**TERNA ENERGY SA**

**Societe Anonyme Commercial Technical Company**

**85 Mesogeion Ave., 115 26 Athens**

**Reg.No. 318/06/B/86/28**

# ANNUAL FINANCIAL REPORT

**for the period**

**from January 1$^{st}$ to December 31$^{st}$ 2009**

**According to article 4 of L. 3556/2007 and the relevant executive Decisions by the BoD of the Hellenic Capital Market Commission**

**CONTENTS**

**I. STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS**
**(according to article 4 par. 2 of L. 3556/2007)**

We

1. George Perdikaris, Chairman of the BoD
2. Emmanuel Maragoudakis, Vice-President of the BoD and Managing Director
3. Panayiotis Pothos, Executive Member of the BoD

STATE THAT

To the best of our knowledge:

a. The annual company and consolidated financial statements of TERNA ENERGY ABETE for the period from January 1st 2009 till December 30th 2009, which were prepared in accordance with the International Financial Reporting Standards (IFRS), give a true picture of the assets and liabilities, the shareholders' equity and the results for the period of the Group and Company, as well as of the companies included in the consolidation and considered aggregately as a whole, and

b. The Board of Directors ' Report depicts in a true manner the performance, developments and position of the Company as well as of the companies included in the consolidation as a whole, along with the description of the major risks and uncertainties the Group faces.

Athens, 26 March 2010

| BOD Chairman | BOD Vice Chairman<br>And Chief Executive Officer | BOD Member |
|---|---|---|
| Georgios Perdikaris | Emmanuil Maragkoudakis | Panagiotis Pothos |

## II. AUDIT REPORT BY INDEPENDENT CERTIFIED AUDITOR

Towards the Shareholders of TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY S.A.

**Report on the Parent (Solo or Individual) and Consolidated Financial Statements**

We have audited the accompanying parent and consolidated Financial Statements of TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY S.A. and subsidiaries, which consist of the parent and consolidated balance sheet as at December 31st 2009, the income statements, statements of changes in equity and cash flow statements for the period ending on the aforementioned date as well as the summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Parent and Consolidated Financial Statements**

The Management of the Company is responsible for the preparation and fair presentation of the parent and consolidated Financial Statements according to the International Financial Reporting Standards, as such have been adopted by the European Union. This responsibility includes the planning, implementation and maintenance of an internal audit system as regards to the preparation and fair presentation of the financial statements, free from substantial inaccuracies due to fraud or errors.

**Auditor's Responsibility**

Our responsibility is limited to the formation and expression of opinion on the parent and consolidated Financial Statements, based on the conducted audit. Our audit was conducted based on the International Auditing Standards. These Procedures demand our compliance with the ethics rules and the planning and implementation of the audit in a way that reassures with reasonable certainty that the financial statements do not include substantial inaccuracies or omissions.

The audit includes the conduct of procedures for the collection of audit data, regarding the amounts and information included in the parent and consolidated financial statements. The procedures are selected according to the auditor's judgment and include the estimation of risk from substantial inaccuracies of the parent and consolidated financial statements due to fraud or error. For the estimation of this risk, the auditor takes into account the internal audit system as regards to the compilation and fair presentation of parent and consolidated financial statements, and aims at planning auditing procedures that correspond to the circumstances and not for the expression of an opinion on the effectiveness of the Company's internal audit system. The audit also includes the evaluation of the accounting principles applied, the Management's rationale of estimations and generally, the overall presentation of the financial statements.
We believe that the audit data collected are adequate and appropriate for the formation of our opinion.

**Opinion**

In our opinion, the accompanying individual and consolidated Financial Statements, accurately present in every aspect, the Company's and Group's financial status as at December 31st 2009, as well as their financial performance and Cash Flows for the period ending on the aforementioned date, according to the International Financial Reporting Standards, as such have been adopted by the European Union.

**Report on other Legal and Regulative Issues**

We have verified the reconciliation of the contents of the Board of Directors' Management Report with the accompanying Financial Statements, in the contexts of those stipulated by articles 43a, 107 and 37 of C.L. 2190/20.

Athens, 29 March 2010
The Certified Auditor Accountant

Ioannis G. Leos
SOEL Reg. No. 24881

John Leos
SOEL Reg. No 24881

Grant Thornton
Chartered Accountants Management Consultants
44 Vassileos Konstantinou Str., 116 35 Athens
SOEL Reg. No 127

**III. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2009**

Dear Shareholders,

According to the provisions of C.L. 2190/1920 (article 43α par.3, article 107 par. 3 and article 136, par.2) as well as L. 3556/2007 article 4 par. 2(c), 6, 7 & 8 and the decision issued by the Hellenic Capital Market Commission under No. 7/448/11-10-2007 article 2 and the Company's Articles of Association, we hereby submit the annual management report by the board of directors for the present financial year from 01/01/2009 to 31/12/2009, which includes the audited company and consolidated financial statements, the notes on the financial statements and the audit report by the certified auditors – accountants.

**A. Financial Developments & Performance for the Period**

During 2009 the international macroeconomic environment remained unstable, despite clear signals of a recovery. The larger economies seem to be gradually recovering to a growth stage, however increased unemployment, decreased industrial production and consumer demand, as well as the ongoing deleverage of the financial sector remain factors that contribute to the outlook for a slow recovery of the global economy.

In ther Greek environment, the fiscal problems are delaying the reversal of the economic climate: the control of the fiscal deficit, the arsis of beraucratic obstacles to development initiatives, can accent the growth prospects of the Greek economy.

The Renewable Energy Sources (RES) sector, in which TERNA ENERGY operates, is a sector that remains in the limelight globally: global warming has led the international community to adopting policies that demand a direct penetration of Renewable Energy Sources (RES) in the energy balance. Governments are taking measures towards this direction, with priority to what is called "green development".

TERNA ENERGY, placed in the sector already from the second half of the '90s, has implemented the largest RES investment plan in Greece, which concerns the construction and operation of wind parks, hydroelectric stations, photovoltaic parks and other RES installations.

Within an adverse financial environment, the company maintains enough liquidity in order to promote its investment plan. The Group's cash & cash equivalents on 31/12/09 amounted to 244.8 mil. euro, reflecting TERNA ENERGY's ability to directly finance its further powerful development.

TERNA ENERGY has commissioned 9 wind parks with a total capacity of 142 MW: four wind parks in Evoia, with a total capacity of 41 MW which are already in operation from 2000 (Tsilikoka, Tsouka, Profitis Ilias, Pyrgari), two wind parks in Crete (Perdikokoryfi, Chonos) with a total capacity of 19 MW and two wind parks in Evros (Didymos Lofos, Mytoula) with a total capacity of 58 MW, as well as one wind park in Aitoloakarnania (Louzes position) with a capacity of 24 MW.

At the same time, the company's first hydroelectric station is also in operation, with a capacity of 6.6 MW, at the Eleousa position of the Axios river (Thessalonica Prefecture),

Moreover, a wind park has already been established in Viotia (Mavrovouni) with a capacity of 19.55 MW, which is expected to be commissioned during 2010, while the construction of a small hydroelectric project is under completion (Dafnozonara Position in Aitoloakarnania/Evrytania – 8.5 MW capacity) and is expected to be commissioned in the next few months..
Also, the company is currently constructing 5 more wind parks in Greece, with a total capacity of 124MW, a wind park in Poland with a capacity of 20 MW, and a wind park in Bulgaria with a capacity of 18MW. At the same time, the Company and its subsidiaries also have additional Production Licenses corresponding to a total capacity of almost 611 MW for wind parks throughout Greece, with the completion of the licensing process at several stages, while it has also submitted applications for production licenses of 3,078 MW. Moreover, the company has production licenses for 112 MW relating to hydroelectric projects and it has submitted applications for new production licenses of hydroelectric projects with a capacity of 1,510 MW.

Furthermore the company has decided to enter the sector of Photovoltaic (P/V) Parks and for this reason it has already completed the licensing for one Photovoltaic Park of 1 MW, while it has submitted applications to the Regulatory Authority for Energy (RAE) for additional 21 MW.

The company's objective as regards to expanding its activities to countries outside Greece remains: the company's first wind park in the Polish market is already under the construction stage, while the construction of additional parks in the Eastern European region is expected. In this context, appropriate locations are identified, with the application of wind capacity measurements and with cooperation with local organizations.

Also, the company's construction sector, apart from the projects implemented on behalf of third parties, undertakes the construction of the company's RES projects (wind parks, hydroelectric projects etc), the providing the ability to the energy sector to effectively control both the cost and the time completion of the RES projects and thus reinforcing the company's verticalization.

The company applies the International Financial Reporting Standards (IFRS) from 2005. For 2009 consolidated sales of the Group according to IFRS amounted to 73.4 mil. euro, at the same level as 2008, however with a different contribution from the individual sectors, namely through an increase of income from energy and a decrease from the construction sector. Earnings before interest tax depreciation and amortization (EBITDA) amount to 26.3 thousand euro, also at the same level as 2008. Earnings before taxes amounted to 23.9 mil. euro, posting an decrease of 25.7% compared to 2008, and mainly affected by lower credit interest received by the company in 2009 for its cash equivalents, which were significantly lower than 2008 due to increased investments as well as the de-escalation of Greek deposit rates in 2009. Net earnings after taxes amounted to 16.357 mil. euro, posting a decrease of 31.7%, due to decreased credit interest in 2009.
As regards to results for the individual sectors: The energy sector posted sales of 33.7 million euro, increased by 33% compared to 2008 as the installed capacity increased, while earnings before interest tax depreciation and amortization (EBITDA) amounted to 21.1 mil. euro posting an increase of 21% compared to 2008.

The construction sector of TERNA ENERGY and specifically the activity that refers to the construction of projects for third parties, posted the following: turnover amounted to 39.6 mil. euro, posting a decrease of 18.1% compared to 2008. Operating profit (EBITDA) amounted to 5.2 mil. euro. The operating profit margin (EBITDA) in the construction sector reached the satisfactory level of 13.13%. The backlog of projects to third parties in this sector at the end of 2009 amounted to 65 mil. euro.

The Group's financial position remains strong, as cash & cash equivalents exceed bank liabilities by 56 mil. euro, while the net financial results corresponded to profit of 4.1 mil. euro.

The company is at the stage of increased investments that increase the constant revenue streams and profitability in the long-term.

The Company's Board of Directors intends to propose the dividend distribution of 0.067 per share towards the Ordinary General Shareholders' Meeting of the Company.

**B. Significant events during 2009**

The realization of the Governments' stated intention to support RES development has reached large bureaucratic obstacles that significantly delay the initialization of construction for a number of new projects in Greece. However, the expected law that will facilitate the licensing process for RES may act as a catalyst in promoting investments in the sector.

In this context the TERNA ENERGY group commenced in 2009 the construction of 4 wind parks with a total capacity of 74.5 MW in the regions of Voiotia, Aitoloakarnania and Evros as well as 1 photovoltaic project with a capacity of 1 MW, also in Aitoloakarnania.

**C, Significant Events after the end of 2009**

The company has begun construction of a new park in the region of Voiotia, with a capacity of 30 MW. Also, the company has initiated the construction of its first wind park in Poland, with a capacity of 20 MW, and in Bulgaria with a capacity of 18 MW.

**D. Risks and Uncertainties**

The Group is subject to several risks and uncertainties, such as market risk (volatility in exchange rates, interest rates market prices etc.), credit risk and liquidity risk, wind and weather conditions.
To handle such financial risks, the Group has a risk management program that aims to minimize the negative effect on the financial results of the group that emerges from the inability to predict financial markets and the volatility of the cost and sales variables.
The financial instruments used by the Group mainly consist of bank deposits, trade debtors and creditors, other receivable and payable accounts, long-term and short-term loans.
Following, the effect of basic risks and uncertainties on the Group's activities is presented.

**Credit risk**

The Group continuously controls its receivables, either separately or by group and it incorporates the resulting information in its credit control. When deemed necessary, external reports or analysis are used as regards to existing or potential clients.

The Group is not exposed to significant credit risk from trade receivables. This is due to both the Group's policy that focuses on working with credible customers and also to the nature of the Group's activities. Specifically, the total receivables of the energy sector correspond to the broader public sector (including DESMIE and PPC), while the same holds for the largest part of receivables from the construction sector.

Credit risk for cash equivalents, as well as for other receivables is negligible, given that the relevant parties are reliable banks with high quality capital structure, the Greek state or companies of the broader public sector or powerful business groups.

The management considers that all the above financial assets, for which the necessary impairments have taken place, are of high credit quality.

**Foreign exchange risk**

The Group is not exposed to foreign exchange risk as its total transactions are in euro, with the exception of investments in foreign economic entities.

Such activities overall refer to the energy sector, all are at a preliminary stage and the construction of production capacity (wind parks) has not yet commenced. Therefore, the Group's exposure to exchange rate risk due to its foreign investments is limited for now.

**Interest Rate Risk**

With regard to long-term financing, Group's policy is to minimize its exposure to interest rate risk. In this context, long-term loans are a) fixed rate loans and b) floating rate loans linked to euribor. Therefore, fixed rate loans are not subject to any interest rate risk contrary to floating rate loans.

The Group's short-term debt is also exclusively in euro and under a floating rate linked to euribor. Short-term loans are received mainly with the objective to finance construction of the Group's wind parks. Such loans are repaid either with the receipt of the relevant government grants or with the long-term loans with the completion of the construction and the commissioning of the wind parks. The loans are expected to be repaid within one year, while new short-term loans are expected to be received to finance the construction of new wind parks. Therefore, the Group is exposed to interest rate from its short-term debt.

**Analysis of Liquidity Risk**

The Group's liquidity is expected to remain strong as apart from existing cash and cash equivalents, wind parks currently in operation create satisfactory cash flows. Net cash flows from operating activities settled at EUR 17.4 million in 2009 versus EUR 20.5 million in 2008.

The Group manages its liquidity needs by carefully monitoring the balance of long-term financial liabilities as well as payments that take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly.

The company maintains cash and cash equivalents in banks to cover its liquidity needs for periods up to 30 days. Capital for mid-term liquidity needs are released from the company's term deposits.

**Other risks and uncertainties**

The company remains exposed to short-term fluctuations of wind and hydrologic data, a fact however that does not affect the long-term efficiency of its projects, as prior to the implementation of the investments extensive studies take place as regards to the long-term behavior of such factors.

The construction sector of TERNA ENERGY is subject to significant fluctuations, both as regards to turnover and as regards to the profitability of each construction project, because the construction activity, particularly of specialized companies such as ours, entails increased volatility that is mainly related to the ongoing renewal of the backlog of construction agreements towards third parties, which are mainly Public entities.

## E. Prospects & Outlook

For 2010, the company's prospects appear particularly positive: regarding Greece the voting of the new bill for RES, will speed up the issue process for installation licenses, a fact that will result in the significant acceleration of our investment plan.

In Poland, our company has commenced the construction process of a Wind Park with a capacity of 20MW. Also the construction process of a Wind Park in Bulgary with a capacity of 20MW is starting. In Greece and abroad as well, during 2010, the construction of a significant number of Wind Parks is expected .

## F. Treasury Shares

During the period 1/1/2009 – 31/12/2009, the Company purchased 310,989 own shares with a nominal value of EUR 93,296.70 and value of EUR 1,434,670.00 million. Total number of shares held by the Company as of 31/12/2009 had reached 744,623 shares or 0.681057% of the total capital with an aggregate acquisition cost of EUR 3,046,285.00

## G. Transactions with affiliated parties

Affiliated parties according to I.A.S. 24 are considered subsidiaries, companies with joint ownership and/or Management with the company, associate companies as well as the parent company and the subsidiaries of the parent company, and also members of the Board of Directors and the company's senior executives. The Company procures goods and services from its affiliated companies, while it also supplies goods and services to such.

Transactions and balances for 2009 are as follows:

| TERNA ENERGY ABETE | | | | |
|---|---|---|---|---|
| | **SALES** | **PURCHASES** | **RECEIVABLE** | **LIABILITY** |
| **SUBSIDIARIES** | | | | |
| AIOLIKI PANORAMATOS DERVENOCHORION S.A. | - | - | 9,069 | - |
| ENERGIAKI SERVOUNIOU S.A. | 360,000 | 451,800 | - | 537,642 |
| TERNA ENERGY EVROS S.A. | 440,000 | - | - | - |
| IWECO – CHONOS S.A. | 90,000 | - | - | - |
| TERNA ENERGY OVERSEAS LTD | - | 1,234,207 | - | 814,207 |
| AIOLIKI DERNENI TRAINOUPOLEOS SA | - | - | 107,939 | - |
| ENERGEIAKI FERRON EBROU SA | - | - | 29,251 | - |
| Construction Joint Ventures | - | - | 793,220 | 360,130 |
| General and Special Partnerships | - | - | 121,247 | - |
| | | | | |
| **PARENT** | | | | |
| GEK TERNA SA | - | 99,145 | - | - |
| | | | | |
| | | | | |
| | | | | |
| **OTHER AFFILIATED PARTIES** | | | | |
| VIOMEK S.A. | - | 1,927,871 | - | 193,472 |
| TERNA S.A. | 13,370 | 2,716,257 | 206,597 | 225,149 |
| HERON THERMOELECTRIC SA | - | 20,365 | - | 2,621 |
| STROTIRES SA | 8,930 | - | 10,626 | |
| Joint Ventures in which TERNA S.A. participates | 8,150,162 | 393 | 84,976 | 18,942 |

Regarding the above transactions, the following clarifications are provided:

a) Sales of TERNA ENERGY ABETE:

- to “TERNA ENERGY SERVOUNIOU SA” of EUR 360,000 for RES maintenance services
- to “TERNA ENERGY EVROU SA” of EUR 440,000 for RES maintenance services
- to “IWECO CHONOS SA” of EUR 90,000 for RES maintenance services
- to “TERNA SA” of EUR 11,720 out of which EUR 11,720 refers to sale of fixed assets and EUR 1,650 refers leasing of machinery
- to “STROTIRES SA” of EUR 8,930 referring to sale of fixed assets
- to joint ventures which TERNA SA participates in, of EUR 8,150,162 out of which EUR 25,278 refers to leasing of machinery and EUR 8,125,583 refers to construction activities

b) Purchases of TERNA ENERGY ABETE

- from TERNA ENERGY OVERSEAS LTD of EUR 1,234,207 for consulting services
- from “GEK TERNA SA” of EUR 99,145 for leasing of buildings
- from “TERNA SA” of EUR 2,716,257 out of which EUR 2,276,500 refer to construction activities, EUR 108,679 refer to leasing of machinery, EUR 328,143 refer to purchase of idle materials and EUR 2,935 refer to purchase of fixed assets
- from “VIOMEK SA” of EUR 1,927,871, out of which EUR 1,702,260 refer to construction services, EUR 20,186 refer to purchases of fixed assets, EUR 36,807 refer to repairing services and EUR 168,618 to other services
- from “HERON THERMOELECTRIC SA” of EUR 20,365 referring to purchases of fixed assets
- from Joint Ventures which TERNA SA participates in, of EUR 393 relating to purchases of fixed assets

**Transactions with BoD members**

The total remuneration to BoD members amounted to 1,195,721 euros from which 682,220 euros refer to BoD remuneration while 513,501 euros refer to the provision of services.

## EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ACCORDING TO ARTICLE 4 OF L. 3556/2007

The present Explanatory Report of the Board of Directors is submitted towards the Ordinary General Shareholders' Meeting, according to paragraph 8 article 4 of L. 3556/2007 and has been prepared according to those stipulated by paragraph 7 of article 4 of the same law.

**a) Structure of Share Capital**

The Company's share capital amounts to thirty two million eight hundred thousand and twenty euro (32,800,020€) it is fully paid up and divided into one hundred and nine million three hundred and thirty three thousand and four hundred (109,333,400) common registered shares with voting right and a nominal value of thirty cents (0.30€) each.

The Company's shares are listed and traded on the securities market "Large Capitalization" Category of the Athens Exchange following their transfer, on 1 June 2009, from the "Middle and Small Capitalization" category.

All the rights and obligations stated by Law and the Company's Articles of Association emanate from each share.

**b) Limitations to the transfer of Company shares**

The transfer of Company shares takes place according to Law and there is no limitation to their transfer according to the Articles of Association.

**c) Significant direct or indirect participation according to the definition of the provisions of L. 3556/2007**

Shareholders which during 31/12/2009 held a percentage larger than 5% are presented in the following table:

| NAME OF SHAREHOLDER | SHARES | PERCENTAGE |
|---|---|---|
| GEK TERNA SA | 52,055,411 | 47.611% |
| Georgios Peristeris | 24,613,605 | 22.511% |

Direct participation of GEK TERNA SA: 52,053,911 shares or 47.610%

Indirect participation via subsidiary HERON HOLDINGS SA: 1,500 shares or 0.0001%

Total (direct and indirect) participation settles at 47.611%

**d) Shares providing special control rights**

According to the Company's Articles of Association there are no shares that provide special control rights.

**e) Limitations to voting rights**

According to the Company's Articles of Association there are no limitations of voting rights emanating from its shares.

**f) Agreements between Company Shareholders**

To the Company's knowledge, there are no agreements between its Shareholders, which imply limitation to the transfer of its shares or to the exercise of voting rights emanating from its shares.

**g) Rules for appointment and replacement of BoD Members and amendments of the Articles of Association**

The Company's Articles of Association have been conformed to the provisions of L. N,3604/2007 and their provisions do not differ from those stipulated by C.L. 2190/20 as in effect, both as regards to the appointment and replacement of BoD Members and as regards to the amendment of its articles.

**h) Authority of the BoD for the issuance of new shares or the purchase of treasury shares**

According to those stipulated by par. 2 article 5 of the Articles of Association, the General Meeting may by means of its decision, assign authority to the Board of Directors to increase by means of its decision, the share capital according to those stipulated by C.L. 2190/20.

