KALLISTI ENERGIAKI S.A.

Distinctive title: KALLISTI ENERGIAKI S.A.
128 Vouliagmenis Avenue – 166 74
Glyfada, Attiki

G.E.MI. Reg. No. 121602101000

ANNUAL FINANCIAL REPORT

January 1st, 2013 – December 31st , 2013

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KALLISTI ENERGIAKI S.A.

STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS

We

1. Georgios Feidakis, Chairman of the BoD
2. Evangelos Korovesis, Vice-President of the BoD
3. Ioannis Pantousis, Managing Director

STATE THAT

To the best of our knowledge:

a. The annual financial statements of **KALLISTI ENERGIAKI S.A.** for the period of January 1st 2013 till December 31st 2013, which comply with the applicable accounting standards, reflect the assets and liabilities, equity and the results of the Company,
b. The Annual Report prepared by the Board of Directors reflects the development, performance and financial position of **KALLISTI ENERGIAKI S.A.,** including the description of the principal risks and uncertainties.

Glyfada, March 26th 2014

Chairman of the BoD	Vice-President of the BoD	Managing Director
Georgios Feidakis	Evangelos Korovesis	Ioannis Pantousis

ANNUAL REPORT BY THE BOARD OF DIRECTORS OF KALLISTI ENERGIAKI S.A. FOR THE 2013 FISCAL YEAR (01.01.2013 – 31.12.2013)

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

Financial figures of the Company during fiscal year period 2013, compared to relevant figures in the previous fiscal period, are presented in the table below:

			Change	
	31.12.13	**31.12.12**	**Amount**	**%**
Revenue	2.568	2.516	52	2%
Less : Cost of Sales	(1.649)	(1.450)	(199)	(14)%
Gross Profit	**919**	**1.066**	**(147)**	**(14)%**
Other income	26	24	2	1%
Administrative expenses	(123)	(81)	(42)	52%
Other expenses	(257)	(112)	(145)	129%
Operating profit before taxation and finance cost	**565**	**897**	**(336)**	**(37)%**
Finance cost (net)	(372)	(433)	61	14%
Finance income	208	93	115	123%
Earnings before taxes	**401**	**557**	**(153)**	**(27)%**
Income tax	(226)	(115)	(112)	(97)%
Earnings after taxes	**175**	**442**	**(267)**	**(60)%**
Other accumulated income				
Actuarial gains and losses on defined benefit plans	(2)	(3)	1	-
Income tax regarding elements of accumulated income	-	1	(1)	-
Other net accumulated income for the period after tax	**(2)**	**(2)**	**-**	**-**
TOTAL ACCUMULATED EARNINGS FOR THE PERIOD	**173**	**440**	**(267)**	**(61)%**

Amounts in € thousands

Regarding the above figures reference should be made to the following:

1. Revenues

Revenues in fiscal 2013 amounted to €2.568 compared to €2.516 in the respective previous period of 2012. Revenues increased by 2% regarding the previous period.

2. Cost of Sales – Gross Profit

Cost of sales for the period of 2013 amounted to €(1.649) against €(1.450) in the previous fiscal period, increased by €199 or 14%, mainly due to the increased maintenance costs of the Wind Farm of the Company.

Gross Profit for the period of 2013 totaled €919 , against €1.066 in the previous fiscal period. The decrease of 14% recorded in Gross Profit can mainly be attributed to the above mentioned increase in Cost of Sales.

3. Other operating income

During the fiscal year, other operating income from insurance claims amounted to €26 against €24 in the previous fiscal year.

4. Operating Expenses (Administration Expenses)

Operating expenses of the Company increased by €42, posting an increase of 52% compared to the previous corresponding period.

5. Other expenses

Other expenses related to the amount of special levy imposed since 01/07/2012 according to Law 4093/2012 on RES producers, amounting to 10% of sales. The corresponding amount for the second half of the previous year was included in the account of administrative expenses in the published financial statements for the year 2012.

6. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Company amounted to €1.385 in fiscal 2013, as opposed to €1.718 in 2012, whereas EBITDA margin decreased to 54%, as opposed to 68% in the previous period.

7. Finance Cost/ Income

With regard to finance results for fiscal 2013, net finance cost for the Company decreased by €176 compared to the previous period. This change is analyzed in the table below:

	31/12/2013	**31/12/2012**
- Interest Payable	(320)	(377)
- Bank and similar expenses	(8)	(12)
c.Depreciation of raising loan costs	(21)	(22)
d. - Finance cost of provision for equipment removal	(23)	(22)
Total Finance Cost	**(372)**	**(433)**
- Interest receivable and similar income	208	93
Total Finance Income	**208**	**93**
Net Finance Income	**(164)**	**(340)**

Amounts in € thousands

The decrease noted in Net Finance Cost can mainly be attributed to significant decrease of bank obligations of the Company, to decreased floating interest (Euribor) of accrued interest payable during 2013 and the huge increase of interest receivable. Finally, during 2013, there has been an increase of 123% of the amount of the interest and similar income, which is due to charge of default interest against LAGIE S.A., because of non – timely payment of invoices for electricity sold. The default interest amounted to €150 and interest receivable to €57.

8. Earnings before Tax

Earnings before Tax for the period 2014 amounted to €401 against €557 of the previous fiscal year, decreased by €156 or 28%. The decrease in earnings before tax should mainly be also attributed to both the increase of Cost of Sales and the burden on the financial figures of the Company, as a result from the imposition of special levy, according to the provisions of the Law 4093/2012, for all the period of 2013.

8. Taxes

According to the provisions of the Greek tax legislation, tax rate as at December 31, 2013 was 26%. 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 Company received tax certificate, according to the par. 5, article 82 of Law 2238/1994, for fiscal years 2011, 2012 and 2013.

	31/12/2013	31/12/2012
Income Tax (current period)	(1)	(2)
Deferred Tax	(225)	(113)
Income Tax	**(226)**	**(115)**
Other accumulated income Tax	**-**	**1**

Amounts in € thousands

During fiscal 2010, a tax audit was conducted in the Company for the years 2005-2008, which was completed in October 2010. The regular audit examined our books for these accounting periods, finding them frank and attributing to the Company accounting differences of €1,034, of which no income tax was disclosed.
The tax audit did not recognize a VAT refund of €101. For that reason, the Company has appealed to the Administrative Court about both the abovementioned accounting differences and the unrecognized tax. Finally, the Company has made provision for unaudited fiscal years of €28 for the fiscal years 2009 and 2010.

9. Earnings after Tax

Net earnings after tax in fiscal 2013 amounted to €175 against earnings of €442 in the previous corresponding period, with a decrease of 60%.

