

**R.F. ENERGY**  
**HOLDING SOCIETE ANONYME**

**Distinctive title : R.F. ENERGY S.A.**

**128 Vouliagmenis Avenue - 166 74**

**Glyfada, Attiki**

**G.E.M.I Reg. No. 121616301000**

**ANNUAL FINANCIAL REPORT**

**January 1<sup>st</sup>, 2012 - December 31<sup>st</sup>, 2012**

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**R.F. ENERGY S.A.**

**STATEMENTS BY THE MEMBERS OF THE BOARD OF DIRECTORS**

We

1. Georgios Fidakis, President and Managing Director
2. Ioannis Tsakiris, Vice – President of the BoD
3. Ioannis Pantousis, Board Member

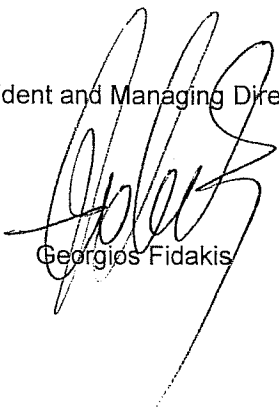
STATE THAT

To the best of our knowledge:

- a. Financial Statements for the period 1/1/2012-31/12/2012, which have been prepared in accordance with international accounting standards in force, present all figures pertaining to assets, liabilities, shareholders equity and financial results of the Company R.F. ENERGY S.A., as well as of the companies included in the consolidation and jointly referred to as Group, in a truthful manner, and
- b. The Board of Directors Annual Report on the annual Financial Statements presents in a truthful manner all such issues as development, financial performance and financial position of R.F. ENERGY S.A., and of the businesses included in Group consolidation, as well as any major risks and uncertainties that the Company and the Group may face.

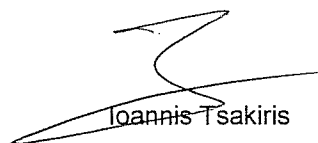
**Glyfada, March 26<sup>th</sup>, 2013**

President and Managing Director



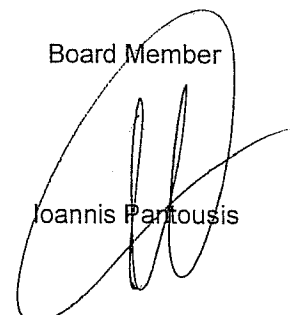
Georgios Fidakis

Vice – President of the BoD



Ioannis Tsakiris

Board Member



Ioannis Pantousis

**ANNUAL REPORT BY THE BOARD OF DIRECTORS  
OF R.F. ENERGY S.A. FOR THE 2012 FISCAL YEAR  
(01.01.2012 - 31.12.2012)**

Dear Shareholders,

The Board of Directors of R.F. Energy S.A. furnishes its Annual Report for the 2012 fiscal year (01.01.2012 - 31.12.2012), which was prepared in accordance with the provisions of C.L. 2190/1920 (art. 136).

In this Report, information referring to the progress of different activities, the financial situation, the outcomes and the total progress of both the Company and the Group during this specific fiscal year, are concisely mentioned, as well as coming changes. Moreover, significant facts during 2011 fiscal year and their impact on the Annual Company and Consolidated Financial Statements, contingent risks for both the Company and the Group and important transactions between the Company and its related parties according to IFRS 24, are also reported.

Subsidiary companies to R.F. ENERGY S.A., as at 31/12/2012, are presented in the table below:

<u>Name of Subsidiary</u>	<u>Business Activity</u>	Participation to share capital as at <u>31/12/2012</u>
<b><i>Direct Participation</i></b>		
• KALLISTI ENERGIAKI S.A.	Energy Production	100,00%
• AIOLIKI KYLINDRIAS S.A.	Energy Production	100,00%
• CITY ELECTRIC S.A.	Energy Production	100,00%
• HYDROELECTRIKI ACHAIAS S.A.	Energy Production	100,00%
• R.F. ENERGY MISOCHORIA S.A.	Energy Production	100,00%
• R.F. ENERGY OMALIES S.A.	Energy Production	100,00%
• R.F. ENERGY TSOUKKA S.A.	Energy Production	100,00%
• AIOLIKI ADERES S.A.	Energy Production	100,00%

R.F. ENERGY S.A. is a holding company which business scope lies in development, management and exploitation of energy investing plans, focusing on Renewable Energy Sources. F.G. Europe S.A. participates in R.F. Energy's share capital, as at 31/12/2012, with a 40,00% share, MAKMORAL TRADING LIMITED with a 10,00% share and a company directly owned by Restis family with a 50% share.

## I. DEVELOPMENTS AND FINANCIAL PERFORMANCE OF THE COMPANY FOR THE PERIOD

Financial figures of the Company during fiscal year period 2012, compared to relevant figures in the previous fiscal period, are presented in the table below:

	31.12.2012	31.12.2011	Change	
			Amount	%
Revenue	722	2.040	(1.318)	(65)
Less : Cost of Sales	(746)	(1.965)	(1.219)	(62)
<b>Gross Profit</b>	<b>(24)</b>	<b>75</b>	<b>(99)</b>	<b>(132)</b>
Administrative expenses	(261)	(532)	(271)	(51)
<b>Operating profit before taxation &amp; finance cost</b>	<b>(285)</b>	<b>(457)</b>	<b>(172)</b>	<b>(38)</b>
Finance income	675	60	615	1.025
Finance cost	(230)	(145)	(85)	59
<b>Earnings before tax</b>	<b>160</b>	<b>(542)</b>	<b>702</b>	<b>130</b>
Income Tax	(96)	92	188	(204)
<b>Net earnings after tax</b>	<b>64</b>	<b>(450)</b>	<b>513</b>	<b>114</b>
<b>TOTAL ACCUMULATED EARNINGS FOR THE PERIOD</b>	<b>64</b>	<b>(450)</b>	<b>513</b>	<b>114</b>

*Amounts in € thousands*

### 1. Revenue

The Company is active in all stages of planning, development and operation of renewable energy production projects, starting from the initial design and planning, construction works, operation and maintenance. The Company also offers management, technology, marketing, consulting and financial management services to other companies.

Revenue from rendering of management, administration, development, organization and assignment of costs of energy projects in fiscal 2012 amounted to € 722, as opposed to € 2.040 in 2011, posting a decrease of (65)%.

Decrease in revenue of R.F. ENERGY S.A. in fiscal 2012 was noted mainly due to termination of subleased rental by subsidiaries for Evia Project.

### 2. Gross Profit

Gross Profit for the period amounted to € (24) against € 75 in the previous fiscal period, decreased by (132)%.

### 3. Operating expenses (Operating and administration expenses)

Operating and administration expenses during fiscal 2012 amounted to € (261) against € (532) in the previous fiscal period, posting a decrease of 51%.

#### 4. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Company amounted to € (276) in fiscal 2012, as opposed to € (439) in the previous period, whereas EBITDA margin amounted to (38)%, as opposed to (22)% in the previous period.

#### 5. Finance Cost / Income

	Company	
	1/1- 31/12/2012	1/1- 31/12/2011
Finance Cost:		
- Interest payable (note 18)	(229)	(144)
- Other bank expenses	(1)	(1)
<b>Total finance cost</b>	<b>(230)</b>	<b>(145)</b>
Finance Income:		
- Interest receivable and similar income	25	60
- Dividends	650	-
<b>Total finance income</b>	<b>675</b>	<b>60</b>
<b>Net Finance Income</b>	<b>445</b>	<b>(85)</b>

*Amounts in € thousands*

#### 6. Earnings / Losses Before Taxes

Earnings before tax posted an increase of 130%, amounting to €160, against €(542) in the previous corresponding period. The main reason is the increase in finance income.

#### 7. Taxes

According to provisions of the Greek tax legislation, tax rate as at December 31, 2012 was 20%. The Greek tax legislation and respective provisions are subject to interpretation by the tax authorities. Income tax statements are submitted to the tax authorities on an annual basis but profit or loss stated for tax purposes, remain temporary until the tax authorities conclude audits of the tax statements and records of the company, at which time the respective tax liabilities of the company become final. Tax losses, if any, and in the amount recognized by tax authorities, can be carried forward to offset against profits for a period of five consecutive years after their occurrence. The Annual Tax Certificate, according to par. 5, art. 82 of L.2238/1994 is applied during fiscal years 2011 and 2012.

	Company	
	1/1- 31/12/2012	1/1- 31/12/2011
Income tax (current period)	67	92
Tax on dividends from subsidiary	(163)	-
<b>Income Tax</b>	<b>(96)</b>	<b>92</b>

*Amounts in € thousands*

The Company has not been audited by tax authorities for fiscal year 2010.

#### 8. Earnings After Taxes

Net losses after taxes in fiscal 2012 amounted to € 64 against € (450) in the previous corresponding period, representing an increase of 114%.

## BASIC FINANCIAL RATIOS

Certain financial ratios which can express the Company's financial standing as at the end of fiscal 2012, are presented in the table below:

	FY 2012	FY 2011
<b>DEBT LIABILITIES</b>		
Liabilities / Equity	0,10	0,14
Liabilities to Banks / Equity	0,09	0,09
<b>LIQUIDITY</b>		
Current ratio	0,99	0,77
Quick ratio	0,99	0,77
<b>SALES EFFICIENCY</b>		
Gross results / Sales of inventories - Services	3,32%	3,68%
Net results / Sales of inventories - Services	8,86%	22,06%

## II. DEVELOPMENTS AND FINANCIAL PERFORMANCE OF THE GROUP FOR THE PERIOD

Financial figures of the Group during fiscal year period 2012, compared to relevant figures in the previous fiscal year, are presented in the table below:

	The Group		Change	
	1/1- 31/12/2012	1/1- 31/12/2011	Amount	%
Revenue	11.627	5.487	6.140	112%
Less : Cost of Sales	(6.246)	(3.151)	(3.095)	98%
<b>Gross Profit</b>	<b>5.381</b>	<b>2.336</b>	<b>3.045</b>	<b>130%</b>
Other income	133	4	129	3.225%
Administrative expenses	(2.339)	(1.296)	(1.043)	80%
<b>Operating profit before taxation and finance cost</b>	<b>3.175</b>	<b>1.044</b>	<b>2.131</b>	<b>204%</b>
Finance income	131	99	32	32%
Finance cost	(2.694)	(1.054)	(1.640)	156%
<b>Earnings / (Losses) before taxes</b>	<b>612</b>	<b>89</b>	<b>523</b>	<b>588%</b>
Income tax	(248)	(287)	39	(14)%
<b>NET EARNINGS/ (LOSSES) AFTER TAXES</b>	<b>364</b>	<b>(198)</b>	<b>562</b>	<b>284%</b>
<b>TOTAL ACCUMULATED EARNINGS FOR THE PERIOD</b>	<b>364</b>	<b>(198)</b>	<b>562</b>	<b>284%</b>

Amounts in € thousands

As regards to figures above, reference should be made to the following:

### 1. Revenue

Increase in revenue of the Group in fiscal 2012 by € 6.140, posting an increase of 112% was noted mainly as a result of the operation of the wind farms of its subsidiary company AIOLIKI ADERES S.A., which sales amounted to € 6.490.

## 2. Gross Profit

Gross Profit of the Group for the period amounted to € 5.381 against € 2.336 in the previous fiscal period, increased by 130%. Said increase noted in Gross Profit can mainly be attributed to the abovementioned reasons.

## 3. Operating expenses (Operating and administration expenses)

Operating and administration expenses of the Group during 2011 are posting a increase of € (1.043) or 80%, compared to those in 2011.

## 4. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Group amounted to € 6.812 in 2012, as opposed to € 2.736 in the previous fiscal period, whereas EBITDA margin amounted to 58,58%, as opposed to 49,86% in the previous period.

## 5. Finance Cost / Income

With regard to finance results for fiscal 2012, net finance expenses for the Group increased by € (1.608), compared to the previous period. Said increase is mainly due to borrowings of subsidiary company AIOLIKI ADERES S.A.. This increase is analyzed in the table below:

	<b>The Group</b>	
	<b>1/1-31/12/2012</b>	<b>1/1-31/12/2011</b>
Finance Cost:		
- Interest payable (note 18)	(2.516)	(964)
- Bank and other expenses	(21)	(20)
- Depreciation of raising loan costs	(72)	(29)
- Finance cost of provision for equipment removal	(85)	(41)
- Commissions on letters of guarantee	-	-
- Exchange differences (cost)	-	-
<b>Total finance cost</b>	<b>(2.694)</b>	<b>(1.054)</b>
Finance Income:		
- Interest receivable and similar income	131	99
<b>Total finance income</b>	<b>131</b>	<b>99</b>
<b>Net Finance Cost</b>	<b>(2.563)</b>	<b>(955)</b>

## 6. Earnings before taxes

Given the noted increase in Group's revenue, the Group posted earnings of € 612 in 2012 against € 89 in 2011. The existence of earnings for the Group is due to significant increase in revenues.