According to the provisions of article 13 par. 13 of C.L. 2190/20, as in effect, the Board of Directors may increase the share capital by issuing new shares in the context of implementing the approved by the General Meeting Stock Option Plan, for acquisition of Company shares by the beneficiaries.

According to the provisions of article 16 of C.L. 2190/1920, as in effect, following approval of the General Meeting, the Company may with the responsibility of the Board of Directors, acquire through the Athens Exchange, its own shares with the condition that the nominal value of shares acquired, including shares acquired previously and maintained by the Company, does not exceed 10% of its paid up share capital.

**i) Important agreements put into effect, amended or terminated in case of change in control following a tender offer**

There are no agreements which are put into effect, amended or terminated in case of change in the Company's control following a tender offer.

**j) Agreements of Members of the Board of Directors or the Company's Employees**

There are no agreements of the Company with members of its Board of Directors or its employees, which include the payment of indemnity, specifically in case of resignation or termination without reasonable cause or termination of term or employment due to a tender offer.

The Board of Directors unanimously approves the above Management Report to be submitted to the Ordinary Shareholders' Meeting.

Athens, 26 March 2010

The Board of Directors

## IV. ANNUAL FINANCIAL STATEMENTS INDIVIDUAL AND CONSOLIDATED OF 31 DECEMBER 2009

**(1 JANUARY - 31 DECEMBER 2009)**

**According to the International Financial Reporting Standards**

The Financial Statements were approved by the Board of Directors of TERNA ENERGY ABETE on 26 March 2010 and have been published by being posted on the internet at the website www.terna-energy.gr as well as at the web site of Athens Exchange in which they remain at the disposal of the investment community for at least 5 years since their publication. It is noted that the published in the press Data and Information aim at providing the reader with certain general financial information but do not provide a full picture of the financial position and the results of the Group, in accordance with the International Financial Reporting Standards (IFRS).

**TERNA ENERGY GROUP**
## STATEMENT OF FINANCIAL POSITION
**31st DECEMBER 2009**
**(All amounts are expressed in thousand Euro, unless stated otherwise)**

| | Note | GROUP 31 December 2009 | GROUP 31 December 2008 | COMPANY 31 December 2009 | COMPANY 31 December 2008 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | 6 | 1,774 | 1,463 | 989 | 696 |
| Tangible assets | 7 | 340,820 | 238,929 | 110,552 | 87,598 |
| Investment property | 8 | 923 | 923 | 923 | 923 |
| Participation in subsidiaries | | - | - | 71,051 | 48,682 |
| Participations in associates | 9 | 51 | 51 | - | - |
| Participation in joint-ventures | 22 | - | - | 374 | 489 |
| Other long-term receivables | 10 | 219 | 18,537 | 183 | 8,007 |
| Other investments | | 1 | 1 | 1 | 1 |
| Deferred income tax | 26 | 1,233 | 2,444 | 819 | 1,968 |
| **Total non-current assets** | | **345,021** | **262,348** | **184,892** | **148,364** |
| **Current assets** | | | | | |
| Inventories | 11 | 536 | 886 | 244 | 142 |
| Trade receivables | 12 | 22,394 | 15,142 | 19,225 | 11,767 |
| Receivables according to IAS 11 | 12,13 | 2,269 | 1,177 | 10,466 | 2,156 |
| Prepayments and other receivables | 12 | 24,880 | 18,990 | 7,749 | 11,308 |
| Income tax receivables | | 518 | 337 | 518 | - |
| Cash and equivalents | 14 | 244,837 | 290,886 | 233,561 | 283,139 |
| **Total current assets** | | **295,434** | **327,418** | **271,763** | **308,512** |
| **TOTAL ASSETS** | | **640,455** | **589,766** | **456,655** | **456,876** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributed to the shareholders of the parent** | | | | | |
| Share capital | 23 | 32,800 | 32,800 | 32,800 | 32,800 |
| Share premium | 23 | 281,930 | 281,961 | 282,006 | 282,006 |
| Reserves | | 17,269 | 15,316 | 14,708 | 13,551 |
| Profit carried forward | | 39,812 | 34,798 | 37,102 | 33,789 |
| **Total** | | **371,811** | **364,875** | **366,616** | **362,146** |
| Minority interest | | 1,405 | 934 | - | - |
| **Total equity** | | **373,216** | **365,809** | **366,616** | **362,146** |

| | | | | | |
|---|---|---|---|---|---|
| **Long-term liabilities** | | | | | |
| Long-term loans | 15 | 67,646 | 48,913 | 36,707 | 23,286 |
| Other provisions | 17 | 1,136 | 1,052 | 597 | 517 |
| Provision for staff indemnities | 16 | 181 | 141 | 181 | 141 |
| Grants | 18 | 50,796 | 48,614 | 19,777 | 18,824 |
| Deferred income tax | 26 | 838 | 536 | - | - |
| Other long-term liabilities | | - | 102 | - | - |
| **Total long-term liabilities** | | **120,597** | **99,358** | **57,262** | **42,768** |
| | | | | | |
| **Short-term liabilities** | | | | | |
| Suppliers | 19 | 14,071 | 8,079 | 12,660 | 7,734 |
| Short-term loans | 21 | 111,503 | 97,381 | 7,145 | 31,263 |
| Long-term liabilities falling due in the next period | 15 | 10,929 | 8,951 | 5,917 | 4,449 |
| Accrued and other short-term liabilities | 13,20 | 3,368 | 4,006 | 3,368 | 3,247 |
| Income tax payable | 20 | 6,214 | 1,159 | 3,687 | 1,226 |
| **Total short-term liabilities** | | 557 | 5,023 | - | 4,043 |
| **Total liabilities** | | **146,642** | **124,599** | **32,777** | **51,962** |
| | | **267,239** | **223,957** | **90,039** | **94,730** |
| **TOTAL LIABILITIES AND EQUITY** | | | | | |
| **Long-term liabilities** | | **640,455** | **589,766** | **456,655** | **456,876** |

The accompanying notes form an integral part of the financial statements.

TERNA ENERGY GROUP
## STATEMENT OF COMREHENSIVE INCOME
31st DECEMBER 2009

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

| | Note | GROUP 1/1 - 31/12 2009 | GROUP 1/1 - 31/12 2008 | COMPANY 1/1 - 31/12 2009 | COMPANY 1/1 - 31/12 2008 |
|---|---|---|---|---|---|
| **Continuing Activities** | | | | | |
| Turnover | | 73,376 | 73,741 | 65,221 | 68,438 |
| Cost of Sales | 27 | (48,704) | (49,107) | (47,390) | (48,117) |
| **Gross Profit** | | **24,672** | **24,634** | **17,831** | **20,321** |
| Administrative & Distribution Expenses | 27 | (5,217) | (3,970) | (3,997) | (3,148) |
| Research & Development Expenses | 27 | (3,156) | (2,148) | (3,736) | (2,280) |
| Other income / (expenses) | 28 | 3,491 | 3,416 | 3,140 | 1,799 |
| **Operating Results** | | **19,790** | **21,932** | **13,238** | **16,692** |
| Financial Income / (Expenses) | 29 | 4,131 | 10,256 | 6,171 | 12,511 |
| **EARNINGS BEFORE INCOME TAX** | | **23,921** | **32,188** | **19,409** | **29,203** |
| Income Tax Expense | 26 | (7,564) | (8,230) | (6,032) | (7,174) |
| **NET EARNINGS FOR THE PERIOD** | | **16,357** | **23,958** | **13,377** | **22,029** |
| **Other income recognized directly to shareholders' funds from :** | | | | | |
| Foreign exchange differences from translation due to incorporation of operations abroad | | (9) | (15) | - | - |
| Expenses related to subsidiary's share capital increase | | (31) | (42) | - | - |
| Income tax directly recognized to shareholders' funds | | (132) | (112) | (139) | (140) |
| **Other income/expenses net of income tax** | | **(172)** | **(169)** | **(139)** | **(140)** |
| **AGGREGATE INCOME FOR THE PERIOD** | | **16,185** | **23,789** | **13,238** | **21,889** |
| **Net earnings attributed to :** | | | | | |
| Shareholders of the parent company from continuing activities | | 15,864 | 23,991 | | |
| Minority rights from continuing activities | | 493 | (33) | | |
| | | **16,357** | **23,958** | | |

| | | | | |
|---|---|---|---|---|
| **Total Income attributed to :** | | | | |
| Shareholders of the parent company from continuing activities | 15,692 | 23,822 | | |
| Minority rights from continuing activities | 493 | (33) | | |
| | **16,185** | **23,789** | | |
| **Earnings per Share (in EUR)** | | | | |
| From continuing activities attributed to the parent company's shareholders | 0,1459 | 0,2196 | 0,1230 | 0,2017 |
| **Weighted average number of shares** | | | | |
| Basic | 108,723,395 | 109,237,115 | 108,723,395 | 109,237,115 |

The accompanying notes form an integral part of the financial statements.

**TERNA ENERGY GROUP**
## STATEMENT OF CASH FLOW
**31 DECEMBER 2009**

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

| | Note | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **1/1 - 31/12 2009** | **1/1 - 31/12 2008** | **1/1 - 31/12 2009** | **1/1 - 31/12 2008** |
| **Cash flow from operating activities** | | | | | |
| Net earnings before tax | | 23,921 | 32,188 | 19,409 | 29,203 |
| *Adjustments for the agreement of net flows from operating activities* | | | | | |
| Depreciation | 6, 7 | 8,880 | 6,874 | 4,597 | 3,284 |
| Provisions | 16, 17 | (228) | 343 | 160 | 338 |
| Interest and related income | 29 | (9,338) | (16,080) | (9,196) | (15,892) |
| Interest and other financial expenses | 29 | 5,206 | 5,824 | 3,024 | 3,381 |
| Results from participations and securities | | - | - | (1,505) | (622) |
| Depreciation of grants | 18, 28 | (2,396) | (1,905) | (1,055) | (759) |
| Other adjustments | | 83 | (15) | - | - |
| **Operating profit before working capital changes** | | **26,128,** | **27,229** | **15,434** | **18,933** |
| **(Increase)/Decrease in:** | | | | | |
| Inventories | | 350 | 607 | (102) | 604 |
| Trade receivables | | (9,304) | 3,118 | (15,770) | 8,210 |
| Prepayments and other short term receivables | | (19,082) | (2,697) | (2,163) | 334 |
| **Increase/(Decrease) in:** | | | | | |
| Suppliers | | 5,993 | (3,611) | 4,925 | (1,570) |
| Accruals and other short term liabilities | | 4,417 | (2,137) | 1,017 | (1,752) |
| (Increase)/Decrease of other long term receivables and liabilities | | 18,216 | 1,996 | 7,824 | 1,988 |
| Income tax payment | | (9,244) | (3,929) | (8,072) | (3,516) |
| **Net cash inflow from operating activities** | | **17,474** | **20,576** | **3,093** | **23,231** |
| **Cash flow from investment activities** | | | | | |
| Purchases/Sales of tangible and intangible assets | | (111,082) | (84,092) | (27,844) | (20,246) |
| Receipt of grants | | 17,691 | 10,318 | 5,953 | 6,343 |
| Interest and related income received | | 11,232 | 15,549 | 11,102 | 15,378 |
| (Purchases)/sales of participations and securities | | (30) | - | (22,254) | (18,811) |
| Receipt of dividends from investments | | - | - | 1,376 | - |
| Increase of investments in associate company | | - | (42) | - | - |
| **Cash outflows for investment activities** | | **(82,189)** | **(58,267)** | **(31,667)** | **(17,336)** |

| | | | | |
|---|---|---|---|---|
| **Cash flows from financial activities** | | | | |
| Receipt from Share capital increase | - | 443 | - | - |
| Purchase of Treasury Shares | (1,434) | (1,612) | (1,434) | (1,612) |
| Net change of long term loans | 20,799 | (4,020) | 14,888 | (2,981) |
| Net change of short term loans | 14,215 | 49,942 | (24,118) | 3,500 |
| Dividends paid | (7,317) | (6,208) | (7,317) | (6,014) |
| Interest paid | (7,635) | (5,144) | (3,023) | (3,067) |
| **Cash outflows for financial activities** | **18,628** | **33,401** | **(21,004)** | **(10,174)** |
| **Effect from foreign exchange differences on cash and cash equivalents** | 38 | **-** | **-** | **-** |
| **Net increase/(decrease) in cash** | **(46,049)** | **(4,290)** | **(49,578)** | **(4,279)** |
| **Cash & cash equivalents at the beginning of the period** | 290,886 | 295,176 | 283,139 | 287,418 |
| **Cash & cash equivalents at the end of the period** | **244,837** | **290,886** | **233,561** | **283,139** |

The accompanying notes form an integral part of the financial statements

**TERNA ENERGY SA**

## STATEMENT OF CHANGES IN EQUITY
**31 DECEMBER 2009**

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

| | Share Capital | Share Premium | Reserves | Profit Carried Forward | Total |
|---|---|---|---|---|---|
| **1 January 2008** | **32,800** | **282,006** | **14,248** | **18,828** | **347,882** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **21,889** | **21,889** |
| Dividends | | | | **(6,013)** | **(6,013)** |
| Purchase of Treasury Shares | - | - | (1,612) | **-** | **(1,612)** |
| Transfer – other movements | - | - | 915 | **(915)** | **-** |
| **31 December 2008** | **32,800** | **282,006** | **13,551** | **33,789** | **362,146** |
| **1 January 2009** | **32,800** | **282,006** | **13,551** | **33,789** | **362,146** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **13,238** | **13,238** |
| Dividends | - | - | - | (7,334) | **(7,334)** |
| Purchase of Treasury Shares | - | - | (1,434) | - | **(1,434)** |
| Transfer – other movements | - | - | 2,591 | (2,591) | **-** |
| **31 December 2009** | **32,800** | **282,006** | **14,708** | **37,102** | **366,616** |

The accompanying notes form an integral part of the financial statements.

**TERNA ENERGY SA**
STATEMENT OF CHANGES IN EQUITY
**31 DECEMBER 2009**
**(All amounts are expressed in thousand Euro, unless stated otherwise)**

| | Share Capital | Share Premium | Reserves | Profit Carried Forward | Sub-total | Minority Interest | Total |
|---|---|---|---|---|---|---|---|
| **1 January 2009** | **32,800** | **281,961** | **15,316** | **34,798** | **364,875** | **934** | **365,809** |
| **Total c omprehensive income for the period** | **-** | **(31)** | **(9)** | **15,732** | **15,692** | **493** | **16,185** |
| Dividends | - | - | - | (7,334) | **(7,334)** | - | **(7,334)** |
| Distribution of Reserves | | | 3,396 | (3,396) | **-** | - | **-** |
| Purchase of minority stake in a subsidiary | - | - | - | 22 | **22** | (22) | **-** |
| Purchase of Treasury Shares | - | - | (1,434) | - | **(1,434)** | - | **(1,434)** |
| Transfer – other movements | - | - | - | (10) | **(10)** | - | **(10)** |
| **31 December 2009** | **32,800** | **281,930** | **17,269** | **39,812** | **371,811** | **1,405** | **373,216** |

The accompanying notes form an integral part of the financial statements.

**TERNA ENERGY GROUP**
**STATEMENT OF CHANGES IN EQUITY**
**31 DECEMBER 2009**
**(All amounts are expressed in thousand Euro, unless stated otherwise)**

| | Share Capital | Share Premium | Reserves | Profit Carried Forward | Sub-total | Minority Interest | Total |
|---|---|---|---|---|---|---|---|
| **1 January 2008** | **32,800** | **281,996** | **15,333** | **18,536** | **348,665** | **496** | **349,161** |
| **Total comprehensive income for the period** | **-** | (35) | (8) | 23,879 | **23,836** | **(47)** | **23,789** |
| Dividends | - | - | - | (6,014) | **(6,014)** | - | **(6,014)** |
| Share capital increase | - | - | - | - | - | 479 | **479** |
| Establishment of a subsidiary | | | - | - | | 6 | **6** |
| Purchase of Treasury Shares | - | - | (1,612) | - | **(1,612)** | - | **(1,612)** |
| Transfer – other movements | - | - | 1,603 | (1,603) | **-** | - | **-** |
| **31 December 2008** | **32,800** | **281,961** | **15,316** | **34,798** | **364,875** | **934** | **365,809** |

The accompanying notes form an integral part of the financial statements.

# 1 ESTABLISHMENT & ACTIVITY OF THE COMPANY

The TERNA ENERGY SA Group of companies (hereinafter the «Group» or «TERNA ENERGY») is a Greek group of companies mainly engaged in the energy and construction sector. The Group's activity in the energy sector is related to the construction and exploitation of renewable sources of Wind energy. The Company is also engaged in the research for the operation and construction of projects related to other renewable energy sources (RES).

TERNA ENERGY has a class 6 contractor certificate and its activity in the construction sector relates to the construction of private and public projects as a main contractor or subcontractor or through joint ventures. Based on the Greek legislation in effect, companies who hold a class 6 certificate, undertake public works with an initial contracting price from € 5.25 to €44.00 million or up to €60.00 million through joint ventures and private or self-financed independently budgeted, either as main contractors or as sub-contractors or through joint ventures.

TERNA ENERGY is the continuation of the Technical Constructions Company (ETKA SA), which was established in 1949 (Gov. Gaz. 166/21.06.1949), and which during 1999 absorbed TERNA ENERGY SA. The latter had been established in 1997 (Gov.Gaz.6524/11.09.1997), and is based in Athens, 85 Mesogeion Ave.

The Company is listed on Athens Exchange. GEK TERNA SA is the parent company of TERNA ENERGY also listed on Athens Exchange. As of 31/12/2009, GEK TERNA held 47.611% of TERNA ENERGY's share capital.

# 2 BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

**a) Basis for the Preparation of the financial statements**
The accompanying financial statements consist of the individual and consolidated financial statements of the Parent Company and its Group and have been prepared according to IFRS, issued by the International Accounting Standards Board and according to the Interpretations issued from the Regular Interpretation Committee, as such have been adopted by the European Union.

***b) Statutory Financial Statements***
Until the 31st of December 2004 TERNA ENERGY SA and its Greek subsidiaries kept their accounting books and compiled financial statements according to the provisions of L. 2190/1920 and the tax legislation in effect. From January 1st, 2005 they are obliged, according to the legislation in effect, to compile their Statutory Financial Statements according to the IFRS that have been adopted by the European Union. The Company and the Greek companies of the Group continue to keep their accounting books in accordance with the provisions of the tax laws, as they have the right to do so. Out-of-books adjustments are then made in order to compile the attached financial statements in accordance with the IFRS.

***c) New Standards, Interpretations and Amendments***
The accounting principles applied for the preparation of the financial statements are the same with those applied for the compilation of the annual financial statements of the Company and the Group as of 31 December 2008, apart from the adoption of new accounting standards. The Group has fully adopted all IFRS and interpretations which up to the balance sheet date had been adopted by the European Union. The application of those standards according to the Council of IFRS was compulsory for the year ended on 31 December 2009. Therefore, from 1 January 2009, the Group and the Company adopted certain new standards and interpretations as follows:

- *IFRS 8, Operating Sectors:* IFRS 8 replaces IAS 14 *Financial Information by segment* and adopts an administrative approach as regards to financial information provided by segment. The information provided will be that used by management internally for the evaluation of the return by operating sectors and the allocation of resources to such sectors.

- *IAS 1 'Presentation of Financial Statements' (amendment)*. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly (for example, the balance sheet is renamed a statement of financial position). The most important changes are:
- in the cases where an accounting policy is applied retrospective or a revision or a reclassification of accounts is performed in the financial statements, for comparability reasons it is necessary to report also the Statements of Financial Position for the previous periods.
- all income and expenses data (including those recorded directly in Equity) must be reported in one statement (Total Results Statement), or in two statements (a Statement for the current year Results and a Statement of Total Results).
- it is not allowed the specific presentation of results that are directly recorded in equity (e.g. profit/loss of fair value). Such changes that do not arise from the shareholders must be presented in the Total Results Statement, the total of which must be transferred to the Statement of changes in Equity.
- the presentation of shareholders transactions when they are acting as owners is not allowed to be presented in the notes. The Statement of changes in Equity must be presented as a separate financial statement.
- new requirements are introduced regarding an analytical presentation of results that are directly recorded in equity.

*- IFRS 2, Share-based payment – 2008 Revision: vesting conditions and cancellations.* The revision of the standard clarifies the that vesting conditions are service conditions and performance conditions only, while other features of a share-based payment that are not vesting conditions should be included in the grant date fair value of the share-based payment at the concession date. The Group does not operate stock option plans and as a result the above revision has no effect on the financial statements.

- *IAS 32 Financial Instruments: Presentations and IAS 1 Presentation of Financial Statements – 2008 Revision:* Puttable instruments and obligations arising on liquidation (effective from 1st of January2009): This amendment sets the classification of puttable financial instruments as well as the terms of some instruments that oblige the issuer to proportionally pay the net assets of the instrument during settlement. The relevant revision will have no effect on the financial statements of the Group.

*- IFRIC 15, Agreements for the Construction of Real Estate*: IFRIC 15 offers guidelines regarding whether an agreement for the construction of a real estate is included in the framework of IAS 11 "Construction Contracts" or IAS 18 "Revenue" and when the revenue from construction should be recognized.

*- IFRIC 16, Hedges of a Net Investment in a Foreign Operation*: IFRIC 16 clarifies three major issued, in particular: a) The presentation currency of the Financial Statements does not create risk exposure, for which the company may apply hedge accounting. Therefore, the parent company may define as risk for hedging only the foreign exchange differences that arise between operating and presentation currency for the foreign operations. b) Any company belonging in the Group may hold hedging instruments, c) Despite that IAS 39 «Financial Instruments: Recognition. and Measurement» is applied to define the amount that must be transferred in Income Statement from the foreign exchange differences reserve as regards to the hedging instrument, IAS 21 «The effect of changes in Foreign Exchange» is applied in reference to the item hedged.

