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 2016

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I. INDEPENDENT AUDITOR'S REPORT

SOL CERTIFIED PUBLIC ACCOUNTANTS Crowe Horwath. Experience ● Knowledge ● Reliability

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company
«TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY»

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Company «TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY», which comprise the separate and consolidated statement of financial position as at 31 December 2016, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 controls 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing that have been incorporated into Greek legislation (G.G./B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements 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 entity's system of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company «TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY» and its subsidiaries as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Whereas management is responsible for the preparation of the Report of the Board of Directors, pursuant to the provisions of paragraph 5, article 2 (part B') of L. 4336/2015, we note that:

a) In our opinion the Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of the articles 43a and 107A of cod. L. 2190/1920 and its content corresponds with the accompanying separate and consolidated financial statements for the year ended 31.12.2016.
b) Based on our understanding obtained when performing our audit of the Company «TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY» and its environment, we have not identified any material misstatements in the Report of the Board of Directors.

Athens, 26th April 2017

SOL
CERTIFIED PUBLIC ACCOUNTANTS
Crowe Horwath

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II. ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2016

The present report of the Board of Directors for the closing period from 01/01/2016 to 31/12/2016, 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 107 par. 3 and article 136 par.2).

A. Financial Developments & Performance for the Year

In 2016, 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.), which in combination with the frequent changes of taxation rules 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 "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).

Under this context, GEK TERNA Group continued its investment plan mainly in the construction sector 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 2016 according to the International Financial Reporting Standards and in comparison with the ones of 2015 are as follows:

Revenue to third parties, from continuing activities, reached EUR 952 million approximately versus EUR 768 million in 2015, posting a significant increase by 24% mainly due to the stronger activities in Greece.

Revenue, which amounted to EUR 952 million, was attributed by 79% to activities in Greece, by 4.7% to activities in Balkan countries, by 16% to activities in the Middle East and by 0.3% to activities in Malta, Libya and W. Europe.

The backlog of signed construction contracts on 31.12.2016 amounts to about EUR 2,421 million versus EUR 2,668 million at the end of 2015. It is noted that 17% (versus 8.8% 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 135.94 million versus EUR 52.22 million in the previous year, posting a significant increase. At the same time, earnings before interest and tax (EBIT) settled at EUR 113.37 million versus EUR 25.28 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 Impairments (eliminations) of fixed assets, the Impairments (eliminations) of inventories, the Provisions, the Impairments / write-offs 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 2016 resulted into earnings before taxes amounting to EUR 51.91 million versus earnings before taxes of EUR 0.46 million for financial year 2015.

Results after taxes and minority rights amounted to earnings of EUR 25.26 million, versus losses of EUR 8.87 million in the previous financial year.

Net Debt of TERNA Group (cash and cash equivalents less bank debt) settled on 31.12.2016 at approximately plus EUR 250.26 million compared to minus EUR 6.97 million of Net Debt Position on 31.12.2015.

The Group's equity amounted to EUR 138.76 million, compared to EUR 68.11 million on 31.12.2015.

The Total Assets of the Group amounted to EUR 1,371 million versus EUR 1,182 million on 31.12.2015.

TERNA's Board of Directors taking into consideration the increased cash flow needs of its shareholder proposes the distribution of a dividend amounting to € 10 million.

B. Important Events for the Year 2016

The important events of 2015 are presented below:

The share capital increase of the Company was fully paid and completed by an amount of 45,750 thousand Euros through the issuance of 122,000 new common registered shares with nominal value of €100 and offering price of €375.

Within the year 2016, the Group signed new construction contracts for a total amount of 463 million Euros approximately.

On 11.05.2016, the Group signed with the Greek State and the Concession companies of the projects: a) "Research, Construction, Financing, Operation, Maintenance and Exploitation of the motorway of the Ionian Road from Antirio to Ioannina, PATHE Athens (M/W Metamorfosis)-Maliakos (Skarfeia) and connection segment of PATHE Shimatari-Chalkida" and b) "Research, Construction, Financing, Operation, Maintenance and Exploitation of the motorway of Central Greece", agreements which finalized the new time schedules with regard to the delivery of the projects, the additional expenditures needed for the completion of the projects and other financial pending issues. As a result, there was an increase in the construction price of the projects by an amount of EUR 210 million.

On 25 July 2016, the Greek State and the concession company under the name "OLYMPIA ODOS SA", in which the Group participates with 17%, signed an agreement for the timely completion of the project "Elefsina – Korinthos – Patra Motorway", for the additional expenditures needed in order to restore the delays of the project and for the new time schedule with regard to the delivery of the project.

In January 2016, the Group signed with the Ministry of Public Works of Iraq the contract for the reconstruction of the Motor Way No1 SECTION R7 NASIRIA – RUMAILA, for a contractual consideration of 90 million euro approximately.

The Group in joint venture with the company RENCO SPA and with participation of 50% signed on 21.04.2016 a Contract for the execution of the Project "Construction of Measurement Stations in Greece and Albania" with the company TRANS ADRIATIC PIPELINE S.A., whereas the part of the project corresponding to the Group amounts to 130 million euro.

The Group in joint venture with the company CGCE (Bahrain) and with participation stake of 50% signed two Contracts with the Ministry of Infrastructure of Bahrain concerning the construction of infrastructure projects for a contractual consideration of 55 million euro approximately.

On 06/09/2016, the Group signed with the company M.M. Makronisos Marina L.t.d. the Construction contract concerning the project "Development of Yacht Marine in Agia Napa of Cyprus" for an estimated budget of EUR 86 million.

Our 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, our 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, they submitted after very cautious and extended consideration, for reasons of clear corporate interest and in order to implement the beneficiary provisions of Article 25^{A} 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 as the parent company GEK TERNA has already informed the investment community[1].

The settlement procedure is in the process of the issuance of the relevant decision[2].

After the adoption of the new IFRS 11, the company "HERON II S.A." is consolidated through the equity method. In the current period, the losses after tax which have been incorporated stood at 0.4 million euro compared to 11.3 million euro in 2015.

[1] By letter dated 17.10.2016 of parent Company GEK TERNA to the Hellenic Capital Market Commission

[2] It should be noted that, according to the provisions of the National and Union Legislation, all settlement procedures are being covered by full confidentiality, while the participants in it along with their attorneys-at-law they cannot disclose information regarding the case and the individual components data. Thus our commitment regarding the report of any detailed information is obvious.

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 production of caustic magnesia, DBM and $Mg(OH)_2$ through its subsidiary TERNA MAG SA (or TERNA LEFKOLITHI SA).

From the above plan until 31/12/2016, investments amounting to 28 million euro have been implemented. The remaining investments for fixed assets – equipment will be implemented within the following 3-year period.

The turnover of TERNA MAG SA amounted to 3.3 million euro versus 1.7 million euro in 2015.

C. Significant Events after the end of the period 2016

On 24/02/2017 our Company was notified of the Settlement Initiative by HCC. As it has already been analyzed, an irrevocable statement was submitted for the commitment and inclusion in the Dispute Settlement Procedure.

Moreover, since at the date of the financial statements' approval, the overall settlement procedures had not been finalized, which as mentioned above are being covered by full confidentiality, as well as the exact determination of the dispute amount, the Company as well as the Group proceeded to the recognition of an adequate provision which burdened the results for the year 2016. We consider that the relevant charge, according to the data known so far, does not exceed the amount of €19 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. 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 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.

<u>Interest rate risk</u>

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 99.3%). 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 94% on floating rates linked to Euribor and by 6% 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 debt based on floating rates.

<u>Credit risk</u>

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 management considers that all of the financial assets for which the necessary impairments have been made, are of high credit quality.

The Group is not exposed to significant credit risk from trade receivables. This is due to both the Group’s policy that focuses on working with credible customers and also to the nature of the Group’s activities.

Specifically, the total of receivables corresponds either to the broader public sector in Greece and abroad, or to customers with particularly large financial abilities. Despite the aforementioned fact these receivables are under special monitoring and in case it is considered necessary respective adjustments are made.

The slowdown of the Greek economy during 2016 and the other negative developments, although they cannot be accurately predicted, are not expected to negatively affect the quality of the receivables portfolio of the Group.

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.

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 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. 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 of 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 continue 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 its control.

E. Outlook and Future Developments

Despite the existing economic crisis, prospects are considered positive mainly due to the geographical diversity of the Group's activities.

Dear Shareholders,

2016 was a year during which the Group continued its stable course. Furthermore the Group continued cautiously its investment program, maintaining at the same time sufficient cash reserves.

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, 24 April 2017
On behalf of the Board of Directors

Georgios Peristeris
The Chairman of the BoD

III. ANNUAL FINANCIAL STATEMENTS SEPARATE AND CONSOLIDATED OF 31 DECEMBER 2016 (1 January - 31 December 2016)

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 24 April 2017 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. It is noted that the published in the press Data and Information aim at providing the reader with general information on the financial position and the results of the company and Group but do not provide a full picture of the financial position and the results of the Group, in accordance with the International Financial Reporting Standards (IFRS).

STATEMENT OF FINANCIAL POSITION

TERNA GROUP
31st DECEMBER 2016
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Note	GROUP 31 December 2016	GROUP 31 December 2015	COMPANY 31 December 2016	COMPANY 31 December 2015
ASSETS					
Non-current assets					
Tangible fixed assets	6	106,444	105,974	74,349	75,057
Intangible fixed assets	7	43,237	56,036	785	4,680
Goodwill		9,759	9,759	0	0
Investment property	8	2,512	2,220	1,889	1,596
Participations in subsidiaries	4, 9	0	0	111,580	152,337
Participations in jointly controlled entities	4, 10	21,006	21,417	21,006	34,480
Investments available for sale	12	13,506	15,623	6,409	6,945
Other long-term assets	13	97,623	33,961	55,845	34,544
Deferred tax assets	26	65,308	44,955	59,852	43,372
Total non-current assets		**359,395**	**289,945**	**331,715**	**353,011**
Current assets					
Inventories	14	24,291	21,049	7,675	7,226
Trade receivables	15	222,011	271,351	305,635	219,564
Receivables from construction contracts	16	114,234	115,375	106,623	99,868
Advances and other receivables	15	194,861	244,878	184,153	233,664
Income tax receivables		14,809	12,472	7,202	11,273
Investments held for trading purposes	11	0	15,174	0	15,174
Investments available for sale	12	0	18,827	0	18,827
Cash and cash equivalents	17	441,587	192,499	322,967	140,260
Total current assets		**1,011,793**	**891,625**	**934,255**	**745,856**
TOTAL ASSETS		**1,371,188**	**1,181,570**	**1,265,970**	**1,098,867**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	18	52,210	40,010	52,210	40,010
Capital payable	18	0	45,750	0	45,750
Share premium account		69,376	35,922	69,376	35,922
Reserves	18	53,875	41,933	53,063	47,655
Retained earnings		(54,299)	(69,802)	(17,788)	24,033
Total		**121,162**	**93,813**	**156,861**	**193,370**
Non-controlling interests		17,599	20,044	0	0
Total equity		**138,761**	**113,857**	**156,861**	**193,370**

Non-current liabilities					
Long-term loans	20	122,740	42,499	122,041	42,401
Loans from finance leases	20	16,470	20,084	15,798	19,163
Other long-term liabilities	19	326,039	268,648	330,173	288,846
Provisions for staff leaving indemnities	21	7,802	7,539	4,793	4,596
Other provisions	22	27,684	11,850	26,484	4,650
Grants	23	14,584	14,717	0	0
Deferred tax liabilities	26	7,506	12,700	7,122	13,284
Total non-current liabilities		**522,825**	**378,037**	**506,411**	**372,940**
Current liabilities					
Suppliers	24	191,146	203,932	173,575	181,867
Short term loans	25	46,698	67,295	25,617	32,099
Long term liabilities payable during the next financial year	20	5,421	69,590	5,173	69,321
Liabilities from construction contracts	16	255,600	122,908	224,421	109,058
Accrued and other short term liabilities	24	193,767	222,488	161,063	139,264
Income tax payable		16,970	3,463	12,850	948
Total current liabilities		**709,602**	**689,676**	**602,699**	**532,557**
Total liabilities		**1,232,427**	**1,067,713**	**1,109,109**	**905,497**
TOTAL EQUITY AND LIABILITIES		**1,371,188**	**1,181,570**	**1,265,970**	**1,098,867**

The accompanying notes constitute an integral part of the financial statements

STATEMENT OF COMPREHENSIVE INCOME

TERNA GROUP
31st December 2016

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

		GROUP		COMPANY	
	Note	**1.1 – 31.12**	**1.1 – 31.12**	**1.1 – 31.12**	**1.1 – 31.12**
Profit and Loss		**2016**	**2015**	**2016**	**2015**
Continued operations					
Revenues	27	951,670	768,476	825,960	700,870
Cost of sales	28	(817,862)	(729,002)	(701,213)	(665,366)
Gross profit		**133,808**	**39,474**	**124,747**	**35,504**
Administrative and distribution expenses	28	(20,915)	(18,642)	(15,315)	(13,808)
Research and development expenses	28	(530)	(390)	(127)	(128)
Other income/(expenses)	31	(54,626)	258	(109,405)	11,545
Net financial income/(expenses)	32	(5,427)	(8,970)	(5,260)	(10,493)
Earnings / (Losses) from valuation of joint ventures with the equity method	10	(397)	(11,265)	0	0
NET EARNINGS BEFORE TAX		**51,913**	**465**	**(5,360)**	**22,620**
Income tax expense	26	(29,091)	(10,480)	(26,461)	(13,430)
Net Earnings/(losses) from continued operations		**22,822**	**(10,015)**	**(31,821)**	**9,190**
Discontinued operations					
NET EARNINGS / (LOSSES) from discontinued operations		0	0	0	0
NET EARNINGS / (LOSSES)		**22,822**	**(10,015)**	**(31,821)**	**9,190**
Other Comprehensive Income					
a) Other Comprehensive Income transferred to Results of the Year in following periods					
Valuation of financial assets held for sale	12,35	(2,374)	(1,455)	(536)	(1,455)
Translation differences from incorporation of foreign entities		4,352	1,252	1,827	439
Share capital increase expenses		0	(14)	0	0
Reclassification of impairment losses held for sale	12,35	11,338	4,429	4,649	4,429
Income tax corresponding to the above results	26	(1,149)	(301)	(536)	(305)
		12,167	**3,911**	**5,404**	**3,108**
b) Other Comprehensive Income non-transferred to Results of the Year in following periods					
Actuarial gains/losses from defined benefit plans	21	26	(119)	4	(107)
Share in the Other Comprehensive Results of joint ventures	10	(15)	(3)	0	0
Net Other Comprehensive Income		**12,178**	**3,789**	**5,408**	**3,001**
TOTAL COMPREHENSIVE INCOME		**35,000**	**(6,226)**	**(26,413)**	**12,191**
Net earnings/(losses) attributed to:					
Owners of the parent from continued operations	18	25,262	(8,868)		
Owners of the parent from discontinued operations		0	0		
Non-controlling interests from continued operations		(2,440)	(1,147)		
		22,822	**(10,015)**		

