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, 2014 – December 31st , 2014

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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 2014 till December 31st 2014, 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 2015

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 2014 FISCAL YEAR (01.01.2014 – 31.12.2014)

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

Financial figures of the Company during fiscal year period 2014, compared to relevant figures in the previous fiscal period, are presented in the table below:

			Change	
	31.12.14	**31.12.13**	**Amount**	**%**
Revenue	1,690	2,568	(878)	(34)%
Less : Cost of Sales	(1,505)	(1,649)	(144)	(9)%
Gross Profit	**185**	**919**	**(734)**	**(80)%**
Other income	52	26	26	100%
Administrative expenses	(73)	(123)	(50)	(41)%
Other expenses	(40)	(257)	(217)	(84)%
Operating profit before taxation and finance cost	**124**	**565**	**(441)**	**(78)%**
Finance cost (net)	(296)	(372)	(76)	(20)%
Finance income	15	208	(193)	(93)%
Earnings/ (Losses) before taxes	**(157)**	**401**	**(558)**	**(139)%**
Income tax	36	(226)	262	116%
Earnings/ (Losses) after taxes	**(121)**	**175**	**(296)**	**(169)%**
Other accumulated income				
Actuarial gains and losses on defined benefit plans	(1)	(2)	(1)	(50)%
Income tax regarding elements of accumulated income	-	-	-	-
Other net accumulated income/ (losses) for the period after tax	**(1)**	**(2)**	**(1)**	**(50)%**
TOTAL ACCUMULATED EARNINGS/ (LOSSES) FOR THE PERIOD	**(122)**	**173**	**(295)**	**(171)%**

Amounts in € thousands

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

1. Revenues

Revenues in fiscal 2014 amounted to €1,690 compared to €2,568 in the respective previous period of 2013. Revenues decreased by (34)% regarding the previous period.

According to law 4254/2014, RES producers were obliged to issue a Debit Note amounting 10% of the annual revenue of 2013. The Debit Note of 10% was issued at April 30th, 2014, amounting €(257) and burdened the current year 2014. Furthermore, a decrease of sales was also observed, mainly due to lower wind and also due to the decrease in the price (€/kWh).

This deviation in the wind potential is considered acceptable for such Power Plants, according to long term wind measurements.

2. Cost of Sales – Gross Profit

Cost of sales for the period of 2014 amounted to €(1,505) against €(1,649) in the previous fiscal period, decreased by €(144) or (9)%.

Gross Profit for the period of 2014 totaled €185, against €919 in the previous fiscal period. The decrease of 80% recorded in Gross Profit can mainly be attributed to the above mentioned decrease in the revenue.

3. Other operating income

During the fiscal year, other operating income amounted to €52 against €26 in the previous fiscal year. The amount of insurance claims was €30 and the remaining €22 was management fees from the related party LOGO VENTURES A.E.D.A.K.E.S.

4. Operating Expenses (Administration Expenses)

Operating expenses of the Company decreased by €(50) or (41)% compared to the previous period, mainly due to decrease in the payroll and other expenses.

5. Other expenses

The account "Other expenses", amounting to € (40), concern the special levy of 10% on revenues coming from renewable energy sources, which was imposed from 01/07/2012, according to L.4093/2012. for the period till 30/06/2014. Later, according to L. 4254/2014, this special levy was implied only for the first quarter of 2014 and terminated on 30/04/2014.

The amount of special levy for fiscal year 2014 amounted to € (33), against € (257), in the previous fiscal year, including the special levy on energy sales in the first 3 months of 2014, reduced by € 26, due to the credit note of 10% on revenues of the previous year issued by the Company to LAGIE S.A., according to L. 4254/2014

The amount of €(5) relates to provision for additional taxes due to accounting differences from partial acceptance of tax audit for fiscal year 2010.

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

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Company amounted to €944, as opposed to €1,385 in 2013, whereas EBITDA margin increased to 56%, as opposed to 54% in the previous period.