## 7. Taxes

According to provisions of the Greek tax legislation, tax rate as at December 31, 2012 was 20%. All companies included in the consolidation are based and file a tax return in Greece. The Greek tax legislation and respective provisions are subject to interpretation by the tax authorities. Income tax statements are submitted to the tax authorities on an annual basis but profit or loss stated for tax purposes, remain temporary until the tax authorities conclude audits of the tax statements and records



of the company, at which time the respective tax liabilities of the company become final. Tax losses, if any, and in the amount recognized by tax authorities, can be carried forward to offset against profits for a period of five consecutive years after their occurrence. Companies participating in the consolidation make provision for any additional taxes and charges which may arise from future tax audits, to the extent the reliable estimation of these amounts is possible. The Annual Tax Certificate, according to par. 5, art. 82 of L.2238/1994 is applied by all Group's companies during fiscal years 2011 and 2012.

	<b>The Group</b>	
	<u>1/1-31/12/2012</u>	<u>1/1-31/12/2011</u>
Income tax (current period)	(181)	(140)
Deferred tax	96	(145)
Tax on dividends from subsidiary	(163)	-
Other tax	-	(2)
<b>Income Tax</b>	<u>(248)</u>	<u>(287)</u>

### 8. Earnings after Taxes

Net earnings after taxes in fiscal 2012 amounted to €364 against € (198) in the previous corresponding period.

### BASIC FINANCIAL RATIOS

Financial figures of the Group during fiscal year period 2012, compared to relevant figures in the previous fiscal period, are presented in the table below:

	<b>FY 2012</b>	<b>FY 2011</b>
<b>DEBT LIABILITIES</b>		
Liabilities / Equity	1,92	2,03
Liabilities to Banks / Equity	1,19	1,29
<b>LIQUIDITY</b>		
Current ratio	1,47	2,77
Quick ratio	1,47	2,77
<b>SALES EFFICIENCY</b>		
Gross results / Sales of inventories - Services	46,28%	42,57%
Net results / Sales of inventories - Services	3,13%	3,61%

### III. SIGNIFICANT EVENTS DURING FISCAL YEAR

Shareholders of Aioliki Aderes S.A. convened in an Extraordinary General Assembly on March 9, 2012, and decided to re-increase in its equity by €152, through a share capital increase of €15 and disposal of shares above par of € 137 RF ENERGY S.A., sole shareholder of the Company, implemented the decision of the subsidiary and proceeded to pay the required amount.

During March and April 2012, the subsidiaries operating in the region of South Evia, decided an increase of its equity to cover costs and expenses incurred during the process of obtaining Energy

Production Licenses. RF ENERGY S.A., sole shareholder of the Company, implemented the decision of the subsidiary and proceeded to pay the required amount of €1.042

According to a decision of the Extraordinary General Assembly on March 20, 2012 the share capital of RF Energy increased by € 635 The increase was in cash and covered by issuing 1.765 new shares with a nominal value of thirty-six cents (0,36) and disposal price of one euro and thirty-six cents (1,36) each.

The difference between nominal value and disposal price of €1.765 was credited to the account "Difference from issuance of shares above par".

After the increase, the Company's share capital amounted to €11.195.400,96, divided into 31.098.336 nominal shares with nominal value of thirty-six cents (0,36) each.

Within the first semester of 2012, 100% subsidiary company AIOLIKI ADERES S.A., received 4 Energy Production Licenses from Biogas for stations with a total power of 9,328 MW.

Within the first semester of 2012, subsidiary company CITY ELECTRIC received Energy Production for an offshore wind farm with a total power of 498,15 MW in location 'Plaka', in the sea area in the northeast of Lemnos, in North Aegean region.

The subsidiaries operating in the region of South Evia, have received Energy Production Licenses of total power of 294 MW and are waiting to obtain Licenses for other 69 MW.

On 01/10/2012, AIOLIKI ADERES received no. 3283/86651, 3284/86653, 3285/86655 Operating Licenses for the wind farms in locations 'Sampales, Soros and Astrapi respectively, on Aderes Mountain in Argolida Prefecture.

Subsequently, on 11/10/2012, AIOLIKI ADERES received from its sole customer LAGIE S.A. an amount of € 2.881, referring to the pricing of energy production till April 2012.

According to the decision of the Extraordinary General Assembly of the shareholders on 08/10/2012, the share capital of the Company increased by €9.005. The increase was entirely equal to the capitalization of the share premium shown on that date in the company's books and was covered through the issuance of 900.495 new shares with a nominal value of 10 euro each.

The following seven (7) subsidiaries of the Group

R.F. ENERGY SCHIZALI S.A.

R.F. ENERGY KORAKOVRAHOS S.A.

R.F. ENERGY DEXAMENES S.A.

R.F. ENERGY LAKOMA S.A.

R.F. ENERGY PRARO S.A.

R.F. ENERGY KALAMAKI S.A.

R.F. ENERGY XESPORTES S.A.

,according to the decision of their Boards of Directors on 20/09/2012, decided to merge by absorption by RF ENERGY MISOCHORIA S.A., using the beneficial provisions of L. 2166/93 and the relevant

articles of L.2190/1920, as applicable (articles 69,70,72 – 77), with the Balance Sheet Merged on 30/09/2012.

The merger was completed on 28/12/2012 and as a part of this process, the acquiring company increased its share capital by the amount of the share capitals of the companies absorbed (contributed capital), which amounted to € 745.000.

During the fourth quarter of 2012, the parent company RF ENERGY S.A., terminated private leases in the region of South Evia. These leases referred to private lands where wind farms will be constructed by subsidiaries of RF ENERGY S.A.. As a change of the siting of the wind turbines, these lands do not need to be hired.

The subsidiaries of RF ENERGY S.A. that have received Energy Production Licenses for wind farms in this region or / and have applied for obtaining Licenses that are being evaluated, sublease the aforementioned lands in the region of South Evia from the parent company RF ENERGY S.A. After the termination of leases by the parent company, the subsidiaries proceeded to termination of subleases.

The termination of both private leases by the parent company and subleases between parent company and its subsidiaries, resulted to be removed from the balance sheets of the companies (subsidiaries and parent company), assets and receivables – liabilities amounting to € (890)

During the fourth quarter of 2012, the 100% subsidiary company CITY ELECTRIC S.A. proceeded to delete assets under construction amounting to (71), due to the prolonged period of stagnation in obtaining Energy Production Licenses for a wind farm with power of 25,5 MW in location 'Paparitsa', in Achaia Prefecture.

The subsidiary companies which are engaged in the development of the huge wind project in Evoia, have submitted applications for the necessary production licenses. However, during 2009, production licenses were granted to other energy companies for the development of wind projects in locations that partially or completely overlap the locations of the wind projects of the subsidiaries companies. Therefore, in December 2009, the subsidiaries of R.F. ENERGY S.A. submitted to the Council of State applications for annulment of the production licenses issued by the Minister of Environment, Energy and Climate Change and applications against the positive opinions of RAE and the Special Environment Agency. The subsidiaries pleaded interest due to overlap in locations, as well as substantial procedural violation. In a letter, the attorney for the case declares that there are many chances for positive outcome of the case. However, until the date of the approval of the financial statements, the abovementioned applications have not been final.

#### **IV. SIGNIFICANT EVENTS OCCURRED POST BALANCE SHEET DATE**

According to the decision of the Extraordinary General Assembly of the shareholders of CITY ELECTRIC S.A. on 15/01/2013, the share capital of the company increased by €29. The increase was

in cash and covered by issuing of 967 new shares with a nominal value of € 30 and disposal price of € 300 each.

The difference between nominal value and disposal price of €261 was credited to the account "Difference from issuance of shares above par". The increase was completed on 11/02/13.

After the increase, the share capital of the company amounted to €306.870, divided into 10.229 common nominal shares, with nominal value of € 30 each.

There are no other significant events having occurred after December 31, 2011 concerning the Company that should have been disclosed and bear the capacity to significantly affect any element of the Company's financial standing or ability to conduct business, as of the date of issuance of the document at hand.

## **V. FUTURE OUTLOOK**

The Company is in continuous search of suitable locations for the development and construction of Wind Energy Power Production Plants.

The Company is exploring merger and acquisitions opportunities of already developed or under development renewable energy projects

## **VI. EXPANSION OF ACTIVITIES - INVESTMENTS - RESEARCH & DEVELOPMENT**

The Company is actively paying great attention and effort with regard to research and implementation of new technological applications, and is constantly seeking suitable locations for the development and construction of renewable energy projects.

Management attended international conferences and other venues where the latest developments in the field of renewable energy were presented.

In search of suitable locations to develop renewable energy projects, the Company also installed meteorological masts in certain sites to assess the wind potential in order to develop wind parks.

Particularly, meteorological masts have been installed in various locations in the Prefectures of Arkadia, Evia, Argolida and Limnos to assess the wind potential.

## **VII. ACCOUNTING PRINCIPALS IMPLEMENTED**

In preparation of the Balance Sheet and Income Statement for the fiscal year 2012, the Company has applied the basic accounting principles of the International Financial Reporting Standards, as described in the Appendix of the 31/12/2012 Balance Sheet.

## VIII. ENVIRONMENTAL ISSUES - EMPLOYEE RELATIONS

The Company pays great significance to environmental issues, and undertakes any action necessary to protect environmental stability and promote environmental sensitivity. The Company works with experienced in environmental matters consultants.

## IX. RISKS AND UNCERTAINTIES

### 1. Financing risk

The Company works with related companies, of which the Company is the main shareholder, and to which the Company renders, based on contract agreements, services in the fields of management, financial management, marketing, and business development. Therefore, Management estimates that receivables from related parties bear no significant risk not to be collected. Moreover, the Company grows along with development of its projects, and as a result, no apparent risk of decrease in revenue exists.

### 2. Interest rate risk

The Company has substantial interest bearing assets in the amount of €529 (€1.237 for the Group) that are invested in compound time accounts at a predetermined exchange rate. Said exchange rate is calculated based on the interbank market floating interest rate in Euro. Therefore revenue and operating cash flow is affected by a change in interest rates.

As at December 31<sup>st</sup>, 2012 Earnings After Tax for the Company would have been €4 (€9 for the Group) lower / higher, if interest rates had lower / higher by 90 base points, all other variables remaining unchanged.

Interest rate risk results from long-term and short-term borrowings in euro at a floating interest rate. The Company assesses its exposure to interest rate risk on a steady basis, also taking into consideration any chance of refinancing under different terms, as well as renewal of existing financing.

As at December 31<sup>st</sup>, 2012 Earnings After Tax for the Company would have been € 26 lower/higher, while those of the Group would have been € 342 lower/higher, if interest rates had decreased/ increased by 90 base points, all other variables remaining unchanged. This would have been caused mainly due to higher / lower finance expenses resulting from bank borrowings at a floating interest rate in Euro.

As a consequence, Earnings After Tax for the Company would have been € 22 (€ 333 for the Group) lower/higher, if interest rates had decreased/ increased by 90 base points, all other variables remaining unchanged.

Interest rate risk			
+90 bps		-90 bps	
Earnings before tax		Earnings before tax	
The Group	Company	The Group	Company

<b>Financial assets</b>				
Cash equivalents	11	5	(11)	(5)
Influence before tax	11	5	(11)	(5)
Income Tax 20%	(2)	(1)	2	1
<b>Total influence</b>	<b>9</b>	<b>4</b>	<b>(9)</b>	<b>(4)</b>
<b>Financial liabilities</b>				
Loans	(427)	(32)	427	32
Influence before tax	(427)	(32)	427	32
Income Tax 20%	85	6	(85)	(6)
<b>Total influence</b>	<b>(342)</b>	<b>(26)</b>	<b>342</b>	<b>26</b>
<b>Total Net Influence</b>	<b>(333)</b>	<b>(22)</b>	<b>333</b>	<b>29</b>

### 3. - Liquidity risk

The management of liquidity risk includes both existence of enough cash and cash equivalents and the reassurance of credit standing through approved financing terms. The table below analyses the company's obligations, based on the remaining contractual duration at the date of the balance sheet in discounted bills with an average interest rate, as it was formed during Year 2012.

<b>The Group December 31<sup>st</sup>, 2012</b>	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>&gt; 5 years</b>
Borrowings	17.798	8.646	7.955	13.094
Liabilities	2.240	-	-	-
<b>Total</b>	<b>20.038</b>	<b>8.646</b>	<b>7.955</b>	<b>13.094</b>

The previous table analyses the Group's obligations, based on the remaining contractual duration at the date of the balance sheet. The amounts in the table refer to the nominal value of the obligation plus interest, and as a result, they may differ from the amounts included in the balance sheet.

### X. TRANSACTIONS WITH RELATED PARTIES

The Company purchases commodities from related parties, and exchanges services with said parties. According to IAS 24 related parties are subsidiary companies, companies with common shareholders and/or management and any affiliates to such companies. Members of the Board of Directors and Top Management are also considered related parties. The table below presents payables and receivables from transactions with related parties.