- IFRS 7 (Amendment) «Improvements to the Disclosures of Financial Instruments» The amendment to IFRS 7 introduces additional disclosures regarding fair value and amends the disclosures that refer to liquidity risk. As regards to fair value, the amendment requires the disclosure of a three-level hierarchy for all financial instruments recognized at fair value, as well as specific disclosures regarding any transfers between the hierarchy levels and detailed disclosures on level three.

- Amendment to IAS 27: "Consolidated and Separate Financial Statements", of IFRS 1 "First Implementation of IFRS" as regards to the acquisition cost of participations in subsidiaries, joint ventures or associates and the adoption of revised IAS 28: "Consolidated Financial Statements and accounting of investments in associates". With the present amendment, the acquisition cost of participations in subsidiaries and associates and joint ventures, in the separate financial statements of the company, are no longer affected by distribution of earnings created before the acquisition date of the participations.

Such distributions will now be registered in the results and income from dividends. This amendment also presents changes to IAS 36 – Impairment of assets, to which indications for impairment of participations were added, based on the effect on the companies' net position due to the dividend distribution to the companies invested in the latter. As regards to companies that prepare financial statements for the first time according to IFRS and in order to facilitate the preparation process of such statements, alternative methods are provided for the calculation of the acquisition cost of participations in subsidiaries and associates and joint ventures, based on the fair value of participations or the book value of such according to the previous accounting standards. The application of this amendment does not affect the Group's financial statements.

- IAS 39: "Financial Instruments: Recognition and Measurement" – Amendment of IAS 39 for embedded derivatives in cases of reclassification of financial instruments. The amendment of IAS 39 requires such companies to estimate, if such need to separate an embedded derivative from a hybrid financial instruments through when reclassifying a financial asset that is valued at fair value. The application of this amendment will not affect the Group's financial statements.

- IFRIC 13, Customer loyalty programs. Customer loyalty programs specifies provide customers with incentives to purchase products or services of a company. If the customer purchases products or services, then the company grants award credits (i.e. points) and customers can cash such credits in the future for free or discounted goods or services. This amendment does not apply to the Group's activities.

2008 Annual improvements: In the context of the IFRS annual improvements program, the IASB proceeded with a series of small amendments to the following standards:

- *Amendments to IAS 1, Presentation of Financial Statements*. This amendment clarifies that assets and liabilities classified as held for trading purposes, according to IAS 39, Financial instruments: Recognition and measurement, are not classified automatically as short-term items in the Statement of Financial Position.

- *Amendments to IAS 8, Accounting policies, changes in accounting estimations and errors*. The amendment clarifies that only the application guidance, which is considered an integral part of a IFRS, is mandatory during the selection of accounting policies.

- *Amendments to IAS 10, Events after the Balance Sheet Date*. The amendment clarifies that dividends approved after the balance sheet date are not considered as liabilities.

- *Amendments to IAS 16 Tangible assets*. It replaces the term Net sale price with the term Fair value minus sale price as regards to the recoverable amount, in order to be consistent with IFRS 5 and IAS 36. Tangible assets held for lease and during the ordinary course of activities intended for sale after the end of the lease period, are transferred to the Inventories account during the end of this period and are classified in assets held for sale. Proceeds from the subsequent sale are presented as income. At the same time, IAS 7 Cash flow statements, is also amended, where it is required that cash payments, for the construction or acquisition of relevant fixed assets, be classified in the category of Operating Activities. Moreover, cash proceeds from rents and subsequent sales of relevant fixed assets are presented in Operating Activities.

- *Amendments to IAS 18, Income*. This amendment replaces the term Direct costs with the term Transaction cost, as defined in IAS 39.

- *Amendments to IAS 19, Employee benefits*. The amendment revises the term of Service cost in order to include benefit reductions related to the service of the employee in previous periods (negative service cost) and to exclude benefit reduction in relation to the service of the employee in future periods that arise from amendments to the benefit plan. Amendments to benefit plans that lead to the reduction of benefits in relation to the service rendered in future periods, are considered as cut-backs. It revises the definition of Return on assets of the plan, excluding management costs of the plan if such have been included in the actuarial assumptions based on which the committed defined benefits were calculated. It revises the definition of short-term and other long-term benefits to employees in order to focus on the point where the liability will be settled. It repeals the reference to contingent liabilities in order to conform to IAS 37 “Provisions, contingent liabilities and contingent assets”. IAS 37 does not allow the recognition of contingent liabilities.

- *Amendments to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance*. Loans that are granted with zero or very low interest rates compared to the market, will not be excluded by the requirement to present the implied rate. The implied rate of granted loans will be lower than the market rate, and thus it will conform to IAS 39. The difference between the amount received and the discounted amount is accounted for as a government grant.

- *Amendments to IAS 23, Borrowing Cost*. The amendment revises the definition of borrowing cost in order to unite all the borrowing cost items in one item. The interest expense is calculated based on the real interest rate method, as described in IAS 39.

- *Amendments to IAS 27, Consolidated and separate financial statements*. In case where a parent company values a subsidiary at fair value according to IAS 39 in its separate financial statements, this accounting treatment holds also in the case where subsequently the subsidiary is classified as held for sale.

- *Amendments to IAS 28, Investments in associate companies*. In case where an associated company is valued at fair value, according to IAS 39 (given that it has been exempt from the requirements of IAS 28), only the requirements of IAS 28 regarding the disclosure of the nature and extent of significant limitations to the ability of the associate company to transfer capital to the Company in the form of cash equivalents or repayment of debt, are applied. For the purposes of an impairment audit, the investment in an associate is considered a unique asset – including any reversal of impairment loss. Therefore, in case of impairment, a separate allocation of the impairment to the goodwill included in the investment’s balance, is not needed. The impairment loss is reversed in the case where the recoverable value of the investment in the associate increases.

- *Amendments to IAS 29, Presentation of financial assets in hyperinflationary economies*. This amendment revises the limiting list of exemptions as regards to asset and liability items calculated at historic cost, i.e. tangible fixed assets. No special transition requirements are mentioned due to the fact that the amendment is mostly a clarification and not a change.

- *Amendments to IAS 31, Participations in joint ventures*. This amendment clarifies the fact that if a joint venture is valued at fair value, according to IAS 39 (given that is has been exempted from the requirements of IAS 31), then only the requirements of IAS 31 regarding the disclosure of obligations of the member of the joint venture and the joint venture, as well as regarding the summary of financial information for the balance sheet and results items, apply.

- *Amendments to IAS 34, Interim financial reporting*. This amendment clarifies that earnings per share are disclosed in the interim financial reports in the case where the company is subject to the application scope of IAS 33.

*Amendments to IFRS 5, Non Current Assets held for Sale and Discontinued Operations,* applied for financial years beginning at or after 1 July 2009. The amendment clarifies the fact that all asset and liability items of a subsidiary are still classified as “held for sale” according to IFRS 5, even in the case the company, after a sale, does not control the particular subsidiary. The amendment is applicable from the date of the first application of IFRS 5.

Therefore participations in subsidiaries classified as “held for sale” from the use of IFRS 5, should be examined and revaluated. Application of the amendment in advance is also acceptable. In this case, the company should also apply the amendments of IAS 27 (as amended in January 2008) at the application date of the IFRS 5 amendments.

Until the approval date of the financial statements, new IFRS, interpretations and amendments of existing standards have been issued, which will be applied on mandatory manner for the years beginning after January 1st, 2010. The Group Management's view regarding the effect from the future application of such new standards and interpretations is presented below:

- IFRS 9 "Financial Instruments". The IASB intends to fully replace IAS 39 "Financial instruments recognition and valuation" with IFRS 9, which will be effective for annual financial periods beginning on January 1st 2013. IFRS 9 in its current form is the first part of phase one of the Board's overall project to replace IAS 39 and refers to the classification and valuation of financial assets. IFRS 9 in its full form that is expected at the end of 2010, will include guidance on the valuation of financial liabilities, the methodology on impairment, hedge accounting and the disruption of recognition. IFRS 9 aims at reducing the complexity in the accounting treatment of financial instruments providing less categories of financial assets and a principle based approach for their classification. According to the new standard, the entity classifies financial assets either at amortised cost or fair value based on a) the entity's business model for managing the financial assets, and b) the contractual cash flow characteristics of the financial asset (if the entity has not chosen to define the financial assets at fair value through the results). IFRS 9 has not yet been adopted by the EU. The largest part of the group's financial assets concern trade and other receivables valued at cost and thus the application of IFRS 9 is not expected to have a substantial effect on the Group's financial statements.

- *Amendments to IFRS 2 "Share-based payments".* This revision concerns the vesting conditions and cancellation of such. The amendments to IFRS 2 are applied by companies for annual periods beginning on or after 01/01/2010. The application of the amendment is not expected to affect the Group's financial statements.

- *Amendment to IFRS 1 "First-time adoption of IFRS" – Additional Exemptions for Companies applying IFRS for the First Time.* The amendment provides exemption from the retrospective application of IFRS on the measurement of assets in the oil, natural gas and leasing lectors. The amendment is applied for annual accounting periods beginning on or after January 1st 2010. The amendment does not apply to the Group's activities.

- *Amendment to IFRS 1 "First-time adoption of IFRS" – Limited Exemptions from the Comparative Information for the Disclosures of IFRS 7 for Companies applying IFRS for the First Time.* The amendment provides exemption to companies that apply IFRS for the first time, from the obligation to provide comparative information as regards to disclosures required by IFRS 7 "Financial Instruments: Disclosures". The amendment is applied for annual accounting periods beginning on or after January 1st 2010. The amendment does not apply to the Group's activities.

- *IAS 24 "Related Party Disclosures" (revision).* The present amendment clarifies the definition of related parties and attempts to relax disclosures of transactions between government related entities. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. This amendment, which has not yet been adopted by the European Union, is mandatory from January 1st 2011. The application of the revised standard is not expected to have a substantial effect on the financial statements.

- *IFRIC 14 (Amendment) – "Prepayments of minimum funding requirements".* The amendment was applied to revoke the limitation previously applied to an entity to recognize an assetsthat emerged from voluntary prepayments made towards a benefit plan in order to cover its minimum funding requirements. The amendment is applied for annual accounting periods beginning on or after July 1st 2011. The interpretation does not apply to the Group.

- *IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments*”. IFRIC 19 examins the issue of the accounting treatment of cases where the terms of a financial liability are subject to re-negotiations and as a result the entity issues equity instruments to the creditor in order to repay total or part of the financial liability. Such transactions are referred to some times as “debt for equity swaps” or equity swaps, and their frequency increases during the financial crisis. Prior to the release of IFRS 19, there was a significant variety in the accounting treatment of such transactions. The new Interpretation is applied for accounting periods beginning on or after July 1st 2010 and prior adoption is permitted. Interpretation 19 concerns only the accounting of the debtor in such transactions. It does not apply when creditors who are also the direct or indirect shareholders that act under such a capacity, or when creditors and the entity are controlled by the same party or parties before and after the transaction and the matter of the transaction includes the distribution of capital from or to the entity. Financial liabilities that are repaid through an issue of equity according to the initial terms of the financial liability are also outside the application scope of the Interpretation. IFRIC 19 requires from the debtor to apply an accounting treatment to the financial liabilities paid by equity instruments as follows:
• the issue of equity instruments to the debtor for the repayment of a financial liability or part of a financial liability is the exchange paid according to paragraph 41 of IAS39 the entity measures the equity instruments issued at fair value, unless such cannot be estimated reliably
• if the fair value of equity instruments cannot be estimated reliably, then the fair value of the financial liability repaid is used
• the difference between the book value of the financial liability repaid and the exchange paid is recognized in the results.
The amendment is applied for annual accounting periods beginning on or after July 1st 2010.

- *2009 Annual Improvements.* During 2009 the IASB proceeded with issuing the annual Improvements to IFRS for 2009 – namely a series of adjustments to 12 Standards – that constitute part of the program for annual improvements to the Standards. The annual improvements program of the IASB aims at realizing both the necessary and the non-urgent adjustments to IFRS that will not be part of a larger revision program. The most adjustments are effective for annual periods beginning on or after January 1st 2010 while earlier application is permitted.

- *Interpretation 17 Allocation of non cash asset items to Owners* (applied for financial years beginning at or after 1 July 2009). When a company announces an allocation and is obliged to allocate asset items to owners, then it should also records a liability regarding the payable dividends. The objective of Interpretation 17 is to provide guidance about the time a company recognizes dividends payable, the calculation method, and the accounting treatment between the book value of allocated asset items and the book value of the dividends payable, when the company pays in full the dividends. The Amendment 17 “*Allocation of non cash asset items to Owners”* is applied by the companies for financial years beginning at or from July 1st, 2009. Earlier application of the above Interpretation is acceptable provided that the company discloses such in the Explanatory Notes on the Financial Statements and at the same time applies IFRS 3 (as amended in 2008), IFRS 27 (as amended in May 2008) and IFRS 5 (as amended from the current Interpretation). Retrospective application of the Interpretation is not accepted. It is noted that the European Union has not yet adopted this Interpretation.

- *Interpretation 18 Transfer of asset items from customers* (it qualifies for years starting from or at 1 July 2009). This interpretation is applied mainly in utility companies or organizations. The objective of the Interpretation 18 is to clarify the requirements of IFRS with regard to agreements based on which a company receives from one of its customers parts of tangible assets (land, building facilities or equipment) that the company should utilize in order for the customer to become part of a network or to access the provision of goods and services (such as the provision of electricity or water). In some cases, the company receives cash from its customers in order to acquire or construct a facility in order for the customer to connect with a network or to continuously access a network of goods and services (or even both cases). The interpretation clarifies cases in which the definition of tangible asset and the recognition and calculation of initial cost are already fulfilled. Furthermore it determines the manner with which the verification of a liability regarding the provision of the above services can be made in exchange with the tangible asset, as well as the recognition of income and the accounting treatment of cash received from customers.

- *IFRS 3, Business Combinations – Amended in 2007 and consequent amendments in IAS 27, 28 and 31 (effective from July 1st 2009):* The amended standard inserts new important amendments in the purchase method in order to reflect business combinations. Among the amendments in the standard is the option to present rights of third parties that have no control (minority interest), in their fair value. Also, the amended standards state that the acquisition of additional percentages in a subsidiary or the sale of part of the shares of a subsidiary must be accounted as transactions with the shareholders of the company and any difference should be recognized in equity. The amended IFRS 3 is effective for the acquisition of companies that will be realized after July 1st 2009, while there is no requirement for business combinations that have taken place before the adoption of the amended standard. Therefore, this amendment will not affect the present financial position of the Company.

### *d) Approval of Financial Statements*

The accompanying consolidated annual financial statements were approved by the Board of Directors of the Parent Company on March 26th 2010 and are subject to approval by the Annual General Shareholders' Meeting.

### *e) Use of Estimates and Important Judgments*

The Group makes estimations, assumptions and judgments in order to choose the best accounting principles related to the future evolution of events and transactions. These estimations, assumptions and judgments are continuously assessed in order to reflect current information and risk and are based on the management's experience related to level/volume of transactions or events.

The main assumptions and judgments that may affect the financial statements in the coming 12 months are as follows:

a) *Recognition of income from construction contracts*: The Group uses the percentage of completion method to recognize revenue from construction contracts, in accordance with IAS 11. According to this method the construction cost as of each balance sheet date is compared to the budgeted total cost of the project in order to determine the percentage of completion of the project. The cumulated effect of the restatements/reassessments of the total budgeted cost of the projects and the total contractual payment (recognition of work over and above the contract) is recorded in the financial years during which such restatements arise. The total budgeted cost and the total contractual payment of the projects arise from estimation procedures and are reassessed and reviewed at each balance sheet date.

b) *Provision for income tax*: The provision for income tax according to IAS 12 is calculated with the estimation of taxes to be paid to tax authorities and includes the current income tax for each period and a provision for additional taxes that may occur from tax audits. The final settlement of income tax may differ from the relevant amounts recognized in the financial statements.

c) *Provision for environmental rehabilitation*: The Group creates a provision against its relevant liabilities for dismantlement of technical equipment of wind parks and environmental rehabilitation, that arise based on the written environmental legislation or by the Group's restrictive practices. The environmental rehabilitation provision reflects the present value (based on an appropriate discount rate), at the balance sheet date of the rehabilitation liability less the estimated recoverable value of material estimated to be dismantled and sold.

*d) Valuation of inventories*: For the valuation of inventories, the Group estimates according to statistical data and market conditions, the expected sale prices and the finalization and distribution cost of such per category of inventories.

*e) Impairment of assets and recovery:* The Group performs evaluation of the technological, institutional and financial developments by examining indications of impairment of all assets (fixed, trade and other receivables, financial assets etc.) as well as their recovery.

*f) Provision for staff indemnities:* The Group, according to IAS 19, performs estimations of assumptions based on which the actuarial provision for staff indemnities is calculated.

*g) Depreciation of fixed assets:* For the calculation of depreciations, the Group reviews the useful economic life and residual value of tangible and intangible fixed assets based on the technological, institutional and financial developments, as well as the experience from their use.

h) Acquisition of companies: The Group consolidates all companies that acquire starting from the date when the management control of those companies is assumed. In case the acquisition depends on a series of future events – preconditions, the Company examines to which extent such control can be assumed based on real facts.

## 3 SUMMARY OF KEY ACCOUNTING PRINCIPLES

The main accounting principles adopted during the preparation of the accompanying interim consolidated and individual financial statements are the following:

***a) Consolidation Basis***
The attached condensed interim consolidated financial statements comprise the condensed interim financial statements of TERNA ENERGY and its subsidiaries. The subsidiary companies in which the Group holds directly or indirectly more than half of the voting rights or has the right to exercise control over their operation have been consolidated. Subsidiaries are consolidated from the date that the Group acquires control over them and cease to be consolidated from the date it no longer has control.

The Group's interests in Joint Ventures, in the cases where they are subject to common control, are consolidated in the consolidated financial statements using the equity consolidation method whereby the Group's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is included in the Group's financial statements.

Intra-group transactions and balances have been cancelled-out in the attached consolidated financial statements. Whenever required the accounting principles of the subsidiaries have been amended in order to ensure consistency with the accounting principles adopted by the Group.

***b) Investments in Associates***
Includes companies in which the Group exercises significant influence however they are not subsidiaries or joint ventures. The Group's participating interests are recorded using the equity method. According to this method the participating interest in the associate company is carried at acquisition cost plus any change in the percentage of its equity held by the Group, less any provisions for impairment. The consolidated income statement shows the Group's share in the associate's results, while the amounts recorded by the associates directly in their equity, are recognized directly in Group's equity.

***c) Investments and other (non-derivative) financial assets***
Financial assets that fall under the provisions of IAS 39 and are governed by them are classified according to their nature and characteristics into one of the following four categories:

(i) Investments available for sale
(ii) Receivables and loans
(iii) Financial assets at fair value through the profit or loss
(iv) Investments held to maturity

Initially they are recognized at acquisition cost, which represents the fair value plus, in some cases, the direct transaction and acquisition expenses.
The classification of the above financial assets is made upon their initial recognition and wherever permitted it is reviewed and reassessed on a periodic basis.

(i) Investments available for sale
Financial assets (non-derivative) that cannot be classified in any of the above categories are designated and classified as investment available for sale. After the initial recognition, available for sale investments are valued at fair value with the resulting gains or losses being recognized as a separate item in equity. Upon sale or write-off or impairment of the investment the accumulated gains or losses are included in the profit or loss.

(ii) Receivables and loans
Receivables and loans created by the activities of the Group (and which fall outside the usual credit limits) are valued at net amortized cost using the effective interest rate method. Gains or losses are recorded in the profit or loss when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

(iii) Financial assets at fair value through the profit and loss
This relates to the trading portfolio and comprises investments acquired with a view to liquidate them in the near future. Gains or losses from the valuation of such assets are recorded in the profit or loss.

(iv) Investments held to maturity
Financial assets (non-derivative) with defined flows and defined maturity are classified as held to maturity when the company is willing and able to retain them until their maturity. Investments held indefinitely or for a predetermined period cannot be classified in this category. Held to maturity investments are valued, after the initial recording, at net amortized cost using the effective interest rate method. Gains or losses are recorded in the profit or loss when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

The current value of such investments that are traded in an organized exchange is derived by the exchange value of the investment at the closing date. As regards investments that are not traded in an active market, their fair value is calculated on the basis of relevant valuation techniques. These techniques are based on recent arm's-length investment transactions, with reference to the exchange value of another investment with characteristics similar to the investment valued, discounted cash-flow analysis and investment valuation models.

***d) Financial Instruments and Risk Management***
Non-derivative financial assets and liabilities in the balance sheet include cash balances, receivables, participations bank loans and other short and long-term liabilities. The Company does not use derivative financial products. The accounting principles for the recognition and measurement of these items are mentioned in the respective accounting principles, which are presented in this Note. Financial instruments are disclosed as receivables, liabilities or equity based on the substance and the contents of the relevant contracts from which they stem. Interest, dividends, gains and losses resulting from the financial instruments that are classified as receivables or liabilities are accounted for as expenses or income respectively. The distribution of dividends to shareholders is accounted for directly through equity. Financial instruments are netted-off when the Company, according to the law, has this legal right and intends to set them off (against each other) on a net basis or to recover the asset and net the liability off at the same time. Financial risk management aims to minimize possible negative effects and specifically:

- ***Interest rate risk and exchange rate risk***

The Company's bank loans are denominated in euros and are subject to variable and fixed interest rates. The Company does not use derivative instruments in order to reduce its exposure to interest rate risk. The Management of the Company follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

- ***Fair Value***

The amounts appearing in the attached Balance Sheets for cash balances, short-term receivables and other short-term liabilities approximate their respective real values due to their short-term nature. The fair value of short-term bank loans does not differ from their accounting value due to the use of variable interest rates.

