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TERNA OVERSEAS LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2013

TERNA OVERSEAS LIMITED

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Year ended 31 December 2013

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Alexis Hadjinikolaou (appointed 4 March 2013) Despina Georgiou (appointed 4 March 2013) Myrto Achnioti (appointed 9 December 2013) Nikolaos Pitsakis (appointed 4 March 2013 and resigned 9 December 2013) Stelios Panayides (resigned 4 March 2013) Xenia Koustai (resigned 4 March 2013) Androulla (Andri) Efthimiou (resigned 4 March 2013) Panagiotis Pothos Konstantinos Iliadis
Company Secretary:	Alexis Hadjinikolaou Annis Komninis, 37 Elenion Building, 2nd floor Flat/Office 7, Nicosia Cyprus
Independent Auditors:	CKZ Audit Ltd 14 Pireos Street 2023 Nicosia Cyprus
Registered office:	Annis Komninis, 37 Elenion Building, 2nd floor Flat/Office 7, Nicosia Cyprus

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2013.

Principal activities
The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction field, the execution and supervision of public and private technical projects and land development including any interest earning activities.

The Company did not operate through any branches during the year.

Review of current position, future developments and significant risks
The net loss for the year attributable to the shareholders of the Company amounted to €11.451.991 (2012: profit €644.357). On 31 December 2013 the total assets of the Company were €57.691.836 (2012: €72.629.293) and the net assets of the Company were €50.690.280 (2012: €63.166.351). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 3 and 23 of the financial statements.

Results
The Company's results for the year are set out on page 6.

Dividends
The Board of Directors does not recommend the payment of a dividend.

Share capital
On 15 May 2013, the Company increased its share capital from 179.635 to 181.606 ordinary shares, by issuing 1.971 ordinary shares of a nominal value €10 each, at a premium of €230 each, totalling €473.040.

On 13 December 2013, the Company decreased its share capital from 181.606 to 139.939 ordinary shares, by cancelling 41.667 ordinary shares of a nominal value €10 each, and decreased share premium with the 41.667 ordinary shares cancelled of €230 each, totalling €10.000.080.

On 19 December 2013, the Company increased its share capital from 139.939 to 167.034 ordinary shares, by issuing 27.095 ordinary shares of a nominal value of €10 each, at a premium of €230 each, totalling €6.502.800.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1. Mr. Nikolaos Pitsakis who was appointed director 4 March 2013 resigned on 19 December 2013 and on the same date Mrs. Myrto Achnioti was appointed in his place.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Operating Environment of the Company
Any significant events that relate to the operating environment of the Company are described in note 23

Independent Auditors
The Independent Auditors, CKZ Audit Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Alexis Hadjinikolaou
Director

Nicosia, 26 March 2014

W: www.ckzaudit.com

Independent auditor's report

To the Members of Terna Overseas Limited

Report on the financial statements

We have audited the financial statements of parent company Terna Overseas Limited (the "Company") on pages 6 to 29 which comprise the statement of financial position as at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the financial position of parent company Terna Overseas Limited as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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Independent auditor's report (continued)

To the Members of Terna Overseas Limited

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Andreas Zenieris
Certified Public Accountant and Registered Auditor
for and on behalf of
CKZ Audit Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 26 March 2014

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STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	Note	2013 €	2012 €
Revenue	5	**7.839.951**	14.907.537
Cost of sales		**(7.909.539)**	(14.515.758)
Gross (loss)/profit		**(69.588)**	391.779
Other income	6	**1.733.948**	816.298
Selling and distribution expenses		**-**	(250)
Administration expenses		**(89.513)**	(121.628)
Other expenses	7	**(12.634.697)**	-
Operating (loss)/profit		**(11.059.850)**	1.086.199
Finance costs	10	**(104.849)**	(140.814)
(Loss)/profit before tax		**(11.164.699)**	945.385
Tax	11	**(287.292)**	(301.028)
Net (loss)/profit for the year		**(11.451.991)**	644.357
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(11.451.991)**	644.357

