TERNA ENERGY

Société 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 1st to December 31st 2011

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

CONTENTS

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

We

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

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 2011 to December 31st 2011, which were prepared in accordance with the accounting standards in effect, 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, 28 March 2012

Chairman of the Board	Vice Chairman of the Board and Chief Executive Officer	Board Member
Georgios Perdikaris	Emmanuel Maragoudakis	Georgios Spyrou

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 and Consolidated Financial Statements

We have audited the accompanying parent and consolidated financial statements of the Company TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY S.A., which consist of the parent and consolidated statement of financial position as at December 31st 2011, the parent and consolidated statements of comprehensive income, changes in equity and cash flows for the period ending on the aforementioned date as well as the summary of significant accounting principles 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, as well as for such internal controls that management determines as necessary to enable the preparation of parent and consolidated financial statements that are free from material 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 disclosures 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 control system as regards to the preparation and fair presentation of parent and consolidated financial statements, and aims at planning auditing procedures that correspond to the circumstances, but not for the expression of an opinion on the effectiveness of the Company's internal control. The audit also includes the evaluation of the accounting principles and methods applied, the Management's rationale of estimations and generally, the overall presentation of the parent and consolidated 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 parent and consolidated financial statements, accurately present in every aspect, the financial position of the Company TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY S.A. and its subsidiaries as at December 31st 2011, 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

a) The Board of Directors' Management Report includes the corporate governance statements, which includes all the information required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) We have verified that the contents of the Board of Directors' Management Report is consistent with the accompanying parent and consolidated Financial Statements, in the contexts of those stipulated by articles 43a, 108 and 37 of C.L. 2190/20.

Athens, 29 March 2012
The Certified Auditor Accountant

Georgios N. Deligiannis
SOEL Reg. No.15791

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Ορκωτοί Ελεγκτές Σύμβουλοι Επιχειρήσεων
Ζεφύρου 56, 17564 Παλαιό Φάληρο
Α.Μ. ΣΟΕΛ 127

Grant Thornton
Chartered Accountants Management Consultants
56 Zefyrou str., 175 64 Palaio Faliro, Attica
SOEL Reg. No 127

III. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2011

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 01/01/2011 to 31/12/2011, 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

2011 was a year that was characterized by the serious escalation of the "Greek crisis": the fiscal austerity measures, within an environment of unprecedented economic contraction, led to stifling conditions: liquidity in the market was squeezed, while the banking sector was unable to support significant productive capital investments.

Within such conditions, TERNA ENERGY continues to develop, increasing its installed energy capacity. At the end of 2011, a total 320 MW were installed (17 wind parks, 2 small hydroelectric and 1 photovoltaic) while during the past months an additional 30 MW (2 wind parks) were also installed, thus increasing the current installed capacity to 350 MW.

The Renewable Energy Sources (RES) sector, where TERNA ENERGY operates, is one of the fastest growing sectors globally, with exceptional growth prospects.

As one of the first companies in the sector in Greece, TERNA ENERGY has managed to create a powerful portfolio of RES projects in Greece. At the same time, during the past years the company has also expanded to selective foreign markets, mainly in South Eastern Europe (Bulgaria, Poland) and recently it has also entered the US market. 56 MW have already been installed in Poland (4 wind parks) and 30 MW in Bulgaria (2 wind parks), while 138 MW are already under construction in the USA.

Overall, TERNA ENERGY has a total of 771 MW either installed, under construction or ready for construction. Moreover, the Company and its subsidiaries have Production Licenses corresponding to a total capacity of approximately 1,482 MW for wind parks throughout Greece, with the licensing processes are at several stages, while it also has production licenses for 362 MW of hydroelectric projects.

The company's construction sector, apart from projects executed on behalf of third parties, is extensively active with the construction of the company's own RES projects, thus controlling both the cost and the time completion of its RES projects.

The company applies the International Financial Reporting Standards (IFRS). For 2011 the Group's consolidated sales according to IFRS amounted to 76.1 mil euro compared to 59 mil in 2010, posting a 28.9% increase versus the previous year, mainly due to increased income from the sale of energy. Operating profit (EBITDA) amount to 32.8 mil euro compared to 21.4 mil the previous year, thus improved by 53.4%, mainly as a result of the Group's increased operating energy capacity. Earnings before tax amounted to 20.4 mil, increased by 21.9% compared to 2010. Earnings after tax and minority interest amounted to 14.6 mil euro, posting a 53.4% increase.

As regards to the results of the individual sectors: The energy sector posted sales of 46.4 mil euro, posting a 39.3% increase compared to 2010, while operating profit (EBITDA) amounted to 29.2 mil euro, posting a 55.9% increase compared to the previous year, due to the significant increase of the operating capacity during 2011.
TERNA ENERGY's construction activity towards third parties presented improvement, as relevant sales amounted to 29.6 mil euro, posting a 15.4% increase versus the previous year. Operating profit (EBITDA) of the sector amounted to 3.6 mil euro compared to 2.6 mil euro the previous year. The backlog of construction projects towards third parties at the end of 2011 amounted to 81 mil euro.

The Group's financial position remains powerful, as its cash & cash equivalents amounted to 167.7 mil euro, while bank debt amounted to 305 mil euro, resulting in a net debt position (cash minus bank debt) at the low level of 137.3 mil euro.

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

The Board of Directors of the Company, intends to propose to the Annual Ordinary General Meeting the distribution of dividend amounting to 0.0671 euro per share.

B. Significant events during financial year 2011

TERNA ENERGY Group, despite the adverse economic conditions of the Greek economy, significantly increased its installed capacity in RES during 2011, by installing 134.5 MW, from which 56 MW are placed in the Polish market.
Moreover, during 2011 the construction of 2 wind parks in Bulgaria was initiated, with a capacity of 30 MW, as well as the construction of a 138 MW wind park in the USA.

C. Significant Events after the end of financial year 2011

The installation of two more wind parks in Poland, with a 24 MW capacity, was completed as well as of 2 wind parks in Bulgaria with a capacity of 30 MW. Furthermore, the Group entered an agreement for the transfer of a wind park license in the USA (Oregon) with a capacity of 40 MW, while it also acquired a wind park license in Poland, with a capacity of 8 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 handles 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, as well as derivatives.
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 in Greece (including the Hellenic Transmission System Operator - HTSO and the Public Power Corporation - PPC) and abroad, 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

Apart from Greece, the group operates in Eastern Europe and the United States of America and therefore it may be exposed to foreign exchange risk that can result from the exchange rate of the euro against other currencies. This type of risk may arise only from trade transactions in foreign currency, from financial investments in foreign currency, as well as from net investments in foreign units. To manage foreign exchange risk, the group's financial management department ensures that the group's capital management is covered by risks from changes in exchange rates.

As regards to the company's transactions with foreign entities, such primarily take place with European groups where the settlement currency is the euro and therefore such transactions are not exposed to fx risk.

Interest rate risk

The Group's policy is to minimize its exposure to interest rate risk as regards to long-term financing. In the context of this policy, 16% of long-term debt is under fixed interest rates, with no interest rate risk. The remaining long-term debt, apart from specific loans for which interest rate risk is managed by hedging with derivatives, and the total short-term debt of the Group is exclusively in euro under a floating interest rate linked to euribor.

The Group's short-term debt is almost exclusively (by 97.5%) in euro under floating interest rates linked to euribor. Short-term loans are received mainly for the purpose to finance the construction of the Group's wind parks.

The relevant loans are repaid either when the relevant government grants are received or with long-term loans during the completion of construction and 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 risk arising from short-term debt and from part of long-term debt that is under floating interest rates.

Sensitivity analysis of interest rate risk

It is Group policy to minimize its exposure to cash flow risk from interest rates as regards to its long-term financing. In the context of this policy long-term loans are a) fixed rate and b) floating rate linked to euribor. From such, the fixed rate loans are not exposed to interest rate risk, while floating rate loans are exposed to such risk. (Note 14).

The Group's short-term debt is also in euro by 97.5% and under floating interest rates (Note 21) linked to euribor.

The following table presents the sensitivity of the year's results against the Group's short-term debt and deposits, to an interest rate change of +20% –20% (2010: +/-20% as well). The interest rate changes examined are considered to be reasonable given the recent market condition and until today are currently stable in relation to the previous year.

	2011		2010	
Amounts in thousand €				
	+20%	**-20%**	**+20%**	**-20%**
Result after tax - Group	(490)	490	806	(806)
Result after tax – Company	(24)	24	840	(840)

For the specific loans, the Group uses a hedging derivative to manage interest rate risk, thus limiting its exposure to interest rate changes.

The Group is not exposed to other interest rate risks.

Analysis of market risk

The Group is not exposed to market risk in its financial assets, apart from a long-term liability amounting to 5,910 thousand (Note 14) euro, the future cash flows of which are linked to the Eurozone inflation rate excluding tobacco. According to the current market conditions, the risk of change in the fair value of the liability is considered limited.

Analysis of liquidity risk

The Group's liquidity is considered satisfactory, 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 34.5 mil euro during 2011 compared to 26.9 mil euro in 2010.

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

2012 is expected to be a milestone for the Company, as many projects currently under construction are expected to be set in operation, thus significantly reinforcing the Group's installed capacity. By taking advantage of its liquidity, the company continues to promote its scheduled investments within a difficult environment, while it is in a position to also take advantage of investment opportunities that arise. The geographic dispersion of investments is expanded and the company's financial position remains strong. The maturity of the licensing process for many projects allows the company to expect that new investments will be implemented during the new year, thus allowing the company to continue its growth at a satisfactory pace.

F. Treasury Shares

During the period 01/01/2011 – 31/12/2011, the Company bought back 1,482,991 shares with a nominal value of 444,897 euro and value of 3,984,685 euro. Total number of treasury shares held by the Company as of 31/12/2011 had reached 4,929,076 shares or 4.50829% of the total capital, with a total acquisition cost of 16,749,473.79 euro.

G. Transactions with Related Parties

Related 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 related companies, while it also supplies goods and services to such.

Transactions and balances for 2011 are as follows:

TERNA ENERGY SA				
	SALES	**PURCHASES**	**RECEIVABLE**	**LIABILITY**
SUBSIDIARIES				
IWECO CHONOS LASITHI CRETE SA	90,000	-	-	1,500,000
TERNA ENERGY EVROU SA	440,000	-	-	1,500,000
ENERGIAKI SERVOUNIOU SA	2,855,002	-	3,106,952	500,003
AIOLIKI PANORAMATOS DERVENOCHORION S.A.	3,410,350	-	7,016,405	-
AIOLIKI ILIOKASTROU S.A.	6,353,965	-	-	175,242
AIOLIKI RACHOULAS DERVENOCHORION S.A.	8,489,040	-	466,381	-
ENERGIAKI DERVENOCHORION S.A.	4,773,863	-	3,014,604	-
ENERGIAKI FERRON EVROU SA	-	-	553,661	-
AIOLIKI DERVENI TRAIANOUPOLEOS SA	-	-	-	7,000,000
ENERGIAKI PELOPONNISOU SA	-	-	2,500	-
ENERGIAKI NEAPOLOEOS LAKONIAS SA	-	-	3,000,000	5,300,000
ENERGIAKI XIROVOUNIOU SA	-	-	103,087	-
EUROWIND SA	348,280	-	417,936	-
VATHYCHORI ENA PHOTOVOLTAIC SA	13,150,940	-	14,065,376	-
VATHYCHORI PERVALLONTIKI SA	-	-	6,590	-
TERNA ENERGY OVERSEAS LTD			187,274	
Construction Joint Ventures			584,000	-
General & Limited Partnerships			303,437	-

PARENT				
GEK TERNA SA	19,880	162,684	517,892	-
OTHER RELATED PARTIES				
VIOMEK S.A.	0	1,005,862	60,667	184,752
TERNA S.A.	5,926,361	9,470,291	545,430	5,517,223
HERON HOLDINGS	502,116	0	7,500,000	1,439
HERON THERMOELECTRIC S.A.	248,315	83,311	31,005	6,234
GEKE S.A.	0	3,770	-	-
STROTIRES S.A.	0	1,891	-	-

Regarding the above transactions, the following clarifications are provided:

a) Sales of TERNA ENERGY SA:

- to “ENERGIAKI SERVOUNIOU SA” of 2,855,002 euro, from which 360,000 euro for RES maintenance services, 2,420,000 euro for construction services and 75,002 euro for sales of inventories,
- to “TERNA ENERGY EVROU SA” of 440,000 euro for RES maintenance services,
- to “IWECO CHONOS SA” of 90,000 euro for RES maintenance services,
- to “AIOLIKI PANORAMATOS DERVENOCHORION S.A.” of 3,410,350 euro for construction services,
- to “AIOLIKI ILIOKASTROU SA” of 6,353,965 for construction services,
- to “AIOLIKI RACHOULAS DERVENOCHORION S.A.” of 8,489,040 euro for construction services,
- to “ENERGIAKI DERVENOCHORION S.A.” of 4,773,863 euro for construction services,
- to “EUROWIND SA” of 348,280 euro for construction services,
- to “VATHYCHORI ENA PHOTOVOLTAIC S.A.” of 13,150,940 euro for construction services,
- to “TERNA SA” of 2,340 euro for leasing of machinery,
- to Joint Ventures which TERNA SA participates in, of 5,924,021 euro for construction services,
- to “GEK TERNA S.A.” of 19,880 euro for interest income,
- to “HERON HOLDINGS SA” of 502,116 euro for interest income,
- to “HERON THERMOELECTRIC SA” of 248,315 euro for sale of materials.

b) Purchases of TERNA ENERGY SA

- from “GEK TERNA SA” of 162,684 euro for leasing of buildings,
- from “TERNA SA” of 9,470,291 euro out of which 8,027,380 euro refer to construction activities, 442,215 euro refer to leasing of machinery, 91,233 euro refer to purchase of idle materials and 909,463 euro refer to purchase of fixed assets,
- from “GEKE S.A.” of 3,770 euro for purchase of fixed assets,
- from “STROTIRES S.A.” of 1,891 euro for purchase of fixed assets,
- from “VIOMEK SA” of 1,005,862 euro, out of which 617,452 euro refer to construction services and 388,410 euro refer to repairing services,
- from “HERON THERMOELECTRIC SA” of 83,311 euro referring to purchases of merchandise.

Transactions with Board members

The total remuneration to Board members amounted to 711,860 euro from which 375,000 euro refer to Board remuneration while 336,860 euro refer to the provision of services.

CORPORATE GOVERNANCE STATEMENT

1. Corporate Governance Code

The company applies all the established rules from the legal, regulatory and other relevant authorities without deviation on all its activities and operations. Moreover, it has adopted internal rules and business practices that contribute to the adherence to transparency principles, professional ethics and prudent management of all company resources at all management levels, to the benefit of its shareholders and related parties. The overall above rules and practices are incorporated in the Corporate Governance Code (CGC), which was prepared by the company, in line with the provisions of Law 3873/2010. The Code has been posted on the company's website www.terna-energy.com .

2. Corporate governance rules and practices

The CGC states, with clarity and accuracy, the following corporate governance rules and practices in detail:

Board of Directors

Its role is defined clearly, together with its responsibilities and duties to set and apply the company's strategy with the basic objective of protecting the interest of all its Shareholders. As the highest authority in the company's management, the Board of Directors decides on all the corporate affairs, apart from those that fall under the responsibility of the General Meeting.

Specifically, the responsibilities of the Board of Directors include:

- the long-term strategic and mid-term business planning of the company
- decisions of strategic importance, such as acquisitions, mergers, liquidations, high budget investments
- the planning of the general, as well as specific, basic policies for the company's operation
- the approval, supervision and evaluation of the implementation of annual projects and budgets
- ensuring the reliability and completeness of the accounting – financial systems and data and the company financial statements derived from such
- ensuring the smooth and proper operation of the appropriate systems and mechanisms for the company's internal audit, adhering to the company's legal – operational framework, as well as assessing and managing the business risks it faces
- the continuous effort for the avoidance or prudent handling of a possible conflict of interest of the Board of Directors or its members or basic shareholders with the interests of the company, by adopting transparency and monitoring rules on its transactions
- the selection of the Managing Director and the remaining members of the Board, which are also evaluated on their overall activity
- defining the remuneration of Board members and proposing their approval by the General Meeting of Shareholders, as well as deciding on the remuneration of the company's senior executives

- deciding on the company's organizational structure, management systems and procedures, as well as the amendment of such when deemed necessary by the company's internal and external operation conditions
- the establishment and effort to ensure the proper operation of committees specified by the Corporate Governance Principles (Audit Committee and Committee for Election of Nominee Board Members and their Remuneration)
- the establishment of collective bodies when deemed necessary for the improvement of the company's efficiency and operation
- the definition and effort to lay out and apply basic company values and principles, including those of corporate governance, throughout its overall relationship with all related parties.