10.Borrowings

The borrowings are described, as follows:

	31/12/2013	31/12/2012
Long-term borrowings	5.452	7.121
Non – depreciated cost of raising loans costs	(86)	(107)
Total	**5.366**	**7.014**
Long-term liabilities payable within next fiscal year	(701)	(670)
Short-term cost of non- depreciated part of raising loans costs	21	22
	(680)	**(640)**
Long-term part of borrowings	**4.685**	**6.366**

Amounts in € thousands

II. **BASIC FINANCIAL RATIOS**

Certain financial ratios which indicate the Company's financial status at the end of fiscal 2013, are presented in the table below:

	FY 2013	FY 2012
DEBT LIABILITIES		
Liabilities / Equity	1,18	1,43

Liabilities to Banks / Equity	1,15	1,43
LIQUIDITY		
Current ratio	3,94	4,93
Quick ratio	3,94	4,93

III. SIGNIFICANT EVENTS OCCURRED WITHIN THE FISCAL YEAR PERIOD 2013

During the fiscal period of 2013

Within 2013, the Company proceeded to voluntary prepayment of Trance B Bonds of the existing Bond Loan of €1.000, using own funds.

IV. SIGNIFICANT EVENTS OCCURRED POST BALANCE SHEET DATE

There are no other significant events having occurred after December 31, 2013 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 operates a 15 MW Wind Park and has applied for a production license of 4 MW in the same region, in order to expand the existing facility and expects the examination request.

VI. EXPANSION OF ACTIVITIES – INVESTMENTS – RESEARCH & DEVELOPMENT

The private technical company ' ANEMOMICHANIKI – E. MORFIADAKIS & SIA' assessed the wind potential in specific locations, which confirmed for one more time the great wind potential and the viability of the particular investing plan.

VII. ACCOUNTING PRINCIPALS IMPLEMENTED

For the preparation of the Balance Sheet and Income Statement regarding 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 31/12/2013 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. On 6/5/2008, the environmental study of recovery, elaborated by the technical company ' X. STAVROPOULOS & ASSOCIATES – GEOENVIRO' was approved by the Tripoli's forest inspection and thereafter the necessary planting works took place, always according to recommendations of the competent authorities.

IX. RISKS AND UNCERTAINTIES

- 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. In the following, there is a detailed table, describing the impact on the Earnings on 31/12/2013 in case that an increase/decrease in interest rates in the amount of 90bps. (0,09%).

As at December 31st, 2013 Earnings After Tax for the Company would have been €45 lower / higher, if euro interest rates had increased/decreased by 90 base points, all other variables remaining unchanged.

This would have been caused mainly due to higher / lower financial expenses resulting from bank borrowings at a floating interest rate in Euro.

	Interest rate risk	
	+90 bps	***-90 bps***
	Earnings before tax	**Earnings before tax**
Financial liabilities		
Loans	(61)	61
Influence before tax	(61)	61
Income Tax 20%	16	(16)
Total influence	**(45)**	**45**
Total Net Influence	**(45)**	**45**

Amounts in € thousands

***e.* Liquidity risk:** The management of liquidity risk includes both the 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 2013.

31st December, 2013	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**
Borrowings	710	750	2.367	1.625
Liabilities	182	-	-	-
Total	**892**	**750**	**2.367**	**1.625**

Amounts in € thousands

Credit Risk

Draft Law ' Arrangements for the reorganization of the special account referred to in article 40 of L. 2773/1999 and other provisions»

The draft law proposed arrangements in order to ensure the viability of the renewable energy sources (RES) support mechanism, aimed at the consolidation of the special account referred to in article 40 of law 2773/1999. In addition, the recommended settings are intended to help reduce the cost of electricity for final consumers and the national economy. More specifically, the present draft law consists of three main axes: (a) price adjustment to converge, as far as possible, the benefits from the RES support mechanism at around the same level for all categories of producers, therefore being an adjustment that aims, as far as possible, on similar yields between the several types of investment, b) investor protection taking into account existing financing agreements and c) new tariffs to compensate producers of electricity from RES and through RES and high efficiency Cogeneration Plants (HeCoGen), compatible with the requirements of the national electrical system, which will contribute to reduction of energy costs while at the same time ensuring reasonable returns.

The said draft law was posted on March 3, 2014 and opened to public consultation which was concluded on March 13, 2014.
In particular, Article 3 of the said draft law includes the following:
1. Within two (2) months from the entry into force of this law, the RES/HeCoGen producers shall issue a credit note to provide discount:
a. 35% regarding energy from photovoltaic plants (except in cases of the "special program of development of photovoltaic systems in buildings") and
b. 10% regarding energy from other RES and HeCoGens,
in both cases (a) and (b) calculated on the total value of energy sold in 2013.
2. On expiry of the period referred to in paragraph 1 and until issuance and delivery of the credit note referred to in this paragraph, the obligation of LAGIE for the Interconnected System and DEDDIE for the Non Interconnected System, to pay to RES and HeCoGens producers the price for the volume of electricity delivered from the month of entry into force of said Law and onwards, shall be suspended. The General Secretariat of Public Revenues is hereby authorized to determine by decision the details regarding the tax treatment of the transaction described in paragraph 1 and the present.
3. For RES and HeCoGen projects that issue the credit note pursuant to para. 1 the excise tax of L. 4093/2012, as amended and in force, is recalculated on the reduced, after the credit note discount, proceeds from the sale of energy for the reference year 2013.
The Company has calculated the possible impact on results and equity, whether the provisions of the above article of the draft law are to be implemented. Said impact is as follows:

Impact	**Amounts in € thousands**
On operating results	(231)
On earnings after tax	(171)
On equity	(171)

TheCompany monitors the developments regarding this draft law and will recognize the appropriate impact on the results of the year 2014. Said impact is to be crystalized after the voting of the final text of the Law, following the assessment of comments obtained during the process of public consultation of the draft law, comments which were in total negative.

X. TRANSACTIONS WITH RELATED PARTIES

The company receives services of accounting and work support from its parent company R.F. Energy S.A. The total services received during the fiscal year ended on 31/12/2013 and 31/12/2012 amounted to € 24 and €29 respectively. The rest of the above company's transactions on at 31/12/2013 and 31/12/2012 was €5 and €7 respectively.
The company rents its head offices from CYBERONICA S.A., with common shareholder structure, while the cost amounted to €4 and the requirement for the guarantee of the rent amounts to **€1**
Moreover, the Company paid management fee of €37 to the related company LOGO VENTURES A.E.D.A.K.E.S.

The Vice President of the BoD

EVANGELOS KOROVESIS

KALLISTI ENERGIAKI S.A.
(PRODUCTION OF ELECTRICAL POWER)
SOCIETE ANONYME

Discreet title : KALLISTI ENERGIAKI S.A.