STATEMENT OF FINANCIAL POSITION
31 December 2013

	Note	2013 €	2012 €
ASSETS			
Non-current assets			
Investments in subsidiaries	14	**23.787.868**	33.608.837
Investments in associated undertakings	15	**7.674.849**	-
Non-current loans receivable	16	**-**	7.697.531
		31.462.717	41.306.368
Current assets			
Trade and other receivables	17	**20.241.303**	23.733.088
Loans receivable	16	**5.839.467**	7.010.886
Cash at bank and in hand	18	**148.349**	578.951
		26.229.119	31.322.925
Total assets		**57.691.836**	72.629.293
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**1.670.340**	1.796.350
Share premium	19	**38.187.820**	41.086.050
Advances for future share capital increase		**2.000.160**	-
Retained earnings		**8.831.960**	20.283.951
Total equity		**50.690.280**	63.166.351
Non-current liabilities			
Borrowings	20	**534.630**	-
Trade and other payables	21	**2.396.779**	-
		2.931.409	-
Current liabilities			
Trade and other payables	21	**3.824.062**	7.859.940
Borrowings	20	**-**	1.418.512
Current tax liabilities	22	**246.085**	184.490
		4.070.147	9.462.942
Total liabilities		**7.001.556**	9.462.942
Total equity and liabilities		**57.691.836**	72.629.293

On 26 March 2014 the Board of Directors of Terna Overseas Limited authorised these financial statements for issue.

....	....
Alexis Hadjinikolaou	Despina Georgiou
Director	Director

The notes on pages 10 to 29 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2013

	Note	Share capital €	Share premium €	Advances for future share capital increase €	Retained earnings €	Total €
Balance at 1 January 2012		**1.368.000**	**31.234.000**	**-**	**19.639.594**	**52.241.594**
Comprehensive income						
Net profit for the year		-	-	-	644.357	644.357
Transactions with owners						
Issue of share capital	19	428.350	9.852.050	-	-	10.280.400
Balance at 31 December 2012/ 1 January 2013		**1.796.350**	**41.086.050**	**-**	**20.283.951**	**63.166.351**
Comprehensive income						
Net loss for the year		-	-	-	(11.451.991)	(11.451.991)
Transactions with owners						
Issue of share capital	19	19.710	453.330	-	-	473.040
Issue of share capital		270.950	6.231.850	-	-	6.502.800
Reduction of share capital and premium		(416.670)	(9.583.410)	-	-	(10.000.080)
Advances from owners for future share capital increase		-	-	2.000.160	-	2.000.160
Balance at 31 December 2013		**1.670.340**	**38.187.820**	**2.000.160**	**8.831.960**	**50.690.280**

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

CASH FLOW STATEMENT
Year ended 31 December 2013

	Note	2013 €	2012 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(11.164.699)**	945.385
Adjustments for:			
Unrealised exchange (profit) /loss		**(96.729)**	60.752
Impairment charge - investments in subsidiaries	14	**12.634.697**	-
Interest income	6	**(598.459)**	(723.496)
Interest expense	10	**59.914**	59.922
Cash flows from operations before working capital changes		**834.724**	342.563
Increase in trade and other receivables		**(7.394.206)**	(16.946.855)
(Decrease)/increase in trade and other payables		**(1.639.099)**	4.950.111
Cash flows used in operations		**(8.198.581)**	(11.654.181)
Tax paid		**(225.697)**	(266.641)
Net cash flows used in operating activities		**(8.424.278)**	(11.920.822)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		-	(500.000)
Loans repayments received		-	1.477.613
Interest received		**76**	110.129
Net cash flows from investing activities		**76**	1.087.742
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**6.975.840**	10.280.400
Advances from shareholders for future share capital increase		**2.000.160**	-
Repayments of borrowings		**(4.143.796)**	(1.477.613)
Proceeds from borrowings		**3.200.000**	-
Interest paid		**(14.260)**	(59.922)
Net cash flows from financing activities		**8.017.944**	8.742.865
Net decrease in cash and cash equivalents		**(406.258)**	(2.090.215)
Cash and cash equivalents:			
At beginning of the year		**578.951**	2.729.918
Effect of exchange rate fluctuations on cash held		**(24.344)**	(60.752)
At end of the year	18	**148.349**	578.951

The notes on pages 10 to 29 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company Terna Overseas Limited (the "Company") was incorporated in Cyprus on 20 May 2006 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at Annis Komninis, 37, Elenion Building, 2nd floor, Flat/Office 7, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction field, the execution and supervision of public and private technical projects and land development including any interest earning activities.

The Company did not operate through any branches during the year.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2013.