7. Finance Cost/ Income

With regard to finance results for fiscal 2014, net finance cost for the Company increased by €117 compared to the previous period. This change is analyzed in the table below:

	31/12/2014	**31/12/2013**
- Interest Payable	(246)	(320)
- Bank and similar expenses	(6)	(8)
Depreciation of raising loan costs	(19)	(21)
- Finance cost of provision for equipment removal	(25)	(23)
Total Finance Cost	**(296)**	**(372)**
- Interest receivable and similar income	15	208
Total Finance Income	**15**	**208**
Net Finance Income	**(281)**	**(164)**

Amounts in € thousands

The decrease noted in the Total Finance Cost can mainly be attributed to significant decrease of bank obligations of the Company, and the decreased floating interest (Euribor) of accrued interest payable during 2014.

8. Earnings/ (Losses) before Taxes

Losses before Taxes for the period 2014 amounted to €(157) against profits of €401 of the previous fiscal year, decreased by €(558) or (139)%. The decrease in the results before tax should mainly be attributed to the significant decrease in the revenue and the financial income for the current year 2014.

9. Taxes

According to the provisions of the Greek tax legislation, tax rate as at December 31, 2014 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 article 82 par. 5, of Law 2238/1994, for fiscal years 2011, 2012, 2013 and the procedure is also implied for fiscal year 2014.

	31/12/2014	31/12/2013
Income Tax (current period)		(1)
Deferred Tax	36	(225)
Income Tax	**36**	**(226)**

Amounts in € thousands

During 2014, a tax audit was conducted in the Company for the year 2009, which was completed with the relevant official report on 10/10/2014, according to the Law 4174/2013, with the findings of the audit concerning VAT and Income Tax for the year 2009.

In the abovementioned report for 2009, there were accounting differences of € 140 and an additional provision for unaudited fiscal year of €5 was made.

10. Earnings/ (Losses) after Taxes

Net losses after tax in fiscal 2014 amounted to €(121) against earnings of €175 in the previous corresponding period, with a decrease of (169)%.

10.Borrowings

The borrowings are described, as follows:

	31/12/2014	31/12/2013
Long-term borrowings	3,791	5,452
Non – depreciated cost of raising loans costs	(67)	(86)
Total	**3,724**	**5,366**
Long-term liabilities payable within next fiscal year	(495)	(701)
Short-term cost of non- depreciated part of raising loans costs	17	21
	(478)	**(680)**
Long-term part of borrowings	**3,246**	**4,685**

Amounts in € thousands

II. **BASIC FINANCIAL RATIOS**

Certain financial ratios which indicate the Company's financial status at the end of fiscal 2014, are presented in the table below:

	FY 2014	FY 2013
DEBT LIABILITIES		
Liabilities / Equity	0.88	1.18
Liabilities to Banks / Equity	0.82	1.15
LIQUIDITY		
Current ratio	3.72	3.94
Quick ratio	3.72	3.94

III. SIGNIFICANT EVENTS OCCURRED WITHIN THE FISCAL YEAR PERIOD 2014

Within 2014, the Company proceeded to voluntary prepayment of Trance B Bonds of the existing Bond Loan of €1,192, using own funds.

During 2014, a tax audit was conducted in the Company for the year 2009, which was completed with the relevant official report on 10/10/2014, according to the Law 4174/2013, with the findings of the audit concerning VAT for and Income Tax for the year 2009.

IV. SIGNIFICANT EVENTS OCCURRED POST BALANCE SHEET DATE

There are no other significant events having occurred after December 31, 2014 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 31/12/2014 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 31/12/2014 in case that an increase/decrease in interest rates in the amount of 100bps. (0.10%).

As at December 31st, 2014 Earnings After Tax for the Company would have been €2 lower / higher, if euro deposit interest rates had increased/decreased by 100 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.

As at December 31st, 2014 Earnings After Tax for the Company would have been €4 lower / higher, if euro borrowing interest rates had increased/decreased by 100 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.

As at December 31st, 2014 Earnings After Tax for the Company would have been €2 lower / higher (total net influence) , if euro interest rates had decreased/increased by 100 base points, all other variables remaining unchanged.