The term of the Board of Directors ends the latest until 30/6/2012. The Board of Directors consists of nine (9) members, from which three are non-executive and two are independent non-executive, namely: George Perdikaris – Chairman, Emmanuel Maragoudakis – Vice-Chairman & Managing Director, Theodoros Tagas – Technical Manager, George Spyrou – Executive Consultant, Michael Gourzis – Executive Member, Panagiotis Pothos – Executive Member, Grigorios Charalambopoulos – non-Executive Member, Aristeidis Ntasis – Independent non-Executive Member and Nikolaos Kalamaras – Independent non-Executive Member.
The CVs of the Board Members can be found on the company's website.

During the exercise of their duties and the Board meetings in 2011, the Board members exhibited "diligence of a prudent businessman", they dedicated the sufficient time needed for the efficient management of the company, acted with integrity, accountability and proper judgment, avoiding actions that could endanger the company's competitiveness or conflict its interests. Also, they protected the confidentiality of information they had privileged access to and ensured the prompt and simultaneous provision of information to all shareholders and interest investors on issues that could affect their decision to realize any transaction on company shares.

During the Board meetings and its activities, the Board was supported by a company secretary, the responsibilities of which are described in the CGC.

Chairman of the Board of Directors
The Chairman represents the basic instrument for applying Corporate Governance Principles in the company, with responsibility, among others, for the efficient operation of the Board of Directors and the active participation of all its members in making and reviewing the application of business decisions, as well as for the smooth communication between the company and its shareholders.

The Chairman's responsibilities include convening and addressing the Board's activities on the issues of the daily agenda prepared by the Chairman himself according to the company's needs and the relevant requests by other Board members, making efforts for the efficient coordination and smooth communication between all Board members, as well as between the company and shareholders – investors, which is based on the prompt, clear and reliable provision of information towards Board members on the total activities and operation of the company, as well as ensuring the smooth incorporation of other members to the Board of Directors and their motivation in order to encourage their active and substantial participation in corporate affairs and the decision making process

The Board of Directors is supported by Committees, which carry an advisory role, but which also carry a heavy weight in the decision making process of the Board. The Committees are as follows:

Nominee and Remuneration Committee

The Nominee and Remuneration Committee consists of three members and its role is to explore and propose the proper nominees for election in the company's Board of Directors, as well as to propose policies and systems that define remuneration for all company levels.

The Committee's responsibilities, in relation to proposing nominees, mainly include defining the company's requirements as regards to the size and composition of its Board of Directors, defining the role, responsibilities and skills of each position within the Board of Directors, the periodic review of the Board's size and composition and the submission of proposals for changes – improvements when deemed necessary.

In relation to its responsibilities on remuneration issues, the Nominee and Remuneration Committee convenes for such at least twice a year and whenever else deemed necessary. It processes and proposes the system that defines remuneration of employees, Board members and senior executives, it prepares and submits to the Board proposals for the corporate remuneration policy and assesses its application according to the relevant annual remuneration report and it prepares the proposals that must be submitted by the Board to the General Meeting of shareholders for approval.

By means of a resolution of the Board of Directors dated 18.03.2011, the three-member Nominee and Remuneration Committee was formed by its Members, namely Messieurs Emmanuel Maragoudakis – Vice-Chairman & Managing Director, executive member, Grigoris Charalambopoulos – non-executive member and Aristeidis Ntasis – independent non-executive member.

The Committee convened twice and reviewed remuneration issues of employees, Board members and management executives and it proposed towards the Board of Directors to adjust the company's remuneration policy both to the Company's strategic development and the current economic conditions. Moreover, it assessed the size and composition of the Board and decided to prepare and submit a proposal for the new Board of Directors that will be elected by the 2012 Annual General Meeting to assume responsibilities the latest from 1 July 2012.

Investment Committee

The mid-long-term strategic planning for the company's development includes, amongst others, the following investment policy in order to achieve and maintain its business objectives through time.

The company's Board of Directors is the responsible body that sets and applies investment policy. In this context the Board bases its decisions on the appropriate proposals submitted by the Investment Committee as regards to acquisitions, mergers, strategic alliances, high budget investments, liquidation of assets and any other action of strategic importance that may affect the capital structure and future development of the company. The Investment Committee convenes once every quarter and at any other time deemed necessary for the Board to make investment decisions.

The Investment Committee (I.C.) consists of five members, while three (3) members from the company's and its parent's Boards participate in the Committee together with two (2) senior executives or advisors of the company, according to the issue to be discussed. The Chairman and Managing Director of the parent company may be members of the Investment Committee.

As is the case for other company committees, the I.C. has the character of providing proposals and not making decisions. Its basic responsibilities include preparing the investment policy and long-term investment plan of the company, evaluating and approving the implementation of the annual investment plan, as well as any new significant investment that is separately submitted, examining the company's capital adequacy to implement each investment proposal, evaluating the business risks associated with such and evidencing its objective and confirming that its implementation is included in the application measures of the company's approved business strategy.

By means of a resolution of the Board of Directors dated 18.03.2011, the Investment Committee was formed by its Members, namely Messieurs George Perdikaris – Chairman, Emmanuel Maragoudakis – Vice-Chairman & Managing Director and George Spyrou – Executive Consultant.

The members of the Committee convened once, with the participation of Messieurs: George Aggeletos and Konstantinos Dimopoulos, and after examining the company's prospects in the markets it has expressed interest, the Committee decided to propose to the Board to continue the effort to complete the investments underway in the USA and Poland, as well as to include the Wind Energy Production System of Crete and the Pumped Storage Energy Production System of Aitoloakarnania in the context of the investment strategies of Law 3894/2010.

Audit Committee

The Audit Committee supports the Board of Directors in fulfilling its responsibility to ensure compliance of the company's bodies and actions with the provisions of the legal – institutional – regulatory framework and the Corporate Governance Principles that govern its operation, the completeness and reliability or accounting, IT and administrative systems of the company and the derived by such published financial statements and other reports, as well as the smooth and effective operation of all the company's control mechanisms in order promptly identify, apart from the above, business risks and handle such prudently and effectively.

The Audit Committee convenes at least four times a year and whenever else it deems necessary. It invites the ordinary auditor to its meeting at least twice a year to provide clarifications – explanations on its activity and its comments – conclusions on the financial statements and the general financial information of the company.

The Audit Committee has the following, by subject, basic responsibilities:

It oversees the production procedure of the company's financial statements and other financial reports, examines their reliability and sees to the smooth operation of the internal control's activities providing its support, and also periodically reviews the adequacy and reliability of internal control mechanisms and mechanisms for the management of business risks with the following criteria: the prompt identification of business risk and the quick response to handle such. It investigates possible transactions of the company with any related party in detail and submits relevant reports to the Board of Directors in order to evaluate the possibility of present conflicts of interest with complete transparency and to prevent possible damage or loss for the company.

Also, the Audit Committee receives the reports of the Internal Audit Division, assesses their contents and proposes the head of the Division to the Board of Directors, evaluates the effectiveness and efficiency of such, and based on the above proposes the continuity or termination of his/her responsibilities.

The Audit Committee monitors the conduct of activities by the ordinary auditor and assesses whether such is in accordance with the relevant legal – regulatory framework, the international standards and best practices. It also examines and evaluates the adequacy of knowledge, professional consistency, independence and effectiveness of the ordinary auditor, and based on such proposes to the Board of Directors the continuance or termination of the relationship with the ordinary auditor.

The Audit Committee consists of at least three (3) non-executive Board members, from which one (1) is independent. At least one (1) of the three members must have adequate knowledge and experience in accounting and auditing issues. The CGC also states that the non-executive Chairman of the Board may be a member of the Audit Committee and the Chairman of such as well.

Its members are elected by the General Meeting of Shareholders according to article 37 of Law 3693/2008.
The members of the Audit Committee, which were elected by the General Meeting of 29.06.2009 are the following:
Grigorios Charalambopoulos
Aristeidis Dasis
Nikolaos Kalamaras

The Audit Committee convened four (4) times during 2011, it exercised all its responsibilities and tasks, it cooperated with the company's Internal Audit Department and provided the appropriate guidance for the continuation of the audit by subject and priority.
It discussed with the head of the company's internal audit about its findings and conclusions and confirmed the correctness of the preparation procedure for the financial statements. Also, it began processing the rules, procedures and practices of internal control and risk management for the company's activities in Greece and abroad, so as to incorporate such in an integrated control system that will be finalized during 2012.

3. Internal Control and Risk Management

The internal control system is defined by the total rules and measures applied by the company, which aim at the preventive and restrictive audit of operations and procedures at all levels of the company's hierarchy and organization, in order to ensure: the legality and security of management and transactions, the accuracy and reliability of published financial statements and any other financial information and announcement, as well as the effectiveness of the company's operational systems and activities.

The Board employs the internal control system so as to protect the company's assets, estimate the evident risks from its operations and to provide accurate and complete information towards shareholders as regards to the actual condition and prospects of the company, as well as the manner in which detected risks are handled.

To implement the above, the Board defines the operational context of the internal control, approves the conduct and evaluation procedures of its results and decides on its composition, adhering to the relevant legal and regulatory framework. It establishes a special internal audit division, which is independent, is not subject to any hierarchy in relation to any other organizational unit and is supervised by the company's Audit Committee.

With the contribution of the Audit Committee, it evaluates the adequacy and effectiveness of the special internal audit division and the extent to which its reports are utilized by the Board for the continuous improvement of the company's operation at all levels ant the effective management of business risks. Moreover, the Audit Committee maintains direct and regular contact with the external auditors, in order to by systematically informed on the adequacy and reliability regarding the operation of the internal control and risk management systems, as well as the accuracy and reliability of the financial information.

The evaluation and management of risks during 2011 is described in the relevant paragraph of the company's Annual Financial Report.

The Audit Committee, in direct cooperation with the respective Committee of the Group, is assessing the policy and rules applied for the internal control and risk management of the company's activities in Greece and abroad, in order to finalize the integrated risk management system that will be proposed for approval by the Board of Directors during 2012.

4. Relations – Communication with Shareholders - Investors

The Board of Directors emphasizes greatly on protecting the rights of all company Shareholders, by facilitating the information they receive on the development of corporate affairs and by encouraging their participation in the General Meetings, where they have the opportunity to communicate directly with Management, submit questions they may have and contribute to the final positioning of the company's strategic directions.

The company has a special Investor Relations and Shareholders' Service Department, which ensures the direct, responsible and complete provision of information, as well as the facilitation of shareholders to exercise their rights.

In the same context, the Chairman of the Board and/or Managing Director may realize individual meetings with company shareholders that own a significant share of its capital, with the objective to provide more detailed information on corporate governance issues. They also collect the views stated by shareholders, transfer such to the remaining Board members and ensure that the principles and procedures of corporate governance and any other information useful for shareholders and investors are promptly available and easily accessible through modern means.

5. General Meeting of Shareholders

The company adheres to the total relevant terms and provisions stipulated by the effective legal – regulatory framework as regards to the General Meeting of its Shareholders, with particular dedication on reinforcing their ability to smoothly exercise their rights, based on the completeness, accuracy and clarity of the information such receive promptly by the relevant company bodies, through all means available to the company.

Aiming at the largest possible presence of its shareholders (institutional and private) during the General Meeting, the company promptly announces, through any appropriate means, the daily agenda issues, the date and location where the General Meeting will convene. To facilitate their active participation in the General Meeting's activities, it provides complete information on the manner and deadline for exercising the right to list issues on the daily agenda, as well as to submit questions. Also, it informs shareholders about the number of shares and voting rights, the voting procedures and offers any other required supplementary document in order to conduct the General Meeting's activities most effectively.

Members of the Board of Directors, the company auditors and any other senior company executive, who are considered essential for the provision of detailed information and clarifications on shareholders' inquiries, are present at the General Meetings.

6. Disclosure of information required by items (c), (d), (f), (h) and (i) of par. 1 article 10 of the directive 2004/25/EC

The required information is already included in another section of the Management Report that refers to the additional information of article 4 par. 7 of Law 3556/2007.

7. Compliance with the provisions of the Code

The Board of Directors has complied with the provisions of the Corporate Governance Code during 2011. The required additions – adjustments on secondary issues will be completed during 2012.

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 "Main Market" of the Athens Exchange.

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 31/12/2011 held a percentage larger than 5%, based on the total issued shares, are presented in the following table:

NAME OF SHAREHOLDER	SHARES	PERCENTAGE
GEK TERNA SA	52,084,711	47.638%
Georgios Peristeris	24,674,738	22.568%

Direct participation of GEK TERNA SA: 52,083,211 shares or 47.637%

Indirect participation via subsidiary HERON HOLDINGS SA: 1,500 shares or 0.001%

Total (direct and indirect) participation settles at 47.638%

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 Board 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 Board Members and as regards to the amendment of its articles.

h) Authority of the Board of Directors 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.

Athens, 28 March 2012

George Perdikaris
Chairman of the Board

IV. ANNUAL FINANCIAL STATEMENTS PARENT AND CONSOLIDATED OF 31 DECEMBER 2011

(1 January – 31 December 2011)

According to the International Financial Reporting Standards

The accompanying Financial Statements were approved by the Board of Directors of TERNA ENERGY ABETE on 28/03/2012 and have been published by being posted on the internet at the website www.terna-energy.com , as well as the Athens Exchange website, 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 derived from the Financial Statements, 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 Company and Group, in accordance with the International Financial Reporting Standards (IFRS).

TERNA ENERGY GROUP
STATEMENT OF FINANCIAL POSITION
31th DECEMBER 2011
(All amounts are expressed in thousand Euro, unless stated otherwise)

		GROUP		COMPANY	
	Note	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**
ASSETS					
Non-current assets					
Intangible assets	6	32,194	17,930	1,592	1,508
Tangible assets	7	580,328	417,194	133,836	124,919
Investment property		923	923	923	923
Participation in subsidiaries		-	-	176,520	106,993
Participations in associates	8	5,391	3,499	5,341	3,448
Participation in joint-ventures	21	-	-	298	244
Other long-term receivables	9	8,303	286	15,947	230
Other investments		131	1	131	1
Deferred tax assets	25	256	303	-	-
Total non-current assets		**627,526**	**440,136**	**334,588**	**238,266**
Current assets					
Inventories	10	1,626	2,196	1,299	1,903
Trade receivables	11	20,927	14,870	37,352	26,404
Receivables according to IAS 11	11,12	4,327	3,096	7,115	5,066
Prepayments and other receivables	11	106,230	26,584	22,590	7,237
Income tax receivables		533	864	490	797
Other assets		239	-	239	
Cash and equivalents	13	167,792	192,873	121,798	174,794
Total current assets		**301,674**	**240,483**	**190,883**	**216,201**
TOTAL ASSETS		**929,200**	**680,619**	**525,471**	**454,467**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	23	32,800	32,800	32,800	32,800
Share premium	23	281,874	281,892	282,006	282,006
Reserves		6,001	11,330	4,048	7,782
Retained earnings		46,815	37,876	42,267	34,545
Total		**367,490**	**363,898**	**361,121**	**357,133**
Non-controlling interests		2,119	2,603	-	-
Total equity		**369,609**	**366,501**	**361,121**	**357,133**

Long-term liabilities					
Long-term loans	14	165,012	63,204	64,105	36,754
Liabilities from derivatives	15	3,511	-	-	-
Other provisions	17	2,436	1,144	782	597
Provision for staff indemnities	16	282	178	282	178
Grants	18	184,067	59,130	36,134	18,722
Deferred tax liabilities	26	1,492	1,497	81	356
Other long-term liabilities		1,815	1,965	-	-
Total long-term liabilities		**358,615**	**127,118**	**101,384**	**56,607**
Short-term liabilities					
Suppliers	19	44,703	36,612	28,612	12,402
Short-term loans	221	104,853	126,848	-	12,176
Long-term liabilities falling due in the next period	14	35,208	12,505	10,972	7,484
Liabilities according to IAS 11	12,20	6,425	3,940	7,380	4,038
Accrued and other short-term liabilities	20	9,066	6,860	15,961	4,627
Income tax payable		721	235	41	-
Total short-term liabilities		**200,976**	**187,000**	**62,966**	**40,727**
Total liabilities		**559,591**	**314,118**	**164,350**	**97,334**
TOTAL LIABILITIES AND EQUITY		**929,200**	**680,619**	**525,471**	**454,467**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY GROUP
STATEMENT OF COMPREHENSIVE INCOME
31st DECEMBER 2011