Since the 7th Directive of the European Union permits the preparation of consolidated financial statements in accordance with the Directive or in a manner equivalent to the Directive, and since the Cyprus Companies Law, Cap. 113, provides the aforementioned exemption, the provisions of International Accounting Standard 27 "Consolidated and separate financial statements" that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

As from 1 January 2013, the Company adopted all the following IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements.

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(i) Adopted by the European Union
New standards
- *IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).*
- *IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014).*
- *IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).*

Amendments
IFRS Interpretations Committee
- *IAS 27 (Revised): "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).*
- *IAS 28 (Revised): "Investments in Associates" (effective for annual periods beginning on or after 1 January 2014).*
- *Amendment to IAS32 "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).*
- *Amendment to IAS 36 "Recoverable Amount - Disclosures for Non-Financial Assets" (effective for annual periods beginning on or after 1 January 2014).*
- *Amendment to IAS 39 "Financial Instruments: Recognition and Measurement", Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).*
- *Transition Guidance for IFRS 10, 11 & 12 (effective for annual periods beginning on or after 1 January 2014).*
- *Investment Entities amendments to IFRS 10, IFRS 12, and IAS 27 (effective for annual periods beginning on or after 1 January 2014).*

(ii) Not adopted by the European Union
New standards
- *IFRS 9 "Financial Instruments" issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. (effective for annual periods beginning on or after 1 January 2013).*
- *IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).*

Amendments
- *Amendments to IAS 19 - "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014).*
- *IFRS 9 "Financial Instruments" (issued 12 November 2009) and subsequent amendments (amendments to IFRS 9 and IFRS 7 issued 16 December 2011) (effective for annual periods beginning on or after 1 January 2015).*
- *Annual Improvements to IFRSs 2010–2012 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014)*
- *Annual Improvements to IFRSs 2011–2013 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014)*

New IFRICs
- *IFRIC 21 "Levies" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).*

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

2. Accounting policies (continued)

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable products provided in the normal course of business, net of discounts and sales related taxes. Revenues earned by the Company are recognised on the following bases:

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Rental income**

  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance income

Finance income includes interest income which is recognised based on an accrual basis.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) **Functional and presentation currency**
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

2. Accounting policies (continued)

(2) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Loans and receivables

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

(2) Recognition and measurement

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors
The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2013	2012
	€	€
Fixed rate instruments		
Financial assets	**5.839.467**	13.289.905
Financial assets	-	1.418.512
Financial liabilities	-	(1.418.512)
	5.839.467	13.289.905

3.2 Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.3 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2013	Carrying amounts	Contractual cash flows	On demand	Within 1 year	Between 1-5 years	More than 5 years
	€	€	€	€	€	€
Trade and other payables	2.724.062	2.724.062	-	2.724.062	-	-
Payables to related parties	2.418.329	4.418.489	4.418.489	-	-	-
Loans from related companies	534.630	534.630	-	-	534.630	-
	5.677.021	**7.677.181**	**4.418.489**	**2.724.062**	**534.630**	**-**

31 December 2012	Carrying amounts	Contractual cash flows	On demand	Within 1 year	Between 1-5 years	More than 5 years
	€	€	€	€	€	€
Bank loans	1.418.512	1.418.512	-	1.418.512	-	-
Trade and other payables	2.255.012	2.255.012	2.255.012	-	-	-
Payables to related parties	2.521.404	2.521.404	2.521.404	-	-	-
	6.194.928	**6.194.928**	**4.776.416**	**1.418.512**	**-**	**-**

3. Financial risk management (continued)

3.4 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar.. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated significant monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2013	2012	**2013**	2012
	€	€	**€**	€
United States Dollars	-	(1.418.512)	-	1.418.512
	-	(1.418.512)	-	1.418.512

3.5 Capital risk management
The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

the Company's gearing ratio is calculated as follows:

	2013	2012
	€	€
Total borrowings (Note 20)	**534.630**	1.418.512
Less: Cash and cash equivalents (Note 18)	**(148.349)**	(578.951)
Net debt	**386.281**	839.561
Total equity	**50.690.280**	63.166.351
Total capital	**51.076.561**	64.005.912
Gearing ratio	**0,76%**	1,31%

The decrease in the gearing ratio during year ended 31 December 2013 resulted primarily from the repayment of the bank loan.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Critical accounting estimates and judgments (continued)

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  Management estimates that possible exposure in relation to profit tax risks that are more than remote, but for which no liability is required to be recognised under IFRS, could be up to ...% of the Company's profit before tax for the current year in absolute terms. This estimation is provided for the IFRS requirement for disclosure of possible taxes and should not be considered as an estimate of the Company's future tax liability.