#### **Subsidiaries:**

<b>Receivables from:</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
KALLISTI ENERGI AKI S.A.	7	-
AIOLIKI KYLINDRIAS S.A.	201	217
CITY ELECTRIC S.A.	320	261
HYDROELECTRIKI ACHAIAS S.A.	148	92
R.F. ENERGY MISOCHORIA S.A.	779	142
R.F. ENERGY OMALIES S.A.	77	539
R.F. ENERGY KORAKOVRAHOS S.A.	-	55
R.F. ENERGY DEXAMENES S.A.	-	27
R.F. ENERGY LAKOMA S.A.	-	39
R.F. ENERGY PRARO S.A.	-	137
R.F. ENERGY SCHIZALI S.A.	-	62

R.F. ENERGY KALAMAKI S.A.	-	92
R.F. ENERGY TSOUKKA S.A.	48	61
R.F. ENERGY XESPORTES S.A.	-	132
FG EUROPE S.A.	-	-
AIOLIKI ADERES S.A.	1.239	103
<b>Total</b>	<b>2.819</b>	<b>1.959</b>

	<u>31/12/2012</u>	<u>31/12/2011</u>
<b>Payables to:</b>		
F.G. EUROPE S.A.	17	11
R.F. ENERGY OMALIES S.A.	-	180
R.F. ENERGY DEXAMENES S.A.	-	10
CITY ELECTRIC S.A.	69	69
<b>Total</b>	<b>86</b>	<b>270</b>
<b>Receivables:</b>		
CYBERONICA S.A.	17	17
<b>Total</b>	<b>17</b>	<b>17</b>

	<u>1/1- 31/12/2012</u>	<u>1/1- 31/12/2011</u>
<b>Income:</b>		
KALLISTI ENERGI AKI S.A.	29	24
AIOLIKI KYLINDRIAS S.A.	18	18
CITY ELECTRIC S.A.	6	6
HYDROELECTRIKI ACHAIAS S.A.	25	24
R.F. ENERGY MISOCHORIA S.A.	20	246
R.F. ENERGY OMALIES S.A.	117	258
R.F. ENERGY KORAKOVRAHOS S.A.	84	318
R.F. ENERGY DEXAMENES S.A.	35	245
R.F. ENERGY LAKOMA S.A.	21	147
R.F. ENERGY PRARO S.A.	122	207
R.F. ENERGY SCHIZALI S.A.	12	63
R.F. ENERGY KALAMAKI S.A.	55	138
R.F. ENERGY TSOUKKA S.A.	24	147
R.F. ENERGY XESPORTES S.A.	114	159
AIOLIKI ADERES S.A.	36	36
<b>Total</b>	<b>718</b>	<b>2.036</b>

<b>Costs:</b>		
Leases	(121)	(123)
<b>Total</b>	<b>(121)</b>	<b>(123)</b>

**Members of the Board of Directors and Management:**

	<u>The Group</u>		<u>Company</u>	
	<u>1/1-31/1/2012</u>	<u>1/1-31/1/2011</u>	<u>1/1-31/1/2012</u>	<u>1/1-31/1/2011</u>
<b>Compensations - Other Benefits:</b>				
Board of Directors Remuneration	(206)	(211)	(206)	(211)
<b>Total</b>	<b>(206)</b>	<b>(211)</b>	<b>(206)</b>	<b>(211)</b>

**XI. ISO 9001-2000 QUALITY CERTIFICATION**

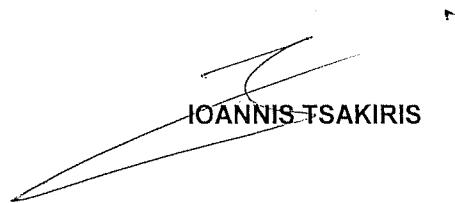
R.F. ENERGY S.A. is organizing its operations in order to meet the Standards specified in ISO 9001:2000 Quality Management System.

Implementation of the Quality Management System is expected to considerably improve efficiency, contribute to optimal use of the Company's resources and human resources, and improve internal procedures and services offered to partners and clients.

## **XII. COMPANY PUBLIC RELATIONS AND PROMOTION**

Company's website has been published and is kept updated, thus more efficiently communicating the Company's recent news, corporate goals and corporate image.

**VICE-PRESIDENT OF BoD**



**IOANNIS TSAKIRIS**



**R.F. ENERGY HOLDING**  
**SOCIETE ANONYME**

**Distinctive title : R.F. ENERGY S.A.**

**128 Vouliagmenis Avenue - 166 74**

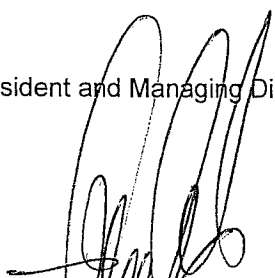
**Glyfada, Attiki**

**G.E.M.I Reg. No. 121616301000**

**Annual Financial Statements for the period ended December 31<sup>st</sup>  
2012 According to IFRS**

The Board of Directors of R.F. ENERGY S.A. approved the Consolidated Financial Statements on 26/03/2013. The Consolidated Financial Statements have been made available to the public at the Company's website, <http://www.rfenergy.gr>.

President and Managing Director



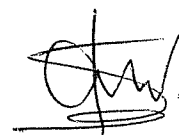
**GEORGIOS FIDAKIS**  
ID No. N 000657

Vice – President of the BoD



**IOANNIS TSAKIRIS**  
ID No. AA 002244

Accounting Supervisor



**ATHANASIOS HARBIS**  
R.G. 0002386

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**THIS REPORT IS A FREE TRANSLATION OF THE GREEK ORIGINAL****Independent Auditor's Report**

To the Shareholders of «R.F. ENERGY S.A.»

**Report on the Separate and Consolidated Financial Statements**

We have audited the accompanying separate and consolidated financial statements of R.F. ENERGY S.A. ("the Company"), which comprise the separate and consolidated statements of financial position as at December 31, 2012, and the separate and consolidated statements of comprehensive income, statements of changes in equity and cash flow statement for the year then ended, and 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 of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 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 R.F.ENERGY S.A. as at December 31, 2012, 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**

We confirm that the information given in the Directors' Report is consistent with the accompanying separate and consolidated financial statements and complete in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, March 26, 2013

The Certified Auditor Accountant

CHRISTODOULOS SEFERIS  
S.O.E.L. No 20411

ERNST & YOUNG (HELLAS)  
CERTIFIED AUDITORS ACCOUNTANTS S.A.  
11<sup>th</sup> KM NATIONAL ROAD ATHENS-LAMIA  
14451 METAMORFOSI  
S.O.E.L. R.N. 107

# R.F. ENERGY S.A.

## Income Statement

For the Period ended December 31, 2012

(All amounts in Euro thousands, unless otherwise specified)

		The Group		Company	
	note	1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
Sales	6	11.627	5.487	722	2.040
Cost of sales	7	(6.246)	(3.151)	(746)	(1.965)
<b>Gross profit</b>		<b>5.381</b>	<b>2.336</b>	<b>(24)</b>	<b>75</b>
Other operating income		133	4	-	-
Administrative expenses	8	(2.339)	(1.296)	(261)	(532)
Other operating expenses		-	-	-	-
<b>Earnings before interest and taxes</b>		<b>3.175</b>	<b>1.044</b>	<b>(285)</b>	<b>(457)</b>
Finance income	9	131	99	675	60
Finance costs	9	(2.694)	(1.054)	(230)	(145)
<b>Earnings before taxes</b>		<b>612</b>	<b>89</b>	<b>160</b>	<b>(542)</b>
Income Tax	10	(248)	(287)	(96)	92
<b>Net profit for the period</b>		<b>364</b>	<b>(198)</b>	<b>64</b>	<b>(450)</b>
<b>TOTAL ACCUMULATED INCOME FOR THE PERIOD</b>		<b>364</b>	<b>(198)</b>	<b>64</b>	<b>(450)</b>

Attached notes should be considered as part of the annual corporate and consolidated Financial Statements.

# R.F. ENERGY S.A.

## Balance Sheet

For the Period ended December 31, 2012

(All amounts in Euro thousands, unless otherwise specified)

	note	The Group		Company	
		1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	71.647	75.867	10	10
Software		1.184	388	1	5
Intangible assets	14	10.903	11.215	-	-
Investments in subsidiaries	15	-	-	39.525	38.331
Long term receivables		25	25	17	17
Deferred tax assets	10	903	773	285	217
Available for sale financial assets	16	2.000	2.000	2.000	2.000
<b>Total non-current assets</b>		<b>86.662</b>	<b>90.268</b>	<b>41.838</b>	<b>40.580</b>
<b>Current assets</b>					
Trade receivables	11	28.317	20.329	3.754	3.697
Cash and cash equivalents	12	1.237	1.895	529	424
<b>Total current assets</b>		<b>29.554</b>	<b>22.224</b>	<b>4.283</b>	<b>4.121</b>
<b>Total assets</b>		<b>116.216</b>	<b>112.492</b>	<b>46.121</b>	<b>44.701</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>					
Share capital	17	11.195	10.560	11.195	10.560
Share premium	17	30.668	28.999	30.825	29.066
Reserves		169	89	9	9
Retained earnings		(2.260)	(2.547)	(240)	(304)
<b>Total shareholders' equity</b>		<b>39.772</b>	<b>37.101</b>	<b>41.789</b>	<b>39.331</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Long term Borrowings	18	29.699	43.467	-	-
Retirement benefit obligations		52	34	20	15
Deferred government grants	20	24.412	21.724	-	-
Provisions for long term liabilities	21	1.510	1.423	-	-
Deferred tax liabilities	10	733	712	-	-
<b>Total non-current liabilities</b>		<b>56.406</b>	<b>67.360</b>	<b>20</b>	<b>15</b>
<b>Current liabilities</b>					
Short term borrowings	18	3.557	3.539	3.557	3.539
Short term portion of long term borrowings	18	14.241	1.031	-	-
Current tax liabilities		67	-	-	-
Trade and other payables	19	2.173	3.461	755	1.816
<b>Total current liabilities</b>		<b>20.038</b>	<b>8.031</b>	<b>4.312</b>	<b>5.355</b>
<b>Total liabilities</b>		<b>76.444</b>	<b>75.391</b>	<b>4.332</b>	<b>5.370</b>
<b>Total equity and liabilities</b>		<b>116.216</b>	<b>112.492</b>	<b>46.121</b>	<b>44.701</b>

Attached notes should be considered as part of the annual corporate and consolidated Financial Statements.

# R.F. ENERGY S.A.

## Consolidated Statement of Changes in Equity For the Period ended December 31, 2012

(All amounts in Euro thousands, unless otherwise specified)

	Share Capital	Share Premium	Legal Reserves	Retained Earnings	Total	Minority Rights	Total Equity
<b>Balance on 1/1/2011</b>	14.000	27.723	62	(2.264)	39.521	39	39.560
Net loss for the fiscal year	-	-	-	(198)	(198)	-	(198)
Decrease in minority rights	-	-	-	-	-	(98)	(98)
Minority rights arised from change in participation stake of parent company in subsidiaries	-	-	-	(59)	(59)	59	-
Legal Reserves	667	1.327	27	(27)	1.994	-	1.994
Increase in Share Capital	(4.107)	-	-	-	(4.107)	-	(4.107)
Decrease in Share Capital	-	(51)	-	-	(51)	-	(51)
Share issue expenses	-	-	-	1	1	-	1
Other	-	-	-	-	-	-	-
<b>Balance on 31/12/2011</b>	10.560	28.999	89	(2.547)	37.101	-	37.101
<b>Balance on 1/1/2012</b>	10.560	28.999	89	(2.547)	37.101	-	37.101
Net earnings/loss for the fiscal year	-	-	-	364	364	-	364
Legal Reserves	635	1.765	80	(80)	-	-	-
Increase in Share Capital	-	(96)	-	-	2.400	-	2.400
Share issue expenses	-	-	-	-	(96)	-	(96)
Other	-	-	-	3	3	-	3
<b>Balance on 31/12/2012</b>	11.195	30.668	169	(2.260)	39.772	-	39.772

Attached notes should be considered as part of the annual corporate and consolidated Financial Statements.

## R.F. ENERGY S.A.

### Corporate Statement of Changes in Equity For the Period ended December 31, 2012

(All amounts in Euro thousands, unless otherwise specified)

	Share Capital	Share Premium	Legal Reserves	Retained Earnings	Total
<b>Balance on 1/1/2011</b>	<b>14.000</b>	<b>27.739</b>	<b>9</b>	<b>146</b>	<b>41.894</b>
Net earnings for the fiscal year	-	-	-	(450)	(450)
Share capital increase	667	1.327	-	-	1.994
Share capital decrease	(4.107)	-	-	-	(4.107)
<b>Balance on 31/12/2011</b>	<b>10.560</b>	<b>29.066</b>	<b>9</b>	<b>(304)</b>	<b>39.331</b>
<b>Balance on 1/1/2012</b>	<b>10.560</b>	<b>29.066</b>	<b>9</b>	<b>(304)</b>	<b>39.331</b>
Net earnings for the fiscal year	-	-	-	64	64
Legal Reserves	-	-	-	-	-
Share capital increase	635	1.765	-	-	2.400
Share issue expenses	-	(6)	-	-	(6)
<b>Balance on 31/12/2012</b>	<b>11.195</b>	<b>30.825</b>	<b>9</b>	<b>(240)</b>	<b>41.789</b>

Attached notes should be considered as part of the annual corporate and consolidated Financial Statements.