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

		GROUP		COMPANY	
	Note	**1/1 - 31/12 2011**	**1/1 - 31/12 2010**	**1/1 - 31/12 2011**	**1/1 - 31/12 2010**
Continued activities					
Turnover		76,165	59,055	91,120	51,126
Cost of sales	27	(44,142)	(36,819)	(70,774)	(35,663)
Gross profit		**32,023**	**22,236**	**20,346**	**15,463**
Administrative & distribution expenses	27	(10,424)	(6,968)	(5,536)	(4,987)
Research & development expenses	27	(2,957)	(3,274)	(2,723)	(2,604)
Other income/(expenses)	28	4,915	2,803	3,773	1,289
Operating results		**23,557**	**14,797**	**15,860**	**9,161**
Financial income/(expenses)	29	(3,068)	1,998	(151)	3,451
EARNINGS BEFORE TAX		**20,489**	**16,795**	**15,709**	**12,612**
Income tax expense	26	(5,349)	(6,831)	(3,326)	(4,636)
NET EARNINGS FOR THE PERIOD		**15,140**	**9,964**	**12,383**	**7,976**
Other income recognized directly in Equity from:					
Foreign exchange differences from incorporation of foreign units		809	47	-	-
Losses from hedging of cash flow risk		(3,511)		-	
Expenses of capital increase of subsidiary		(20)	(38)	-	-
Income tax recognized directly in Equity		4	(409)	-	(415)
Other income/expenses for the period net of income tax		**(2,718)**	**(400)**	**-**	**(415)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**12,422**	**9,564**	**12,383**	**7,561**
Net results attributed to:					
Shareholders of the parent from continued activities		14,685	9,572		
Non-controlling interests from continued activities		455	392		
		15,140	**9,964**		

Total income attributed to:				
Shareholders of the parent from continued activities	11,967	9,174	-	
Non-controlling interests from continued activities	455	390	-	
	12,422	**9,564**		
Earnings per share (in Euro)				
From continued activities attributed to shareholders of the parent	0.1398	0.0890	0.1178	0.0741
Average weighted number of shares				
Basic	105,042,634	107,526,657	105,042,634	107,526,657

The accompanying notes form an integral part of the financial statements

TERNA ENERGY GROUP
STATEMENT OF CASH FLOWS
31st DECEMBER 2011

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

	Note	GROUP		COMPANY	
		1/1 - 31/12 2011	**1/1 - 31/12 2010**	**1/1 - 31/12 2011**	**1/1 - 31/12 2010**
Cash flow from operating activities					
Earnings for the period before tax		20,489	16,795	15,709	12,612
Adjustments for the agreement of net flows from operating activities					
Depreciation	6, 7	12,191	9,107	5,973	4,789
Provisions	16, 17	10	165	151	160
Interest and related income	29	(6,504)	(6,644)	(5,639)	(6,419)
Interest and other financial expenses	29	9,572	4,646	5,790	2,968
Results from participations and securities		11	-	11	-
Amortization of grants	18, 28	(2,578)	(2,398)	(1,087)	(1,055)
Foreign exchange differences		1,238		-	
Other adjustments		-	(77)	-	-
Operating profit before working capital changes		**34,429**	**21,594**	**20,908**	**13,055**
(Increase)/Decrease in:					
Inventories		571	(1,660)	604	(1,659)
Trade receivables		(6,057)	6,697	(12,997)	(1,779)
Prepayments and other short term receivables		(10,358)	2,190	118	(2,452)
Increase/(Decrease) in:					
Suppliers		18,239	(2,922)	16,210	(257)
Accruals and other short term liabilities		2,206	3,267	14,627	2,485
(Increase)/Decrease of other long term receivables and liabilities		(17)	1,898	-	(47)
Income tax payment		(4,482)	(4,073)	(3,252)	(2,340)
Net cash inflow from operating activities		**34,531**	**26,991**	**36,218**	**7,006**
Cash flow from investment activities:					
Purchases/Sales of tangible and intangible assets		(194,886)	(60,884)	(14,788)	(19,675)
Collection of grants		64,323	2,733	4,270	-
Interest and related income received		4,769	6,747	4,397	6,533
Net change in provided loans		(8,000)	-	(15,717)	-
(Purchases) / sales of participations and securities		(8,365)	(12,985)	(72,675)	(35,812)
Dividend proceeds from investments		-	-	-	-
Increase of investments in associate company		(1,892)	(3,448)	-	(3,448)
Cash outflows for investment activities		**(144,051)**	**(67,837)**	**(94,513)**	**(52,402)**

Cash flows from financing activities				
Proceeds from share capital increase	-	765	-	-
Decrease of share capital of subsidiary	(1,029)	-	1,071	-
Purchase of Treasury Shares	(3,984)	(9,719)	(3,984)	(9,719)
Net change of long term loans	127,781	(2,768)	30,244	1,621
Net change of short term loans	(22,452)	15,190	(12,176)	5,000
Dividends paid	(4,411)	(7,329)	(4,411)	(7,329)
Interest paid	(11,011)	(7,290)	(5,195)	(2,944)
Change of other financial assets	(250)	-	(250)	-
Cash outflows for financing activities	**84,644**	**(11,151)**	**5,299**	**(13,371)**
Effect of exchange rate changes on cash & cash equivalents	(205)	33	**-**	**-**
Net increase/(decrease) in cash	**(25,081)**	**(51,964)**	**(52,996)**	**(58,767)**
Cash & cash equivalents at the beginning of the period	192,873	244,837	174,794	233,561
Cash & cash equivalents at the end of the period	**167,792**	**192,873**	**121,798**	**174,794**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY SA

STATEMENT OF CHANGES IN EQUITY
31st DECEMBER 2011

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

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2010	**32,800**	**282,006**	**14,708**	**37,102**	**366,616**
Total comprehensive income for the period	**-**	**-**	**-**	**7,561**	**7,561**
Dividends	-	-	-	(7,325)	**(7,325)**
Purchase of Treasury Shares	-	-	(9,719)	-	**(9,719)**
Transfers other movements	-	-	2,793	(2,793)	**-**
31 December 2010	**32,800**	**282,006**	**7,782**	**34,545**	**357,133**
1 January 2011	**32,800**	**282,006**	**7,782**	**34,545**	**357,133**
Total comprehensive income for the period	**-**	**-**	**-**	**12,383**	**12,383**
Dividends	-	-	-	(4,411)	**(4,411)**
Purchase of Treasury Shares	-	-	(3,984)	-	**(3,984)**
Transfers other movements	-	-	250	(250)	**-**
31 December 2011	**32,800**	**282,006**	**4,048**	**42,267**	**361,121**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY GROUP
STATEMENT OF CHANGES IN EQUITY
31st DECEMBER 2011
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Share Capital	Share Premium	Reserves	Retained Earnings	Sub-total	Non-controlling interests	Total
1 January 2010	**32,800**	**281,930**	**17,269**	**39,812**	**371,811**	**1,405**	**373,216**
Total comprehensive income for the period	**-**	**(38)**	**47**	**9,165**	**9,174**	**390**	**9,564**
Issue of share capital	-	-	-	-	**-**	765	**765**
Dividends	-	-	-	(7,325)	**(7,325)**	-	**(7,325)**
Distribution of reserves	-	-	3,733	(3,733)	**-**	-	**-**
Acquisition of minority of subsidiary	-	-	-	(43)	**(43)**	43	**-**
Purchase of Treasury Shares	-	-	(9,719)	-	**(9,719)**	-	**(9,719)**
Transfers other movements	-	-	-	-	**-**	-	**-**
31 December 2010	**32,800**	**281,892**	**11,330**	**37,876**	**363,898**	**2,603**	**366,501**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY GROUP
STATEMENT OF CHANGES IN EQUITY
31st DECEMBER 2011
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Share Capital	Share Premium	Reserves	Retained Earnings	Sub-total	Non-controlling interests	Total
1 January 2011	**32,800**	**281,892**	**11,330**	**37,876**	**363,898**	**2,603**	**366,501**
Total comprehensive income for the period	**-**	**(18)**	**(2,702)**	**14,687**	**11,967**	**455**	**12,422**
Dividends	-	-	-	(4,411)	**(4,411)**	-	**(4,411)**
Decrease of share capital of subsidiary	-	-	-	-	**-**	(1,029)	**(1,029)**
Increase of share capital of subsidiary	-	-	-	-	**-**	112	**112**
Distribution of reserves	-	-	1,359	(1,359)	**-**	-	**-**
Acquisition of minority of subsidiary	-	-	-	22	**22**	(22)	**-**
Purchase of Treasury Shares	-	-	(3,984)	-	**(3,984)**	-	**(3,984)**
Transfers other movements		-	(2)	-	**(2)**	-	**(2)**
31 December 2011		**281,874**	**6,001**	**46,815**	**367,490**	**2,119**	**369,609**

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. The parent company of TERNA ENERGY, which is also listed on Athens Exchange, is GEK TERNA SA and which on 31/12/2011 owned 47.638% of the company's share capital.

2 BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis for the Preparation of the financial statements

The accompanying separate and consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) that have been issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the Standard Interpretations Committee and which 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 prepared 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 prepare 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. Off balance sheet adjustments are then made in order to prepare the accompanying 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 preparation of the annual financial statements of the Company and the Group as of 31 December 2010, apart from the adoption of new accounting standards. The Group has fully adopted all IFRS and interpretations which up to the preparation date of the financial statements had been adopted by the European Union. The application of those standards according to the International Accounting Standards Board (IASB) was compulsory for the financial year ended on 31 December 2011. Therefore, from 1 January 2011, the Group and the Company adopted certain new standards and amendments of standards as follows:

Amendments to published standards

– IAS 24 (Amendment) "Related party disclosures" (applied for annual accounting periods beginning on or after 1 January 2011)

The present amendment attempts to relax the disclosures of transactions between government-related entities and to clarify the definition of a related party. Specifically, the obligation of government-related entities to disclose details of all transactions with the government and other government-related entities is repealed, the definition of a related party is clarified and simplified and the amendment also imposes the disclosure not only of the relationships, transactions and balances between related parties but also of the commitments both in the separate and in the consolidated financial statements. The amendment did not affect the Group's and Company's disclosures.

– **IFRIC 14 "Prepayments of a minimum funding requirement"**

The amendment was made to revoke the limitation an entity had to recognize and asset that resulted from voluntary prepayments made towards a defined benefit plan in order to cover its minimum funding requirements. The Group is in the process of assessing the effect of this standard on its financial statements.

– **IAS 32 (Amendment) "Financial instruments": Presentation – Classification of Rights Issues"**

The present amendment provides clarifications regarding the manner in which specific options should be classified. Specifically, rights, call or put options or stock options for the acquisition of a specific number of the entity's own equity instruments for a specific amount in any currency, constitute equity instruments if the entity offers such rights or options proportionately to all existing shareholders of the same category of the entity's own equity instruments. This amendment is not expected to affect the Group's and Company's financial statements.

– **Annual improvements of IFRS May 2010**

During 2010 the IASB (International Accounting Standards Board) proceeded with issuing its 2011 IFRS annual improvements – a series of adjustments to 11 Standards (IFRS 1, IFRS 7, IFRS 3, IAS 1, IAS 34, IAS 32, IAS 39, IAS 21, IAS 27, IAS 28 and IAS 31) and one Interpretation (IFRIC 13) – which constitute part of its annual improvement plan. The annual improvement plan of IASB aims at performing the necessary but non-urgent adjustments to IFRS that will not be part of a greater revision plan. Most improvements are applied for annual periods beginning on 01/01/2011, while prior application is permitted.

The most important improvements concern the following standards:

IFRS 3 Business Combinations

The amendments provide additional clarification as regards to: (a) contingent consideration agreements that result from business combinations with acquisition dates prior to the application of IFRS 3 (2008), (b) the calculation of the non-controlling interest, and (c) the accounting treatment of share-based payments that are part of a business combination, including awards based on shares and that were not replaces or indirectly replaced.

IFRS 7 Financial Instruments: Disclosures

The amendments include multiple clarifications regarding the disclosures of financial instruments.

IAS 1 Presentation of Financial Statements

The amendment clarifies that entities may present the analysis of the individual items in total comprehensive income either in the statement of changes in equity or in the notes.

IAS 27 Consolidated and Separate Financial Statements

The amendment clarifies that the amendments of IAS 21, IAS 28 and IAS 31 that emanate from the revision of IAS 27 (2008) must be applied in the future.

IFRS 34 Interim Financial Reporting

The amendment put the largest emphasis on the disclosure principles that must be applied in relation to significant events and transactions, including the changes regarding fair value measurements, as well as the need to update the relevant information from the most recent annual report.

– **IFRS 1 (Amendment) "Firs implementation of international financial reporting standards" – Repeal of the suspension of recognition of assets and liabilities.**

The amendment is applied for annual periods beginning on or after 01/07/2011, while prior application is permitted. The Amendment repeals the use of the predefined transition date (01 January 2004) and replaces it with the actual transition date to IFRS. At the same time it repeals the requirements for suspending recognition of transactions that had taken place prior to the defined transition date.

The amendment is not expected to affect the group and company.

– **IFRS 1 Firs Implementation (amendment) – Hyperinflationary Economies**

The amendment is applied for annual accounting periods beginning on or after 1 July 2011. The amendment provides guidance for the re-application of IFRS after a suspension period that was due to the fact that the operation currency of the entity was a currency of a hyperinflationary economy. Prior application of the standard is permitted. The Group is in the process of assessing the effect of this amendment on its financial statements.

– **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"**

Applied for annual accounting periods beginning on or after 1 July 2010.

IFRIC 19 refers to the accounting treatment by an entity that issues equity instruments to a creditor, in order to settle, partly or in whole, a financial liability. Such transactions are sometimes referred to as "debt to equity swaps" or equity swaps and are more frequent during an economic crisis. The interpretation is not expected to apply to the Group.

Standards, amendments and interpretations on existing standards that are not yet in effect or have not yet been endorsed by the E.U.

Moreover, the IASB has issued the following new IFRS, amendments and interpretations that are not mandatory for the present financial statements and which until the issue of the present financial statements had not been endorsed by the EU. The Company's and Group's assessment regarding the effect of the new standards, amendments and interpretations is presented below.

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

Applied for annual accounting periods beginning on or after 1 January 2015. IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the FVO. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the first half of 2012. Early application is permitted. This standard has not yet been endorsed by the EU.

The Group is in the process of assessing the effect of this standard on its financial statements.

– **IFRS 7 (Amendment) "Financial Instruments: Enhanced derecognition disclosure requirements (applied for annual accounting periods beginning on or after 1 July 2011)**

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The Group is in the process of assessing the effect of this amendment on its financial statements.

– **IFRS 7 Financial Instruments: Disclosures (amendment) Offsetting financial assets and financial liabilities**

The amendment is effective for annual periods beginning on or after January 1, 2013. The amendment introduces common disclosure requirements which will provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. This amendment has not yet been endorsed by the EU.
The Group is in the process of assessing the effect of the amendment on its financial statements.

- **IAS 12 (Amendment) "Income Taxes" (applied for annual accounting periods beginning on or after 1 January 2012)**

IAS 12 requires that a company measures deferred taxation related to a fixed asset depending on whether the company expects that the carrying amount will be recovered by the use or sale of the asset. In cases of investment property and when a fixed asset is measured at fair value, many times the estimation of the recovery of the asset is difficult and subjective. According to the present amendment the future recovery of the carrying amount of such assets is implied when it will take place through the future sale of the asset. The present amendment has not yet been approved by the European Union. The Group is in the process of assessing the effect of the amendment on its financial statements.

– **IFRS 13 "Fair Value Measurement" (applied for annual accounting periods beginning on or after 1 January 2013)**

IFRS 13 provides new guidance relating to the measurement of fair value and the necessary disclosures. The standard's requirements do not extend the use of fair value but provide clarifications for its application in case where the use of fair values is imposed by other standards. IFRS 13 provides an exact definition of fair value as well as guidance referring to the measurement of fair value and the necessary disclosures, regardless of the standard according to which fair values are applied. Moreover, the necessary disclosures have been extended and cover all assets and liabilities measured at fair value and not only financial assets and liabilities. The standards has not yet been adopted by the European Union.