128 Vouliagmenis Avenue, Glyfada, Athens
Greece 166 74
G.E.MI. Reg. No. 121602101000

ANNUAL FINANCIAL REPORT
January 1st, 2013 – December 31st , 2013

The Board of Directors of KALLISTI ENERGIAKI S.A. approved the Company's Fiscal Year 2013 Financial Statements on 26/03/2014. Company's FY 2013 Financial Statements are available to the public at the Company's website, **http:\\www.kallistienergeiaki.gr**

Vice President of the Board of Directors	Managing Director	Accounting Supervisor
EVANGELOS KOROVESIS Off. ID 431/HELL. NAVY	IOANNIS PANTOUSIS ID Ξ168490	Charbis Athanasios A.M.A. 0002386

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Independent Auditor's Report

To the Shareholders of KALLISTI ENERGEIAKI S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of KALLISTI ENERGEIAKI S.A., which comprise the statement of financial position as at December 31, 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management'sResponsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of 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 company'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 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 financial statementspresent fairly, in all material respects, the financial position of the company KALLISTI ENERGEIAKI S.A.as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Other matter

The financial statements of KALLISTI ENERGEIAKI S.A.for the annual period ended December 31, 2012, were audited by another auditor whose report dated March 15, 2013, expressed an unqualified opinion on those statements.

Report on Other Legal and Regulatory Requirements

We verified the agreement and correspondence of the content of the Board of Directors' Report with the attached separate and consolidated Financial Statements, in the scope of the requirements of Articles 43aand 37 of Law 2190/1920.

Athens, March 26, 2014

The Certified Accountant

Christina Tsironi

I.C.P.A. Reg. No.: 36671

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

KALLISTI ENERGIAKI S.A.

Income Statement

For the Period ended December 31, 2013

(All amounts in Euro thousands, unless otherwise specified)

	note	31.12.2013	31.12.2013
Revenue	**6**	2.568	2.516
Less: Cost of Sales	**7**	(1.649)	(1.450)
Gross Profit		**919**	**1.066**
Other operating income		26	24
Administrative expenses	**8**	(123)	(81)
Other expenses	**9**	(257)	(112)
Operating profit before taxes and finance cost		**565**	**897**
Finance cost	**10**	(372)	(433)
Finance income	**10**	208	93
Earnings before taxes		**401**	**557**
Income tax	**11**	(226)	(115)
Net Earnings after taxes		**175**	**442**
TOTAL ACCUMULATED EARNINGS AFTER TAXES			
Actuarial gains and losses from fixed benefit programs	**23**	**(2)**	**(3)**
Tax income relating to elements of total income	**11**	**-**	**1**
OTHER TOTAL NET EARNINGS		**(2)**	**(2)**
TOTAL ACCUMULATED EARNINGS FOR THE PERIOD		**173**	**440**

Attached notes should be considered as part of the annual Financial Statements

KALLISTI ENERGIAKI S.A.

Balance Sheet

For the Period ended December 31, 2013

(All amounts in Euro thousands, unless otherwise specified)

ASSETS	**Note**	**31.12.2013**	**31.12.2012**
Non-current assets			
Tangibles	**13**	11.951	13.242
Intangible assets	**14**	52	58
Long-term receivables		2	2
Deferred income tax	**11**	-	34
Total non-current assets		**12.005**	**13.336**
Current assets			
Receivables	**12**	1.947	1.558
Blocked deposits	**20**	927	1.809
Cash and cash equivalents	**15**	859	683
Total current assets		**3.733**	**4.050**
Total assets		**15.738**	**17.386**
SHAREHOLDERS EQUITY			
Share Capital	**16**	562	562
Share premium	**16**	4.518	4.513
Other reserves		(9)	-
Retained earnings / (Aggregated loss)		(424)	(167)
Total shareholders' equity		**4.647**	**4.908**
LIABILITIES			
Long-term payables			
Long-term borrowings	**17**	4.685	6.366
Payables to employees	**23**	4	7
State subsidies	**19**	4.423	4.901
Long-term provisions		406	382
Deferred Tax liabilities		625	-
Total Long-term payables		**10.143**	**11.656**
Short-term payables			
Short-term part of long-term borrowings	**17**	680	648
Trade and other payables	**16**	268	174
		948	**822**
Total Liabilities		**11.091**	**12.478**
Total Equity and Liabilities		**15.738**	**17.386**

Attached notes should be considered as part of the annual Financial Statements

KALLISTI ENERGIAKI S.A.

Statement of Changes in Shareholders' Equity
for the period ended December 31st, 2013
(amounts in Euro thousands, unless otherwise specified)

	Share capital	Share premium	Other reserves	Retained earnings / (aggregated losses)	Total
Balance on 1/1/2012	**562**	**4.513**	**-**	**(607)**	**4.468**
Net profit for the period	-	-	-	442	**442**
Other accumulated income					
Revaluation of employee benefits	-	-	(3)	-	**(3)**
Deferred tax on revaluation of employee benefits	-	-	1	-	**1**
Accumulated total income for the period			**(2)**	**442**	**440**
Balance on 31/12/2012	**562**	**4.513**	**(2)**	**(165)**	**4.908**
Change in fiscal year					
Net profit for the period	-	-	-	175	**175**
Other accumulated income					
Revaluation of employee benefits	-	-	(2)	-	**(2)**
Deferred tax on revaluation of employee benefits	-	-	-	-	**-**
Accumulated total income for the period	**-**	**-**	**(2)**	**175**	**173**
Other	-	5	(5)	(434)	**(434)**
Balance on 31/12/2013	**562**	**4.518**	**(9)**	**(424)**	**4.647**

Attached notes should be considered as part of the annual Financial Statements

KALLISTI ENERGIAKI S.A.

Statement of Cash Flow for the period ended December 31st, 2013

(amounts in Euro thousands unless otherwise specified)

	1/1-31/12/2013	1/1-31/12/2012
Cash flow from operating activities		
Profit before tax	401	557
Add / (less) adjustments for:		
Depreciation and amortization	1.298	1.299
Result of investment activity (income, cost, profit and loss)	(207)	(93)
Interest paid and similar expenses	372	433
Income from subsidy recognized	(478)	(478)
Employee benefits	(5)	-
Operating result before changes in working capital	**1.381**	**1.718**
Add / less adjustments for changes in working capital items:		
Decrease / (increase) of receivables	642	(653)
(Decrease) / increase of payables (except towards banks)	103	2
Decrease / (increase) of other long-term receivables	-	-
Total inflow / (outflow) from operating activities	**2.126**	**1.067**
Less:		
Interest and similar expenses paid	(336)	(389)
Taxes paid	-	(1)
Total net inflow / (outflow) from operating activities (a)	**1.790**	**677**
Investing activities		
Purchase of tangible and intangible assets	(1)	(1)
Interest received	57	93
Total net inflow / (outflow) from investing activities (b)	**56**	**92**
Financing activities		
Proceeds from capital increase	-	-
Proceeds from borrowings	(1.670)	(633)
Total net inflow / (outflow) from financing activities (c)	**(1.670)**	**(633)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**176**	**136**
Cash and cash equivalents at the starting of the period	**683**	**547**
Cash and cash equivalents at the end of the period	**859**	**683**

