agreements in order to reduce its exposure to interest rate volatility risk of certain significant bank debt liabilities. The Management of the Group follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

(ii) Fair Value

The amounts appearing in the attached Statements of financial position for cash balances, short-term receivables and other short-term liabilities approximate their respective fair 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 floating interest rates.

(iii) Credit Risk Concentration

A substantial part of trade receivables in general relate to agencies and entities of the Public sector with which there is no credit risk, per se. Despite the aforementioned fact these receivables are under special monitoring and in case it is considered necessary respective adjustments will be made. 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. Moreover the credit risk concentration is limited due to the great dispersion of the balances.

(iv) Market Risk

The Company 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.

g) Operation and Presentation Currency and Foreign Exchange Conversion

The euro is the currency of operation and presentation of the Company. 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 transactions in foreign currencies and from the end-of-year valuation of monetary items in foreign currencies are recorded in the net earnings.

The currency of operation for the foreign subsidiaries of the Group is the official currency of the country in which the subsidiary operates. Therefore, at any financial statements date all subsidiaries' accounts in the Statement of financial position are translated to euro based on the foreign exchange rate prevailing at that date. Revenues and expenses are translated based on the weighted average exchange rate of the year. Any foreign exchange differences resulting as mentioned above are recoded directly in other comprehensive income. During the sale or disposal of foreign subsidiaries the cumulative foreign exchange differences are recorded in net earnings.

h) Intangible assets

Intangible assets mainly consist of rights related to quarries and mines, software acquisition costs as well as acquired rights (e.g. quarries, and construction agreements) recognized on acquisition at fair value.

Furthermore intangible assets include the fair value of rights under service concession agreements with the state and more specifically those providing for the building, operating, transferring (BOT) of motorways and car parks which are recognized at cost.

Fair value is calculated as construction costs plus a reasonable construction profit.

Amortization on rights regarding the use of quarries and mines licenses are based on straight line method during the normal period for the use of quarries (20-50 years) and within the period of their productive use while the amortization on software is accounted for based on the straight line method for a period of three years. The amortization on the acquired right for construction agreements is made based on the rate of execution of the respective projects.

i) Tangible Fixed Assets

As previously mentioned, the Company has valued certain land and buildings at fair value on January 1st, 2004 and these fair values have been used as deemed 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 cost. Fixed assets under construction are not depreciated until the asset is completed and put into operation status.

j) Depreciation of tangible assets

Depreciation is calculated according to the straight-line method using rates that approximate the relevant useful economic life of the respective assets. The useful economic life per fixed asset category ranges between:

Category of Fixed Asset	**Years**
Buildings and Construction projects	8-30
Machinery and Technical Installations	3-36
Vehicles	5-24
Fixtures and Other Equipment	3-12

The residual values and useful lives of the tangible assets are subject to review at least at the end of each year.

k) Impairment of the Value of Fixed Assets

The book values of long-term assets, other than goodwill and tangible fixed assets with an indefinite life 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 recorded in the ret earnings. The recoverable amount is defined as the largest between the fair value minus the sale cost and the value in use.

The fair value minus the sale cost 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 value in use 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 for the value of assets accounted for in previous years, takes place only when there are sufficient indications that such impairment no longer exists or it has been reduced. In these cases the above reversal is treated as income in net earnings.

l) Investment property

Investments in property are those held for the purpose to receive rent or capital appreciation and are valued at their fair value which is based on market value, that is to say at the estimated value of which the property may be sold, at the day of the estimation, in a normal transaction. When there is an active market, the Group defines the fair value of investment property based on valuation reports prepared on its behalf by independent appraisers. If no objective information is available, specifically due to economic conditions, then the Management based on its previous experience and taking into account available information performs an estimation of fair value.

Profits or losses that arise from changes in the fair value of investments in property are included in the net earnings 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.

The investment property is eliminated from the Statement of financial position upon sale. All gains or losses resulting from the sale of an investment property are included in the net earnings of the year during which it was sold.

Investment property being build or developed are monitored, as those completed, at fair value.

m) Inventories

Inventories include under construction or real estate for development which are intended to be sold, excavated from the quarry material and mineral resources, construction material, spare parts and raw and auxiliary material. 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 Company'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.

n) 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 date of the financial statements, 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.

o) Cash and Cash Equivalents

The Group considers time deposits and other highly liquid investments with an initial maturity less than three months, as cash and cash equivalents.
For the compilation of the cash flow statements, cash and cash equivalents consist of cash, deposits in banks and cash and cash equivalents as defined above.

p) Long-term loan liabilities

All long-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 are valued at the net book value using the effective interest rate method. The net book value 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. Interest expenses are recognized on an accruals basis.
We note that interest on loans related to the construction of fixed assets and inventories, whose construction requires a significant period of time, increase the value of relevant assets, based on the revised IAS 23. The capitalization of interest is disrupted when the asset is ready for the use it is intended for.

Early Repayment Option

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

If the repayment option is closely related, the combined debt instrument is accounted for as a single instrument, measured at amortized cost using the effective interest method, as follows:

- The combined debt instrument is initially recorded at fair value plus or minus any directly attributable transaction costs.
- In determining the effective interest rate (EIR), the expected cash flows and expected life of the instrument are estimated taking account of the repayment option. Accordingly:
    - If at inception the option is expected to be exercised, the expected cash flows would include payments of interest and principal to the exercise date along with the exercise price of the option or
    - If the option is not expected to be exercised, the expected cash flows would include payments of interest and principal over the full contractual term.
- Subsequently the assessment of the likelihood of the option being exercised may change. This will affect the expected cash flows and expected life of the instrument. The change in expected cash flows and life is accounted for by discounting the revised cash flows at the original EIR. The effect on the carrying value is reported in profit or loss.

q) 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 in the net earnings and consist of the present value of benefits that have accrued during the year, the interest on the benefits' liability, the cost of prior service, the actuarial profit or loss and any other additional retirement costs. The 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 Company, 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.

However from the beginning of 2013 based on the implementation of the revised IAS 19, both actuarial profit and losses are registered directly as income or expenses to the non-recycled other comprehensive results. The prior service costs in case that they change within the fiscal year they are recorded in the respective year's results.

r) 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 Company.

At the time of retirement, the pension fund is responsible for the payment of retirement benefits to the employees. Consequently, the Company has no legal or constructive obligation for the payment of future benefits according to this plan.

s) Finance and Operating Leases

Finance leases, which essentially transfer to the Group all the risks and returns related to the leased fixed asset, are capitalized during the inception of the lease based on the leased asset's fair value or, if it is lower, on the present value of the minimal leases. Payments for finance leases are allocated between the financial expenses and the reduction of the financing liability, in order to achieve a fixed interest rate on

the remaining portion of the liability. The financial expenses are debited directly to the net earnings. Capitalized leased fixed assets are depreciated based on straight lime method during the 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 net earnings on a constant basis for the duration of the lease.

t) Government Grants

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

u) Provisions, Contingent Liabilities and Contingent Receivables

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is possible that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed on each date of the financial statements and are adjusted in order to reflect the present value of expenses that are expected to be required 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 financial statements but are disclosed, unless the outflow of economic resources that include an economic loss benefits is probable.
Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of financial benefits is possible.

v) Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefit 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 revenue.

(i) Revenue from construction activities

The construction subsidiaries and joint ventures realize the 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 date of the Statement of Financial position, 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, while non-accrued income comprises amounts invoiced up to the balance sheet date over and above the income calculated using the percentage-of-completion method.
Project execution down-payments represent amounts received by the Company upon signing the relevant contracts and are proportionally netted-off with the partial invoicing. The remaining amount due 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) Rent Revenue

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

(iv) Dividends

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

(v) Interest

Interest income is recognized on an accruals basis.

w) Income Tax (Current and Deferred)

Current and deferred taxes are calculated based on the financial statements of each of the companies included in the consolidated statements that are compiled according to the tax regulations in effect in Greece or in other countries in which the foreign subsidiaries operate. Current income tax is calculated based on the earnings of the Company as such are reformed on the company's tax returns, additional income tax emerging from the Tax Authorities' tax audits, on deferred income tax based on the enacted tax rates, as well as any possible extraordinary tax contribution calculated on earnings.
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 date of the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences.
Deferred tax assets are recognized for all the exempt temporary differences and the transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.
The deferred tax assets are estimated on each date of the financial statements 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 on the date of the financial statements.
Income tax that relates to items, which have been directly recognized in other comprehensive income, is also recognized in other comprehensive income.

x) Earnings per Share

Basic earnings per share (EPS) are calculated by dividing net earnings corresponding to the parent's owners 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.
Diluted earnings per share are calculated by dividing the net earnings corresponding to owners of the parent (after deducting the interest on convertible shares, after taxes) with the weighted average number of shares that are outstanding during the reporting period (adjusted for the effect of the diluted convertible shares).

y) Business Combinations, Goodwill from Acquisitions and Changes in Percentages of non-controlling Participations

Business Combinations are accounted on the basis of the acquisition method. According to this method, the financial assets (including the formerly not recognized intangible assets) and the obligations (including the possible obligations) of the acquired firm/activity are recognized at fair value at the date of the transaction.

The goodwill arising from the Business Combinations derives as the difference of the fair values at the transaction date of a) the price paid, the amount which corresponds to the percentage to the percentage of non-controlling participation and the potential participation in the acquired company and b) the value of the individual assets which were acquired and the liabilities undertaken. At the date of the transaction (or at the date that the allocation of the respective price paid is completed), the goodwill which gained, is distributed to cash generating units or to cash generating units which are expected to be benefitted from this combination. If the fair value of the assets acquired exceeds the cost of the combination, then the Group re-estimates the recognition and the measurement of the recognized net assets and the cost of the combination and recognizes immediately in the results the negative difference between the price of the acquisition and the fair value of the net assets (negative goodwill).

The goodwill is valued at historical cost minus the accumulated impairment losses. The goodwill is not depreciated but is subject to impairment control on annual basis or more frequently when the situation or changes of conditions imply that the value might have been impaired.

If the book value of a cash generating unit, including the pro rata goodwill, exceeds its recoverable sum, then loss impairment is recognized. This impairment is defined by estimating the recoverable sum of the units generating cash flows, which are associated with the goodwill.

If part of the cash flow generating unit to which the goodwill has been distributed, is sold, then the goodwill which is proportionate to the sold part, is defined according to the relevant prices of the part that was sold and the part of the cash flow generating unit that remains.

The goodwill that has arisen from acquisitions or business combinations has been distributed and is being monitored on Group basis at the basic units generating cash flows, which have been defined according to IAS 36 “Impairment of Assets”.

When the Group increases its participation ratio to current subsidiaries (acquisition of percentages of non-controlled participations) the total difference between the acquisition price and the proportion of the percentages of the non-controlled participations which are acquired is recognized directly to the shareholders’ equity as it is deemed as a transaction between shareholders. Respectively, when percentages of non-controlled participations are sold (without the final participation leading to the loss of control on the subsidiary), the relevant gains or losses are directly recognized at the shareholders’ equity.

z) Expenses of Mining – Mineral’s Extraction Operating Development

It refers to the expenses of mining and minerals’ operational development which mainly include stripping, tunneling and waste removal. During the operational development phase of mineral-mining extraction areas (before production begins), stripping costs are usually capitalized as part of mining’s developing and construction depreciable cost. The depreciation of the operational development expenditure of mineral-mining extraction areas – are calculated based on the extraction percentage of the commercially extractable deposit. Depreciation – expense of capitalized development expenditure of mineral-mining extraction is included in the cost of mining-ore extraction. The mining-ore operational development costs - are capitalized if and only if all the following conditions are met:

(a) the Group will derive future economic benefits (improved access to the ore deposit) associated with the stripping activity,

(b) the Group can utilize the portion of the deposit to which access has been improved and,

(c) the cost of stripping-related activity related to this part can be measured reliably. The asset stemming from the stripping activity is been added to the cost of the mine and subsequently is measured at the cost less accumulated depreciation and any impairment in value.

aa) Provisions for environmental rehabilitation:

The Group is forming provisions for the rehabilitation of the surrounding area. The provisions of rehabilitation reflect the present value at the reference date, the estimated cost, reduced by the expected salvage value of the recoverable materials. The provisions are reviewed every time the financial statements are issued and adjust in order to reflect the present value of the expenses that expected to be disbursed for the clearing of the dismantling and rehabilitation obligation.

Any changes to the evaluations in reference to the estimated cost or the discount rate are added or reduced respectively to the cost of the asset. The effect of the discount of the estimated cost is registered at the income statement as an interest expense.

ab) Assets held for sale

As held for sale or distribution non-current assets or sum of assets and liabilities are classified those that the Group intends to sell within one year of the date of their classification in the relevant accounts of the statement of financial position.
These assets are valued at the lower of their book value immediately prior to their classification as held for sale, and their fair value less costs to sell. Also, these assets are not subject to amortization, whereas the gain or loss arising from the sale and revaluation of assets is included in the "other income" and "other expense" respectively in the income statement.

ac) Determination of fair values

The fair value of a financial asset is the price that someone would receive for the sale of an asset or that would be paid for the transfer of a liability in a normal transaction between market participants at the measurement date. The fair value of the financial items in the Financial Statements on 31 December 2017 was determined with the best possible estimate by the Management. In cases where data is not available or is limited from active financial markets, fair value measurements have been derived from management's assessment according to available information.
The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by measurement technique:
Level 1: Negotiable (unadjusted) prices in active markets for similar assets or liabilities,
Level 2: Other techniques for which all inflows that have a significant effect on the recorded fair value are observable, either directly or indirectly,
Level 3: Techniques that use data that have a significant effect on the recorded fair value and are not based on observable market data.
During the year there were no transfers between levels 1 and 2, nor transfers within and outside level 3 when measuring the fair value. Also, during the same period there was no change in the purpose of a financial asset that would result in a different classification of that asset.

ad) Share capital and reserves

Common registered shares are recorded as equity. Costs that are directly attributable to a component of equity are deducted from this item of the equity. Otherwise, this amount is recognized as an expense in the period in question.
In particular, the reserves of the concession companies are divided into:

ae) Distribution of earnings of Dividends Reserves

Dividends distributed to shareholders are recognized as a liability when they are approved by the General Meeting of Shareholders. Also at the same time, is presented in the Financial Statements the effect of the approved by the General Meeting of shareholders distribution of results and the possible formation of reserves.

(Amounts in thousands Euro, unless stated otherwise)

af) Rounding of Items

The amounts which are presented in the current financial statements have been rounded and are expressed in thousand Euro. Thus, any deviations that may arise are due to the above rounding.

4. STRUCTURE OF THE GROUP AND THE COMPANY

The participations of the parent company TERNA SA, direct and indirect, in economic entities during 31.12.2017 are as follows:

4.1 Company Structure

Joint companies of which the assets, liabilities and results are incorporated in the Company according to its participation stake.