– **IFRS 10 "Consolidated Financial Statements"**

The new standard is effective for annual accounting periods beginning on or after January 1, 2013. IFRS 10 replaces the overall guidance regarding control and consolidation, which is provided in IAS 27 and SIC 12. The new standard changes the definition of control, which is the definitive factor to assess whether the entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in defining control, when such is hard to be assessed. Also, the Group must provide a series of disclosures regarding companies that are consolidated as subsidiaries and also for non-consolidated companies where there is a shareholding relationship. The standard is expected to lead to changes in the conventional group structures and the effects in some cases may be significant. The European Union has not yet endorsed this standard. The Group is in the process of assessing the effect of the standard on its financial statements.

– **IFRS 11 “Joint Arrangements”**

The new standard is applied for annual accounting periods beginning on or after 1 January 2013. IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and IFRIC 13 “Jointly controlled entities – non-monetary contributions by venturers”. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled companies that meet the definition of a joint venture must be accounted for using the equity method. The European Union has not yet endorsed this standard. The Group is in the process of assessing the effect of the standard on its financial statements.

– **IFRS 12 “Disclosure of involvement with other entities”**

The new standard is applied for annual accounting periods beginning on or after January 1, 2013. IFRS 12 includes all of the disclosures that were previously included in IAS 27 related to consolidated financial statements
These disclosures relate to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. The European Union has not yet endorsed this standard.
The Group is in the process of assessing the effect of the standard on its financial statements.

– **IAS 27 (Amendment) “Separate Financial Statements”**

The standard is effective for annual accounting periods beginning on or after January 1, 2013. The standard refers to the subsequent changes that result from the issue of the new IFRS 10. IAS 27 will now exclusively refer to separate financial statements, whereas the requirements for such remain essentially the same. Prior application is permitted. The European Union has not yet endorsed this amendment. The Group is in the process of assessing the effect of the amendment on its financial statements.

– **IAS 28 (Amendment) “Investments in Associates and Joint Ventures”**

The standard is applied for annual accounting periods beginning on or after 1 January 2013. IAS 28 “Investments in Associates and Joint Ventures” replaces IAS 28 “Investments in associates”. The objective of the Standard is to define the accounting treatment of investments in associates and to provide the requirements for application of the equity method when accounting for investments in associates and joint ventures, as a consequence of the new IFRS 11. The revised standard continues to define the mechanisms for accounting of the equity method. Prior application is permitted. The European Union has not yet endorsed this amendment. The Group is in the process of assessing the effect of the amendment on its financial statements.

– **IAS 19 Employee benefits (Amendment)**

The amendment is applied for annual accounting periods beginning on or after 1 January 2013. The IASB issued a series of amendments to IAS 19. The amendments range from fundamental changes such as removing the corridor mechanism. Also, changes from the re-evaluation of assets and liabilities that result from defined benefit plans, will be presented in the statement of comprehensive income. Moreover, additional disclosures will be provided for defined benefit plans as regards to the characteristics of the defined benefit plans and the risks to which the entities are exposed by participating in the plans. Prior application is permitted. The European Union has not yet endorsed this amendment. The Group is in the process of assessing the effect of the amendment on its financial statements.

– **IAS 1 Presentation of Financial Statements (amendment) – Presentation of Items of Other Comprehensive Income**

This amendment is applied for annual accounting periods beginning on or after 1 July 2012. The amendment changes the grouping of items presented in Other Comprehensive Income. The items that can be reclassified to profit or loss at a future point in time will be presented separately from other items that will never be reclassified. The European Union has not yet endorsed this amendment. The Group is in the process of assessing the effect of the amendment on its financial statements.

– **IAS 32 Financial Instruments: Presentation (amendment) – Offsetting financial assets and financial liabilities**

This amendment is applied for annual accounting periods beginning on or after 1 January 2014. The amendment provides clarification regarding some requirements for offsetting financial assets and liabilities in the statement of financial position. The European Union has not yet endorsed this amendment. The Group is in the process of assessing the effect of the amendment on its financial statements.

– **IFRIC 20 Stripping costs in the production phase of a surface mine**

Applied for annual accounting periods beginning on or after 1 January 2013.
This interpretation only applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Costs incurred in undertaking stripping activities are considered to create two possible benefits a) the production of inventory in the current period and/or b) improved access to ore to be mined in a future period (striping activity asset). Where cost cannot be specifically allocated between the inventories produced during the period and the stripping activity asset, IFRIC 20 requires an entity to use an allocation basis that is based on a relevant production measure. Prior application is permitted. The European Union has not yet endorsed this interpretation. The Group is in the process of assessing the effect of the interpretation on its financial statements.

d) Approval of Financial Statements

The accompanying annual consolidated financial statements were approved by the Board of Directors of the Parent Company on March 28th 2012.

e) Use of Estimates and significant 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. Also, the installation licenses of wind parks that have not been set in operation are subject to an annual impairment review. The establishment of possible impairment requires, among others, estimation of the value in use, which is estimated using the discounted cash flow method. During the application of this method, the Group relies on a series of factors, which include future operating results as well as market data. The estimation of future operating results is based on efficiency estimations of the wind parks according to wind statistical data and historical data on comparable units.

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 it acquires from the date when control on such is acquired. In case where the acquisition depends on the realization of a series of future events – conditions, the company examines whether according to the actual events it has acquired control on the relevant companies. In case of a company acquisition, it is examined whether the acquired company meets the definition of a business according to IFRS 3. A business company usually consists of inflows, procedures that are applied on such inflows and resulting outflows that are used or will be used for the generation of income. In case where a company acquired is assessed not to consist of a complete series of activities and assets with the form of a company, then the acquisition is accounted for as an acquisition of assets and not of a company.

i) Fair value of financial assets and liabilities: The Group applies estimation of the fair value of financial assets and liabilities.

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 registered in other comprehensive income. 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 euro and are subject to variable and fixed interest rates. The Company does uses 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 Statement of Financial Position 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. Furthermore, the total income from the energy sector is derived from two Public sector companies.

Regarding receivables from the private sector, the Group 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.

- ***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 euro 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 reporting period all the accounts of the Statement of Financial Position of subsidiaries are converted into euro 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 presented in the Statement of Comprehensive Income. 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, purchased Wind Park licenses 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 of licenses and 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 reporting 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

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 licenses of Wind Parks that are not yet in operation and of intangible assets with an indefinite life are reviewed for impairment purposes on an annual basis. Other long-term assets 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 value in use. 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 reporting period 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, as well as time deposits with a maturity over three months, which however include the right for early liquidation with no loss of capital.

For the preparation of the cash flow statements, cash and cash equivalents consist of cash, deposits in banks and cash and cash equivalents as defined above.

o) Loan liabilities

All long-term and short-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, except for loans classified as financial liabilities at fair value through the results, are valued at amortized cost using the effective interest rate method. The amortized cost 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 is recognized as an expense in the period such arise according to the accrual principle, apart for loan interest that is allocated directly or indirectly to the acquisition or construction of selective tangible assets, which are capitalized during the period that is required to construct the assets and until such are ready for use. The Group classifies loans with embedded derivatives, whose financial characteristics are not linked closely with the loan agreement, as financial liabilities at fair value through the results during their initial recognition.

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 during each reporting period 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 during the reporting period.

Income tax that relates to items, which have been recognized in other comprehensive income, is directly recorded in other comprehensive income 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 during each reporting period 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, during the reporting period, of the estimated cost, reduced by the estimated residual value of recoverable materials. The provisions are re-examined on each reporting date of the statement of financial position and are adjusted 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 treasury-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 non-controlling interests

The Group records its transaction with non-controlling interests as transactions with owners. In case of a minority acquisition in subsidiaries, the possible difference between the acquisition cost and the book value of the non-controlling interest, is recognized in the statement of changes in equity.

y) Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments when applying the hedging policy for cash flow risk emanating from changes in interest rates.

For the purpose of hedge accounting, hedges are classified when:

(a) During the opening of the hedging, the hedging relation and the Group's objective in relation to its risk management and strategy to undertake the hedging can be evidenced.

(b) The hedging is expected to be fully effective as regards to offsetting changes in cash flows that are attributed to the hedged risk, according to the evidenced risk management strategy for the specific hedge.

(c) As regards to hedges of estimated cash flows, the expected transaction with is the underlying of the hedge is highly probably and presents exposure to cash flow risk that may affect the results.

(d) The effectiveness of the hedge is estimated reliably.

(e) The hedge is assessed as fully effective throughout the entire year.

Derivatives that constitute hedging instruments are valued at the end of each reporting period.

Derivatives that do not meet the criteria for hedge accounting, profit or losses that arise from changes in fair value of such are recognized in the period's profit or loss.

(All amounts in thousand Euro, unless stated otherwise)

Cash Flow Hedge Accounting

For cash flow hedges that meet the criteria for hedge accounting, the proportion of profit or loss from the derivative that is defined as an active hedge, are registered directly in reserves and the proportion defined as inactive hedge is registered in profit and loss. Profit or losses that had been recognized in other comprehensive income and cumulatively in the reserves, are transferred to Profit and Loss in the same period during which the hedge transaction affected the results.
Hedge accounting is suspended when the hedging instrument matures or is sold, terminated or exercised or when the hedge no longer meets the criteria for hedge accounting. The cumulative amount of profit or losses that had been recognized directly in equity until then remains in the reserves until the hedged item affects Profit and Loss. In case where a hedge transaction is no longer expected to take place, the net cumulative profit or losses that had been registered in reserves are directly transferred to Profit or Loss.

4 GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 31.12.2011 are as follows:

A) Subsidiaries of TERNA ENERGY SA
i) Subsidiaries, with the legal form of a Société Anonyme or Limited Liability Company:

The parent company TERNA ENERGY SA has been audited by the tax authorities until the fiscal year 2008 included. During the preparation date of the accompanying annual financial statements, the tax un-audited fiscal years of the Group's companies are as follows:

	Participation Percentage			
Company Name	**31/12/2011**	**31/12/2010**	**Business Activity**	**Tax un-audited fiscal years**
1. IWECO CHONOS LASITHIOU CRETE SA	100%	100%	Production of El. Energy from RES	2
2. ENERGIAKI SERVOUNIOU SA	100%	100%	Production of El. Energy from RES	2
3. TERNA ENERGY EVROU SA	100%	100%	Production of El. Energy from RES	2
4. PPC RENEWABLES – TERNA ENERGY S.A.	51%	51%	Production of El. Energy from RES	2
5. AIOLIKI PANORAMATOS S.A.	100%	100%	Production of El. Energy from RES	2
6. AIOLIKI RACHOULAS DERVENOCHORION S.A.	100%	100%	Production of El. Energy from RES	2
7. ENERGEIAKI DERVENOHORION S.A.	100%	100%	Production of El. Energy from RES	2
8. AIOLIKI MALEA LAKONIAS S.A.	100%	100%	Production of El. Energy from RES	2
9. ENERGEIAKI FERRON EVROU S.A	100%	100%	Production of El. Energy from RES	1

(All amounts in thousand Euro, unless stated otherwise)

	Participation Percentage			
Company Name	**31/12/2011**	**31/12/2010**	**Business Activity**	**Tax un-audited fiscal years**
10. AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	100%	100%	Production of El. Energy from RES	1
11. ENERGEIAKI PELOPONNISOU S.A.	100%	100%	Production of El. Energy from RES	2
12. ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	100%	100%	Production of El. Energy from RES	2
13. AIOLIKI ILIOKASTROU S.A.	100%	100%	Production of El. Energy from RES	2
14. EUROWIND S.A.	100%	100%	Production of El. Energy from RES	2
15. ENERGIAKI XIROVOUNIOU S.A.	100%	100%	Production of El. Energy from RES	1
16. DELTA AXIOU ENERGEIAKI S.A.	51%	51%	Production of El. Energy from RES	1
17. TERNA ENERGY THAASSIA WIND PARKS S.A.	77%	-	Production of El. Energy from RES	1
18. TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	77%	-	Production of El. Energy from RES	2
19. TERNA ENERGY WIND PARKS PYRGAKI MAKRYRACHI KALLIEON S.A.	77%	-	Production of El. Energy from RES	2
20. TERNA ENERGY WIND PARKS SOTIRA - ANALIPSI - DRAGONERA XYLOKASTROU S.A.	77%	-	Production of El. Energy from RES	2
21. TERNA ENERGY WIND PARKS PROFITIS ILIAS - POULAGEZA SOLYGEIAS S.A.	77%	-	Production of El. Energy from RES	2
22. TERNA ENERGY WIND PARKS TSOUMANOLAKKA - PYRGOS KALLIOEN & YPATIS S.A.	77%	-	Production of El. Energy from RES	2
23. TERNA ENERGY WIND PARKS DENTROULI MUNICIPALITY DOMNISTAS S.A.	77%	-	Production of El. Energy from RES	1
24. TERNA ENERGY WIND PARKS OROPEDIO EYROSTINIS - D. EYROSTINIS CORINTH PREFECTURE S.A.	77%	-	Production of El. Energy from RES	1
25. TERNA ENERGY WIND PARKS KALIAKOUDAS - D. POTAMIAS EYRYTANIA S.A.	77%	-	Production of El. Energy from RES	1
26. TERNA ENERGY WIND PARKS CHELIDONAS - D. POTAMIAS EYRYTANIAS S.A.	77%	-	Production of El. Energy from RES	1
27. TERNA ENERGY HYDROELECTRIC MYIS SARANTAPOROU S.A.	77%	-	Production of El. Energy from RES	2
28. TERNA ENERGY HYDROELECTRIC MYIS LEPTOMAKARIAS S.A.	77%	-	Production of El. Energy from RES	1

(All amounts in thousand Euro, unless stated otherwise)

	Participation Percentage			
Company Name	**31/12/2011**	**31/12/2010**	**Business Activity**	**Tax un-audited fiscal years**
29. TERNA ENERGY HYDROELECTRIC MYIS ARKOUDORREMA S.A.	77%	-	Production of El. Energy from RES	1
30. VATHYCHORI PERIVALLONTIKI S.A.	100%	-	Production of El. Energy from RES	2
31. VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	-	Production of El. Energy from RES	1
32. CHRYSOUPOLI ENERGEIAKI LTD	80%	-	Production of El. Energy from RES	1
33. LAGADAS ENERGEIAKI S.A.	80%	-	Production of El. Energy from RES	1
34. DOMOKOS ENERGEIAKI S.A.	80%	-	Production of El. Energy from RES	1
35. DIRFYS ENERGEIAKI S.A.	51%	-	Production of El. Energy from RES	1
36. FILOTAS ENERGEIAKI S.A.	90%	-	Production of El. Energy from RES	1
37. MALESINA ENERGEIAKI LTD	80%	-	Production of El. Energy from RES	1
38. ORHOMENOS ENERGEIAKI LTD	80%	-	Production of El. Energy from RES	1
39. ALISTRATI ENERGEIAKI LTD	80%	-	Production of El. Energy from RES	1
40. TERNA ENERGY AI-GIORIS S.A.	100%	-	Production of El. Energy from RES	1
41. TERNA AIOLIKI AMARYNTHOU S.A.	100%	-	Production of El. Energy from RES	1
42. TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	-	Production of El. Energy from RES	1
43. TERNA ILIAKI VIOTIAS S.A.	100%	-	Production of El. Energy from RES	1
44. VATHYCHORI DYO ENERGIAKI S.A.	100%	-	Production of El. Energy from RES	1
45. TERNA AIOLIKI XIROVOUNIOU S.A.	100%	-	Production of El. Energy from RES	1
46. TERNA ILIAKI ILIOKASTROU S.A.	100%	-	Production of El. Energy from RES	1
47.TERNA ILIAKI PANORAMATOS S.A.	100%	-	Production of El. Energy from RES	1
48. GEOTHERMAL ENERGY DEVELOPMENT S.A.	100%	-	Production of El. Energy from RES	1
49. GP ENERGY LTD	100%	100%	Trade of Electric Energy	7
50. EOL TECHNICS CONSULT SRL	100%	100%	Production of El. Energy from RES	3
51.TERNA ENERGY OVERSEAS LTD	100%	100%	Production of El. Energy from RES	3
52. EOLOS POLSKA SPZO	100%	100%	Production of El. Energy from RES	1
53. EOLOS NOWOGRODZEC SPZOO	100%	61%	Production of El. Energy from RES	1
54. TERNA ENERGY NETHERLANDS BV	100%	100%	Production of El. Energy from RES	3
55. HAOS INVEST 1 EAD	100%	100%	Production of El. Energy from RES	1

(All amounts in thousand Euro, unless stated otherwise)

	Participation Percentage			
Company Name	**31/12/2011**	**31/12/2010**	**Business Activity**	**Tax un-audited fiscal years**
56. VALUE PLUS LTD	100%	100%	Trade of Electric Energy equipment	2
57. GALLETTE LTD	100%	100%	Holdings	3
58. AIOLOS LUX S.A.R.L	100%	100%	Holdings	3
59.ECO ENERGY DOBRICH 2 EOOD	100%	100%	Production of El. Energy from RES	1
60.ECO ENERGY DOBRICH 3 EOOD	100%	100%	Production of El. Energy from RES	1
61.ECO ENERGY DOBRICH 4 EOOD	100%	100%	Production of El. Energy from RES	1
62. COLD SPRINGS WINDFARM LLC	100%	-	Production of El. Energy from RES	1
63.DESERT MEADOW WINDFARM LLC	100%	-	Production of El. Energy from RES	1
64.HAMMETTHILL WINDFARM LLC	100%	-	Production of El. Energy from RES	1
65. MAINLINE WINDFARM LLC	100%	-	Production of El. Energy from RES	1
66. RYEGRASS WINDFARM. LLC	100%	-	Production of El. Energy from RES	1
67. TWO PONDS WINDFARM. LLC	100%	-	Production of El. Energy from RES	1
68. MOUNTAIN AIR WIND. LLC	100%	-	Production of El. Energy from RES	1
69. HIGH PLATEAU WINDFARM. LLC	100%	-	Production of El. Energy from RES	1
70. MULE HOLLOW WINDFARM. LLC	100%	-	Production of El. Energy from RES	1
71. PINE CITY WINDFARM. LLC	100%	-	Production of El. Energy from RES	1
72.LOWER RIDGE WINDFARM. LLC	100%	-	Production of El. Energy from RES	1
73. TERNA ENERGY USA HOLDING CORPORATION	100%	-	Holdings	1
74. TERNA ENERGY TRANSATLANTIC SPZOO	100%	-	Holdings	1
75. EOLOS NORTH SPZOO	100%	-	Production of El. Energy from RES	1

During 2011 the Group, in the context of its expansion in the global market, entered an agreement for the acquisition of the companies numbered 62 to 72 in the above table, which are based in the United States of America and own Wind Parks under development with a total capacity of 178 MW. The agreement was completed during financial year 2011.