# R.F. ENERGY S.A.

Consolidated Statement of Cash Flows For the Period ended December 31,2012  
(All amounts in € thousands, unless otherwise specified)

	1/1- 31/12/2012	1/1- 31/12/2011
<b>Operating activities</b>		
Earnings before tax	612	88
<b>Add / less adjustments for:</b>		
Depreciation and amortization	5.309	2.507
Provisions	-	736
Income from investment activity (income, cost, profit and loss)	(131)	(99)
Interest paid and similar expenses	2.694	1.054
Recognized revenues from subsidies	(1.672)	(815)
Employee benefits	18	2
Assets' write off	961	-
<b>Operating result before changes in working capital</b>	<b>7.791</b>	<b>3.473</b>
<b>Add / less adjustments for changes in working capital items:</b>		
Decrease / (increase) of receivables	(3.628)	(3.701)
(Decrease) / increase of payables (except towards banks)	(1.305)	2.935
Decrease / (increase) of other long-term receivables	-	(3)
<b>Total inflow / (outflow) from operating activities</b>	<b>2.858</b>	<b>2.704</b>
Less:		
Interest and similar expenses paid	(2.034)	(1.054)
Taxes paid	(262)	(235)
<b>Total net inflow / (outflow) from operating activities (a)</b>	<b>562</b>	<b>1.415</b>
<b>Investing activities</b>		
Acquisitions, capital return, subsidiaries, joint ventures and other investments	-	(99)
(Purchase) of PPE and intangible assets,	(2.534)	(43.813)
Interest income	131	99
Acquisition of subsidiary	-	-
Revenues from subsidies	-	6.115
<b>Total net inflow / (outflow) from investing activities (b)</b>	<b>(2.403)</b>	<b>(37.698)</b>
<b>Financing activities</b>		
Income from share capital increase	2.307	1.944
Share capital decrease	-	(4.107)
Repayments of borrowings	(2.274)	(3.129)
Costs for capital withdrawal	1.150	35.485
<b>Total net inflow / (outflow) from financing activities (c)</b>	<b>1.183</b>	<b>30.193</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(658)</b>	<b>(6.090)</b>
<b>Cash and cash equivalents at the starting of the fiscal year</b>	<b>1.895</b>	<b>7.985</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>1.237</b>	<b>1.895</b>

Attached notes should be considered as part of the annual corporate and consolidated Financial Statements.

# R.F. ENERGY S.A.

## Company Statement of Cash flows

For the Period ended December 31, 2012

(All amounts in Euro thousands unless otherwise specified)

	1/1- 31/12/2012	1/1- 31/12/2011
<b>Operating activities</b>		
Earnings before tax	160	(542)
<b>Add / less adjustments for:</b>		
Depreciation and amortization	9	20
Provision	-	-
Result of investment activity (income, cost, profit and loss)	(675)	(60)
Interest paid and similar expenses	230	145
Employee benefits	5	(5)
<b>Operating result before changes in working capital</b>	<b>(271)</b>	<b>(442)</b>
<b>Add / less adjustments for changes in working capital items:</b>		
Decrease / (increase) of receivables	45	5.369
(Decrease) / increase of payables (except towards banks)	(1.062)	1.622
Decrease / (increase) of other long-term receivables	-	-
<b>Total inflow / (outflow) from operating activities</b>	<b>(1.288)</b>	<b>6.549</b>
Less:		
Interest and similar expenses paid	(212)	(145)
Taxes paid	(163)	14
<b>Total net inflow / (outflow) from operating activities (a)</b>	<b>(1.663)</b>	<b>6.418</b>
<b>Investing activities</b>		
Acquisition of subsidiary, related party and other investment	(1.194)	(15.245)
(Purchase) of PPE	(5)	(5)
Interest income	25	60
<b>Total net inflow / (outflow) from investing activities (b)</b>	<b>(1.174)</b>	<b>(15.190)</b>
<b>Financing activities</b>		
Income from share capital increase	2.394	1.994
Share capital decrease	-	(4.107)
Repayments of borrowings	-	3.539
Income from Dividends	548	-
<b>Total net inflow / (outflow) from financing activities (c)</b>	<b>2.942</b>	<b>1.426</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>105</b>	<b>(7.346)</b>
<b>Cash and cash equivalents at the starting of the fiscal year</b>	<b>424</b>	<b>7.770</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>529</b>	<b>424</b>

Attached notes should be considered as a part of the annual corporate and consolidated Financial Statements.

## **R.F. ENERGY S.A.**

Notes to the Financial Statements for the period ended December 31st 2012

Prepared in accordance with International Financial Reporting Standards (IFRS)

(All amounts in Euro thousands unless otherwise specified)

### **1. Incorporation and business activities of the Company**

The Company was incorporated under Greek law in 2006, as a societe anonyme holding and management company. Its scope lies in participation in Greek or foreign companies with business activities in the energy production sector. The Company's duration has been set to 50 years. The Company's headquarters have been set to be in the Municipality of Glyfada, at 128 Vouliagmenis Avenue, GR 16674

In search of suitable locations to install renewable energy projects, the Company also installed meteorological masts in certain sites at Arkadia, Evia, Argolida, Thesprotia and Etolokarnania Prefectures to assess the wind potential in order to develop wind parks. Moreover, the Company is exploring merger and acquisitions of already developed renewable energy projects in Greek territory or abroad.

Company's current Board of Directors was reelected on the General Assembly of Shareholders on 07/09/2012. Its tenure expires on 30/6/2016 and it is comprised of the following members:

<b>ONOMA</b>	<b>POSITION</b>
Georgios Fidakis	President and Managing Director
Ioannis Tsakiris	Vice - President
Ioannis Pantousis	Member
Nikolaos Pimblis	Member
Evangelos Korovesis	Member

The Company's parent company, F.G. EUROPE S.A. participates in R.F. ENERGY's share capital by 40,00%. Due to the fact that Mr. G. Fidakis, (also the main shareholder and President of F.G. Europe S.A.) participates in the Company's share capital by 10,00% with another wholly owned company , and the Company shareholders have agreed to appoint the majority of the Board of Directors members from F.G. EUROPE S.A. thus it is understood that F.G. EUROPE S.A. controls management of R.F. ENERGY S.A. and consequently financial results of the Company are fully consolidated to the financial results of F.G. EUROPE S.A. Group of companies. The Corporate and Consolidated Financial Statements for fiscal 2011 have been ratified by the Board of Directors on 26/3/2013.

### **2. Basic accounting policies**

#### **2.1 Framework of basic principles implemented in preparation of the Financial Statements**

Financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they have been adopted by the European Union, Financial Statements have been prepared under the historical cost convention, The principal accounting policies adopted in the preparation of the Financial Statements are described below, The preparation of the Financial Statements according to IFRS requires use of accounting estimates and use of judgment for the application of the accounting principles followed, Such cases are described in note 4, There are no Standards which have been implemented prior to having officially been put in force, Figures are presented in Euro thousands and all amounts have been rounded to the most approximate thousand.

## **R.F. ENERGY S.A.**

Notes to the Financial Statements for the period ended December 31st 2012

Prepared in accordance with International Financial Reporting Standards (IFRS)

(All amounts in Euro thousands unless otherwise specified)

### **2.2 New Standards, Interpretations, and Revised Standards**

#### **A) Changes in accounting policies and disclosures**

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2012:

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements**
- **IAS 12 Income Taxes (Amended) –Recovery of Underlying Assets**

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements**

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with such involvement. The amendment has only disclosure effects. The Company / Group does not expect that this change would affect the financial statements.

- **IAS 12 Income Taxes (Amended) –Recovery of Underlying Assets**

The amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The Company / Group does not expect that this change would affect the financial statements.

#### **B) Standards issued but not yet effective and not early adopted**

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange

## **R.F. ENERGY S.A.**

Notes to the Financial Statements for the period ended December 31st 2012

Prepared in accordance with International Financial Reporting Standards (IFRS)

(All amounts in Euro thousands unless otherwise specified)

### **2.2 New Standards, Interpretations, and Revised Standards (continued)**

differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The Company / Group does not expect that this change would affect the financial statements.

- **IAS 19 Employee Benefits (Revised)**

The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company / Group does not expect that this change would affect the financial statements.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

The Standard is effective for annual periods beginning on or after 1 January 2014. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company / Group does not expect that this change would affect the financial statements.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**

The amendment is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company / Group does not expect that this change would affect the financial statements.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**

The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company / Group does not expect that this change would affect the financial statements.

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### **2.2 New Standards, Interpretations, and Revised Standards (continued)**

- **IFRS 9 Financial Instruments: Classification and Measurement**

The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU. The Company / Group does not expect that this change would affect the financial statements.

- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company / Group does not expect that this change would affect the financial statements.

- **IFRS 11 Joint Arrangements**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company / Group does not expect that this change would affect the financial statements.

- **IFRS 12 Disclosures of Interests in Other Entities**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured

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### **2.2 New Standards, Interpretations, and Revised Standards (continued)**

entities. A number of new disclosures are also required. The Company / Group does not expect that this change would affect the financial statements.

- **IFRS 13 Fair Value Measurement**

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company / Group is examining this Standard,

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

The interpretation is effective for annual periods beginning on or after 1 January 2013. This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The Company does not expect that this change would affect the financial statements.

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. This project has not yet been endorsed by the EU. The Company does not expect that this change would affect the financial statements.

**IAS 1 Presentation of Financial Statements:** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

**IAS 16 Property, Plant and Equipment** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

**IAS 32 Financial Instruments, Presentation:** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

**IAS 34 Interim Financial Reporting:** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'.

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### **2.2 New Standards, Interpretations, and Revised Standards (continued)**

The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EUH. The Company / Group does not expect that this change would affect the financial statements, if these were endorsed by the EU.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. The Company / Group does not expect that this change would affect the financial statements, if these were endorsed by the EU.

### **2.3 Basis of consolidation**

#### **2.3.1 Subsidiary Companies**

The consolidated financial statements include the financial statements of the parent company and all entities in which the parent company exercises control (its subsidiaries) as of December 31, 2011. Control is presumed to exist when the parent company has the power to control the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

The acquisition of subsidiaries is accounted for using the purchase method of accounting that measures the acquirer's assets and liabilities at their fair value at the date of acquisition, The individual assets, liabilities and contingent liabilities acquired during a business combination are valued at the time of acquisition at fair values,



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### **2.3 Basis of consolidation (continued)**

The cost exceeding the fair value of the acquisition is recorded as goodwill, if the total cost is below the fair value of the assets and liabilities the difference is charged directly to the statement of income of the respective period.

Minority interest is accounted for according to its percentage of the fair value, In subsequent periods any losses are allocated to minority interest according to its percentage plus the minority interest, Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group, The financial statements of the subsidiaries are adjusted appropriately to ensure consistency with the accounting policies of the Group.

All intercompany balances and transactions and any intercompany profit or loss on assets remaining within the Group are eliminated during the consolidation. The subsidiaries in separate financial statements are measured at cost less any accumulated provision for impairment.

#### **2.3.2 Investments in Associates**

Includes companies in which the Group exercises significant influence however they are not subsidiaries or joint ventures. The Group's participating interests are recorded using the equity method. According to this method the participating interest in the associate company is carried at acquisition cost plus any change in the percentage of its equity held by the Group, less any provisions for impairment. The consolidated income statement shows the Group's share in the associate's results, while the amounts recorded by the associates directly in their equity, are recognized directly in Group's equity. Unrealized earnings or losses on transactions between the Group and its associates are eliminated to the extent that the Group participates in them. Investments in Associates in the consolidated financial statements are measured at acquisition cost less any accumulated impairment losses.

### **2.4 Translations in foreign currency**

The Company's functional currency is the Euro, Transactions involving other currencies are changed into Euro using exchange rates which stand in effect at the time of each transaction, At the balance sheet dates, monetary assets and liabilities which are denominated in other currencies, are adjusted using the official exchange rates, Gains or losses resulting from currency exchange rate differences are included in the Income Statement.

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### **2.5 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value, Cost includes all directly related costs for the acquisition of the asset, Expenses in subsequent periods are capitalized in the cost amount of the related assets if they increase the useful life of the asset and / or its production potential or reduce its operating cost, Repairs and maintenance are charged to the income statement as incurred, The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement, and any gain or loss is included in the consolidated statements of income, The carrying values of property, plant and equipment are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, When the carrying amount of the asset exceeds the estimated recoverable amount an impairment loss is recognized and the asset is written down to its recoverable amount, The recoverable amount is the greater between fair value less costs to sell and value in use, In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, According to IAS 16 the Company recognizes costs related to obligations arising from the removal of assets in the period of occurrence and in the extent in which an estimate of its fair value is feasible, The related costs of removal are capitalized in the assets carrying amount and are depreciated relatively.

### **2.6 Cost of Borrowing**

Borrowing costs that are directly related to the purchase, construction or production of assets and requiring considerable time to come to the desired position for use or sale, are capitalized as part of these assets. All other borrowing costs are recognized as an expense when incurred, including interest and other expenses for raising loans.

### **2.7 Depreciation**

Depreciation of property, plant and equipment is computed based on the straight-line method at rates, which approximate average economic useful lives reviewed on an annual basis. Leasehold improvements are amortized over the term of the lease.