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	
J/V TERNA SA- AKTOR - POWELL (CHAIDARI METRO)	Greece	66.00	0.00	66.00	2012-2017
J/V TERNA SA - IMPEGILO SPA (TRAM)	Greece	55.00	0.00	55.00	2012-2017
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (ANCIENT OLYMPIA BYPASS)	Greece	50.00	0.00	50.00	2012-2017
J/V ATHANASIADIS SA-TERNA SA (THESSAL. CAR PARKS)	Greece	50.00	0.00	50.00	2012-2017
J/V TERNA SA-AKTOR SA-J&P-AVAX SA (CONSTR. OF CONCERT HALL)	Greece	69.00	0.00	69.00	2012-2017
J/V TERNA SA - WAYSS (PERISTERI METRO)	Greece	50.00	0.00	50.00	2012-2017
J/V ETETH-TERNA-AVAX -PANTECHNIKI HORSE RIDING CENTRE	Greece	35.00	0.00	35.00	2012-2017
TERNA SA-PANTECHNIKI SA (O.A.K.A. SUR. AREA)	Greece	83.50	0.00	83.50	2012-2017
J/V TERNA SA AKTOR SA J&P AVAX (CONCERT HALL H/M)	Greece	37.00	0.00	37.00	2012-2017
J/V TERNA-MICHANIKI AGRINIO BY-PASS	Greece	65.00	0.00	65.00	2012-2017
J/V THALES ATM SA-TERNA (TACAN STATION IMPROV.)	Greece	50.00	0.00	50.00	2012-2017
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (CHAIDARI METRO PART A')	Greece	50.00	0.00	50.00	2012-2017
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (PARADEISIA TSAKONA)	Greece	49.00	0.00	49.00	2012-2017
J/V AKTOR SA-DOMOTECHNIKI SA-THEMELIODOMI SA-TERNA SA-ETETH SA (MUNIC. HALL OF THESSALON.)	Greece	25.00	0.00	25.00	2012-2017
J/V TERNA-AKTOR (SKA SUBURBAN RAILWAY)	Greece	50.00	0.00	50.00	2012-2017
J/V TERNA SA- AKTOR SA (R.S. LIANOKLADI - DOMOKOS)	Greece	50.00	0.00	50.00	2012-2017
J/V TERNA SA-THALES AUSTRIA (ETCS SYSTEM PROCUREMENT)	Greece	37.4	0.00	37.4	2012-2017
J/V TERNA SA-AKTOR ATE J&P AVAX PIRAEUS –TREIS GEFYRES	Greece	33.33	0.00	33.33	2012-2017
J/V METKA-TERNA	Greece	90.00	0.00	90.00	2012-2017
J/V APION KLEOS	Greece	17.00	0.00	17.00	2012-2017
J/V TERNA SA-SICES CONSTRUCTIONS (HELPE UPGR. REFIN.)	Greece	50.00	0.00	50.00	2012-2017
J/V AKTOR-TERNA-PORTO KARRAS (Florina-Niki road)	Greece	33.33	0.00	33.33	2012-2017
J/V AKTOR-TERNA (PATHE at Stylida road)	Greece	50.00	0.00	50.00	2012-2017
J/V TERNA - AEGEK Constructions (Promachonas road)	Greece	50.00	0.00	50.00	2012-2017
J/V AKTOR-TERNA (Harbor of Patras)	Greece	70.00	0.00	70.00	2012-2017

(Amounts in thousands Euro, unless stated otherwise)

J/V AKTOR ATE-J&P AVAX - TERNA SA (Koromilia-Kristalopigi project)	Greece	33.33	0.00	33.33	2012-2017
J/V IMPREGILO SpA-TERNA SA (Cultural center of Stavros Niarchos Foundation)	Greece	49.00	0.00	49.00	2012-2017
J/V AKTOR ATE – TERNA SA (Lignite works)	Greece	50.00	0.00	50.00	2013-2017
J/V AKTOR ATE – TERNA SA (Thriasio Phase B')	Greece	50.00	0.00	50.00	2013-2017
J/V AKTOR SA-J&P AVAX-TERNA SA (R.S. TITHOREA-DOMOKOS)	Greece	33.33	0.00	33.33	2014-2017
J/V AKTOR SA-J&P AVAX -TERNA SA (BRIDGE SG26 R.N. TITHOREA-DOMOKOS)	Greece	44.56	0.00	44.56	2014-2017
J/V AKTOR ATE – TERNA SA (H/M Thriasio B')	Greece	50.00	0.00	50.00	2014-2017
J/V AKTOR ATE – TERNA SA (ERGOSE Joint venture No. 751)	Greece	50.00	0.00	50.00	2015-2017
J/V RENCO-TERNA (Construction of compressor stations TAP in Greece and Albania)	Greece	50.00	0.00	50.00	2016-2017
J/V J&P AVAX SA – TERNA SA – AKTORS SA – INTRAKAT (Temenos)	Greece	25.00	0.00	25.00	2016-2017
JV TERNA GCC WAC	Qatar	30.00	0.00	30.00	2016-2017
JV TERNA-Al OMAIER	Saudi Arabia	60.00	0.00	60.00	2013-2017

4.2 Group Structure

Subsidiaries consolidated with the Group via the full consolidation method

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	
J/V EUROIONIA	Greece	95.00	0.00	95.00	2014-2017
J/V CENTRAL GREECE MOTORWAY E-65	Greece	95.00	0.00	95.00	2014-2017
VRONTIS QUARRY PRODUCTS SA	Greece	100.00	0.00	100.00	2012-2017
TERNA MAG SA	Greece	48.98	0.00	48.98	2012-2017
MANDOUDI BUSINESS PARK SA	Greece	0.00	100	100.00	2014-2017
TERNA OVERSEAS LTD	Cyprus	100.00	0.00	100.00	2007-2017
TERNA QATAR LLC *	Qatar	0.00	35.00	35.00	2010-2017
TERNA BAHRAIN HOLDING WLL	Bahrain	0.00	99.99	99.99	-
TERNA CONTRACTING CO WLL	Bahrain	0.00	100.00	100.00	-
TERNA VENTURES WLL	Bahrain	0.00	100.00	100.00	-
TERNA SAUDI ARABIA LTD	Saudi Arabia	60.00	0.00	60.00	2012-2017
CEMENT PRODUCTION AND EXPORT FZC	Libya	0.00	75.00	75.00	2010-2017
MALCEM CONSTRUCTION MATERIALS LTD	Malta	0.00	75.00	75.00	2008-2017
QE ENERGY EUROPE LTD	Cyprus	0.00	100	100.00	2007-2017

Joint entities whose assets, liabilities and results are incorporated into a subsidiary of the Group based on the corresponding percentage

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	
J/V TERNA - CGCE (AMAS 1)	Bahrain	0.00	50.00	50.00	-
J/V TERNA - CGCE (AMAS 2)	Bahrain	0.00	50.00	50.00	-

(Amounts in thousands Euro, unless stated otherwise)

Associates which are consolidated with the Group via the equity method

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	
GEKA SA	Greece	0	33.34	33.34	2012-2017

Joint Ventures which are consolidated with the Group via the equity method

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	
HERON II THERMOELECTRIC STATION VOIOTIA SA	Greece	25.00	0.00	25.00	2012-2017

* The company TERNA QATAR LLC is fully consolidated according to IFRS 10 “Consolidated Financial Statements” since the Group based on a contract possesses the control of the management and the results.

The voting rights of TERNA SA in all the above participations are identical with the percentage rate it holds in the share capital of the companies.

The following table presents the joint entities for the construction of technical projects, in which the Group participates. Such joint ventures have already concluded the projects they were established for, the guarantee period has expired, their relations with third parties have been settled and their final liquidation is pending. Therefore such are not included in the consolidation.

COMPANY NAME	TOTAL PARTICIPATION % (Indirect)
J/V IMPREGILO Spa – TERNA SA-ALTE SA (EXECUTIONS)	33.33%
J/V EVINOU-AEGEK-METON SA-TERNA SA-EYKLEIDIS SA	33.33%
J/V MAIN ARROGATION CANAL D 1	75.00%
J/V AKTOR, AEGEK, TERNA, EKTER, AIRPORT INSTAL. SPATA	20.00%
J/V TERNA SA / AKTOR SA - GOULANDRIS MUSEUM	50.00%
J/V DEPA PROJECT	10.00%
J/V ARTA-FILIPPIADA BY-PASS	98.00%
J/V FRAGMATOS PRAMORITSA	33.33%
J/V VIOTER SA-TERNA SA	50.00%
J/V ATHINA-PANTECHNIKI-TERNA-PLATAMONAS PROJECT	39.20%
J/V TERNA-AKTOR-EMPEDOS-J&P ABAX-IMEC GmbH	24.00%
J/V EUROPEAN TECHNICAL-HOMER-TERNA	50.00%
J/V J&P AVAX SA-TERNA SA-EYKLEIDIS	35.00%
J/V EVAGGELISMOS PROJECT C’	50.00%
J/V AEGEK-TERNA (SIATISTA – KRYSTALLOPIGI CONNECTION)	44.78%
J/V AVAX-VIOTER-TERNA (OLYMPIC VILLAGE CONSTRUCTION)	37.50%
J/V TERNA-MOCHLOS-AKTOR TUNNEL KIATO-AIGIO	35.00%
J/V J&P AVAX-TERNA-AKTOR (TRAPEZA PLATANOS CONTRUCTION OF TUNNELS)	33.33%

(Amounts in thousands Euro, unless stated otherwise)

COMPANY NAME	TOTAL PARTICIPATION % (Indirect)
J/V J&P ABAΞ SA-VIOTER SA-TERNA SA (CANOE KAGIAK)	33.33%
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (PROJECT PARADEISIA-TSAKONA)	49.00%
J/V AKTOR-TERNA (BANQUET HALL)	50.00%
J/V TERNA SA-NEON STAR SA-RAMA (OPAP)	51.00%
J/V TERNA SA-NEON STAR SA-RAMA (OPAP 1)	51.00%

During the fiscal year 2017 the following joint ventures were liquidated:

COMPANY NAME	TOTAL PARTICIPATION % (Indirect)
J/V ATHENS CAR PARK	20.00%
J/V TERNA-VIOTER SA (KOROMILIA)	50.00%
J/V TERNA-MOCHLOS ATE	70.00%

5. GEOGRAPHIC SEGMENTS

The following table presents selective information on the Group per geographic segment. The other regions include Malta, Libya and Western Europe.

Geographic segments 31.12.2017	Greece and Cyprus	Balkans	Middle East	Other regions	Consolidated totals
Turnover	773.088	24.918	89.506	7.049	**894.561**
Non-current assets (excl. deferred tax and financial instruments)	173.069	1.178	5.647	0	**179.895**
Capital expenditure	12.169	468	1.739	0	**14.377**

Geographic segments 31.12.2016	Greece and Cyprus	Balkans	Middle East	Other regions	Consolidated totals
Turnover	751,139	45,190	152,065	3,276	**951,670**
Non-current assets (excl. deferred tax and financial instruments)	174,286	1,026	8,340	389	**184,042**
Capital expenditure	15,684	111	2,093	0	**17,887**

6. TANGIBLE FIXED ASSETS

The account of tangible fixed assets in the accompanying financial statements, is analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

GROUP	Quarries/ Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction and advances for asset acquisition	Total
Net book value 1.1.2017	**10,266**	**5,435**	**69,203**	**12,069**	**4,345**	**5,126**	**106,444**
Additions	31	108	2,194	730	1,480	8,749	**13,292**
Cost of debt	0	0	0	0	0	0	**0**
Transfer from/(to) another tangible fixed asset account – cost	0	28	47	0	0	(75)	**0**
Transfer to/(from) another tangible fixed asset account – accumulated depreciation	0	0	0	0	0	0	**0**
Transfer from/(to) intangible fixed asset account – cost	0	0	0	0	0	(398)	**(398)**
Transfer to/(from) intangible fixed asset account – accumulated depreciation	0	0	0	0	0	0	**0**
Acquisition cost of sold-written off assets	0	(63)	(1,949)	(629)	(927)	0	**(3,568)**
Accumulated depreciation of assets sold written-off	0	43	1,431	559	575	0	**2,608**
Change of percentage of consolidated companies in terms of cost	0	0	0	0	0	0	**0**
Change of percentage of consolidated companies in terms of accumulated depreciation	0	0	0	0	0	0	**0**
(Impairments)/reversal of impairment of acquisition cost	0	0	0	0	0	(884)	**(884)**
(Impairments)/reversal of impairment - accumulated depreciation	0	0	(138)	0	0	0	**(138)**
Other movements on acquisition cost / FX differences - cost	0	(459)	(2,609)	(318)	(495)	(539)	**(4,420)**
Other movements on depreciation / FX differences - accumulated depreciation	0	189	2,246	260	360	0	**3,055**
Depreciation for the year	(280)	(431)	(6,154)	(1,620)	(1,670)	0	**(10,155)**
Net book value 31.12.2017	**10,017**	**4,849**	**64,271**	**11,050**	**3,669**	**11,979**	**105,835**
Cost 1.1.2017	13,053	9,308	175,616	36,883	19,029	5,126	**259,014**
Accumulated Depreciation 1.1.2017	(2,786)	(3,873)	(106,413)	(24,814)	(14,683)	0	**(152,570)**
Net book value 1.1.2017	**10,266**	**5,435**	**69,203**	**12,069**	**4,345**	**5,126**	**106,444**
Cost 31.12.2017	13,084	8,921	173,299	36,666	19,087	11,979	**263,036**
Accumulated Depreciation 31.12.2017	(3,066)	(4,072)	(109,029)	(25,616)	(15,418)	0	**(157,201)**
Net book value 31.12.2017	**10,017**	**4,849**	**64,271**	**11,050**	**3,669**	**11,979**	**105,835**

(Amounts in thousands Euro, unless stated otherwise)

GROUP	Quarries/ Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction and advances for asset acquisition	Total
Net book value 1.1.2016	**11,528**	**6,542**	**59,724**	**13,515**	**3,069**	**11,595**	**105,974**
Additions	15	115	10.366	671	2.573	3.510	**17,250**
Cost of debt	0	0	0	0	0	0	**0**
Transfer from/(to) another tangible fixed asset account – cost	0	927	8.243	0	19	(9.189)	**0**
Transfer to/(from) another tangible fixed asset account – accumulated depreciation	0	0	0	0	0	0	**0**
Transfer from/(to) investment property - cost	(251)	(1.105)	0	0	0	0	**(1,356)**
Transfer from/(to) investment property - accumulated depreciation	0	322	0	0	0	0	**322**
Transfer from/(to) intangible fixed asset account – cost	0	0	124	0	0	(787)	**(663)**
Transfer to/(from) intangible fixed asset account – accumulated depreciation	0	0	(10)	0	0	0	**(10)**
Acquisition cost of sold-written off assets	0	(336)	(1.432)	(632)	(585)	0	**(2,985)**
Accumulated depreciation of assets sold written-off	0	91	862	395	467	0	**1,815**
Change of percentage of consolidated companies in terms of cost	0	0	(77)	0	(119)	0	**(195)**
Change of percentage of consolidated companies in terms of accumulated depreciation	0	0	77	0	119	0	**195**
Impairments of acquisition cost	(750)	0	0	0	0	0	**(750)**
(Impairments)/reversal of impairment - accumulated depreciation	0	(701)	(558)	0	0	0	**(1,259)**
Other movements on acquisition cost / FX differences - cost	0	113	740	77	153	(3)	**1,080**
Other movements on depreciation / FX differences - accumulated depreciation	0	(47)	(661)	(73)	(98)	0	**(879)**
Depreciation for the year	(277)	(487)	(8.195)	(1.884)	(1.253)	0	**(12,094)**
Net book value 31.12.2016	**10,266**	**5,435**	**69,203**	**12,069**	**4,345**	**5,126**	**106,444**
Cost 1.1.2016	14.038	9.593	157.652	36.767	16.988	11.595	**246,633**
Accumulated Depreciation 1.1.2016	(2.510)	(3.052)	(97.927)	(23.252)	(13.919)	0	**(140,659)**
Net book value 1.1.2016	**11,528**	**6,542**	**59,724**	**13,515**	**3,069**	**11,595**	**105,974**
Cost 31.12.2016	13.053	9.308	175.616	36.883	19.029	5.126	**259,014**
Accumulated Depreciation 31.12.2016	(2.786)	(3.873)	(106.413)	(24.814)	(14.683)	0	**(152,570)**
Net book value 31.12.2016	**10,266**	**5,435**	**69,203**	**12,069**	**4,345**	**5,126**	**106,444**