Total comprehensive results attributed to:			
Owners of the parent from continued operations		37,445	(5,079)
Owners of the parent from discontinued operations		0	0
Non-controlling interests from continued operations		(2,445)	(1,147)
		35,000	**(6,226)**
Earnings/(losses) per share (in Euro):			
From continued operations attributed to owners of the parent	18	50,9897	(22,1648)
From discontinued operations attributed to owners of the parent		0	0
Weighted average number of shares:			
Basic	18	495,433	400,100

The accompanying notes constitute an integral part of the financial statements

STATEMENT OF CASH FLOWS

TERNA GROUP

31st December 2016

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

		GROUP		COMPANY	
	Note	**1.1 – 31.12 2016**	**1.1 – 31.12 2015**	**1.1 – 31.12 2016**	**1.1 – 31.12 2015**
Cash flows from operating activities					
Profit before tax from continued operations		51,913	465	(5,360)	22,620
Adjustments for the agreement of the net flows from the operating activities					
Depreciation	6,7,28,31	22,624	27,041	10,957	15,821
Amortization of fixed assets' grants	23,31	(59)	(93)	0	0
Impairments		21,876	(9,018)	70,287	(3,487)
Eliminations of liabilities	31	(1,267)	0	(795)	0
Provisions		18,274	1,338	23,487	4,710
Interest and related revenue	32	(5,906)	(3,398)	(4,615)	(3,534)
Interest and other financial expenses	32	11,640	22,676	9,982	23,137
Results from associates and joint ventures	10	397	11,265	0	0
Results from participations and securities	31	19,729	10,631	21,009	2,417
Results from fixed assets and investment property		1,240	(152)	786	(296)
Foreign exchange differences		273	(11,679)	135	(6,416)
Operating profit before changes in working capital		**140,732**	**49,076**	**125,873**	**54,972**
(Increase)/Decrease in:					
Inventories		(3,618)	(3,093)	(372)	1,412
Trade receivables		48,338	(9,758)	(97,138)	16,184
Prepayments and other short term receivables		2,830	(72,200)	3,597	(105,456)
Increase/(Decrease) in:					
Suppliers		(13,831)	2,741	(8,787)	12,110
Accruals and other short term liabilities		112,345	49,815	141,608	31,244
Collection of grants	23	0	0	0	0
Other long-term receivables and liabilities		44,314	100,202	37,801	136,118
Income tax payments		(44,610)	(31,953)	(33,657)	(31,922)
Net cash flows from operating activities		**286,500**	**84,830**	**168,925**	**114,662**
Cash flows from investing activities					
Additions of fixed assets		(16,804)	(9,739)	(11,945)	(2,695)
Sales of fixed assets		1,047	524	851	553
Interest and related income received		644	1,352	361	1,558
Purchases of participations and securities	11,12,38	(275)	(55,554)	0	(55,554)
Sales of participations and securities		15,671	18,834	15,671	18,834
Granting of cash facilities and other inter-company loans to third parties		(51,119)	(3,080)	(18,616)	(4,078)
Collections from repayment of cash facilities and other inter-company loans to third parties		621	222	621	3,212
Initial cash balance of companies acquired or which recorded change in their consolidation percentage rate		0	(698)	0	(698)
Net cash flows from investing activities		**(50,215)**	**(48,139)**	**(13,057)**	**(38,868)**

Cash flows from financing activities					
Share capital change		45,654	0	45,654	0
Payments for changes of participations in subsidiaries without loss of control	38	0	0	(1,920)	(12,030)
Net change of short-term loans		(20,396)	14,308	(6,717)	9,036
Cash collections from issued / received long-term loans	20	20,040	20,004	20,000	20,000
Payments of long-term loans		(3,636)	(21,807)	(3,636)	(24,797)
Payments of loans from financial leases	20	(4,983)	(9,872)	(4,745)	(9,634)
Dividends paid		(12,000)	(8,000)	(12,000)	(8,000)
Interests and other financial expenses payable		(12,802)	(21,421)	(10,319)	(22,144)
Net cash flows for financing activities		**11,877**	**(26,788)**	**26,317**	**(47,569)**
Effect of foreign exchange differences in cash		926	6,318	522	5,895
Net increase /(decrease) of cash and cash equivalents		**249,088**	**16,221**	**182,707**	**34,120**
Cash and cash equivalents at the beginning of the year		192,499	176,278	140,260	106,140
Cash and cash equivalents at the end of the year		**441,587**	**192,499**	**322,967**	**140,260**

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.
31st December 2016
(All amounts are expressed in thousand Euro, unless stated otherwise)

	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**
31st December 2016	**52,210**	**0**	**69,376**	**53,063**	**(17,788)**	**156,861**

	Share Capital	Capital Due	Share Premium	Reserves	Retained Earnings	Total
1 January 2015	**40,010**	**0**	**35,922**	**42,566**	**26,949**	**145,447**
Total comprehensive income for the period	0	0	0	3,001	9,190	**12,191**
Share capital increase	0	45,750	0	0	0	**45,750**
Distribution of dividends	0	0	0	0	(10,000)	**(10,000)**
Formation/(Distribution) of reserves/transfers	0	0	0	2,088	(2,088)	**0**
Change of percentage stake in consolidated joint venture	0	0	0	0	(18)	**(18)**
31st December 2015	**40,010**	**45,750**	**35,922**	**47,655**	**24,033**	**193,370**

(Amounts in thousands Euro, unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY
TERNA GROUP
31st December 2016

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

	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**
31st December 2016	**52,210**	**0**	**69,376**	**53,875**	**(54,299)**	**121,162**	**17,599**	**138,761**

	Share Capital	Capital Due	Share Premium	Reserves	Retained Earnings	Sub-total	Non-controlling interests	Total
1 January 2015	**40,010**	**0**	**35,922**	**35,860**	**(48,632)**	**63,160**	**19,161**	**82,321**
Total comprehensive income for the period	0	0	0	3,795	(8,874)	**(5,079)**	(1,147)	**(6,226)**
Share capital increase	0	45,750	0	0	0	**45,750**	0	**45,750**
Distribution of dividends	0	0	0	0	(10,000)	**(10,000)**	2,030	**(7,970)**
Formation/(Distribution) of reserves/transfers	0	0	0	2,278	(2,278)	**0**	0	**0**
Change of percentage stake in consolidated joint venture	0	0	0	0	(18)	**(18)**	0	**(18)**
31st December 2015	**40,010**	**45,750**	**35,922**	**41,933**	**(69,802)**	**93,813**	**20,044**	**113,857**

The accompanying notes constitute an integral part of the financial statements

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY

"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 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.
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 mil. 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 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 production of caustic magnesia, DBM and $Mg(OH)_2$ through its subsidiary TERNA MAG SA (or TERNA LEFKOLITHI SA).

From the above plan until 31/12/2016, investments amounting to 28 million euro have been implemented. The remaining investments for fixed assets – equipment will be implemented within the following 3-year period.

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 2015, except for the adoption of certain standards' amendments, whose application is mandatory in the European Union for periods beginning on 1 January 2016.

Therefore, from January, 1 2016 the Group and the company adopted certain amendments of standards as follows:

Amended Standards mandatory for financial year 2016

Annual Improvements in IFRS, Cycle 2012 – 2014

The amendments of the cycle 2012-2014 were issued by the Board on September 25, 2014, apply to periods beginning on or after July 1, 2016 and were adopted by the European Union on December 15, 2015. The following amendments are not expected to have significant effect on the financial statements of the Company (and or the Group) unless it is otherwise noted.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment clarifies that the change from a disposal method to another (i.e. sale or distribution to owners) should not be considered as a new sale plan but a continuation of the initial plan. Therefore, there is no cease in the application of IFRS 5 requirements. The amendment also clarifies that change in the disposal method does not alter the classification date.

IFRS 7 Financial Instruments: Disclosures

The amendment clarifies that the service contract which involves payment may constitute a continuing involvement in a financial asset that is no longer recognized. This affects the disclosures required by the standard. The amendment also clarifies that the disclosures of IFRS 7 on the offsetting of financial assets and liabilities are not required in the condensed interim financial statements.

IAS 19 Employee Benefits-contributions from employees

The amendment clarifies that the evaluation of an active market's existence for high rating corporate bonds is evaluated based on the currency that the obligation is expressed and not based on the country that the obligation exists. When there is no active market for high quality corporate bonds in this currency, the interest rates of the government bonds are utilized.

IAS 34 Interim Financial Report

The amendment clarifies that the disclosure requirements for interim financial statements should be located either in the financial statements or to be incorporated through cross-references among the interim financial statements and the point where there are included in the interim financial report (i.e. in the Management Report). It is also clarified that the other information in the interim financial report should be to the disposal of users under the same conditions and at the same time as the interim financial statements. If the users do not have access to the other information by this way, then the interim financial report is incomplete.

IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment Companies: Applying the Consolidation Exemption"

On 18 December 2014 the IASB issued amendments to IFRS 10, IFRS 12 and IAS 28 regarding the requirements in applying the consolidation exemptions for the Investment Companies. The amendments are applicable for annual periods beginning on or after 1 January 2016, while earlier application is permitted and have been approved by the European Union as of 23 September 2016, with application date on 1 January 2016.

IAS 1 (Amendment) «Presentation of Financial Statements» - Disclosure Initiative

The amendments to IAS 1 adopted by the Council on December 18, 2014, clarify that the significance applied to the whole of the financial statements and the inclusion in such trivial information may encumber the usefulness of the disclosures. In addition, the amendments clarify that the companies should use their professional judgment, determining where and in which order the information in disclosures is presented on the financial statements. The amendment is effective for annual periods beginning on or after January 1, 2016 and was adopted by the European Union on December 18th, 2015.

IAS 16 and IAS 38 (Amendments) - Clarifications for allowable depreciation methods

The amendment clarifies that the use of methods based on revenue are not suitable for the calculation of an asset's depreciation and that the revenues are not considered as an appropriate basis for the measurement of the economic benefits' consumption embodied in an intangible asset. The amendment is effective for annual periods beginning on or after January 1, 2016 and was adopted by the European Union December 2nd, 2015.

IAS 16 and IAS 41 (Amendments) – Agriculture: Bearer Plants

The amendments place the bearer plants, which are used exclusively to increase the production, under the application field of IAS 16 in order to be treated in the same manner with the fixed assets. The amendments are applied for the annual accounting periods beginning on or from 1st January 2016, whereas prior application is allowed, and was adopted by the European Union on 23rd November 2015.

IAS 27 (Amendment) "Separate Financial Statements" Equity Method in Separate Financial Statements

The amendment in IAS 27 that issued the IASB on August 12, 2014, permits to an entity to use the equity method in order to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. This is an accounting policy option for each investment category. The amendment is effective for annual periods beginning on or after January 1, 2016 and was adopted by the European Union on December 18th, 2015.

IFRS 11 (Amendment) "Schemes under common control" –Accounting treatment of share acquisition in joint operations
The amendment requires from an investor to implement the method of acquisition when he/she acquires a participation in a joint operation that constitutes a "corporation". The amendment is effective for annual periods beginning on or after January 1, 2016 and was adopted by the European Union on November 24th, 2015.

Standards and Interpretations mandatory in the European Union for financial statements beginning after 1 January 2016

The following new standards, amendments of standards and interpretations have been issued, however they are compulsory for subsequent accounting periods. The Company (and or 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.

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 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.

IAS 7 (Amendment) "Cash Flow Statement": Disclosure Initiative
The amendment is applied in annual accounting periods beginning on or after 1.1.2017 and has not been adopted by the European Union. On 29.1.2016, the International Accounting Standards Board issued an amendment in IAS 7 according to which a company is required to disclose information which assists the users of the financial statements to evaluate the changes in those liabilities, the cash flows of which are classified in the financing activities of the cash flow statement. The changes, not only the ones relating to cash, which should be disclosed include the changes from cash flows from financing activities, the changes deriving from the acquisition or the loss of control of subsidiaries or other companies, the changes due to foreign exchange differences, the changes in the fair value and the other changes.
The Group assesses the effect from the adoption of the above amendment on its financial statements.

IAS 12 (Amendment) "Income Taxes": Recognition of Deferred Tax Assets for Unrealized Losses
On 19.1.2016 the International Accounting Standards Board issued an amendment in IAS 12, according to which the following were clarified:

• The non realized losses of debit instruments, which are valued for accounting purposes at fair value and for tax purposes at cost, may lead to deductible temporary differences independently of whether their possessor is going to recover their value through the sale or use of these.

• The recoverability of a deferred tax asset is reviewed in combination with the other deferred tax assets. In the case though, in which the tax law limits the option for offsetting certain taxable losses with certain income categories, the respective deductible temporary differences should be reviewed only in combination with other deductible temporary differences of the same category.

• During the recoverability audit of the deferred tax assets, the deductible tax differences are compared with the future taxable earnings without taking into account the tax reliefs deriving from the reverse entry of deferred tax assets.