- **Impairment of investments in subsidiaries/associates**

  The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Revenue

	2013	2012
	€	€
Rent of generators	-	4.100.684
Consultancy services	**6.625.810**	9.801.109
Rent of Machinery	**1.214.141**	1.005.744
	7.839.951	14.907.537

6. Other income

	2013	2012
	€	€
Interest income	**598.459**	723.496
Other income (1)	**1.135.489**	92.802
	1.733.948	816.298

(1) The above amount includes €1.009.163 being advance payment from Bin Kamil Group transferred to the Profit and Loss during the year (Note 21).

Interest revenue is analysed as follows:

	2013	2012
	€	€
Bank deposits	**76**	16.153
Loans related party	**598.383**	707.343
	598.459	723.496

7. Other expenses

	2013 €	2012 €
Impairment charge - investments in subsidiaries	12.634.697	-
	12.634.697	-

8. Expenses by nature

	2013 €	2012 €
Staff costs (Note 9)	4.973.105	3.739.191
Auditors' remuneration for the statutory audit of annual accounts	5.000	4.000
Rent of equipment	1.156.331	957.853
Telecommunication expenses	8.907	12.304
Services received	1.157.346	6.894.420
Financial charges	467.566	1.085.033
Transportation expenses	147.964	164.542
Rent expenses on generators	-	1.000.008
Other expenses on generators	-	662.814
Accounting fees	12.492	34.400
Bank charges	19.710	29.477
Irrecoverable VAT	-	20.400
Impairment charge	12.634.697	-
Other expenses	50.631	33.194
Total expenses	20.633.749	14.637.636

9. Staff costs

	2013 €	2012 €
Wages and salaries	4.967.402	3.699.000
Social insurance costs and other funds	4.655	31.107
Social cohesion fund	1.048	9.084
	4.973.105	3.739.191

Wages and salaries consists of €50.411 (2012: €454.190) wages and salaries to cypriot employees and €4.915.310 (2012: €3.244.810) wages and salaries to foreign employees.

10. Finance costs

	2013 €	2012 €
Net foreign exchange transaction losses	44.935	80.892
Interest expense	59.914	59.922
	104.849	140.814

11. Tax

	2013	2012
	€	€
Corporation tax - current year	**192.764**	206.880
Corporation tax - prior years	**-**	10.379
Withholding tax on interest receivable	**59.361**	82.038
Defence contribution - current year	**11**	1.731
Withholding tax on interest receivable - prior year	**35.156**	-
Charge for the year	**287.292**	301.028

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2013	2012
	€	€
(Loss)/profit before tax	**(11.164.699)**	945.385
Tax calculated at the applicable tax rates	**(1.395.587)**	94.539
Tax effect of expenses not deductible for tax purposes	**1.744.216**	148.885
Tax effect of allowances and income not subject to tax	**(126.155)**	(1.615)
10% additional charge	**11.842**	10.016
Defence contribution current year	**11**	1.731
Prior year tax	**35.156**	10.379
Overseas tax in excess of credit claim used during the year	**17.809**	37.093
Tax charge	**287.292**	301.028

The corporation tax rate is 12,5% (2012:10%). In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

12. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2013

	Loans and receivables	Total
	€	€
Assets as per statement of financial position:		
Trade and other receivables (excluding deposits and prepayments)	20.184.809	20.184.809
Loans granted	5.839.467	5.839.467
Financial assets	31.462.717	31.462.717
Cash and cash equivalents	148.349	148.349
Total	**57.635.342**	**57.635.342**

	Borrowings and other financial liabilities	Total
	€	€
Liabilities as per statement of financial position:		
Borrowings	534.630	534.630
Trade and other payables (excluding accruals)	7.142.551	7.142.551
Total	**7.677.181**	**7.677.181**

12. Financial instruments by category (continued)

31 December 2012	Loans and receivables €	Total €
Assets as per statement of financial position:		
Trade and other receivables (excluding deposits and prepayments)	23.683.088	23.683.088
Loans granted	14.708.417	14.708.417
Financial assets	33.608.837	33.608.837
Cash and cash equivalents	578.951	578.951
Total	**72.579.293**	**72.579.293**