Attached notes should be considered as part of the annual Financial Statement

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

The Company was incorporated under Greek law in 2004. Prefecture of Athens approved its incorporation under Decision Number 2653/10-5-2004 and approved Company's Articles of Association as a Societe Anonyme under the name KALLISTI ENERGIAKI – (PRODUCTION OF ELECTRICITY) SOCIETE ANONYME, or KALLISTI ENERGIAKI S.A. The Company was registered under G.E.MI. Reg. No. 121602199000 (former P.C. Reg. No. 56695/01NT/B/04/59(05).
The Company shall remain incorporated for a period of 50 years. The Company's headquarters have been set to be in the Municipality of Glyfada, at 128 Vouliagmenis Avenue, 16674, Athens, Greece. The employed personnel on 31/12/2013 were 3 persons. According to the Company's Articles of Association, its business scope lies in:

- Establishment, construction and development, owning and controlling of electric power production plants from renewable energy sources, mainly wind energy, construction of building and infrastructure relative to the abovementioned purposes.
- Commercial trading and dealership of material and equipment used in the abovementioned activities.

Acting as business agent to foreign or domestic companies of similar business scope. Participate in joint ventures, consortiums or other business schemes with any foreign or domestic person or entity. Establishing subsidiaries, branches or business agencies in Greece or abroad.

The company has developed a 15MW wind park at "Tsouka" site, Municipalities of Skyritida and Valtetsi, Arkadia Prefecture, which has been operational since April 2008.

Company's current Board of Directors, as elected in the Shareholders General Assembly at January 21, 2011, is presented in the table below. Its tenure shall be completed on June 30, 2014:

NAME	POSITION
Georgios Feidakis	President
Evangelos Korovesis	Vice President
Ioannis Pantousis	Managing Director
Ioannis Tsakiris	Member

The Company's financial results are fully consolidated in the financial statements of the parent Company R.F. ENERGY S.A by 100%, and by 50% in the financial statements of F.G. EUROPE S.A.
The financial statements approved by the company's Board of Directors on 26/03/2014.

2. Basic accounting principles

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.

2.2. Changes in Accounting Policies

- **New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union**

The following amendments and interpretations of the IFRS have been issued by IASB and their application is mandatory from or after 01/01/2013. The most significan tStandards and Interpretations are as follows:

- **Amendments to IAS 1 "Presentation of Financial Statements" – Presentation of Items of Other Comprehensive Income**

In June 2011, the IASB issued the amendment to IAS 1 "Presentation of Financial Statements". The amendments pertain to the way of other comprehensive income items presentation. The amendments affect thefinancial statements.

- **IFRS 13 "FairValueMeasurement"**

In May 2011, IASB issued IFRS 13 "Fair Value Measurement". IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Neither does it change the requirements of other IFRSs regarding the items measured at fair value and makes no reference to the way the changes in fair value are presented in the Financial Statements. The standard does not affect financial statements.

Amendments to IAS 19 "Employee Benefits"

In June 2011, the IASB issued the amendment to IAS 19 "Employee Benefits". The amendments aim to improve the issues related to defined benefit plans. The revised version eliminates the "corridor method" and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income. Furthermore, this version changes the measurement and presentation of certain components of defined benefit cost. Under the revised standard, the Group/Company restates its reported results throughout the comparative periods in accordance with the prescribed transitional provisions of IAS 19 and in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendments affect financial statements from the difference when recognizing actuarial earnings/ (losses).

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

In October 2011, IASB issued IFRIC 20. The Interpretation clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognized as an asset, how the asset is initially recognized, and subsequent measurement. The interpretation is not applicable to the Company's operations.

- **Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Asserts and Financial Liabilities**

In December 2011, IASB published new requirements for disclosures that enable users of Financial Statements to make better comparison between IFRS and US GAAP based financial statements. The amendments affect the financial statements.

- **Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Government loans**

In March 2012, IASB issued amendment to IFRS 1, which gives IFRS first-time adopters the option, on a loan by loan basis, of applying the IFRS requirements retrospectively provided that the necessary information to apply the requirements to a particular government loan was obtained at the time of initially accounting for that loan. The amendment does not affect the financial statements.

- **Annual Improvements 2009–2011 Cycle**

In May 2012, IASB issued Annual Improvements 2009–2011 Cycle, a collection of amendments to 5 International Financial Reporting Standards (IFRSs), as its latest set of annual improvements. Specifically, includes improvements for IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. The amendments are not significant and have not a material impact on the Company's financial statements.

- **New Standards, Interpretations and amendments to existing Standards which have not taken effect yet or have not been adopted by the European Union**

The following new Standards, Revised Standards as well as the following Interpretations to the existing Standards have been publicized but have not taken effect yet or have not been adopted by the European Union. In particular:

- **IFRS 9 "Financial Instruments" (removal of mandatory effective date)**

In November 2009, IASB issued the new Standard, the revised IFRS 9 "Financial Instruments: Recognition and Measurement" which is the first step in IASB project to replace IAS 39. In October 2010, IASB expanded IFRS 9 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. IFRS 9 defines that all financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Subsequent measurement of financial assets is made either at amortized cost or at fair value, depending on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 generally prohibits reclassification between categories, however, when an entity changes its business model in a way that is significant to its operations, a re-assessment is required of whether the initial determination remains appropriate. The standard requires all investments in equity instruments to be measured at fair value. However, if an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss. Fair value profit and loss is not subsequently carried forward to income statement while dividend income shall still be recognized in the income statement. IFRS 9 abolishes "cost exception" for unquoted equities and derivatives in unquoted shares, while providing guidance on when cost represents fair value estimation. In November 2013, IASB issued amendments to IFRS 9. These amendments make three important changes to IFRS 9. Firstly, a new chapter on hedge accounting has been added to IFRS 9. This represents a major overhaul of hedge accounting and puts in place a new model that introduces significant improvements principally by aligning

the accounting more closely with risk management. There are also improvements to the disclosures about hedge accounting and risk management. The second amendment makes the improvements to the reporting of changes in the fair value of an entity's own debt contained in IFRS 9 more readily available. The third change is the removal of the mandatory effective date of IFRS 9, because the impairment phase of the IFRS 9 project is not yet completed that would allow sufficient time for entities to prepare to apply the Standard. Entities may however still choose to apply IFRS 9. The Group's/Entity's Management is not going to adopt the requirements of IFRS 9 earlier following the relevant approval of the Standard by the European Union. The current Standard has not been adopted by the European Union yet.

- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 01/01/2014)**

In May 2011, IASB issued three new Standards, namely IFRS 10, IFRS 11 and IFRS 12. IFRS 10 "Consolidated Financial Statements" sets out a new consolidation method, defining control as the basis under consolidation of all types of entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation — Special Purpose Entities". IFRS 11 "Joint Arrangements" sets out the principles regarding financial reporting of joint arrangements participants. IFRS 11 supersedes IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 12 "Disclosure of Interests in Other Entities" unites, improves and supersedes disclosure requirements for all forms of interests in subsidiaries, under common audit, associates and non-consolidated entities. As a result of these new standards, IASB has also issued the revised IAS 27 entitled IAS 27 "Separate Financial Statements" and revised IAS 28 entitled IAS 28 "Investments in Associates and Joint Ventures". The Standards are effective for annual periods beginning on or after 01 January 2014, with earlier adoption permitted. The Company will assess the impact of new standards in its financial statements. The Standards have been adopted by the European Union in December 2012.

- **Transition Guidance: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities (Amendments to IFRS 10, IFRS 11 and IFRS 12) (effective for annual periods beginning on or after 01/01/2013)**

In June 2012, IASB issued Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) to clarify the transition guidance in IFRS 10 Consolidated Financial Statements. The amendments also provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Transition Guidance is effective for annual periods beginning on or after 01 January 2013, but in practice is effective for annual periods beginning on or after 01 January 2014 when the relevant Standards will be effective. The Company will assess the impact of transition guidance in its financial statements. This transition guidance has been adopted by the European Union in April 2013.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective for annual periods beginning on or after 01/01/2014)**

In October 2012, IASB issued Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). The amendments apply to a particular class of business that qualifies 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 organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds. The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. The amendments are effective for annual periods beginning on or after 01 January 2014, with earlier adoption permitted. The Company will assess the impact of amendments in its financial statements. The amendments have been adopted by the European Union in November 2013.

- **Amendments to IAS 32 "Financial Instruments: Presentation" – Offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 01/01/2014)**

In December 2011, IASB issued amendments to IAS 32 "Financial Instruments: Presentation", which provides clarification on some requirements for offsetting financial assets and liabilities in the statement of financial position. The amendments are effective for annual periods beginning on or after 01 January 2014, with earlier adoption permitted. The Company will assess the impact of amendments in its financial statements. These amendments have been adopted by the European Union in December 2012.

- **Amendments to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 01/01/2014)**

In May 2013, IASB issued amendments to IAS 36 "Impairment of Assets". These narrow-scope amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. Earlier application is permitted for periods when the entity has already applied IFRS 13. The amendments are effective for annual periods beginning on or after 01 January 2014, with earlier adoption permitted. The Company will assess the impact of amendments in its financial statements. These amendments have been adopted by the European Union in December 2013.

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 01/01/2014)**

In June 2013, IASB issued amendments to IAS 39 "Financial Instruments: Recognition and Measurement". The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 Financial Instruments. The amendments are effective for annual periods beginning on or after 01 January 2014, with earlier adoption permitted. The Company will assess the impact of amendments in its financial statements. These amendments have been adopted by the European Union in December 2013.

- **Interpretation 21: Levies (effective for annual periods beginning on or after 01/01/2014)**

In May 2013, IASB issued Interpretation 21 that is an interpretation of IAS 37 Provisions "Contingent Liabilities and Contingent Assets". IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of

a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation is effective for annual periods beginning on or after 01 January 2014, with earlier adoption permitted. The Company will assess the impact of interpretation in its consolidated/separate financial statements**.** The Interpretation has not been adopted by the European Union yet.

- **Amendments to IAS 19 "Employee Benefits" – Defined Benefit Plans: Employee Contributions (effective from 01/07/2014)**

In November 2013, IASB issued amendments to IAS 19 "Employee Benefits". The narrow-scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective from 01 July 2014 with earlier adoption permitted. The Company will assess the impact of amendments in its financial statements. These amendments have not been adopted by the European Union yet.

- **Annual improvements to IFRSs 2010-2012 Cycle & 2011-2013 Cycle (effective from 01/07/2014)**

In December 2013, IASB issued Annual improvements to IFRSs 2010-2012 Cycle & 2011-2013 Cycle. The Cycle 2010-2012 includes improvements for IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38 and in the Cycle 2011-2013 improvements are relating to IFRS 1, IFRS 3, IFRS 13 and IAS 40. The improvements are effective from 01 July 2014 with earlier adoption permitted. The Company will assess the impact of the improvements in its financial statements. These improvements have not been adopted by the European Union yet.

- **IFRS 14 "Regulatory Deferral Accounts" (effective from 01/01/2016)**

In January 2014, IASB issued an interim Standard, IFRS 14 Regulatory Deferral Accounts. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. An entity that already presents IFRS financial statements in not eligible to apply the Standard. The Standard is effective from 01 January 2016 with early application permitted. The Company will assess the impact of the Standard in its financial statements**.** This Standard has not been adopted by the European Union yet.

2.3 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.

2.4 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.

2.5 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.

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

	Years of useful life	**Depreciation rate**
Leasehold improvements	15	6,67%
Plant and equipment	15	6,67
Furniture and fixture	4 – 5	20% - 24%

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 Impairment of assets (apart from 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 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.

2.8 Financial 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),

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.

2.9 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.

2.10 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.

2.11 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.

2.12 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 as an expense or cost in the statement of income.

2.13 Income Tax and Deferred Tax

The income tax charge includes current taxes, deferred tax and the differences of preceding financial years' tax audits.
Current tax is calculated based on tax statements of Financial Position according to the tax laws applicable in Greece. The income tax expense includes income tax based on company's profits as presented on tax declarations and is calculated based on the tax rates set by the competent tax authorities. Deferred taxes are the taxes or the tax relieves from the financial encumbrances or benefits of the financial year in question, which have been allocated or shall be allocated to different financial years by tax authorities. Deferred income tax is determined under the liability method deriving from the temporary differences between the book value and the assets and liabilities tax base. Deferred tax assets and liabilities are measured in accordance with the tax rates in effect in the financial year during which an asset or a liability shall be settled, taking into account tax rates which have been and effectively are in force until the Statement of Position reporting date. Deferred tax assets are recognized when there is taxable income and a temporary difference which creates a deferred tax asset. Deferred tax assets are re-examined on each balance sheet date to assess the extent to which there will be sufficient taxable income to make use of the benefit of the whole or part of the deferred tax asset. The company offsets deferred tax assets and liabilities if and only if:
(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
(i) the same taxable entity; or
(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.14 Employee Benefits

a) Short term benefits

Short term employee benefits are recorded on an accrual basis.

b) Retirement Benefits- Defined Benefit Plan

Defined benefit plans pertain to the legal obligation of the Company for payment of lump sum compensation to the staff at the service termination date of each employee upon retirement. The liability recognized in the Statement of Financial Position for defined benefit plans is the present value of the liability for the defined benefit. The calculation of liability is based on financial and actuarial assumptions. The components of defined benefit cost, regarding the current service cost, the past service cost and the net interest on the net defined liability, are charged in profit or loss. Remeasurements of the net defined benefit liability are recognized in other comprehensive income. The defined benefit commitment is calculated on an annual basis by an independent actuary through the use of the projected unit credit method. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government

bonds is used. The currency and term of the corporate bonds or government bonds is consistent with the currency and estimated term of the post-employment benefit obligations.