The amendment is effective for annual accounting periods beginning on or after 1.1.2017 and has 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 among the investor and his/her Associate or Joint Venture
The main consequence of the amendment issued by the IASB on September 11, 2014, is that a full gain or loss is recognized when a transaction involves a company (whether is based on a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a corporation, even if these assets are located in a subsidiary. The amendment is effective for annual periods beginning on or after January 1, 2016 and has not been adopted by the European Union.

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 and has not yet been approved by the European Union.

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 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) "Measuring an Associate or Joint Venture at fair value"

The amendment clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment -by-investment basis, upon initial recognition.

IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of the Standard

The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply for an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

IAS 40 "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.

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.

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. The latter generates additional costs.

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 Group is considered to have the control of a subsidiary when it holds rights which provide the current ability to manage its respective activities, namely the activities which affect substantially the performance of the subsidiary. The authority stems from the rights. In certain cases the assessment of control is relatively simple as in the case where the authority upon an issuer is gained directly and exclusively from the voting rights provided by participation titles such as shares, and it can be estimated through the examination of voting rights stemming from the specific participations. In other cases the assessment is more complicated and requires the examination of more than one factor for example when the authority stems from one of more contractual arrangements. 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.

b) 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.

c) Investments 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.

d) Investments in Associates

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

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 Company (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 Company does not use derivative financial tools. 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 risk from several of its significant bank debt. 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 expressed 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 distribution 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 (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. Fair value is calculated as construction costs plus a reasonable construction profit.

Amortization on rights regarding the use of quarries, mines and wind parks 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.

j) Depreciation

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

Especially for the machinery utilized in the mining of magnesite, the estimated economic life is set at 50 years.

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 materials and minerals, 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.

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 total comprehensive results for the year 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 1^{st} 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 1^{st} 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) Revenue from the sale of Electric Energy

Revenue from the sale of Electric Energy is accounted for in the year in which it accrues. Revenue from sales of electric energy to LAGIE or any other buyer that have not yet been invoiced is recognized as accrued non-invoiced income in the financial statements. Furthermore, the expected revenues from the production of Electric Energy that includes, according to the IFRIC 4, lease elements, are recognized proportional during the duration of the contract, insofar these revenues are related with the lease contract. An Electric Energy contract is consider that includes lease elements when regards the total amount of production of a specific settlement and the conventional price per production unit is neither fixed during the duration of the contract, nor representative of the current price of the market during the time of production.

(iv) Income from construction and sale of property

Property under construction owned by the Group are recorded as inventories. From the consideration of the realized sales, based on the final notary document or a sale agreement related notary document (given that the relevant risks in the context of the Company's granted guarantees are covered via insurance policy), a part is recognized as construction cost of the particular building or asset that is sold, in the results of each period it corresponds to, based on the method of gradual completion.

(v) Rent Revenue

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

(vi) Dividends

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

(vii) 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 year (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

(Amounts in thousands Euro, unless stated otherwise)

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.

Expenses related to Research and Evaluation of Minerals
They concern mineral research expenses before such minerals become technically and commercially exploitable. They are measured at acquisition cost and include expenditures such as topographic, geological, geochemical and geophysical studies, sample takings, etc. They are amortized according to the economic life of the mineral ownership rights based on the relevant concession contracts. The Mineral Research Expenses are tested for any impairments when events and conditions indicate that their current monetary balance is lower than the recoverable amount.

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 31.12.2016 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 %	TAX UNAUDITED FISCAL YEARS
J/V TERNA SA- AKTOR - POWELL (CHAIDARI METRO)	Greece	66.00	0.00	66.00	2008-2016
J/V TERNA SA - IMPEGILO SPA (TRAM)	Greece	55.00	0.00	55.00	2010-2016
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (ANCIENT OLYMPIA BYPASS)	Greece	50.00	0.00	50.00	2010-2016
J/V ATHANASIADIS SA-TERNA SA (THESSAL. CAR PARKS)	Greece	50.00	0.00	50.00	2007-2016
J/V TERNA SA-AKTOR SA-J&P-AVAX SA (CONSTR. OF CONCERT HALL)	Greece	69.00	0.00	69.00	2010-2016
J/V TERNA SA - WAYSS (PERISTERI METRO)	Greece	50.00	0.00	50.00	2008-2016
J/V ETETH-TERNA-AVAX -PANTECHNIKI HORSE RIDING CENTRE	Greece	35.00	0.00	35.00	2010-2016
TERNA SA-PANTECHNIKI SA (O.A.K.A. SUR. AREA)	Greece	83.50	0.00	83.50	2007-2016
J/V TERNA SA AKTOR SA J&P AVAX (CONCERT HALL H/M)	Greece	37.00	0.00	37.00	2010-2016
J/V TERNA-MICHANIKI AGRINIO BY-PASS	Greece	65.00	0.00	65.00	2011-2016
J/V THALES ATM SA-TERNA (TACAN STATION IMPROV.)	Greece	50.00	0.00	50.00	2010-2016
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (CHAIDARI METRO PART A')	Greece	50.00	0.00	50.00	2011-2016

(Amounts in thousands Euro, unless stated otherwise)

J/V ALPINE MAYREDER BAU GmbH-TERNA SA (PARADEISIA TSAKONA)	Greece	49.00	0.00	49.00	2010-2016
J/V AKTOR SA-DOMOTECHNIKI SA-THEMELIODOMI SA-TERNA SA-ETETH SA (MUNIC. HALL OF THESSALON.)	Greece	25.00	0.00	25.00	2010-2016
J/V TERNA-AKTOR (SKA SUBURBAN RAILWAY)	Greece	50.00	0.00	50.00	2010-2016
J/V TERNA SA- AKTOR SA (R.S. LIANOKLADI - DOMOKOS)	Greece	50.00	0.00	50.00	2008-2016
J/V TERNA SA-THALES AUSTRIA (ETCS SYSTEM PROCUREMENT)	Greece	37.4	0.00	37.4	2010-2016
J/V TERNA SA-AKTOR ATE J&P AVAX PIRAEUS –TREIS GEFYRES	Greece	33.33	0.00	33.33	2010-2016
J/V METKA-TERNA	Greece	90.00	0.00	90.00	2009-2016
J/V APION KLEOS	Greece	17.00	0.00	17.00	2010-2016
J/V TERNA SA-SICES CONSTRUCTIONS (HELPE UPGR. REFIN.)	Greece	50,00	0,00	50,00	2010-2016
J/V AKTOR-TERNA-PORTO KARRAS (Florina-Niki road)	Greece	33.33	0.00	33.33	2012-2016
J/V AKTOR-TERNA (PATHE at Stylida road)	Greece	50.00	0.00	50.00	2012-2016
J/V TERNA - AEGEK Constructions (Promachonas road)	Greece	50.00	0.00	50.00	2012-2016
J/V AKTOR-TERNA (Harbor of Patras)	Greece	70.00	0.00	70.00	2012-2016
J/V AKTOR ATE-J&P AVAX - TERNA SA (Koromilia-Kristalopigi project)	Greece	33.33	0.00	33.33	2012-2016
J/V IMPREGILO SpA-TERNA SA (Cultural center of Stavros Niarchos Foundation)	Greece	49.00	0.00	49.00	2012-2016
J/V AKTOR ATE – TERNA SA (Lignite works)	Greece	50.00	0.00	50.00	2013-2016
J/V AKTOR ATE – TERNA SA (Thriasio Phase B’)	Greece	50.00	0.00	50.00	2013-2016
J/V AKTOR SA-J&P AVAX-TERNA SA (R.S. TITHOREA-DOMOKOS)	Greece	33.33	0.00	33.33	2014-2016
J/V AKTOR SA-J&P AVAX -TERNA SA (BRIDGE SG26 R.N. TITHOREA-DOMOKOS)	Greece	44.56	0.00	44.56	2014-2016
J/V AKTOR ATE – TERNA SA (H/M Thriasio B’)	Greece	50.00	0.00	50.00	2014-2016
J/V AKTOR ATE – TERNA SA ((ERGOSE Joint venture No. 751)	Greece	50.00	0.00	50.00	2015-2016
J/V RENCO-TERNA (Construction of compressor stations TAP in Greece and Albania)	Greece	50.00	0.00	50.00	2016
J/V J&P AVAX SA – TERNA SA – AKTORS SA – INTRAKAT (Temenos)	Greece	25.00	0.00	25.00	2016
JV TERNA GCC WAC	Qatar	30.00	0.00	30.00	2016
JV TERNA-Al OMAIER	Saudi Arabia	60.00	0.00	60.00	2013-2016

4.2 Group Structure

Subsidiaries consolidated with the Group via the full consolidation method.

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	TAX UNAUDITED FISCAL YEARS
J/V EUROIONIA	Greece	95.00	0.00	95.00	2010-2016
J/V CENTRAL GREECE MOTORWAY E-65	Greece	95.00	0.00	95.00	2009-2016
VRONTIS QUARRY PRODUCTS SA	Greece	100.00	0.00	100.00	2008-2010.2014-2016
TERNA MAG SA	Greece	48.98	0.00	48.98	2010 and 2016
MANDOUDI BUSINESS PARK SA	Greece	0.00	100	100.00	2014-2016
TERNA OVERSEAS LTD	Cyprus	100.00	0.00	100.00	2007-2016
TERNA QATAR LLC *	Qatar	0.00	35.00	35.00	2010-2016
TERNA BAHRAIN HOLDING WLL	Bahrain	0.00	99.99	99.99	-

(Amounts in thousands Euro, unless stated otherwise)

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	2012-2016
CEMENT PRODUCTION AND EXPORT FZC	Libya	0.00	75.00	75.00	2010-2016
MALCEM CONSTRUCTION MATERIALS LTD	Malta	0.00	75.00	75.00	2008-2016
QE ENERGY EUROPE LTD	Cyprus	0.00	100	100.00	2007-2016

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 %	TAX UNAUDITED FISCAL YEARS
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	-

Associates which are consolidated with the Group via the equity method.

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	TAX UNAUDITED FISCAL YEARS
GEKA S.A.	Greece	0	33.34	33.34	2011-2015

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

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	TAX UNAUDITED FISCAL YEARS
HERON II THERMOELECTRIC STATION VOIOTIA SA	Greece	25.00	0.00	25.00	2009-2010

* 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.

(Amounts in thousands Euro, unless stated otherwise)

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 ATHENS CAR PARKS	20.00%
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-MOCHLOS ATE	70.00%
J/V TERNA-VIOTER SA (KOROMILIA)	50.00%
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%
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 financial year 2016, the following joint ventures were liquidated:

COMPANY NAME	TOTAL PARTICIPATION % (INDIRECT)
JV TERNA –TERNA ENERGY-TSAMBRAS (HOSPITAL OF DRAMA)	40.00%
J/V EPL DRAMAS	40.00%
JV QBC S.A.-TERNA S.A.	35.00%

In addition within the fiscal year TERNA ELECTRICAL MECHANICAL WLL (fully owned subsidiary by 100%) was liquidated.

During the year 2016, the following companies were established:

- J/V RENCO-TERNA, joint venture of the subsidiary TERNA SA, with activities in Greece and Albania and objective the construction of natural gas compressor stations Trans Adriatic Pipeline
- J/V J&P AVAX SA-TERNA SA-AKTOR ATE-INTRAKAT, joint venture of the subsidiary TERNA SA with activity in Greece and objective mosque's construction

(Amounts in thousands Euro, unless stated otherwise)

- JV TERNA GCC WAC, joint venture of the subsidiary TERNA SA, with the objective of road construction and related infrastructure projects
-JV TERNA-Al OMAIER, joint venture of the subsidiary TERNA SA with the objective of railway projects' construction
- JV TERNA-CGCE (AMAS 1), a joint venture of the subsidiary TERNA SA, with the objective of road and related infrastructure projects' construction
- JV TERNA-CGCE (AMAS 2), a joint venture of the subsidiary TERNA SA, with the objective of road and related infrastructure projects' construction

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 31.12.2016	**Greece and Cyprus**	**Balkans**	**Middle East**	**Other regions**	**Consolidated totals**
Revenue	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**

Geographic segments 31.12.2015	**Greece and Cyprus**	**Balkans**	**Middle East**	**Other regions**	**Consolidated totals**
Revenue	576,283	47,614	143,368	1,211	**768,476**
Non-current assets (excl. deferred tax and financial instruments)	185,669	1,274	9,202	392	**196,537**
Capital expenditure	9,668	47	1,072	0	**10,787**

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 1.1.2016	**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)/reversal of impairment 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)

GROUP	Quarries/ Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction and advances for asset acquisition	Total
Net book value 1.1.2015	**11,750**	**6,205**	**63,648**	**16,069**	**3,249**	**12,358**	**113,279**
Additions	56	153	3,280	569	807	4,843	**9,707**
Transfer from/(to) another tangible fixed asset account – cost	0	414	4,837	0	275	(5,527)	**0**
Transfer to/(from) another tangible fixed asset account – accumulated depreciation	0	0	(2)	0	2	0	**0**
Acquisition cost of sold-written off assets	(1)	(172)	(221)	(570)	(131)	(59)	**(1,153)**
Accumulated depreciation of assets sold written-off	0	118	118	517	95	0	**849**
Change of percentage of consolidated companies in terms of cost	0	(14)	(103)	(13)	(47)	0	**(176)**
Change of percentage of consolidated companies in terms of accumulated depreciation	0	14	103	13	46	0	**175**
Transfer from/(to) inventories – cost	0	0	0	0	0	0	**0**
Transfer (from)/to inventories – accumulated depreciation	0	0	0	0	0	0	**0**
Book value impairments	0	0	0	0	0	0	**0**
Other movements on acquisition cost / FX differences - cost	0	342	1,851	221	277	(20)	**2,671**
Other movements on depreciation / FX differences - accumulated depreciation	0	(109)	(1,387)	(198)	(213)	0	**(1,907)**
Depreciation for the year	(277)	(410)	(12,398)	(3,094)	(1,292)	0	**(17,471)**
Net book value 31.12.2015	**11,528**	**6,542**	**59,724**	**13,515**	**3,069**	**11,595**	**105,974**
Cost 1.1.2015	13,983	8,870	148,008	36,559	15,806	12,358	**235,584**
Accumulated Depreciation 1.1.2015	(2,233)	(2,665)	(84,360)	(20,490)	(12,557)	0	**(122,305)**
Net book value 1.1.2015	**11,750**	**6,205**	**63,648**	**16,069**	**3,249**	**12,358**	**113,279**
Cost 31.12.2015	14,038	9,593	157,652	36,767	16,988	11,595	**246,633**
Accumulated Depreciation 31.12.2015	(2,510)	(3,052)	(97,927)	(23,252)	(13,919)	0	**(140,659)**
Net book value 31.12.2015	**11,528**	**6,542**	**59,724**	**13,515**	**3,069**	**11,595**	**105,974**