Interest rate risk

	+100 bps	*-100 bps*
	Earnings before tax	**Earnings before tax**
Financial assets		
Cash and cash equivalents	3	(3)
Influence before tax	3	(3)
Income Tax 26%	(1)	1
Net influence	**2**	**(2)**
Financial liabilities		
Loans	(5)	5
Influence before tax	(5)	5
Income Tax 26%	1	(1)
Net influence	**(4)**	**4**
Total influence	**(2)**	**2**

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 2014.

31st December, 2014	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**
Borrowings	495	526	1.768	1.002
Liabilities	157	-	-	-
Total	**652**	**526**	**1.768**	**1.002**

Amounts in € thousands

X. TRANSACTIONS WITH RELATED PARTIES

The company receives services for accounting and management from its parent company R.F. Energy S.A. The total services received during the fiscal year ended on 31/12/2014 and 31/12/2013 amounted to €16 and €24 respectively. The balance of the above company's transactions at 31/12/2014 and 31/12/2013 was €9 and €5 respectively, while the balance of the cash facility from the Parent Company amounted to €35.

Moreover, the Company received management fee of €22 from the related company LOGO VENTURES A.E.D.A.K.E.S.

The Company has contracted with the related company AIOLIKI KYLINDRIAS S.A., regarding the invoiving of certain expenses made by the related party in favour of the Company (e.g. EWEA annual summit). The amount of this cost for the fiscal year 2014 was €6.

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 €22 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, 2014 – December 31st , 2014

The Board of Directors of KALLISTI ENERGIAKI S.A. approved the Company's Fiscal Year 2014 Financial Statements on 26/03/2015. Company's FY 2014 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	Chief Accountant
EVANGELOS KOROVESIS	**IOANNIS PANTOUSIS**	**KONSTANTINOS ZOUMPOULIS**
ID 431/HELL. NAVY	**ID Ξ168490**	**R.G. 0098374**

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THE REPORT HAS BEEN TRANSLATED FROM THE GREEK ORIGINAL VERSION

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 F KALLISTI ENERGEIAKI S.A., which comprise the statement of financial position as at December 31, 2014, 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's Responsibility 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 statements present fairly, in all material respects, the financial position of the company KALLISTI ENERGEIAKI S.A. as at December 31, 2014, 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.

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 43a and 37 of Law 2190/1920.

Athens, March 26, 2015

The Certified Accountant

Christina Tsironi

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

Grant Thornton

An instinct for growth™

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, 2014

(All amounts in Euro thousands, unless otherwise specified)

	note	31.12.2014	31.12.2014
Revenue	**6**	1.690	2.568
Less: Cost of Sales	**7**	(1.505)	(1.649)
Gross Profit		**185**	**919**
Other operating income		52	26
Administrative expenses	**8**	(73)	(123)
Other expenses	**9**	(40)	(257)
Operating profit before taxes and finance cost		**124**	**565**
Finance cost	**10**	(296)	(372)
Finance income	**10**	15	208
Earnings before taxes		**(157)**	**401**
Income tax	**11**	36	(226)
Net Earnings/ (Losses) after taxes		**(121)**	**175**
TOTAL ACCUMULATED EARNINGS AFTER TAXES			
Actuarial gains and losses from fixed benefit programs	**23**	**(1)**	**(2)**
OTHER TOTAL NET EARNINGS		**(1)**	**(2)**
TOTAL ACCUMULATED EARNINGS/(LOSSES) FOR THE PERIOD		**(122)**	**173**

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

KALLISTI ENERGIAKI S.A.

Balance Sheet

For the Period ended December 31, 2014

(All amounts in Euro thousands, unless otherwise specified)

ASSETS	Note	31.12.2014	31.12.2013
Non-current assets			
Tangibles	**13**	10.668	11.951
Intangible assets	**14**	45	52
Long-term receivables		1	2
Total non-current assets		**10.714**	**12.005**
Current assets			
Receivables	**12**	1.533	1.947
Blocked deposits	**20**	1.142	927
Cash and cash equivalents	**15**	97	859
Total current assets		**2.772**	**3.733**
Total assets		**13.486**	**15.738**
SHAREHOLDERS EQUITY			
Share Capital	**16**	562	562
Share premium	**16**	4.518	4.518
Other reserves		(10)	(9)
Retained earnings / (Aggregated loss)		(545)	(424)
Total shareholders' equity		**4.525**	**4.647**
LIABILITIES			
Long-term payables			
Long-term borrowings	**17**	3.246	4.685
Payables to employees	**23**	5	4
State subsidies	**19**	3.946	4.423
Long-term provisions		430	406
Deferred Tax liabilities		588	625
Total Long-term payables			
		8.215	**10.143**
Short-term payables			
Short-term part of long-term borrowings	**17**	478	680
Trade and other payables	**16**	268	268
		746	**948**
Total Liabilities		**8.961**	**11.091**
Total Equity and Liabilities		**13.486**	**15.738**