During the same period, the 100% subsidiary TERNA ENERGY USA HOLDING was established, which is based in the United States of America and whose basic activity is the participation in companies that construct and manage renewable energy sources, while also during the same period the 100% subsidiary TERNA ENERGY TRANSATLANTIC was established in Poland with the basic activity of participating in companies that construct and manage renewable energy sources as well as the company EOLOS NORTH SPZOO, which is also based in Poland and whose basic activity is the construction and management of renewable energy sources. Moreover, during 2011 the companies numbered 32-48 in the above table were established in Greece and the basic activity of such is the construction and management of renewable energy sources.

On 28.1.2011 the 77% of shares of companies numbered 17 to 29 in the above table was acquired. The latter companies are based in Greece and their basic activity is the construction and management of renewable energy sources.

Also, during 2011, the Group acquired the company VATHYCHORI PERIVALLONTIKI S.A., and through this acquisition it acquired the company VATHYCHORI ENA PHOTOVOLTAIC, while it also acquired the company VATHYCHORI ENERGIAKI DYO S.A. The basic activity of the company VATHYCHORI PERIVALLONTIKI S.A. is the participation in renewable energy sources construction and management companies, while the basic activity of the companies VATHYCHORI ENA PHOTOVOLTAIC and VATHYCHORI ENERGIAKI DYO S.A. is the construction and management of renewable energy sources.

(All amounts in thousand Euro, unless stated otherwise)

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

	Participation Percentage			
Company Name	**31/12/2011**	**31/12/2010**	**Activity**	**Tax Un-audited Years**
1. TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	100%	100%	Production of El. Energy from RES	5
2. TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	100%	100%	Production of El. Energy from RES	5
3. TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	100%	100%	Production of El. Energy from RES	5
4. TERNA ENERGY SA & SIA AIOLIKI PASTRA ATTICA GP	100%	100%	Production of El. Energy from RES	5
5. TERNA ENERGY SA & SIA AIOLIKI KARYSTIAS EVIA GP	100%	100%	Production of El. Energy from RES	5
6. TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	100%	100%	Production of El. Energy from RES	5
7. TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	100%	100%	Production of El. Energy from RES	5
8. TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	100%	100%	Production of El. Energy from RES	5
9. TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	100%	100%	Production of El. Energy from RES	5
10. TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	99%	99%	Production of El. Energy from RES	5
11. TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	100%	100%	Production of El. Energy from RES	5
12. TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	100%	100%	Production of El. Energy from RES	5
13. TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	100%	100%	Production of El. Energy from RES	5

(All amounts in thousand Euro, unless stated otherwise)

	Participation Percentage			
Company Name	**31/12/2011**	**31/12/2010**	**Activity**	**Tax Un-audited Years**
14. TERNA ENERGY SA VECTOR WIND PARKS GREECE - WIND PARK TROULOS G.P.	90%	-	Production of El. Energy from RES	1

B) Joint ventures of TERNA ENERGY SA consolidated with the proportionate method

i) Joint Ventures

	Company Name	**Participation Percentage 2011 and 2010 %**	**Tax un-audited fiscal years**
1	J/V ENVAGELISMOU, PROJECT C'	50.00	8
2	J/V TERNA ENERGY – TSAMPR. DRAMAS HOSPITAL	40.00	8
3	J/V EPL DRAMAS	24.00	8
4	J/V K. MANIOTIS - TERNA - TERNA ENERGY	37.50	8
5	J/V/ EMBEDOS – PANTECHNIKI - TERNA ENERGY	50.10	4
6	J/V THEMELI - TERNA ENERGY - TERNA SA IMPREGILO SPA	40.00	4
7	J/V EKTER - TERNA - ATHONIKI SA	31.00	4
8	J/V/ KL. ROUTSIS - TERNA ENERGY ABETE	50.00	4

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

		Participation Percentage			
Company Name	**Establishm ent**	**31/122011**	**31/12/2010**	**Activity**	**Tax Un-audited Years**
1. 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	5
2. TERNA ENERGY SA & SIA LP	24.05.2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki	5

The above company No. 1 is 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 and HAOS INVEST 1EAD, ECO ENERGY DOBRICH 2, ECO ENERGY DOBRICH 3 and ECO ENERGY DOBRICH 4 which have been established in Bulgaria, EOL TECHICHS CONSULT SRL established in Romania, TERNA ENERGY OVERSEAS LTD, VALUE PLUS LTD and GALLETTE LTD established in Cyprus, EOLOS POLSKA Spzoo, EOLOS NOWOGRODZEC Spzoo, EOLOS NORTH Spzoo and TERNA ENERGY TRANSATLANTIC Spzoo, which were established in Poland, TERNA ENERGY NETHERLANDS, which was established in Holland, AIOLOS LUX S.A.R.L. that was established in Luxembourg and the companies COLD SPRINGS WINDFARM LLC, DESERT MEADOW WINDFARM LLC, HAMMETT HILL WINDFARM LLC, MAINLINE WINDFARM LLC, RYEGRASS WINDFARM LLC, TWO PONDS WINDFARM LLC, MOUNTAIN AIR WIND LLC, HIGH PLATEAU WINDFARM LLC, MULE HOLLOW WINDFARM LLC, PINE CITY WINDFARM LLC, LOWER RIDGE WINDFARM LLC, TERNA ENERGY USA HOLDING CORPORATION, which were established in the United States of America.

C) Associates of TERNA ENERGY SA

Company Name	Domicile	Participation Percentage %		Consolidation Method	Tax un-audited fiscal years
		2011	2010		
Renewable Energy Center RES Cyclades SA *	Greece	45	45	Equity	1
EN.ER.MEL. S.A.	Greece	48	-	Equity	1

* Participation through IWECO CHONOS LASITHIOU CRETE S.A.

5 OPERATING SEGMENTS

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 accompanying consolidated statements of financial position, comprehensive income and cash flows according to the IFRS, whereas previously recorded operating segments –as presented in the financial statements of the previous financial 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.

(All amounts in thousand Euro, unless stated otherwise)

Business segments 31.12.2011	**Construction**	**Electricity from renewable energy sources**	**Consolidation Write-offs**	**Total Consolidated**
Income from external customers				
Sales of products	-	46,486		**46,486**
Income from construction services	29,679	-		**29,679**
Total income from external customers	**29,679**	**46,486**		**76,165**
Inter-segment income	38,907	-	(38,907)	
Total income	**68,586**	**46,486**		**76,165**
Net Results per Segment	**1,627**	**13,513**		**15,140**
Depreciations	(149)	(12,042)		**(12,191)**
Amortization of grants	-	2,578		**2,578**
Net financial results	(567)	(2,501)		**(3,068)**
Foreign exchange differences	-	292		**292**
Income tax	(1,293)	(4,056)		**(5,349)**
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**3,636**	**29,242**		**32,878**
Earnings before interest and taxes (EBIT)	**3,487**	**20,070**		**23,557**
Segment assets	22,477	901,332		**923,809**
Investments in associates	-	5,391		**5,391**
Total Assets	**22,477**	**906,723**		**929,200**
Segment liabilities	**33,131**	**526,460**		**559,591**
Capital expenditure	47	194,088		**194,135**

(All amounts in thousand Euro, unless stated otherwise)

Business segments 31.12.2010	**Construction**	**Electricity from renewable energy sources**	**Consolidation Write-offs**	**Total Consolidated**
Income from external customers				
Sales of products	-	33,349		**33,349**
Income from construction services	25,706	-		**25,706**
Total income from external customers	**25,706**	**33,349**		**59,055**
Inter-segment income	6,554	-	(6,554)	
Total income	**32,260**	**33,349**		**59,055**
Net Results per Segment	**1,128**	**8,836**		**9,964**
Depreciations	(147)	(8,960)		**(9,107)**
Amortization of grants	-	2,398		**2,398**
Net financial results	(360)	2,358		**1,998**
Foreign exchange differences	-	77		**77**
Income tax	(1,039)	(5,792)		**(6,831)**
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**2,674**	**18,755**		**21,429**
Earnings before interest and taxes (EBIT)	**2,527**	**12,193**		**14,720**
Segment assets	24,040	653,080		**677,120**
Investments in associates	-	3,499		**3,499**
Total Assets	**24,040**	**656,579**		**680,619**
Segment liabilities	**18,036**	**296,082**		**314,118**
Capital expenditure	66	86,629		**86,695**

(All amounts in thousand Euro, unless stated otherwise)

Geographic segments 31.12.2011	**Greece**	**Eastern Europe**	**America**	**Total consolidated**
Turnover from external customers	69,662	6,503	-	**76,166**
Non-current assets	467,741	103,341	51,438	**622,520**
Capital expenditure	75,945	65,230	50,967	**194,135**

Geographic segments 31.12.2010	**Greece**	**Eastern Europe**	**America**	**Total consolidated**
Turnover from external customers	59,055	-	-	**59,055**
Non-current assets	397,408	42,425	-	**439,833**
Capital expenditure	47,869	38,826	-	**86,695**

6 INTANGIBLE FIXED ASSETS

Intangible fixed assets and their movement for the periods from 1 January to 31 December 2011 and 2010, which are presented in the accompanying financial statements, are analyzed as follows:

	GROUP		
	Software Programs	**Concessions and Rights**	**Total**
Acquisition Cost			
As at 1 January 2010	**164**	**1,834**	**1,998**
Additions	12	1,293	1,305
Reduction during the period	-	14,949	14,949
31 December 2010	-	-	-
	176	**18,076**	**18,252**
As at 1 January 2011			
Additions	-	311	311
Additions from acquisition	-	14,080	14,080
Reduction during the period	-	-	-
31 December 2011	**176**	**32,467**	**32,643**
Accumulated Amortization			
As at 1 January 2010	**56**	**168**	**224**
Amortization for the period	34	64	98
Reduction during the period	-	-	-
31 December 2010	**90**	**232**	**322**
As at 1 January 2011	**90**	**232**	**322**
Amortization for the period	34	93	127
Reduction during the period	-	-	-
31 December 2011	**124**	**325**	**449**
Net Book Value			
31 December 2010	**86**	**17,844**	**17,930**
31 December 2011	**52**	**32,142**	**32,194**

(All amounts in thousand Euro, unless stated otherwise)

COMPANY

	Software Programs	Concessions and Rights	Total
Acquisition Cost			
As at 1 January 2010	**162**	**964**	**1,126**
Additions	13	578	591
Reductions	-	-	-
31 December 2010	**175**	**1,542**	**1,717**
As at 1 January 2011	**175**	**1,542**	**1,717**
Additions	-	166	166
Reductions	-	-	-
31 December 2011	**175**	**1,708**	**1,883**
Accumulated Amortization			
As at 1 January 2010	**55**	**82**	**137**
Amortization for the period	34	38	72
Reductions	-	-	-
31 December 2010	**89**	**120**	**209**
As at 1 January 2011	**89**	**120**	**209**
Amortization for the period	34	48	82
Reductions	-	-	-
31 December 2011	**123**	**168**	**291**
Net Book Value			
31 December 2010	**86**	**1,422**	**1,508**
31 December 2011	**52**	**1,540**	**1,592**

Concessions and Rights include the acquisition cost of licenses for intervention and use rights of forestall land, where Wind Parks are installed. The Group's additions for 2011 amounting to 14,080 thousand euro concern the cost of licenses as such was recognized during the acquisition of companies. (See also Note 31). During the period from January 1st to December 31st 2011, the Group received new licenses for use rights and intervention on forestall land amounting to € 311 (€1,293 during the period from January 1st to December 31st 2010).

7 TANGIBLE FIXED ASSETS

Tangible fixed assets and their movement for the periods from January 1st to December 31st 2011 and 2010, in the accompanying financial statements, are analyzed as follows:

(All amounts in thousand Euro, unless stated otherwise)

GROUP

	Land-Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Fixtures and other equipment	Assets under construction	Total
Acquisition Cost							
1 January 2010	**1,397**	**28,674**	**155,010**	**748**	**2,277**	**199,322**	**387,428**
Additions	663	87	1,107	126	181	78,623	80,787
Borrowing cost	-	-	-	-	-	4,603	4,603
Reductions	-	-	(7)	-	-	-	(7)
Transfers from assets under construction	-	2,211	13,067	-	-	(15,278)	-
31 December 2010	**2,060**	**30,972**	**169,177**	**874**	**2,458**	**267,270**	**472,811**
1 January 2011	**2,060**	**30,972**	**169,177**	**874**	**2,458**	**267,270**	**472,811**
Additions	103	2,621	89,810	60	451	77,737	170,782
Borrowing cost	-	-	2,205	-	-	956	3,161
Provisions for restoration	-	-	1,292	-	-	-	1,292
Reductions	(42)	-	-	(21)	-	-	(63)
Transfers from assets under construction	-	7,143	107,086	-	-	(114,229)	-
31 December 2011	**2,121**	**40,736**	**369,570**	**913**	**2,909**	**231,734**	**647,983**
Accumulated depreciations							
1 January 2010	**-**	**5,693**	**38,804**	**513**	**1,598**	**-**	**46,608**
Depreciations for the period	-	1,325	7,338	93	256	-	9,012
Reductions	-	-	(3)	-	-	-	(3)
31 December 2010	**-**	**7,018**	**46,139**	**606**	**1,854**	**-**	**55,617**
1 January 2011	**-**	**7,018**	**46,139**	**606**	**1,854**	**-**	**55,617**
Depreciations for the period	-	1,493	10,188	94	289	-	12,064
Reductions	-	-	(10)	(16)	-	-	(26)
31 December 2011	**-**	**8,511**	**56,317**	**684**	**2,143**	**-**	**67,655**
Net Book Value							
31 December 2010	**2,060**	**23,954**	**123,038**	**268**	**604**	**267,270**	**417,194**
31 December 2011	**2,121**	**32,225**	**313,253**	**229**	**766**	**231,734**	**580,328**

(All amounts in thousand Euro, unless stated otherwise)

COMPANY

	Land-Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Fixtures and other equipment	Assets under construction	Total
Acquisition Cost							
1 January 2010	**874**	**7,838**	**84,269**	**748**	**2,260**	**46,749**	**142,738**
Additions	17	12	40	107	173	18,735	19,084
Transfers from assets under construction	-	2,204	13,581	-	-	(15,785)	-
31 December 2010	**891**	**10,054**	**97,890**	**855**	**2,433**	**49,699**	**161,822**
1 January 2011	**891**	**10,054**	**97,890**	**855**	**2,433**	**49,699**	**161,822**
Additions	-	265	2,416	28	398	11,705	14,812
Reductions	-	-	-	(20)	-		(20)
Transfers from assets under construction	-	527	50,801	-	-	(51,328)	-
31 December 2011	**891**	**10,846**	**151,107**	**863**	**2,831**	**10,076**	**176,614**
Accumulated depreciations							
1 January 2010	**0**	**2,644**	**27,445**	**513**	**1,584**	**0**	**32,186**
Additions	-	395	3,981	93	248	-	4,717
31 December 2010	**-**	**3,039**	**31,426**	**606**	**1,832**	**-**	**36,903**
1 January 2011	**-**	**3,039**	**31,426**	**606**	**1,832**	**-**	**36,903**
Depreciations for the period	-	489	5,033	89	280	-	5,891
Reductions	-	-	-	(16)	-	-	(16)
31 December 2011	**-**	**3,528**	**36,459**	**679**	**2,112**	**-**	**42,778**
Net Book Value							
31 December 2010	**891**	**7,015**	**66,464**	**249**	**601**	**49,699**	**124,919**
31 December 2011	**891**	**7,318**	**114,648**	**184**	**719**	**10,076**	**133,836**

The account "Technological and mechanical equipment" includes Wind Park generators that have been collateralized at banks as security against long-term loans.