	Borrowings and other financial liabilities €	Total €
Liabilities as per statement of financial position:		
Borrowings	1.418.512	1.418.512
Trade and other payables (excluding accruals)	4.797.194	4.797.194
Total	**6.215.706**	**6.215.706**

13. Credit quality of financial assets

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	2013 €	2012 €
Fully performing trade receivables		
Counterparties without external credit rating		
Group 1	-	2.531
	-	2.531
Total fully performing trade receivables	-	2.531
Fully performing other receivables		
Group 4	**25.769.856**	38.368.604
Group 5	**253.920**	15.800
Group 6	**500**	4.500
	26.024.276	38.388.904
Cash at bank and short term bank deposits (1)		
Ca	**18.894**	31.674
Caa1	**4.161**	46.397
Caa2	**87.999**	62.763
Baa2	**36.957**	302.914
No rating	**338**	134.403
	148.349	578.151

The rest of the statement of financial position item "Cash and cash equivalents" is cash in hand.

Group 1 - new customers (less than 6 months).

Group 2 - existing customers (more than 6 months) with no defaults in the past.

Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

13 Credit quality of financial assets (continued)

Group 4 - companies within the group, common control companies and associates with no defaults in the past.

Group 5 - Directors, shareholders and key management personnel.

Group 6 - other receivables.

None of the financial assets that are fully performing has been renegotiated.

14. Investments in subsidiaries

	2013	2012
	€	€
Balance at 1 January	**33.608.837**	33.608.837
Capital contribution in subsidiary investments	**19.793.228**	-
Impairment charge	**(12.634.697)**	-
Return of capital contribution	**(16.979.500)**	-
Balance at 31 December	**23.787.868**	33.608.837

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	**2013 Holding %**	2012 Holding %	**2013 €**	2012 €
Terna Bahrain Holding W.L.L. (1)	Bahrain	Services	**99,99**	99,99	**1.700.000**	31.314.197
Terna Qatar (2)	Qatar	Services	**35**	35	**19.836.799**	43.571
Malcem Contruction Materials Ltd	Malta	Construction	**75**	75	**2.250.000**	2.250.000
Terna Contracting W.L.L. (3)	Bahrain	Services	**0.01**	0.01	**169**	169
QE Energy Europe Ltd	Cyprus	Supply of gas	**90**	90	**900**	900
					23.787.868	33.608.837

(1) During the period the company received from the subsidiary BHD 8.446.228 (€16.979.500) being return of capital contribution made in 2010. Also based on management assessment the Company has posted an impairment loss of €12.634.697.

(2) During the current and prior year the Company granted to the subsidiary temporary financing with the intention to capitalise the total amount into the cost of the investment. Taking into consideration the Qatari Law and its specific local provisions, a share capital increase cannot take place. Consequently the temporary financing was converted into an interest free subordinated loan based on an agreemnet concluded between the parties during the year, and the total amount of €19.793.228 was capitalised into the cost of the investment as capital contribution.

The Company based on an agreement holds control of the management.

(3) The Company has also 99,99% indirect shareholding in Terna Contracting W.L.L. through its 99,99% investment in Terna Bahrain Holding W.L.L.

15. Investments in associated undertakings

	2013 €	2012 €
Balance at 1 January	-	-
Additions	7.674.849	-
Balance at 31 December	**7.674.849**	-

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2013 Holding %	2012 Holding %	2013 €	2012 €
Icon Borovets Eood (1)	Bulgaria	Real estate	43,57	-	7.674.849	-
					7.674.849	-

(1) On 16 September 2013, 150.107 newly issued shares with a nominal value of BGN100 each were alloted to the Company, against in kind contribution of receivable from Icon Borovets Eood arising from the Loan Agreement dated 16 December 2010. The receivable represents the obligation for repayment of the unpaid loan due amounting to EUR 7.000.000 together with the accrued contractual interest due till 31 December 2012 amounting to EUR 674.849.