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, 2014

(amounts in Euro thousands, unless otherwise specified)

	Share capital	Share premium	Other reserves	Retained earnings / (aggregated losses)	Total
Balance on 1/1/2013	**562**	**4.513**	**(2)**	**(165)**	**4.908**
Net profit for the period	-	-	-	175	**175**
Revaluation of employee benefits	-	-	(2)	-	**(2)**
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**
Change in fiscal year					
Net profit/ (losses) for the period	-	-	-	(121)	**(121)**
Revaluation of employee benefits	-	-	(1)	-	**(1)**
Accumulated total income/ (losses) for the period	**-**	**-**	**(1)**	**(121)**	**(122)**
Balance on 31/12/2014	**562**	**4.518**	**(10)**	**(545)**	**4.525**

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

KALLISTI ENERGIAKI S.A.

Cash Flow Statement for the period ended December 31st, 2014

(amounts in Euro thousands unless otherwise specified)

	1/1-31/12/2014	1/1-31/12/2013
Cash flow from operating activities		
Profit before tax	(157)	401
Add / (less) adjustments for:		
Depreciation and amortization	1.297	1.298
Provisions	38	
Result of investment activity (income, cost, profit and loss)	(15)	(207)
Interest paid and similar expenses	296	372
Income from subsidy recognized	(477)	(478)
Employee benefits	-	(5)
Operating result before changes in working capital	**982**	**1.381**
Add / less adjustments for changes in working capital items:		
Decrease / (increase) of receivables	165	642
(Decrease) / increase of payables (except towards banks)	6	103
Total inflow / (outflow) from operating activities	**1.153**	**2.126**
Less:		
Interest and similar expenses paid	(262)	(336)
Total net inflow / (outflow) from operating activities (a)	**891**	**1.790**
Investing activities		
Purchase of tangible and intangible assets	(7)	(1)
Interest received	15	57
Total net inflow / (outflow) from investing activities (b)	**8**	**56**
Financing activities		
Proceeds from borrowings	(1.661)	(1.670)
Total net inflow / (outflow) from financing activities (c)	**(1.661)**	**(1.670)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**(762)**	**176**
Cash and cash equivalents at the starting of the period	**859**	**683**
Cash and cash equivalents at the end of the period	**97**	**859**

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

(amounts in Euro thousands unless otherwise specified),

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 31/12/2014 were 2 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 June 30, 2014, is presented in the table below. Its tenure shall be completed on June 30, 2017:

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

The Company's financial results are fully consolidated in the financial statements of the parent Company R.F. ENERGY S.A, and in the financial statements of F.G. EUROPE S.A.

The financial statements approved by the company's Board of Directors on 26/03/2015.

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 the International Accounting Standards Board (IASB), adopted by the European Union, and their application is mandatory from or after 01/01/2014.

- **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 starting 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 do not affect the separate Financial Statements.**

- **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 starting on or after 01/01/2014)**

In June 2012, IASB issued this Guidance to clarify the transition provisions of IFRS 10. The amendments also provide additional accommodation during the transition to IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, limiting the requirements to provide adjusted comparative information to only the preceding comparative period. Furthermore, in respect to the disclosures relating to the unconsolidated entities, the amendments take away the requirement to present comparative information. **The amendments do not affect the separate Financial Statements.**

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

In October 2012, IASB issued 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 sole business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must evaluate the return 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 under IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them while making the required disclosures. **The amendments do not affect the separate Financial Statements.**