- ***Credit Risk Concentration***

A substantial part of trade receivables in general relate to agencies and entities of the Public sector with which there is no credit risk, per se. Regarding receivables from the private sector, the Company policy is to seek business with customers of satisfactory credit standing while the constant aim is to resolve any resulting differences within a amicable settlement context. Moreover the credit risk concentration with respect to receivables from the private sector is limited compared to the total amount of trade receivables due to the great dispersion of the balances.

- ***Market Risk***

The Group has not entered into contracts in order to hedge the market risk arising from its exposure to fluctuations in the prices of raw materials used in the production process.

***(e) Operation and Presentation Currency and Foreign Exchange Conversion:***

The euro is the currency of operation and presentation of the Group and its Greek subsidiaries. Transactions in other currencies are converted into euros using the exchange rates in effect at the date of the transaction. At the date of compilation of the financial statements the monetary asset and liability items that are denominated in other currencies are adjusted so as to reflect the current exchange rates.
The profits and losses resulting from the end-of-year valuation of monetary items in foreign currencies are reflected in the attached consolidated income statement. The profits or losses resulting from transactions are also reflected in the consolidated income statement.
The currency of operation of the foreign subsidiaries of the Group is the official currency of the country each subsidiary operates in. Accordingly, at each balance sheet date all the balance sheet accounts of the subsidiaries are converted into euros using the exchange rate in effect at the balance sheet date. Income and expenses are converted using the weighted average rate in effect during the year. The resulting exchange differences from the valuation of foreign subsidiaries as described above are booked directly to equity. Upon sale or disposal of a foreign subsidiary the cumulated exchange differences described above are recorded in the profit and loss account.

***f) Intangible Assets***

Intangible assets consist of rights for use of forestry land, where Wind Parks are installed, and software acquisition costs. The right of use of forestry land, where Wind Parks are installed, includes the related acquisition costs less accumulated amortization and possible impairment. The value of software includes the acquisition cost and all expenses incurred to develop the software in order to bring it to operating condition less accumulated amortization and possible impairment. Significant subsequent expenses are capitalized when such increase the software's capacity after initial specifications.

Amortization on the rights of use for land where Wind Parks are installed is accounted for, using the straight-line method over the duration of the contractual right for the production of energy (approximately 20 years), beginning from the period when each Wind Park starts operating. Amortization of software is accounted for based on the straight-line method over 3 years. The amortization of all the aforementioned items is included in the income statement.

***g) Income recognition***

Income is recognized to the extent that it is probable that economic benefits will result for the Group and that the relevant amounts can be accurately measured. The following specific recognition criteria must also be met for the recognition of income.

*(i) Income from construction activities*

Construction subsidiaries and joint-ventures recognize income from construction contracts in their accounting books based on amounts invoiced to customers, which result from the relevant partial certifications of work completed that are issued by the responsible engineers and correspond to the work completed up to the closing date. For reasons of compliance with the IFRS income from construction activity is accounted for in the attached consolidated financial statements using the percentage-of-completion method in accordance with the provisions of IAS 11 "Construction Contracts".

According to the percentage-of-completion method the construction costs incurred up to the Balance Sheet date are compared to the total estimated cost of the project in order to determine the percentage of the project that has been completed. This percentage is applied to the total revised contract price in order to determine the cumulated income from the project, based on which the invoiced income to date is revised. The cumulated effect of the revisions of the total estimated construction cost and the total contract price are accounted for during the accounting periods in which they arise. In the cases of contracts where it is forecast that the total estimated cost will exceed the total contract price, the entire loss is recognized in the year during which the loss-making events become probable.
Non-invoiced accrued income relates to income recognized on the basis of the method described above that has not yet been invoiced. Non-accrued income comprises amounts invoiced up to the balance sheet date over and above the income calculated using the percentage-of-completion method.
Project execution down payments represent amounts received by the Group upon signing the relevant contracts and are proportionally netted-off with the partial invoicing. The remaining amount appears as a liability in the attached financial statements.

*(ii) Sale of goods*
Revenue from the sale of goods, net of trade discounts, sales incentive discounts and the corresponding VAT, is recognized when the significant risks and benefits from ownership of the goods have been transferred to the buyer.

*(iii) Revenue from the sale of Electric Energy*
Revenue from the sale of Electric Energy is accounted for in the year in which it accrues. Revenue from sales of electric energy to DESMHE or any other buyer that have not yet been invoiced is recognized as accrued non-invoiced income in the financial statements.

*(iv) Rent Revenue*
Rent revenue is recognized using the straight-line method, according to the terms of the lease.

*(v) Dividends*
Dividends are accounted for when the right to receive them has been finalized by the shareholders by virtue of a General Meeting resolution.

*(vi) Interest*
Interest income is recognized on an accruals basis.

***h) Tangible Fixed Assets***
As previously mentioned, the Group has valued certain land, buildings, machinery and vehicles at fair value on January 1st, 2004 and these fair values have been used as implied cost at the date of transition to IFRS. The resulting surplus was credited to the profits carried forward account. The remaining land, buildings, machinery and vehicles are measured at purchase cost less accumulated depreciation and any provisions for impairment.
Repairs and maintenance are booked as expenses during the year in which they are incurred. Significant improvements are capitalized in the cost of the respective fixed assets provided that they augment the useful economic life, increase the production level or improve the efficiency of the respective fixed assets.
Tangible fixed asset items are eliminated from the balance sheet on disposal or withdrawal or when no further economic benefits are expected from their continued use. Gains or losses resulting from the elimination of an asset from the balance sheet are included in the income statement of the financial year in which the fixed asset in question is eliminated.
Fixed assets under construction include fixed assets that are work in progress and reflect their cost. Fixed assets under construction are not depreciated until the asset is completed and put into operation.

***i) Depreciation***
Depreciation is calculated according to the straight-line method using rates that approximate the relevant useful economic lives of the respective assets. The useful economic lives per fixed asset category are as follows:

| Asset Category | Years |
|---|---|
| Buildings and technical installations | 8-30 |
| Machinery and Technical Installations | 3-20 |
| Vehicles | 5-12 |
| Fixtures and Other Equipment | 3-12 |

***j) Impairment of the Value of Fixed Assets***

The book values of long-term asset items are reviewed for impairment purposes when facts or changes in circumstances imply that the book value may not be recoverable. When the book value of an asset exceeds its recoverable amount, the respective impairment loss is registered in the income statement. The recoverable amount is defined as the largest value between the net estimated sales price and the acquisition value. The net sales value is the plausible income from the sale of an asset in the context of an arm's-length transaction, in which all parties have full knowledge and willingness, after the deduction of each additional direct sales cost for the asset. The acquisition cost consists of the net present value of future estimated cash flows expected to occur from the continuous use of the asset and from the income expected to arise from its sale at the end of its estimated useful economic life. In order to determine the impairment, the asset items are grouped at the lowest level for which cash flows can be recognized separately.

A reversal of an impairment loss for the value of assets accounted for in previous years, takes place only when there are sufficient indications that such an impairment no longer exists or it has been reduced. In these cases the above reversal is treated as income.

The Management assesses that there is no case of impairment of the Group's fixed assets and thus a calculation of the assets' recoverable amounts has not been made.

***k) Investment property***

Investments in property are those held for rent income or capital gain and are valued at their fair value that is based on market value, that is to say the amount the property is likely to be sold at the date of a transaction. The assessment, when necessary, is made by external professional evaluators. Profits or losses that arise from changes in the real value of investments in property are included in the income statement of the period during which they arise. Repairs and maintenance are recorded as expenses in the year in which they are incurred. Material subsequent expenses are capitalized when they augment the useful economic life of the buildings, their productive capacity or reduce their operation cost. Investment properties are eliminated from the accounts upon sale. All gains or losses resulting from the sale of a property are included in the income statement of the year during which it was sold. Investment property under construction are recorded at cost value as tangible assets till their completion and then are transferred to investment property account.

***l) Inventories***

Inventories comprise machinery parts and raw and auxiliary materials of Wind Parks. Inventories are valued at the lower of cost and net realizable value. The cost of raw materials, semi-finished and finished products is defined based on the weighted average method.

The cost of finished and semi-finished products includes all the realized expenses in order for them to reach the current point of storing and processing and consists of raw materials, labor costs, general industrial expenses and other costs that directly relate to the purchase of materials. The net realizable value of finished products is their estimated selling price during the Group's normal course of business less the estimated costs for their completion and the estimated necessary costs for their sale. The net realizable value of raw materials is their estimated replacement cost during the normal course of business. A provision for impairment is made if it is deemed necessary.

***m) Receivables Accounts***

Short-term receivables are accounted for at their nominal value less the provisions for doubtful receivables, while long-term receivables are valued at net amortized cost based on the effective interest rate method. At each balance sheet date all overdue or doubtful receivables are reviewed in order to determine the necessity for a provision for doubtful receivables. The balance of the specific provision for doubtful receivables is appropriately adjusted at each balance sheet date in order to reflect the estimated relevant risks. Each write-off of customer balances is debited to the existing provision for doubtful receivables.

***n) Cash and Cash Equivalents***

The Group considers time deposits and other highly liquid investments with a maturity less than three months, as cash and cash equivalents.
For the compilation of the cash flow statements, cash and cash equivalents consist of cash, deposits in banks and cash and cash equivalents as defined above, while time deposits that mature in more than three months are excluded.

***o) Long-term loan liabilities***

All long-term loan liabilities are initially booked at cost, which is the actual value of the received payment less the issuance expenses related to the loan. After the initial recording, interest-bearing loans are valued at the net book value using the effective interest rate method. The net book value is calculated after taking into account the issuance expenses and the differences between the initial amount and the amount at maturity. Profits and losses are registered in the net profit or loss when the liabilities are written off or impaired and through the amortization procedure. The interest on loans in recognized as an expenses in the period such arise according to the accrual principle.

***p) Provisions for Staff Retirement Indemnities***

According to the provisions of L2112/20, the Group reimburses its retiring or dismissed employees, and the amount of the relevant indemnities depends on the years of service, the level of wages and the reason for exit from employment (dismissal or retirement). The liabilities for staff retirement indemnities are calculated using the discounted value of future benefits that have accrued at the end of the year, based on the recognition of the employees' benefit rights during the duration of their expected working years. The above liabilities are calculated based on the financial and actuarial assumptions and are defined using the projected unit method of actuarial valuation. Net retirement costs for the period are included in the attached income statement and consist of the present value of benefits that have accrued during the year, the interest on the benefits' liability, the cost of prior service, the actuarial profit or loss and any other additional retirement costs. The prior service costs are recognized on a straight-line basis over the average period during which access to the program's benefits is earned. The liabilities for retirement benefits are not financed. As at the 1st of January 2004 (transition date to IFRS and compilation of initial Balance Sheet) the Group, applying the exemptions provided for by IFRS 1 for the first-time application of the IFRS, recognized the total actuarial losses that had accumulated as of the 1st of January 2004. During the compilation of subsequent financial statements TERNA, applying the general provisions of IAS 19, followed the "margin" method for the recognition of accumulated actuarial losses/profits. Actuarial profits and losses are registered as income or expenses when the accumulated actuarial profit or losses for each program separately exceed 10% of the largest value between the liability of the defined benefit and the actual value of the program's assets. These profits or losses are systematically recorded during the expected average remaining working life of employees participating in the plans.

***q) Government Pension Plans***

The staff of the Group is mainly covered by the main Government Social Security Fund for the private sector (IKA) and which provides pension and medical-pharmaceutical benefits. Each employee is required to contribute part of his/her monthly salary to the fund, while part of the total contribution is covered by the Group. At the time of retirement, the pension fund is responsible for the payment of retirement benefits to the employees. Consequently, the Group has no legal or constructive obligation for the payment of future benefits according to this plan.

***r) Income Tax (Current and Deferred)***

Current and deferred taxes are calculated based on the financial statements of each of the companies included in the consolidated financial statements, according to the tax regulation effective in Greece or other tax frameworks under which the foreign subsidiaries operate. Income tax is calculated based on the earnings of each company as such are reformed on the companies' tax reports, on additional income

taxes emerging from the Tax Authorities' tax audits and on deferred income taxes based on the enacted tax rates.
Deferred income tax is calculated using the liability method on all temporary differences between the tax base and the book value of assets and liabilities on the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences.
Deferred tax receivables are recognized for all the exempt temporary differences and transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.
The deferred tax assets are estimated on each balance sheet date and are reduced to the degree that it is not considered likely that there will be adequate taxable earnings against which part or the total of receivables from deferred income taxes may be used.
Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the financial year when the asset will be realized or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted on the balance sheet date.
Income tax that relates to items, which have been directly recognized in equity, is directly recorded in equity and not in the consolidated income statement.

***s) Finance and Operating Leases***
Finance leases, which essentially transfer to the Group all the risks and returns related to the leased fixed asset, are capitalized during the inception of the lease based on the leased asset's fair value or, if it is lower, on the present value of the minimal leases. Payments for finance leases are allocated between the financial expenses and the reduction of the financing liability, in order to achieve a fixed interest rate on the remaining portion of the liability. The financial expenses are debited directly to the results. Capitalized leased fixed assets are depreciated with the straight-line method based on the estimated useful life of the asset.
Leases where the lessor maintains all the risks and returns related to ownership of the fixed asset, are recorded as operating leases. The payments of operating leases are recognized as an expense in the income statement on a constant basis for the duration of the lease.

***t) Government Grants***
Government grants relating to subsidies of tangible fixed assets are recognized when there is reasonable certainty that the grant will be received and all relevant terms will be met. These government grants are recorded in a deferred income account and are transferred to the income statement in equal annual installments based on the expected useful life of the asset that was subsidized, as a reduction to the relevant depreciation expense. When the grant relates to an expense it is recognized, as income during the period deemed necessary to match the grant on a systematic basis with the expenses it is meant to reimburse.

***u) Provisions, Contingent Liabilities and Contingent Receivables***
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is possible that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed on each balance sheet date and are adjusted in order to reflect the present value of expenses that are deemed necessary for the settlement of the liability. If the effect of the time value of money is significant, then provisions are calculated by discounting the expected future cash flows with a pre-tax rate, which reflects the market's current estimations for the time value of money, and wherever considered necessary, the risks related specifically to the obligation. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed, unless the probability of an outflow of economic benefits is small. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of financial benefits is likely.

***v) Provision for wind park dismantlement and rehabilitation of environment***

The Group forms provisions for the dismantlement of power generators from wind parks and the rehabilitations of environment. These provisions reflect the present value, at balance sheet date, of the estimated cost, reduced by the estimated residual value of recoverable materials. The provisions are re-examined at the date of compilation of each balance sheet in order to reflect the present value of the expense that is expected to be cashed for the settlement of liability for dismantlement and rehabilitation.

The relevant provision is recorded increasingly of the cost value of wind power generators and is depreciated based on the straight line during a 20-year period in which the contract for the production of energy lasts. The depreciation-expense of the capitalized expenses for dismantlement and rehabilitation is included in the income statements together with the depreciations of wind parks. Any changes of estimations regarding the estimated cost or the discount rate are added or deducted respectively from the cost of the asset. The discounting effect of estimated cost is recorded in income statements as interest expense.

***w) Earnings per Share***

Basic earnings per share (EPS) are calculated by dividing net earnings with the average weighted number of common shares that are outstanding during each year, with the exception of the average common shares acquired by the Group as own-shares.

Earnings per share are calculated by dividing the net earnings attributed to shareholders by the weighted average number of shares outstanding during the year.

***x) Acquisition of Minority Rights***

The Group records the transactions with the minority rights as transactions with the owners. In case of an acquisition of a minority stake in subsidiaries, any difference between acquisition cost and accounting cost of minority rights is recognized in the Statement of Changes in Equity.

## 4 GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 31.12.2009 are as follows:

**A) Subsidiaries of TERNA ENERGY SA**

**i) Subsidiaries, with the legal form of a Societe Anonyme or Limited Liability Company:**

The parent company TERNA ENERGY SA has been audited by the tax authorities until the fiscal year 2008 included (see Note 26). During the preparation date of the attached interim financial statements, the tax un-audited fiscal years (including 2009) of the Group's companies are as follows:

| | | Participation Percentage | | | |
|---|---|---|---|---|---|
| **Company Name** | **Establishment** | **31/12/2009** | **31/12/2008** | **Activity** | **Tax Un-audited Years** |
| 1. IWECO CHONOS LASITHIOU CRETE AEBEAE | 11.04.2000 | 100% | 100% | Production of El. Energy from Renewable energy sources (RES) | 3 |
| 2. ENERGIAKI SERVOUNIOU SA | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 3. ΤΕΡΝΑ ENERGY EVROU SA | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 4. PPC RENEWABLES – TERNA ENERGY S.A. | 20.06.2000 | 51% | 51% | Production of El. Energy from RES | 4 |

| | | | | | |
|---|---|---|---|---|---|
| 5. AIOLIKI PANORAMATOS S.A. | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 6. AIOLIKI RACHOULAS DERVENOCHORION S.A. | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 7. ENERGEIAKI DERVENOHORION S.A. | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 8. AIOLIKI MALEA LAKONIAS S.A. | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 9. ENERGEIAKI FERRON EVROU S.A. | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 10. AIOLIKI DERVENI TRAIANOUPOLEOS S.A. | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 11. ENERGEIAKI PELOPONNISOU S.A. | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 12. ENERGEIAKI NEAPOLEOS LAKONIAS S.A. | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 13. GP ENERGY LTD | 26.09.2005 | 100% | 100% | Trade of El. Energy | 5 |
| 14. EOL TECHNICS CONSULT SRL | 03.04.2008 | 100% | 60% | Production of El. Energy from RES | 2 |
| 15.TERNA ENERGY OVERSEAS LTD | 4.1.2008 | 100% | 100% | Production of El. Energy from RES | 2 |
| 16. EOLOS POLSKA SPZO | 30.6.2008 | 100% | 100% | Production of El. Energy from RES | 2 |
| 17. EOLOS NOWOGRODZEC SPZOO | 12.12.2008 | 61% | 61% | Production of El. Energy from RES | 2 |
| 18. TERNA ENERGY NETHERLANDS BV | 29.5.2009 | 100% | - | Production of El. Energy from RES | 1 |

During the 3rd and 4th quarter of 2009, the transformation of the companies of the above table titled with the number 7, 8, 9, 10, 11, 12 and 13 from general partnerships to societe anonyme companies was approved by the Prefecture of Athens according to the provisions of Law 2166/1993. During December 2009, the Group purchased 40% of the share capital of EOL TECHNICS SRL, which was held from non-group entities (minority). Therefore, the Group holds 100% of the above company's share capital. Up to the date of purchase, the value of minority rights settled at EUR 20 with the acquisition cost amounting to EUR 30. From the transaction between the company's shareholders, a loss of EUR 10 derived which was directly recognized in the group's Shareholders' Funds.

**ii) Subsidiaries with the form of a General Partnership (G.P.)**

| | | Participation Percentage | | | |
|---|---|---|---|---|---|
| **Company Name** | **Establishment** | **31/12/2009** | **31/12/2008** | **Activity** | **Tax Un-audited Years** |
| 1. Terna Energy Sa & Sia Aioliki Polykastrou GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 2. TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 3. TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 4. TERNA ENERGY SA & SIA AIOLIKI PASTRA ATTICA GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 5. TERNA ENERGY SA & SIA AIOLIKI KARYSTIAS EVIA GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 6. TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 7. TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 8. TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 9. TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 10. TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP | 01.02.2001 | 99% | 99% | Production of El. Energy from RES | 3 |
| 11. TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 12. TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |
| 13. TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS | 01.02.2001 | 100% | 100% | Production of El. Energy from RES | 3 |

**B) Joint ventures of TERNA ENERGY TEPNA ENERGY ABETE consolidated with the proportionate method**

**ı) Joint ventures**

| | Company Name | Participation Percentage 2009 and 2008 % | Tax un-audited fiscal years |
|---|---|---|---|
| 1 | J/V TRAM POLITICAL ENGINEERING WORKS | 36.00 | 3 |
| 2 | J/V ENVAGELISMOU, PROJECT C' | 50.00 | 7 |
| 3 | J/V TERNA ENERGY – TSAMPR. DRAMAS HOSPITAL | 40.00 | 7 |
| 4 | J/V EPL DRAMAS | 24.00 | 7 |
| 5 | J/V K. MANIOTIS - TERNA - TERNA ENERGY | 37.50 | 7 |
| 6 | J/V/ EMBEDOS – PANTECHNIKI - TERNA ENERGY | 50.10 | 3 |
| 7 | J/V THEMELI - TERNA ENERGY - TERNA SA IMPREGILO SPA | 40.00 | 3 |
| 8 | J/V EKTER - TERNA - ATHONIKI SA | 31.00 | 3 |
| 9 | J/V/ KL. ROUTSIS - TERNA ENERGY ABETE | 50.00 | 3 |

During the 3rd quarter of 2009, the dissolution and liquidation of the joint venture Terna Energy SA – Olympios ATE took place due to the completion of the undertaken project and its final delivery. From the liquidation of the aforementioned Joint Venture, no loss emerged.