16. Non-current loans receivable

	2013 €	2012 €
Balance at 1 January	14.708.417	15.154.702
New loans granted	-	500.000
Repayments	-	(1.477.613)
Interest charged	598.383	707.343
Repayment of interest	-	(93.977)
Against capital contribution (Note 15)	(7.674.849)	-
Transferred to account receivable	(1.721.168)	-
Withholding tax	(94.518)	(82.038)
Foreign exchange	23.202	-
Balance at 31 December	**5.839.467**	14.708.417

	2013 €	2012 €
Loans to own subsidiaries (Note 24)	-	1.418.512
Loans to related companies (Note 24)	5.839.467	13.289.905
	5.839.467	14.708.417
Less current portion	(5.839.467)	(7.010.886)
Non-current portion	-	7.697.531

The loans are repayable as follows:

	2013 €	2012 €
Within one year	5.839.467	7.010.886
Between one and five years	-	7.697.531
	5.839.467	14.708.417

The exposure of the Company to credit risk is reported in note 3 of the financial statements.

16. Non-current loans receivable (continued)

The fair values of non-current receivables approximate to their carrying amounts as presented above.

The loan to Terna Bahrain Holding W.L.L. carried interest at rate of LIBOR + 1,2% and was transferred to the receivable account during the year.

The loan to Icon Borovets Eood carried interest at rate of 5% per annum, was unsecured and repayable on 20 December 2017. The loan was set-off during the year against shares in the company (refer to Note 15).

The loan to Icon Eood carries interest at rate of 5% per annum, is unsecured and repayable on demand.

17. Trade and other receivables

	2013	2012
	€	€
Trade receivables	**-**	2.531
Receivables from own subsidiaries (Note 24)	**9.880.931**	16.449.469
Receivables from related companies (Note 24)	**10.049.458**	7.210.718
Receivables from parent (Note 24)	**253.920**	15.800
Deposits and prepayments	**50.000**	50.000
Other receivables	**500**	4.570
Refundable VAT	**6.494**	-
	20.241.303	23.733.088

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

18. Cash at bank and in hand

Cash balances are analysed as follows:

	2013	2012
	€	€
Cash at bank and in hand	**148.349**	578.951
	148.349	578.951

19. Share capital and share premium

Issued and fully paid	Number of shares	Share capital €	Share premium €	Total €
Balance at 1 January 2012	136.800	1.368.000	31.234.000	32.602.000
Issue of shares	42.835	428.350	9.852.050	10.280.400
Balance at 31 December 2012/ 1 January 2013	**179.635**	**1.796.350**	**41.086.050**	**42.882.400**
Issue of shares on 15 March 2013	1.971	19.710	453.330	473.040
Share capital and premium reduction on 13 December 2013	(41.667)	(416.670)	(9.583.410)	(10.000.080)
Issue of shares on 19 December 2013	27.095	270.950	6.231.850	6.502.800
Balance at 31 December 2013	**167.034**	**1.670.340**	**38.187.820**	**39.858.160**

The total authorised number of ordinary shares is 167.034 shares with a par value of €10 per share. All issued shares are fully paid.

20. Borrowings

	2013 €	2012 €
Balance at 1 January	**1.418.512**	2.896.125
Additions	**3.200.000**	-
Repayments	**(4.143.796)**	(1.537.535)
Interest charged	**59.914**	59.922
Balance at 31 December	**534.630**	1.418.512

	2013 €	2012 €
Current borrowings		
Bank loans	-	1.418.512
Non current borrowings		
Loans from related companies (Note 24)	**534.630**	-
Total	**534.630**	1.418.512

Maturity of non-current borrowings:

	2013 €	2012 €
Between two and five years	**534.630**	-

The Company borrowings are denominated in the following currencies:

	2013 €	2012 €
United States Dollars	-	1.418.512
Euro	**534.630**	-
	534.630	1.418.512

The Company's bank loan carried interest at LIBOR + 0,9% p.a. and was secured with guarantees from the Company's sole shareholder, Terna S.A. It was repaid by semi-annual installments on 9 May 2013.

21. Trade and other payables

	2013	2012
	€	€
Trade payables	**2.651.681**	1.205.539
Prepayments from clients (1)	**-**	1.009.163
Social insurance and other taxes	**1.311**	-
VAT	**-**	20.778
Payables to parent (Note 24)	**2.396.779**	2.499.854
Accruals	**1.077.139**	3.062.746
Other creditors	**72.381**	40.310
Payables to related companies (Note 24)	**21.550**	21.550
	6.220.841	7.859.940
Less non-current payables	**(2.396.779)**	-
Current portion	**3.824.062**	7.859.940