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

In December 2011, IASB issued amendments to IAS 32 "Financial Instruments: Presentation", which provide clarification on some requirements for offsetting financial assets and liabilities in the Statement of Financial Position. **The amendments do not affect the separate Financial Statements.**

- **Amendment to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods starting 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. **The amendment does not affect the separate Financial Statements.**

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

In June 2013, IASB issued narrow-scope amendments to IAS 39 "Financial Instruments: Recognition and Measurement". The purpose of the amendments is to introduce a limited scope exception in respect to the suspension of accounting setting off, as per IAS 39. In particular, it allows 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 do not affect the separate Financial Statements.**

- **IFRIC 21 "Levies" (effective for annual periods starting on or after 01/01/2014)**

In May 2013, the IASB issued IFRIC 21. IFRIC 21 provides guidance on when a company recognises a liability for a levy imposed by the state in its Financial Statements. IFRIC 21 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 present obligation resulting from a past event, known as an obligating event. This interpretation indicates that the obligating event is the activity that triggers the payment of the levy in accordance with the relevant legislation. **The amendments do not affect the separate Financial Statements .**

New Standards and Interpretations that have not been applied yet or have not been adopted by the European Union.

- **IFRS 9 "FinaSncial Instruments" (effective for annual periods starting on or after 01/01/2018)**

In July 2014, the IAB issued the final version of IFRS 9. This version brings together the classification and measurement, impairment and hedge accounting models and presents a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods starting on or after 01/01/2016)**

In January 2014, the IASB issued a new standard, IFRS 14. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. Many countries have industry sectors that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2017)**

In May 2014, the IASB issued a new standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The new standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related interpretations. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Annual Improvements cycle 2010-2012 (effective for annual periods starting on or after 01/07/2014)**

In December 2013, the IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier. The issues included in this cycle are the following: **IFRS 2**: Definition of 'vesting condition', **IFRS 3**: Accounting for contingent consideration in a business combination, **IFRS 8**: Aggregation of operating segments, **IFRS 8**: Reconciliation of the total of the reportable segments' assets to the entity's assets, **IFRS 13:** Short-term receivables and payables, **IAS 7:** Interest paid that is capitalised, **IAS 16/IAS 38**: Revaluation method—proportionate restatement of accumulated depreciation and **IAS 24**: Key management personnel. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union at December 2014.

- **Annual Improvements cycle 2011-2013 (effective for annual periods starting on or after 01/07/2014)**

In December 2013, the IASB issued Annual Improvements to IFRSs 2011-2013 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2011-2013 cycle. The amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier. The issues included in this cycle are the following: **IFRS 1:** Meaning of effective IFRSs, **IFRS 3:** Scope exceptions for joint ventures; **IFRS 13:** Scope of paragraph 52 (portfolio exception); and **IAS 40:** Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union at December 2014.

- **Annual Improvements cycle 2012-2014 (effective for annual periods starting on or after 01/01/2016)**

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2012 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2012-2014 cycle. The amendments are effective for annual periods beginning on or after 1 January 2016, although entities are permitted to apply them earlier. The issues included in this cycle are the following: **IFRS 5**: Changes in methods of disposal, **IFRS 7**: Servicing Contracts and Applicability of the amendments to IFRS 7 to Condensed Interim Financial Statements, **IAS 19:** Discount rate: regional market, and **IAS 34**: Disclosure of information elsewhere in the interim financial report. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (effective for annual periods starting on or after 01/07/2014)**

In November 2013, the IASB published narrow scope amendments to IAS 19 “Employee Benefits” entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19). 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 Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union.

- **Amendment to IAS 27: “Equity Method in Separate Financial Statements» (effective for annual periods starting on or after 01/01/2016)**

In August 2014, the IASB published narrow scope amendments to IAS 27 “Equity Method in Separate Financial Statements “. Under the amendments, entities are permitted to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate Financial Statements – an option that was not effective prior to the issuance of the current amendments. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 10 and IAS 28: “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” (effective for annual periods starting on or after 01/01/2016)**

In September 2014, the IASB published narrow scope amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”. The amendments will be applied by entities prospectively in respect of sales or contribution of assets performed in the annual periods starting on or after 01/01/2016. Earlier application is permitted, given that this fact is relatively disclosed in the financial Statements. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 16 and IAS 41: «Agriculture: Bearer Plants” (effective for annual periods starting on or after 01/01/2016)**