**ii) General Partnerships (GP) and Limited Partnerships (LP)**

| | | Participation Percentage | | | |
|---|---|---|---|---|---|
| **Company Name** | **Establishment** | **31/12/2009** | **31/12/2008** | **Activity** | **Tax Un-audited Years** |
| | | | | | |
| TERNA ENERGY SA - M.E.L. MACEDONIAN PAPER COMPANY SA & SIA CO-PRODUCTION GP | 12.02.2001 | 50% | 50% | Construction/ Operation of co-production unit of electricity for serving of needs of MEL | 3 |
| TERNA ENERGY SA & SIA LP | 24.05.2000 | 70% | 70% | Completion of construction works of section Kakavia – Kalpaki | 3 |
| TERNA ENERGY SA & SIA ENERGIAKI XIROVOUNIOU GP | 14.02.2001 | 70% | 70% | Production of El. Energy from RES | 3 |

The above companies No. 1 and No. 3 are currently inactive. The company No. 2 had essentially completed the aforementioned project from 2003.

All aforementioned companies and joint ventures have been established in Greece, except for GP ENERGY LTD, which has been established in Bulgaria, EOL TECHICHS CONSULT SRL established on Romania, TERNA ENERGY OVERSEAS LTD established in Cyprus, EOLOS POLSKA SPZO and EOLOS NOWOGRODZEC SPZOO, which were established in Poland and TERNA ENERGY NETHERLANDS, which was established in Holland.

**C) Associates of TERNA ENERGY ABETE**

| Company Name | Domicile | Participation Percentage% | | Consolidation Method | Tax un-audited fiscal years |
|---|---|---|---|---|---|
| | | 2009 | 2008 | | |
| Renewable Energy Center RES Cyclades SA * | Greece | 45 | 45 | Equity | 4 |

* Participation through IWECO CHONOS LASITHIOU CRETE S.A.

## 5 OPERATING SEGMENT REPORTING

An operating sector is a component of an economic entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses that concern transactions with other components of the same economic entity) and, b) whose operating results are regularly reviewed by the chief operating decision maker of the entity to make decisions about resources to be allocated to the segment and assess of its performance. The term “chief operating decision maker” defines the function of the Group that is responsible for the allocation of resources and the assessment of the economic entity’s operating segments. For the application of IFRS 8, this function is assigned to the Managing Director (Chief Executive Officer).

The economic entity presents separately the information on each operating segment that fulfils certain criteria of characteristics and exceeds certain quantitative limits.

The amount of each element of the segment is that which is presented to the chief operating decision maker with regard to the allocation of resources to the segment and the evaluation of its performance.

The above information is presented in the attached consolidated statements of financial position and total comprehensive income according to the IFRS, whereas previously recorded operating segments –as presented in the financial statements of the previous year- require no modifications. The Group recognizes the following operating segments that must be reported, whereas no other segments exist that could be incorporated in the “other segments” category.

_Construction:_ Refers , almost exclusively, to contracts for the construction of technical projects.

*Electricity from renewable sources of energy:* Refers, mainly, to the electricity production from wind generators (wind parks) and secondly from hydroelectric plants.

In line with the application of the revised standard, the Group allocates –whenever such allocation is not possible to be made directly- all assets and liabilities per segment as well as the corresponding income and expenses for the period, such as financial results and income tax.

Apart from the income tax receivables that can be allocated directly to the corresponding segment, the allocation of the income tax expense, liabilities and other receivables is based on the financial results of each segment for the period.

| **Business segments 31.12.2009** | **Construction** | **Electricity from renewable energy sources** | **Consolidation Write-offs** | **Consolidated totals** |
|---|---|---|---|---|
| **Income from external customers** | | | | |
| Sales of products | - | 33,736 | | **33,736** |
| Income from construction services | 39,640 | - | | **39,640** |
| **Total income from external customers** | **39,640** | **33,736** | | **73,376** |
| Inter-sectoral income | 6,428 | - | (6,428) | |
| **Total income** | **46,068** | **33,736** | | **73,376** |
| **Results for the Sector** | **3,291** | **13,066** | | **16, 357** |
| Depreciation | (140) | (8,740) | | **(8,880)** |
| Net Financial Results | (304) | 4,435 | | **4,131** |
| Results from associate companies | - | - | | **-** |
| Income tax | (1,535) | (6,029) | | **(7,564)** |
| Earnings before interest, depreciation and taxes (EBIDTA) | **5,270** | **21,004** | | **26,274** |
| Earnings before interest and taxes (EBIT) | **5,130** | **14,660** | | **19,790** |
| Sector Assets | 28,341 | 612,063 | | **640,404** |
| Investments in associates | | 51 | | **51** |
| **Total assets** | **28,341** | **612,114** | | **640,455** |
| **Sector liabilities** | **14,250** | **252,989** | ` | **267,239** |
| Capital expenditure for the period | 119 | 110,963 | | **111,082** |

| **Business segments 31.12.2008** | **Construction** | **Electricity from renewable energy sources** | **Consolidation Write-offs** | **Consolidated totals** |
|---|---|---|---|---|
| **Income from external customers** | | | | |
| Sales of products | - | 25,313 | | **25,313** |
| Income from construction services | 48,428 | - | | **48,428** |
| **Total income from external customers** | **48,428** | **25,313** | | **73,741** |
| Inter-sectoral income | 5,594 | - | (5,594) | |
| **Total income** | **54,022** | **25,313** | | **73,741** |
| **Results for the Sector** | **9,421** | **14,537** | | **23,958** |
| Depreciation | (103) | (6,771) | | **(6,874)** |
| Net Financial Results | 20 | 10,236 | | **10,256** |
| Results from associate companies | - | - | | **-** |
| Income tax | (3) | (8,227) | | **(8,230)** |
| Earnings before interest, depreciation and taxes (EBIDTA) | **9,507** | **17,394** | | **26,901** |
| Earnings before interest and taxes (EBIT) | **9,404** | **12,518** | | **21,932** |
| Sector Assets | 16,391 | 573,324 | | **589,715** |
| Investments in associates | | 51 | | **51** |
| **Total assets** | **16,391** | **573,375** | | **589,766** |
| **Sector liabilities** | **12,112** | **211,845** | | **223,957** |
| Capital expenditure for the period | 480 | 81,904 | | **82,384** |

## 6 INTANGIBLE FIXED ASSETS

Intangible fixed assets and their movements for the periods from January 1st to December 31st 2009 and 2008, that are presented in the accompanying financial statements, are analyzed as follows:

| GROUP | Software Programs | Concessions and Rights | Total |
|---|---|---|---|
| **Acquisition Cost** | | | |
| **As at 1 January 2008** | **41** | **1,433** | **1,474** |
| Additions | 128 | 23 | 151 |
| Reductions for the period | - | (2) | (2) |
| **31 December 2008** | **169** | **1,454** | **1,623** |
| **As at 1 January 2009** | **169** | **1,454** | **1,623** |
| Additions | 26 | 380 | 406 |
| Reductions for the period | (31) | - | (31) |
| **31 December 2009** | **164** | **1,834** | **1,998** |
| **Accumulated Amortization** | | | |
| **As at 1 January 2008** | **28** | **52** | **80** |
| Amortization for the period | 29 | 53 | 82 |
| Reductions for the period | - | (2) | (2) |
| **31 December 2008** | **57** | **103** | **160** |
| **As at 1 January 2009** | **57** | **103** | **160** |
| Amortization for the period | 30 | 65 | 95 |
| Reductions for the period | (31) | - | (31) |
| **31 December 2009** | **56** | **168** | **224** |
| **Net Book Value** | | | |
| **31 December 2008** | **112** | **1,351** | **1,463** |
| **31 December 2009** | **108** | **1,666** | **1,774** |

**COMPANY**

| | Software Programs | Concessions and Rights | Total |
|---|---|---|---|
| **Acquisition Cost** | | | |
| **As at 1 January 2008** | **40** | **610** | **650** |
| Additions | 128 | 20 | 148 |
| Reductions for the period | - | (2) | (2) |
| **31 December 2008** | **168** | **628** | **796** |
| **As at 1 January 2009** | **168** | **628** | **796** |
| Additions | 25 | 336 | 361 |
| Reductions for the period | (31) | - | (31) |
| **31 December 2009** | **162** | **964** | **1.126** |
| **Accumulated Amortization** | **27** | **20** | **47** |
| **As at 1 January 2008** | 29 | 26 | 55 |
| Amortization for the period | - | (2) | (2) |
| Reductions for the period | **56** | **44** | **100** |
| **31 December 2008** | | | |
| **As at 1 January 2009** | **56** | **44** | **100** |
| Amortization for the period | 30 | 38 | 68 |
| Reductions for the period | (31) | - | (31) |
| **31 December 2009** | **55** | **82** | **137** |
| **Net Book Value** | | | |
| **31 December 2008** | **112** | **584** | **696** |
| **31 December 2009** | **107** | **882** | **989** |

Concessions and Rights include the acquisition cost of licenses for intervention and use rights of forestal land, where Wind Parks are installed. During the period from January $1^{st}$ to December $31^{st}$ 2009, the Group received new licenses for use rights and intervention on forestall land amounting to € 380 (€ 23 during the period from January $1^{st}$ to December $31^{st}$ 2008).

## 7 TANGIBLE FIXED ASSETS

Tangible fixed assets and their movement for the periods from January $1^{st}$ to December $31^{st}$ 2009 and 2008, in the accompanying financial statements, are analyzed as follows:

GROUP

| | Land-Plots | Buildings and Installations | Technological and Mechanical equipment | Vehicles | Fixtures and other equipment | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **Acquisition Cost** | | | | | | | |
| **1 January 2008** | **692** | **21,681** | **111,655** | **625** | **1,602** | **57,042** | **193,297** |
| Additions | 443 | 597 | 7,446 | 38 | 595 | 73,114 | 82,233 |
| Borrowing cost | - | - | - | - | - | 1,381 | 1,381 |
| Reductions | - | - | (118) | - | (55) | (202) | (375) |
| Transfers from assets under construction | - | 6,174 | 34,341 | - | - | (40,515) | - |
| Provision for environmental rehabilitation | - | - | 300 | - | - | - | 300 |
| **31 December 2008** | **1,135** | **28,452** | **153,624** | **663** | **2,142** | **90,820** | **276,836** |
| **1 January 2009** | **1,135** | **28,452** | **153,624** | **663** | **2,142** | **90,820** | **276,836** |
| Additions | 262 | 233 | 1,003 | 88 | 169 | 108,084 | 109,839 |
| Borrowing cost | - | - | - | - | - | 812 | 812 |
| Reductions | - | (11) | (11) | (3) | (34) | - | (59) |
| Transfers from assets under construction | - | - | 394 | - | - | (394) | - |
| Provision for environmental rehabilitation | - | - | - | - | - | - | - |
| **31 December 2009** | **1,397** | **28,674** | **155,010** | **748** | **2,277** | **199,322** | **387,428** |
| **Accumulated depreciations** | | | | | | | |
| **1 January 2008** | **-** | **3,376** | **26,428** | **362** | **1,113** | **-** | **31,279** |
| Depreciations for the period | - | 1,013 | 5,424 | 69 | 291 | - | 6,797 |
| Reductions | - | - | (114) | - | (55) | - | (169) |
| **31 December 2008** | **-** | **4,389** | **31,738** | **431** | **1,349** | **-** | **37,907** |
| **1 January 2009** | **-** | **4,389** | **31,738** | **431** | **1,349** | **-** | **37,907** |
| Depreciations for the period | - | 1,311 | 7,112 | 83 | 283 | - | 8,789 |
| Reductions | - | (7) | (46) | (1) | (34) | - | (88) |
| **31 December 2009** | **-** | **5,693** | **38,804** | **513** | **1,598** | **-** | **46,608** |
| **Net Book Value** | | | | | | | |
| **31 December 2008** | **1,135** | **24,063** | **121,886** | **232** | **793** | **90,820** | **238,929** |
| **31 December 2009** | **1,397** | **22,981** | **116,206** | **235** | **679** | **199,322** | **340,820** |

**COMPANY**

| | Land-Plots | Buildings and Installations | Technological and Mechanical equipment | Vehicles | Fixtures and other equipment | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **Acquisition Cost** | | | | | | | |
| **1 January 2008** | **576** | **5,449** | **52,998** | **624** | **1,559** | **34,954** | **96,160** |
| Additions | 277 | 564 | 7,268 | 38 | 594 | 11,489 | 20,230 |
| Reductions | - | - | (118) | - | (55) | (1,264) | (1,437) |
| Transfers from assets under construction | - | 1,816 | 23,611 | - | - | (25,427) | - |
| Provision for environmental rehabilitation | - | - | 300 | - | - | - | 300 |
| **31 December 2008** | **853** | **7,829** | **84,059** | **662** | **2,098** | **19,752** | **115,253** |
| **1 January 2009** | **853** | **7,829** | **84,059** | **662** | **2,098** | **19,752** | **115,253** |
| Additions | 21 | 9 | 210 | 86 | 162 | 26,997 | 27,485 |
| Reductions | - | - | - | - | - | - | - |
| Transfers from assets under construction | - | - | - | - | - | - | - |
| Provision for environmental rehabilitation | - | - | - | - | - | - | - |
| **31 December 2009** | **874** | **7,838** | **84,269** | **748** | **2,260** | **46,749** | **142,738** |
| **Accumulated depreciations** | | | | | | | |
| **1 January 2008** | **0** | **1,998** | **21,157** | **361** | **1,075** | **0** | **24,591** |
| Additions | - | 277 | 2,598 | 69 | 289 | - | 3,233 |
| Reductions | - | - | (114) | - | (55) | - | (169) |
| **31 December 2008** | **0** | **2,275** | **23,641** | **430** | **1,309** | **0** | **27,655** |
| **1 January 2009** | **0** | **2,275** | **23,641** | **430** | **1,309** | **0** | **27,655** |
| Additions | - | 369 | 3,804 | 83 | 275 | - | 4,531 |
| Reductions | - | - | - | - | - | - | - |
| **31 December 2009** | **0** | **2,644** | **27,445** | **513** | **1,584** | **0** | **32,186** |
| **Net Book Value** | | | | | | | |
| **31 December 2008** | **853** | **5,554** | **60,418** | **232** | **789** | **19,752** | **87,598** |
| **31 December 2009** | **874** | **5,194** | **56,824** | **235** | **676** | **46,749** | **110,552** |

As of 31.12.2009, wind generators of Wind Parks that are included in the above account “Technological and Mechanical Equipment”, were collateralized to banks to secure loans amount to €55,251(€ 30,129 as of 31.12.2008).

The categories “Land-Plots”, “Buildings and installations” and “Technological and mechanical equipment”, include fixed assets with a net book value of € 7,362 and € 6,044, during December 31st 2009 and 2008 respectively, which refer to Installations of Distribution Networks constructed by the Company, and as stipulated by the agreements with PPC, such are transferred to PPC, free of charge, during the commissioning of each Wind Park. However, and after their transfer, such installations will continue to serve the purpose for which they were constructed, namely for the sale of produced electric energy to PPC and DESMIE, remaining at the exclusive use of the Company and therefore, the net book cost during the transfer date, will continue to depreciate, as previously, until the 20year depreciation period of the Wind Parks is fulfilled.

## 8 INVESTMENT PROPERTY

The Group did not proceed with a new valuation dated 31 December 2009, as it estimates that the value of investment property it owns has not changed.
The Group received rents from the investment property amounting to €71 and €71 in 2009 and 2008 respectively (Note 28).

## 9 PARTICIPATION IN ASSOCIATE COMPANIES

As of 31/12/2009, the Group owns 6,750 common shares with a nominal value of €10 each of the associate company Cyclades RES Energy Center SA. During 31 December 2009 and 2008, no profit or loss was generated from the participation. The following table presents summary financial data of the associate company.

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| Total Long-term Assets | 93 | 93 |
| Total Short-term Assets | 59 | 59 |
| **Total Assets** | **152** | **152** |
| Total Long-term Liabilities | - | - |
| Total Short-term Liabilities | 2 | 2 |
| **Total Liabilities** | **2** | **2** |
| Total Income | - | 17 |
| Total Expenses | - | (17) |
| **Profit (losses) after taxes** | **-** | **-** |

## 10 OTHER LONG-TERM RECEIVABLES

The account other long-term receivables is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31.12.2009** | **31.12.2008** | **31.12.2009** | **31.12.2008** |
| Receivables from grants | - | 10,512 | - | - |
| Other | 219 | 8,025 | 183 | 8,007 |
| **Total** | **219** | **18,537** | **183** | **8,007** |

Receivables from grants of the year 2008 concern an investment in a Wind Park of TERNA ENERGY EVROU SA and an investment in a hydroelectric energy production station of PPC RENEWABLES – TERNA ENERGY S.A., which were recognized during 2007 and are expected to be received with the completion of the relevant investment plans. During the year 2009, an amount of EUR 8,359 was received, and the remaining amount was transferred to the Group's long-term receivables. These amounts are included in the account Grants and are amortized for the part that corresponds to completed and operating wind generators (see also Note 18).
The significant reduction of item "Given guarantees" is due to the fact that already given guarantees of EUR 8,007 (as of 31/12/2008) concerning a guarantee to foreign companies for obligation of factory planning of a future cooperation, were given back due to a decision to limit the total amount of guarantees.

## 11 INVENTORIES

Inventories on 31 December 2009 and 2008, in the accompanying consolidated financial statements, are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31.12.2009** | **31.12.2008** | **31.12.2009** | **31.12.2008** |
| Merchandise | 69 | 69 | 69 | 69 |
| Raw and Auxiliary Materials | 113 | - | 113 | - |
| Spare parts of Fixed assets | 354 | 817 | 62 | 73 |
| Prepayments for Purchases of Inventory | - | - | - | - |
| **Total inventories** | **536** | **886** | **244** | **142** |

On 31 December 2009 and 2008 there was no need for a provision for impaired or low turnover inventories.
The cost of inventories recognized as an expense in "cost of sales" amounts to € 10,860 and € 17,606 for the periods ended on 31 December 2009 and 2008.

## 12 TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

Trade receivables on December 31st 2009, in the accompanying financial statements, are analyzed as follows:

| | GROUP | | GROUP | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Customers of the construction sector | 15,665 | 8,870 | 15,665 | 8,657 |
| Customers of the energy sector (PPC, DESMIE and others) | 6,612 | 5,733 | 3,443 | 2,571 |
| Construction project agreements underway | 2,269 | 1,177 | 10,466 | 2,156 |
| Customers – Litigious and Doubtful | 88 | 88 | 88 | 88 |
| Checks Receivable | 240 | 662 | 240 | 662 |
| Minus: Provision for doubtful receivables | (211) | (211) | (211) | (211) |
| | **24,663** | **16,319** | **29,691** | **13,923** |

The above trade receivables also include receivables from Wind Energy customers amounting to euro 1,647 (euro 1,389 on 31 December 2008) which are forfeited to banks as security for provided loans to finance the construction of Wind Parks.

The prepayments and other receivables on 31 December 2009 in the accompanying financial statements, are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Prepayments to Suppliers | 1,795 | 1,494 | 2,159 | 2,001 |
| Accounts for Management of Prepayments and Credit | 564 | 659 | 483 | 564 |
| Deferred expenses | 1,101 | 665 | 614 | 327 |
| Accrued income | 541 | 2,442 | 513 | 2,419 |
| Other Receivables of the Group's Joint Ventures | 247 | 297 | 991 | 1,320 |
| Receivables from VAT | 5,671 | 5,909 | 1,007 | 100 |
| Receivables from grants of Wind Parks | 2,732 | 5,102 | - | 3,722 |
| Receivables related to Insurance Indemnities | 727 | - | 680 | - |
| Blocked Deposits | 1,576 | - | - | - |
| Prepayments for Acquisition of Companies | 7,550 | - | - | - |
| Other Receivables - Sundry Debtors | 2,436 | 2,482 | 1,362 | 915 |
| Minus: Provisions for doubtful receivables | (60) | (60) | (60) | (60) |
| | **24,880** | **18,990** | **7,749** | **11,308** |

On 31 December 2009, the Group has recognized a receivable from grants amounting to euro 2,732. The grants concern investments in Wind Parks and are expected to be received with the completion of the relevant investment plans. The item “Prepayments for Acquisition of Companies” refers to agreements for the acquisition of companies which possess licenses for wind parks. The respective agreements are subject to certain preconditions and are expected to materialize within 12 months.

## 13 AGREEMENTS FOR THE CONSTRUCTION OF TECHNICAL WORKS

The information related to the Group's and company's technical works in progress, are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Cumulatively from the beginning of the projects** | **31.12.2009** | **31.12.2008** | **31.12.2009** | **31.12.2008** |
| Cumulative costs | 114,712 | 89,241 | 137,536 | 98,613 |
| Cumulative profit | 31,461 | 26,292 | 34,020 | 26,820 |
| Cumulative losses | (231) | (106) | (231) | (106) |
| Received prepayments | - | 80 | - | 80 |
| Amounts withheld from customers of projects | 180 | 840 | 180 | 840 |
| Receivables of projects, priced | 147,041 | 118,257 | 164,227 | 126,418 |
| Receivables from customers of projects | 2,269 | 1,177 | 10,466 | 2,156 |
| Liabilities towards customers of projects | (3,368) | (4,007) | (3,368) | (3,247) |
| Net receivable from customers of projects | (1,099) | (2,830) | 7,098 | (1,091) |

## 14 CASH & CASH EQUIVALENTS

The cash & cash equivalents on December 31st 2009 and 2008, in the accompanying financial statements, are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31.12.2009** | **31.12.2008** | **31.12.2009** | **31.12.2008** |
| Cash in Hand | 26 | 62 | 2 | 1 |
| Sight & Time Deposits | 244,811 | 290,824 | 233,559 | 283,138 |
| **Total** | **244,837** | **290,886** | **233,561** | **283,139** |

Term deposits usually have a duration of 3-6 months and bear interest rates ranging between 2.5%-3% and 6%-6.5% for 2009 and 2008 respectively.