The useful lives and depreciation rates assumed per asset category are set out below:

	<b>Years of useful life</b>	<b>Depreciation rate</b>
Hydroelectrical plant	50	2%
• Leasehold improvements	7 – 25	4% - 14%
• Plant and equipment	7 – 20	5% - 24%
• Furniture and other equipment	4 – 7	14% - 25%
• Vehicles	7 – 9	11% - 14%
• Other intangible assets	4 – 5	20% - 25%
• Energy production licenses	40 - 50	2% - 2,5%

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### **2.8 Intangible assets, business combinations and goodwill**

Intangible assets mainly refer to energy production licenses, which are long-term with option to renew and depreciated. Business combinations are accounted for using the acquisition method (acquisition accounting method). Under this method, assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities) of the acquired business are recognized at fair values at the date of the transaction. Goodwill from business combinations results as the difference, at the date of the transaction, between the price and the fair value of the assets acquired and liabilities assumed, On the transaction date, any goodwill acquired is allocated to cash generating units or groups of cash generating units expected to benefit from this combination.

If the difference between the purchase price and the fair value of net assets recognized exceeds the cost of business combination, then the Company:

- Reassesses the identification and measurement of both the identifiable net assets and the cost of combination and recognizes immediately in the income statement any negative difference between the purchase price and the fair value of net assets (negative goodwill).

Goodwill is measured at cost less the accumulated impairment losses. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. If the book value of a cash generating unit, including goodwill, exceeds its recoverable amount, an impairment loss is recognised. Impairment is determined by assessing the recoverable amount of the cash generating units, which the goodwill relates. If a part of a cash generating unit to which goodwill has been allocated, is sold, then the goodwill associated with the part sold, is included in its book value, in order to determine the gain or loss. The value of goodwill associated with the part sold is determined according to the relevant values of the part sold and the part of the cash generating unit that remains. Goodwill resulting from acquisitions or business combinations has been allocated and monitored at Group level to key cash generating units that have been defined according the provisions of IAS 36 "Impairment of Assets". When the Group increases its participation share to existing subsidiaries (acquisition of minority interests), the total difference between the purchase price and the proportion of the minority interests acquired (positive or negative) is transferred directly to equity, as it is considered as a transaction between shareholders (entity concept method). Correspondingly, when minority interests are sold (without the final participation leads to loss of control of subsidiary), the relevant gain or losses are recognized directly to equity.

### **2.9 Impairment of assets excluding goodwill**

Assets that are depreciated are tested of impairment each time there is an indication that the carrying amount is not recoverable, The recoverable amount is the maximum between the net selling price representing the possible proceeds from the sale of an asset in an arms' length transaction, after deduction of any additional direct cost for the sale of the asset, and the value in use representing the discounted future net cash flows from the continuing use and ultimate disposal of an asset using an appropriate discount rate, If the recoverable amount is less that the carrying amount the carrying

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### **2.9 Impairment of assets excluding goodwill (continued)**

amount is written down to the level of the recoverable amount, An impairment loss is recognized in the income statement of the related period occurred except if the asset was adjusted in value, when the loss reduces the special value adjustment reserve, When in subsequent periods the loss must be reversed the carrying amount of the asset is increased to of the reviewed estimated recoverable amount in the extent that the new carrying amount is not greater than the carrying amount that would result as if the impairment was never recorded in prior periods, The reversal of an impairment loss is recorded as income in the income statement except for the case that the asset was value adjusted, case in which the reversal of the impairment loss increases the related special value adjustment reserve, For the assessment of impairments, assets are ranked in the minimum cash flow class

### **2.10 Finance instruments**

Financial instruments of the Company are classified in one of the following categories:

**a) Financial assets or liabilities estimated at fair value with changes reflected in the income statement,** A financial asset or financial liability that meets either of the following conditions:

- It is classified as held for trading (including derivatives but excluding instruments designated for hedging purposes, acquired or designed for the purchase or repurchase purposes and finally those who are part of a portfolio including recognized financial instruments),
- Upon initial recognition it is designated by the entity as at fair value through the statement of income,
- On the balance sheet the transactions and the valuation at fair value are presented separately as derivative financial instruments, Changes in fair value of these derivatives are reflected in the income statement,

**b) Borrowings and receivables.** Non derivative financial assets with fixed or predetermined rates, which are not being traded in active markets, Borrowings and receivables do not include:

- Receivables from advance payments for the purchase of goods or services,
- Receivables from tax dealing, legally imposed by the State,
- Any non contractual element giving right to the company to raise claims in cash or in other financial elements,

Borrowings and receivables are included in the current assets, except those expiring within 12 months or more from the date of the balance sheet, In such case borrowings and receivables are recognized as other non-current assets (long-term receivables),

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### **2.10 Finance instruments (continued)**

**c) Retainable Investments**, Non derivative financial assets of fixed or predetermined payment and set expiration date, which the Company has the ability and intention to retain until expiration,

**d) Available-for-sale financial assets**. Non derivative financial assets which are identified under this category or cannot be classified in any of the above categories, Available-for-sale financial assets are consequently valued at fair value and the resulting profit or loss is recognized in equity reserve, until those assets are sold or acknowledged as impairments, When sold, or when acknowledged as impairments, any such profit or loss is transferred to income statement, Impairment losses recognized in income statements cannot be reversed through income statements.

Purchases and sales of investments are recognized at the date of the transaction, which is the date that the Company commits to purchase or sell the asset. Investments are initially recognized at their fair value plus directly attributable transaction costs, except for the directly attributable transaction costs for items that are measured at fair value with changes in results. Investments are derecognized when the right to receive cash flows from investment has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Realized and unrealized gains or losses arising from changes in fair values of financial assets recognized at fair value with changes in results, are recognized in the period in which they arise. The fair values of financial assets that are traded in active markets are based on current bid prices. For non-traded assets, fair values are determined using valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows. Not traded in an active market securities classified as available for sale financial assets whose fair value can not be reliably determined, are determined at acquisition cost. At each balance sheet date, the Company assesses whether there is objective evidence to suggest that financial assets have been impaired. For securities classified as available for sale financial assets, objective evidence would include a significant or prolonged decline in their fair value. If such evidence exists, the accumulated loss in equity which is the difference between the acquisition cost and fair value, is recognized in the income statement.

### **2.11 Receivables from customers**

Accounts receivable are recognized and carried at originally invoiced amounts and subsequently are valued at amortized cost with the use of the effective interest rate less any impairment losses, Impairment losses (losses from doubtful accounts) are recognized when objective indication exists that the Group will be unable to collect all amounts due, The amount of impairment loss is the difference between the carrying amount of the receivables and the net present value of the discounted with the effective interest rate future cash flows, The amount of impairment loss is charged to the income statement, At each reporting period/date, all accounts receivable are assessed based on historical trends and statistical information and a provision is recorded for the probable and reasonably estimated loss for these accounts, All accounts receivable collection of which is not considered probable are written-off.

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### **2.12 Cash and cash equivalents**

Cash, time deposits and other highly liquid, low risk investments with original maturities of three months or less are considered to be cash equivalents.

### **2.13 Share Capital**

Common shares are recognized in Equity, cost of issuance of new shares, net of deferred tax, are reflected as a deduction of Paid-in-Surplus, Share issuance costs related to business combinations are included in the cost carrying amount, the purchase cost of treasury shares less any income tax (if applicable) is presented as a deduction of equity unless the treasury shares are sold or cancelled, Gains or losses from the sale of treasury shares net of any direct transaction costs or income tax, if applicable, are presented as reserve in equity.

### **2.14 Borrowings**

All loans and borrowings are initially recognized at fair value, net of issue costs associated with the borrowing, After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method, Gains or losses through the amortization process are recognized in the statement of income.

### **2.15 Income Tax – Deferred Tax**

Income Tax expense for the period consists of current and deferred taxes, i.e, the tax (or the tax discount) associated with income (or loss) that are reported, for accounting purposes, in the current period but will generate a tax liability or asset in future accounting periods, Income taxes are recognized in the income statement, except for tax with regard to transactions charged directly to equity, In the latter case, the tax is also charged directly to equity.

Current income taxes are recognized based on taxable income of the period, in accordance with the Greek tax laws for each of the consolidated subsidiaries, The current income tax is based on taxable profits of the Company adjusted according to the requirements of tax legislation and is calculated with the current tax rate in force, Deferred income taxes have been provided using the liability method on all temporary differences arising between financial reporting and tax bases of assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse, Deferred taxes are calculated using the liability method for all temporary tax differences as of the balance sheet date between taxable base and accounting base of the assets and liabilities.

Expected impacts from temporary tax differences are recognized and recorded either as future (deferred) tax liabilities or as deferred tax assets, Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against the above and can be utilized, The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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### **2.15 Income Tax – Deferred Tax (continued)**

The Company writes off deferred tax assets against deferred tax liabilities only in cases when the Company has a legal right to write off current tax assets against current tax liabilities and deferred tax assets and the deferred tax liabilities relate to income tax and are imposed by the same tax authority

### **2.16 Employee Benefits**

#### **a) Short term benefits**

Short term employee benefits are recorded on an accrual basis.

#### **b) Provisions for Benefit Plans:**

The programs for employee benefits concerning their service termination are included in defined benefit plans according to IAS 19 - "Employee benefits", The obligations resulting from the defined benefit plans are calculated as the discounted fair value of the future benefits to employees accrued as of the balance sheet date, These obligations are calculated based on financial and actuarial assumptions, The net cost for the period / year is charged to the income statement and is comprised from the present value of accrued benefits during the period / year, the discounting of the future obligation, the cost of experience of service and actuarial gains or losses, Unrecorded cost of experience is recognized on a straight basis on the average remaining service time of the employees expected to receive benefits, For discounting purposes the interest rate of long term Greek Government bonds is used, According to the provisions of Law 2112/20 the Company pays compensation to employees dismissed or resigning depending on the length of service, their current remuneration and the reason for leaving (dismissal or retirement), The termination benefit in case of retirement amounts to 40% of the termination benefit in case of dismissal,

### **2.17 Provisions**

Provisions are recognized when the Company has a present obligation (legal or accrued) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be calculated, If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost, Provisions are reviewed at each balance sheet date and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed, Provisions are used only for expenditures for which they were originally recognized, Contingent assets and contingent liabilities are not recognized.

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### **2.18 Revenue recognition**

Revenue consist of the fair value of the sale of goods and services, net of value-added tax, rebates and discounts, Revenue is recognized as follows:

- **Revenues from sales of power:** Revenues from sales of power are accounted for in the fiscal year they occur. During the preparation of the financial statements, revenues from sales of power to LAGIE S.A. or other customer that have not till been invoiced..are recognized as income receivable unbilled.
- **Services rendered:** Revenue from services are recognized 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 cost,
- **Interest income:** Interest income is recognized on a time-proportion basis using the effective interest method.

### **2.19 Leases**

Leases which transfer to the Company substantially all benefits and risks incidental to ownership of the item property are considered financial leases and are accounted for by the lessee as the acquisition of an asset and the incurrence of a liability, Financial charges are recognized directly to income, Finance leases, that transfer to the Company substantially all risk and benefits following the ownership of the leased asset are recorded as assets with amount equal to the initial lease amount, the fair value of the leased asset or if lower the present value of the minimum future lease payments, Lease payments are included in finance costs and deducted from the remaining liability, in such way that a constant interest rate applies to the remaining liability amount, Leased assets are depreciated in the shorter time between useful life of the asset and the lease period, Criterion for the classification of a lease as finance or operating is the type or transaction itself and not the type of agreement, If from a lease agreement arises that the lessor substantially holds all benefits and risks incidental to ownership of the asset, it is classified as an operating lease by the lessee and the rental payments are recognized as an expense as incurred.

### **2.20 Dividend distribution**

Dividends payable to the shareholders are recognized and presented as liability in the period in which the General Shareholders Assembly approves them.

### **2.21 Government grants**

Government grants are initially recognized as deferred income on the balance sheet, when the reimbursement of the grant is fairly secure and the Group has met its required obligations, Grants related to the Groups expenses are recognized as other operating income on a systematic base in the



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### **2.21 Government grants (continued)**

period the related expenses are recognized, Grants related to the purchase cost of the Group's assets are recognized as other operating income on a systematic base according to the useful estimated life of the asset.

### **2.22 Long-term Receivables / Payables**

Long-term receivables and payables, which are interest free or bear interest significantly lower than the prevailing market rates, are recognized in their net present value, Differences between the present value and the face amounts are created as discount or premium and amortized as interest expense or income over the life of each receivable/payable.

### **2.23 Related Parties**

Related party transactions and balances are disclosed separately in the consolidated financial statements, Such related parties mainly refer to major shareholders, Management, companies with common ownership and/or management with the company and its consolidated subsidiaries, or other affiliates of these companies.

### **2.24 Capital Management**

The Group's policy is the maintenance of a solid capital structure to have confidence of investors and creditors and to support its future growth, Management monitors Equity in its total excluding minority interests so that the ratio to liabilities subtracting the Company's deposits is approximately 3 to 1, Based on the data of the balance sheets the ratio of liabilities to equity for the years 2011 and 2010 was 2,03 and 0,91 respectively for the Group and 0,14 and 0 for the parent Company, The provisions of L, 2190/1920 impose the following restrictions concerning equity:

The purchase of treasury shares, except for the case of purchase for distribution to employees, cannot exceed 10% of the paid in share capital and cannot have as result the reduction of equity to a lower amount than the paid in share capital plus any reserves that are non distributable by law, In case the share capital is below the  $\frac{1}{2}$  of the paid in share capital the Board of Directors has to invite the General Assembly of shareholders within 6 months from the end of the fiscal year to decide about the dissolution of the company or any other measure.