In June 2014, the IASB published amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16. Consequently, the amendments include bearer plants within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods starting on or after 01/01/2016)**

In May 2014, the IASB published amendments to IAS 16 and IAS 38. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods starting on or after 01/01/2016)**

In May 2014, the IASB issued amendments to IFRS 11. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business and specify the appropriate accounting treatment for such acquisitions. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 1: « Disclosures Initiative»(effective for annual periods starting on or after 01/01/2016)**

In December 2014, the IASB issued amendments to IAS 1.The aforementioned amendments address settling the issues pertaining to the effective presentation and disclosure requirements as well as the potential of entities to exercise judgment under the preparation of financial statements. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 10, IFRS 12 and IAS 28: “Investment Entities: Applying the Consolidated Exception” (effective for annual periods starting on or after 01/01/2016)**

In December 2014, the IASB published narrow scope amendments to IFRS 10, IFRS 11 and IAS 28. The aforementioned amendments introduce explanation regarding accounting requirements for investment entities, while providing exemptions in particular cases, which decrease the costs related to the implementation of the Standards. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

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.

(amounts in Euro thousands unless otherwise specified),

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,

(amounts in Euro thousands unless otherwise specified),

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

	31/12/2014	31/12/2013
Sales of power	1.690	2.568

7. Cost of sales

	31/12/2014	31/12/2013
Personnel salaries and expenses	(38)	(52)
Third party expenses	(57)	(125)
Supplies to third parties	(526)	(553)
Tax and stamp duty	(51)	(85)
Other expenses	(13)	(14)
Depreciation	(1.297)	(1.298)
Depreciation of subsidies	477	478
Total	**(1.505)**	**(1.649)**

8. Administrative expenses

	31/12/2014	31/12/2013
Personnel salaries and expenses	(25)	(21)
Third party expenses	(23)	(30)
Supplies to third parties	(9)	(47)
Taxes – Fees	(2)	(2)
Other expenses	(14)	(15)
Provisions	-	(8)
Total	**(73)**	**(123)**

9. Other expenses

	31/12/2014	31/12/2013
Special Levy (Law.4093/2012)	(33)	(257)
Provisions	(5)	-
Other	(2)	-
Total	**(40)**	**(257)**

The account "Other expenses", amounting to € (40), concern the special levy of 10% on revenues coming from renewable energy sources, which was imposed from 01/07/2012, according to L.4093/2012. for the period till 30/06/2014. Later, according to L. 4254/2014, this special levy was terminated on 30/04/2014.

The amount of special levy for fiscal year 2014 amounted to € (33), against € (257), in the previous fiscal year, including the special levy on energy sales in the first 3 months of 2014, reduced by € 26,

(amounts in Euro thousands unless otherwise specified),

due to the credit note of 10% on revenues of the previous year issued by the Company to LAGIE S.A., according to L. 4254/2014
The amount of €(5) relates to provision for additional taxes due to accounting differences from partial acceptance of tax audit for fiscal year 2010.

10. Finance (expenses)/ income

	31/12/2014	31/12/2013
Interest payable	(246)	(320)
Bank and similar expenses	(6)	(8)
Depreciation of raising loan costs	(19)	(21)
Finance cost of provision for equipment removal	(25)	(23)
Total finance expenses	**(296)**	**(372)**
Interest receivable	15	208
Total finance income	**15**	**208**
Net finance expenses	**(281)**	**(164)**

Financial expenses (interest payable) for the fiscal year presented significantly reduced due to the repayment of large part of borrowings of the Company and lower floating rates (Euribor) in calculation of accrued interest payable during 2014.

11. Income Tax

According to the provisions of the Greek tax legislation, tax rate as at December 31, 2014 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.
For the fiscal years 2011, 2012 and 2013 the Company, due to its inclusion to the tax audit of the Chartered Accountants provided by the provisions of article 82,par 5 of L.2238/1994, received Tax Compliance Report with unqualified opinion. For the fiscal year, the tax audit by the Chartered Accountants is in progress and the relevant Tax Compliance Report is expected to be granted after the publication of the Financial Statements of the year. If there will be additional tax obligations till the completion of the tax audit, these will not have significant impact on the Financial Statements of the Company.