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	Quarries/ Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction and advances for asset acquisition	Total
Net book value 1.1.2017	**6,699**	**1,391**	**51,367**	**11,155**	**3,736**	**0**	**74,349**
Additions	31	19	1.654	327	1.264	81	**3,375**
Transfer from/(to) another tangible fixed asset account – cost	0	0	0	0	0	0	**0**
Transfer to/(from) another tangible fixed asset account – accumulated depreciation	0	0	0	0	0	0	**0**
Acquisition cost of sold-written off assets	0	(25)	(886)	(448)	(741)	0	**(2,099)**
Accumulated depreciation of assets sold written-off	0	25	685	403	443	0	**1,556**
Change of percentage of consolidated companies in terms of cost	0	0	0	0	0	0	**0**
Change of percentage of consolidated companies in terms of accumulated depreciation	0	0	0	0	0	0	**0**
(Impairments)/reversal of impairment of acquisition cost	0	0	0	0	0	0	**0**
(Impairments)/reversal of impairment - accumulated depreciation	0	0	(138)	0	0	0	**(138)**
Other movements on acquisition cost / FX differences - cost	0	(132)	(901)	(32)	(212)	1	**(1,276)**
Other movements on depreciation / FX differences - accumulated depreciation	0	95	753	25	110	0	**983**
Depreciation for the year	(280)	(220)	(4.665)	(1.282)	(1.409)	0	**(7,857)**
Net book value 31.12.2017	**6,450**	**1,153**	**47,868**	**10,149**	**3,191**	**82**	**68,892**
Cost 1.1.2017	9.487	3.990	144.478	33.828	14.368	0	206.149
Accumulated Depreciation 1.1.2017	(2.787)	(2.598)	(93.111)	(22.673)	(10.631)	0	(131.800)
Net book value 1.1.2017	**6,699**	**1,391**	**51,367**	**11,155**	**3,736**	**0**	**74,349**
Cost 31.12.2017	9.518	3.851	144.344	33.675	14.679	82	206.149
Accumulated Depreciation 31.12.2017	(3.067)	(2.699)	(96.476)	(23.526)	(11.488)	0	(137.257)
Net book value 31.12.2017	**6,450**	**1,153**	**47,868**	**10,149**	**3,191**	**82**	**68,892**

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	Quarries/ Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction and advances for asset acquisition	Total
Net book value 1.1.2016	**7,961**	**3,013**	**49,057**	**12,610**	**2,414**	**0**	**75,057**
Additions	15	115	9.915	476	2.418	0	**12,939**
Transfer from/(to) investment property - cost	(251)	(1.105)	0	0	0	0	**(1,356)**
Transfer from/(to) investment property - accumulated depreciation	0	322	0	0	0	0	**322**
Acquisition cost of sold-written off assets	0	(5)	(1.262)	(620)	(580)	0	**(2,467)**
Accumulated depreciation of assets sold written-off	0	5	710	394	462	0	**1,571**
Change of percentage of consolidated companies in terms of cost	0	0	(70)	0	(90)	0	**(160)**
Change of percentage of consolidated companies in terms of accumulated depreciation	0	0	70	0	90	0	**160**
Impairments of acquisition cost	(750)	0	0	(0)	0	0	**(750)**
(Impairments)/reversal of impairment - accumulated depreciation	0	(701)	(558)	0	0	0	**(1,259)**
Other movements on acquisition cost / FX differences - cost	0	23	224	(4)	67	0	**311**
Other movements on depreciation / FX differences - accumulated depreciation	0	(22)	(207)	(4)	(23)	0	**(257)**
Depreciation for the year	(277)	(254)	(6.513)	(1.698)	(1.023)	0	**(9,764)**
Net book value 31.12.2016	**6,699**	**1,391**	**51,367**	**11,155**	**3,735**	**0**	**74,348**
Cost 1.1.2016	10.472	4.961	135.670	33.975	12.552	0	**197,631**
Accumulated Depreciation 1.1.2016	(2.511)	(1.948)	(86.613)	(21.365)	(10.138)	0	**(122,574)**
Net book value 1.1.2016	**7,961**	**3,013**	**49,057**	**12,610**	**2,414**	**0**	**75,057**
Cost 31.12.2016	9.487	3.990	144.478	33.828	14.367	0	**206,148**
Accumulated Depreciation 31.12.2016	(2.787)	(2.598)	(93.111)	(22.673)	(10.631)	0	**(131,800)**
Net book value 31.12.2016	**6,699**	**1,391**	**51,367**	**11,155**	**3,735**	**0**	**74,348**

(Amounts in thousands Euro, unless stated otherwise)

The depreciations of the Group for the reported year, have been registered in Cost of sales by euro 8,808 (10,738 in the previous financial year), in Administration and Distribution Expenses by euro 851 (816 in the previous financial year), in Research and development expenses by 6 (5 in the previous financial year), in Other income/(expenses) by 358 (220 in the previous financial year) and in the inventories by 132 (315 in the previous financial year).

The depreciations of the Company for the reported year, have been registered in Cost of sales by euro 7,052 (8,861 in the previous financial year), in Administration and Distribution Expenses by euro 599 (683 in the previous financial year), and in Other income/(expenses) by 207 (220 in the previous financial year).

Within the year 2017, the impairments of the machinery and assets under construction which were accounted for in the year mainly concern obsolete machinery of the industrial / quarry segment due to the non-recoverability of their value amounting to 1,022. The above amount was recognized in the Other income / (expenses) of the Statement of results for the year.

Within the year 2016, the Group recognized impairment losses in land plots and buildings of 977 in the Other income / (expenses) of the Statement of results for the year according to the estimates made by independent appraisers. The Group also recognized impairments in machinery and the technical installations of a quarry due to the non-recoverability of their value amounting to 1,032 which was recognized in the Cost of Goods Sold.

The above tangible assets also include those that have been acquired through financial leasing contracts:

GROUP	**Machinery**	**Vehicles**	**Total**
Cost 31.12.2017	24,353	6,428	**30,781**
Accumulated depreciation 31.12.2017	(7,879)	(2,544)	**(10,423)**
Net book value 31.12.2017	**16,474**	**3,884**	**20,358**

COMPANY	**Machinery**	**Vehicles**	**Total**
Cost 31.12.2017	23,246	6,023	**29,269**
Accumulated depreciation 31.12.2017	(7,492)	(2,332)	**9,824**
Net book value 31.12.2017	**15,755**	**3,691**	**19,445**

GROUP	**Machinery**	**Vehicles**	**Total**
Cost 31.12.2016	24,353	6,428	**30,781**
Accumulated depreciation 31.12.2016	(6,943)	(2,174)	**(9,117)**
Net book value 31.12.2016	**17,410**	**4,254**	**21,664**

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	Machinery	Vehicles	Total
Cost 31.12.2016	23,246	6,023	**29,269**
Accumulated depreciation 31.12.2016	(6,667)	(2,011)	**(8,677)**
Net book value 31.12.2016	**16,579**	**4,012**	**20,591**

7. INTANGIBLE FIXED ASSETS

The account of intangible fixed assets in the accompanying financial statements, is analyzed as follows:

	GROUP				
	Concessions and other Rights	Rights from construction contract	Software	Research and development	Total
Net book value 1.1.2017	**28,005**	**11,928**	**166**	**3,139**	**43,237**
Additions	50	0	246	788	**1,085**
Transfer from/(to) another intangible fixed asset account – cost	0	0	0	0	**0**
Transfer to/(from) another intangible fixed asset account – accumulated depreciation	0	0	0	0	**0**
Transfer from/(to) another tangible fixed asset account – cost	0	0	0	398	**398**
Transfer to/(from) another tangible fixed asset account – accumulated depreciation	0	0	0	0	**0**
Acquisition cost of sold-written off assets	(1,132)	0	(9)	0	**(1,140)**
Accumulated amortization of assets sold written-off	1,131	0	9	0	**1,140**
(Impairments)/reversal of impairment - accumulated depreciation	0	0	0	0	**0**
Other movements of fixed assets' acquisition cost (foreign exchange differences, etc.)	0	0	(47)	0	**(47)**
Other movements of fixed assets' amortization (foreign exchange differences, etc.)	0	0	46	0	**46**
Amortization for the period	(596)	(8,202)	(75)	(123)	**(8,996)**
Net book value 31.12.2017	**27,458**	**3,725**	**336**	**4,202**	**35,721**
Cost 1.1.2017	36,463	88,022	1,983	3,622	**130,090**
Accumulated Amortization 1.1.2017	(8,459)	(76,094)	(1,818)	(483)	**(86,854)**
Net book value 1.1.2017	**28,005**	**11,928**	**166**	**3,139**	**43,237**
Cost 31.12.2017	35,382	88,022	2,174	4,808	**130,385**
Accumulated Amortization 31.12.2017	(7,923)	(84,297)	(1,838)	(606)	**(94,664)**
Net book value 31.12.2017	**27,458**	**3,725**	**336**	**4,202**	**35,721**

(Amounts in thousands Euro, unless stated otherwise)

	GROUP				
	Concessions and other Rights	**Rights from construction contract**	**Software**	**Research and development**	**Total**
Net book value 1.1.2016	**31,894**	**21,482**	**181**	**2,479**	**56,036**
Additions	0	0	97	540	**637**
Transfer from/(to) another intangible fixed asset account – cost	(8)	0	0	8	**0**
Transfer to/(from) another intangible fixed asset account – accumulated depreciation	1	0	0	(1)	**0**
Transfer from/(to) another tangible fixed asset account – cost	0	0	0	663	**663**
Transfer to/(from) another tangible fixed asset account – accumulated depreciation	0	0	0	10	**10**
Acquisition cost of sold-written off assets	0	0	(14)	(448)	**(462)**
Accumulated amortization of assets sold written-off	0	0	14	72	**87**
(Impairments)/reversal of impairment - accumulated depreciation	(2,793)	0	0	0	**(2,793)**
Other movements of fixed assets' acquisition cost (foreign exchange differences, etc.)	0	0	14	0	**14**
Other movements of fixed assets' amortization (foreign exchange differences, etc.)	0	0	(14)	0	**(14)**
Amortization for the period	(1,090)	(9,554)	(113)	(185)	**(10,941)**
Net book value 31.12.2016	**28,005**	**11,928**	**166**	**3,139**	**43,237**
Cost 1.1.2016	36,471	88,022	1,887	2,859	**129,238**
Accumulated Amortization 1.1.2016	(4,577)	(66,540)	(1,705)	(380)	**(73,203)**
Net book value 1.1.2016	**31,894**	**21,482**	**181**	**2,479**	**56,036**
Cost 31.12.2016	36,463	88,022	1,983	3,622	**130,090**
Accumulated Amortization 31.12.2016	(8,459)	(76,094)	(1,818)	(483)	**(86,854)**
Net book value 31.12.2016	**28,005**	**11,928**	**166**	**3,139**	**43,237**

(Amounts in thousands Euro, unless stated otherwise)

	COMPANY			
	Concessions and Rights	**Software**	**Research and development**	**Total**
Net book value 1.1.2017	**513**	**163**	**109**	**785**
Additions	0	226	0	**226**
Acquisition cost of sold-written off assets	(1,131)	(4)	0	**(1,134)**
Accumulated amortization of assets sold written-off	1,131	4	0	**1,134**
(Impairments)/reversal of impairment - accumulated depreciation	0	0	0	**0**
Other movements of fixed assets' acquisition cost (foreign exchange differences, etc.)	0	(16)	0	**(16)**
Other movements of fixed assets' amortization (foreign exchange differences, etc.)	0	15	0	**15**
Amortization for the period	(35)	(69)	(6)	**(109)**
Net book value 31.12.2017	**479**	**319**	**103**	**901**
Cost 1.1.2017	7,753	1,535	182	**9,470**
Accumulated Amortization 1.1.2017	(7,240)	(1,372)	(73)	**(8,685)**
Net book value 1.1.2017	**513**	**163**	**109**	**785**
Cost 31.12.2017	6,623	1,741	182	**8,546**
Accumulated Amortization 31.12.2017	(6,144)	(1,422)	(79)	**(7,645)**
Net book value 31.12.2017	**479**	**319**	**103**	**901**

	COMPANY			
	Concessions and Rights	**Software**	**Research and development**	**Total**
Net book value 1.1.2016	**4,386**	**179**	**115**	**4,680**
Additions	0	91	0	**91**
Acquisition cost of sold-written off assets	0	(14)	0	**(14)**
Accumulated amortization of assets sold written-off	0	14	0	**14**
(Impairments)/reversal of impairment - accumulated depreciation	(2,793)	0	0	**(2,793)**
Other movements of fixed assets' acquisition cost (foreign exchange differences, etc.)	0	5	0	**5**
Other movements of fixed assets' amortization (foreign exchange differences, etc.)	0	(5)	0	**(5)**
Amortization for the period	(1,080)	(107)	(6)	**(1,193)**
Net book value 31.12.2016	**513**	**163**	**109**	**785**
Cost 1.1.2016	7,753	1,453	182	**9,389**
Accumulated Amortization 1.1.2016	(3,367)	(1,275)	(67)	**(4,709)**
Net book value 1.1.2016	**4,386**	**179**	**115**	**4,680**
Cost 31.12.2016	7,753	1,535	182	**9,470**
Accumulated Amortization 31.12.2016	(7,240)	(1,372)	(73)	**(8,685)**
Net book value 31.12.2016	**513**	**163**	**109**	**785**

The Group's amortization for the reported period has been registered in cost of sales by euro 8,718 (9,706 in the previous year), in administrative and distribution expenses by euro 238 (269 in the previous year), in the research and development expenses by 15 (10 in the previous year), in Other income / (expenses) by 0 (860 in the previous year) and in inventories by 25 (96 in the previous year). The respective amounts for the Company correspond to euro 29 (69 in the previous year), euro 80 (264 in the previous year) and euro 0 (860 in the previous year).

The account Concessions and Rights of the Group and the Company concerns the purchased rights for the exploitation of quarries by an amount of 479 (513 in the previous year), with an initial agreed duration of 20-30 years, while on the Group level the rights for exploitation of magnesite quarries by an amount of 26,979 (27,492 in the previous year), with an agreed duration of 50 years.
The account Development Expenses of the Group mainly concerns development expenditures in the magnesite mining facilities.

The Company during the year 2016 conducted an impairment test in a quarry given the fact that the demand for its products was at minimum level and the estimated time horizon for the quarry's return to normal operation status was not anticipated any soon. From the estimation of the fail value for the existing licenses according to the report of a specialized metallurgist, the Company and the Group recognized an impairment loss of 2,793 in the other income / (expenses) of the year's results.