(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 to/(from) 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**
Book value impairments	(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)

COMPANY	Quarries/ Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction and advances for asset acquisition	Total
Net book value 1.1.2015	**8,183**	**3,224**	**57,365**	**15,191**	**2,717**	**133**	**86,813**
Additions	56	31	2,668	305	706	(75)	**3,692**
Transfer from/(to) another tangible fixed asset account – cost	0	0	2	0	(2)	0	**0**
Transfer to/(from) another tangible fixed asset account – accumulated depreciation	0	0	(2)	0	2	0	**0**
Acquisition cost of sold-written off assets	(1)	(98)	(330)	(310)	(132)	(58)	**(928)**
Accumulated depreciation of assets sold written-off	0	95	213	269	95	0	**672**
Change of percentage of consolidated companies in terms of cost	0	(14)	(103)	(13)	(47)	0	**(176)**
Change of percentage of consolidated companies in terms of accumulated depreciation	0	14	103	13	46	0	**175**
Book value impairments	0	0	0	0	0	0	**0**
Other movements on acquisition cost / FX differences - cost	0	49	554	12	69	0	**684**
Other movements on depreciation / FX differences - accumulated depreciation	0	(60)	(463)	(23)	(52)	0	**(598)**
Depreciation for the year	(277)	(228)	(10,950)	(2,833)	(989)	0	**(15,276)**
Net book value 31.12.2015	**7,961**	**3,013**	**49,057**	**12,610**	**2,414**	**0**	**75,057**
Cost 1.1.2015	10,417	4,993	132,878	33,981	11,958	133	**194,360**
Accumulated Depreciation 1.1.2015	(2,234)	(1,769)	(75,513)	(18,790)	(9,241)	0	**(107,547)**
Net book value 1.1.2015	**8,183**	**3,224**	**57,365**	**15,191**	**2,717**	**133**	**86,813**
Cost 31.12.2015	10,472	4,961	135,670	33,975	12,552	0	**197,631**
Accumulated Depreciation 31.12.2015	(2,511)	(1,948)	(86,613)	(21,365)	(10,138)	0	**(122,574)**
Net book value 31.12.2015	**7,961**	**3,013**	**49,057**	**12,610**	**2,414**	**0**	**75,057**

(Amounts in thousands Euro, unless stated otherwise)

The reduction in the depreciations of machinery and vehicles in the Company and the Group during the presented period derived from the revaluation as of 30.06.2016 of their economic life and residual values by the Company. The total effect of the above on the results of the Company during the 2nd half of the year amounted to 1,958, whereas additional effect will arise in the following years.

The depreciations of the Group for the reported year, have been registered in Cost of sales by euro 10,738 (16,137 in the previous financial year), in Administration and Distribution Expenses by euro 816 (1,266 in the previous financial year), in Research and development expenses by 5 (63 in the previous financial year), in Other income/(expenses) by 220 (5 in the previous financial year) and in the inventories by 315 (0 in the previous financial year).

The depreciations of the Company for the reported year, have been registered in Cost of sales by euro 8,861 (14,210 in the previous financial year), in Administration and Distribution Expenses by euro 683 (1,061 in the previous financial year), and in Other income/(expenses) by 220 (5 in the previous financial year).

Within the year 2016 the Group recognized impairment losses in land plots and buildings for an amount 977 in the Other income / (expenses) of the Statement of results based on the estimates of independent appraisers and in the machinery and technical installations of a particular quarry due to non recoverability of its value for an amount 1,032 which was recognized in the Cost of Sales.

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

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**

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**

GROUP	**Machinery**	**Vehicles**	**Total**
Cost 31.12.2015	23,926	10,209	**34,135**
Accumulated depreciation 31.12.2015	(5,281)	(3,902)	**(9,183)**
Net book value 31.12.2015	**18,645**	**6,307**	**24,952**

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	Machinery	Vehicles	Total
Cost 31.12.2015	22,819	9,804	**32,623**
Accumulated depreciation 31.12.2015	(5,115)	(3,787)	**(8,902)**
Net book value 31.12.2015	**17,704**	**6,017**	**23,721**

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 1.1.2016	**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)

	GROUP				
	Concessions and other Rights	**Rights from construction contract**	**Software**	**Research and development**	**Total**
Net book value 1.1.2015	**32,282**	**30,701**	**243**	**1,789**	**65,015**
Additions	137	0	22	921	**1,080**
Acquisition cost of sold-written off assets	(66)	0	0	0	(66)
Accumulated amortization of assets sold written-off	0	0	0	0	0
Change of percentage of consolidated companies in terms of cost	0	0	(4)	0	(4)
Change of percentage of consolidated companies in terms of accumulated amortization	0	0	4	0	4
Other movements of fixed assets' acquisition cost (foreign exchange differences, etc.)	0	0	35	0	35
Other movements of fixed assets' amortization (foreign exchange differences, etc.)	0	0	(31)	0	(31)
Amortization for the period	(459)	(9,219)	(88)	(231)	(9,998)
Net book value 31.12.2015	**31,894**	**21,482**	**181**	**2,479**	**56,036**
Cost 1.1.2015	36,400	88,022	1,834	1,938	**128,194**
Accumulated Amortization 1.1.2015	(4,118)	(57,321)	(1,591)	(149)	**(63,179)**
Net book value 1.1.2015	**32,282**	**30,701**	**243**	**1,789**	**65,015**
Cost 31.12.2015	36,471	88,022	1,887	2,859	129,238
Accumulated Amortization 31.12.2015	(4,577)	(66,540)	(1,705)	(380)	(73,203)
Net book value 31.12.2015	**31,894**	**21,482**	**181**	**2,479**	**56,036**

	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**

(Amounts in thousands Euro, unless stated otherwise)

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**

	COMPANY			
	Concessions and Rights	**Software**	**Research and development**	**Total**
Net book value 1.1.2015	**4,755**	**233**	**121**	**5,109**
Additions	30	22	0	**52**
Acquisition cost of sold-written off assets	0	0	0	**0**
Accumulated amortization of assets sold written-off	0	0	0	**0**
Change of percentage of consolidated companies in terms of cost	0	(4)	0	**(4)**
Change of percentage of consolidated companies in terms of accumulated amortization	0	4	0	**4**
Other movements of fixed assets' acquisition cost (foreign exchange differences, etc.)	0	11	0	11
Other movements of fixed assets' amortization (foreign exchange differences, etc.)	0	(7)	0	(7)
Amortization for the period	(399)	(80)	(6)	(485)
Net book value 31.12.2015	**4,386**	**179**	**115**	**4,680**
Cost 1.1.2015	7,723	1,425	182	**9,330**
Accumulated Amortization 1.1.2015	(2,968)	(1,192)	(61)	**(4,221)**
Net book value 1.1.2015	**4,755**	**233**	**121**	**5,109**
Cost 31.12.2015	7,753	1,453	182	9,389
Accumulated Amortization 31.12.2015	(3,367)	(1,275)	(67)	(4,709)
Net book value 31.12.2015	**4,386**	**179**	**115**	**4,680**

The Group's amortization for the reported period has been registered in cost of sales by euro 9,706 (9,738 in the previous year), in administrative and distribution expenses by euro 269 (260 in the previous year), in the research and development expenses by 10 (0 in the previous year), in Other income / (expenses) by 860 (0 in the previous year) and in inventories by 96 (0 in the previous year). The respective amounts for the Company correspond to euro 69 (225 in the previous year), euro 264 (260 in the previous year) and euro 860 (0 in the previous year).

(Amounts in thousands Euro, unless stated otherwise)

The account Concessions and Rights of the Group and the Company includes the recognition of purchased rights for the exploitation of quarries by an amount of 513, with an initial agreed duration of 20-30 years, while on the Group level rights for the exploitation of magnesite quarries by an amount of 27,492, with an agreed duration of 50 years.
The account Concessions and Rights of the Company include the recognition of purchased rights to exploit quarries.

The Company proceeded with an impairment test in a quarry, given the fact that the demand for its produced output was limited and the estimated time horizon for the return of the quarry back to normal operation was not so visible in the near future. From the measurement of the fair value with regard to the existing licenses based on the report prepared by a specialist and independent metallurgist, the Company and the Group recognized an impairment loss of amount 2,793 in the Other income/(expenses) of the results for the period.

8. INVESTMENT PROPERTY

Investment property on 31 December 2016 in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Balance 1 January	**2,220**	**2,220**	**1,596**	**1,596**
Additions for the year	0	0	0	0
Adjustments in fair value	(741)	0	(741)	0
Transfer from/to fixed assets	1,034	0	1,034	0
Balance 31 December	**2,512**	**2,220**	**1,889**	**1,596**

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 loss of 741 (0 in 2015) was incurred (note 31).

The following table presents data concerning the major assumptions taken into consideration for the valuation of the investment properties on 31.12.2016:

(Amounts in thousands Euro, unless stated otherwise)

Property	Fair Value 31.12.2016	Appraiser	Method	Market value	Interest rate	Inflation	Return	Cost of develop ment
Kos-Plots	855	CBRE VALUES SA	Real estate market	20-25 euro per sqm	-	-	-	-
Mantoudi, (Evoia) – Plots	623	GEK TERNA GROUP	Real estate market	0.50 euro per sqm	-	-	-	-
Plot in Posidonia position, Laurio, Attica	13	GEK 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							

The corresponding information of the major assumptions taken into consideration for the valuation of the investment properties on 31.12.2015, are as follows:

Property	Fair Value 31.12.2015	Appraiser	Method	Market value	Interest rate	Inflation	Return	Cost of develop ment
Kos - Land	1,596	GEK TERNA Group	Market comparison	38 euro per m2	-	-	-	-
Mantoudi (Evia)-Land	623	GEK TERNA Group	Market comparison	0.50 euro per m2	-	-	-	-
	2,220							

9. 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%
	31.12.2016	**31.12.2015**
Non-current assets	33,090	30,569
Current assets	28,364	26,875
(Long-term liabilities)	(24,905)	(17,701)
(Short-term liabilities)	(26,770)	(25,509)
Net fixed assets	9,779	14,234
Equity corresponding to non-controlling interests	4,989	7,262

(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 31/12/2016 (same amount for 31/12/2015).

	1.1. - 31.12.2016	1.1. - 31.12.2015
Turnover	3,276	1,708
Net Profit / (Losses)	(4,472)	(2,593)
Other Comprehensive Income	16	(21)
Total Results	(4,456)	(2,614)
Net Profit / (Losses) corresponding to non-controlling interests	(2,282)	(1,323)
Dividends from subsidiaries payable to non controlling interests	0	0

	1.1. - 31.12.2016	1.1. - 31.12.2015
Cash flows from operating activities	(3,746)	(6,787)
Cash outflows from investment activities	(2,918)	(6,471)
Cash outflows for financing activities	6,041	9,399
Net increase / (decrease) of cash	(623)	3,859

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 1,920 in the share capital increase which took place in TERNA OVERSEAS LTD and the impairment of its participation in TERNA OVERSEAS LTD of amount 42,677 (note 31).

10. 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	
	2016	**2015**	**2016**	**2015**
Balance 1 January	**21,417**	**37,466**	**34,480**	**34,480**
Profit / (Loss) from valuation	0	(4,781)	0	0
Participation in the results of joint venture	0	0	(13,474)	0
Balance 31 December	(411)	(11,268)	0	0
Balance 1 January	**21,006**	**21,417**	**21,006**	**34,480**

(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	
	31.12.2016	**31.12.2015**
Non-current assets	178,132	189,378
Cash and cash equivalents	5,721	2,661
Other current assets	49,416	35,955
Total assets	**233,269**	**227,994**
Long-term financial liabilities (apart from trade and other liabilities, provisions and deferred tax liability)	98,010	93,301
Other long-term liabilities	12,191	9,460
Short-term financial liabilities (apart from trade and other liabilities, provisions and deferred tax liability)	11,407	12,716
Other short-term liabilities	27,639	26,849
Total liabilities	**149,247**	**142,326**
Net fixed assets	**84,022**	**85,668**
Proportion in the net fixed assets before valuation differences at fair value	21,006	21,417
Valuation differences at fair value	0	0
Proportion in the net fixed assets	**21,006**	**21,417**

(Amounts in thousands Euro, unless stated otherwise)

	1.1 - 31.12.2016	1.1 - 31.12.2015
Turnover	96,225	63,640
(Depreciation)	(11,512)	(11,722)
(Financial expenses)	(8,739)	(8,205)
Financial income	39	83
(Expense)/Income from tax	(2,583)	(3,099)
Results from continued operations	(1,586)	(45,060)
Results from discontinued operations	0	0
Other comprehensive income	(58)	(13)
Total Results	**(1,644)**	**(45,073)**
Share in the results of the Group	(397)	(11,265)
Share in the other comprehensive results of the Group	(15)	(3)
Share in the total comprehensive results of the Group	**(411)**	**(11,268)**

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.

11. INVESTMENTS HELD FOR TRADING PURPOSES

Within the year 2016, the Company sold the entire banking shares it held for a total consideration of 12,288. The result from the above sale equaled with a loss of 2,887 for the Group and Company (valuation loss of 1,558 in the previous year), which was recognized in the Other income / (expenses) (note 31).