## 15 LONG-TERM LOANS

Long-term loans in the accompanying consolidated financial statements mainly cover the development needs of Wind Parks of the Group's energy sector and are analyzed as follows:

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| Loan of European Investment Bank – TERNA ENERGY ABETE | 23,324 | 27,735 |
| Bond Loan € 20,000 - TERNA ENERGY ABETE | 19,300 | - |
| Bond Loan € 10,000 - PPC RENEWABLES – TERNA ENERGY SA | 9,700 | - |
| Bond Loan € 16,000 – TERNA ENERGY EVROU SA | 14,364 | 16,417 |
| Bond Loan € 12,000 – ENERGEIAKI SERVOUNIOU SA | 9,961 | 11,492 |
| Bond Loan € 2,600 - IWECO CHONOS LASITHIOU SA | 1,926 | 2,220 |
| **Total** | **78,575** | **57,864** |
| minus: Long term debt payable in the next financial year | (10,929) | (8,951) |
| **Long-term loans** | **67,646** | **48,913** |

All the Group's loans have been contracted in Euro. For security against all the Group's loans, Wind generators of Wind Parks are collateralized and insurance contracts, receivables from electric energy sale contracts with DESMIE or PPC are pledged to the banks. In the context of this form of financing, the Group's companies hold a series of blocked bank accounts, aiming at serving the aforementioned liabilities connected to the receivables.

In November 2009, the parent company TERNA ENERGY issued a bond loan of € 20,000. The repayment period was set at 12 years, based on semi-annual installments (capital plus interest). Furthermore, in November 2009, the subsidiary company "DEI ANANNEOSIMES – TERNA ENERGY SA" issued a bond loan of EUR 10,000. The repayment period was set at 12 years, based on semi-annual installments (capital plus interest). The bond loans issued by the Group during 2009 were utilized to repay short-term loans, based on an interest rate euribor plus spread. The Group's average weighted interest rate for 2009 and 2008 were approximately 4.04% and 4.43% respectively.

The total interest of the aforementioned loans for 2009 and 2008 was € 2,439 and € 2,633 respectively. In the Group's results of 2009 and 2008, banking expenses that refer to loans (including short-term) and received letters of guarantee have been registered, amounting to €1,172 and €477 respectively.

## 16 PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity depends on the length of service with the company and the employee's wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such an indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programs are usually not funded.

The liabilities for staff indemnity liabilities were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the results for the financial year ended on the 31st of December 31, 2009 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Balance Sheet for the year ended on December 31st 2009.

The amount due for staff indemnities is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Present value of liabilities | 245 | 169 | 245 | 169 |
| Non-registered actuarial losses | (64) | (27) | (64) | (27) |
| Recognized liability | **181** | **141** | **181** | **141** |

The expense for staff indemnity recognized in the income statement in the cost of sales account, is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Current cost of service | 56 | 49 | 56 | 49 |
| Financial cost | 9 | 7 | 9 | 7 |
| Absorption / (Transfer) of Personnel | (14) | - | (14) | - |
| Effect of Reduction / Settlement / Final Benefits | 106 | - | 106 | - |
| Recognition of actuarial profit/losses | 3 | 10 | 3 | 10 |
| Additional payments | - | 71 | - | 71 |
| | **160** | **137** | **160** | **137** |

The movement of the relevant provision on the balance sheet is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| **Opening balance** | **141** | **104** | **141** | **104** |
| Provision recognized in the income statement | 160 | 137 | 160 | 137 |
| Indemnity payments | (120) | (100) | (120) | (100) |
| **Closing balance** | **181** | **141** | **181** | **141** |

The main actuarial assumptions for financial year 2009 are as follows:

| | |
|---|---|
| Discount rate | 5.7% |
| Average annual rate of inflation | 2% |
| Average annual long-term GDP growth | 3% |
| Mortality: Greek mortality table 1990 | |
| Future wage increases | 2.9% |
| Movement of salaried workers (departure under their own will) | 3% |
| Movement of day-waged workers (departure under their own will) | 2% |
| Movement of salaried workers (laid-off) | 12% |
| Movement of day-waged workers (laid-off) | 25% |

## 17 OTHER PROVISIONS

The movement of the relevant provision in the Balance Sheet for financial years 2009 and 2008, is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **Provisions for environmental rehabilitation** | **Other provisions** | **Provisions for environmental rehabilitation** | **Other provisions** |
| **Balance 1.1.2009** | **717** | **335** | **317** | **200** |
| Provision recognized in the income statement | 4 | 80 | - | 80 |
| Provision recognized in fixed assets | - | - | - | - |
| Used provisions | - | - | - | - |
| **Balance 31.12.2009** | **721** | **415** | **317** | **280** |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **Provisions for environmental rehabilitation** | **Other provisions** | **Provisions for environmental rehabilitation** | **Other provisions** |
| **Balance 1.1.2008** | **411** | **135** | **17** | **0** |
| Provision recognized in the income statement | 6 | 200 | - | 200 |
| Provision recognized in fixed assets | 300 | - | 300 | - |
| Used provisions | - | - | - | - |
| **Balance 31.12.2008** | **717** | **335** | **317** | **200** |

The companies of the Group's energy sector are obliged to proceed to environmental rehabilitation where they install production units for electricity, after the completion of the license period that lasts for 20 years according to the licenses granting by state. The aforementioned provision of 721 euros (717 at 31.12.2008) reflects the required expenses for the removal of equipment and formation of the area in which the equipment was installed, using the available technology and materials.
The increase of the account "Other Provisions" in the Company's and Group's financial statements refers to a provision for tax audit differences.

## 18 GRANTS

Grants at December 31st 2009 and December 31st 2008 in the accompanying financial statements, are analyzed as follows:

| | GROUP | COMPANY |
|---|---|---|
| **Balance 1 January 2009** | **48,614** | **18,824** |
| Additions | 4,983 | 2,231 |
| Rebates | (402) | (223) |
| Amortization of grants | (2,399) | (1,055) |
| **Balance 31 December 2009** | **50,796** | **19,777** |
| | | |
| **Balance 1 January 2008** | **42,630** | **11,654** |
| Additions | 7,929 | 7,929 |
| Rebates | (40) | - |
| Amortization of grants | (1,905) | (759) |
| **Balance 31 December 2008** | **48,614** | **18,824** |

Grants relate to government grants for the development of Wind Parks and are amortized according to the depreciation rate of fixed assets granted, in the income statement they refer to.
The amount of additions for the period January 1st – December 31st 2009 for the Group, include grants amounting to €2,732 that have not yet been received.
The total approved and non-received grants for the Company and Group is included in "Prepayments and other receivables" by € 2,732. Such grants were recognized based on the Group Management's certainty that all the requirements to receive such are regularly met and eventually the amounts will be received with the completion of the relevant investments.
The aforementioned grants are amortized in income only by the portion that corresponds to fully completed and operating wind generators of wind parks.

## 19 SUPPLIERS

The suppliers at December 31ST 2009 and 2008, in the accompanying financial statements are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Domestic suppliers | 5,433 | 3,158 | 4,515 | 2,833 |
| Foreign suppliers | 2,411 | 943 | 2,405 | 943 |
| Sub-contractors | 2,656 | 1,710 | 2,278 | 1,699 |
| Withheld guarantees of sub-contractors | 1,582 | 679 | 1,582 | 679 |
| Free agents | 287 | 304 | 272 | 295 |
| Suppliers of fixed assets | 1,488 | 1,106 | 1,489 | 1,106 |
| Post-dated checks | 214 | 179 | 119 | 179 |
| | **14,071** | **8,079** | **12,660** | **7,734** |

## 20 ACCRUED AND OTHER LIABILITIES

The accrued and other short-term liabilities at December 31st 2009, in the accompanying financial statements, are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| Customer Prepayments | 35 | 80 | 35 | 80 |
| Liabilities towards proportionately consolidated companies | 125 | 47 | 140 | 239 |
| Deferred income of construction contracts | 3,368 | 4,007 | 3,368 | 3,247 |
| Social Security Funds | 275 | 222 | 258 | 212 |
| VAT Liabilities | 1,226 | - | 1,210 | - |
| Other withheld taxes | 471 | 329 | 449 | 304 |
| Extraordinary Contribution | 1,425 | - | 1,425 | |
| BoD Remuneration | - | - | - | - |
| Dividends payable | 15 | 8 | 15 | 8 |
| Sundry Creditors | 2,349 | 390 | 155 | 322 |
| Deferred Income -accrued expenses | 293 | 82 | - | 61 |
| | **9,582** | **5,165** | **7,055** | **4,473** |

## 21 SHORT TERM LOANS

The total amount of the Group's and Company's short-term loans refers to current bank accounts having a duration of three months and are renewed depending on the needs. The amounts withdrawn are mainly used to cover the liquidity needs during the construction period of Wind Parks of the Group's energy sector. The net increase of the Group's loans during 2009 amounted to €14,122 whereas the net decrease for the Company settled at €24,128 due to conversion part of those loans to long-term debt (see Note 15).

The weighted average interest rate for the aforementioned loans was approximately 5.4% for 2009 and 6.3% for 2008 respectively.

The total interest on the aforementioned loans of the Group for the periods ending on December 31st 2009 and December 31st 2008 is €1,604 and €2,737 respectively. The corresponding amounts for the Company were €1,241 and €1,884.

## 22 JOINT VENTURES AND JOINTLY CONTROLLED COMPANIES

The Group participates through its parent TERNA ENERGY in joint ventures with other construction companies aiming to undertake and execute private and public technical projects. Also, the Group participates in jointly controlled companies which have activities related to construction or energy. The joint ventures and jointly controlled companies are analyzed in Note 4. The Group for the years ended at December 31st 2009 and 2008, participated in eleven joint ventures for the construction of various projects as shown in Note 4.B.

The participation of the Group in Total Assets, Total Liabilities, Total Income and Total Expenses of the joint ventures that are consolidated in the financial statements is analyzed as follows:

| | 31-Dec | |
|---|---|---|
| | 2009 | 2008 |
| Total Long-term Assets | 6 | 9 |
| Total Short-term Assets | 1,162 | 1,552 |
| Total Assets | | 1,561 |
| Total Long-term Liabilities | 7 | 7 |
| Total Short-term Liabilities | 1,053 | 1,014 |
| Total Liabilities | | 1,021 |
| Total Income | - | 793 |
| Total Expenses | - | (579) |
| Earnings after taxes | - | 214 |

## 23 SHARE CAPITAL

During the period 1/1-31/12/2009, as during the period 1/1-31/12/2008, the number of shares and their nominal value remained unchanged. The share premium decreased by € 31, an amount that concerns expenses for the share capital increase of subsidiaries, which was concluded during the period 1.1-31.12.2009. The total number of shares on 31/12/09 amounts to 109,333,400 from which 744,623 are owned by the Company (treasury shares).
The share capital is fully paid up.

## 24 EARNINGS PER SHARE

The basic earnings per share were calculated by dividing the net earnings attributed to shareholders of the parent company with the average weighted number of shares outstanding as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31.12.2009** | **31.12.2008** | **31.12.2009** | **31.12.2008** |
| Net earnings attributed to shareholders of the parent | **15,864** | **23,991** | **13,377** | **22,029** |
| Average weighted number of shares | 108,723,395 | 109,237,115 | 108,723,395 | 109,237,115 |
| **Basic earnings per share (amounts in euro)** | **0.1459** | **0.2196** | **0.1230** | **0.2017** |

## 25 DIVIDENDS

The Annual Shareholders' Meeting of the Company on April 2nd 2009 approved the distribution of a dividend EUR 7,333 thousand from the profit of 2008. The dividend was fully paid within the first half of 2009.

## 26 INCOME TAX

According to Greek tax legislation the tax rate corresponds to 25% for 2008 and 2009, reduced by 1% or the subsequent 5 financial years (20% for 2014). The effective tax rate differs from the nominal. The calculation of the effective tax rate is affected by several factors, the most important of which are the non-exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful life and the use of rates stipulated by PD 299/2003 and the capability of companies to create tax-exempt discounts and tax-exempt reserves, and the aforementioned reduction of the tax rate through calculations of deferred income tax.
Income tax in the accompanying consolidated financial statements is analyzed as follows:

**(a) Current Tax**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31.12.2009** | **31.12.2008** | **31.12.2009** | **31.12.2008** |
| **Current tax expense** | | | | |
| Current tax | 4,629 | 7,114 | 3,481 | 6,277 |
| Tax of previous years | 120 | 51 | 115 | 39 |
| Extraordinary contribution | 1,425 | - | 1,425 | |
| | 6,174 | 7,165 | 5,021 | 6,316 |
| Deferred tax expense | 1,389 | 1,065 | 1,011 | 858 |
| **Total** | **7,563** | **8,230** | **6,032** | **7,174** |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| **Consolidated Earnings before taxes** | **23,921** | **32,188** | **19,409** | **29,203** |
| Nominal tax rate | 25% | 25% | 25% | 25% |
| **Income tax based on nominal tax rate** | **(5,980)** | **(8,047)** | **(4,852)** | **(7,301)** |
| - Other non-taxed income | 265 | - | 449 | 155 |
| - Tax of previous periods & Additional taxes | (43) | (54) | (42) | (39) |
| - Provisions for Additional income Tax | (80) | (60) | (80) | (60) |
| - Losses for which tax was not recognized | | (35) | | - |
| - Extraordinary contribution | (1,425) | - | (1,425) | - |
| - Exempt tax differences of previous years recognized in the current period | | - | | (75) |
| - Other permanent tax Differences - non-exempt expenses | (139) | (255) | (94) | (67) |
| - Effect of change in Tax Rate | (194) | - | - | - |
| **Real tax expense** | 33 | 221 | 12 | 213 |
| Effective tax rate | **7,563** | **(8,230)** | **6,032** | **(7,174)** |
| - Exempt tax differences of previous years recognized in the current period | 31.6% | 25.5% | 31% | 24.6% |

The effective tax rate is higher in year 2009 due to the extraordinary contribution.

The income tax statement is submitted on an annual basis but the profits or losses declared remain provisional until the tax authorities audit the taxpayer's books and records and issue a final audit report.
In this case it is possible that the tax authorities may impose additional taxes and surcharges. For this reason, and based on new information that emerged from tax audits of previous periods, which were conducted during the preparation of the accompanying consolidated financial statements, relevant provisions have been recognized for possible additional taxes and surcharges that may be imposed, amounting to € 80 for the year 2009. The provisions are included in the account «Income tax payable».
The tax losses, to the extent that such are accepted by the tax authorities, may offset future profit for a period of five years from the year such emerged.
The parent company, TERNA ENERGY S.A. is tax-audited up to the fiscal year 2008 included. During the preparation date of the accompanying financial statements, the non-audited tax years (including fiscal year 2009) of the Group's companies are presented in Note 4.

**(b) Deferred tax**

Deferred income tax is calculated on all the temporary tax differences between the book value and the tax value of the assets and liabilities.

The Company and Group maintain tax-exempt reserves and reserves taxed with specific way amounting to €13,093 and €15,476 respectively, which in case of distribution or capitalization will be taxed under the current tax rate. In the future the Group does not plan to distribute or capitalize this reserve and this is why it does not estimate a deferred tax.

The deferred income tax is calculated using the expected tax rate at the time in which the tax receivable/ liability matures:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| **Net deferred tax receivable** | | | | |
| **Opening balance** | 1,908 | 3,112 | 1,968, | 2,966 |
| Debit / (Credit) in recognized in the income statement | (1,388) | (1,066) | (1,011) | (858) |
| Debit / (Credit) in recognized in Equity | (132) | (138) | (139) | (140) |
| Other | (7) | - | - | - |
| **Closing balance** | **395** | **1,908** | **(818)** | **1,968** |

The deferred tax receivables and liabilities of 2009 and 2008 are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| **Deferred Tax Liability** | | | | |
| - Tangible assets | (2,781) | (2,068) | (1,427) | (1,054) |
| - Intangible assets | (930) | (230) | (1,694) | (934) |
| - Receivables of construction projects | (2,512) | (547) | (2,512) | (539) |
| - Investment Property | (185) | (185) | (185) | (185) |
| - Cost of construction projects | | | - | - |
| - Other | (141) | (618) | (128) | (605) |
| **Total Deferred Tax Liability** | **(6,549)** | **(3,648)** | **(5,946)** | **(3,317)** |
| **Deferred Tax Receivable** | | | | |
| - Intangible Fixed Assets | - | - | - | - |
| - Provision for staff indemnities | 36 | 28 | 36 | 28 |
| - Liabilities of construction projects | 808 | 812 | 808 | 812 |
| - Provision for doubtful receivables | 64 | 67 | 64 | 67 |
| - Cost of construction projects | 1,946 | 633 | 2,101 | 633 |
| - Other provisions | 202 | 186 | 122 | 106 |
| - Tax loss | 99 | 79 | - | - |
| - Expense for share capital increase | 3,202 | 3,335 | 3,191 | 3,331 |
| - Grants | 587 | 401 | 442 | 293 |
| - Other | - | 15 | - | 15 |
| **Total Deferred Tax Receivable** | **6,944** | **5,556** | **6,764** | **5,285** |
| | **395** | **1,908** | **818** | **1,968** |
| **Deferred Tax Receivable** | **1,233** | **2,444** | **818** | **1,968** |
| **Deferred Tax liability** | **(838)** | **(536)** | **-** | **-** |

The net charge in the results in the consolidated income statement of 2009 and 2008 regarding deferred tax is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| *Effect on the income statement:* | | | | |
| - Tangible Fixed Assets | (712) | (881) | (374) | (422) |
| - Receivables of construction projects | (1,973) | (71) | (1,973) | 1,111 |
| - Investment Property | - | (104) | - | (104) |
| - Cost of construction projects | 1,312 | 1,174 | 1,468 | - |
| - Grants | 185 | 72 | 149 | 53 |
| - Intangible Assets | (700) | (245) | (760) | (367) |
| - Provision for staff indemnities | 8 | 2 | 8 | 3 |
| - Liabilities of construction projects | (4) | (68) | (4) | (101) |
| - Provision for doubtful receivables | (3) | 0 | (3) | (1) |
| - Cost of construction projects | | (592) | - | (529) |
| - Other provisions | 16 | 186 | 16 | 106 |
| - Tax loss | 20 | 54 | - | - |
| - Other | 463 | (593) | 463 | (604) |
| | (1,388) | (1,066) | (1,010) | (896) |
| *Effect on the income statement:* | | | | |
| Expenses of share capital increase | (132) | (138) | (138) | (143) |
| | **(1,520)** | **(1,204)** | **(1,148)** | **(998)** |

## 27 COST OF SALES, ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

The cost of sales, administrative and research & development expenses at 31st December 2009 and 2008, in the accompanying financial statements, are analyzed as follows:

| **COST OF SALES** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| Employee remuneration and expenses | 3,256 | 4,600 | 3,358 | 4,516 |
| Fees of consultants | 1,692 | 737 | 1,852 | 620 |
| Remuneration and expenses of third parties (engineers) | 1,899 | 2,099 | 1,844 | 2,023 |
| Materials and expenses of constructions | 10,860 | 17,606 | 13,141 | 18,092 |
| Leases | 1,645 | 2,596 | 1,639 | 2,595 |
| Repairs, Maintenance | 3,189 | 2,115 | 2,251 | 1,090 |
| Sub-contractors | 13,821 | 7,767 | 16,082 | 11,838 |
| Depreciation | 8,689 | 6,737 | 4,369 | 3,185 |

| | | | | |
|---|---|---|---|---|
| Third party benefits | 340 | 314 | 273 | 263 |
| Contributions to OTA | 1,068 | 677 | 599 | 510 |
| Transportation expenses | 325 | 856 | 325 | 851 |
| Insurance premiums | 765 | 512 | 508 | 320 |
| Other | 1,155 | 2,491 | 1,149 | 2,214 |
| **Total** | **48,704** | **49,107** | **47,390** | **48,117** |

| **ADMINISTRATIVE EXPENSES** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| Employee remuneration and expenses | 1,219 | 1,005 | 1,113 | 985 |
| Fees of consultants | 332 | 695 | 291 | 468 |
| Remuneration and expenses of third parties (engineers) | 1,018 | 268 | 658 | 261 |
| Insurance premiums | 1 | - | - | - |
| Leases | 161 | 80 | 122 | 69 |
| Subscriptions | 203 | 216 | 184 | 210 |
| Depreciation | 156 | 45 | 107 | 7 |
| Travel and promotion expenses | 332 | 210 | 135 | 202 |
| Third party benefits (utility companies) | 75 | 19 | 40 | 15 |
| Other | 1,720 | 1,432 | 1,347 | 931 |
| Total Administrative Expenses | 5,217 | 3,970 | 3,997 | 3,148 |

| **RESEARCH & DEVELOPMENT EXPENSES** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| Employee remuneration | 62 | 68 | 62 | 68 |
| Remuneration of engineers | 1,064 | 1,382 | 924 | 1,382 |
| Fees of consultants | 1,326 | 216 | 2,046 | 348 |
| Depreciation | 116 | 92 | 116 | 92 |
| Travel expenses | 30 | 73 | 30 | 73 |
| Scientific/Lab experiments | 167 | 178 | 167 | 178 |
| Third party benefits | 8 | 12 | 8 | 12 |
| Other expenses | 383 | 127 | 383 | 127 |
| Total Expenses | 3,156 | 2,148 | 3,736 | 2,280 |

## 28 OTHER INCOME / (EXPENSES)

The other income/(expenses) for the period, in the accompanying financial statements, are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Grant depreciation (Note 18) | 2,396 | 1,905 | 1,055 | 759 |
| Income from leasing of machinery | 39 | 44 | 39 | 44 |
| Income from leasing of property (Note 8) | 71 | 70 | 71 | 70 |
| Income from J/V | - | | 224 | 622 |
| Other income | 991 | 1,403 | 1,757 | 307 |
| Profit from sales of fixed assets | - | 2 | - | 2 |
| Other Tax | (6) | (5) | (6) | (5) |
| Other expenses | - | (3) | - | - |
| **Total** | **3,491** | **3,416** | **3,140** | **1,799** |