The categories "Land-Plots", "Buildings and installations" and "Technological and mechanical equipment", include fixed assets with a net book value of € 7,305 and € 8,635, during December 31st 2011 and 2010 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 HTSO, 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.

(All amounts in thousand Euro, unless stated otherwise)

8 PARTICIPATION IN ASSOCIATE COMPANIES

As of 31/12/2011, the Group owns 6,750 common shares with a nominal value of €10 each, which represent 45% of the share capital of the associate company Cyclades RES Energy Center SA. Also, the company owns 48% of the shares of the company EN.ER.MEL S.A. During 2011 the company participated by its share in the share capital increase of the company EN.ER.MEL by paying the amount of € 1,892.

The following table presents condensed financial data of the associate companies.

	31 December 2011	31 December 2010
Total Assets	8,683	4,959
Total Liabilities	23	22
Total Income	-	-
Total Expenses	(34)	-
Earnings (losses) after tax	**(34)**	**-**

9 OTHER LONG-TERM RECEIVABLES

The account Other Long-term Receivables is analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Loans to subsidiaries	-		7,706	-
Loans to parent – other related companies	8,000	-	8,000	-
Several Provided Guarantees	303	286	241	241
Total	**8,303**	**286**	**15,947**	**230**

During 2011 the Company participated in issues of bond loans by subsidiaries that will be repaid at maturity with a 6% coupon and in issues of bond loans by the parent and other related companies with an average coupon of 6.75%.

10 INVENTORIES

Inventories on 31 December 2011 and 2010, in the accompanying consolidated financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Merchandise	70	69	70	69
Raw and Auxiliary Materials	1,032	1,823	1,032	1,823
Spare-parts of Fixed Assets	524	304	197	11
Total inventories	**1,626**	**2,196**	**1,299**	**1,903**

During 31 December 2011 and 2010 there was no need for provisions for impaired or low turnover inventories.

(All amounts in thousand Euro, unless stated otherwise)

11 TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

Trade receivables on 31 December 2011, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Customers of the construction sector	7,162	10,670	30,440	23,867
Customers of the energy sector (PPC, HTSO and others)	13,151	4,323	6,298	2,660
Construction project agreements underway	4,327	3,096	7,115	5,066
Customers – Litigious and Doubtful	88	88	88	88
Checks Receivable	737	-	737	-
Minus: Provision for doubtful receivables	(211)	(211)	(211)	(211)
	25,254	**17,966**	**44,467**	**31,470**

The above trade receivables also include receivables from Energy sector customers amounting to € 1,025 (€ 731 on 31 December 2010) which are pledged to banks as security for provided long-term and bon loans to finance the construction of Wind Parks.

The prepayments and other receivables on 31 December 2011 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Prepayments to Suppliers	1,634	1,682	2,107	2,988
Accounts for Management of Prepayments and Credit	417	411	381	359
Deferred expenses	1,727	1,168	729	797
Accrued income	2,012	418	639	398
Other Receivables of the Group's Joint Ventures	235	666	375	689
Receivables from VAT	12,736	7,124	-	-
Receivables from grants of Wind Parks	73,923	10,732	14,230	-
Prepayments for interconnection of Wind Parks abroad	5,862	-	-	-
Prepayments of expenses for issue of bond loans	2,622	-	-	-
Receivables related to Insurance Indemnities	1,248	1,057	1,248	818
Receivables from social security funds	742	-	742	-
Blocked Deposits	166	116	-	-
Other Receivables - Sundry Debtors	2,966	3,270	2,199	1,248
Minus: Provisions for doubtful receivables	(60)	(60)	(60)	(60)
	106,230	**26,584**	**22,590**	**7,237**

(All amounts in thousand Euro, unless stated otherwise)

During 2011 the Group recognized a receivable from grants amounting to € 63,192.

The grants concern investments in Wind Parks and are expected to be received with the completion of the relevant investment plans.

12 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	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
Cumulative costs	161,955	132,504	226,213	165,071
Cumulative profit	39,733	34,542	46,320	38,282
Cumulative losses	(196)	(203)	(196)	(203)
Received prepayments	2,076	862	11,551	862
Amounts withheld from customers of projects	213	165	213	165
Receivables of projects, priced	203,590	167,687	272,603	202,560
Receivables from customers of projects	4,327	3,096	7,115	3,448
Liabilities towards customers of projects	(6,425)	(3,940)	(7,380)	(4,038)
Net receivable/(liability) from customers of projects	2,098	(844)	(266)	(590)

13 CASH & CASH EQUIVALENTS

The cash & cash equivalents on December 31st 2011 and 2010, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Cash in Hand	40	31	2	2
Sight & Time Deposits	167,752	192,842	121,796	174,792
Total	**167,792**	**192,873**	**121,798**	**174,794**

Term deposits usually have a duration of 3-6 months and bear interest rates ranging between 3.5%-4% and 3%-3.5% for 2011 and 2010 respectively.

The balance of time deposits on 31/12/2011 includes the amount of € 88,954 thousand which is blocked as a guarantee on financing of the Group's subsidiaries.

14 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:

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Long-term loans	200,220	75,709	75,077	44,238
Minus: Short-term portion	(35,208)	(12,505)	(10,972)	(7,484)
Long-term portion	**165,012**	**63,204**	**64,105**	**36,754**

The Group's total long-term debt has been contracted in Euro in Greece (76.4% of total), while during 2011 the Group received loans in Poland which are in PLN (23.6% of total). The loans received before 2009 (16% of total at the end of the present year and 54% at the end of the previous year) are under fixed interest rates. The floating interest rates are based on euribor.

The weighted average interest rate for the Group for financial years 2011 and 2010 corresponded to 5.9% and 4.26%, respectively.

The total interest on the above loans of the Group for financial years 2011 and 2010 amounted to € 4,992 and € 3,130 respectively. The Group considers that the fair value of the above loans does not differ substantially from their book value.

During 2010 the Company received a five-year loan amounting to € 7,500 thousand euro. This loan includes embedded derivatives, according to which future payments depend on changes of the Eurozone inflation rate excluding tobacco. The relevant liability amounted to€ 5,910 during 31/12/2011 and is measured at fair value through profit and loss. For 2011 the fair value change of the loan, corresponding to a loss of € 410 thousand, was recognized in the results.

On 30/12/2011 the Group received a long-term loan in USD to finance the development of a Wind Park in the U.S.A. amounting to $ 129,188,410, which had not been disbursed until the end of 2011.

To secure all Group loans, Wind Park wind generators are collateralized, as well as cash while insurance contracts and receivables from the sale of electric energy to HTSO and PPC are pledged to banks. In the context of this form of financing, the Group's companies maintain a series of blocked bank accounts, which serve the above liabilities.

15 FINANCIAL DERIVATIVES

Liabilities from financial derivatives on 31.12.2011 are analyzed as follows:

	GROUP	
	Nominal Value	Fair Value of Liability
Interest Rate Swaps	158,815	3,510

(All amounts in thousand Euro, unless stated otherwise)

It is Group policy to minimize its exposure to cash flow interest rate risk as regards to long-term financing. As mentioned in detail in note 14, the Group secured long-term financing amounting to $ 196.000.000 to finance the activities of its subsidiary in the USA. These loans are under floating interest rates based on 3month USD Libor. At the same time, in order to hedge cash flow risk from interest rate changes, the Group entered two interest rate swap agreements. Through the swaps, the Group exchanges variable interest payments based on 3month USD Libor with fixed interest rate payments. The first swap agreement has a nominal value of $ 129,188,410 and inception date on 28 September 2012, when the full disbursement of the loan is expected to be completed, and matures on 30 September 2022. The second swap, with a nominal value of $ 76,301,692.50 has an inception date on 30 September 2022 and maturity on 30 September 2029. The payments – receipts of interest under both swaps are on a quarterly basis and are calculated on each respective nominal amount, and are amortized according to the installments of the subsidiary's loan agreements.

The Group applies hedge accounting for the above agreements, and the loss from their valuation amounting to € 3,510 has been recognized in the account "Losses from cash flow hedges" in the statement of comprehensive income.

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 estimations 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 consolidated results for the financial year ended on the 31st of December 2011 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Statement of Financial Position for the year ended on December 31st 2011.

The amount due for staff indemnities is analyzed as follows:

	GROUP		**COMPANY**	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Present value of liabilities	348	250	348	250
Non-registered actuarial losses	(66)	(72)	(66)	(72)
Recognized liability	**282**	**178**	**282**	**178**

(All amounts in thousand Euro, unless stated otherwise)

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

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Current cost of service	39	39	39	39
Financial cost	11	14	11	14
Absorption / (Transfer) of Personnel	56	(21)	56	(21)
Effect of Reduction / Settlement / Final Benefits	34	119	34	119
Recognition of actuarial profit/losses	11	9	11	9
Additional payments				
	151	**160**	**151**	**160**

The movement of the relevant provision in the Statement of Financial Position is as follows:

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Opening balance	**178**	**181**	**178**	**181**
Provision recognized in the income statement	151	160	151	160
Indemnity payments	(47)	(163)	(47)	(163)
Closing balance	**282**	**178**	**282**	**178**

The main actuarial assumptions for financial year 2011 are as follows:

Discount rate	4.5%
Average annual rate of inflation	2%
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 Statement of Financial Position for financial years 2011 and 2010, is as follows:

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	**Other provisions**	**Provisions for environmental rehabilitation**	**Other provisions**
Balance 1.1.2011	**729**	**415**	**317**	**280**
Provision recognized in the results	8	-	-	-
Provision recognized in fixed assets	1,284	-	185	-
Balance 31.12.2011	**2,021**	**415**	**502**	**280**

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	**Other provisions**	**Provisions for environmental rehabilitation**	**Other provisions**
Balance 1.1.2010	**721**	**415**	**317**	**280**
Provision recognized in the results	8	-	-	-
Balance 31.12.2010	**729**	**415**	**317**	**280**

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 granted by the state. The aforementioned provision of € 2,021 (729 at 31.12.2010) 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.

18 GRANTS

Grants on December 31st 2011 and December 31st 2010 in the accompanying financial statements, are analyzed as follows:

	GROUP	COMPANY
Balance 1 January 2011	**59,130**	**18,722**
Receipt of grants	64,323	4,270
Approved non-received grants	63,192	14,229
Amortization of grants	(2,578)	(1,087)
Balance 31 December 2011	**184,067**	**36,134**
Balance 1 January 2010	**50,796**	**19,777**
Receipt of grants	2,733	-
Approved non-received grants	7,999	
Amortization of grants	(2,398)	(1,055)
Balance 31 December 2010	**59,130**	**18,722**

Grants relate to government grants for the development of Wind Parks and are amortized in the results of the period such refer to, according to the depreciation rate of fixed assets granted.
The total approved and non-received grants for Group is included in "Prepayments and other receivables". 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.

(All amounts in thousand Euro, unless stated otherwise)

19 SUMPPLIERS

The suppliers as at December 31st 2011 and 2010, in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Domestic suppliers	43,840	36,558	27,832	12,348
Checks payable post-dated	863	54	780	54
	44,703	**36,612**	**28,612**	**12,402**

20 ACCRUED AND OTHER LIABILITIES

The accrued and other short-term liabilities as at December 31st 2011, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Customer Prepayments	2,146	940	11,621	940
Liabilities towards proportionately consolidated companies	-	151	-	151
Deferred income of construction contracts	6,425	3,940	7,380	4,038
Social Security Funds	450	253		241
VAT Liabilities	2,710	684	2,382	658
Other withheld taxes	1,023	467	675	333
Windfall Tax	-	2,230	-	1,814
Employee benefits	570		564	
Third party benefits	1,062		-	
Dividends payable	-	12	-	12
Sundry Creditors	1,029	2,094	719	478
Deferred Income -accrued expenses	76	29	-	-
	11,212	**10,800**	**23,341**	**8,665**

21 SHORT-TERM LOANS

The Group's short-term loans refer to current bank accounts having a duration usually 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 decrease of the Group's short-term loans during 2011 amounted to €21,995 (€15,345 increase during the previous year) whereas for the Company the net decrease of short-term loans amounted to €12,176 (€ 5,031 increase during the previous year). The Group estimates that the fair value of the above loans does not differ substantially from their book value.

The weighted average interest rate for the aforementioned loans was 6.7% and 4.6% for 2011 and 2010 respectively.

The total interest on the aforementioned loans of the Group for the financial years ended on December 31st 2011 and December 31st 2010 is €1,624 and € 1,279 respectively. The corresponding amounts for the Company were €397 and € 397.

(All amounts in thousand Euro, unless stated otherwise)

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

	31.12.2011	31.12.2010
Total Long-term Assets	-	-
Total Short-term Assets	543	978
Total Assets		978
Total Long-term Liabilities	-	-
Total Short-term Liabilities	291	694
Total Liabilities	291	694
Total Income	-	-
Total Expenses	-	-
Earnings after taxes	-	-

23 CAPITAL

During the period 1/1-31/12/2011, as during the period 1/1-31/12/2010, the number of shares and their nominal value remained unchanged. The share premium decreased by € 18, an amount that concerns expenses for the share capital increase of subsidiaries, which was concluded during the period 1.1-31.12.2011. The total number of shares on 31/12/2011 amounts to 109,333,400 from which 4,929,076 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:

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Net earnings attributed to shareholders of the parent	14,685	9,572	12,383	7,976
Average weighted number of shares	105,042,634	107,526,657	105,042,634	107,526,657

25 DIVIDENDS

The Annual Shareholders' Meeting of the Company on April 19th 2011 approved the distribution of dividend from earnings of financial year 2010 amounting to € 4,411 thousand. The dividend was fully paid within the first half of 2011.

26 INCOME TAX

According to Greek tax legislation the tax rate corresponds to 20% for 2011 and for the next financial years. 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:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Current tax expense				
Current tax	5,139	3,185	3,601	2,062
Tax of previous years	164	224	0	-
Windfall tax	0	2,229	9	1,814
		5,638	3,601	3,876
Deferred tax expense	46	1,193	(275)	760
Total	**5,349**	**6,831**	**3,326**	**4,636**

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Earnings before taxes	**20,489**	**16,795**	**15,709**	**12,612**
Nominal tax rate	20%	24%	20%	24%
Income tax based on effective nominal tax rate	**4,098**	**4,031**	**3,142**	**3,027**
Adjustments for:				
- Other non-taxed income	(13)	-	0	-
- Tax of previous periods & Additional taxes	172	224	8	0
- Provisions for Additional income Tax	0	2	0	2
- Difference of tax rate on foreign operations	(442)	(247)	0	0
- Windfall tax	0	2,229	0	1,814
- Change of recoverable tax losses	646	742	0	-
- Other permanent tax Differences - non-exempt expenses	883	517	176	410
- Other	5	-	0	-
- Effect of change in Tax Rate	0	(667)	0	(617)
Real tax expense	**5,349**	**6,831**	**3,326**	**4,636**
Effective tax rate	26.11%	40.67	21.1%	36.7%

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.