Provisions are recognized when the Company has present legal or imputed liabilities as a result of past events; their settlement is possible through resources' outflow and the exact liability amount may be estimated reliably. When the effect of the time value of money is significant, the provision is calculated as the present value of the expenses expected to be incurred in order to settle this liability, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. If it is not probable that an outflow will be required in order to settle a liability for which a provision has been formed, then it is reversed. A provision is used only for expenditures for which the provision was originally recognised. Contingentliabilities are not recognized in the financial statements but are disclosed except if there is a probability that there will be an outflow, which encompasses economic benefits.

2.15 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.

2.16 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.

2.17 Dividend distribution

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

2.18 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.

2.19 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.

3. Financial Risk Management

3.1 Financial risk factors

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.

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 subsidy programs in which the Company has entered.

6. Revenue

	31/12/2013	31/12/2012
Sales of power	2.568	2.516

7. Cost of sales

	31/12/2013	31/12/2012
Personnel salaries and expenses	(52)	(41)
Third party expenses	(125)	(44)
Supplies to third parties	(553)	(458)
Tax and stamp duty	(85)	(76)
Other expenses	(14)	(10)
Depreciation	(1.298)	(1.299)
Depreciation of subsidies	478	478
Total	**(1.649)**	**(1.450)**

8. Administrative expenses

	31/12/2013	31/12/2012
Personnel salaries and expenses	(21)	(27)
Third party expenses	(30)	(38)
Supplies to third parties	(47)	(4)
Taxes – Fees	(2)	(2)
Other expenses	(15)	(10)
Depreciation	-	(1)
Provisions	(8)	-
Total	**(123)**	**(81)**

9. Other expenses

	31/12/2013	31/12/2012
Special Levy (Law.4093/2012)	(257)	(112)
Total	**(257)**	**(112)**

The account "Other expenses" includes the amount of €257, concerning the special levy of 10% on revenues coming from renewable energy sources, which was imposed from 01/07/2012, according to L.4093/2012. The corresponding amount for the second half of the previous fiscal year was included in the account "Administrative Expenses" in the published financial statements for the year 2012 and amounted to 112.

10. Finance (expenses)/ income

	31/12/2013	31/12/2012
Interest payable	(320)	(383)
Bank and similar expenses	(8)	(12)
Depreciation of raising loan costs	(21)	(22)
Finance cost of provision for equipment removal	(23)	(22)
Total finance expenses	**(372)**	**(433)**
Interest payable	208	93

Total finance income	**208**	**93**
Net finance expenses	**(164)**	**(340)**

11. Income Tax

According to the provisions of the Greek tax legislation, tax rate as at December 31, 2013 was 26%. 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.

	31/12/2013	**31/12/2012**
Income tax (current period)	(1)	(2)
Deferred tax	(225)	(113)
Income Tax	**(226)**	**(115)**
Other accumulated income Tax	**-**	**1**

Deferred taxes in the balance sheet are analyzed as follows:

	31/12/2013	**31/12/2012**
Deferred tax on assets		
- Transferred tax losses	51	-
Special Levy (L.4093/2012)	71	18
- Finance cost of provision for equipment removal	57	35
-Other	-	1
- Provision for employee compensation	1	1
Deferred tax on liabilities		
-State subsidies	(688)	-
-Depreciation of assets	(95)	-
- Depreciation of raising loan costs	(22)	(21)
Net deferred tax	**(625)**	**34**

The agreement between the nominal and real rate follows.

	31/12/2013	**31/12/2012**
Earnings/loss before tax	401	557
Tax corresponding to nominal tax rate	104	112
Increase in tax rates	121	-
Permanent differences	1	3
Real tax rate	**226**	**115**
Other accumulated income tax	**-**	**(1)**

During fiscal 2010, a tax audit was conducted in the Company for the years 2005-2008, which was completed in October 2010. The regular audit examined our books for these accounting periods, finding them frank and attributing to the Company accounting differences of €1,034, of which no income tax was disclosed.
The tax audit did not recognize a VAT refund of €101. For that reason, the Company has appealed to the Administrative Court about both the abovementioned accounting differences and the unrecognized tax. Finally, the Company has made provision for unaudited fiscal years of €28 for the fiscal years 2009 and 2010.

12. Trade and other Receivables

	31/12/2013	**31/12/2012**
Customers	1.745	1.357
Greek state – Debited VAT	116	112
Prepaid expenses	87	89
Total	**1.947**	**1.558**

Trade and other receivables book value does not materially differ from fair value, while they are expected to be paid within the next 12 months.

13. Plants, property and equipment

	Buildings	**Plant & machinery**	**Furniture and miscellaneous equipment**	**Total**
Cost of Purchase on 01/01/2012	1.772	17.548	10	**19.330**
Accumulated Depreciation on 01/01/2012	(443)	(4.346)	(8)	**(4.797)**
Net Book Value on 01/01/2012	**1.329**	**13.202**	**2**	**14.533**
Additions	-	-	1	**1**
Depreciation	(118)	(1.172)	(2)	**1.292**
Cost of Purchase	1.772	17.548	11	**19.331**
Accumulated Depreciation	(561)	(5.518)	(10)	**(6.089)**
Net Book Value on 31/12/2012	**1.211**	**12.030**	**1**	**13.242**
Additions			1	**1**
	(118)	(1.173)	(1)	**(1.292)**
Depreciation				
Cost of Purchase	1.772	17.548	12	**19.332**
Accumulated Depreciation	(679)	(6.691)	(11)	**(7.381)**
Net Book Value on 31/12/13	**1.093**	**10.857**	**1**	**11.951**

The company's productive equipment (WTG) is pledged.
Net Book Value of Plant & Machinery includes an amount of €244 (2011: €264) concerning unamortized part of provision for equipment removal.

14. Intangible assets and goodwill

Rights to Use Tangible Assets: Operating rights in respect of tangible assets granted under contracts are initially recognized at cost and are measured at cost less accumulated depreciation and any impairment loss.