## 29 FINANCIAL INCOME / (EXPENSES)

The financial income/(expenses) in the accompanying financial statements, are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Interest of Long-term Loans (note 15) | (2,439) | (2,634) | (1,036) | (1,102) |
| Interest of Short-term Loans (note 21) | (1,604) | (2,736) | (1,241) | (1,884) |
| Bank expenses and other expenses | (1,172) | (453) | (748) | (395) |
| Financial (Expenses) | (5,215) | (5,823) | (3,025) | (3,381) |
| | | | | |
| Interest from site deposits | 275 | 129 | 200 | 76 |
| Interest from term deposits | 9,071 | 15,950 | 8,996 | 15,816 |
| Other Financial income | - | - | - | - |
| Financial Income | 9,346 | 16,079 | 9,196 | 15,892 |
| | | | | |
| **Net Financial Results** | 4,131 | 10,256 | 6,171 | 12,511 |

## 30 PAYROLL COST

Employee remuneration and the average employed staff, are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-31.12.2009 | 1.1-31.12.2008 | 1.1-31.12.2009 | 1.1-31.12.2008 |
| Day-wage Remuneration | 645 | 1,046 | 626 | 1,023 |
| Remuneration of regular staff | 2,659 | 3,171 | 2,746 | 3,113 |
| Employer social security contributions | 1,073 | 1,305 | 1,001 | 1,282 |
| Provision for employee indemnities | 160 | 150 | 160 | 150 |
| Other | - | 1 | - | 1 |
| **Total expenses** | **4,537** | **5,673** | **4,533** | **5,569** |
| **Average number of employees** | | | | |
| Day-wage workers | 34 | 32 | 34 | 32 |
| Regular staff | 120 | 116 | 111 | 114 |

## 31 TRANSACTIONS WITH AFFILIATED PARTIES

The transactions of the Company and the Group with affiliated parties for the periods 01/01-31/12/2009 and 01/01-31/12/2008, as well as the balances of receivables and liabilities arisen from the above transactions as of 31/12/2009 and 31/12/2008 are as follows:

| **Period 1/1-31/12/2009** | **GROUP** | | | | **COMPANY** | | | |
|---|---|---|---|---|---|---|---|---|
| **Affiliated Party** | **Sales** | **Purchases** | **Debit Balances** | **Credit Balances** | **Sales** | **Purchases** | **Debit Balances** | **Credit Balances** |
| Subsidiaries | - | - | - | - | 890 | 1,686 | 268 | 1,351 |
| Joint Ventures | - | - | - | - | - | - | 793 | 360 |
| Parent | - | 99 | - | - | - | 99 | - | - |
| Other affiliated parties | 8,173 | 5,066 | 353 | 824 | 8,173 | 4,664 | 302 | 440 |
| Basic senior executives | - | 513 | - | - | - | 513 | - | - |

| **Period 1/1-31/12/2008** | **GROUP** | | | | **COMPANY** | | | |
|---|---|---|---|---|---|---|---|---|
| **Affiliated Party** | **Sales** | **Purchases** | **Debit Balances** | **Credit Balances** | **Sales** | **Purchases** | **Debit Balances** | **Credit Balances** |
| Subsidiaries | - | - | - | - | 5,545 | 132 | 368 | 145 |
| Joint Ventures | - | - | - | - | 261 | - | 969 | 311 |
| Parent | - | - | - | - | - | - | - | - |
| Other affiliated parties | 8,633 | 22,260 | 1,594 | 587 | 8,633 | 13,186 | 865 | 482 |
| Basic senior executives | - | 954 | - | 61 | - | 734 | - | 61 |

**Remuneration of Board of Directors members and senior executives of the Company:** The remuneration of Board of Directors members and senior executives of the group and Company, recognized on 31 December 2009 and 2008 are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31.12.2009** | **31.12.2008** | **31.12.2009** | **31.12.2008** |
| Board of Directors remuneration | 682 | 520 | 360 | 300 |
| Remuneration of executives included in the executive Board members | 513 | 434 | 513 | 434 |
| | **1,195** | **954** | **873** | **734** |

## 32 AIM AND POLICIES OF RISK MANAGEMENT

The group is exposed to many financial risks such as market risk (volatility in exchange rates, interest rates, market prices etc.), credit risk and liquidity risk. The risk management plan aims to eliminate the negative effect of these risks on financial results of the group as these effects are the results of the uncertainty in financial markets and the changes in costs and sales. The group uses financial derivatives to hedge its exposure in certain risk categories. The risk management policy is undertaken by the treasury of the Group and the procedure is as follows:

- Evaluation of risks related to Group's activities and operations.
- Planning of the methodology and choice of the necessary financial products for the reduction of risk.
- Execution/application, in accordance with the approved procedure by the management, of the risk management plan.

The financial means of the Group are mainly deposits in banks, overdraft facility by banks, short-term financial products of high liquidity traded in the money market, trade debtors and creditors, loans to and from subsidiaries, associates and joint ventures, shares, dividends payable and liabilities arising from leasing.

### FOREIGN EXCHANGE RISK

The Group is not exposed to foreign exchange risk because its total transactions are denominated in euro, with the exception of investments in foreign companies.
Such foreign activities overall refer to the energy sector and are all at a primary stage, while the construction of their production capacity (wind parks) has not yet commenced. Therefore, the Group's exposure to foreign exchange risk due to investments abroad is limited for now.

### SENSITIVITY ANALYSIS OF INTEREST RATE RISK

With regard to long-term financing, Group's policy is to minimize its exposure to interest rate risk. In this context, long-term loans are a) fixed rate loans and b) floating rate loans linked to 6-month euribor. Therefore, fixed rate loans are not subject to any interest rate risk contrary to floating rate loans (Note 14).
The Group's short-term debt is also exclusively in euro and under floating interest rates (Note 22) linked to euribor.
The following table presents the sensitivity of the results towards the Group's short-term debt and deposits, in case of an interest rate change of +20% –20% (2008: +/-20% as well). The changes in interest rates are estimated to be in line with the recent market conditions which until today are stable as compared to the previous year.

| Amounts in thousand € | 2009 | | 2008 | |
|---|---|---|---|---|
| | +20% | -20% | +20% | -20% |
| Results after taxes – Group | 1,043 | (1,043) | 1,988 | (1,988) |
| Results after taxes – Company | 1,234 | (1,234) | 1,044 | (1,044) |

The Group does not have a policy to manage risk from such interest rate changes.
The Group is not exposed to other interest rate risk or changes in prices of securities which are traded on financial markets.

**ANALYSIS OF CREDIT RISK**

Credit risk is the risk that a counter party in a financial instrument will cause loss to the other by failing to pay the relevant liability. Also, the following are included a) down payments and prepayments for the acquisition of assets or services related, directly or indirectly, with the production capacity of the Company and Group, b) non-invoiced income.
The Group's and Company's exposure as regards to credit risk arises from financial assets and other receivables that do not constitute financial assets **(other credit exposures0** (i.e. down payments and prepayments for purchase of goods and services).
The Group continuously controls its receivables, either separately or by group and it incorporates the resulting information in its credit control. When deemed necessary, external reports or analysis are used as regards to existing or potential clients. The Group's policy is to cooperate only with reliable customers.
The Group's management considers that all the above financial assets for which all the necessary impairments have been made, are of high credit quality, including those due.
For trade and other receivables, the Company and Group are not exposed to significant credit risk. Due to the nature of the Group's activities, the total receivables of the energy sector correspond to the broader public sector (including DESMIE and PPC), while the same holds for the largest part of receivables from the construction sector. Credit risk for liquid receivables, as well as for other short-term assets (cash & cash equivalents), is considered negligible, given that the relevant parties are reliable banks with high quality capital structure, the Greek state or companies of the broader public sector or powerful business groups.
The amounts that represent the largest exposure to this risk at the end of the current and the comparative period, are the current value of such accounts in the respective periods. The largest credit risk of the company is the possibility of default of the counter party.

On 31/12/09 there are no guarantees and credit enhancements for security against credit risk of the above receivables, both for the Company and for the Group.
On 31/12/09 there are no financial receivables overdue, both for the Company and the Group, apart from an amount of € 211, for which an equivalent provision has been made.

**ANALYSIS OF LIQUIDITY RISK**

The TERNA ENERGY Group manages its liquidity needs by carefully monitoring the balance of long-term financial liabilities as well as payments that take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly.
The company maintains cash and cash equivalents in banks to cover its liquidity needs for periods up to 30 days. Capital for mid-term liquidity needs are released from the company's term deposits.
The maturity of the financial and other liabilities on December 31st 2009 for the TERNA ENERGY Group, is analyzed as follows:

| | 31.12.2009 | | |
|---|---|---|---|
| Amounts in thousand € | Short-term | | Long-term |
| | 0 to 12 months | 1 to 5 years | over 5 years |
| Long-term Debt | 10,929 | 49,151 | 18,494 |
| Other long-term financial liabilities | - | - | - |
| Short-term Debt | 111,503 | - | - |
| Trade Liabilities | 14,071 | - | - |
| Other short-term liabilities | 10,139 | - | - |
| Total | **146,642** | **49,151** | **18,494** |

The corresponding maturity of financial liabilities for December 31st 2008 was as follows:

| | 31.12.2008 | | |
|---|---|---|---|
| Amounts in thousand € | Short-term | | Long-term |
| | 0 to 12 months | 1 to 5 years | over 5 years |
| Long-term Debt | 10,616 | 39,626 | 16,415 |
| Other long-term financial liabilities | - | 102 | - |
| Short-term Debt | 98,152 | - | - |
| Trade Liabilities | 8,078 | - | - |
| Other short-term liabilities | 10,188 | - | - |
| Total | **127,034** | **39,738** | **16,415** |

The above contractual maturities reflect the gross cash flows, which may differ from the book values of liabilities during the balance sheet date.

**PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY**

The financial assets as well as the financial liabilities during the balance sheet date, may be categorized as follows:

| | 31.12.2009 | 31.12.2008 |
|---|---|---|
| *Non- current assets:* | | |
| Other investments - Financial assets available for sale | 1 | 1 |
| *Current assets:* | | |
| Trade receivables - Loans and receivables | 22,393 | 15,142 |
| Prepayments and other receivables - Loans and receivables | - | 237 |
| Cash & Cash equivalents | 244,837 | 290,886 |
| Total | 267,231 | 306,265 |

| Amounts in thousand € | 31.12.2009 | 31.12.2008 |
|---|---|---|
| *Long-term liabilities:* | | |
| Long-term loans - Liabilities calculated depreciated cost | 67,645 | 48,913 |
| Other long-term liabilities - Liabilities calculated at depreciated cost | - | 102 |
| Total | 67,645 | 49,015 |
| *Short-term liabilities:* | | |
| Suppliers - Liabilities calculated at depreciated cost | 14,072 | 8,078 |
| Short-term loans - Liabilities calculated at depreciated cost | 111,503 | 97,381 |
| Long-term liabilities payable in the next period - Liabilities calculated at depreciated cost | 10,929 | 8,951 |
| Accrued and other short-term liabilities - Liabilities calculated at depreciated cost | - | 433 |
| Total | 136,504 | 114,843 |

There are no liabilities calculated at fair value.

See notes 3c, 3d for a more detailed description on how the category of financial instruments affects their subsequent valuation.

## 33 POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

The aims of the Group regarding the management of its capital is as follows:

- To ensure the ability of the Group to continue its activity (going-concern) and
- To secure a satisfactory return for its shareholders by pricing products and services according to their level of risk.

The Group defines the level of capital in proportion to the risk of its activities, it monitors the developments of the economic environment and their effect on the risk characteristics, and it manages the capital structure (relation of debt to equity) with the adjustment of the amount and maturity of debt, the issue of new shares or the return of capital to shareholders, with the adjustment of the dividend and the sale of individual or a group of assets.
For this purpose, the Group monitors its capital based on the leverage ratio which is defined as Net Debt / Adjusted Equity, where a) Net Debt is defined as Liabilities from loans and financial leases minus Cash equivalents and other short-term financial Assets, as such appear in the Balance Sheet and b) Adjusted Equity is defined as Total Equity plus loans of reduced security minus: accumulated in Equity Net unrealized gains carried forward and reserves.
The ratio at the end of 2009 and 2008 was as follows:

| Amounts in thousand € | 31.12.2009 | 31.12.2008 |
|---|---|---|
| Interest bearing debt | 190,077 | 155,245 |
| Minus: | | |
| Cash & Cash equivalents | (244,837) | (290,886) |
| **Net Debt** | (54,760) | (135,641) |
| | | |
| Total equity | 373,216 | 365,214 |
| Minus: Net unrealized profit carried forward and reserves | - | (12) |
| **Adjusted Equity** | 373,216 | 365,202 |
| | | |
| **Leverage ratio (Net Debt / Adjusted Equity)** | (15%) | (37%) |

The above table implies a negative leverage ratio in 2009 due to the Group's investment plan deceleration.

## 34 EXISTING COLATERAL ASSETS

There are no mortgage prenotations on the Group's property

## 35 IMPORTANT EVENTS OF THE PERIOD

- During the year under consideration, construction activities for 4 wind parks in Greece commenced, with a total capacity of 74 MW.
- Within March 2009, the Company received the wind generators for the wind park at "Skopia" location of the county of Aitoloakarnanias, with a total capacity of 20 MW.
- On June 15th 2009, the license for the installation of a photovoltaic park with a capacity of 1.05MW at the county of Aitoloakarnanias was approved by the relevant authorities.

- During June 2009 the production licenses were approved by the relevant authorities for six Wind Parks in the area of South Evia, with a capacity of 135MW and the increase of capacity for two more, and as a result the total approved capacity of the 8 W/P complex amounts to 177 MW.
- The operation license was issued and the audit was concluded successfully by the Ministry of Development of the wind park in Nafpaktos, which was granted by the Operational Program Competitiveness and the remaining amount of the grant, which amounted to 7,777,646 € in total, was paid.
- The Regulatory Authority for Energy approved 5 application of photovoltaic parks of a total 13 MW capacity.
- On April 1st, 2009, TERNA ENERGY ABETE and Public Organization for the Erection of Hospital Units S.A. (DEPANOM S.A.) signed an agreement for the construction of the project "Expansion-Restructuring of GH – KY Filiaton", with a contractual value of EUR 9,153,529. The project is scheduled to be completed by April 1st, 2012.
- On April 14th, 2009, TERNA ENERGY ABETE and HELLENIC RAILWAYS WORKS S.A. signed an agreement for the construction of the project «Construction of an alternate line Thessalonica-Eidomeni from K..P. 53 to K.P. 73, Railway Station of Polykastro, electrical and fencing works in the new line», with a contractual value of EUR 13,916,980. The project is scheduled to be completed by April 15th, 2011.
- On July 1st 2009 a construction contract was signed between the company TERNA ENERGY SA and the company "GEA S.A." for the project "Procurement, development and implementation and toll collection system on the motorway PATHE" with a contractual value of 3,626,859 euro.
- On September 9th 2009, a construction contract was signed between the company TERNA ENERGY SA and the Ministry of Environment Physical Planning & Public Works, for the project "Completion of projects for replanning of Kifisos river, cleaning of river bed and coastal collectors", with a contractual value of 5,456,277 euro.
- In view of the above signed contracts, the Company's backlog of construction projects towards third parties on 31/12/2009 amounts to €65 million.
- During the period, an agreement was made with regard to the acquisition of a company, which possess 1 wind park (under development – license phase) of 18 MW capacity. The above agreement is subject to a series of preconditions and is projected to complete within 12 months. The total cost for the completion of the wind park including the acquisition cost of the license is estimated at EUR 23.5 million.
- On 4 November 2009, TERNA ENERGY ABETE was tax audited for the year 2008. A tax charge of EUR 110 thous. derived from the above tax audit.

## 36 IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

- An installation license referring to a 30 MW wind park in County of Voiotia was issued in March 2010.
- Construction activities for a 20 MW wind park in Poland commenced in March 2010.
- Construction activities for a 18 MW wind park in Bulgaria commenced in March 2010.

## 37 CONTINGENT LIABILITIES

During the execution of projects, the Group may face contingent legal claims by third parties. According to the Management, as well as the legal counselor of the Group there are no cases under litigation or arbitration except from the following:

Several claims made at the Council of State for cancellation of the planned installation of the Wind Park by the subsidiary " AIOLIKI PANORAMATOS DERVENOCHORION GP", are pending. The court session took place in November 2009 and the Council of State has ordered a pause on the building works for 17 out of 40 wind generators.

## V. DATA & INFORMATION FOR THE PERIOD 1.1-31.12. 2009

ΤΕΡΝΑ ΕΝΕΡΓΕΙΑΚΗ

# TERNA ENERGY SA

**S.A. Reg. No. 318/06/B/86/28**
**85 Mesogeion Ave., 11526 Athens Greece**
DATA AND INFORMATION FOR THE PERIOD FROM 01/01/2009 TO 31/12/2009
**Published according to C.L. 2190/1920, article 135 for companies that prepare annual financial statements, consolidated and non-consolidated according to IAS**

The following data and information that have been derived from the financial statements, aim at providing general information on the financial position and results of TERNA ENERGY SA and its Group. Therefore, before proceeding with any kind of investment choice or other transaction with the company or group, readers should refer to the company's website where the financial statements are posted as well as the Audit Report of the Certified Auditor.

### COMPANY DATA

| | | | |
|---|---|---|---|
| | | Approval date of the annual Financial Statements (from which the condensed data were derived): | 26 March 2010 |
| Appropriate Prefecture: | Ministry of Development, General Secretariat of Commerce, General Division of domestic Commerce, S.A. and Credit Department, Division A. | Certified Auditor: | Ioannis Leos (SOEL Reg. No.: 24881) |
| Board of Directors Composition: | Chairman: Georgios Perdikaris<br>Vice-Chairman & Managing Director: Emmanuel Maragoudakis,<br>Members: Panagiotis Pothos, Michael Gourzis, Georgios Spyrou, Theodoros Tagas, Grigoris Charalambopoulos (non-executive member), Aristeidis Dasis, Nikolaos Kalamaras (independent non-executive members) | Auditing Firm:<br>Type of Audit Report:<br>Company website: | GRANT THORNTON SA<br>In accordance<br>www.terna-energy.gr |

### STATEMENT OF FINANCIAL POSITION (Consolidated and non-consolidated)

**Amounts in thousand euro**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2009** | **31/12/2008** | **31/12/2009** | **31/12/2008** |
| **ASSETS** | | | | |
| Self used tangible fixed assets | 340.820 | 238.929 | 110.552 | 87.598 |
| Investment property | 923 | 923 | 923 | 923 |
| Other non-current assets | 1.504 | 21.033 | 72.428 | 59.147 |
| Intangible assets | 1.774 | 1.463 | 989 | 696 |
| Inventories | 536 | 886 | 244 | 142 |
| Trade receivables | 24.663 | 16.319 | 29.691 | 13.923 |
| Cash & cash equivalents | 244.837 | 290.886 | 233.561 | 283.139 |
| Other current assets | 25.398 | 19.327 | 8.267 | 11.308 |
| **TOTAL ASSETS** | **640.455** | **589.766** | **456.655** | **456.876** |
| **EQUITY & LIABILITIES** | | | | |
| Share capital | 32.800 | 32.800 | 32.800 | 32.800 |
| Other items of Shareholders' Equity | 339.011 | 332.075 | 333.816 | 329.346 |
| **Total Net Position of company shareholders (a)** | **371.811** | **364.875** | **366.616** | **362.146** |
| Minority interest | 1.405 | 934 | 0 | 0 |
| **Total Net Position (b)** | **373.216** | **365.809** | **366.616** | **362.146** |
| Long-term bank liabilities | 67.646 | 48.913 | 36.707 | 23.286 |
| Provisions/Other-long-term liabilities | 52.951 | 50.445 | 20.555 | 19.482 |
| Short-term bank liabilities | 122.432 | 106.332 | 13.062 | 35.712 |
| Other-short-term liabilities | 24.210 | 18.267 | 19.715 | 16.250 |
| **Total liabilities** | **267.239** | **223.957** | **90.039** | **94.730** |
| **TOTAL EQUITY & LIABILITIES** | **640.455** | **589.766** | **456.655** | **456.876** |

### TOTAL COMPREHENSIVE INCOME STATEMENT (Consolidated and non-consolidated)

**Amounts in thousand euro**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **1/1-31/12/2009** | **1/1-31/12/2008** | **1/1-31/12/2009** | **1/1-31/12/2008** |
| Turnover | 73.376 | 73.741 | 65.221 | 64.838 |
| Gross profit / (losses) | 24.672 | 24.634 | 17.831 | 20.321 |
| Earnings/(Loss) before interest and tax (EBIT) | **19.790** | **21.932** | **13.238** | **16.692** |
| Earnings/(Loss) before tax | 23.921 | 32.188 | 19.409 | 29.203 |
| Earnings/(Loss) after tax (A) | 16.357 | 23.958 | 13.377 | 22.029 |
| **Allocated to:** | | | | |
| Company Shareholders | 15.864 | 23.991 | | |
| Minority Shareholders | 493 | (33) | | |
| | 16.357 | 23.958 | | |
| Other comprehensive income after taxes (B) | (172) | (169) | (139) | (140) |
| Total comprehensive income after taxes (A+B) | 16.185 | 23.789 | 13.238 | 21.889 |
| **Allocated to:** | | | | |
| Company Shareholders | 15.692 | 23.822 | | |
| Minority Shareholders | 493 | (33) | | |
| | 16.185 | 23.789 | | |
| Earnings/(Losses) after tax per share - basic (in €) | 0,1459 | 0,2196 | 0,1230 | 0,2017 |
| Proposed dividend per share (€) | | | 0,0670 | 0,0670 |
| Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA) | **26.274** | **26.901** | **16.780** | **19.217** |