12. INVESTMENTS AVAILABLE FOR SALE

Investments available for sale on 31st December 2016, in the attached financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Participations in related companies	12,161	14,722	5,079	6,058
Shares	1,330	19,713	1,330	19,713
Other securities	15	15	0	0
	13,506	**34,450**	**6,409**	**25,771**
Non current	**13,506**	**15,623**	**6,409**	**6,945**
Current	**0**	**18,827**	**0**	**18,827**

(Amounts in thousands Euro, unless stated otherwise)

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, by 29.07% participation percentage of the Group and the Company, ICON BOROVETS participation by 19.19% and 60.20% respectively and ICON EOOD, by 16.47% participation percentage of the Group, in which 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 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 (7,120 for the Group and 2,269 for the Company in the previous year). The above impairment was deemed as non recoverable and was reclassified from the Other comprehensive results into the Other income / (expenses) (note 31).

The Group and the Company held on 31.12.2016 shares of the parent company GEK TERNA for total acquisition cost of 1,135, which were valued at 1,330 (887 in the previous year). The above valuation resulted into a gain of 443 (loss of 55 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) (note 31).

With regard to the shares of the banking institution, within the year 2015, an amount of 4,429 was reclassified from the Other total comprehensive income to the Other income/(expenses), following an impairment test which indicated that the loss was not recoverable.

13. OTHER LONG-TERM RECEIVABLES

	GROUP		**COMPANY**	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Granted loans	85,681	31,242	53,014	32,240
Interests in non-consolidated joint entities	1,083	1,132	1,083	1,132
Given guarantees	1,746	1,587	1,366	1,172
Withheld amounts of priced receivables	9,113	0	382	0
Total	**97,623**	**33,961**	**55,845**	**34,544**

During the present period, the Company participated in the issuance of a bond loan of the parent company GEK TERNA of amount 10.98 million with an interest rate of 6%. In addition, the companies of the Group participated in the issuance of bond loans of the parent company GEK TERNA of amount 40.05 million with an interest rate 5.5%-6%.

(Amounts in thousands Euro, unless stated otherwise)

14. INVENTORIES

The account "inventories" on 31 December 2016 in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Raw-auxiliary materials	5,995	6,021	4,225	4,609
Spare parts of fixed assets	33	25	33	25
Merchandise and finished and semi-finished products	16,067	12,807	3,417	2,592
Property for development	2,196	2,196	0	0
Total	**24,291**	**21,049**	**7,675**	**7,226**

With regard to the products of TERNA MAG, following an impairment test, there was a loss of 507 (0 in the previous year) which was recognized in the "Other income / (expenses)".

With the exception of the above case, there was no need for impairment of other impaired or low turnover inventories during 31 December 2016.

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

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Trade receivables	221,744	281,318	303,368	226,302
Accrued income	2,165	16	2,165	16
Customers – Doubtful and litigious	4,800	6,305	4,684	6,191
Notes / Checks receivable in delay	824	824	824	824
Checks Receivable	16,444	1,506	16,444	1,506
Minus: Impairments of trade receivables	(23,966)	(18,618)	(21,850)	(15,275)
Total	**222,011**	**271,351**	**305,635**	**219,564**

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

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Prepayments to suppliers	132,200	132,148	119,706	117,770
Accounts for management of prepayments and credits	2,268	3,272	1,859	2,407
Prepayments to pension funds (IKA – technical works)	4,029	3,400	4,027	3,336
VAT to be rebated – offset	10,234	19,320	8,394	11,358
Receivables from other taxes apart from income tax	0	1,500	0	1,500
Income for the year receivable	42	94	42	16
Prepayments of insurance premiums	3,834	4,748	3,112	1,836
Prepayment of commissions for letters of guarantee	4,534	2,814	4,534	2,814
Prepayments of rents	797	1,174	710	662
Other deferred expenses	1,319	564	915	555
Receivables against members of joint ventures and other related / affiliated companies	13,652	10,331	32,225	40,417
Short-term part of long-term loans	213	0	213	0
Receivables from grants for investment industrial plan	10,441	10,441	0	0
Receivables from insurance indemnities	159	66	159	66
Blocked deposit accounts	2,465	786	410	590
Receivable from parent company GEK TERNA for share capital increase	0	45,750	0	45,750
Doubtful – litigious other receivables	1,117	0	1,117	0
Other receivables – Various debtors	10,396	10,774	9,569	6,891
Minus: Provisions for doubtful receivables	(2,839)	(2,304)	(2,839)	(2,304)
Total	**194,861**	**244,878**	**184,153**	**233,664**

The receivables from grants for the amount of 10,441 (10,441 on 31/12/2015 as well) concern the investment industrial plan of the subsidiary company TERNA Mag.

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Balance 1.1	**20,922**	**18,475**	**17,579**	**18,475**
Impairments for the year	6,726	3,447	7,954	104
Utilization of impairments	(843)	(1,000)	(844)	(1,000)
Recovery of impairments for the year	0	0	0	0
Balance 31.12	**26,805**	**20,922**	**24,689**	**17,579**

(Amounts in thousands Euro, unless stated otherwise)

The above provisions of the year 2016 were recognized in the Other income / (expenses).

The receivables of the Group and the Company include accounts amounting to 34,628 and 26,213 respectively (31,450 and 26,898 respectively 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		COMPANY	
YEARS OVERDUE	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Up to 1 year	1,450	3,511	1,450	1,511
1-2 years	12,925	2,824	12,925	2,318
2-3 years	3,474	3,497	3,474	1,561
Over 3 years	16,779	21,618	8,364	21,508
	34,628	**31,450**	**26,213**	**26,898**

16. CONSTRUCTION CONTRACTS

The technical works, undertaken by the Group and the Company, that were under construction on 31.12.2016 and 31.12.2015 are analyzed as follows:

	GROUP		COMPANY	
Cumulatively from the beginning of the projects	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Cumulative costs	4,480,817	3,693,379	3,988,899	3,317,256
Cumulative profit	602,537	443,731	583,724	430,705
Cumulative loss	(168,086)	(167,251)	(106,161)	(97,637)
Billings	(5,056,634)	(4,026,757)	(4,584,260)	(3,708,880)
	(141,366)	**(56,898)**	**(117,798)**	**(58,555)**
Receivables from construction contracts	114,234	115,375	106,623	99,868
Liabilities from construction contracts (long term)	0	(49,365)	0	(49,365)
Liabilities from construction contracts (short term)	(255,600)	(122,908)	(224,421)	(109,058)
Net receivables from customers of projects	**(141,366)**	**(56,898)**	**(117,798)**	**(58,555)**
Received prepayments	456,657	373,546	425,527	286,464
Withheld amounts for good execution of customers' projects	39,347	55,719	27,264	39,984

(Amounts in thousands Euro, unless stated otherwise)

17. CASH AND CASH EQUIVALENTS

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Cash in hand	93	133	66	114
Sight Deposits	436,221	190,684	317,628	138,464
Term Deposits	5,273	1,682	5,273	1,682
Total	**441,587**	**192,499**	**322,967**	**140,260**

Term deposits have a usual duration of 1-3 months and interest rates ranging between 0.6-2.1% during the financial year (0.80% - 1.20% during the previous financial year).

18. SHARE CAPITAL AND RESERVES

Within the year 2016, in continuation of the decision of the Extraordinary General Meeting of the Company's shareholders on 23.12.2015, the share capital increased by the amount of 12,200 and the share premium account by the amount of 33,550 with the issuance of 122,000 new common registered shares. The expenses of amount 96 concerning the share capital increase were recorded as deduction from the above account.
Following the above, the Company's share capital amounts to 52,210 divided by 522,100 shares with nominal value of € 100.00 per share.
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 495,433 (400,100 in the previous comparative period).
The earnings per share of the Group during the presented period amount to € 50.9897 (losses of 22.1648 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 25,262 (losses of 8,868 in the comparative period).

The Board of Directors of the Company proposes the distribution of dividend of 10,000 for the year 2016, which is subject to the approval of the General Meeting and as result is not a liability as of 31/12/2016. Within the year 2016, dividends of 2,000 were paid from the dividend of year 2014 (with the latter being fully distributed) and the entire dividend of year 2015 amounting to 10,000.

The account "Reserves" on 31.12.2016 is analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Reserve from fair value of available for sale assets	138	(7,685)	138	(3,440)
Tax free reserves	37,832	37,774	37,680	37,680
Regulatory reserve	14,590	14,889	13,350	13,350
Reserve due to foreign exchange differences	1,337	(3,027)	1,900	73
Other reserves	(22)	(18)	(5)	(8)
Total	**53,875**	**41,933**	**53,063**	**47,655**

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

19. OTHER LONG-TERM LIABILITIES

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Collected prepayments from customers of construction contracts	307,020	201,959	307,020	187,484
Liabilities due to construction contracts	0	49,365	0	49,365
Guarantees and other withheld amounts to suppliers	18,402	15,841	22,536	50,515
Other long-term liabilities	617	1,483	617	1,482
Total	**326,039**	**268,648**	**330,173**	**288,846**

The balance of 31/12/2016 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 verification and the offsetting of the project will be made after 31/12/2017.
The liabilities from construction contracts have become short-term since they concern construction agreements of motorways whose construction will complete within 2017.

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	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Liabilities from financial leases	21,181	25,265	20,263	24,080
Minus: Short-term portion	(4,711)	(5,181)	(4,465)	(4,917)
Long-term loans	123,449	106,907	122,750	106,805
Minus: Short-term portion	(709)	(64,408)	(709)	(64,404)
	139,210	**62,583**	**137,839**	**61,564**

(Amounts in thousands Euro, unless stated otherwise)

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Up to 1 Year	709	64,408	709	64,404
Between 2 - 5 Years	110,240	33,499	109,541	33,401
Over 5 Years	12,500	9,000	12,500	9,000
	123,449	**106,907**	**122,750**	**106,805**

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Up to 1 Year	4,711	5,181	4,465	4,917
Between 2 - 5 Years	16,270	20,021	15,598	19,100
Over 5 Years	200	63	200	63
	21,181	**25,265**	**20,263**	**24,080**

A. Long-term Loans

The Group's long-term debt is entirely in Euro (99.9% in Euro and 0.1% in BHD during the previous year) and represents 65% (53.5% during the previous year) of the Group's aggregate debt. Apart from the short-term part, the respective percentage is 64% (21.3% 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, 99.1%, is based on floating interest rates (99.7% at the end of the previous year).

The real average effective interest rate on long-term debt during the period, amounted to 5.38% (5.94% during the previous year).

The Group has the obligation to comply with certain financial ratios which concern the bond loans. The Group was granted a waiver from the banks with regard to this compliance for the year that ended on 31/12/2016.
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 plant equipment used for the execution needs of construction projects by 95.7% (95.4% during the previous year). The remaining part concerns equipment of the mining activities.

Finance leases represent 11% (12.8% 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 1,085 (1,031 during the previous fiscal year respectively), mainly for the needs of the construction sector.

The amount of euro 4,983 and 4,745 (9,872 and 9,634 during the previous year, respectively) were paid for leases on existing contracts by the Group and the Company. The average effective interest rate of the Group and the Company settled at 5% (5% during the previous year).

21. 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 2,252, in the Administrative and distribution expenses by 278 and in the Net financial income/(expenses) by 46 (2,562, 10, 0 in the previous year respectively), whereas by the Company in the Cost of sales by 1,582, in the Administrative and distribution expenses by 241 and in the Net financial income/(expenses) by 46 (1,945, 0, 0 in the previous year respectively).

The amount due for staff indemnities is analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Current service cost	1,963	2,291	1,188	1,636
Financial cost	46	44	46	44
Effect of cut-backs or settlements	633	265	635	265
Recognition of actuarial (profits) / losses	(27)	119	(4)	107
	2,615	**2,719**	**1,865**	**2,052**

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

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Balance 1.1	**7.539**	**6.342**	**4.596**	**3.833**
Provision recognized in Net earnings	2,576	2,572	1,869	1,945
Provision recognized in Other Total Comprehensive Income	(27)	119	(4)	107
Provision recognized in inventories	66	28	0	0
Foreign exchange translation differences	86	494	83	215
Compensation payments	(2,438)	(2,016)	(1,679)	(1,504)
Transfers among the companies of the Group	0	0	(72)	0
Balance 31.12	**7,802**	**7,539**	**4,793**	**4,596**

The main actuarial assumptions for the financial years 2016 and 2015 are as follows:

	2016	**2015**
Discount rate (based on the yields of the E.C.B. bonds)	1.5%	2.0%
Mortality: Greek mortality table	MT_EAE2012P	MT_EAE2012P
Future salaries increases	1.25%	1.75%
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%	8%
Movement of day-waged workers (laid-off)	6%	8%

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.

(Amounts in thousands Euro, unless stated otherwise)

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Discount Rate	1.00%	2.00%	1.50%	1.50%
Future Salaries Increases	1.25%	1.25%	1.00%	1.50%
Effect on the net earnings / (losses)	(127)	117	60	(62)

22. OTHER PROVISIONS

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

	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**

	GROUP			COMPANY		
	Provisions for environmental rehabilitation	**Other provisions**	**Total**	**Provisions for environmental rehabilitation**	**Other provisions**	**Total**
Balance 1.1.2015	**114**	**14,967**	**15,081**	**114**	**1,767**	**1,881**
Additions recognized in results	0	2,764	**2,764**	0	2,764	**2,764**
Utilized provisions	0	(4,000)	**(4,000)**	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	(2,000)	**(2,000)**	0	0	**0**
Foreign exchange differences	0	5	**5**	0	5	**5**
Balance 31.12.2015	**114**	**11,736**	**11,850**	**114**	**4,536**	**4,650**

(Amounts in thousands Euro, unless stated otherwise)

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	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Provisions of tax for tax unaudited years	1,635	1,440	1,435	1,240
Provisions for doubtful receivables	1,000	1,380	0	380
Provisions for granted guarantees	3,043	0	3,043	0
Other provisions	21,892	8,916	21,892	2,916
	27,570	**11,736**	**26,370**	**4,536**

Within the year 2016, TERNA 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, they submitted, for reasons of clear corporate interest and in order to implement the beneficiary provisions of Article 25^{A} 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 24/02/2017 TERNA was notified of the Settlement Initiative by HCC. As it has already been analyzed, an irrevocable statement was submitted for the commitment and inclusion in the Dispute Settlement Procedure.