8. IMPAIRMENT OF GOODWILL

In the previous year the Group acquired the remaining 66.7% of the construction consortiums EUROIONIA and E-65, with which it would carry out an additional significant construction work on existing construction contracts. Since the cash flow estimate was positive, it recognized goodwill of 9,759. By the end of the previous fiscal year (31/12/2016), due to the fact that the construction of these projects was still in progress and the timing of their completion was not yet visible, the Group did not consider that there is evidence of impairment of this goodwill, as the remaining cash flow expected - (recoverable amount) was higher than the current value. However, on June 30, 2017, as there had been significant progress in the works of the EUROIONIA and the E-65, and the backlog to be executed had decreased substantially, it considered that there were significant signs of impairment of this goodwill.

For the purpose of calculating the recoverable amount, a comparison was conducted of the value of use and the fair value less disposal costs. The value of use was determined on the basis of the remaining cash flows for the completion of the project and it was less than the fair value minus the disposal costs resulting from the percentage of completion rate. As a result, the Group's management proceeded to impairment, which was calculated based on the fair value less disposal costs. The result of the above impairment amount of 6.576 was recognized in 'Other income / (expenses)' of the statement of income for the period.

It is noted that after the impairment, the remaining goodwill amounted to 3,183, the impairment of which will be reconsidered with the progress of the remaining work of the projects concerned.

(Amounts in thousands Euro, unless stated otherwise)

9. INVESTMENT PROPERTY

Investment property on 31 December 2017 in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Balance 1 January	**2,512**	**2,220**	**1,889**	**1,596**
Additions for the year	0	0	0	0
Adjustments in fair value	489	(741)	489	(741)
Transfer from/to fixed assets	0	1,034	0	1,034
Balance 31 December	**3,001**	**2,512**	**2,377**	**1,889**

During the closing year, in cases of active market there was a valuation of the fair value of the Group's property from independent auditors. The respective valuations are presented in the following table.

For the valuation of specific investment property, it was not possible to establish reliable comparable market prices, based on which the determination of fair value could be reliably evidenced. For such cases, the Management, with the assistance of real estate professionals, defined the fair values by taking into account its experience as well as the current general economic environment and conditions.
Group's investment property valuation at fair is performed taking into consideration the high and best use of each asset that is legally permissible and financially possible.

From the aggregate valuations conducted for the investment property, a profit of 489 (loss of 741 in 2016) was generated which was recorded in the Other income / (expenses).

The following table presents data concerning the major assumptions taken into consideration for the valuation of the investment properties on 31.12.2017:

Property	Fair Value 31.12.2017	Appraiser	Method	Market value	Interest rate	Inflation	Return	Cost of development
Kos-Plots	1,250	Independent Appraiser	Real estate market	28 euro per sqm	-	-	-	-
Mantoudi, (Evoia) – Plots	623	TERNA Group	Real estate market	0.50 euro per sqm	-	-	-	-
Plot in Posidonia position, Laurio, Attica	13	TERNA Group	Real estate market	1.87 euro per sqm	-	-	-	-
Building and Plot position of Lezides Aliveri Evoia	1,114	NAI Hellas	Real estate market and capitalization of revenues	Building 2.9-5 euro per sqm, Land plot 4.5-11 euro per sqm, lease of building 1.67 euro per sqm	-	-	12.50%	-
	3,001							

(Amounts in thousands Euro, unless stated otherwise)

The corresponding information of the major assumptions taken into consideration for the valuation of the investment properties on 31.12.2016, are as follows:

Property	Fair Value 31.12.2016	Appraiser	Method	Market value	Interest rate	Inflation	Return	Cost of development
Kos-Plots	855	CBRE VALUES SA	Real estate market	20-25 euro per sqm	-	-	-	-
Mantoudi, (Evoia) – Plots	623	TERNA Group	Real estate market	0.50 euro per sqm	-	-	-	-
Plot in Posidonia position, Laurio, Attica	13	TERNA Group	Real estate market	1.87 euro per sqm	-	-	-	-
Building and Plot position of Lezides Aliveri Evoia	1,021	NAI Hellas	Real estate market and capitalization of revenues	1.25 euro per sqm per month 210.08 euro per sqm building 5.51 euro per sqm plot	-	-	12.50%	-
	2,512							

10. PARTICIPATION IN SUBSIDIARIES

The accounts and items of the financial statements of the significant subsidiary in which the Group has significant non-controlling interests are as follows:

	TERNA MAG	TERNA MAG
Geographical area of activity	Greece	Greece
Business Activity	Mining and processing of magnesite	Mining and processing of magnesite
Percentage of non-controlling interests	51.02%	51.02%
	31.12.2017	**31.12.2016**
Non-current assets	53,966	33,090
Current assets	19,432	28,364
(Long-term liabilities)	(33,676)	(24,905)
(Short-term liabilities)	(33,920)	(26,770)
Net fixed assets	**5,802**	**9,779**
Equity corresponding to non-controlling interests	2,960	4,989

(Amounts in thousands Euro, unless stated otherwise)

In addition to the above, the proportional amount of the non-controlling interests in the difference of the valuation of magnesite quarries at fair value, at the acquisition time by TERNA SA in year 2010, correspond to 10,516 as of 31/12/2017 (same amount for 31/12/2016).

	1.1. - 31.12.2017	1.1. - 31.12.2016
Turnover	7,049	3,276
Net Profit / (Losses)	(3,975)	(4,472)
Other Comprehensive Income	(2)	16
Total Results	**(3,977)**	**(4,456)**
Net Profit / (Losses) corresponding to non-controlling interests	(2,028)	(2,282)
Dividends from subsidiaries payable to non controlling interests	0	0

	1.1. - 31.12.2017	1.1. - 31.12.2016
Cash flows from operating activities	(3.352)	(3,746)
Cash outflows from investment activities	(9,401)	(2,918)
Cash outflows for financing activities	12,837	6,041
Net increase / (decrease) of cash	**84**	**(623)**

The above financial accounts of the subsidiary are before elimination entries due to consolidation. Apart from the company presented above, there is no other subsidiary with significant non-controlling interests. The entire non-controlling interests concern the parent company of the Group, TERNA SA.

The change of the account Participation in subsidiaries is due to the participation by 918 (1,920 in the previous period) in the share capital increase which took place in TERNA OVERSEAS LTD and to the impairment of its participation in TERNA OVERSEAS LTD by an amount of 2,250 (42,677 in the previous period).

11. PARTICIPATION IN JOINT VENTURES

The Group holds interests of 25% in HERON II joint venture which is consolidated with the Equity method. The movement of participations in joint ventures for the presented period is as follows:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Balance 1 January	**21,006**	**21,417**	**21,006**	**34,480**
Profit / (Loss) from valuation	0	0	0	0
Impairment	0	0	0	(13,474)
Share in the change of equity	(348)	(411)	0	0
Balance 31 December	**20,657**	**21,006**	**21,006**	**21,006**

(Amounts in thousands Euro, unless stated otherwise)

The most important accounts of the financial statements of HERON II (100%) are summarized as follows:

Geographic area of activity	Greece	
Business activity	Electricity production from natural gas	
Importance of participation for the Group	Secondary due to cash related reasons	
	31.12.2017	**31.12.2016**
Non-current assets	169,399	178,132
Cash and cash equivalents	13,047	5,721
Other current assets	37,840	49,416
Total assets	**220,286**	**233,269**
Long-term financial liabilities (apart from trade and other liabilities, provisions and deferred tax liability)	82,521	98,010
Other long-term liabilities	15,949	12,191
Short-term financial liabilities (apart from trade and other liabilities, provisions and deferred tax liability)	12,001	11,407
Other short-term liabilities	27,186	27,639
Total liabilities	**137,657**	**149,247**
Net fixed assets	**82,629**	**84,022**
Proportion in the net fixed assets before valuation differences at fair value	20,657	21,006
Valuation differences at fair value	0	0
Proportion in the net fixed assets	**20,657**	**21,006**
	1,1 - 31,12,2017	**1,1 - 31,12,2016**
Turnover	100,065	96,225
(Depreciation)	(11,296)	(11,512)
(Financial expenses)	(9,097)	(8,739)
Financial income	54	39
(Expense)/Income from tax	(3,351)	(2,583)
Results from continued operations	(1,393)	(1,586)
Results from discontinued operations	0	0
Other comprehensive income	0	(58)

(Amounts in thousands Euro, unless stated otherwise)

Total Results	**(1,393)**	**(1,644)**
Share in the results of the Group	(348)	(397)
Share in the other comprehensive results of the Group	0	(15)
Share in the total comprehensive results of the Group	**(348)**	**(411)**

The financial figures of the joint ventures are based on financial statements compiled according to the IFRS.

The financial statements of the joint ventures have been compiled with the same date compared to the ones of the Group.

12. INVESTMENTS HELD FOR TRADING PURPOSES

The Company on 31/12/2017 and 31/12/2016 did not hold any investments for trading purposes. Within the year 2016, the Company sold its entire portfolio of shares for a consideration of 12,288. The result from the above sale of shares equaled with a loss of 2,887 for the Group and Company, which was recognized in the Other income / (expenses).

13. INVESTMENTS AVAILABLE FOR SALE

Investments available for sale on 31st December 2017, in the attached financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Participations in related companies	11,861	12,161	4,779	5,079
Shares	3,049	1,330	3,049	1,330
Other securities	15	15	0	0
	14,925	**13,506**	**7,828**	**6,409**
Non current	**14,925**	**13,506**	**7,828**	**6,409**
Current	**0**	**0**	**0**	**0**

The participation stakes in the related / affiliated companies of the Company and the Group concern the non-listed companies ILIOHORA, by 29.45% participation percentage of the Group and the Company, VIOMEK by 29.07% participation percentage of the Group and the Company, ICON BOROVETS participation by 15.63% and 53.56% respectively and ICON EOOD, by 16.38% participation percentage of the Group. In the above companies, the Group does not exercise any significant operational or financial control or influence. The exclusive operational and financial control is exercised by the Group of the parent company GEK TERNA.

The Group and the Company on 31.12.2016, through the valuation of the above interests at fair value, recognized an impairment of amount 9,938 and 3,249 respectively. The above impairment was deemed as non recoverable and was reclassified from the Other comprehensive results into the Other income / (expenses).

(Amounts in thousands Euro, unless stated otherwise)

The Group and the Company acquired shares of the parent company GEK TERNA for a total acquisition cost of 431. Following the above acquisition, they held on 31/12/2017 shares of the parent company GEK TERNA of a total acquisition value 1,566 which were valued at 3,049 (1,330 in the previous period). The above valuation resulted into a gain of 1,288 (gain of 443 in the previous year) which was recorded in the Other comprehensive results.

The Company, within the year 2016, proceeded with the sale of the entire shares it held for a total consideration of 3,383. The above sale of shares resulted into a loss for the Group and the Company of 16,844 which was recorded in the Other income / (expenses).

14. OTHER LONG-TERM RECEIVABLES

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Granted loans	127,615	85,681	110,005	53,014
Interests in non-consolidated joint entities	1,058	1,083	1,058	1,083
Approved but not collected grants	10,441	0	0	0
Given guarantees	1,277	1,746	923	1,366
Withheld amounts of priced receivables	10,139	9,113	2,475	382
Total	**150,530**	**97,623**	**114,461**	**55,845**

During the present period, the Group and the Company participated in the issuance of a bond loan of the parent company GEK TERNA of amount 42.5 million with an interest rate of 5.5%.

Within the year 2017, an amount of 10,441 relates to an approved but not received subsidy of TERNA Mag which was reclassified from "advances and other receivables" to the "Other long-term receivables" based on Gov. Gaz. 4120 / 27.11.2017.

15. INVENTORIES

The account “inventories” on 31 December 2017 in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Raw-auxiliary materials	3,220	5,995	2,255	4,225
Spare parts of fixed assets	0	33	0	33
Merchandise and finished and semi-finished products	17,607	16,067	3,915	3,417
Property for development	2,196	2,196	0	0
Total	**23,023**	**24,291**	**6,170**	**7,675**

(Amounts in thousands Euro, unless stated otherwise)

With regard to the inventories of the parent company TERNA SA and TERNA Mag (TERNA Lefkolithi), following an impairment audit there was a loss of 736 (507 in the previous year) recognized in the "Other income / (expenses)".
With the exception of the above case, there are no other obsolete or slow moving inventory as of December 31st 2017.

16. TRADE RECEIVABLES AND PREPAYMENTS AND OTHER SHORT-TERM RECEIVABLES

The account "Trade receivables" in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Trade receivables	206,085	221,744	210,495	303,368
Accrued income	0	2,165	0	2,165
Customers – Doubtful and litigious	4,800	4,800	4,684	4,684
Notes / Checks receivable in delay	824	824	824	824
Checks Receivable	5,274	16,444	5,274	16,444
Minus: Impairments of trade receivables	(19,549)	(23,966)	(17,198)	(21,850)
Total	**197,434**	**222,011**	**204,078**	**305,635**

The "Prepayments and other short-term receivables" in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Prepayments to suppliers	127,887	132,200	120,668	119,706
Accounts for management of prepayments and credits	2,233	2,268	1,789	1,859
Prepayments to pension funds (IKA – technical works)	5,089	4,029	5,086	4,027
VAT to be rebated – offset	535	10,234	0	8,394
Receivables from other taxes apart from income tax	0	0	0	0
Income for the year receivable	836	42	376	42
Prepayments of insurance premiums	3,658	3,834	3,163	3,112
Prepayment of commissions for letters of guarantee	2,801	4,534	2,801	4,534
Prepayments of rents	451	797	396	710
Other deferred expenses	1,437	1,319	1,206	915
Receivables against members of joint ventures and other related / affiliated companies	7,529	13,652	32,054	32,225
Short-term part of long-term loans	247	213	247	213
Receivables from grants for investment industrial plan	0	10,441	0	0
Receivables from insurance indemnities	155	159	155	159

(Amounts in thousands Euro, unless stated otherwise)

Blocked deposit accounts	1,318	2,465	49	410
Receivable from parent company GEK TERNA for share capital increase	0	0	0	0
Doubtful – litigious other receivables	1,111	1,117	1,111	1,117
Other receivables – Various debtors	9,605	10,396	10,174	9,569
Minus: Provisions of other receivables	(10,757)	(2,839)	(10,575)	(2,839)
Total	**154,135**	**194,861**	**168,700**	**184,153**

The movement of the account for impairment of trade receivables and debtors in the period is analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Balance 1.1	**26,805**	**20,922**	**24,689**	**17,579**
Impairments for the year	3,610	6,726	3,186	7,954
Utilization of impairments	(103)	(843)	(103)	(844)
Recovery of impairments for the year	0	0	0	0
Foreign exchange translation differences	(6)	0	1	0
Balance 31.12	**30,306**	**26,805**	**27,773**	**24,689**

The above provisions of the year 2017 were recognized in the Other income / (expenses).

The receivables of the Group include accounts amounting to 61,900 (34,628 at the end of the previous financial year) that concern overdue receivables, apart from those impaired. Such refer to receivables for which there is certainty regarding their collection in full, given that they mainly concern receivables from government entities or customers whose credibility is secure.