(1) The Company has signed an agreement with Bin Kamil Group ('third party') for the sale of the 24% shareholding in Malcem Construction Materials Limited for €3.199.000. According to the agreement the third party has advanced to the Company an amount of €1.009.163. The agreement has never been executed and was under renegotiation by the two parties. According to the court decision concluded during the year each party will release and discharge the other from any claims. The advance payment received will not be paid back to Bin Kamil, and the total amount was transferred to the profit and loss under 'other income'.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

22. Current tax liabilities

	2013	2012
	€	€
Corporation tax	**246.085**	184.490
	246.085	184.490

23. Operating Environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through "bail in" for Laiki Bank and Bank of Cyprus, and the imposition of capital controls together with the current situation of the banking system and the continuing overall economic recession, have affected:

- The ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- The ability of the Company's trade and other debtors to repay the amounts due to the Company

23. Operating Environment of the Company (continued)

(1) Whether any impairment provisions are deemed necessary for the Company's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period. Provisions for trade receivables are determined using the incurred loss model required by the applicable accounting standards. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

24. Related party transactions

The Company is controlled by Terna S.A., incorporated in Greece, which owns 100% of the Company's shares. The Company's ultimate controlling party is Gek Terna S.A., which is listed in the Athens Stock Exchange.

The following transactions were carried out with related parties:

24.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2013	2012
	€	€
Directors' fees	1.680	578
	1.680	578

24.2 Sales of services

	Nature of transactions	2013 €	2012 €
Terna Qatar LLC	Recharge of payroll	154.017	365.900
Terna S.A.	Consultancy services	784.550	870.097
Terna S.A. Abu Dhabi	Recharges of payroll	-	11.667
Terna S.A. Ogranak Terna S.A.	Consultancy services	5.275.650	8.553.445
Terna S.A. Ogranak Terna S.A.	Rent of equipment	1.214.141	1.005.744
QE Energy Europe Ltd	Recharge of payroll	72.658	-
Terna S.A. Branch Bulgaria	Consultancy services	338.935	-
		7.839.951	10.806.853

The above related parties are all group companies and they are related to the Company by way of common control.

24.3 Purchases of services

	Nature of transactions	2013 €	2012 €
Terna S.A.	Rent of equipment	1.156.331	957.853
Terna S.A.	Telecommunication expenses	8.907	12.304
Terna S.A.	Financial charges	467.566	1.085.033
Terna S.A.	Transportation expenses	147.964	30.817
Terna S.A.	Rent expense on generators	-	1.000.008
		1.780.768	3.086.015

24. Related party transactions (continued)

24.4 Receivables from own subsidiaries and related parties (Note 17)

Name	Nature of transactions	2013 €	2012 €
Malcem Construction Material Ltd (subsidiary)	Finance	**76.819**	76.819
Terna Qatar LLC (subsidiary)	Trade + Finance	**934.066**	9.895.449
Terna Bahrain Holding WLL (subsidiary)	Finance	**7.945.689**	5.955.556
Terna Contracting WLL (subsidiary)	Finance	**87.500**	87.500
QE Energy Europe Ltd (subsidiary)	Finance	**562.180**	434.145
Icon Borovets Eood	Finance	**274.677**	-
Terna SA Sharjan Branch	Finance	**354.932**	99.770
Terna SA Libya branch	Finance	**533.272**	134.048
Terna SA Serbia branch	Finance	**-**	713
Terna SA Abu Dhabi	Finance	**44.482**	44.583
Terna S.A. Ogranak	Trade	**8.871.208**	6.931.604
Terna Energy Overseas Ltd	Finance	**874**	-
Valeplus Ltd	Finance	**755**	-
Terna SA Bulgaria Branch	Finance	**243.935**	-
		19.930.389	23.660.187

The above related parties are all group companies and they are related to the Company by way of common control.

24.5 Loans to associated undertakings (Note 16)

	2013 €	2012 €
Terna Bahrain Holding WLL (principal amount)	**-**	1.418.513
Icon Borovets Eood (principal amount)	**-**	7.000.000
Icon Borovets Eood (interest)	**-**	697.531
Icon Eood (principal amount)	**5.200.000**	5.200.000
Icon Eood (interest)	**639.467**	392.373
	5.839.467	14.708.417

The above related parties are all group companies and they are related to the Company by way of common control.