	31/12/2014	31/12/2013
Income tax (current period)	-	(1)
Deferred tax	36	(225)
Income Tax	**36**	**(226)**

Deferred taxes in the balance sheet are analyzed as follows:

	31/12/2014	31/12/2013
Deferred tax on assets		
- Transferred tax losses	302	51
- Special Levy (L.4093/2012)	59	71
- Finance cost of provision for equipment removal	68	57
- Other	-	-

- Provision for employee compensation	2	1
Deferred tax on liabilities		
- State subsidies	(812)	(688)
- Depreciation of assets	(190)	(95)
- Depreciation of raising loan costs	(17)	(22)
Net deferred tax	**(588)**	**(625)**

The agreement between the nominal and real rate follows.

	31/12/2014	31/12/2013
Earnings/loss before tax	(158)	401
Tax corresponding to nominal tax rate	(41)	104
Increase in tax rates	-	121
Non deductable expenses	5	1
P&L Taxes	**(36)**	**226**
Other accumulated income tax	**-**	**-**

During 2014, a tax audit was conducted in the Company for the year 2009, which was completed with the relevant official report on 10/10/2014, according to the Law 4174/2013, with the findings of the audit concerning VAT for and Income Tax for the year 2009.

In the abovementioned report for 2009, there were accounting differences of € 140 and an additional provision for unaudited fiscal year of €5 was made.

12. Trade and other Receivables

	31/12/2014	31/12/2013
Customers	1.106	1.745
Greek state – Debited VAT	332	116
Prepaid expenses	54	87
Suppliers' debit balances	15	-
Receivables from L.B.B.W	26	-
Total	**1.533**	**1.947**

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 01/01/2013	1.772	17.548	11	**19.331**
Accumulated Depreciation on 01/01/2013	(561)	(5.518)	(10)	**(6.089)**
Net Book Value on 01/01/2013	**1.211**	**12.030**	**1**	**13.242**
Additions	-	-	1	**1**
Depreciation	(118)	(1.173)	(1)	**(1.292)**
Cost of Purchase	1.772	17.548	12	**19.332**
Accumulated Depreciation	(679)	(6.691)	(11)	**(7.381)**

(amounts in Euro thousands unless otherwise specified),

Net Book Value on 31/12/2013	**1.093**	**10.857**	**1**	**11.951**
Additions		9		**9**
Depreciation	(119)	(1.173)	-	**(1.292)**
Cost of Purchase	1.772	17.557	12	**19.341**
Accumulated Depreciation	(798)	(7.864)	(11)	**(8.673)**
Net Book Value on 31/12/14	**974**	**9.692**	**1**	**10.668**

The company's productive equipment (WTG) is pledged.
Net Book Value of Plant & Machinery includes an amount of €166 (2013: €185) 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	(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**
1/1- 31/12/2014		
Additions	-	**-**
Depreciation	(6)	**(6)**
31/12/2014		
Cost of Purchase	93	**93**
Accumulated Depreciation	(47)	**(47)**
Net Book Value on 31/12/14	**46**	**46**

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

	31/12/2014	31/12/2013
Time deposits	97	859
Total	**97**	**859**

(amounts in Euro thousands unless otherwise specified),

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

As at December 31, 2014, 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:

	31/12/2014	31/12/2013
Long-term borrowings	3.791	5.452
Non-depreciated cost of raising loans costs	(67)	(86)
Total Long-term borrowings	**3.724**	**5.366**
Long-term liabilities payable within next fiscal year	(495)	(701)
Short-term cost of non-depreciated part of raising loans costs	17	21
Total Short-term borrowings	**(478)**	**(680)**
Long-term part of Borrowings	**3.246**	**4.685**

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 11 installments have already been paid till 31/12/2014) 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. In May, 2013, the Company proceeded to voluntary repayment of Tranche B Bonds amounting to €1.192, using own funds.