If the total equity is below  $\frac{1}{10}$  of the paid in share capital and the general assembly does not apply appropriate measures the company can be dissolved by court decision after the request of any party that has legal interest.

Yearly at least the  $\frac{1}{20}$  of net earnings is distributed to legal reserves that is used to compensate before any dividend distribution the debit balance of retained earnings, The distribution to reserves is not mandatory if its level is  $\frac{1}{3}$  of the paid in share capital,

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### **2.24 Capital Management (continued)**

The distribution of the yearly cash dividend is mandatory for 35% of the net earnings after the deduction of the legal reserve and the distribution to special valuation reserves from the fair value valuation of assets and liabilities at fair value, This is not applied if the general assembly of shareholders decides at least with 65% majority. In this case the not distributed dividend is presented in a special reserves account for capitalization and new shares are distributed without any charge to the beneficiaries shareholders within four years, Finally, with 70% majority the general assembly can decide the non distribution of dividends.

The company is fully compliant with the related provisions imposed by law concerning equity.

### **3. Financial Risk Management**

#### **3.1 Financial risk factors**

**a. Foreign exchange risk:** The Company is not exposed to foreign exchange risk,

**b. Credit risk:** The Company is not exposed to credit risk,

**c. Cash flow risk:** The Company is exposed to cash flow risk that may arise through the fluctuation of variable interest rates and may cause positive or negative fluctuations in cash inflows and/ or outflows of assets and/ or liabilities connected with these variable interest rates. The ratio of fixed to variable rates of bank borrowing amounts to 20% to 80%.

**d. Market risk:** The Company is not exposed significantly to market risk,

#### **4. Important accounting assumptions and estimates**

Preparation of financial statements in compliance with IFRS requires Management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, required disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period, Reasonable use of available information and subjective judgement are important elements of an assumption, Actual results may differ from estimates and deviations may significantly affect Financial Statements, The Company makes estimates and assumptions with regard to the outcome of future events, The majority of estimates concerns assets depreciation and calculation of deferred taxes, Management's estimates and assumptions are under continuous review based on historical data and expectations of future events, that are deemed highly probable based on current facts,

#### **5. Share capital structure**

The Company sees to it that its share capital structure is persistent to respective conditions of the subsidiary programs in which the Company has entered.

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### 6. Revenues

	The Group		Company	
	1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
Revenue from energy sector	11.627	5.487	-	-
Revenue from services rendered	-	-	722	2.040
<b>Total</b>	<b>11.627</b>	<b>5.487</b>	<b>722</b>	<b>2.040</b>

### 7. Cost of sales

The cost of sales for the Group for the previous periods was revised due to the revision of the useful life of production licenses.

	The Group		Company	
	1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
Recovered exp. from participations to subsidies	-	-	(508)	(1.854)
Personnel salaries and expenses	(208)	(146)	(158)	(111)
Third party expenses	(273)	(65)	-	-
Supplies to third parties	(1.749)	(891)	(36)	-
Tax and stamp duty	(357)	(164)	(15)	-
Other expenses	(34)	(25)	(19)	-
Depreciation	(4.985)	(2.514)	-	-
Operating provisions	-	1	(10)	-
Depreciation of subsidies	1.672	815	-	-
Depreciation of production licenses	(312)	(163)	-	-
<b>Total</b>	<b>(6.246)</b>	<b>(3.151)</b>	<b>(746)</b>	<b>(1.965)</b>

### 8. Administrative expenses

	The Group		Company	
	1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
Personnel salaries and expenses	(387)	(483)	(92)	(199)
Third party fees and expenses	(77)	(180)	(22)	(57)
Supplies to third parties	(160)	(178)	(98)	(137)
Tax and stamp duty	(593)	(75)	(6)	(19)
Other expenses	(1.102)	(358)	(35)	(107)
Depreciations	(12)	(27)	(1)	(18)
Provisions	(8)	5	(7)	5
<b>Total</b>	<b>(2.339)</b>	<b>(1.296)</b>	<b>(261)</b>	<b>(532)</b>

The account «Other Expenses» includes a total amount of €890, referring to the termination of the private leases by the parent company and the subleases between the parent company and the subsidiaries, resulting to be removed from the balance sheets of the companies, assets and receivables – liabilities. Moreover, it includes assets write-off of €71, as the 100% subsidiary company CITY ELECTRIC S.A. to withdraw its application for obtaining Energy Production License for wind farm with a total power of 25, 5MW at location "Paparitsa" in Achaia Prefecture.

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### 9. Finance Income / (Cost)

	The Group		Company	
	1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
Finance expense:				
- Interest payable (note 18)	(2.516)	(973)	(229)	(144)
- Bank and similar expenses	(21)	(7)	(1)	(1)
- Depreciation of raising loan costs	(72)	(30)	-	-
-Finance cost of provision for equipment removal	(85)	(44)	-	-
<b>Total finance expenses</b>	<b>(2.694)</b>	<b>(1.054)</b>	<b>(230)</b>	<b>(145)</b>
Finance income:				
- Interest receivable and similar income	131	99	25	60
-Dividends			650	-
<b>Total finance income</b>	<b>131</b>	<b>99</b>	<b>675</b>	<b>60</b>
<b>Net finance expenses</b>	<b>(2.563)</b>	<b>(955)</b>	<b>445</b>	<b>(85)</b>

### 10. Income Tax

	The Group		Company	
	1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
Income tax (current period)	(181)	(140)	-	-
Deferred tax	96	(145)	67	92
Tax on dividends from subsidiary	(163)	-	(163)	-
Other tax	-	(2)	-	-
<b>Income tax recognized</b>	<b>(248)</b>	<b>(287)</b>	<b>(96)</b>	<b>92</b>

According to provisions of the Greek tax legislation, tax rate as at December 31, 2012 was 20%. The headquarters of all the companies participating in the consolidation are in Greece, while these companies submit their income statements to the Greek tax authorities. The Greek tax legislation and respective provisions are subject to interpretation by the tax authorities. Income tax statements are submitted to the tax authorities on an annual basis but profit or loss stated for tax purposes, remain temporary until the tax authorities conclude audits of the tax statements and records of the company, at which time the respective tax liabilities of the company become final. Tax losses, if any, and in the amount recognized by tax authorities, can be carried forward to offset against profits for a period of five consecutive years after their occurrence.

Based on reasonable estimates, to the extent possible, consolidated companies make provisions for any contingent tax burden which may occur in future tax audits.

Consolidated companies have not been audited for the periods presented in the table below:

Company	Unaudited fiscal year
RF ENERGY S.A.	2010
KALLISTI ENERGIAKI S.A.	2009-2010
AIOLIKI KYLINDRIAS S.A.	2009-2010
CITY ELECTRIC S.A.	2010
HYDROELECTRIKI ACHAIAS S.A.	2010
R.F. ENERGY MISOCHORIA S.A.	2010
R.F. ENERGY OMALIES S.A.	2010
R.F. ENERGY TSOUKKA S.A.	2010
AIOLIKI ADERES S.A.	2010

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### 10. Income Tax (continued)

The Annual Tax Certificate, according to par. 5, art. 82 of L.2238/1994 is applied by all Group's companies during fiscal years 2011 and 2012.

Deferred taxes in the balance sheet are analyzed as follows:

	The Group		Company	
	1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
<b>Deferred tax on assets</b>				
- Transferred tax losses	859	743	267	195
- Share capital increase	30	25	10	14
- Special Levy (10%)	83	-	-	-
-Other	10	10	4	4
- Deletion of installation costs	-	41	-	-
-Provision for equipment removal	80	47	-	-
Provision for staff	10	7	4	3
<b>Deferred tax on liabilities</b>				
- Depreciation of assets	(78)	(26)	-	-
- Government grants	(37)	(2)	-	-
- Operating licenses	(694)	(712)	-	-
- Depreciation expense borrowing	(51)	(29)	-	-
- Capitalization of interest	(42)	(43)	-	-
<b>Net deferred tax</b>	<b>170</b>	<b>60</b>	<b>285</b>	<b>216</b>
Deferred Taxes				
Deferred tax on assets	903	773	285	216
Deferred tax on liabilities	(733)	(712)	-	-
<b>Net deferred tax</b>	<b>170</b>	<b>61</b>	<b>285</b>	<b>216</b>

Below reconciliation of the tax attributable to the accounting results and what the results were accounted for:

	The Group		Company	
	1/1- 31/12/2012	1/1- 31/12/2011	1/1- 31/12/2012	1/1- 31/12/2011
Earnings/loss before tax	611	88	159	(542)
Tax corresponding to nominal tax rate (2012: 20%)	122	18	32	(130)
Tax losses with no deferred tax recognized	(3)	166	-	-
Accounting differences	(13)	11	(130)	8
Decrease in tax rates	(66)	92	31	30
Depreciation of Production Licenses	45	-	-	-
Tax on dividends from subsidiary	163	-	163	-
	<b>248</b>	<b>287</b>	<b>96</b>	<b>(92)</b>

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### **10. Income Tax (continued)**

According to the new Tax Law 4110 (23/1/2013), the tax rate for legal persons domiciled in Greece increases from 20% to 26% for fiscal years beginning after January 1, 2013 onwards. According to IAS 12 (par. 47) and IAS 10 (par. 22) the change of the tax rate in early 2013 is a "non – adjusting event" and therefore the current and deferred income tax of the Company were calculated with the company's existing at December 31, 2012 tax rate of 20%.

If the deferred tax on 31/12/2012 for the Company and the Group was calculated based on the new tax rate, an increase in the deferred tax assets by €86 and €50 respectively would arise, benefiting the respective income statement.

### **11. Trade and other Receivables**

	<b>The Group</b>		<b>Company</b>	
	<b>1/1- 31/12/2012</b>	<b>1/1- 31/12/2011</b>	<b>1/1- 31/12/2012</b>	<b>1/1- 31/12/2011</b>
Trade and other Receivables	6.261	1.290	-	-
Greek state - Debited VAT	3.340	3.555	42	109
Subsidiaries' receivables (note 20)	15.920	11.560	-	-
Transit Debit Balances	982	1.722	655	1.397
Related companies (note 24)	-	-	2.819	1.959
Down payments to suppliers	-	195	-	-
Blocked bank deposits	1.809	2.003	-	-
Other	5	4	238	232
<b>Total</b>	<b>28.317</b>	<b>20.329</b>	<b>3.754</b>	<b>3.697</b>

### **12. Cash and cash equivalent**

	<b>The Group</b>		<b>Company</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Cash at hand	1	13	-	4
Sight and time deposits	1.236	1.882	529	420
<b>Total</b>	<b>1.237</b>	<b>1.895</b>	<b>529</b>	<b>424</b>

Cash and cash equivalents pertain to cash at hand and cash deposits available on sight.

### **13. Plants, property and equipment**

<b>The Group</b>	<b>Land</b>	<b>Buildings</b>	<b>Plant and Machinery</b>	<b>Vehicles</b>	<b>Furniture and miscellaneous equipment</b>	<b>Capital commit ments underw ay</b>	<b>Total</b>
<b>01/01-31/12/2011</b>							
Additions	1.054	4.958	36.190	10	5	1.784	<b>44.001</b>
Depreciation	-	(269)	(2.214)	(1)	(14)	-	<b>(2.498)</b>
<b>31/12/2011</b>							
Cost of Purchase	1.054	9.963	70.121	14	94	3.082	<b>84.328</b>
Accumulated depreciation	-	(1.001)	(7.371)	(4)	(85)	-	<b>(8.461)</b>
<b>Net book value on 31/12/11</b>	<b>1.054</b>	<b>8.962</b>	<b>62.750</b>	<b>10</b>	<b>9</b>	<b>3.082</b>	<b>75.867</b>

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<b>1/1- 31/12/2012</b>							
Additions	17	45	252	-	12	1.365	1.691
Write-offs	-	-	-	-	-	(961)	(961)
Depreciations	-	(564)	(4.375)	(2)	(9)	-	(4.950)
<b>31/12/2012</b>							
Cost of Purchase	1.071	10.008	70.373	14	106	3.486	85.058
Depreciation	-	(1.565)	(11.746)	(6)	(94)	-	(13.411)
<b>Net Book Value on</b>	<hr/>						
<b>31/12/12</b>	<b>1.071</b>	<b>8.443</b>	<b>58.627</b>	<b>8</b>	<b>12</b>	<b>3.486</b>	<b>71.647</b>

The net book value of plant and machinery includes an amount of €1.107 (2011 €1.189) related to the unamortized part of the provision for equipment removal.

During the fourth quarter of 2012, the parent company RF ENERGY S.A., terminated private leases in the region of South Evia. These leases referred to private lands where wind farms will be constructed by subsidiaries of RF ENERGY S.A.. As a change of the siting of the wind turbines, these lands do not need to be hired.

The subsidiaries of RF ENERGY S.A. that have received Energy Production Licenses for wind farms in this region or / and have applied for obtaining Licenses that are being evaluated, sublease the aforementioned lands in the region of South Evia from the parent company RF ENERGY S.A. After the termination of leases by the parent company, the subsidiaries proceeded to termination of subleases.