The Company	**User Rights**	**Total intangible assets**
01/01/2012		
Cost of Purchase	93	**93**
Accumulated Depreciation	(29)	**(29)**
Net Book Value on 01/01/12	**64**	**64**
1/1- 31/12/2012		
Additions	-	**-**
Depreciation	(6)	**(6)**
31/12/2012		
Cost of Purchase	93	**93**
Accumulated Depreciation	(35)	**(35)**
Net Book Value on 31/12/12	**58**	**58**
1/1- 31/12/2013		
Additions	-	**-**
Depreciation	(6)	**(6)**
31/12/2013		
Cost of Purchase	93	**93**
Accumulated Depreciation	(41)	**(41)**
Net Book Value on 31/12/13	**52**	**52**

The amount of €93 constitutes the consideration for the use of the land of the installation field of the Company's wind farm.

15. Cash and cash equivalent

	31/12/2013	**31/12/2012**
Cash at hand	-	-
Time deposits	859	683
Total	**859**	**683**

16. Share Capital (all amounts mentioned above pertain to euro)

As at December 31, 2013, Company's Share Capital amounts to €562.000 divided to 562.000 shares with nominal value if 1 Euro each.

17. Borrowings

Borrowings are analyzed, as follows:

	31/12/2013	**31/12/2012**
Long-term borrowings	5.452	7.121
Non-depreciated cost of raising loans costs	(86)	(107)
Total Long-term borrowings	**5.366**	**7.014**

Long-term liabilities payable within next fiscal year	(701)	(670)
Short-term cost of non-depreciated part of raising loans costs	21	22
Total Short-term borrowings	**(680)**	**(648)**
Long-term part of Borrowings	**4.685**	**6.366**

The company 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 disbursal 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 9 installments have already been paid till 31/12/2013) 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.
Within September 2010, KALLISTI refinanced its existing short-term borrowing by issuing Long Term Bonds for the amount of €2.935, with a duration of 11 years, to be paid in 22 semi-annual installments. The interest rate is 2,50%. The first seven installment have been paid till December 31st, 2013.
Within 2013, the Company proceeded to voluntary repayment of Tranche B Bonds amounting to €1.000, using own funds. According to the terms of the loan, the prepaid amount pays off the last series of Bonds Therefore, the loan will be repaid approximately tree years earlier,within 2018.

For the conclusion of the above loan, securities were given, including company's bank deposits (note 19), its productive equipment and its future receivables coming from the Power Purchase Agreement with HTSO. Furthermore, the loan agreement also includes a financial covenant, which should be followed by the company on a 6 month-basis, and if not fulfilled, it will lead to an event of default.

18. Trade and other payables

	31/12/2013	**31/12/2012**
Suppliers	114	24
Cheques payable	13	-
Accrued expenses	70	80
Other short term liabilities	43	42
Provision for unaudited fiscal years	28	28
Total	**268**	**174**

19. State subsidies

	31/12/2013	**31/12/2012**
Subsidies receivable	4.901	5.379
Extra subsidy	-	-
Depreciation of subsidies	(478)	(478)
Total	**4.423**	**4.901**

The Company depreciates subsidies for the Wind Farm in "Tsouka" location of Municipalities Skyritida and Valtetsiou in Arcadia Perfecture, which amounted to € 478 in 2013 and 2012.

20. Blocked Deposits

	31/12/2013	31/12/2012
Pledged deposits for the purposes of the Company's Bond Loan	927	785
Pledged deposits for the purposes of the given Corporate guarantee	-	1.024
Total	**927**	**1.809**

The Company has issued a long term Bond Loan and has pledged bank accounts pursuant to the relevant Account Pledge Agreement with the Bondholders. Those deposits concern amounts for the payment of capital, interests and expenses, along with Reserve Accounts regarding the Debt Service and the Operation and Maintenance.

The Extraordinary Shareholders' Meeting of December 22nd, 2011 decided- in accordance with the articles of c.l. 2190/1920- to provide the parent company R.F. ENERGY S.A. with a corporate guarantee in order for R.F. ENERGY S.A. to get a medium term 2-year loan for an amount of €1.000.
As a security for the abovementioned guarantee, the Company established a pledge over an existing time deposit of €1.000.
In order to provide the corporate guarantee, the Company received an approval from the Bondholders' Agent.
Within 2013, the parent company RF ENERGY S.A. proceeded to the full repayment of the loan received and for which the company had given guarantee and therefore the relevant collateral was lifted. The amount of the loan that had been reserved, was used for repayment of Tranche B bonds of the Bond Loan, as it was aforementioned.

21. Risks

- **Cash flow risks and interest rate risk**

As at December 31st, 2013 Earnings After Tax for the Company would have been €45 lower / higher, if euro interest rates had increased/decreased by 90 base points, all other variables remaining unchanged. This would have been caused mainly due to higher / lower financial expenses resulting from bank borrowings at a floating interest rate in Euro.

	Interest rate risk	
	+90 bps	***-90 bps***
	Earnings before tax	**Earnings before tax**
Financial liabilities		
Loans	(61)	61
Influence before tax	(61)	61
Income Tax	16	(16)
Net Influence	**(45)**	**45**
Total Net Influence	**(45)**	**45**

Amounts in € thousands

***e.* Liquidity risk:** The management of liquidity risk includes both the 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 2013.

31st December, 2013	< 1 year	1-2 years	2-5 years	> 5 years
Borrowings	710	750	2.367	1.625
Liabilities	182	-	-	-
Total	**892**	**750**	**2.367**	**1.625**

Amounts in € thousands

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

- Credit Risk

Draft Law ' Arrangements for the reorganization of the special account referred to in article 40 of L. 2773/1999 and other provisions»

The draft law proposed arrangements in order to ensure the viability of the renewable energy sources (RES) support mechanism, aimed at the consolidation of the special account referred to in article 40 of law 2773/1999. In addition, the recommended settings are intended to help reduce the cost of electricity for final consumers and the national economy. More specifically, the present draft law consists of three main axes: (a) price adjustment to converge, as far as possible, the benefits from the RES support mechanism at around the same level for all categories of producers, therefore being an adjustment that aims, as far as possible, on similar yields between the several types of investment, b) investor protection taking into account existing financing agreements and c) new tariffs to compensate producers of electricity from RES and through RES and high efficiency Cogeneration Plants (HeCoGen), compatible with the requirements of the national electrical system, which will contribute to reduction of energy costs while at the same time ensuring reasonable returns.

The said draft law was posted on March 3, 2014 and opened to public consultation which was concluded on March 13, 2014.

In particular, Article 3 of the said draft law includes the following:

1. Within two (2) months from the entry into force of this law, the RES/HeCoGen producers shall issue a credit note to provide discount:

a. 35% regarding energy from photovoltaic plants (except in cases of the "special program of development of photovoltaic systems in buildings") and

b. 10% regarding energy from other RES and HeCoGens,

in both cases (a) and (b) calculated on the total value of energy sold in 2013.