The time allocation of the above receivables is as follows:

	GROUP	
YEARS OVERDUE	**31.12.2017**	**31.12.2016**
Up to 1 year	33,153	1,450
1-2 years	13,589	12,925
2-3 years	8,611	3,474
Over 3 years	6,547	16,779
	61,900	**34,628**

17. CONSTRUCTION CONTRACTS

The technical works, undertaken by the Group and the Company, that were under construction on 31.12.2017 and 31.12.2016 are analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
Cumulatively from the beginning of the projects	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Cumulative costs	5,240,995	4,480,817	4,654,032	3,988,899
Cumulative profit	777,244	602,537	757,987	583,724
Cumulative loss	(216,916)	(168,086)	(156,857)	(106,161)
Billings	(5,828,792)	(5,056,634)	(5,271,421)	(4,584,260)
	(27,469)	**(141,366)**	**(16,260)**	**(117,798)**
Receivables from construction contracts	149,213	114,234	132,535	106,623
Liabilities from construction contracts (long term)	(6,505)	0	(6,505)	0
Liabilities from construction contracts (short term)	(170,178)	(255,600)	(142,290)	(224,421)
Net receivables from customers of projects	**(27,469)**	**(141,366)**	**(16,260)**	**(117,798)**
Received prepayments	363,689	456,657	351,748	425,527
Withheld amounts for good execution of customers' projects	49,489	39,347	42,247	27,264

18. CASH AND CASH EQUIVALENTS

The account "Cash and cash equivalents" in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Cash in hand	135	93	75	66
Sight Deposits	287,596	436,221	256,484	317,628
Term Deposits	7,673	5,273	7,474	5,273
Total	**295,404**	**441,587**	**264,033**	**322,967**

Term deposits have a usual duration of 1-3 months and interest rates ranging between 0.5%-1.2% during the financial year (0.6-2.1% during the previous financial year).

(Amounts in thousands Euro, unless stated otherwise)

19. SHARE CAPITAL AND RESERVES

With the decision of the Ordinary General Meeting of Shareholders on 27 June 2017, it was approved the reduction of the share capital by an amount of fifteen million five thousand and one hundred fifty four Euros (15,005,154) through the reduction of the nominal value per share from one hundred (100) Euro to seventy one Euro and twenty six cents (71.26) and the return of the amount of reduction, namely twenty eight Euros and seventy four cents (28.74) per share, to the Shareholders with a simultaneous share capital increase of the Company by the amount of fifteen million five thousand and one hundred fifty four Euros (15,005,154) via the capitalization of part of the share premium related special reserve and with the increase of the nominal value per share from seventy one Euro and twenty six cents (71.26) to one hundred (100) Euro. Following the above, the Company's share capital amounted to fifty two million two hundred and ten thousand Euros (52,210,000) divided into five hundred twenty two thousand and one hundred (522,100) common registered shares with a nominal value of one hundred (100) Euros per share. The respective expenses of the share capital increase amounting to 119 were recorded as deduction from the share premium account.

At the end of the present period, the Group did not hold, either directly through its parent company or indirectly through subsidiaries, any treasury shares.

The weighted average number of the outstanding shares during the presented period, utilized for the calculation of earnings per share, settled at 522,100 (495,433 in the previous comparative period).

The earnings per share of the Group during the presented period amount to € 55.2557 (50.9897 in the comparative period) and were calculated based on the earnings from continued activities that correspond to the owners of the parent company, amounting to 28,849 (25,262 in the comparative period).

The Board of Directors of the Company proposes the non-distribution of dividend for the year 2017.

The account "Reserves" on 31.12.2017 is analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Reserve from fair value of available for sale assets	1,053	138	1,053	138
Tax free reserves	37,936	37,832	37,680	37,680
Regulatory reserve	14,590	14,590	13,350	13,350
Reserve due to foreign exchange differences	1,824	1,337	1,452	1,900
Other reserves	147	(22)	164	(5)
Total	**55,550**	**53,875**	**53,699**	**53,063**

Tax free reserves in case of distribution or capitalization will be taxed with the current tax rate.

(Amounts in thousands Euro, unless stated otherwise)

20. LONG-TERM LOANS AND FINANCIAL LEASES

The long-term loans and liabilities from finance leases in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Liabilities from financial leases	16,725	21,181	16,055	20,263
Minus: Short-term portion	(5,051)	(4,711)	(4,792)	(4,465)
Long-term loans	129,086	123,449	127,669	122,750
Minus: Short-term portion	(107,896)	(709)	(107,669)	(709)
	32,864	**139,210**	**31,263**	**137,839**

The repayment period of long-term loans is analyzed in the following table:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Up to 1 Year	107,896	709	107,669	709
Between 2 - 5 Years	13,190	110,240	12,000	109,541
Over 5 Years	8,000	12,500	8,000	12,500
	129,086	**123,449**	**127,669**	**122,750**

The repayment period of liabilities from financial leasing is analyzed in the following table:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Up to 1 Year	5,051	4,711	4,792	4,465
Between 2 - 5 Years	11,674	16,270	11,263	15,598
Over 5 Years	0	200	0	200
	16,725	**21,181**	**16,055**	**20,263**

A. Long-term Loans

The Group's long-term debt is in Euro by 99.5% (100% in Euro during the previous year) and represents 55% (65% during the previous year) of the Group's aggregate debt. Apart from the short-term part, the respective percentage is 9% (64% in the previous fiscal year). The long-term debt covers the financing needs of the Group's investments.

Almost the entire long-term debt of the Group, 99.3%, is based on floating interest rates (99.1% at the end of the previous year).

The average effective interest rate on long-term debt during the period, amounted to 5.1% (5.38% during the previous year).

Finally, it should be noted that on 31 December 2017, there were loans amounting to 101.74 million which did not fulfill their covenant ratios and they were reclassified to Short-term Liabilities and specifically under the item "Long-term liabilities payable in the next fiscal year". It is noted that during the period from 1.1.2018 until the date of approval of the financial statements for the year 2017, the management of the Group took all the necessary actions in order to eliminate the reasons for the non-fulfillment of the ratios of the above loans.

As result of the above, on 01.12.2017, the parent company GEK TERNA signed a EUR 193.95 million Secured Bond Loan Program with Greek Credit Institutions in order to refinance existing loans to Group companies. Of the above amount, 81.74 million concerned the Company TERNA. The basic terms of this Bond Loan are a borrowing cost of 4.5%-5.5% depending on the interest rates and a repayment period up to 2023.

On January 30, 2018, the coverage, as a whole, of the 1.12.2017 signed Common Secured Bond Loan of 193.95 million Euros of the parent company GEK TERNA, was completed by Greek Credit Institutions. By this manner, the purpose of refinancing the existing loans of the parent Company was fulfilled. Through the above loan of the parent company GEK TERNA, loans amounting to 81.74 million of TERNA SA were repaid.

The Group estimates that the fair value of the above loans does not significantly deviates from their book value.

B. Financial Leasing contracts

Finance leases have been contracted in euro and concern mechanical and construction site equipment used for the execution needs of construction projects by 96% (95.7% during the previous year). The remaining part concerns equipment of the mining activities.

Finance leases represent 7.2% (11% during the previous year) of the Group’s total debt. 100% (100% during the previous year) of liabilities from finance leases of the Group are under floating interest rates.

During the present year, the Group signed new agreements for a total amount of 0 (1,085 during the previous fiscal year respectively), mainly for the needs of the construction sector.

The average effective interest rate of the Group and the Company settled at 5% (5% during the previous year).

The following tables describe the movement of the long-term loans and financial leases in years 2017 and 2016:

(Amounts in thousands Euro, unless stated otherwise)

	2017		
	Long-term debt	Liabilities from Leasing	**Total liabilities from Financial Activities**
Balance 1.1	**123,449**	**21,181**	**144,630**
Disbursements/(payments) of capital	5,427	(4,457)	**970**
Payments of interest	(6,201)	(938)	**(7,139)**
New agreements of financial leases	0	0	**0**
Foreign exchange differences	(35)	0	**(34)**
Loan's interest	6,447	938	**7,384**
Transfers	0	0	**0**
Balance 31.12	**129,086**	**16,725**	**145,811**

	2016		
	Long-term debt	Liabilities from Leasing	**Total liabilities from Financial Activities**
Balance 1.1	**106,907**	**25,265**	**132,172**
Disbursements/(payments) of capital	16,450	(4,983)	**11,467**
Payments of interest	(5,783)	(1,307)	**(7,091)**
New agreements of financial leases	0	1,084	**1,084**
Foreign exchange differences	0	0	**0**
Loan's interest	5,405	1,122	**6,527**
Transfers	471	0	**471**
Balance 31.12	**123,449**	**21,181**	**144,630**

21. OTHER LONG-TERM LIABILITIES

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Prepayments from customers of construction contracts	232,829	307,020	232,829	307,020
Liabilities from construction contracts	6,505	0	6,505	0
Guarantees and other withheld amounts from suppliers	27,023	18,402	31,375	22,536
Other long-term liabilities	10,144	617	10,144	617
Total	**276,501**	**326,039**	**280,853**	**330,173**

(Amounts in thousands Euro, unless stated otherwise)

The balance of 31/12/2017 of the account "Collected advances from customers relating to construction agreements" concerns an advance payment from the client for the energy project of PTOLEMAIDA. The certification and offsetting of the above will be performed after 31/12/2018.
The other long-term liabilities of 2017 include liabilities of 9,529 referring to the long-term part of the settlement with the Hellenic Capital Market Commission.

22. PROVISION FOR STAFF INDEMNITIES

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity depends on the length of service with the company and the employee's wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such an indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programs are usually not funded.
The estimations for staff indemnity liabilities were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the Statement of Comprehensive Results as well as the movement of the relevant provision accounts for staff indemnities presented in the accompanying Statement of Financial Position.

The expenditure for personnel indemnities which was recognized in the Net Earnings was recorded by the Group in the Cost of sales by 2,051, in the Administrative and distribution expenses by 49 and in the Net financial income/(expenses) by 38 (2,252, 278, 46 in the previous year respectively), whereas by the Company in the Cost of sales by 1,727, in the Administrative and distribution expenses by 2 and in the Net financial income/(expenses) by 37 (1,582, 241, 46 in the previous year respectively).

The amount due for staff indemnities is analyzed as follows:

	GROUP		**COMPANY**	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Current service cost	1,003	1,963	627	1,188
Financial cost	38	46	37	46
Effect of cut-backs or settlements	1,100	633	1,103	635
Recognition of actuarial (profits) / losses	(235)	(27)	(238)	(4)
	1,906	**2,615**	**1,529**	**1,865**

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

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Balance 1.1	**7,802**	**7,539**	**4,793**	**4,596**
Provision recognized in Net earnings	2,138	2,576	1,766	1,869
Provision recognized in Other Total Comprehensive Income	(235)	(27)	(238)	(4)
Provision recognized in inventories	2	66	0	0
Foreign exchange translation differences	(608)	86	(251)	83
Compensation payments	(2,716)	(2,438)	(1,976)	(1,679)
Transfers among the companies of the Group	(33)	0	(370)	(72)
Balance 31.12	**6,350**	**7,802**	**3,724**	**4,793**

The main actuarial assumptions for the financial years 2017 and 2016 are as follows:

	2017	**2016**
Discount rate (based on the yields of the E.C.B. bonds)	1.5%	1.5%
Mortality: Greek mortality table	MT_EAE2012P	MT_EAE2012P
Future salaries increases	1.25%	1.25%
Movement of salaried workers (departure under their own will)	1%	1%
Movement of day-waged workers (departure under their own will)	1%	1%
Movement of salaried workers (laid-off)	6%	6%
Movement of day-waged workers (laid-off)	6%	6%

The following table presents the sensitivity of the liability concerning the rendering of benefits to personnel in cases of changes occurring in certain actuarial assumptions.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Discount Rate	2.00%	1.00%	1.50%	1.50%
Future Salaries Increases	1.25%	1.25%	1.50%	1.00%
Effect on the net earnings / (losses)	107	(116)	(57)	55

23. OTHER PROVISIONS

The movement of the account “Other provisions” in the Statement of Financial Position is as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP			COMPANY		
	Provisions for environmental rehabilitation	**Other provisions**	**Total**	**Provisions for environmental rehabilitation**	**Other provisions**	**Total**
Balance 1.1.2017	**114**	**27,570**	**27,684**	**114**	**26,370**	**26,484**
Additions recognized in results	0	1,124	**1,124**	0	1,124	**1,124**
Utilized provisions	0	(1,432)	**(1,432)**	0	(1,432)	**(1,432)**
Interest of provisions recognized in the Net earnings	0	0	**0**	0	0	**0**
Transfer from / (to) other account	0	(17,133)	**(17,133)**	0	(17,133)	**(17,133)**
Non utilized provisions recognized in the results	0	(35)	**(35)**	0	(35)	**(35)**
Foreign exchange differences	0	(218)	**(218)**	0	(218)	**(218)**
Balance 31.12.2017	**114**	**9,876**	**9,990**	**114**	**8,676**	**8,790**

	GROUP			COMPANY		
	Provisions for environmental rehabilitation	**Other provisions**	**Total**	**Provisions for environmental rehabilitation**	**Other provisions**	**Total**
Balance 1.1.2016	**114**	**11,736**	**11,850**	**114**	**4,536**	**4,650**
Additions recognized in results	0	22,243	**22,243**	0	22,243	**22,243**
Utilized provisions	0	0	**0**	0	0	**0**
Interest of provisions recognized in the Net earnings	0	0	**0**	0	0	**0**
Transfer from / (to) other account	0	0	**0**	0	0	**0**
Non utilized provisions recognized in the results	0	(6,304)	**(6,304)**	0	(386)	**(386)**
Foreign exchange differences	0	(105)	**(105)**	0	(23)	**(23)**
Balance 31.12.2016	**114**	**27,570**	**27,684**	**114**	**26,370**	**26,484**

The Group is obliged to proceed to environmental rehabilitation where it installs production units for management of quarries, after the completion of the concession period, which is 20-30 years, according to the licenses granted by state. The aforementioned provision reflects the required expenses for the removal of equipment and formation of the area in which the equipment was installed, using the available technology and materials.

The account "Other provisions" in the above table is analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Provisions of tax for tax unaudited years	2,250	1,635	2,050	1,435
Provisions for litigations	3,154	1,000	2,154	0
Provisions for granted guarantees	1,762	3,043	1,762	3,043
Other provisions	2,710	21,892	2,710	21,892
	9,876	**27,570**	**8,676**	**26,370**

(Amounts in thousands Euro, unless stated otherwise)

On August 3, 2017, the Company was notified about the no. 642/2017 Decision of the HCC according to which a fine of EUR 18,612 was imposed for breach of Art. 1 of Law 3959/2011 and Art. 101 of TFEU (for the period from 11.5.2005 to 4.1.2007 and from 4.6.2011 to 26.11.2012). The settlement procedure was finalized and the amount of the fine settled at 18,612. It should be noted that for the particular fine, a provision of 19,000 has been already included in the Financial Statements of the year 2016. The provision was reversed within the year.

Within the year 2016, the Group proceeded with the recognition of a provision amounting in total to 3,043 in case the company "ETVAK CONSULTING – INTERMEDIARY SERVICES FOR PROPERTY DEVELOPMENT SOCIETE ANONYME" becomes unable to repay an equivalent loan received from ALPHA BANK, in the context of the Agreement of Cooperation dated on 5/8/2013. During the year 2017, the Group repaid the loan in relation to the guarantee granted. The Group intends to exhaust all its legal rights with regard to the collection of any amount paid.