Moreover, since at the date of the financial statements’ approval, the overall settlement procedures had not been finalized, which as mentioned above are being covered by full confidentiality, as well as the exact determination of the dispute amount, the Company as well as the Group proceeded according to the requirements of IAS 37 to the recognition of an adequate provision which burdened the results for the year 2016. <u>We consider that the relevant charge, according to the data known so far, does not exceed the amount of €19 million.</u>

The Company 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. In this case, the Group intends to exhaust all its legal rights with regard to the collection of any payable amount.

(Amounts in thousands Euro, unless stated otherwise)

23. GRANTS

The movement of grants of the Group in the Statement of Financial Position for 2016 and 2015 is as follows:

	GROUP	
	31.12.2016	**31.12.2015**
Balance 1.1	**14,717**	**15,026**
Collected grants	0	0
Approved but not collected grants	0	0
Amortization of grants of fixed assets recognized in the Net Results	(59)	(93)
Amortization of grants of fixed assets recognized in the Inventories	(74)	(216)
Balance 31.12	**14,584**	**14,717**

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 "Prepayments and other 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.

24. SUPPLIERS, ACCRUED AND OTHER SHORT-TERM LIABILITIES

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Suppliers	182,236	190,169	167,796	174,142
Checks and notes payable	8,910	13,763	5,779	7,725
Total	**191,146**	**203,932**	**173,575**	**181,867**

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

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Liabilities from taxes – duties	9,407	10,076	9,128	9,757
Social security funds	2,709	2,828	2,580	2,718
Dividends payable	7	2,007	7	2,007
Liabilities against members of joint ventures and other related companies	13,133	13,906	19,884	13,808
Customer prepayments	149,639	171,590	118,509	98,983
Accrued expenses / Deferred income	12,697	17,269	6,436	6,822
Employee remunerations payable	3,834	3,356	2,288	2,541
Sundry creditors	2,341	1,456	2,231	2,628
Total	**193,767**	**222,488**	**161,063**	**139,264**

25. 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 94% on floating rates and by 6% on fixed rates (76% and 24% respectively at the end of the previous period), is agreed on local currencies for any Group company, and in total is allocated by 91.48% in EUR (69.9% at the end of the previous year), 0.02% in QAR (17.2% at the end of the previous year), 5.4% in AED (6.7% at the end of the previous year) and 3.1% in BHD (6.2% at the end of the previous year). Moreover, it represents 24% (34% at the end of the previous year) approximately of the total debt of the Group and covers the working capital needs by 58% (71% at the end of the previous year) of the construction sector, whereas the remaining part covers the working capital needs of the mining sector.

The average weighted interest rate on such during the year amounted to 6.41% (6.46% during the previous year).

26. INCOME TAX

According to Greek tax legislation, the tax rate corresponded to 29% for the years 2016 and 2015. 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, and the aforementioned increase of the tax rate through calculations of deferred income tax.

(Amounts in thousands Euro, unless stated otherwise)

(a) Income tax expense

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Current tax expense				
Current tax	55,639	29,188	49,491	25,465
Tax differences from previous years	(51)	(345)	(52)	(150)
Tax audit differences	200	520	200	520
Total	**55,788**	**29,363**	**49,639**	**25,835**
Deferred tax from generation and offsetting of temporary differences	(26,697)	(18,883)	(23,178)	(12,405)
Deferred tax from recognition of transf. tax losses and credits that were not recognized in previous year	375	0	375	0
Adjustments in liabilities / receivables of deferred tax of previous period	(375)	0	(375)	0
Total	**(26,697)**	**(18,883)**	**(23,178)**	**(12,405)**
Total expense / (income)	**29,091**	**10,480**	**26,461**	**13,430**

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Earnings/(loss) before tax	**51,913**	**465**	**(5,360)**	**22,620**
Nominal tax rate	29%	29%	29%	29%
Income tax expense/(income) based on the effective nominal tax rate	**15,054**	**135**	**(1,554)**	**6,560**
Adjustments for:				
Results recognized in the Other Comprehensive Results or directly in Equity	39	0	39	0
Tax due to implied taxation method	0	318	0	318
Permanent tax (/under taxation) differences (results not included in the calculation of tax)	20,588	(1,126)	21,607	(1,119)
Effect of differences of tax rate	0	(1,294)	1	(1,906)
Tax adjustments from previous years	(51)	(345)	(52)	(150)
Tax audit differences	200	520	200	520
Difference in taxation of foreign companies	3,444	(1,791)	2,947	(681)
Difference in taxation of foreign companies	(9,943)	14,063	3,365	9,888
Taxable differences of previous year from which no deferred tax was recognized but it is recognized in the current period	201	0	201	0

(Amounts in thousands Euro, unless stated otherwise)

Effect of net temporary taxable differences of current period for which no DT is recognized	(328)	0	(295)	0
Effect from elimination of DT receivable or offsetting of elimination in previous years	2	0	2	0
Effect from participation in the net results of associates and joint ventures	(115)	0	0	0
Real tax expense	**29,091**	**10,480**	**26,461**	**13,430**

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.

The parent company TERNA S.A. has been audited by the relevant tax authorities up to fiscal year 2009 included. The income tax statements are submitted on an annual basis, but earnings or losses (particularly for the parent company and the Greek subsidiaries, except for the construction joint ventures, that emerged up to 2010 included) that are stated remain temporary until the tax authorities audit the books and data of the entity and the final audit report is issued. In this case possible additional taxes and surcharges may be imposed by the tax authorities.

For this reason and based on data deriving from past years' tax audits, relevant provisions have been recorded for the financial year 2016, against additional taxes and surcharges that may be imposed to the Group, provisions of 1,635 (1,440 at the end of the previous year), and the Company, provisions of 1,435 (1,240 at the end of the previous year). These provisions are included in the account "Other provisions". Tax losses, to the extent they are approved by tax authorities, may offset future taxable earnings for a period of five years from the year they arose (note 37).

(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**	
	2016	**2015**	**2016**	**2015**
Deferred tax asset	65,308	44,955	59,852	43,372
Deferred tax (liability)	(7,506)	(12,700)	(7,122)	(13,284)
Net deferred tax asset / (liability)	**57,802**	**32,255**	**52,730**	**30,088**
Balance 1.1	**32,255**	**13,673**	**30,088**	**17,989**
Effect of discontinued operations/acquisitions of entities	0	0	0	0
(Expense)/Income recognized in net earnings	26,697	18,883	23,178	12,405
(Expense)/Income recognized in Other comprehensive income	(1,150)	(301)	(536)	(306)
(Expense) /Income directly recognized in Equity	0	0	0	0
Foreign exchange translation differences	0	0	0	0
Balance 31.12	**57,802**	**32,255**	**52,730**	**30,088**

(Amounts in thousands Euro, unless stated otherwise)

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

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Valuation of investments available for sale	735	526	129	526
Actuarial income / losses from defined benefit plans	8	(225)	1	(222)
Reclassification of impairment losses of available for sale	405	0	406	0
Balance 31.12	**1,149**	**301**	**536**	**305**

The deferred taxes (assets and liabilities) of 2016 and 2015 are analyzed as follows:

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
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**		

(Amounts in thousands Euro, unless stated otherwise)

GROUP	**Statement of financial position**		**Net earnings (Debit)/Credit**	**Other comprehensive income (Debit)/Credit**
	31.12.2015	**31.12.2014**	**1.1 – 31.12.2015**	**1.1 – 31.12.2015**
Deferred tax asset				
Expense for issuing capital	10	9	0	1
Provision for staff indemnities	680	462	(9)	227
Losses recognized on tax basis	5,669	5,595	74	0
Other provisions	1,782	153	1,629	0
Provisions for doubtful receivables	4,321	3,263	1,058	0
Impairment of inventories	2,860	2,860	0	0
Other	(12)	(33)	21	0
Deferred tax liability				
Investment property valuation	(37)	(37)	0	0
Recognition of finance leases	(2)	(3)	1	0
Valuation of investments	2,577	1,839	1,244	(506)
Recognition of revenue based on the percentage of completion	35,598	22,745	12,853	0
Depreciation differences	465	(2,181)	2,646	0
Intangible assets differences	312	324	(12)	0
Tangible assets differences	(922)	(769)	(130)	(23)
Companies' acquisitions and sales	(21,046)	(20,554)	(492)	0
Deferred tax on net earnings/ other comprehensive income			**18,883**	**(301)**
Net deferred income tax asset / (liability)	**32,255**	**13,673**		

COMPANY	**Statement of financial position**		**Results for the year (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

(Amounts in thousands Euro, unless stated otherwise)

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 net earnings/ equity			**23,178**	**(536)**
Net deferred income tax asset / (liability)	**52,730**	**30,088**		

COMPANY	**Statement of financial position**		**Net earnings (Debit)/Credit**	**Other comprehensive income (Debit)/Credit**
	31.12.2015	**31.12.2014**	**1.1 – 31.12.2015**	**1.1 – 31.12.2015**
Deferred tax asset				
Provision for staff indemnities	662	456	(17)	223
Losses recognized on tax basis	3,914	4,865	(951)	0
Other provisions	1,778	149	1,629	0
Provisions for doubtful receivables	3,368	3,280	88	0
Other	(11)	(30)	19	0
Deferred tax liability				
Investment property valuation	(37)	(37)	0	0
Recognition of finance leases	(2)	(3)	1	0
Valuation of investments	1,970	982	1,494	(506)
Recognition of revenue based on the percentage of completion	31,43 9	20,362	11,077	0
Depreciation differences	(13,0 80)	(1,010)	(12,070)	0
Intangible assets differences	235	245	(10)	0
Tangible assets differences	(1,56 0)	(1,352)	(185)	(23)
Companies' acquisitions and sales	1,412	(9,918)	11,330	0
Deferred tax on net earnings / equity			**12,405**	**(306)**
Net deferred income tax asset / (liability)	**30,088**	**17,989**		

(Amounts in thousands Euro, unless stated otherwise)

27. TURNOVER

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

	GROUP		COMPANY	
	1.1-31.12.2016	1.1-31.12.2015	1.1-31.12.2016	1.1-31.12.2015
Revenue from construction services	942,228	763,787	822,492	697,883
Revenue from provision of other services	4,641	949	1,924	949
Revenue from leases	128	156	147	162
Revenue from sales of quarry products	4,333	3,584	1,057	1,876
Income from sale of natural gas	340	0	340	0
Total	**951,670**	**768,476**	**825,960**	**700,870**

28. 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	
	1.1-31.12.2016	1.1-31.12.2015	1.1-31.12.2016	1.1-31.12.2015
Cost of inventories-materials of projects	216,837	182,783	200,387	165,845
Employee remuneration	90,147	86,762	64,492	61,078
Sub-contractors	308,903	257,984	262,040	260,963
Remuneration of engineers, technical advisors and third parties	68,664	63,750	64,800	61,480
Other third-party benefits	7,730	6,575	6,254	5,478
Taxes-duties-contributions for projects	2,001	2,405	1,934	2,386
Provisions	(1,610)	1,005	(1,708)	3,475
Travel expenses	932	1,325	721	996
Expenses of lab audit	1,533	0	1,504	0
Impairments of fixed assets	1,032	0	1,032	0
Depreciations	20,444	25,448	8,921	14,495
Judicial and other indemnities / Expenses of legal disputes	1,081	0	1,081	0
Operating leases	37,237	32,830	34,443	30,180
Insurance premiums	4,136	5,454	3,118	3,627
Transfer expenses	24,069	28,473	23,429	28,048
Repair and maintenance	8,297	6,810	7,771	6,556
Auditor fees	187	198	142	141
Commissions and expenses	21,011	16,037	16,545	11,899
Net financial cost of projects	1,601	2,610	852	1,030
Other	3,630	8,553	3,455	7,689
Total	**817,862**	**729,002**	**701,213**	**665,366**

(Amounts in thousands Euro, unless stated otherwise)

Administrative and distribution expenses	**GROUP**		**COMPANY**	
	1.1-31.12.2016	**1.1-31.12.2015**	**1.1-31.12.2016**	**1.1-31.12.2015**
Employee remuneration	6,321	5,635	3,991	3,753
Remuneration of engineers, technical advisors and third parties	6,750	5,575	5,474	4,772
Other third-party benefits	694	724	506	563
Travel expenses	333	298	235	180
Subscriptions-contributions-Advertising expenses	1,571	610	1,258	298
Depreciation	1,085	1,526	956	1,322
Impairments of assets	0	0	0	0
Repair and maintenance	163	252	143	234
Insurance premiums	135	142	94	105
Auditors fees	231	181	177	106
Fees of board of directors	251	0	250	0
Operating leases	1,147	1,126	945	851
Taxes - duties	835	485	614	297
Transfer expenses	596	124	257	4
Expenses due to legal conflicts	9	285	9	285
Other	794	1,679	406	1,038
Total	**20,915**	**18,642**	**15,315**	**13,808**

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

Research and development expenses	**GROUP**		**COMPANY**	
	1.1-31.12.2016	**1.1-31.12.2015**	**1.1-31.12.2016**	**1.1-31.12.2015**
Employee remuneration	88	65	27	38
Remuneration of engineers, technical advisors and third parties	357	125	47	32
Amortization	15	63	0	0
Taxes-duties	2	0	1	0
Transfer expenses	11	0	0	0
Travel expenses	37	47	36	44
Insurance premiums	12	0	12	0
Other	8	90	4	14
Total	**530**	**390**	**127**	**128**

(Amounts in thousands Euro, unless stated otherwise)

29. AUDITORS' FEES

	GROUP		COMPANY	
	1.1-31.12.2016	1.1-31.12.2015	1.1-31.12.2016	1.1-31.12.2015
Fees for statutory audits	386	346	287	217
Fees for extraordinary audits	21	30	21	30
Fees for other services	11	3	11	0
	418	**379**	**319**	**247**

30. PAYROLL COST

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

	GROUP		COMPANY	
	1.1-31.12.2016	1.1-31.12.2015	1.1-31.12.2016	1.1-31.12.2015
Wages and related employee benefits	79,721	75,914	53,125	49,439
Social security fund contributions	14,305	13,976	13,562	13,485
Provision for employee indemnities	2,576	2,572	1,869	1,945
Total	**96,602**	**92,462**	**68,556**	**64,869**