2. On expiry of the period referred to in paragraph 1 and until issuance and delivery of the credit note referred to in this paragraph, the obligation of LAGIE for the Interconnected System and DEDDIE for the Non Interconnected System, to pay to RES and HeCoGens producers the price for the volume of electricity delivered from the month of entry into force of said Law and onwards, shall be suspended. The General Secretariat of Public Revenues is hereby authorized to determine by decision the details regarding the tax treatment of the transaction described in paragraph 1 and the present.

3. For RES and HeCoGen projects that issue the credit note pursuant to para. 1 the excise tax of L. 4093/2012, as amended and in force, is recalculated on the reduced, after the credit note discount, proceeds from the sale of energy for the reference year 2013.

The Company has calculated the possible impact on results and equity, whether the provisions of the above article of the draft law are to be implemented. Said impact is as follows:

Impact	**Amountsin€ thous.**
On operating results	(231)
On earnings after tax	(171)

On equity	(171)

The Company monitors the developments regarding this draft law and will recognize the appropriate impact on the results of the year 2014. Said impact is to be crystalized after the voting of the final text of the Law, following the assessment of comments obtained during the process of public consultation of the draft law, comments which were in total negative.

22. Transactions with related parties

The company receives services of accounting and work support from its parent company R.F. Energy S.A. The total services received during the fiscal year ended on 31/12/2013 and 2012 amounted to € 24 and €29 respectively.

Moreover, the company during the fiscal year ended on 31/12/2013 and 2012 did not receive from its parent company R.F. Energy S.A. any pecuniary support,

The rest of the above company's transactions on at 31/12/2013 and 2012 was €5 and €7 respectively.
The company rents its head offices from CYBERONICA S.A., with common shareholder structure, while the cost amounted to €4**.**

23. Employees' retirement benefits obligations
AccordingtotheGreeklabor legislation, employeesareentitledto retirement benefits incaseofdismissalorretirement, theamountofwhichvariesdependingonsalary, yearsofserviceandthe way of service termination (dismissalorretirement). The employees, who resign or are dismissed on valid grounds, are not entitled to compensation.The compensation payable in case of contract termination due to retirement and following 15 years of employment with the same employer is as follows:
1)Contract termination due to retirement
Employees that are subject to pension schemes of any Insurance Fund, who meet the requirements for full retirement on age basis, can leave the service in case they are craftsmen, and, if they are employees, theycan leave the service or be dismissed by the employer. In such cases, they are entitled to 50% of statutory severance pay if they have no supplementary insurance or to 40% if they have it. This reduced severance pay is also provided to employees occupied under fixed-term contract, made redundant or leaving the service for retirement reasons before the contract termination. It is to be noted that the employer can not dismiss a craftsman who meets the requirements for full retirement on age basis, providing reduced severance pay. This option is effective only in respect of employees.
2)15 years of service
Employees occupied under fixed-term contracts, who have completed 15 years of service with the same employer or who have reached the age limit established by the relative Insurance Fund Agency, provided there is no 65 years of age limit, can leave the service, given the employer's consent, and, therefore, are entitled to 50 % of statutory severance pay.
Provision for retirement benefits obligations is based on an independent actuarial study, conducted on December 31, under the Projected Unit Credit Method (IAS 19, par. 67).Moreover, the possibility of voluntary withdrawal of the occupied employees was also taken into consideration under the preparation of the aforementioned study.
The changes in the account from 01.01.2013 to 31.12.2013 were as follows:

Accounting entries under IAS 19	**The Company**	
	2013	**2012**

Amounts recognized in the Statement of Financial Position		
Present value of non-vesting obligations	4	7
Net obligation recognized in the Statement of Financial Position	**4**	**7**
Amounts recognized in the Income Statement		
Interest on liability and current service cost	1	-
Regular expenses in the Income Statement	**1**	**-**
Settlements cost	8	-
Total expenses in the Income Statement	**9**	**-**
Actuarial assumptions		
Discount rate	3,50%	4,50%
Future salary increases	2,20%	2,50%
Inflation	2,0%	2,5%
Expectedremainingworkinglife	32,5	15,6
Changes in net obligation recognized in the Statement of Financial Position		
Year opening net obligation	7	4
Benefits paid by the employer	(13)	-
Total expenditure recognized in the Income Statement	9	-
Year closing net obligation	**2**	**4**
Statement of recognized (profit) and loss	2	3
Yearclosingnetobligation	**4**	**7**

Potential differences in totals are due to rounding.

From the above actuarial study, there arose “Actuarial gains of defined benefit plans” amounting to € 2 in 2013 and € 3 in 2012 in respect of the Company, which was recognized directly in other comprehensive income of the Company. The above results depend on the actuarial study assumptions (financial and demographic). Thus, on the valuation date 31/12/2013:

- If an interest rate higher by 0.5% (i.e. 4%) had been used, then the Present Value of the Obligation would have been by 7% lower, while if an interest rate lower by 0.5% had been used, the actuarial liability would have been higher by 8%.
- If a salary growth assumption higher by 0.5% (i.e. 2.7%) had been used, then the Present Value of the Obligation would have been by 8% higher, while if a salary growth assumption lower by 0.5% had been used, the actuarial liability would have been lower by 7%.

Within the previous year, the Company proceeded with making earlier change in accounting policy, which refers to recognition of actuarial (loss) /profit out of the income statement and recognized directly in other comprehensive income. Earlier application has not significantly affected the Company and the Group Financial Statements.

24. Contingent liabilities

For the conclusion of its borrowings, securities were given, including company’s bank deposits (note 19), its productive equipment and its future receivables coming from the Power Purchase Agreement with LAGIE S.A. (ex DESMIE S.A.).

The litigation and arbitration are unlikely to have a significant effect on the financial position or operation of the Company.

The tax obligations of the Company have not been finalized, since there are unaudited fiscal years.
During fiscal 2010, a tax audit was conducted in the Company for the years 2005-2008, which was completed in October 2010. For the fiscal years 2009 and 2010, an adequate provision of €28 has been made. For the fiscal years 2011 and 2012, the Company, due to its inclusion in the tax audit of the Chartered Accountants according to the provisions of article 82, par.5 of L.2238/1994, received Tax Compliance Report with an unqualified opinion. For the fiscal year 2013, the tax audit by the Chartered Accountants is in progress and the respective Tax Compliance Report is expected to be granted after the publishment of the Financial Statements in 2013. If until the completion of the tax audit additional tax liabilities incur, we believe that these will not have a significant impact on the financial statements.

25. Capital commitments

There are not any remaining balances, coming from supplier agreements on 31/12/2013. The future payments coming from lease agreements till 2017 are expected to amount to €17.

26. Post Balance Sheet events

There are no other substantial events having occurred after December 31st, 2013 concerning the Company which ought to have been disclosed or that bear the capacity to significantly affect any element of the published financial statements.