24. GRANTS

The movement of grants of the Group in the Statement of Financial Position for 2017 and 2016 is as follows:

	GROUP	
	31.12.2017	**31.12.2016**
Balance 1.1	**14,584**	**14,717**
Collected grants	0	0
Approved but not collected grants	0	0
Amortization of grants of fixed assets recognized in the Net Results	(104)	(59)
Amortization of grants of fixed assets recognized in the Inventories	(29)	(74)
Balance 31.12	**14,451**	**14,584**

The grants concern the investment plan of the subsidiary company TERNA Mag. The grants are amortized in accordance to the granted assets' depreciation or utilization rates.

The amount of the approved but not collected grants for the Group is included in the "Other long-term receivables". These grants were recognized given the certainty, expressed by the Group's Management, that all preconditions have been fulfilled as required by law and the respective amounts will be collected with the final approval of the completion of the respective investments.

25. SUPPLIERS, ACCRUED AND OTHER SHORT-TERM LIABILITIES

The account "Suppliers" in the accompanying financial statements is analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Suppliers	197,189	182,236	178,312	167,796
Checks and notes payable	3,433	8,910	3,146	5,779
Total	**200,622**	**191,146**	**181,458**	**173,575**

The account "Accrued and other short-term liabilities" in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Liabilities from taxes – duties	18,902	9,407	17,462	9,128
Social security funds	2,948	2,709	2,771	2,580
Dividends payable	7	7	7	7
Liabilities against members of joint ventures and other related companies	2,508	13,133	5,986	19,884
Customer prepayments	130,871	149,639	118,921	118,509
Accrued expenses / Deferred income	10,118	12,697	3,828	6,436
Employee remunerations payable	2,626	3,834	1,282	2,288
Sundry creditors	5,927	2,341	5,830	2,231
Total	**173,907**	**193,767**	**156,087**	**161,063**

26. SHORT-TERM LOANS

The Group's short-term loans refer mainly to revolving bank loans having duration between one and twelve months depending on the needs. The amounts withdrawn are used partly to cover the liquidity needs of the Group either during the construction period of technical works or during the development period of the investments in the mining of magnesite.

Such loans, with the completion of the relevant projects, are repaid with the collection of the contractor prices, or are converted into long-term as regards to investments in the mining of magnesite.

The short-term debt of the Group is based by 99.95% on floating rates and by 0.05% on fixed rates (94% and 6% respectively at the end of the previous period), is agreed on local currencies for any Group company, and in total is allocated by 92.14% in EUR (91.48% at the end of the previous year), 5.87% in QAR (0.02% at the end of the previous year), 0% in AED (5.4% at the end of the previous year) and 1.97% in BHD (3.1% at the end of the previous year). Moreover, it represents 38% (24% at the end of the previous year) approximately of the total debt of the Group and covers the working capital needs by 71% (58% at the end of the previous year) of the construction sector, whereas the remaining part covers the working capital needs of the mining sector.

(Amounts in thousands Euro, unless stated otherwise)

The average weighted interest rate on such during the year amounted to 6.12% (6.41% during the previous year).

The following table presents the movement of the short-term debt in years 2017 and 2016:

	Short-term Debt	
	2017	**2016**
Balance 1.1	**46,698**	**67,295**
Disbursement/(payment) of capital	41,249	(20,313)
Interest payments	(2,968)	(5,176)
Foreign exchange differences	(667)	(87)
Loan's interest	3,495	4,841
Transfers	0	138
Balance 31.12	**87,808**	**46,698**

27. INCOME TAX

According to Greek tax legislation, the tax rate corresponded to 29% for the years 2017 and 2016. The effective tax rate differs from the nominal. The calculation of the effective tax rate is affected by several factors, the most important of which are the non-tax exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful life and the use of rates stipulated by L. 4172/2013, the capability of companies to create tax-exempt discounts and tax-exempt reserves.

(a) Income tax expense

Income tax in the total comprehensive income statement is analyzed as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Current tax expense				
Current tax	12,501	55,639	9,281	49,491
Tax differences from previous years	(157)	(51)	(157)	(52)
Tax audit differences	1,569	200	615	200
Total	**13,913**	**55,788**	**9,739**	**49,639**
Deferred tax from temporary differences	17,597	(26,697)	22,369	(23,178)
Deferred tax from recognition of transf. tax losses and credits that were not recognized in previous year	0	375	0	375
Adjustments in liabilities / receivables of deferred tax of previous period	0	(375)	0	(375)
Total	**17,597**	**(26,697)**	**22,369**	**(23,178)**
Total expense / (income)	**31,510**	**29,091**	**32,108**	**26,461**

(Amounts in thousands Euro, unless stated otherwise)

A reconciliation of income tax and the accounting profit multiplied by the applicable tax rate is as follows:

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Earnings/(loss) before tax	**58,714**	**51,913**	**84,652**	**(5,360)**
Nominal tax rate	29%	29%	29%	29%
Income tax expense/(income) based on the effective nominal tax rate	**17,027**	**15,054**	**24,549**	**(1,554)**
Adjustments for:				
Results recognized directly in Equity	(49)	39	(49)	39
Tax due to implied taxation method	0	0	0	0
Permanent tax (/under taxation) differences (results not included in the calculation of tax)	13,515	20,588	9,422	21,607
Effect of differences of tax rate	0	0	0	1
Tax adjustments from previous years	(157)	(51)	(157)	(52)
Tax audit differences	1,569	200	615	200
Difference in taxation of foreign companies	(6,731)	3,444	(7,173)	2,947
Elimination/(offsetting) of tax losses	6,472	(9,943)	4,998	3,365
Taxable differences of previous year from which no deferred tax was recognized but it is recognized in the current period	(63)	201	(63)	201
Effect of net temporary taxable differences of current period for which no DT is recognized	(169)	(328)	(130)	(295)
Effect from elimination of DT receivable or offsetting of elimination in previous years	(5)	2	(5)	2
Effect from participation in the net results of associates and joint ventures	101	(115)	101	0
Real tax expense	**31,510**	**29,091**	**32,108**	**26,461**

The tax differences include tax that corresponds to the results of the joint ventures. The net results of the joint ventures are incorporated into the results before income tax.

With the Circular Ministerial Decisions (POL) 1154/2017, 1191/2017, 1192/2017, 1194/2017 and 1208/2017, the Governor of the Independent Revenue Authority (AADE) provided guidance for the unified application of the decisions no. 1738/2017 (Plenary Session), 2932/2017, 2934/2017 and 2935/2017 of the Council of State, as well as of the Opinion no. 268/2017 of the Legal Council of State. The above decisions provide for a 5-year lapse – according to the general rule – for the fiscal years beginning from 2012 and going forward, as well as for the tax years for which the Tax Procedure Code (TPC) applies (from 2014 and onward), except for special cases stipulated in the respective clauses of the TPC.

(Amounts in thousands Euro, unless stated otherwise)

Therefore according to the contents of the decision no. 1192/2017, the right of the Greek State to impose taxes until the year 2011 has been waived unless there is condition for the application of the special provisions concerning the 10-year, 15-year and 20-year lapse of tax cases.

(b) Deferred tax

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

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Deferred tax asset	39,857	65,308	30,012	59,852
Deferred tax (liability)	(45)	(7,506)	(45)	(7,122)
Net deferred tax asset / (liability)	**39,812**	**57,802**	**29,967**	**52,730**
Balance 1.1	**57,802**	**32,255**	**52,730**	**30,088**
Effect of discontinued operations/acquisitions of entities	0	0	0	0
(Expense)/Income recognized in net earnings	(17,597)	26,697	(22,369)	23,178
(Expense)/Income recognized in Other comprehensive income	(442)	(1,150)	(443)	(536)
(Expense) /Income directly recognized in Equity	49	0	49	0
Foreign exchange translation differences	0	0	0	0
Balance 31.12	**39,812**	**57,802**	**29,967**	**52,730**

Analysis of expenses / (income) of deferred tax recognized in the Other Comprehensive Results per category:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Valuation of investments available for sale	374	735	374	129
Actuarial income / losses from defined benefit plans	68	8	69	1
Reclassification of impairment losses of available for sale	0	405	0	406
Balance 31.12	**442**	**1,149**	**443**	**536**

The deferred taxes (assets and liabilities) of 2017 and 2016 are analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

GROUP	**Statement of financial position**		**Net earnings (Debit)/Credit**	**Other comprehensive income (Debit)/Credit**
	31.12.2017	**31.12.2016**	**1.1 – 31.12.2017**	**1.1 – 31.12.2017**
Deferred tax asset				
Expense for issuing capital	52	0	3	49
Provision for staff indemnities	653	726	-5	(68)
Losses recognized on tax basis	10,644	5,293	5,351	0
Other provisions and accrued income	33	1,531	-1,498	0
Impairment of receivables	8,363	6,044	2,319	0
Impairment of inventories	841	442	399	0
Other	0	0	0	0
Deferred tax liability				
Investment property valuation	(475)	(333)	(142)	0
Recognition of finance leases	0	0	0	0
Valuation of investments	(246)	127	1	(374)
Recognition of revenue based on the percentage of completion	34,402	59,005	(24,603)	0
Depreciation differences	(5,799)	15,530	(21,329)	0
Intangible assets differences	(170)	72	(242)	0
Tangible assets differences	(332)	(247)	(85)	0
Recognition of assets from concession contracts	831	900	(69)	0
Companies' acquisitions and sales	(8,985)	(31,288)	22,303	0
Deferred tax on net earnings/ other comprehensive income			**(17,597)**	**(393)**
Net deferred income tax asset / (liability)	**39,812**	**57,802**		

GROUP	**Statement of financial position**		**Net earnings (Debit)/Credit**	**Other comprehensive income (Debit)/Credit**
	31.12.2016	**31.12.2015**	**1.1 – 31.12.2016**	**1.1 – 31.12.2016**
Deferred tax asset				
Expense for issuing capital	0	10	(10)	0
Provision for staff indemnities	726	680	54	(8)
Losses recognized on tax basis	5,293	5,669	(376)	0
Other provisions and accrued income	1,531	1,782	(251)	0
Impairment of receivables	6,044	4,321	1,723	0
Impairment of inventories	442	2,860	(2,418)	0
Other	0	(12)	12	0

(Amounts in thousands Euro, unless stated otherwise)

Deferred tax liability				
Investment property valuation	(333)	(37)	(296)	0
Recognition of finance leases	0	(2)	2	0
Valuation of investments	127	2,577	(1,308)	(1,142)
Recognition of revenue based on the percentage of completion	59,005	35,598	23,407	0
Depreciation differences	15,530	465	15,065	0
Intangible assets differences	72	312	(240)	0
Tangible assets differences	(247)	(922)	675	0
Recognition of assets from concession contracts	900	0	900	0
Companies’ acquisitions and sales	(31,288)	(21,046)	(10,242)	0
Deferred tax on net earnings/ other comprehensive income			**26,697**	**(1,150)**
Net deferred income tax asset / (liability)	**57,802**	**32,255**		

COMPANY	**Statement of financial position**		**Net earnings (Debit)/Credit**	**Other comprehensive income (Debit)/Credit**
	31.12.2017	**31.12.2016**	**1.1 – 31.12.2017**	**1.1 – 31.12.2017**
Deferred tax asset				
Expense for issuing capital	49	0	0	49
Provision for staff indemnities	632	706	(5)	(69)
Losses recognized on tax basis	5,750	2,734	3,016	0
Other provisions and accrued income	33	1,531	(1,498)	0
Impairment of receivables	7,681	5,431	2,250	0
Impairment of inventories	78	0	78	0
Other	0	0	0	0
Deferred tax liability				
Investment property valuation	37	178	(141)	0
Recognition of finance leases	0	0	0	0
Valuation of investments	(246)	127	1	(374)
Recognition of revenue based on the percentage of completion	26,384	50,828	-24,444	0
Depreciation differences	(3,504)	(1,582)	(1,922)	0
Intangible assets differences	138	169	(31)	0
Tangible assets differences	(1,457)	(1,292)	(165)	0
Recognition of assets from concession contracts	781	840	(59)	0
Companies’ acquisitions and sales	(6,389)	(6,940)	551	0
Deferred tax on results / equity			**(22,369)**	**(394)**
Net deferred income tax asset / (liability)	**29,967**	**52,730**		

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	**Statement of financial position**		**Net earnings (Debit)/Credit**	**Other comprehensive income (Debit)/Credit**
	31.12.2016	**31.12.2015**	**1.1 – 31.12.2016**	**1.1 – 31.12.2016**
Deferred tax asset				
Provision for staff indemnities	706	662	45	(1)
Losses recognized on tax basis	2,734	3,914	(1,180)	0
Other provisions and accrued income	1,531	1,778	(247)	0
Impairment of receivables	5,431	3,368	2,063	0
Other	0	(11)	11	0
Deferred tax liability				
Investment property valuation	178	(37)	215	0
Recognition of finance leases	0	(2)	2	0
Valuation of investments	127	1,970	(1,308)	(535)
Recognition of revenue based on the percentage of completion	50,828	31,439	19,389	0
Depreciation differences	(1,582)	(13,080)	11,498	0
Intangible assets differences	169	235	(66)	0
Tangible assets differences	(1,292)	(1,560)	268	0
Recognition of assets from concession contracts	840	0	840	0
Companies' acquisitions and sales	(6,940)	1,412	(8,352)	0
Deferred tax on results / equity			**23,178**	**(536)**
Net deferred income tax asset / (liability)	**52,730**	**30,088**		

28. TURNOVER

The account "Turnover" in the accompanying financial statements, is analyzed as follows:

	GROUP		**COMPANY**	
	1.1-31.12.2017	**1.1-31.12.2016**	**1.1-31.12.2017**	**1.1-31.12.2016**
Revenue from construction services	884,620	942,228	787,954	822,492
Revenue from provision of other services	1,487	4,641	1,487	1,924
Revenue from leases	208	128	378	147
Revenue from sales of quarry products	8,246	4,333	1,200	1,057
Income from sale of natural gas	0	340	0	340
Total	**894,561**	**951,670**	**791,019**	**825,960**

(Amounts in thousands Euro, unless stated otherwise)

29. COST OF SALES, ADMINISTRATIVE EXPENSES AND RESEARCH & DEVELOPMENT EXPENSES

The accounts "Cost of sales", "administrative and distribution expenses" and "Research & development expenses" in the accompanying financial statements are analyzed as follows:

Cost of Sales	**GROUP**		**COMPANY**	
	1.1-31.12.2017	**1.1-31.12.2016**	**1.1-31.12.2017**	**1.1-31.12.2016**
Cost of inventories-materials of projects	290,372	216,837	280,212	200,387
Employee remuneration	62,094	90,147	50,192	64,492
Sub-contractors	260,572	308,903	194,104	262,040
Remuneration of engineers, technical advisors and third parties	68,002	68,664	63,294	64,800
Other third-party benefits	5,689	7,730	4,740	6,254
Taxes-duties-contributions for projects	1,735	2,001	1,691	1,934
Provisions	5,002	(1,610)	4,877	(1,708)
Travel expenses	819	932	638	721
Expenses of lab audit	764	1,533	763	1,504
Impairments of fixed assets	0	1,032	0	1,032
Depreciations	17,527	20,444	7,081	8,921
Judicial and other indemnities / Expenses of legal disputes	284	1,081	284	1,081
Operating leases	34,651	37,237	32,644	34,443
Insurance premiums	2,779	4,136	2,381	3,118
Transfer expenses	10,815	24,069	10,348	23,429
Repair and maintenance	7,216	8,297	6,849	7,771
Auditor fees	272	187	211	142
Commissions and expenses E/E	20,304	21,011	17,297	16,545
Net financial cost of projects	484	1,601	396	852
Other financials, expenses and other commissions	87	0	69	0
Other	5,250	3,630	1,962	3,455
Total	**794,718**	**817,862**	**680,033**	**701,213**