31. OTHER INCOME/(EXPENSES)

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

	GROUP		COMPANY	
	1.1-31.12.2016	1.1-31.12.2015	1.1-31.12.2016	1.1-31.12.2015
Amortization of fixed assets' grants	59	93	0	0
Other provision of services	381	295	330	278
Income from leases	77	105	92	105
Charges of expenses	645	2,178	227	5,291
Interest on overdue amounts	245	0	305	0
Expenses' grants	150	60	45	60
Sales of fixed assets and inventories	992	806	1,014	551
Income from judicial indemnities	32	1	32	1
Income from insurance indemnities	3	0	3	0
Earnings from elimination of liabilities	1,266	0	794	0
Other income	917	2,662	632	1,667
Valuation of investment property	(741)	0	(741)	0
Foreign exchange differences on payments	717	5,574	1,938	5,620
Foreign exchange differences on valuation	36	4,301	117	689
Collapse of guarantees – criminal clauses	313	9	313	9
Recovery of impairments (Impairment/Write-off) of trade receivables	(6,614)	(982)	(6,087)	3,487
Recovery of impairments (Impairment/Write-off) of fixed assets	(3,770)	0	(3,770)	0

(Amounts in thousands Euro, unless stated otherwise)

Recovery of impairments (Impairment/Write-off) of inventories	(507)	0	0	0
Provisions	(15,745)	(2,764)	(21,663)	(2,764)
Taxes – duties	(1,179)	(541)	(422)	(500)
Depreciations	(1,080)	(5)	(1,080)	(5)
Other expenses	(1,071)	(829)	(1,009)	(467)
	(24,874)	**10,963**	**(28,930)**	**14,022**
Results from participations and securities				
Earnings / (losses) from absorption of company	0	0	0	0
Earnings / (losses) from participations in joint ventures not consolidated	0	(31)	0	(31)
Earnings from participations in tax joint ventures recorded as subsidiaries	0	0	3,191	3,447
Earnings / (Losses and expenses) from sale of shares traded on Athens Exchange	(19,796)	94	(19,796)	94
Earnings / (Losses) from liquidation of subsidiary	0	0	(4,470)	0
Earnings / (Losses) from impairment of participation in joint venture	0	(4,781)	(13,474)	0
Earnings / (Losses) from valuation of participation in investments available for sale	(9,938)	0	(3,249)	0
Earnings / (Losses) from valuation of participations in subsidiaries	0	0	(42,677)	0
Earnings / (Losses) from valuation of participations in associates	(18)	0	0	0
Earnings / (Losses) from adjustment in the fair value of securities	0	(5,987)	0	(5,987)
	(29,752)	**(10,705)**	**(80,475)**	**(2,477)**
Total	**(54,626)**	**258**	**(109,405)**	**11,545**

An amount of 65 (61 in the previous year) of the Earnings / (Losses and expenses) from sale of shares traded on Athens Exchange concerns selling expenses.

(Amounts in thousands Euro, unless stated otherwise)

32. FINANCIAL INCOME/(EXPENSES)

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

	GROUP		COMPANY	
	1.1-31.12.2016	**1.1-31.12.2015**	**1.1-31.12.2016**	**1.1-31.12.2015**
Financial income				
Interest on deposit accounts and similar items	1,596	669	1,515	642
Interest on loans	4,169	2,389	2,958	2,551
Interest on trade receivables	43	340	43	341
	5,808	**3,398**	**4,516**	**3,534**
Financial expenses				
Interest and expenses of short term financing	(3,976)	(2,594)	(2,712)	(1,448)
Interest and expenses of long term financing	(5,405)	(5,878)	(5,364)	(5,877)
Interest on financial leasing contracts	(1,122)	(1,438)	(1,088)	(1,378)
Inflation based adjustment of provision for personnel indemnity	(46)	0	(46)	
Bank commissions and expenses	(686)	(2,458)	(566)	(5,324)
	(11,235)	**(12,368)**	**(9,776)**	**(14,027)**
Total	**(5,427)**	**(8,970)**	**(5,260)**	**(10,493)**

33. TRANSACTIONS WITH RELATED PARTIES

The transactions, as well as the balances of the Group and Company with related parties for the financial years 2016 and 2015, are analyzed as follows:

Purchases and sales of goods and services

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	-	-	-	-	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

(Amounts in thousands Euro, unless stated otherwise)

Year 2015	GROUP				COMPANY			
Related party	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**
Parent	1,030	1,197	2,512	2,011	1,030	1,197	2,512	2,011
Subsidiaries	-	-	-	-	339,904	9,674	59,662	90,587
Joint Ventures	30	0	6	0	30	0	6	0
Other related parties	367,227	9,927	79,348	107,203	3,525	2,612	12,386	3,479

Dividends

The Group and the Company paid an amount of 12,000 for dividend payment to their parent company (8,000 during the previous comparative period). The dividend as of 31/12/2016 is fully payable (2,000 during the previous comparative period).

Share capital increases of subsidiaries

The Company paid the amount of 1,920 for the share capital increase of its subsidiaries (12,030 during the previous comparative period).

Loans and interest

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	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

Year 2015	GROUP				COMPANY			
Related party	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**
Parent	1,367	0	22,074	0	1,367	0	22,074	0
Subsidiaries	-	-	-	-	162	0	998	0
Joint Ventures	966	0	10,430	0	966	0	10,430	0
Other related parties	29	61	1,088	940	29	21	672	322

In terms of cash:
a) The Company and the Group granted amounts of 51,030 and 10,980 respectively as loans to their parent company (loan of 2,250 to their parent in the previous comparative period),

(Amounts in thousands Euro, unless stated otherwise)

b) The Company granted loans to the subsidiary TERNA MAG of amount 7,540 (granted amount of 998 and collected amount of 2,990 in the previous comparative period),
c) The Group and the Company collected 621 from associate companies for the repayment of loan and granted amount of 100 for loan to affiliated companies (collected amounts of 3,212 and 0 respectively, and granted amount of 830 in the previous comparative period),
d) the Group and the Company collected from issuance of new long-term bond loans from affiliated parties 20 and 0 (versus collection of 10 in the previous period and repayment of 37).

Share capital increase of parent company
The Group and the Company received the entire amount of the share capital increase (receivable of 45,750 during the comparative period).

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**	
	1.1-31.12.2016	**1.1-31.12.2015**	**1.1-31.12.2016**	**1.1-31.12.2015**
Remuneration for services rendered	1,438	1,357	1,183	992
Remuneration of employees	20	56	20	56
Remuneration for participation in Board meetings	251	0	250	0
	1,709	**1,414**	**1,453**	**1,049**
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Liabilities	28	27	8	5
Receivables	10	1	3	1

34. 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.

The procedure implemented is as follows:

- Evaluation of risks related to Group's activities and operations.

(Amounts in thousands Euro, unless stated otherwise)

- 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. 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 USD exchange rate.

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

(Amounts in thousands Euro, unless stated otherwise)

	2015										
(amounts in euros)	**RON**	**MKD**	**AED**	**QAR**	**BHD**	**USD**	**LYD**	**ALL**	**RSD**	**IQD**	**SAR**
Financial assets	(5,335)	18	63,614	78,309	38,252	3,501	7,635	886	29,403		(69)
Financial liabilities	(20,173)	2,500	(38,870)	(58,323)	(43,962)	0	(2,775)	(4,855)	(79,064)	(947)	(98)
Total current	**(25,508)**	**2,518**	**24,743**	**19,986**	**(5,710)**	**3,501**	**4,860**	**(3,969)**	**(49,661)**	**908**	**(167)**
Financial assets	20,084	(2,538)	3,001	21,411	17,917	(1,077)	2,774	4,783	65,647	638	(19)
Financial liabilities	0	0	(18,498)	(24,327)	(2,195)	(2,207)	0	0	0	(0)	0
Total non-current	**20,084**	**(2,538)**	**(15,497)**	**(2,916)**	**15,722**	**(3,284)**	**2,774**	**4,783**	**65,647**	**638**	**(19)**

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.

The table presents the effects of the +10% change. The effects of the -10% change is represented by the opposite amount.

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

	2015										
(amounts in euros)	**RON**	**MKD**	**AED**	**QAR**	**BHD**	**USD**	**LYD**	**ALL**	**RSD**	**IQD**	**SAR**
Effect on Net earnings after taxes	0	0	148	409	0	149	0	0	0	0	0
Effect on other comprehensive income after taxes	(1,552)	252	(90)	(7,123)	313	0	514	(120)	(4,005)	(386)	44

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.

With regard to the company's transactions with foreign houses, these take place mainly with European groups in Euro and therefore no such risk exists.

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 99.3% (versus 99.7% at the end of the previous year). The remaining amount was based on fixed interest rates.

(Amounts in thousands Euro, unless stated otherwise)

The short-term debt of the Group is based by 94% on floating rates (76% in the previous period) and by 6% 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% (2015: +/-20%). The changes in interest rates are estimated to be normal in relation to current market conditions.

	2016		**2015**	
	+20%	-20%	+20%	-20%
Net earnings after taxes (from interest bearing liabilities)	(7)	7	(13)	13
Net earnings after taxes (from interest earning assets)	14	(14)	(18)	18

The Group is not exposed to other interest rate risks.

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:

	31.12.2016	**31.12.2015**
Investments available for sale – Shares and other securities	1,345	19,728
Investments held for trading purposes - Shares	0	15,174
Loans and receivables – Other long-term receivables	96,540	32,829
Loans and receivables – Prepayments and other receivables	37,958	211,717
Loans and receivables – Trade receivables	222,011	271,351
Loans and receivables – Receivables from construction contracts	114,234	115,375
Cash and cash equivalents – Sight and time deposits	441,587	192,367
	913,675	**858,541**

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.

(Amounts in thousands Euro, unless stated otherwise)

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 2016 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.

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**	
31.12.2016	**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 respective maturity of financial liabilities for 31st December 2015 was as follows:

	Short term	**Long term**	
31.12.2015	**0 to 12 months**	**2 to 5 years**	**Over 5 years**
Long-term Debt	67,720	37,016	9,249
Liabilities from finance leases	5,865	21,261	63
Short-term Debt	70,634	0	0
Trade Liabilities	203,932	0	0
Other liabilities	37,994	17,324	0
Total	**386,145**	**75,601**	**9,312**

(Amounts in thousands Euro, unless stated otherwise)

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.

35. 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:

	31.12.2016	31.12.2015
Non-current assets		
Loans and receivables – Other long-term receivables	96,540	32,829
Financial assets at fair value – Investments available for sale	13,506	15,623
Total	**110,046**	**48,452**
Current assets		
Loans and receivables - Trade receivables	222,011	271,351
Loans and receivables - Trade receivables from construction contracts	114,234	115,375
Financial assets at fair value – Investments available for sale	0	18,827
Financial assets at fair value – Investments held for trading purposes	0	15,174
Loans and receivables - Prepayments and other receivables	37,958	211,717
Cash and cash equivalents	441,587	192,499
Total	**815,790**	**824,943**

	31.12.2016	31.12.2015
Non-current liabilities		
Financial liabilities at amortized cost – Long term loans	122,740	42,499
Financial liabilities at amortized cost – Liabilities from finance leases	16,470	20,084
Financial liabilities at amortized cost – Other long term liabilities	19,019	17,324
Total	**158,229**	**79,907**
Current liabilities		
Financial liabilities at amortized cost – Short term loans	46,698	67,295
Financial liabilities at amortized cost – Long term liabilities payable in the following year	5,421	69,590
Financial liabilities at amortized cost – Trade liabilities	191,146	203,932
Financial liabilities at amortized cost – Accrued and other short term liabilities	32,014	37,994
Total	**275,279**	**378,811**

(Amounts in thousands Euro, unless stated otherwise)

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 31.12.2016 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	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

The respective amounts on 31.12.2015 were 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	14,722	0	0
Listed shares (investments available for sale)	1	19,713	(4,429)	(1,455)
Listed shares (investments held for trading purposes)	1	15,174	(1,558)	0
Other financial assets (investments available for sale)	2	15	(35)	0

36. 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.

(Amounts in thousands Euro, unless stated otherwise)

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 2016 and 2015 was as follows:

	31.12.2016	**31.12.2015**
Interest bearing debt	191,329	199,468
Minus:		
Cash and Cash equivalents	(441,587)	(192,499)
Adjusted Net Debt	**(250,258)**	**6,969**
Equity	138,761	68,107
Grants	14,584	14,717
Adjusted Equity	**153,345**	**82,824**
Leverage ratio	**(163%)**	**8,41%**

37. CONTINGENT LIABILITIES

The Group in the context of executing construction projects, has issued Letters of Guarantee of good execution e.t.c. amounting in total to euro 1,196 million (euro 893 million at the end of the previous financial year).

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.

The Group may face probable legal claims from third parties. According to Management and the legal consultant this type of claims are not expected to have a significant impact on the operations and financial situation of the Group as of the 31st of December 2016.

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. 1124/22/6/2016). With regard to the above years the finalization of the audit from the Ministry of Finance is pending.

(Amounts in thousands Euro, unless stated otherwise)

On 26th September 2016, a tax audit invitation was presented to the Company concerning the financial year 2012. The above tax audit is currently under progress. On 28th December 2016, a tax audit invitation was presented to the Company concerning the financial year 2010. 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.

38. RECLASSIFICATION OF ITEMS

For comparability purposes, in the Statement of Cash Flows of years 2016 and 2015 an amount of 12,030 EUR was reclassified from the financing activities into the investing activities.
Apart from the reclassification mentioned above no other reclassifications have been made to the comparative accounts shown in the Statement of Financial Position, the Statement of Comprehensive Income or the Cash Flow Statement other than in tables of individual notes so that the information provided in those notes is comparable to that of the current year. Specifically, reclassifications have been made for comparability purposes in Note 19 "Other Long Term Liabilities" and in Note 28 in the analysis of "Cost of sales". The above reclassifications do not affect equity or results.