24.6 Payables to related parties (Note 21)

Name	Nature of transactions	2013 €	2012 €
Valeplus Ltd	Finance	**19.550**	19.550
Terna Energy Overseas Ltd	Finance	**2.000**	2.000
		21.550	21.550

The above related parties are all group companies and they are related to the Company by way of common control.

24.7 Loans from related undertakings (Note 20)

	2013 €	2012 €
Terna Energy Overseas Ltd	**534.630**	-
	534.630	-

The loan bears interest at the rate of 8% per annum, and is repayable by 31 December 2015.

24. Related party transactions (continued)

24.8 Shareholders' current accounts - debit balances (Note 17)

	2013	2012
	€	€
Terna S.A.	**253.920**	15.800
	253.920	15.800

The shareholders' current account is interest free, and has no specified repayment date.

24.9 Shareholders' current accounts - credit balances (Note 21)

	2013	2012
	€	€
Terna S.A.	**2.396.779**	2.499.854
	2.396.779	2.499.854

The shareholders' current account is interest free, and has no specified repayment date.

25. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2013.

26. Commitments

The Company had no capital or other commitments as at 31 December 2013.

27. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

On 4 March 2014 the Company increased its share capital by €497.940 (49.794 shares of nominal value €10 each) to €2.168.280 and its share premium by €11.452.620 (€240 per share) to €49.640.440.

Other than the above, there were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 and 5

DETAILED INCOME STATEMENT
Year ended 31 December 2013

	Page	2013 €	2012 €
Revenue			
Rent of generators		**-**	4.100.684
Consultancy services		**6.625.810**	9.801.109
Rent of Machinery		**1.214.141**	1.005.744
Cost of sales	31	**(7.909.539)**	(14.515.758)
Gross (loss)/profit		**(69.588)**	391.779
Other operating income			
Bank interest		**76**	16.153
Other interest income		**598.383**	707.343
Other income		**1.135.489**	92.802
		1.664.360	1.208.077
Operating expenses			
Administration expenses	32	**(89.513)**	(121.628)
Selling and distribution expenses	32	**-**	(250)
		1.574.847	1.086.199
Other operating expenses			
Impairment charge - investments in subsidiaries		**(12.634.697)**	-
Operating (loss)/profit		**(11.059.850)**	1.086.199
Finance costs	33	**(104.849)**	(140.814)
Net (loss)/profit for the year before tax		**(11.164.699)**	945.385

COST OF SALES
Year ended 31 December 2013

	2013	2012
	€	€
Cost of sales		
Closing stocks	**-**	-
Direct costs		
Wages and salaries	**4.965.722**	3.698.422
Social insurance etc	**4.655**	31.107
Social cohesion fund	**1.048**	9.084
Rent of equipment	**1.156.331**	957.853
Telecommunication expenses	**8.907**	12.475
Services received	**1.157.346**	6.894.420
Financial Charges	**467.566**	1.085.033
Transportation expenses	**147.964**	164.542
Rent expense on generators	**-**	1.000.008
Other expenses on generators	**-**	662.814
	7.909.539	14.515.758

OPERATING EXPENSES
Year ended 31 December 2013

	2013 €	2012 €
Administration expenses		
Directors' fees	**1.680**	578
Rent	**5.200**	6.500
Professional licence fee	**-**	444
Electricity	**645**	414
Insurance	**-**	80
Repairs and maintenance	**2.720**	-
Sundry expenses	**19.382**	11.241
Courier expenses	**188**	558
Stationery and printing	**1.655**	924
Subscriptions and contributions	**430**	430
Certification and legalisation expenses	**3.162**	1.984
Auditors' remuneration for the statutory audit of annual accounts	**5.000**	4.000
Accounting fees	**12.492**	34.400
Other professional fees	**6.044**	2.904
Revenue stamps	**15**	6.944
Fines	**9.335**	-
Inland travelling and accommodation	**455**	-
Irrecoverable VAT	**-**	20.400
Levy	**1.400**	350
Bank charges	**19.710**	29.477
	89.513	121.628

	2013 €	2012 €
Selling and distribution expenses		
Advertising	**-**	250
	-	250

FINANCE COSTS
Year ended 31 December 2013

	2013 €	2012 €
Finance costs		
Interest expense		
Loan interest	**59.914**	59.922
Net foreign exchange transaction losses		
Realised exchange loss	**141.664**	20.140
Unrealised exchange loss	**(96.729)**	60.752
	104.849	140.814