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

	31/12/2014	31/12/2013
Suppliers	26	114
Cheques payable	95	13
Accrued expenses	60	70
Obligations to related companies	36	-
Other short term liabilities	18	43
Provision for unaudited fiscal years	33	28
Total	**268**	**268**

(amounts in Euro thousands unless otherwise specified),

19. State subsidies

	31/12/2014	31/12/2013
Subsidies receivable	4.423	4.901
Depreciation of subsidies	(477)	(478)
Total	**3.946**	**4.423**

The Company depreciates subsidies for the Wind Farm in "Tsouka" location of Municipalities Skyritida and Valtetsiou in Arcadia Perfecture, which amounted to € 477 in 2014 and € 478 in2013.

20. Blocked Deposits

	31/12/2014	31/12/2013
Pledged deposits for the purposes of the Company's Bond Loan	1.142	927
Total	1.142	927

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.

21. Risks

- 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 31/12/2014 in case that an increase/decrease in interest rates in the amount of 100bps. (0.10%).
As at December 31st, 2014 Earnings After Tax for the Company would have been €2 lower / higher, if euro deposit interest rates had increased/decreased by 100 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.
As at December 31st, 2014 Earnings After Tax for the Company would have been €4 lower / higher, if euro borrowing interest rates had increased/decreased by 100 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.
As at December 31st, 2014 Earnings After Tax for the Company would have been €2 lower / higher (total net influence) , if euro interest rates had decreased/increased by 100 base points, all other variables remaining unchanged.

Interest rate risk

	+100 bps	***-100 bps***
	Earnings before tax	**Earnings before tax**
Financial assets		
Cash and cash equivalents	3	(3)
Influence before tax	3	(3)
Income Tax 26%	(1)	1
Net influence	**2**	**(2)**

Financial liabilities		
Loans	(5)	5
Influence before tax	(5)	5
Income Tax 26%	1	(1)
Net influence	**(4)**	**4**
Total influence	**(2)**	**2**

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 2014.

31st December, 2014	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**
Borrowings	495	526	1.768	1.002
Liabilities	157	-	-	-
Total	**652**	**526**	**1.768**	**1.002**

Amounts in € thousands

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 31/12/2014 and 2013 amounted to € 16 and €24 respectively.

The rest of the above company's transactions on at 31/12/2014 and 2013 was €9 and €5 respectively, while the rest of financial facility from Parent Company amounted to €35.

Moreover, the Company received management fee of €22 from the related company LOGO VENTURES A.E.D.A.K.E.S.

The Company has contracted with the related company AIOLIKI KYLINDRIAS S.A., regarding the invoiving of certain expenses made by the related party in favour of the Company (e.g. EWEA annual summit). The amount of this cost for the fiscal year 2014 was €6.

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**

23. Employees' retirement benefits obligations

According to the Greek labor legislation, employees are entitled to retirement benefits in case of dismissal or retirement, the amount of which varies depending on salary, years of service and the way of service termination (dismissal or retirement). 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

(amounts in Euro thousands unless otherwise specified),

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 01.01.2014 to 31.12.2014 were as follows:

Accounting entries under IAS 19	**The Company**	
	2014	**2013**
Amounts recognized in the Statement of Financial Position		
Present value of non-vesting obligations	5	4
Net obligation recognized in the Statement of Financial Position	**5**	**4**
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	2,50%	3,50%
Future salary increases	2,20%	2,20%
Inflation	2,0%	2,0%
Expected remaining working life	31,47	32,5
Changes in net obligation recognized in the Statement of Financial Position		
Year opening net obligation	4	7
Benefits paid by the employer	-	(13)
Total expenditure recognized in the Income Statement	-	9
Year closing net obligation	**4**	**2**
Statement of recognized (profit) and loss	1	2
Year closing net obligation	**5**	**4**

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 20), 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 year 2010, an adequate provision of €33 has been made.

For the fiscal years 2011, 2012 and 2013, 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 2014, 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 of 2014. 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 31/12/2014. The future payments coming from lease agreements till 2017 are expected to amount to €12.

26. Post Balance Sheet events

There are no other substantial events having occurred after December 31st, 2014 concerning the Company which ought to have been disclosed or that bear the capacity to significantly affect any element of the published financial statements.