(Amounts in thousands Euro, unless stated otherwise)

Administrative and distribution expenses	GROUP		COMPANY	
	1.1-31.12.2017	1.1-31.12.2016	1.1-31.12.2017	1.1-31.12.2016
Employee remuneration	6,384	6,321	3,966	3,991
Remuneration of engineers, technical advisors and third parties	9,009	6,750	7,157	5,474
Other third-party benefits	788	694	521	506
Travel expenses	232	333	143	235
Subscriptions-contributions-Advertising expenses	2,300	1,571	2,117	1,258
Depreciation	1,089	1,085	679	956
Impairments of assets	0	0	0	0
Repair and maintenance	225	163	180	143
Insurance premiums	177	135	91	94
Auditors fees	199	231	121	177
Fees of board of directors	200	251	200	250
Operating leases	1,049	1,147	928	945
Taxes - duties	548	835	325	614
Transfer expenses	1,406	596	511	257
Expenses due to legal conflicts	20	9	20	9
Other	601	794	441	406
Total	**24,227**	**20,915**	**17,400**	**15,315**

The account “Research and development expenses” in the accompanying financial statements is analyzed as follows:

Research and development expenses	GROUP		COMPANY	
	1.1-31.12.2017	1.1-31.12.2016	1.1-31.12.2017	1.1-31.12.2016
Employee remuneration	175	88	26	27
Remuneration of engineers, technical advisors and third parties	59	357	0	47
Amortization	21	15	0	0
Taxes-duties	2	2	0	1
Transfer expenses	17	11	0	0
Travel expenses	63	37	60	36
Insurance premiums	6	12	6	12
Other	18	8	2	4
Total	**361**	**530**	**94**	**127**

(Amounts in thousands Euro, unless stated otherwise)

30. AUDITORS' FEES

	GROUP		COMPANY	
	1.1-31.12.2017	1.1-31.12.2016	1.1-31.12.2017	1.1-31.12.2016
Fees for statutory audits	461	386	322	287
Fees for extraordinary audits	10	21	10	21
Fees for other services	0	11	0	11
	471	**418**	**332**	**319**

31. PAYROLL COST

Expenses for employee fees that have been recognized in the period's results are analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12.2017	1.1-31.12.2016	1.1-31.12.2017	1.1-31.12.2016
Wages and related employee benefits	54,894	79,721	41,625	53,125
Social security fund contributions	11,658	14,305	10,829	13,562
Provision for employee indemnities	2,138	2,576	1,767	1,869
Total	**68,690**	**96,602**	**54,221**	**68,556**

32. OTHER INCOME/(EXPENSES)

The account "Other income/(expenses) in the accompanying financial statements, is analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12.2017	1.1-31.12.2016	1.1-31.12.2017	1.1-31.12.2016
Amortization of fixed assets' grants	104	59	0	0
Income from services to third parties	1,232	381	90	330
Income from leases	1,067	77	154	92
Charges of expenses	74	645	75	227
Interest on overdue amounts	(4)	245	(4)	305
Expenses' grants	31	150	13	45
Sales of fixed assets and inventories	665	992	248	1,014
Income from judicial indemnities	0	32	0	32
Income from insurance indemnities	204	3	181	3
Earnings from elimination of liabilities	31	1,266	31	794
Other income	1,086	917	278	632
Valuation of investment property	489	(741)	489	(741)
Foreign exchange differences on payments	1,332	717	1,345	1,938
Foreign exchange differences on valuation	(5,155)	36	(626)	117

(Amounts in thousands Euro, unless stated otherwise)

Collapse of guarantees – criminal clauses	15	313	15	313
Recovery of impairments (Impairment/Write-off) of trade receivables	(4,342)	(6,614)	(3,919)	(6,087)
Recovery of impairments (Impairment/Write-off) of fixed assets	(1,023)	(3,770)	(138)	(3,770)
Recovery of impairments (Impairment/Write-off) of inventories	(736)	(507)	(568)	0
Provisions	(474)	(15,745)	(474)	(21,663)
Taxes – duties	1,009	(1,179)	1,017	(422)
Depreciations	(358)	(1,080)	(207)	(1,080)
Expenses due to insurance indemnities	(130)	0	(130)	0
Other expenses	(1,560)	(1,071)	(1,294)	(1,009)
	(6,443)	**(24,874)**	**(3,424)**	**(28,930)**
Results from participations and securities				
Goodwill impairment	(6,576)	0	0	0
Earnings / (losses) from absorption of company	0	0	0	0
Earnings / (losses) from participations in joint ventures not consolidated	0	0	0	0
Earnings from participations in tax joint ventures recorded as subsidiaries	0	0	0	3,191
Earnings / (Losses and expenses) from sale of shares traded on Athens Exchange	(1)	(19,796)	(1)	(19,796)
Earnings / (Losses) from liquidation of subsidiary	0	0	0	(4,470)
Earnings / (Losses) from impairment of participation in joint venture	0	0	0	(13,474)
Earnings / (Losses) from valuation of participation in investments available for sale	0	(9,938)	0	(3,249)
Impairment of participations in subsidiaries	0	0	(2,250)	(42,677)
Impairment of participations in associates	0	(18)	0	0
Earnings / (Losses) from adjustment in the fair value of securities	0	0	0	0
	(6,577)	**(29,752)**	**(2,251)**	**(80,475)**
Total	**(13,020)**	**(54,626)**	**(5,675)**	**(109,405)**

An amount of 0 (65 in the previous year) of the Profit/(Losses and expenses) from the sale of shares listed on the Athens Exchange concerns selling expenses.

33. FINANCIAL INCOME/(EXPENSES)

The account “Financial income/(expenses)” in the accompanying financial statements, is analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	1.1-31.12.2017	**1.1-31.12.2016**	**1.1-31.12.2017**	**1.1-31.12.2016**
Financial income				
Interest on deposit accounts and similar items	1,605	1,596	1,468	1,515
Interest on loans	6,263	4,169	4,756	2,958
Interest on trade receivables	316	43	316	43
	8,184	**5,808**	**6,540**	**4,516**
Financial expenses				
Interest and expenses of short term financing	(3,350)	(3,976)	(2,003)	(2,712)
Interest and expenses of long term financing	(6,425)	(5,405)	(6,379)	(5,364)
Interest on financial leasing contracts	(938)	(1,122)	(899)	(1,088)
Inflation based adjustment of provision for personnel indemnity	(37)	(46)	(37)	(46)
Bank commissions and expenses	(607)	(686)	(387)	(566)
	(11,357)	**(11,235)**	**(9,705)**	**(9,776)**
Total	**(3,173)**	**(5,427)**	**(3,165)**	**(5,260)**

34. TRANSACTIONS WITH RELATED PARTIES

The transactions, as well as the balances of the Group and Company with related parties for the financial years 2017 and 2016, are analyzed as follows:

Purchases and sales of goods and services

Year 2017	**GROUP**				**COMPANY**			
Related party	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**
Parent	779	522	4,501	769	779	521	4,501	769
Subsidiaries	0	0	0	0	239,424	4,830	111,905	20,244
Joint Ventures	95	0	12	0	95	0	12	0
Other related parties	294,256	33,326	105,794	16,894	14,961	2,245	17,190	5,251

(Amounts in thousands Euro, unless stated otherwise)

Year 2016	**GROUP**				**COMPANY**			
Related party	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**
Parent	823	1,070	3,536	952	823	1,052	3,536	951
Subsidiaries	0	0	0	0	502,214	8,890	147,974	27,418
Joint Ventures	163	0	185	0	163	0	185	0
Other related parties	558,942	29,114	61,412	23,210	10,849	4,520	21,003	2,550

Dividends – Capital Return

The Group and the Company paid an amount of 15,005 as capital return to their parent company (payment of dividend 12,000 during the previous comparative period). The dividend as of 31/12/2017 and 31/12/2016 is fully paid.

Share capital increases of subsidiaries

The Company paid the amount of 918 for the share capital increase of its subsidiaries (1,920 during the previous comparative period).

Loans and interest

Year 2017	**GROUP**				**COMPANY**			
Related party	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**
Parent	5,009	4	114,995	104	2,682	0	79,815	0
Subsidiaries	0	0	0	0	821	0	18,392	0
Joint Ventures	1,246	0	12,813	0	1,246	0	12,813	0
Other related parties	7	64	674	741	7	21	258	0

Year 2016	**GROUP**				**COMPANY**			
Related party	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**
Parent	3,002	0	75,838	0	1,588	0	34,634	0
Subsidiaries	0	0	0	0	203	0	8,741	0
Joint Ventures	1,137	0	11,566	0	1,137	0	11,566	0
Other related parties	15	61	691	1,022	15	21	275	342

(Amounts in thousands Euro, unless stated otherwise)

In terms of cash:

a) The Company and the Group granted amount of 42,500 and collected 6,259 and 0 respectively as loans to their parent company (granted the amount of 51,030 and 10,980 for loan to their parent company in the previous comparative period),

b) The Company granted loans to the subsidiary TERNA MAG of amount 8,830 (granted amount of 7,540 and collected amount of 0 in the previous comparative period),

c) The Company and the Group repaid loans from related parties of amount 363 (0 in the previous comparative period).

d) The Group received the amount of 100 (0 in the comparative period) from the issuance of a bond loan from the parent company GEK TERNA SA.

The transactions with related parties take place with the same terms that hold for transactions with third parties.

Remuneration of Board of Directors members and senior executives of the Company

The remuneration of Board of Directors members and senior executives of the Group and Company, that are included in the accompanying financial statements are as follows:

	GROUP		COMPANY	
	1.1-31.12.2017	**1.1-31.12.2016**	**1.1-31.12.2017**	**1.1-31.12.2016**
Remuneration for services rendered	1,597	1,438	1,343	1,183
Remuneration of employees	331	20	331	20
Remuneration for participation in Board meetings	200	251	200	250
	2,128	**1,709**	**1,874**	**1,453**
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Liabilities	106	28	106	8
Receivables	0	10	0	3

35. AIMS AND POLICIES OF RISK MANAGEMENT

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

(Amounts in thousands Euro, unless stated otherwise)

The procedure implemented is as follows:

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

The financial instruments of the group are mainly deposits in banks, loans, trade and other debtors and creditors, receivables from construction contracts, loans to affiliated companies, investments in equities, dividends payable, long-term and short-term liabilities from leasing agreements and loans.

MARKET RISK

The Group is exposed to a risk related to the change in the fair value of the Investments available for sale which may affect the Financial Statements.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that results from the fact that the fair value of future cash flows of a financial instrument will be subject to fluctuations due to changes in exchange rates.

This type of risk may result, for the Group, from foreign exchange differences due to valuation and conversion into the Group's currency of financial assets, mainly receivables and financial liabilities from transactions agreed in currency other than the operating currency of the Group's entities as well as from operating currencies of the Group's entities other than the Euro which is the reporting currency of the financial statements. The transactions mainly concern purchases of fixed assets and inventories, commercial sales, investments in financial assets, loans, as well as net investments in foreign operations. The Group operates through branches and companies in Greece, the Middle East and the Balkans and thus it may be exposed to foreign exchange risk.

As regards to the construction projects in the Balkans: the contractual receivables, liabilities to basic suppliers (cement, iron products, asphalt, cobble, skids etc) and sub-contractors are realized mainly in euro and thus the exposure to foreign exchange risk is limited. Moreover, the Bulgarian lev (BGN) has a fixed exchange rate against the euro.

As regards to the construction projects in the Middle East, the contractual receivables, liabilities to basic suppliers (concrete, iron products, asphalt, cobble, skids etc) and sub-contractors are realized in local currencies, which are pegged to the US dollar (USD) and thus there is exposure to foreign exchange from change in the EUR/USD exchange rate.

						2017						
(amounts in euros)	**AED**	**ALL**	**BHD**	**IQD**	**LYD**	**MKD**	**QAR**	**RON**	**RSD**	**SAR**	**USD**	**EUR**
Financial assets	18,920	590	30,894	2,268	2,876	15	25,827	285	5,180	1,643	10,142	23,393
Financial liabilities	(5,236)	(1,233)	(12,921)	(13)	(2,016)	(5)	(18,697)	(480)	(300)	(1,366)	(7,121)	(137,154)
Total current	**13,684**	**(643)**	**17,973**	**2,255**	**860**	**10**	**7,130**	**(195)**	**4,880**	**277**	**3,021**	**(113,761)**

(Amounts in thousands Euro, unless stated otherwise)

Financial assets	423	0	7,670	4	0	0	158	3	0	0	0	2,615
Financial liabilities	(12,727)	(360)	(3,319)	0	0	0	(46)	0	0	0	(2,013)	(14,004)
Total non-current	**(12,304)**	**(360)**	**4,351**	**4**	**0**	**0**	**112**	**3**	**0**	**0**	**(2,013)**	**(11,389)**

						2016						
(amounts in euros)	**AED**	**ALL**	**BHD**	**IQD**	**LYD**	**MKD**	**QAR**	**RON**	**RSD**	**SAR**	**USD**	**EUR**
Financial assets	31,948	501	25,374	8,053	7,737	39	52,669	295	15,895	2,813	4,657	17,738
Financial liabilities	(11,942)	(1,316)	(20,938)	(26)	(8)	(31)	(20,498)	(347)	(5,521)	(2,573)	(6,706)	(127,136)
Total current	**20,006**	**(815)**	**4,436**	**8,027**	**7,729**	**8**	**32,171**	**(52)**	**10,374**	**240**	**(2,049)**	**(109,398)**
Financial assets	806	0	8,733	0	0	0	585	3	39	0	0	141
Financial liabilities	(13,779)	0	(3,571)	0	0	0	(10)	0	0	0	(2,279)	(22,538)
Total non-current	**(12,973)**	**0**	**5,162**	**0**	**0**	**0**	**575**	**3**	**39**	**0**	**(2,279)**	**(22,397)**

The following table presents the sensitivity of Net Earnings as well as Other comprehensive income to fluctuations of exchange rates through their effect on financial assets and liabilities. For the BGN currency we did not examine the sensitivity as it maintains a stable exchange rate against the euro. For all other currencies, we examined the sensitivity to a +/- 10% change of the EUR against other currencies.

The table presents the effects of the +10% change.

						2017						
(amounts in euros)	**AED**	**MKD**	**AED**	**QAR**	**BHD**	**USD**	**LYD**	**ALL**	**RSD**	**IQD**	**SAR**	**EUR**
Effect on Net earnings after taxes	0	0	0	0	0	0	0	0	0	3	89	9,688
Effect on other comprehensive income after taxes	(1,803)	416	1,998	(113)	(181)	238	(1,830)	(1,571)	(5,645)	79	0	0

						2016						
(amounts in euros)	**AED**	**MKD**	**AED**	**QAR**	**BHD**	**USD**	**LYD**	**ALL**	**RSD**	**IQD**	**SAR**	**EUR**
Effect on Net earnings after taxes	0	0	0	0	0	0	37	0	0	0	132	11,230
Effect on other comprehensive income after taxes	(1,127)	396	1,612	(689)	506	245	(901)	(1,576)	(4,914)	(36)	0	(3,062)

The table presents the effects of the -10% change.