The termination of both private leases by the parent company and subleases between parent company and its subsidiaries, resulted to be removed from the balance sheets of the companies (subsidiaries and parent company), assets and receivables – liabilities amounting to € (890)

During the fourth quarter of 2012, the 100% subsidiary company CITY ELECTRIC S.A. proceeded to delete assets under construction amounting to (71), due to the prolonged period of stagnation in obtaining Energy Production Licenses for a wind farm with power of 25,5 MW in location 'Paparitsa', in Achaia Prefecture.

	<b>Buildings</b>	<b>Vehicles</b>	<b>Furniture and miscellaneous equipment</b>	<b>Capital commitments underway</b>	<b>Total</b>
<b><u>The Company</u></b>					
<b>01/01-31/12/2011</b>					
Additions	-	-	2	-	-
Depreciation	-	(1)	(11)	-	(12)
<b>31/12/2011</b>					
Cost of Purchase	5	2	68	-	75
Accumulated depreciation	(2)	(1)	(62)	-	(65)
<b>Net book value on 31/12/11</b>	<b>3</b>	<b>1</b>	<b>6</b>	<b>-</b>	<b>10</b>
<b>1/1- 31/12/2012</b>					
Additions	-	-	5	-	5

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Depreciation	(1)	-	(4)	-	(5)
31/12/2012					
Cost of Purchase	5	2	73	-	80
Accumulated depreciation	(3)	(1)	(66)	-	(70)
<b>Net book value on 31/12/12</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>-</b>	<b>10</b>

### **14. Intangible fixed assets and surplus value**

<b>The Group</b>	<b>Production Licenses for wind farms</b>	<b>Other user rights</b>	<b>Total intangible fixed assets</b>
<b>31/12/2011</b>			
Cost of Purchase	11.847	537	<b>12.384</b>
Accumulated depreciation	(632)	(149)	<b>(781)</b>
<b>Net book value on 31/12/11</b>	<b>11.215</b>	<b>388</b>	<b>11.603</b>
<b>1/1- 31/12/2012</b>			
Additions	-	841	<b>841</b>
Depreciation	(312)	(45)	<b>(357)</b>
<b>31/12/2012</b>			
Cost of Purchase	11.847	1.378	<b>13.225</b>
Accumulated depreciation	(944)	(194)	<b>(1.138)</b>
<b>Net book value on 31/12/12</b>	<b>10.903</b>	<b>1.184</b>	<b>12.087</b>

### **15. Investment in subsidiaries and related companies (All amounts in this note refer to Euro)**

Shareholders of Aioliki Aderes S.A. convened in an Extraordinary General Assembly on March 9, 2012, and decided to re-increase in its equity by €152.000, through a share capital increase of €15.000 and disposal of shares above par of € 137.000. RF ENERGY S.A., sole shareholder of the Company, implemented the decision of the subsidiary and proceeded to pay the required amount.

During March and April 2012, the subsidiaries operating in the region of South Evia, decided an increase of its equity to cover costs and expenses incurred during the process of obtaining Energy Production Licenses. RF ENERGY S.A., sole shareholder of the Company, implemented the decision of the subsidiary and proceeded to pay the required amount of €1.041.960.

According to the decision of the Extraordinary General Assembly of the shareholders on 08/10/2012, the share capital of the Company increased by €9.004.950. The increase was entirely equal to the capitalization of the share premium shown on that date in the company's books and was covered through the issuance of 900.495 new shares with a nominal value of 10 euro each.

The remaining balance of the investment of the company (all companies are operating in the energy sector) is analyzed as follows:



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### **15. Investment in subsidiaries and related companies (continued)**

<b>Subsidiaries</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
KALLISTI ENERGIAKI S.A.	6.370	6.370
AIOLIKI ADERES S.A.	16.678	16.526
AIOLIKI KYLINDRIAS S.A.	6.699	6.699
HYDROELECTRIKI ACHAIAS S.A.	3.817	3.817
CITY ELECTRIC S.A.	170	170
R.F. ENERGY MISOCHORIA S.A.	3.448	349
R.F. ENERGY OMALIES S.A.	2.002	2.002
R.F. ENERGY KORAKOVRAHOS S.A.	-	498
R.F. ENERGY DEXAMENES S.A.	-	419
R.F. ENERGY LAKOMA S.A.	-	276
R.F. ENERGY PRARO S.A.	-	276
R.F. ENERGY SCHIZALI S.A.	-	159
R.F. ENERGY KALAMAKI S.A.	-	218
R.F. ENERGY TSOUKKA S.A.	341	276
R.F. ENERGY XESPORTES S.A.	-	276
<b>Total</b>	<b>39.525</b>	<b>38.331</b>

The participation share of the Company in the aforementioned subsidiaries are on 31/12/2012, as follows:

<b>Subsidiary</b>	<b>Participation share</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>
KALLISTI ENERGIAKI S.A.	100,00%	100,00%
AIOLIKI KYLINDRIAS S.A.	100,00%	100,00%
CITY ELECTRIC S.A.	100,00%	100,00%
HYDROELECTRIKI ACHAIAS S.A.	100,00%	100,00%
R.F. ENERGY MISOCHORIA S.A.	100,00%	100,00%
R.F. ENERGY OMALIES S.A.	100,00%	100,00%
R.F. ENERGY KORAKOVRAHOS S.A.	-	100,00%
R.F. ENERGY DEXAMENES S.A.	-	100,00%
R.F. ENERGY LAKOMA S.A.	-	100,00%
R.F. ENERGY PRARO S.A.	-	100,00%
R.F. ENERGY TSOUKKA S.A.	100,00%	100,00%
R.F. ENERGY SCHIZALI S.A.	-	100,00%
R.F. ENERGY KALAMAKI S.A.	-	100,00%
R.F. ENERGY XESPORTES S.A.	-	100,00%
AIOLIKI ADERES S.A.	100,00%	100,00%

### **16. Available for sale financial assets**

The Extraordinary General Assembly of 28/06/2010 amended its objects and decided to take part in the company's financial institutions. then, the company decided to take part in the share capital increase of FBB, and On 20/07/2010 has acquired 680,300 common registered voting shares of an amount of € 2.000. The best evidence of fair value is the published price in an active market.

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### **17. Share Capital (All amounts in this notes refer to Euro)**

On 01/01/2012, the Company's share capital amounts to €10.560.000,96 consisting of 29.333.336 common nominal shares, with nominal value of €0,36 each.

According to a decision of the Extraordinary General Assembly on March 20, 2012 the share capital of RF Energy increased by € 635.400. The increase was in cash and covered by issuing 1.765.000 new shares with a nominal value of thirty-six cents (0,36) and disposal price of one euro and thirty-six cents (1,36) each.

The difference between nominal value and disposal price of €1.765.000 was credited to the account "Difference from issuance of shares above par".

After the increase, the Company's share capital amounted to €11.195.400,96, divided into 31.098.336 nominal shares with nominal value of thirty-six cents (0,36) each.

The costs of share increase amounted to €8. . . . .

On 31/12/2012, the Company's share capital amounts to €11.195.400,96 consisting of 31.098.336 common nominal shares, with nominal value of €0,36 each.

### **18. Borrowings**

	<b>The Group</b>		<b>Company</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
<b>Long – term borrowings</b>				
<b>Long – term borrowings</b>	44.194	44.825	-	-
Unliquidated raising loan cost	(254)	(327)	-	-
	<b>43.940</b>	<b>44.498</b>	-	-
Long –term liabilities payable within the next 12 months	(14.308)	(1.058)	-	-
Short-term part of unliquidated raising loan cost	67	27	-	-
	<b>(14.241)</b>	<b>(1.031)</b>	-	-
Long-term part of borrowings	<b>29.699</b>	<b>43.467</b>	-	-
<b>Short-term borrowings</b>	<b>3.557</b>	<b>3.539</b>	<b>3.557</b>	<b>3.539</b>

The 100% subsidiary company KALLISTI ENERGIKI S.A. proceeded to refinancing of its existing short-term loan by issuing a Common Bond Loan in the amount of €12.800, according to the decision of the Shareholders' Extraordinary General Assembly on 3/4/2009.

The disbursement of the Bond Loan amounted to €12.800 and was used for both the long-term financing of the investing plan of the company of €6.065 (duration of 12 years and to be paid in 24 semi-annual installments with a fixed rate of 5,80% - the first 7 installments have already been paid till 31/12/2012) and the short-term financing against income from approved subsidy of €6.735. The purpose of the loan is financing of the investing plan of the company and has been partially been paid through income from approved public subsidy, cash and cash equivalents and refinancing.

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### **18. Borrowings (continued)**

In June 2010, KALLISTI ENERGIAKI S.A. received the amount of €1.310 against the first installment of the approved state subsidy and proceeded immediately to the repayment of equal part of the aforementioned loan. In August 2010,

In August 2010, KALLISTI ENERGIAKI S.A. received the amount of €2.059 against the remaining balance of the first installment of the approved state subsidy and proceeded immediately to the respective repayment of equal part of the aforementioned loan. In August 2010,

Within September 2010, KALLISTI refinanced its existing short-term borrowing by issuing Long Term Bonds for the amount of €3.365, with a duration of 11 years, to be paid in 22 semi-annual installments (the first 4 installments have already been paid till 31/12/2012). The interest rate is Euribor 6M +2,30%  $\approx$  3,00%.

AIOLIKI KYLINDRIAS S.A., 100% subsidiary company of RF ENERGY S.A., received in October 2009 short-term financing of €10.008 for refinancing of existing financing. In December 2009, an amount of €5.934 converted to Common Bond Loan with a duration of 14 years and floating rate Euribor plus fixed margin 2,30%, while the remaining amount of €4.074 remained as a short-term financing against approved subsidy with floating rate Euribor plus fixed margin 4,00% and was paid through the collection of the subsidy in years 2010 and 2011.

For the purpose of this loan, collateral have been used including company's future receivables coming from the Power Purchase Agreement with LAGIE S.A. (ex HTSO), bank deposits and the pledge on the shares of the issuer, as well. The loan will be paid in 28 semi-annual installments, of which up to 31/12/2012 six have been paid.

The Company received, in January 2011, funding of €2.500 with interest rate of EURIBOR 3M plus margin (4,00%). This grant will expire on 20/07/2013. To receive this grant, the Company has pledged its securities available.

The Company, on 30/12/2011, entered into a Credit Agreement with open current account of €1.000, which was released the same day. The interest rate on this loan is floating EURIBOR 3M plus fixed margin 6,50%.

For this grant, corporate guarantee and pledge up on time deposits maintained by the 100% subsidiary KALLISTI ENERGIAKI S.A. were given.

The amount of given guarantees and the relevant pledge will amount throughout to 100% of the existing balance of the loan received by the parent company and be equally impaired on the specific contractual payment on behalf of the parent company.

Aioliki Aderes S.A. , according to the decisions of BoD on a)09/05/2011, b) 01/02/12 and c) 29/05/12 signed bond agreement up to an amount of € 35.245.600, for 11,5 years with a grace period of 12 and 24 months by case and floating rate Euribor plus a fixed margin of 3,80% and 4,00% by case, depending on the case and its subject of financing is: a) long-term financing of investment cost for the

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(All amounts in Euro thousands unless otherwise specified)

### **18. Borrowings**

construction of three wind farms, b) short-term financing against subsidies approved by the decisions 52586/ΥΠΕ/5/01732/Ε/Ν.3299/04/19-11-2010 and 52589/ΥΠΕ/5/01840/Ε/Ν.3299/04/27-12-2010 and 26960/ΥΠΕ/5/01841/Ε/Ν.3299/2004-14/06/2012 c) the medium-term financing to cover the VAT of investment cost of the three wind farms. Till 31/12/2012, an amount of €32.809 has been disbursed, while an amount of €820 is related to capitalized interest for grace period.

The Bond series relating to the long-term financing of the investment cost for the construction of the 3 wind farms of the Company will be paid in 21 equal installments, of which up to 31/12/2012 once has been paid.

The Bond series relating to the short-term financing against subsidies approved for the construction of the 3 wind farms of the Company will be paid in 3 equal installments, of which two will be paid within 2013. In case the Company receives subsidy, the bond series will be paid immediately.

The Bond series relating to the medium-term financing to cover the VAT of the investment cost of the three wind farms of the Company will be paid in 3 equal installments, of which two will be paid within 2013.

For the purpose of this loan, collateral have been used and the sole shareholder of Aioliki Aderes, RF Energy, has provided full and unconditional guarantee. Additionally, according to the term of the loan, the company has pledged its future receivables coming from the Power Purchase Agreement with LAGIE S.A. (ex HTSO), bank deposits and on insurance policies and contracts that has to maintain and on approved subsidies relating to investing plans, as well.

Interest payable of all the above loans amounted for the period ended at December 31<sup>st</sup>, 2012 and 2011 to € 2.516 and € 964, respectively.

During 2012, total quittances of sum €2.274 against the above existing long-term loans raised by the Group, were realized.