39. EVENTS AFTER THE BALANCE SHEET DATE

On 24/02/2017 our Company was notified of the Settlement Initiative by HCC. The settlement procedure is under progress and the issuance of the respective decision is expected. The Company as well as the Group proceeded to the recognition of an adequate provision which burdened the results for the year 2016.

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

(Amounts in thousands Euro, unless stated otherwise)

IV . DATA AND INFORMATION FOR THE PERIOD 1.1.2016-31.12.2016

TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY

S.A. Reg. No. 56330/01/B/04/506 (08), General Commercial Registry No.8554301000
85 Mesogeion Ave., 115 26, Athens, Greece
DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016
(Published according to C.L. 2190/20, article 135 for companies that prepare annual financial statements, consolidated and non-consolidated, according to IFRS)

The following data and information that arise from the financial statements, aim at providing general information for the financial position and results of "TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY". Therefore, before proceeding with any kind of investment decision or any other transaction with the company, readers should refer to the company's website, where the financial statements are posted, as well as the audit report by the certified auditor accountant.

Responsible Authority: Chamber of Commerce and Industry – General Electronic Commercial Registry (GEMI)
Company website: www.terna.gr
Approval date of the annual financial statements by the board of directors: 24/04/2017
Certified auditor accountant: Dionyssios Papageorgakopoulos (Reg. No. 37221)
Auditing firm: SOL SA
Type of audit report: Unqualified opinion

Board of Directors Composition:
GEORGIOS PERISTERIS (CHAIRMAN), MICHAIL GOURZIS (VICE CHAIRMAN), KONSTANTINOS VAVALETSKOS (VICE CHAIRMAN), GEORGIOS PERDIKARIS (EXECUTIVE DIRECTOR), EVANGELOS MASOURAS, EMMANUEL VRAILAS, ALEXANDROS MICHAILIDIS (MEMBERS OF BOD)

FIGURES FROM STATEMENT OF FINANCIAL POSITION

Amounts in thousand euro

	CONSOLIDATED		COMPANY	
	31/12/16	31/12/15	31/12/16	31/12/15
ASSETS				
Self used tangible fixed assets	106.444	105.974	74.349	75.057
Investment property	2.512	2.220	1.889	1.596
Intangible assets	52.996	65.795	785	4.680
Other non-current assets	197.443	115.956	254.692	271.678
Inventories	24.291	21.049	7.675	7.226
Trade receivables	222.011	271.351	305.635	219.564
Other current assets	765.491	599.225	620.945	519.066
TOTAL ASSETS	**1.371.188**	**1.181.570**	**1.265.970**	**1.098.867**
EQUITY & LIABILITIES				
Share capital	52.210	40.010	52.210	40.010
Other equity	68.952	53.803	104.651	153.360
Total Net Position of company shareholders (a)	121.162	93.813	156.861	193.370
Minority interest (b)	17.599	20.044	0	0
Total Net Position (c) = (a) + (b)	**138.761**	**113.857**	**156.861**	**193.370**
Long-term loans	139.210	62.583	137.839	61.564
Provisions/Other-long-term liabilities	383.615	315.454	368.572	311.376
Short-term bank liabilities	52.119	136.885	30.790	101.420
Other-short-term liabilities	657.483	552.791	571.908	431.137
Total liabilities (d)	1.232.427	1.067.713	1.109.109	905.497
TOTAL EQUITY & LIABILITIES (c) + (d)	**1.371.188**	**1.181.570**	**1.265.970**	**1.098.867**

ADDITIONAL DATA AND INFORMATION

1. The joint operations (tax joint ventures) of the Company and the subsidiaries, and joint ventures of the Group with their respective participation percentages that are consolidated or incorporated in the Group, as well as the joint operations not consolidated as their activities have been concluded, are reported in detail in Note 4 of the Financial Statements of 31 December 31/12/16.
- The joint operations that were incorporated in the Company's (separate) Financial Statements and the Group's Consolidated Financial Statements of the present period and had not been incorporated in the Financial Statements of the previous fiscal year, due to the fact that they were established, commenced activities or were acquired after the present period are the following: a) JV TERNA GCC WAC, b) JV TERNA-AI OMAIER, c) JV TERNA-CGCE(AMAS 1), d) JV RENCO-TERNA, e) JV J&P AVAX SA-TERNA SA-AKTOR SA-INTRAKAT, f) JV TERNA-CGCE (AMAS. 2). Due to the completion of the liquidation process the following companies were not included: a) TERNA ELECTRICAL MECHANICAL WLL, b) J/V TERNA-ENERG-TSAMBR. HOSPITAL OF DRAMA, c) JV EPL DRAMA and d) JV QBC S.A.-TERNA SA.
2. 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 year 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. 1124/22/6/2016). With regard to the above years, the finalization of the audit from the Ministry of Finance is pending.
On 26th September 2016, a tax audit invitation was presented to the Company concerning the financial year 2012. The above tax audit is under progress. On 28th December 2016 a tax audit invitation was presented to the Company concerning the financial year 2010. The Management of the Group estimates that with the completion of the tax audit, apart from those already recorded and depicted in the financial statements no additional tax obligations will arise that may have a material effect on the financial statements.
With regard to the tax unaudited fiscal years of the remaining consolidated companies, there is a relevant comment in the note 4 of the financial statements of 31/12/2016.
3. There are no pending litigations or cases under arbitration by courts or arbitration authorities that may have a significant impact on the Company's or Group's financial position. The accumulated provision for the litigations or cases under arbitration as at 31/12/2016, amount to EUR 1,000 thousand for the Group and to 0 thousand for the Company. The amount of the accumulated provision for the tax unaudited fiscal years of the Group's companies as at 31/12/2016, amounted to EUR 1,635 thousand and for the Company to EUR 1,435 thousand. The amount of the accumulated other provisions as at 31/12/2016 amounted to EUR 24,935 thousand for the Group and the Company.
4. The Other comprehensive income after income tax relates to: a) Loss from valuation of investments available for sale amounting to 2,374 thousand EUR for the Group and 536 thousand EUR for the Company, b) Loss deriving from proportional participation in other total comprehensive income of joint ventures amounting to 15 thousand EUR for the Group, c) Profit from foreign exchange translation differences due to the incorporation of operations abroad amounting to 4,352 thousand EUR for the Group and 1,827 thousand EUR for the Company, d) Reclassifications in the losses of previous fiscal years from the valuation of securities available for sale due to sale, of 11,338 thousand EUR for the Group and of 4,969 thousand EUR for the Company, e) Actuarial losses from defined benefit plans of 26 thousand EUR for the Group and 4 thousand EUR for the Company, f) Tax expenses corresponding to the said amounts of 1,149 thousand EUR for the Group and 536 thousand EUR for the Company.
5. At the end of the current fiscal year the Company employed 1,365 individuals and the Group 1,448 (excluding joint operations and companies abroad). Respectively, at the end of the previous year the Company employed 1,310 individuals and the Group 1,413 individuals (apart from the joint entities and operations abroad).
6. The entire amounts of transactions (inflows and outflows) cumulatively from the beginning of the financial period, as well as the balances of receivables and liabilities of the Company and the Group at the end of the present period, that have emerged from its transactions with its related parties, as such are defined by IAS 24, are as follows (in thousand EUR):

	Group	Company
Outflows - sales	564.082	516.992
Inflows - purchases	30.245	14.483
Receivables	153.228	227.914
Liabilities	25.184	31.261
Transactions & remuneration of BoD and executives	1.709	1.453
Receivables from BoD members and executives	10	3
Liabilities towards BoD members and executives	28	8

7. The Group holds directly or via its parent company, 583,349 shares of the parent company GEK TERNA SA, with acquisition cost of 1,135 thousand EUR.
8. The Company is consolidated in the financial statements of GEK TERNA SA HOLDING REAL ESTATE and CONSTRUCTION via the full consolidation method. The former is fully owned (100%) by the latter.
9. For comparability purposes, in the Statement of Cash Flows of years 2016 and 2015 an amount of 12,030 EUR was reclassified from the financing activities into the investing activities.
10. The Board of Directors of the Company will propose to the Annual General Meeting of Shareholders the distribution of dividend amounting to 10,000 thousand EUR.

FIGURES FROM STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousand euro

	CONSOLIDATED		COMPANY	
	1/1/16 - 31/12/16	1/1/15 - 31/12/15	1/1/16 - 31/12/16	1/1/15 - 31/12/15
Turnover	951.670	768.476	825.960	700.870
Gross profit	133.808	39.474	124.747	35.504
Profit/(Loss) before tax, financial and investment results (EBIT)	113.371	25.276	109.841	28.557
Profit/(Loss) before tax	51.913	465	(5.360)	22.620
Profit/(Loss) after tax (A)	22.822	(10.015)	(31.821)	9.190
-Shareholders of the company	25.262	(8.868)		
-Minority interest	(2.440)	(1.147)		
Other comprehensive income after taxes (B)	12.178	3.789	5.408	3.001
Total comprehensive income after taxes (A) + (B)	35.000	(6.226)	(26.413)	12.191
-Shareholders of the company	37.445	(5.079)		
-Minority interest	(2.445)	(1.147)		
Earnings/Losses after tax per share - basic (in €)	50,9897	(22,1648)		
Proposed dividend per share (in EUR)			19,1534	25,0000
Profit/(Loss) before tax, financial and investment results and depreciation (EBITDA)	135.936	52.224	120.798	44.378

FIGURES FROM STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euro

	CONSOLIDATED		COMPANY	
	31/12/16	31/12/15	31/12/16	31/12/15
Equity at the beginning of the period (1.1.16 and 1.1.15 respectively)	113.857	82.321	193.370	145.447
Total comprehensive income after taxes	35.000	(6.226)	(26.413)	12.191
Distributed dividends	(10.000)	(7.970)	(10.000)	(10.000)
Share capital increase	(96)	45.750	(96)	45.750
Purchase / sale of treasury shares	0	0	0	0
Other movements	0	(18)	0	(18)
Equity at the end of the period (31.12.16 and 31.12.15 respectively)	**138.761**	**113.857**	**156.861**	**193.370**

FIGURES FROM STATEMENT OF CASH FLOWS (indirect method)

Amounts in thousand euro

	CONSOLIDATED		COMPANY	
	1/1/16 - 31/12/16	1/1/15 - 31/12/15	1/1/16 - 31/12/16	1/1/15 - 31/12/15
Operating activities				
Profit before tax from operating activities	51.913	465	(5.360)	22.620
Adjustments for reconciliation of net cash flows from operating activities				
Depreciation	22.624	27.041	10.957	15.821
Amortization of grants	(59)	(93)	0	0
Other impairments	20.609	(9.018)	69.492	(3.487)
Provisions	18.274	1.338	23.487	4.710
Interest and related income	(5.906)	(3.398)	(4.615)	(3.534)
Interest and other financial expenses	11.640	22.676	9.982	23.137
Results from associates and joint ventures	397	11.265	0	0
Results from participations and securities	19.729	10.631	21.009	2.417
Results from tangible assets and investment property	1.240	(152)	786	(296)
Foreign Exchange Differences	273	(11.679)	135	(6.416)
Operating profit before changes in working capital	**140.732**	**49.076**	**125.873**	**54.972**
(Increase)/Decrease in:				
Inventories	(3.618)	(3.093)	(372)	1.412
Trade receivables	48.338	(9.758)	(97.138)	16.184
Advances and other short term receivables	2.830	(72.200)	3.597	(105.456)
Increase/(Decrease) in:				
Suppliers	(13.831)	2.741	(8.787)	12.110
Accruals and other short term liabilities	112.345	49.815	141.608	31.244
Receipt of grants	0	0	0	0
Other long-term receivables and liabilities	44.314	100.202	37.801	136.118
Income Tax payments	(44.610)	(31.953)	(33.657)	(31.922)
Net cash flows from operating activities (a)	**286.500**	**84.830**	**168.925**	**114.662**
Cash flows from investment activities				
Net additions of fixed assets	(16.804)	(9.739)	(11.945)	(2.695)
Sales of fixed assets	1.047	524	851	553
Interest and related income received	644	1.352	361	1.558
(Purchases) / sales of participations and securities	15.396	(36.720)	15.671	(36.720)
Net change of granted loans	(50.498)	(2.858)	(17.995)	(866)
Initial cash balance of companies acquired or which recorded change in their consolidation percentage rate	0	(698)	0	(698)
Net Cash flows for investment activities (b)	**(50.215)**	**(48.139)**	**(13.057)**	**(38.868)**
Cash flows from financial activities				
Change in parent company's share capital	45.654	0	45.654	0
Payments for increase of participation in subsidiaries without change in control	0	0	(1.920)	(12.030)
Net change of short-term loans	(20.396)	14.308	(6.717)	9.036
Net change of long-term loans	16.404	(1.803)	16.364	(4.797)
Payments for financial leases	(4.983)	(9.872)	(4.745)	(9.634)
Dividends paid	(12.000)	(8.000)	(12.000)	(8.000)
Interest and other financial expenses payable	(12.802)	(21.421)	(10.319)	(22.144)
Net Cash flows for financial activities (c)	**11.877**	**(26.788)**	**26.317**	**(47.569)**
Effect of foreign exchange differences on cash (d)	926	6.318	522	5.895
Net increase /(decrease) of cash & cash equivalents (a)+(b)+(c)+(d)	**249.088**	**16.221**	**182.707**	**34.120**
Cash & cash equivalents at the beginning of the year	192.499	176.278	140.260	106.140
Cash & cash equivalents at the end of the year	**441.587**	**192.499**	**322.967**	**140.260**

Athens, 24 April 2017

THE CHAIRMAN OF BOD	THE EXECUTIVE DIRECTOR	THE CHIEF FINANCIAL OFFICER	THE HEAD ACCOUNTANT
GEORGIOS PERISTERIS	GEORGIOS PERDIKARIS	PANAGIOTIS KAZANTZIS	PARTHENA KOUVAKA
ID NO. : AB 560298	ID NO. : X 516918	G.E.C. No. 0010000	G.E.C. No. 0071187