### STATEMENT OF CHANGES IN EQUITY (Consolidated and non-consolidated)

**Amounts in thousand euro**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2009** | **31/12/2008** | **31/12/2009** | **31/12/2008** |
| Total Equity at the beginning of the period (01/01/09 and 01/01/08) | 365.809 | 349.181 | 362.146 | 347.882 |
| Profit/(Losses) for the period after taxes | 16.357 | 23.958 | 13.377 | 22.029 |
| | 382.166 | 373.119 | 375.523 | 369.911 |
| Increase / (decrease) of share capital of subsidiary | 0 | 437 | 0 | 0 |
| Distributed dividends | (7.334) | (6.014) | (7.334) | (6.013) |
| Net income registered directly in equity | (172) | (127) | (139) | (140) |
| Purchases of treasury shares | (1.434) | (1.612) | (1.434) | (1.612) |
| Transfers - other movements | (10) | 0 | 0 | 0 |
| Establishment of subsidiary | 0 | 6 | 0 | 0 |
| Total Equity at the end of the period (31/12/09 and 31/12/08) | **373.216** | **365.809** | **366.616** | **362.146** |

### CASH FLOW STATEMENT (indirect method) (Consolidated and non-consolidated)

**Amounts in thousand euro**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **1/1-31/12/2009** | **1/1-31/12/2008** | **1/1-31/12/2009** | **1/1-31/12/2008** |
| **Operating activities** | | | | |
| Profit before tax | 23.921 | 32.188 | 19.409 | 29.203 |
| **Plus/less adjustments for:** | | | | |
| Depreciation | 8.880 | 6.874 | 4.597 | 3.284 |
| Provisions | (228) | 343 | 160 | 338 |
| Interest income and related income | (9.338) | (16.080) | (9.196) | (15.892) |
| Interest expenses and related expenses | 5.206 | 5.824 | 3.024 | 3.381 |
| Results from participations and securities | 0 | 0 | (1.505) | (622) |
| Results from intangible and tangible fixed assets and investment property | 0 | 0 | 0 | 0 |
| Amortization of grants | (2.396) | (1.905) | (1.055) | (759) |
| Other adjustments | 83 | (15) | 0 | 0 |
| Operating profit before changes in working capital | **26.128** | **27.229** | **15.434** | **18.933** |
| Plus/Less adjustments for working capital account movements or movements related to operating activities: | | | | |
| Decrease / (increase) in inventories | 350 | 607 | (102) | 604 |
| Decrease / (increase) in receivables | (28.386) | 421 | (17.933) | 8.544 |
| (Decrease) / increase in liabilities (other than to banks) | 28.626 | (3.752) | 13.766 | (1.334) |
| (Less): | | | | |
| Taxes paid | (9.244) | (3.929) | (8.072) | (3.516) |
| **Total inflows / (outflows) from operating activities (a)** | 17.474 | 20.576 | 3.093 | 23.231 |
| **Investing activities** | | | | |
| Purchases of tangible & intangible assets | (111.082) | (84.092) | (27.844) | (20.246) |
| Collection of grants | 17.691 | 10.318 | 5.953 | 6.343 |
| Interest received | 11.232 | 15.549 | 11.102 | 15.378 |
| (Purchases)/sales of participations and securities | (30) | 0 | (22.254) | (18.811) |
| Increase of investments in associate company | 0 | (42) | 0 | 0 |
| Dividends received from investments | 0 | 0 | 1.376 | 0 |
| **Total inflows / (outflows) from investing activities (b)** | (82.189) | (58.267) | (31.667) | (17.336) |
| **Financing activities** | | | | |
| Proceeds from share capital increase | 0 | 443 | 0 | 0 |
| Purchases of treasury shares | (1.434) | (1.612) | (1.434) | (1.612) |
| Net change in long-term loans | 20.799 | (4.020) | 14.888 | (2.981) |
| Net change in short-term loans | 14.215 | 49.942 | (24.118) | 3.500 |
| Interest and related expenses paid | (7.635) | (5.144) | (3.023) | (3.067) |
| Dividends paid | (7.317) | (6.208) | (7.317) | (6.014) |
| **Total inflows / (outflows) from financing activities (c)** | 18.628 | 33.401 | (21.004) | (10.174) |
| **Effect from foreign exchange on cash & cash equivalents** | 38 | 0 | 0 | 0 |
| **Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)** | **(46.049)** | **(4.290)** | **(49.578)** | **(4.279)** |
| **Cash and cash equivalents at the beginning of the period** | **290.886** | **295.176** | **283.139** | **287.418** |
| **Cash and cash equivalents at the end of the period** | **244.837** | **290.886** | **233.561** | **283.139** |

### ADDITIONAL DATA AND INFORMATION

1. There was no change in the accounting policies and estimations.
2. The Basic Accounting Principles of the financial statements as of 31/12/08 have been followed.

3. The group during the present period employed 154 individuals. For the respective period of 2009 the group employed 148 individuals. The company during the present period employed 145 individuals. For the respective period of 2009, the company employed 146 individuals.

4. The Company has been audited by the tax authorities up to fiscal year 2008 included. Note No 4 of the financial statements refer to the tax un-audited fiscal years of the consolidated entities.

5.Claims to cancel the planned installation of the Wind Park of the subsidiary "AIOLIKI PANORAMATOS DERVENOCHORION SA" are pending before the Council of State. The hearing of the case took place in November 2009, and until it issues its decision, the Council of State has ordered the postponement of construction activities for the 17 of the 40 wind generators under construction. Note No 37 of the financial statements present a relevant report on the issue.

6. Earnings per share were calculated based on the weighted average number of shares.
7. The financial statements of the group are included in the consolidated financial statements of GEK TERNA SA, consolidated with the full consolidation method. The aforementioned parent company is registered in Greece and on 31/12/2009 owned 47.611% of the company's share capital.
8.The amounts of sales and purchases (goods and services) cumulatively from the beginning of the financial period, as well as the balances of receivables and liabilities of the company at the end of the present period, that have emerged from its transactions with its related parties, as such are defined by IAS 24, are as follows:

| | GROUP | COMPANY |
|---|---|---|
| a) Sales of goods and services | 8.173 | 9.063 |
| b) Purchases of goods and services | 5.066 | 8.449 |
| c) Receivables | 353 | 1.363 |
| d) Liabilities | 824 | 2.151 |
| e) Transactions & remuneration of BoD and executives | 513 | 513 |
| f) Receivables from BoD members and executives | 0 | 0 |
| g) Liabilities to BoD members and executives | 0 | 0 |

9. The provisions of the company and group are analyzed as follows:

| | GROUP | COMPANY |
|---|---|---|
| Provision for unaudited tax years | 91 | 80 |
| Other provisions | 1.508 | 969 |

10. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that were consolidated in the financial statements of 31/12/2009 are mentioned in detail in Note 4 of the financial statements.
During December 31st 2009 the company TERNA ENERGY NETHERLANDS BV was incorporated (1st consolidation on 30/6/2009) in the consolidated financial statements compared to the previous period.
In December 2009 the group acquired 40% of the share capital of the company EOL TECHNICS SRL which was held by shareholders outside of the group (minority). Therefore, the group now owns 100% of the above company's share capital.
Reference to such is made in Note 4 of the financial statements.
11. The statement of changes in equity includes net income registered directly in equity, which is anlayzed as follows:

| | GROUP 31/12/2009 | COMPANY 31/12/2009 |
|---|---|---|
| Foreign exchange differences from conversion of incorporated foreign operations | (9) | 0 |
| Expenses for share capital increase of subsidiary | (31) | 0 |
| Tax on items directly transferred to or from equity | (132) | (139) |
| | **(172)** | **(139)** |

12. The number of treasury shares owned by the company on December 31st 2009 corresponded to 744,623 shares with a total acquisition cost of 3,046 thousand €.
13. No sector or company has ceased operations.
14. The above financial statements follow the same accounting principles used for the preparation of the 2008 financial statements, adjusted by the revisions applied by IFRS. Specifically the Group proceeded with the adoption of the revised standard IAS 1 "Presentation of Financial Statements" as well as IFRS "Financial information by segment". The application of the above standards indicate retrospective application of an accounting policy that does not substantially differentiate the financial statements of previous years and thus the publication of a third comparative column has been included in the Statement of Financial Position. There has been no correction of errors or reclassification of accounts.

Athens, 26/03/2010

| THE CHAIRMAN OF THE BOARD | THE MANAGING DIRECTOR | THE CHIEF FINANCIAL OFFICER | THE HEAD ACCOUNTANT |
|---|---|---|---|
| GEORGIOS PERDIKARIS<br>ID No.: X 516918 | EMMANUEL MARAGOUDAKIS<br>ID No.: 1049753 | KONSTANTINOS DIMOPOULOS<br>ID No. Ξ 101797 | NIKOLAOS MANAVERIS<br>ID No. AE 567798<br>License Reg. No. A' CLASS 9874 |

## VI. REPORT OF USE OF RAISED CAPITAL FROM THE SHARE CAPITAL INCREASE BY CASH FOR THE PERIOD 8/11/07 – 31/12/09

It is notified that in accordance with article 3 of the decision 7/448/11.10.2007 of the Hellenic Capital Markets Commission BoD and the decision 25/17.7.2008 of the BoD of Athens Exchange, from the share capital increase of TERNA ENERGY ABETE paid in cash that was decided by the Extraordinary General Shareholders Meeting on 20.07.2007, the net amount of € 300,572 thous was raised (including issue expenses of € 13,908 thous.).
The period for the Public Offering was 31/10/07-2/11/07. For the share capital increase 27,333,400 new common registered shares were issued.
All shares of the company (109,333,400) were listed for trading on the Athens Exchange on 14/11/2007 in the large capitalization market segment.
The certification for the deposit of the share capital increase by the BoD of the Company was made on 8/11/07 and recorded on Societe Anonyme Registry on 9/11/07 with the announcement No 36439.
The ordinary General Meeting on 2/4/2009 decided on the restructuring of the time schedule and use of the outstanding balance, by extending the completion time of the distribution by one year, namely until 31/12/2011, due to observed delays in the licensing procedures in the RES sector. Additionally, the extraordinary General Meeting on 29/6/2009 extended the use of one account.
The total raised capital of € 300,572, according to the aforementioned amended time schedule, presented the following movement until 31/12/2009:

**TABLE OF UTILIZATION OF CAPITAL PROCEEDS**
**(AMENDMENT ACCORDING TO THE EXTRAORDINARY SHAREHOLDERS MEETING AS OF 29.06.2009)**

| TIMEFRAME | Utilization of Capital Proceeds | | | | | | Total Utilized Capital 08/11/07 until 31/12/09 | Non Utilized Capital 31/12/2009 |
|---|---|---|---|---|---|---|---|---|
| € thous. | 08/11/07-31/12/07 | 01/01/08-31/12/08 | 01/01/09-31/12/09 | 01/01/10-31/12/10 | 01/01/11-31/12/11 | Total | | |
| Total investments in wind parks | 4,084 | 10,494 | 48,200 | 99,472 | 15,200 | 177,450 | 53,530 | 123,920 |
| Total investments in hydroelectric parks | 2,661 | 2,853 | 1,300 | 6,700 | 6,700 | 20,214 | 7,713 | 12,501 |
| Photovoltaic stations | 0 | 0 | 1,500 | 4,000 | 6,000 | 11,500 | 0 | 11,500 |
| Electric energy production from biomass | 0 | 0 | 0 | 5,000 | 10,000 | 15,000 | 0 | 15,000 |
| Wind parks abroad | 0 | 2,500 | 5,000 | 15,000 | 20,000 | 42,500 | 8,100 | 34,400 |
| Acquisition of companies, RES licenses (from the Company or via its subsidiaries) Share capital increase of subsidiaries for the purchase of companies – licenses in RES | 0 | 0 | 6,000 | 7,000 | 7,000 | 20,000 | | 20,000 |
| **Total Investment from Capital Proceeds** | **6,745** | **15,847** | **62,000** | **137,172** | **64,900** | **286,664** | **69,343** | **217,321** |
| Issue Expenses | 13,380 | 528 | | | | 13,908 | 13,908 | 0 |
| **Total** | **20,125** | **16,375** | **62,000** | **137,172** | **64,900** | **300,572** | **83,251** | **217,321** |

Notes

1. The Ordinary Shareholders' Meeting of 2 April 2009 approved the BoD's decision as of 24 March 2009 to change the timeframe and utilization of the balance of capital proceeds, which as of 31 December 2008 had settled at EUR 264,072 thous. by extending the timeframe of utilization by 1 year up to 31 December 2011. The deviation in the timeframe of utilization of funds is exclusively due to delays in granting of licenses by the RES authorities.

Additional decision was made regarding the change in the utilization of proceeds among investment categories and among the years 2009 up to 2011, in an effort to align the investment plan with the current progress in the granting of licenses. More specifically, the Company increased the funds for wind park investments (due to accumulation of several projects) by EUR 26.6 million and for biomass by EUR 0.2 million, and added a category for the purchase of RES related companies of EUR 20 million. As result there was a decrease up to 2011, in the utilization of funds for investments in SHEP photovoltaic stations and wind parks abroad.

Furthermore, the Extraordinary Shareholders' Meeting of 29 June 2006 approved the BoD's decision as of 25 June 2006 to extend the utilization of the item of EUR 20 million in order to make possible for the Company to purchase RES related companies and licenses through its subsidiaries as well.

The initial utilization plan of capital proceeds according to the Prospectus of 19 October 2007 was the following:

| **TIMEFRAME** | **INITIAL TIME FRAME (2007) OF CAPITAL PROCEEDS** | | | | |
|---|---|---|---|---|---|
| | **08/11/07-31/12/07** | **01/01/08-31/12/08** | **01/01/09-31/12/09** | **01/01/09-31/12/10** | **Total** |
| In € thousand | | | | | |
| Total investments in wind parks | 20,588 | 11,931 | 61,120 | 57,248 | 150,887 |
| Total investments in hydroelectric parks | 2,741 | 12,323 | 11,886 | 27,096 | 54,046 |
| Photovoltaic stations | 0 | 5,000 | 7,000 | 7,000 | 19,000 |
| Electric energy production from biomass | 0 | 5,563 | 4,188 | 5,000 | 14,751 |
| Wind parks abroad | 0 | 0 | 20,200 | 27,780 | 47,980 |
| **Total Investment from Capital Proceeds** | **23,329** | **34,817** | **104,394** | **124,124** | **286,664** |
| Issue Expenses | 13,908 | 0 | 0 | 0 | 13,908 |
| **Total** | **37,237** | **34,817** | **104,394** | **124,124** | **300,572** |

2. As presented in the above table, from the capital of € 300,572 thousand raised by the Company, until 31/12/2009 the amount of € 83.251 thousand had been utilized. From its listing on the Athens Stock Exchange and until 31/12/2009, apart from the issue expenses that amounted to € 13,908 thousand, the amount of € 69.343 thousand has been used to cover the participation of the Company as well as -through share capital increases- of TERNA ENERGY subsidiaries for projects which an installation license exists and is owned by those companies.

3. The remaining outstanding capital amounts to € 217,321 thousand and has been placed in short-term time deposits, which are presented in the account "cash & cash equivalents" in the financial statements.

4. The slight deviation in the timeframe of utilization of funds is due to delays in granting of licenses by the authorities. It is expected that from 2010 better conditions will prevail thus accelerating the Company's investment plan.

| The Chairman of the Board | Vice-Chairman & Managing Director | The Chief Financial Officer |
|---|---|---|
| Georgios Perdikaris<br>ID No.X 516918 | Emman. Maragoudakis<br>ID No. AB 986527 | Konstantinos Dimopoulos<br>ID No. AI 02827 |

**Agreed Upon Procedures Report to the Use of Proceeds Report**

To the Board of Directors of "TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY S.A."

According to the mandate we received from the Board of Directors of "TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY S.A." (the "Company") we have performed and enumerated the prescribed procedures below in accordance with the regulatory framework of the Athens Stock Exchange and the relevant legal framework of the Hellenic Capital Markets Commission with respect to the Report on the Use of raised capital of the Company which relates to the share capital increase paid in cash, that took place on 8 November 2007. The preparation of the report is the responsibility of the Company's management. Our engagement was undertaken in accordance with the International Standard on Related Services "ISRS 4400" which applies to the conduct of agreed upon procedures engagements. Our responsibility is solely for performing the procedures described below and to report to you on our findings.

Procedures:

1. We compared the amounts referred to as disbursements in the accompanied "Report on Usage of Raised Capital from the Share Capital Increase Paid in Cash" with the relevant amounts recorded in the Company's books and records in the respective timeframe
2. We examined the completeness of the Report and the consistency of its content with what is referred to in the relevant Prospectus issued by the company for this purpose and the relevant Company's decisions and announcements, including the decisions of the Shareholders' Meetings which amended the time plan and the utilization of the capital proceeds.

Findings

1. The amounts which appear, per usage or investment type, as disbursements in the accompanied "Report on Usage of Raised Capital from the Share Capital Increase Paid in Cash" are derived from the Company's books and records in the respective timeframe.
2. The content of the Report includes the information which is at minimum required for this purpose from the regulatory framework of the Athens Stock Exchange and the relevant legal framework of the Hellenic Capital Markets Committee and is consistent with what is referred to in the respective Prospectus and the relevant Company's decisions and announcements, including the decisions of the Shareholders' Meetings which amended the time plan and the utilization of the capital proceeds.

Because that the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the report beyond what we have referred to above. Had we performed additional procedures or had we performed an audit or review, other matters might have come to our attention that would have been reported to you, in addition to the ones reported above.

The present report is addressed exclusively to the Board of Directors of the Company, so that the later can fulfill its responsibilities in accordance with the legal framework of the Athens Stock Exchange and the relevant regulatory framework of the Hellenic Capital Markets Commission. Therefore this report is not to be used for any other purpose, since it is limited to what is referred to above and does not extend to the annual financial statements prepared by the company for the period from 01/01/2009 to 31/12/2009, for which we have issued a separate Audit Report dated 29 March 2010.

Athens, 29 March 2010

The Certified Auditor – Accountant

Giannis Leos

S.O.E.L. Reg. No. 24881

GrantThornton

Grant Thornton
Chartered Accountants Management Consultants
44 Vassileos Konstantinou Str., 116 35 Athens
SOEL Reg. No 127

## VII. INFORMATION OF ARTICLE 10 N .3401/2005

### PRESS RELEASES

09/03/2009 IR Report 31.12.2008
29/05/2009 IR Report 31.03.2009
29/05/2009 1st Quarter 2009 Results of TERNA ENERGY
27/08/2009 IR Report 30.06.2009
27/08/2009 1st Half 2009 Results of TERNA ENERGY
27/11/2009 IR Report 30.09.2009
27/11/2009 9-Month 2009 Results of TERNA ENERGY

### PRESS RELEASES

09/03/2009 IR Report 31.12.2008
29/05/2009 IR Report 31.03.2009
29/05/2009 First Quarter 2009 Financial Results of TERNA ENERGY
27/08/2009 IR Report 30.06.2009
27/08/2009 First half 2009 Financial Results of TERNA ENERGY
27/11/2009 IR Report 30.09.2009
27/11/2009 9M 2009 Financial Results of TERNA ENERGY

### CORPORATE ANNOUNCEMENTS

07/01/2009 Announcement of important changes in voting rights according to Law 3556/2007
18/02/2009 Purchase of own shares
19/02/2009 Purchase of own shares
20/02/2009 Purchase of own shares
23/02/2009 Purchase of own shares
24/02/2009 Purchase of own shares
26/02/2009 Purchase of own shares
27/02/2009 Purchase of own shares
03/03/2009 Purchase of own shares
04/03/2009 Purchase of own shares
05/03/2009 Purchase of own shares
06/03/2009 Purchase of own shares
09/03/2009 Authorization for representation in Shareholders' Meeting of 2/4/2009
09/03/2009 Invitation to the Annual Ordinary Shareholders' Meeting
09/03/2009 Purchase of own shares
10/03/2009 Purchase of own shares
26/03/2009 Amendment of the Time Plan and Use of Capital Proceeds

02/04/2009 Announcement of Dividend Payment for Financial Year 2008

02/04/2009 Decisions of the Ordinary Shareholders' Meeting of 2/4/2009

01/06/2009 Replacement of an independent non executive BoD member

04/06/2009 Authorization for representation in Extraordinary Shareholders' Meeting of 29/6/2009

04/06/2009 Invitation to an Extraordinary Shareholders' Meeting

17/06/2009 Purchase of own shares

18/06/2009 Purchase of own shares

19/06/2009 Purchase of own shares

23/06/2009 Purchase of own shares

24/06/2009 Purchase of own shares

25/06/2009 Announcement regarding the amendment of article 3 "Purpose" of the articles of association

29/06/2009 Extraordinary Shareholders' Meeting as of 29/6/2009

25/06/2009 Amendment in the Use of Capital Proceeds

14/07/2009 Purchase of own shares

16/07/2009 Purchase of own shares

04/09/2009 Purchase of own shares

15/09/2009 Purchase of own shares

01/10/2009 Participation in the 4th Greek Roadshow, London

04/11/2009 Purchase of own shares

17/11/2009 Purchase of own shares

24/11/2009 Purchase of own shares

26/11/2009 Purchase of own shares

27/11/2009 Purchase of own shares

30/11/2009 Purchase of own shares

16/12/2009 Purchase of own shares

21/12/2009 Purchase of own shares

31/12/2009 Purchase of own shares