### **19. Trade and other payables**

	<b>The Group</b>		<b>Company</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Payables to related parties (note 24)	-	-	86	270
Trade payables to suppliers	1.009	1.852	53	32
Accrued expenses	196	265	160	22
Liability for share capital increase	-	-	-	571
Creditors	519	938	417	870
Accrued interests on loans	181	6	-	-
Taxes-Fees	220	350	38	51
Other	48	50	1	-
<b>Total</b>	<b>2.173</b>	<b>3.461</b>	<b>755</b>	<b>1.816</b>

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### **20. State subsidies**

	<b>The Group</b>		<b>Company</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Subsidies	21.724	18.276	-	-
Additional for Aderes	4.360	3.853	-	-
Additional subsidy	-	410	-	-
Depreciation of subsidies	(1.672)	(815)	-	-
	<b>24.412</b>	<b>21.724</b>	-	-

The depreciation of received state subsidies on behalf of the subsidiary company KALLISTI ENERGI AKI S.A., for the development of the wind park in location "Tsouka" in Municipalities of Skiritida and Valtetsiou in Argolida Prefecture, have been amounted to € 477 during the current period.

The depreciation of received state subsidies on behalf of the subsidiary company AIOLIKI KYLINDRIAS S.A., for the development of the wind park in location "Lofoi Kylindrias" in Municipality of Doirani in Kilikis Prefecture, have been amounted to € 201 during the current period.

The depreciation of received state subsidies on behalf of the subsidiary HYDROELECTRIKI ACHAIAS S.A. for the development of a small hydroelectrical station in location "Boufaskia" in Municipality of Aigio, have been amounted to € 36 during the current period. After the beginning of the operation of the small hydroelectrical station in location "Agios Andreas", the subsidiary, within 2012 proceeded to depreciation of the subsidy amounting to € 21.

The subsidiary company AIOLIKI ADERES S.A. received a number 52586/YPE/5 / 01732/E/N.3299/04/19-11-2010,589/YPE/5/01840/E/N.3299/04/27-12-2010 and 26960/YPE/5/01841/E/N.3299/2004-14/06/2012 approvals to join the investment in the investment law 3299/2004 as amended by the Ministry of Economy and Finance for the construction of wind farms in locations " Sampales", " Astrapi" and "Soros"

The approved amount of total granted investment amounts to € 39.799 and as a result the state subsidy amounts to € 15.920. AIOLIKI ADERES S.A. depreciates recoverable grants, which in the current fiscal year amounted to €937.

### **21. Long-term provisions**

#### **Environmental restoration**

The Company, under the existing legislation, has the obligation at the end of the production license and if that is not renewed, to decommission the technical equipment of the wind farms and restore the surrounding environment of the establishment area.

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### **21. Long-term provisions (continued)**

	<b>Environmental restoration</b>	<b>Total</b>
<b>On 31/12/2011</b>	<b>1.423</b>	<b>1.423</b>
Addition of Aioliki Aderes S.A.	-	-
Change in useful life of Aioliki Kylindrias S.A. 's assets	-	-
Financial cost	87	87
<b>On 31/12/2012</b>	<b>1.510</b>	<b>1.510</b>

### **22. Interest rate and liquidity risks**

#### **Interest rate risk**

The Company has substantial interest bearing assets in the amount of €529 (€1.237 for the Group) that are invested in compound time accounts at a predetermined exchange rate. Said exchange rate is calculated based on the interbank market floating interest rate in Euro. Therefore revenue and operating cash flow is affected by a change in interest rates.

As at December 31<sup>st</sup>, 2012 Earnings After Tax for the Company would have been €4 (€9 for the Group) lower / higher, if interest rates had lower / higher by 90 base points, all other variables remaining unchanged.

Interest rate risk results from long-term and short-term borrowings in euro at a floating interest rate. The Company assesses its exposure to interest rate risk on a steady basis, also taking into consideration any chance of refinancing under different terms, as well as renewal of existing financing.

As at December 31<sup>st</sup>, 2012 Earnings After Tax for the Company would have been € 26 lower/higher, while those of the Group would have been € 342 lower/higher, if interest rates had decreased/ increased by 90 base points, all other variables remaining unchanged. This would have been caused mainly due to higher / lower finance expenses resulting from bank borrowings at a floating interest rate in Euro.

As a consequence, Earnings After Tax for the Company would have been € 22 (€ 333 for the Group) lower/higher, if interest rates had decreased/ increased by 90 base points, all other variables remaining unchanged.

	<b>Interest rate risk</b>			
	<b>+90 bps</b>		<b>-90 bps</b>	
	<b>Earnings before tax</b>		<b>Earnings before tax</b>	
	<b>The Group</b>	<b>Company</b>	<b>The Group</b>	<b>Company</b>
<b>Financial assets</b>				
Cash equivalents	11	5	(11)	(5)
Influence before tax	11	5	(11)	(5)
Income Tax 20%	(2)	(1)	2	1
<b>Total influence</b>	<b>9</b>	<b>4</b>	<b>(9)</b>	<b>(4)</b>

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<b>Financial liabilities</b>				
Loans	(427)	(32)	427	32
Influence before tax	(427)	(32)	427	32
Income Tax 20%	85	6	(85)	(6)
<b>Total influence</b>	<b>(342)</b>	<b>(26)</b>	<b>342</b>	<b>26</b>
<b>Total Net Influence</b>	<b>(333)</b>	<b>(22)</b>	<b>333</b>	<b>22</b>

### **- Liquidity risk**

The management of liquidity risk includes both existence of enough cash and cash equivalents and the reassurance of credit standing through approved financing terms. The table below analyses the company's obligations, based on the remaining contractual duration at the date of the balance sheet in discounted bills with an average interest rate, as it was formed during Year 2012.

<b>The Group December 31<sup>st</sup>, 2012</b>	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>&gt; 5 years</b>
Borrowings	17.798	8.646	7.955	13.094
Liabilities	2.240	-	-	-
<b>Total</b>	<b>20.038</b>	<b>8.646</b>	<b>7.955</b>	<b>13.094</b>

The previous table analyses the Group's obligations, based on the remaining contractual duration at the date of the balance sheet. The amounts in the table refer to the nominal value of the obligation plus interest, and as a result, they may differ from the amounts included in the balance sheet.

### **23. Legal reserves**

According to the provisions of Greek company legislation, the creation of legal reserves, with the annual transfer of an amount equal to 5% of the annual earnings after tax, is compulsory till the level of the reserves becomes equal to 1/3 of share capital. The legal reserves are only distributed in case of dissolution, but they can be offset with accumulated losses.

### **24. Transactions with related parties**

The Company purchases commodities from related parties, and exchanges services with said parties. According to IAS 24 related parties are subsidiary companies, companies with common shareholders and/or management and any affiliates to such companies. Members of the Board of Directors and Top Management are also considered related parties. The table below presents payables and receivables from transactions with related parties.

#### **Subsidiaries:**

<b>Receivables from:</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
KALLISTI ENERGI AKI S.A.	7	-
AIOLIKI KYLINDRIAS S.A.	201	217
CITY ELECTRIC S.A.	320	261
HYDROELECTRIKI ACHAIAS S.A.	148	92
R.F. ENERGY MISOCHORIA S.A.	779	142

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R.F. ENERGY OMALIES S.A.	77	539
R.F. ENERGY KORAKOVRAHOS S.A.	-	55
R.F. ENERGY DEXAMENES S.A.	-	27
R.F. ENERGY LAKOMA S.A.	-	39
R.F. ENERGY PRARO S.A.	-	137
R.F. ENERGY SCHIZALI S.A.	-	62
R.F. ENERGY KALAMAKI S.A.	-	92
R.F. ENERGY TSOUKKA S.A.	48	61
R.F. ENERGY XESPORTES S.A.	-	132
AIOLIKI ADERES S.A.	1.239	103
<b>Total</b>	<b>2.819</b>	<b>1.959</b>

**31/12/2012**      **31/12/2011**

### **Payables to:**

F.G. EUROPE S.A.	17	11
R.F. ENERGY OMALIES S.A.	-	180
R.F. ENERGY DEXAMENES S.A.	-	10
CITY ELECTRIC S.A.	69	69
<b>Total</b>	<b>86</b>	<b>270</b>

### **Receivables from:**

CYBERONICA S.A.	17	17
<b>Total</b>	<b>17</b>	<b>17</b>

### **Income:**

	<b>1/1- 31/12/2012</b>	<b>1/1- 31/12/2011</b>
KALLISTI ENERGIAKI S.A.	29	24
AIOLIKI KYLINDRIAS S.A.	18	18
CITY ELECTRIC S.A.	6	6
HYDROELECTRIKI ACHAIAS S.A.	25	24
R.F. ENERGY MISOCHORIA S.A.	20	246
R.F. ENERGY OMALIES S.A.	117	258
R.F. ENERGY KORAKOVRAHOS S.A.	84	318
R.F. ENERGY DEXAMENES S.A.	35	245
R.F. ENERGY LAKOMA S.A.	22	147
R.F. ENERGY PRARO S.A.	122	207
R.F. ENERGY SCHIZALI S.A.	12	63
R.F. ENERGY KALAMAKI S.A.	55	138
R.F. ENERGY TSOUKKA S.A.	24	147
R.F. ENERGY XESPORTES S.A.	114	159
AIOLIKI ADERES S.A.	36	36
<b>Total</b>	<b>719</b>	<b>2.036</b>

### **Cost:**

Other	(14)	(9)
Leases	(121)	(123)
<b>Total</b>	<b>(135)</b>	<b>(132)</b>



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### **24. Transactions with related parties (continued)**

#### **Members of the Board of Directors and Management:**

	<u>The Group</u>		<u>Company</u>	
	<u>1/1-31/1/2012</u>	<u>1/1-31/1/2011</u>	<u>1/1-31/1/2012</u>	<u>1/1-31/1/2011</u>
<b>Compensations - Other Benefits:</b>				
Board of Directors Remuneration	(206)	(211)	(206)	(211)
<b>Total</b>	<b>(206)</b>	<b>(211)</b>	<b>(206)</b>	<b>(211)</b>

### **25. Commitments, contingent liabilities and uncertainties**

In 2008 Company's subsidiaries filed applications to RAE and the Ministry of Development for the issuance of Production Licenses for Wind Power Energy Production Plants, located at various sites in Evia Prefecture, and with 387MW capacity in total. Subsequently meteorological masts were erected in said site locations in order to measure wind potential while parent Company R.F. ENERGY S.A. provides to its subsidiaries administrative, development and management services on this project. Moreover Company's subsidiaries have taken actions to receive approval from competent authorities to develop this project.

During 2010, subsidiaries of the Group submitted to RAE and the Ministry of Energy and Climate Change (YP.E.K.A.) completed files with applications for relevant production licenses from wind stations in the southern Evia, with total capacity of 144MW. Therefore, the group of wind farms being developed by subsidiaries of the Group in the southern Evia has total capacity of 531MW. Said Production Licenses have not been granted as of the date of issuance of the document at hand

Within 2011, subsidiaries of the Group submitted to RAE and the Ministry of Energy and Climate Change (YP.E.K.A.) completed files with applications for relevant production licenses from wind stations in the southern Evia, with total capacity of 57MW, while an application for production license from wind farm of 9MW was withdrawn. Therefore, the group of wind farms being developed by subsidiaries of the Group in the southern Evia has total capacity of 579MW

Within fiscal year 2011 Production Licenses of total 279MW were granted to 14 wind farms of the group, while 7 of these farms have been granted with Temporary Connection Terms by HTSO. Finally, in December 2011, Study of Environmental Impact of the wind farms was submitted, so that Approval of Environmental Terms could be granted.

Within fiscal year 2009 several Production Licenses were granted to unrelated companies for Wind Power Energy Production Plants located at sites which are at close proximity to Company owned projects, for which Company's subsidiaries have applied for Production Licenses. Due to this fact, in December 2009 the Company proceeded to legal action against Decisions by the Ministry of Energy and Environment, RAE, and the Special Committee for the Environment. Action was filed to the Council of State, requesting annulment of said Production Licenses which were issued in favor of unrelated companies, on the basis of impingement of the Company's subsidiaries' lawful rights (as

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### **25. Commitments, contingent liabilities and uncertainties (continued)**

Company's subsidiaries have also filed applications for Production Licenses for Wind Power Energy Production Plants located in the area, and no decision has been reached yet), and material breach of substantial legal and statutory provisions. As of the date of issuance of the document at hand the Council of State has not convened on the case matter.

Moreover, on December 31, 2011, the parent company R.F. ENERGY S.A. has guaranteed loans of its subsidiaries of total balance of € 31.986, which have been paid off gradually by 2023.

The amount of future payments for lease private lands in the region of South Evia is analyzed below:

<b>31/12/12</b>	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>&gt; 5 years</b>
Leases for installation of wind farms	582	582	1.746	2.328
<b>Total</b>	<b>582</b>	<b>582</b>	<b>1.746</b>	<b>2.328</b>

### **26. SIGNIFICANT EVENTS OCCURRED POST BALANCE SHEET DATE**

According to the decision of the Extraordinary General Assembly of the shareholders of CITY ELECTRIC S.A. on 15/01/2013, the share capital of the company increased by €29.010. The increase was in cash and covered by issuing of 967 new shares with a nominal value of € 30 and disposal price of € 300 each.

The difference between nominal value and disposal price of €261.090 was credited to the account "Difference from issuance of shares above par". The increase was completed on 11/02/13.

After the increase, the share capital of the company amounted to €306.870, divided into 10.229 common nominal shares, with nominal value of € 30 each.

There are no other significant events having occurred after December 31, 2011 concerning the Company that should have been disclosed and bear the capacity to significantly affect any element of the Company's financial standing or ability to conduct business, as of the date of issuance of the document at hand.