						2017						
(amounts in euros)	**AED**	**MKD**	**AED**	**QAR**	**BHD**	**USD**	**LYD**	**ALL**	**RSD**	**IQD**	**SAR**	**EUR**
Effect on Net earnings after taxes	0	0	(0)	0	0	0	(0)	0	0	(3)	(115)	(11,901)
Effect on other comprehensive income after taxes	1,803	(416)	(1,998)	103	181	(238)	1,830	1,572	5,713	(79)	0	0

(Amounts in thousands Euro, unless stated otherwise)

	2016											
(amounts in euros)	**AED**	**MKD**	**AED**	**QAR**	**BHD**	**USD**	**LYD**	**ALL**	**RSD**	**IQD**	**SAR**	**EUR**
Effect on Net earnings after taxes	0	0	0	0	0	0	(37)	0	0	(0)	(132)	(13,727)
Effect on other comprehensive income after taxes	1,127	(396)	(1,612)	689	(506)	(246)	901	1,577	4,914	36	0	3,789

To manage this category of risk, the Group's Management and the financial department makes sure that the cash management of the Group is covered against changes in foreign exchange rates. Furthermore, it makes sure that the largest possible part of receivables (income) and liabilities (expenses) are realized in euro or in currencies pegged to the euro (i.e. the Bulgarian lev (BGN).

With regard to the company's transactions with foreign houses, these take place mainly with European groups in Euro (settlement currency).

SENSITIVITY ANALYSIS OF INTEREST RATE RISK

Almost the entire long-term debt and financial leases, based on agreements with banks, held by the Group at the end of the present year was based on floating interest rates at 99.5% (versus 99.3% at the end of the previous year). The remaining amount was based on fixed interest rates.

The short-term debt of the Group is based by 99.95% on floating rates (94% in the previous period) with the remaining debt based on fixed rates.

Due to the short-term nature of the placements in cash reserves, these are based on floating interest rates, whereas the entire receivables from loans granted to affiliated companies are based on fixed rates.

The following table presents the sensitivity of the results for the period towards a reasonable change in interest rates for long-term and short-term debt amounting to +/-20% (2016: +/-20%). The changes in interest rates are estimated to be normal in relation to current market conditions.

	2017		**2016**	
	+20%	-20%	+20%	-20%
Net earnings after taxes (from interest bearing liabilities)	(3.8%)	3.8%	(7)	7
Net earnings after taxes (from interest earning assets)	(6.4%)	6.4%	14	(14)

The Group is not exposed to other interest rate risks or to any changes in the prices of securities traded in an organized financial market.

(Amounts in thousands Euro, unless stated otherwise)

ANALYSIS OF CREDIT RISK

The credit risk relates to the potential loss resulting from the inability of a counterparty participating in a financial transaction to fulfill its obligation and make the respective payment to the other counterparty.
The credit risk exposure of the Group is limited to financial assets which at the balance sheet date are as follows:

	31.12.2017	31.12.2016
Investments available for sale – Shares and other securities	3,064	1,345
Investments held for trading purposes - Shares	0	0
Loans and receivables – Other long-term receivables	139,031	96,540
Loans and receivables – Prepayments and other receivables	12,133	37,958
Loans and receivables – Trade receivables	197,434	222,011
Loans and receivables – Receivables from construction contracts	149,213	114,234
Cash and cash equivalents – Sight and time deposits	295,404	441,587
	796,279	**913,675**

The Group continuously monitors its receivables, either separately or per group and encompasses any differences in its credit risk. In cases that is deemed necessary external reports related to current or potential customers are used.
The management of the Group assumes that the aforementioned financial assets for which necessary impairment is calculated are of high credit quality.
The Group is not exposed to any significant credit risk with regard to its trade receivables, due to its policy to collaborate and transact with credible customers and also due to the nature of its activities.

Specifically, the total amount of receivables concern either the public sector in the domestic market and abroad or customers with significant financial capacity. However, and despite the above, these receivables are still monitored and adjusted accordingly whenever such need exists.

The slowdown of the Greek economy during the year 2017 and the other unfavorable developments, although they cannot be accurately assessed, are not expected to affect the quality of the Group's portfolio of receivables.

The credit risk for cash equivalents as well as for other receivables is not considered as significant, given that the counter parties are reliable banks having a high grade capital structure, the Greek state or companies of the broader public sector, or powerful business groups.

ANALYSIS OF LIQUIDITY RISK

The Group manages its liquidity needs by closely monitoring its long-term financial liabilities and the daily payments. The liquidity needs are monitored in different time-zones daily and weekly as well as in a rolling 30 day period. The liquidity needs for the coming 6 months and the coming year are estimated on a monthly basis.

(Amounts in thousands Euro, unless stated otherwise)

The Group maintains cash and deposits in banks in order to cover its liquidity needs for periods up to 30 days. The capital for mid-term liquidity needs is disbursed from time-deposits of the company. The maturity of the Group's financial liabilities is analyzed as follows:

	Short term	**Long term**	
31.12.2017	**0 to 12 months**	**2 to 5 years**	**Over 5 years**
Long-term Debt	107,896	13,190	8,000
Liabilities from finance leases	5,851	11,952	0
Short-term Debt	93,182	0	0
Trade Liabilities	200,622	0	0
Other liabilities	21,186	27,639	0
Total	**428,737**	**52,781**	**8,000**

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

	Short term	**Long term**	
31.12.2016	**0 to 12 months**	**2 to 5 years**	**Over 5 years**
Long-term Debt	8,189	114,792	13,534
Liabilities from finance leases	5,679	17,708	205
Short-term Debt	49,301	0	0
Trade Liabilities	191,146	0	0
Other liabilities	32,014	19,019	0
Total	**286,329**	**151,519**	**13,739**

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

36. PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

The financial assets as well as the financial liabilities in the accompanying financial statements of the Group, are categorized as follows:

	31.12.2017	**31.12.2016**
Non-current assets		
Loans and receivables – Other long-term receivables	139,031	96,540
Financial assets at fair value – Investments available for sale	14,925	13,506
Total	**153,956**	**110,046**
Current assets		
Loans and receivables - Trade receivables	197,434	222,011
Loans and receivables - Trade receivables from construction contracts	149,213	114,234
Financial assets at fair value – Investments available for sale	0	0
Financial assets at fair value – Investments held for trading purposes	0	0
Loans and receivables - Prepayments and other receivables	12,133	37,958
Cash and cash equivalents	295,404	441,587
Total	**654,184**	**815,790**

(Amounts in thousands Euro, unless stated otherwise)

	31.12.2017	31.12.2016
Non-current liabilities		
Financial liabilities at amortized cost – Long term loans	21,189	122,740
Financial liabilities at amortized cost – Liabilities from finance leases	11,674	16,470
Financial liabilities at amortized cost – Other long term liabilities	27,639	19,019
Total	**60,502**	**158,229**
Current liabilities		
Financial liabilities at amortized cost – Short term loans	87,808	46,698
Financial liabilities at amortized cost – Long term liabilities payable in the following year	112,948	5,421
Financial liabilities at amortized cost – Trade liabilities	200,622	191,146
Financial liabilities at amortized cost – Accrued and other short term liabilities	21,186	32,014
Total	**422,563**	**275,279**

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The hierarchy of financial items measured at fair value is as follows:

- Level 1: Market prices on an active market,
- Level 2: Prices from valuation models based on observable market data,
- Level 3: Prices from valuation models that are not based on observable market data.

The financial assets of the Group which are measured at fair value, are analyzed on 31.12.2017 based on the above hierarchy levels as follows:

Financial instrument	Hierarchy Level	Fair value of the financial asset/(liability)	Change in net earnings/(losses)	Changes in Other comprehensive Income/(expenses)
Unlisted shares (investments available for sale)	3	11,861	0	0
Listed shares (investments available for sale)	1	3,049	0	1,288
Listed shares (investments held for trading purposes)	1	0	0	0
Other financial assets (investments available for sale)	2	15	0	0

(Amounts in thousands Euro, unless stated otherwise)

The respective amounts on 31.12.2016 were as following:

Financial instrument	Hierarchy Level	Fair value of the financial asset/(liability)	Change in net earnings/(losses)	Changes in Other comprehensive Income/(expenses)
Unlisted shares (investments available for sale)	3	12,161	(9,938)	8,100
Listed shares (investments available for sale)	1	1,330	(16,844)	864
Listed shares (investments held for trading purposes)	1	0	(2,887)	0
Other financial assets (investments available for sale)	2	15	0	0

37. POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

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

- To ensure the ability of the Group to continue its activity (going-concern) and
- To secure a satisfactory return for its shareholders by pricing products and services according to their level of risk.

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

For this purpose, the Group monitors its capital based on the leverage ratio which is defined as Adjusted net Debt / Adjusted equity, where Adjusted net Debt is defined as Liabilities from loans and financial leases minus Cash equivalents, and Adjusted equity is defined as equity minus the capital due plus the grants, as such appear in the Statement of Financial Position.

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

	31.12.2017	31.12.2016
Interest bearing debt	233,619	191,329
Minus:		
Cash and Cash equivalents	(295,404)	(441,587)
Adjusted Net Debt	**(61,785)**	**(250,258)**
Equity	151,776	138,761
Grants	14,451	14,584
Adjusted Equity	**166,227**	**153,345**
Leverage ratio	**(37%)**	**(163%)**

38. CONTINGENT LIABILITIES

1. Tax Compliance Report

For the fiscal years 2011, 2012 and 2013 the parent company and its Greek subsidiaries (apart from the tax joint ventures) are subject to the tax audit of the Certified Auditors Accountants provided by the clauses of article 82, par. 5 of Law 2238/1994 (POL. 1159/26/7/2011), whereas for the fiscal years 2014 and 2015 the above companies are subject to the tax audit of the Certified Auditors Accountants provided by the clauses of article 65A par. 1 of Law 4174/2014 (POL. 1124/22/6/2017). With regard to the above years, the finalization of the audit from the Ministry of Finance is pending whereas for the year 2016 there is a pending tax audit.

The tax liabilities of the Group for the above mentioned fiscal years have not been finalized and therefore additional tax charges may arise when the relevant tax audits are being conducted by the Tax Authorities.

The provision that has been formed by the Group for the tax unaudited fiscal years, by estimating the real risk of any tax violations, amounts to 2,2250 (1,635 at the end of the previous year). The respective amount for the Company is 2,050 (1,435 at the end of the previous year). These provisions are included in the account "Other Provisions".

The Group's Management considers that during the tax audit, no addition tax liabilities will arise that will have a significant effect, apart from those registered and presented in the financial statements.
The companies which generate losses for consecutive years are not subject to any taxation. The tax losses to the extent that they become accepted by the pertinent tax authorities may offset future taxable earnings for a period of 5 years from the time they emerge.

Therefore according to the contents of the decision no. 1192/2017, the right of the Greek State to impose taxes until the year 2011 has been waived unless there is condition for the application of the special provisions concerning the 10-year, 15-year and 20-year lapse of tax cases.

2. Commitments from construction contracts

The backlog of the construction contracts of the Group amounts to € 1,583 million on 31/12/2017. Under these commitments, the Group has issued letters of guarantee for the good execution of projects, etc. for an amount of EUR 1,165 million, compared with € 1,196 million at the end of the previous year.

3. Court cases

The Company and its consolidated companies are involved (in their capacity as defendant and plaintiff) in various court cases in the context of their normal operation. In particular, in the case of legal proceedings against the Group for accidents at work that occurred during the execution of construction works, it is noted that the Group is insured against accidents at work and therefore no significant burden is expected to arise from the possible negative outcome of such court cases.

The Group forms provisions in the financial statements for outstanding legal affairs when it is probable that an outflow of resources will be required to settle the obligation and that this amount can be reliably estimated. In this context, the Group and the Company have recognized as of 31/12/2017 provisions of 3,154 and 1,254 respectively for litigations.

The Management, as well as the legal advisors, consider that, besides the above-mentioned provisions, pending cases are expected to be settled without significant adverse effects on the consolidated financial position of the Group or the Company or the results of their operation, beyond the already established provision for litigations .

Client claims against Consortium in which the Company participates and the counterpart claim of the Consortium

There are pending litigations in the SIEMENS A.G. - AKTOR SA - TERNA SA Consortium (hereinafter referred to as "Consortium"), contractor of the project "Renovation of a railway line and manufacture of signaling electrification, - telecommunication in the part of Piraeus - Athens - Three bridges - SKA - Acharnes / Three bridges - Ano Liossia (connection to GYYT - Korinthos "(AS 994), with OSE SA, in which the Group participates with 37.5%.

In particular, OSE SA is bringing an action against the Consortium in which it also claims payment of EUR 18.5 million (excluding VAT) for the disputed 66th (negative) final account of the above project, which allegedly OSE SA does not respond and does not correspond to a specific contractual provision. The hearing of the above treatment was set for 6/12/2018.

Against the 66th negative final account, there is pending appeal of the Consortium against the OSE SA in relation to the recognition of the illegality of the 66th negative final account (for the reasons stated therein) and the payment of the expenses/fees made for additional studies that arose after the change of the first environmental study. 06/12/2018 was also set as the date on which this action was be discussed. The assessment of the Legal Advisers with regards to the outcome of these legal disputes is positive for the Consortium, given that no. 1038/2017 decision of the Supreme Court in the appeal of the contractor consortium against OSE SA for the annulment of the rejection decision no. 1137/2013 of the Piraeus Appeal Court (which concerns the Final Measurement of the said project), which accepted the appeal and referred for re-hearing to the Five-member Court of Appeal of Piraeus. Following a relevant call to resume the debate, the case was adjudicated on 17/5/2018. As a result of the referral for a new hearing, the appeal of the sponsor consortium will in essence be judged on the grounds that the no. 1137/2013 Decision, which was annulled, was dismissed as inadmissible.

There are legal cases against the Group for labor accidents that occurred during the execution of construction works from companies or joint ventures in which the Group participates. Due to the fact that the Group is insured against labor accidents, any unfavorable outcome with regard to the court decisions is not expected to have a significant effect on the operation of the Group. Other judicial or under arbitration differences, as well as any other pending decisions of courts or arbitration bodies are not expected to have a significant effect on the financial position or operation of the Group or the Company whereas, wherever it was deemed appropriate, relevant provisions were made.

39. EVENTS AFTER THE REPORTING DATE OF THE FINANCIAL STATEMENTS

On January 30, 2018, the coverage, as a whole, of the 1.12.2017 signed Common Secured Bond Loan of 193.95 million Euros of the parent company GEK TERNA, was completed by Greek Credit Institutions. By this manner, the purpose of refinancing the existing loans of the parent Company was fulfilled. Through the above loan of the parent company GEK TERNA, loans amounting to 81.74 million of TERNA SA were repaid.

On 2.2.2018 the Group signed a contract with M.M. Makronisos Marina Ltd for the execution of the following projects in connection with the development of the Marina of Agia Napa: villas, towers and commercial buildings, with a conventional objective of 163.4 million.

THE CHAIRMAN OF THE BOARD	THE EXECUTIVE DIRECTOR
GEORGIOS PERISTERIS	GEORGIOS PERDIKARIS
THE CHIEF FINANCIAL OFFICER	THE CHIEF ACCOUNTANT
PANAGIOTIS KAZANTZIS	PARTHENA KOUVAKA