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 2011) of the Group's companies are presented in Note 4.

For 2011 the company has been subject to the tax audit of Certified Auditors Accountants stipulated by the provisions of article 82 par. 5 of L. 2238/1994. This audit is underway and the relevant tax certificate is expected to be issued following the release of the 2011 financial statements. If until the completion of the tax audit additional tax liabilities arise, we estimate that such will not have a significant effect on the financial statements.

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.

(All amounts in thousand Euro, unless stated otherwise)

The Company and Group maintain tax-exempt reserves and reserves taxed with specific way amounting to €13,093 and €18,007 respectively, which in case of distribution or capitalization will be taxed under the current tax rate. In the immediate future the Group does not plan to distribute or capitalize this reserve and thus has not estimated a deferred tax on such.

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

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Receivables from deferred income tax	256	303	-	0
(Liability from deferred income tax)	(1,492)	(1,497)	(81)	(356)
Net deferred tax asset (liability)	**(1,236)**	**(1,194)**	**(81)**	**(356)**
Opening balance	(1,194)	**395**	**(356)**	**818**
Debit / (Credit) recognized in the results	(46)	(1,193)	275	(760)
Debit / (Credit) recognized in other comprehensive income	4	(409)	0	(415)
Other	0	13	0	1
Closing balance	**(1,236)**	**(1,194)**	**(81)**	**(356)**

The deferred tax assets and liabilities of 2011 and 2010 are analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Deferred Tax (Liability)				
- Tangible assets	(4,835)	(3,951)	(1,574)	(1,905)
- Intangible assets	(1,131)	(1,147)	(2,918)	(2,186)
- Receivables of construction projects	(1,423)	(1,013)	(1,423)	(1,013)
- Investment Property	(185)	(185)	(185)	(185)
- Other	(167)	(94)	(44)	(79)
Total Deferred Tax (Liability)	**(7,741)**	**(6,390)**	**(6,144)**	**(5,368)**
Deferred Tax Asset				
- Provision for staff indemnities	56	36	56	36
- Liabilities of construction projects	1,476	808	1476	808
- Provision for doubtful receivables	54	54	54	54
- Cost of construction projects	671	475	827	631
- Other provisions	460	201	156	119
- Tax loss	60	60		
- Expense for share capital increase	2,798	2,794	2,776	2,776
- Grants	930	768	718	588
Total Deferred Tax Asset	**6,505**	**5,196**	**6,063**	**5,012**
Net deferred tax asset (liability)	**(1,236)**	**(1,194)**	**(81)**	**(356)**

(All amounts in thousand Euro, unless stated otherwise)

The net charge in the results in the consolidated statement of comprehensive income of 2011 and 2010 regarding deferred tax is analyzed as follows:

	GROUP		COMPANY	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Effect on the income statement:				
- Tangible Fixed Assets	(885)	(1,170)	331	(478)
- Receivables of construction projects	(410)	1,499	(410)	1,499
- Investment Property	0	0	0	0
- Cost of construction projects	196	(1,471)	196	(1,470)
- Grants	162	181	130	146
- Intangible Assets	17	(217)	(733)	(492)
- Provision for staff indemnities	21	-	21	-
- Liabilities of construction projects	668	-	668	-
- Provision for doubtful receivables	0	(10)	0	(10)
- Other provisions	259	(1)	37	(3)
- Tax loss	0	(39)	0	-
- Other	(74)	47	35	49
	(46)	(1,181)	275	(759)
Effect on the statement of comprehensive income:				
Expenses of share capital increase	(2)	(408)	0	(415)
	(48)	**(1,589)**	**275**	**(1,174)**

27 COST OF SALES, ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

The cost of sales, administrative and research & development expenses at 31st December 2011 and 2010, in the accompanying financial statements, are analyzed as follows:

COST OF SALES	**GROUP**		**COMPANY**	
	2011	**2010**	**2011**	**2010**
Employee remuneration and expenses	3,427	2,965	4,816	3,427
Fees of consultants	1,332	1,599	1,332	1,599
Remuneration and expenses of third parties (engineers)	1,399	1,227	2,226	2,306
Materials and expenses of constructions	10,304	5,605	27,011	6,316
Leases	756	806	1,860	1,232
Repairs, Maintenance	2,180	2,875	1,255	1,657
Sub-contractors	8,699	9,507	22,280	11,685
Depreciation	11,781	8,795	5,667	4,569
Third party benefits	352	397	267	410
Contributions to local government authorities	1,296	1,030	726	563
Transportation expenses	453	263	1,202	336
Insurance premiums	770	822	790	681
Other	1,393	928	1,342	882
Total	**44,142**	**36,819**	**70,774**	**35,663**

(All amounts in thousand Euro, unless stated otherwise)

ADMINISTRATIVE EXPENSES	**GROUP**		**COMPANY**	
	2011	**2010**	**2011**	**2010**
Employee remuneration and expenses	1,509	1,338	1,175	1,232
Fees of consultants	2,349	855	1,197	722
Remuneration and expenses of third parties (engineers)	2,751	2,225	1,143	919
Auditors' fees – ordinary audits	166	123	73	73
Auditors' fees – other services	9	14	-	-
Insurance premiums	3	1	1	-
Leases	25	199	-	178
Subscriptions	220	235	203	213
Depreciation	277	190	152	143
Travel and promotion expenses	650	479	204	208
Third party benefits (utility companies)	69	57	44	41
Board of Directors' remuneration	375	735	-	360
Other	2,021	517	1,344	898
Total	**10,424**	**6,968**	**5,536**	**4,987**

RESEARCH & DEVELOPMENT EXPENSES	**GROUP**		**COMPANY**	
	2011	**2010**	**2011**	**2010**
Employee remuneration	83	78	83	78
Remuneration of engineers	1,960	1,697	1,743	1,660
Fees of consultants	461	1,011	461	378
Depreciation of equipment	133	119	133	119
Travel expenses	21	20	21	20
Scientific/Lab experiments	170	137	170	137
Third party benefits	72	69	72	69
Other expenses	57	143	40	143
Total	**2,957**	**3,274**	**2,723**	**2,604**

28 OTHER INCOME/(EXPENSES)

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

(All amounts in thousand Euro, unless stated otherwise)

	GROUP		COMPANY	
	2011	2010	2011	2010
Grant amortization (Note 18)	2,578	2,398	1,087	1,055
Income from leasing of machinery	4	10	4	10
Income from leasing of property	85	81	83	81
Other services	285	-	285	-
Other income	1,671	681	929	183
Profit from sales of fixed assets	-	5	-	5
Foreign exchange differences	292		1,385	
Other Tax	-	-		-
Other expenses	-	(372)	-	(45)
Total	**4,915**	**2,803**	**3,773**	**1,289**

29 FINANCIAL INCOME/(EXPENSES)

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Interest of Long-term Loans (note 14)	(4,992)	(3,130)	(2,124)	(1,578)
Interest of Short-term Loans (note 21)	(1,624)	(487)	(1,279)	(397)
Losses from valuation of financial liability (Note 14)	(410)	-	(410)	-
Bank expenses and other expenses	(2,138)	(1,075)	(1,977)	(992)
Financial Expenses	(9,164)	(4,692)	(5,790)	(2,967)
Interest from site deposits	155	787	40	713
Interest from term deposits	5,266	5,903	4,997	5,705
Other Financial income	675	-	602	-
Financial Income	6,096	6,690	5,693	6,418
Net Financial Results	**(3,068)**	**1,998**	**151**	**3,451**

30 PAYROLL COST

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

	GROUP		COMPANY	
	1.1-31.12.2011	1.1-31.12.2010	1.1-31.12.2011	1.1-31.12.2010
Wages and Related benefits of day-wage workers	1,986	754	1,315	733
Wages and Related benefits of regular staff	1,336	2,367	3,085	2,805
Social Security Contributions	1,546	1,100	1,523	1,039
Provision for employee indemnities	151	160	151	160
Total Expenses	**5,019**	**4,381**	**6,030**	**4,737**
Average Number of Employees				
Day-wage workers	91	54	90	53
Regular staff	120	100	114	92

31 ACQUISITION OF COMPANIES

As mentioned in detail in note 4 of the Group's 2011 consolidated financial statements, the following companies are consolidated for the first time following their acquisition:

TERNA ENERGY THALASSIA WIND PARKS S.A.	TERNA ENERGY HYDROELECTRIC MYIS ARKOUDORREMA S.A.
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	COLD SPRINGS WINDFARM LLC
TERNA ENERGY WIND PARKS PYRGAKI MAKRYRACHI KALLIEON S.A.	DESERT MEADOW WINDFARM LLC
TERNA ENERGY WIND PARKS SOTIRA - ANALIPSI - DRAGONERA XYLOKASTROU S.A.	HAMMETTHILL WINDFARM LLC
TERNA ENERGY WIND PARKS PROFITIS ILIAS - POULAGEZA SOLYGEIAS S.A.	MAINLINE WINDFARM LLC
TERNA ENERGY WIND PARKS TSOUMANOLAKKA - PYRGOS KALLIOEN & YPATIS S.A.	RYEGRASS WINDFARM, LLC
TERNA ENERGY WIND PARKS DENTROULI MUNICIPALITY DOMNISTAS S.A.	TWO PONDS WINDFARM, LLC
TERNA ENERGY WIND PARKS OROPEDIO EYROSTINIS - D. EYROSTINIS CORINTH PREFECTURE S.A.	MOUNTAIN AIR WIND, LLC
TERNA ENERGY WIND PARKS KALIAKOUDAS - D. POTAMIAS EYRYTANIA S.A.	HIGH PLATEAU WINDFARM, LLC
TERNA ENERGY WIND PARKS CHELIDONAS - D. POTAMIAS EYRYTANIAS S.A.	MULE HOLLOW WINDFARM, LLC
TERNA ENERGY HYDROELECTRIC MYIS SARANTAPOROU S.A.	PINE CITY WINDFARM, LLC
TERNA ENERGY HYDROELECTRIC MYIS LEPTOMAKARIAS S.A.	LOWER RIDGE WINDFARM, LLC
VATHYCHORI PERIVALLONTIKI S.A.	VATHYCHORI ENA PHOTOVOLTAIC S.A.
VATHYCHORI DYO ENERGIAKI S.A.	

The Group accounts for the aforementioned acquisitions as acquisition of assets according to paragraph 3 and B7-B12 of IFRS 3 "Business Combinations". Specifically, during the acquisition dates the basic asset of the above subsidiaries corresponded to the licenses such held, while no construction activity had commenced. The acquired assets do not constitute a "company" according to the definition of IFRS 3 as the subsidiaries did not include the facilities and procedures that would allow such to produce product – electric energy. The total consideration of the above acquisition amounting to 14,080 thousand euro, concerns acquisition of wind park licenses (note 6).

(All amounts in thousand Euro, unless stated otherwise)

32 TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2011 and 01/01-31/12/2010, as well as the balances of receivables and liabilities arisen from the above transactions as of 31/12/2011 and 31/12/2010 are as follows:

Period 1/1-31/12/2011	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**
Subsidiaries	-	-	-	-	39,912	-	32,244	15,975
Joint Ventures	-	-	-	-	-	-	584	-
Parent			518	-	20	163	518	-
Other related parties	6,677	23,676	8,160	5,749	6,677	10,565	8,137	5,710
Basic senior executives	-	711	-	-	-	301	-	-

Period 1/1-31/12/2010	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**	**Sales**	**Purchases**	**Debit Balances**	**Credit Balances**
Subsidiaries	-	-	-	-	13,955	-	13,682	-
Joint Ventures	-	-	-	-	-	-	631	360
Parent	-	111	-	10	-	111	-	10
Other related parties	7,227	15,998	1,345	2,253	7,210	10,737	579	2,247
Basic senior executives	-	500	-	-	-	464	-	-

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 2011 and 2010 are as follows:

	GROUP		**COMPANY**	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Board of Directors remuneration	337	735	-	360
Remuneration of executives included in the executive Board members	375	500	301	464
	712	**1,235**	**301**	**824**

33 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.

(All amounts in thousand Euro, unless stated otherwise)

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, related companies and joint ventures, equity investments, dividends payable and liabilities arising from leasing.

FOREIGN EXCHANGE RISK

Foreign exchange risk refers to the risk that for example the fair value or future cash flows of a financial instrument will be subject to fluctuation due to changes in exchange rates.

This kind of risk may arise from the Group from transactions performed in foreign currency, with countries outside the Eurozone, and with countries that do not have a currency pegged to the euro. Such transactions mainly concern purchases of fixed assets and inventories, trade sales, investments in financial assets, loans, as well as net investments in foreign units. The Group operates through its subsidiaries in Greece, Cyprus, Eastern Europe and North America, and thus it may be exposed to foreign exchange risk.

The Group's current foreign activities concern energy projects for the production of electric energy.

In relation to projects in countries such as Bulgaria, the contractual receivables and liabilities are either in euro or in local currency (which is pegged to the euro) and thus exposure to foreign exchange risk is limited.

However, the development of energy projects in other countries, such as Poland and the USA, where the local currency fluctuates against the euro, may lead to foreign exchange differences and to fx risk exposure from changes in the exchange rate of the US Dollar (USD) or Polish Zloty (PLN) against the euro. The Group uses natural hedging methods for fx risk in countries where it operates by borrowing partly in local currency, thus hedging fx risks from its receivables. At the same time, it is noted that during the year the Group used short-term forward foreign exchange contracts to hedge its fx risks from liabilities in USD.

It is noted that during the previous year 2010, the Group did not have activities in the USA and its presence in Poland was still limited, therefore the previous year it was not exposed to local currencies.

	2011	
Nominal amounts	**USD**	**PLN**
Financial assets	8,885	6,451
Financial liabilities	23,167	3,830
Total current	32,052	10,281
Financial assets	8,983	0
Financial liabilities	3,511	44,877
Total non-current	12,494	44,877

The following table presents the sensitivity of the year's results and equity to exchange rate changes through their effect on the monetary assets and liabilities. For the above currencies we have examined the sensitivity to a 10% change.

	2011	
	USD	**PLN**
Effect on Net earnings before tax	(881)	(4,226)
Effect on other comprehensive income	(81)	135

To manage this category of risk, the Group's Management and risk management department ensure that receivables (income) and liabilities (expenses) are as most as possible in euro or in currencies pegged to the euro, or in the same currency in order to offset the fx risk.

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 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 by 97.5% in euro and under floating interest rates (Note 21) 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% (2010: +/-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 €	**2011**		**2010**	
	+20%	**-20%**	**+20%**	**-20%**
Results after taxes – Group	(490)	490	806	(806)
Results after taxes – Company	(24)	24	840	(840)

For specific loans, the Group manages interest rate risks by using a hedging derivative, thus limiting its exposure to interest rate changes, as mentioned in note 15.

The Group is not exposed to other interest rate risks.

ANALYSIS OF MARKET RISK

The Group is not exposed to market risk on its financial assets, apart from a long-term liability amounting to 5,910 thousand euro (Note 14), the future cash flows of which are linked to the Eurozone inflation rate excluding tobacco. This liability is recognized at fair value through the results and changes up to 25% of the above inflation rate from current levels do not affect the Group's results.

ANALYSIS OF CREDIT RISK

Credit risk is the risk that a counterparty in a financial instrument will cause loss to the other by failing to pay the relevant liability.
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 HTSO 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, 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 counterparty.
On 31/12/11 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 31/12/11 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 liabilities on December 31st 2011 for the TERNA ENERGY Group, is analyzed as follows:

	31.12.2011		
Amounts in thousand €	Short-term		Long-term
	0 to 12 months	1 to 5 years	over 5 years
Long-term Debt	47,618	124,875	103,569
Loans at Fair Value	0	5,910	0
Liabilities from derivatives	0	4,467	(863)
Short-term Debt	105,744	0	0
Trade Liabilities	51,128	0	0
Other short-term liabilities	2,738	1,815	0
Total	**207,228**	**137,067**	**102,706**

The corresponding maturity of financial liabilities for December 31st 2010 was as follows:

	31.12.2010		
Amounts in thousand €	Short-term		Long-term
	0 to 12 months	1 to 5 years	over 5 years
Long-term Debt	13,270	46,487	22,410
Loans at Fair Value	2,000	6,500	0
Short-term Debt	126,848	0	0
Trade Liabilities	36,612	0	0
Other short-term liabilities	8,317	0	0
Total	**187,047**	**52,987**	**22,410**

The above contractual maturities reflect the gross cash flows, which may differ from the book values of liabilities during the end of the reporting period.

PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

The financial assets as well as the financial liabilities during the end of the reporting period, may be categorized as follows:

	31.12.2011	31.12.2010
Non- current assets:		
Loans and receivables – Other long-term receivables	8,301	286
Financial assets available for sale – Other investments	131	1
	8,432	287
Current assets:		
Loans and receivables – Trade receivables	20,927	17,966
Loans and receivables – Prepayments and other receivables	28,194	5,035
Cash & cash equivalents	167,752	192,873
	216,873	215,874
Total	225,305	**216,161**

Amounts in thousand €	31.12.2011	31.12.2010
Long-term liabilities:		
Liabilities measured at amortized cost – Other long-term liabilities	1,815	1,965
Liabilities measured at amortized cost – Long-term loans	159,102	57,204
Liabilities measured at fair value – Long-term loans	5,910	5,500
Liabilities measured at fair value – Liabilities from derivatives	3,511	0
	170,338	64,669
Short-term liabilities:		
Liabilities measured at amortized cost – Suppliers	44,703	36,612
Liabilities measured at amortized cost – Short-term loans	104,853	126,848
Liabilities measured at amortized cost – Long-term liabilities payable in the next period	35,208	11,005
Liabilities measured at fair value – Liabilities from derivatives	0	2,000
Liabilities measured at amortized cost – Accrued and other short-term liabilities	2,738	6,226
Total	**357,840**	**247,360**

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

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The long-term loan of 5,910 thouand euro and the financial derivatives are the only financial instruments which are measured at fair value during 31/12/2011. The 2011 results include an amount of €410 thousand concerning this loan, while the total fair value change of derivatives, namely €3,511 thousand, has been registered in the cash flow hedging reserves.

The group has adopted the revision of IFRS 7 regarding the hierarchy of items measured at fair value in the following levels:

- Level 1: Market prices on an active market
- Level 2: Prices from valuation models based on observable market data
- Level 3: Prices from valuation models that are not based on observable market data

The liability from the long-term loan of € 5,910 thousand is included in level 3. The fair value of the loan is determined using a valuation technique. This evaluation is based both on data observable in the market and on data that are not directly observable, such as the estimation of the future Eurozone inflation rate excluding tobacco. In case of a reasonable change in the valuation model's data regarding the specific loan (inflation rate), the fair value would not change significantly. This is due to the fact that the loan agreement states that the loan payments do not change given that the inflation rate fluctuates within a specific range.

The financial derivatives are included in level 2, as the measurement of their fair value is performed with reference to the market yield curves.

34 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.
- to fulfill its contraction obligations as regards to specific debt agreements.
- to ensure it meets the minimum requirements set by law regarding undertaking contracting constructions.

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 / Total Equity, where 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 Statement of Financial Position.
The ratio at the end of 2011 and 2010 was as follows:

Amounts in thousand €	**31.12.2011**	**31.12.2010**
Interest bearing debt	305,072	202,557
Minus:		
Cash & Cash equivalents	(167,792)	(192,873)
Net Debt	**137,280**	**9,684**
Total equity	369,609	366,501
Equity	**369,609**	**366,501**
Leverage ratio (Net Debt / Total Equity)	37%	3%

The change in the leverage ratio during 2011 presented in the above table is attributed to the Group's investment development.

35 EXISTING COLLATERAL ASSETS

There are no mortgage liens on the Group's property.

36 SIGNIFICANT EVENTS DURING THE PERIOD

During 2011 new Wind Parks with a total capacity of 119.55 MW were set in operation, from which 32 MW concern 2 Wind Parks in Poland, one hydroelectric project of 8.5 MW as well as a Photovoltaic Park with capacity of 6 MW. Also, installation licenses were issued for 2 Wind Parks in the isle of Agios Georgios in the Attica Prefecture, for which preliminary construction activities have already been initiated, while in Poland the newly established company acquired 2 Wind Park licenses with a total capacity of 24 MW, the construction of which was completed in the beginning of 2012. In Bulgaria, the construction of 2 Wind Parks began in 2011 and was completed in early 2012.

Moreover, in the context of expanding the Group's production activities, 77% of the share capital of 13 companies was acquired as well as 100% of the share capital of 2 companies (see Notes 4 & 31), while 16 new companies were established. The basic activity of the aforementioned companies is the construction and management of renewable energy sources.

As regards to licensing of new projects during 2011, 40 new production licenses were issued with a total capacity of 1,395.7 MW, from which 33 refer to Wind Park production licenses with total capacity of 1,140 MW, 3 to production licenses of Small Hydroelectric Projects with total capacity of 30.7 MW, 3 to production licenses for biogas projects with total capacity 5 MW, 1 to a production license of a pumped storage project with capacity of 220MW, while another 5 installation licenses were issued for Wind Parks with total capacity of 83 MW and 1 license for a Photovoltaic Park with capacity of 1.91MW.

In the context of its development in the global market, the Group completed an agreement for the acquisition of companies in the United States of America, which own Wind Parks under development with a total capacity of 178 MW. During 2011 construction projects commenced for a Wind Park of 138 MW in the United States of America.

In the constructions sector, the Company signed construction agreements on the following projects:

a. Execution of the project "Anti-flooding protection projects for the Xiria watercourse", in the Magnisia Prefecture, with a contractual amount of 8,628,264.40 euro,

b. Execution of the project "Construction of the overpass connection node of Paraglavkios arteries with the new Patra port and construction of the technical extrusion of the Diakoniari watercourse from K.M. 0-001.5 to 0-050.00" with a contractual amount of 23,872,184.80 euro,

c. Construction of a Photovoltaic Park at the Matheristi Psathas position of the Municipality of Mandra Idyllion of in the Prefecture of Attica, with a capacity of 352kwp, which consists of photovoltaic collectors with a contractual amount of 680,000 euro,

d. Construction of closed type H/S GIS (150kv) power and control cable channels of Soroni Rhodes with a contractual amount of 284,366.28 euro.

The total construction backlog towards third parties on 31/12/2011 amounts to € 81 million.

(All amounts in thousand Euro, unless stated otherwise)

37 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The construction of two Wind Parks in Poland, with a 24 MW capacity, was completed as well as of 2 wind parks in Bulgaria with a capacity of 30 MW, while 2 production licenses were issued for Small Hydroelectric Projects of 8.8 MW. Furthermore, the Group entered an agreement for the transfer of a wind park license in the USA (Oregon) with a capacity of 40 MW, while it also acquired a wind park license in Poland, with a capacity of 8 MW.

38 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.

The Chairman of the Board	Vice-Chairman & Managing Director	The Chief Financial Officer
Georgios Perdikaris	Emmanuel Maragoudakis	Konstantinos Dimopoulos
ID No.X 516918	ID No. AB 986527	ID No. AI 028273

V. DATA AND INFORMATION FOR THE PERIOD 1.1 – 31.12.2011

TERNA ENERGY

TERNA ENERGY SA

S.A. Reg. No. 318/06/B/86/28

86 Mesogeion Ave., 11526 Athens Greece

DATA AND INFORMATION FOR THE FINANCIAL YEAR FROM 01/01/2011 TO 31/12/2011

Published according to C.L. 2190/20 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 by the Certified Auditor.

COMPANY INFORMATION

Relevant Authority:	Ministry of Development Competitiveness and Shipping, Division of Société Anonyme Companies and Credit
Board of Directors' Composition:	Chairman: Georgios Perdikaris Vice-Chairman & Managing Director: Emmanuel Maragoudakis, Members: Panagiotis Pothos, Michael Gourzis, Georgios Spyrou, Theodoros Tagas, Grigoris Charalambopoulos (non-executive member), Aristeidis Dasis, Nikolaos Kalamaras (independent non-executive members)
Approval Date of the Annual Financial Statements (from which the condensed data was derived):	28 March 2012
Legal Auditor:	Deligiannis Georgios (SOEL Reg. No. : 15791)
Auditing Firm:	GRANT THORNTON SA (SOEL Reg. No.: 127)
Type of Audit Report:	In accordance
Company Website:	www.terna-energy.com

STATEMENT OF FINANCIAL POSITION (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
ASSETS				
Self used tangible fixed assets	580.328	417.194	133.836	124.919
Investment property	923	923	923	923
Other non-current assets	14.061	4.069	196.237	110.916
Intangible assets	32.194	17.930	1.592	1.506
Inventories	1.626	2.196	1.299	1.903
Trade receivables	25.254	17.966	44.467	31.470
Cash & cash equivalents	167.792	192.873	121.798	174.794
Other current assets	107.002	27.448	23.319	8.034
TOTAL ASSETS	929.200	680.619	525.471	454.467
EQUITY & LIABILITIES				
Share capital	32.800	32.800	32.800	32.800
Other items of Shareholders' Equity	334.690	331.098	328.321	324.333
Total Shareholders' Equity (a)	367.490	363.898	361.121	357.133
Non-controlling interests	2.119	2.603	0	0
Total Equity (b)	369.609	366.501	361.121	357.133
Long-term bank liabilities	185.012	83.204	64.105	36.754
Provisions/Other-long-term liabilities	193.603	63.914	37.279	19.853
Short-term bank liabilities	140.061	139.353	10.972	19.680
Other-short-term liabilities	60.915	47.647	51.994	21.067
Total liabilities	559.591	314.118	164.350	97.334
TOTAL EQUITY & LIABILITIES	929.200	680.619	525.471	454.467

STATEMENT OF COMPREHENSIVE INCOME (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2011	1/1-31/12/2010	1/1-31/12/2011	1/1-31/12/2010
Turnover	76.165	59.055	91.120	51.126
Gross profit / (losses)	32.023	22.236	20.346	15.463
Earnings/(Loss) before interest and tax (EBIT)	23.687	14.797	15.880	8.161
Earnings/(Loss) before tax	20.489	16.795	15.709	12.812
Earnings/(Loss) after tax (A)	15.140	9.964	12.383	7.976
Allocated to:				
Company Shareholders	14.685	9.572		
Minority Shareholders	455	392		
	15.140	9.964		
Other comprehensive income after taxes (B)	(2.718)	(400)	0	(415)
Total comprehensive income after taxes (A+B)	12.422	9.564	12.383	7.561
Allocated to:				
Company Shareholders	11.967	9.174		
Minority Shareholders	455	390		
	12.422	9.564		
Earnings/(Losses) after tax per share - basic (in€)	0,1396	0,0890	0,1178	0,0741
Proposed dividend per share €)				0,0403
Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)	32.878	21.429	20.748	12.896

STATEMENT OF CASH FLOWS (Indirect method) (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2011	1/1-31/12/2010	1/1-31/12/2011	1/1-31/12/2010
Operating activities				
Profit before tax	20.489	16.795	15.709	12.812
Plus/less adjustments for:				
Depreciation	12.191	9.107	5.973	4.709
Provisions	10	165	151	180
Interest income and related income	(6.504)	(6.644)	(5.639)	(6.419)
Interest expenses and related expenses	9.572	4.646	5.790	2.968
Results from participations and securities	11	0	11	0
Amortization of grants	(2.578)	(2.398)	(1.087)	(1.055)
Foreign exchange differences	1.238	0	0	0
Other adjustments	0	(77)	0	0
Operating profit before changes in working capital	34.429	21.594	20.908	13.195
Plus/Less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	571	(1.660)	604	(1.659)
Decrease / (increase) in receivables	(16.415)	8.887	(12.879)	(4.231)
(Decrease) / increase in liabilities (other than to banks)	20.428	2.243	30.837	2.101
(Less):				
Taxes paid	(4.482)	(4.073)	(3.252)	(2.340)
Total inflows / (outflows) from operating activities (a)	34.531	26.991	36.218	7.006
Investing activities				
Purchases of tangible & intangible assets	(194.686)	(60.664)	(14.780)	(19.675)
Grants received	64.323	2.733	4.270	0
Interest received	4.769	6.747	4.397	6.533
(Purchases)/sales of participations and securities	(8.365)	(12.985)	(72.675)	(35.812)
Increase of investments in associate company	(1.092)	(3.448)	0	(3.448)
Net change of provided loans	(8.000)	0	(15.717)	0
Total inflows / (outflows) from investing activities (b	(144.051)	(67.837)	(94.513)	(52.402)
Financing activities				
Proceeds from share capital increase	0	765	0	0
Decrease of subsidiary's share capital	(1.029)	0	1.071	0
Purchases of treasury shares	(3.964)	(9.719)	(3.964)	(9.719)
Net change in long-term loans	127.781	(2.768)	30.244	1.621
Net change in short-term loans	(22.452)	15.190	(12.176)	5.000
Interest and related expenses paid	(11.011)	(7.290)	(5.195)	(2.944)
Dividends paid	(4.411)	(7.329)	(4.411)	(7.329)
Change of other financial assets	(250)	0	(250)	0
Total inflows / (outflows) from financing activities (c)	84.644	(11.151)	5.299	(13.371)
Effect of FX differences on cash equivalents	(205)	33	0	0
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	(25.081)	(51.964)	(52.996)	(58.767)
Cash and cash equivalents at the beginning of the perio	192.873	244.837	174.794	233.561
Cash and cash equivalents at the end of the period	167.792	192.873	121.798	174.794

STATEMENT OF CHANGES IN EQUITY (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Total equity at beginning of period (1/1/2011 and 1/1/2010)	366.501	373.216	357.133	366.616
Profit/(Losses) for the period after taxes	12.422	9.564	12.383	7.561
	378.923	382.780	369.516	374.177
Increase / (decrease) of subsidiaries' share capital	(917)	765	0	0
Distributed dividends	(4.411)	(7.325)	(4.411)	(7.325)
Net income registered directly in equity	0	0	0	0
Purchases of treasury shares	(3.964)	(9.719)	(3.964)	(9.719)
Transfers other movements	(2)	0	0	0
Total equity at end of period (31/12/11 and 31/12/10)	369.609	366.501	361.121	357.133

ADDITIONAL DATA & INFORMATION

1. There was no change in the accounting policies and estimations, and there is no case for correction of accounting errors or reclassification of accounts in the financial statements.
2. The Basic Accounting Principles of the financial statements as of 31/12/2010 have been followed.
3. The group during the present period employed 211 individuals. For the respective period of 2010 the group employed 154 individuals. During the present year the company employed 204 individuals, while during the previous year the company employed 145 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. Reference to such is also made in Note No 36 of the financial statements.
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 31/12/2011 owned 49.887% 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	8.677	40.809
b) Purchases of goods and services	23.678	10.728
c) Receivables	8.678	41.403
d) Liabilities	5.749	21.685
e) Transactions & remuneration of Board members and executives	711	301
f) Receivables from Board members and executives	0	0
g) Liabilities to Board members and executives	0	0

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

	GROUP	COMPANY
Provision for unaudited tax years	80	80
Other provisions	2.910	1.258

10. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that were consolidated in the financial statements of 31/12/2011 are mentioned in detail in Note 4 of the financial statements.
11. During 31 December 2011 the following companies were incorporated with the full consolidation method in the consolidated financial statements compared to the respective period of the previous year:

Company Name	Percentage	Domicile	
TERNA ENERGY SEA WIND PARKS S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS XIRKAMPOS AKRATAS S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS PYRGAKI MAKRYRACHI KALLIEON S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS SOTIRA - ANALIPSI - DRAGONERA XYLOKASTROU S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS PROFITIS ILIAS - POULAGEZA SOLYGEIAS S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS TSOUMANOLAKKA - PYRGOS KALLIEON & YPATIS S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS DENTROULI MUNICIPALITY DOMNISTAS S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS EVROSTINI PLATEAU - EVRYSTINI CORINTH S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS KALIAKOUDAS - POTAMIAS EVRYTANIA S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY WIND PARKS HELIDONAS - POTAMIAS EVRYTANIAS S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY HYDROELECTRIC SHES SARANTOPOROU S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY HYDROELECTRIC SHES LEPTOMAKARIAS S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
TERNA ENERGY HYDROELECTRIC SHES ARKOUDORREMA S.A.	77%	Greece	Acquisition of 77% of share capital on 28.1.2011
VATHYCHORI PERIVALLONTIKI S.A.	100%	Greece	Acquisition of 100% during Q2 2011
VATHYCHORI ENA PHOTOVOLTAIC S.A.	100%	Greece	Acquisition of 100% during Q2 2011
CHRYSOUPOLO ENERGIAKI L.P.	80%	Greece	Establishment during Q3 of 2011
LAGADAS ENERGIAKI S.A.	80%	Greece	Establishment during Q3 of 2011
DOMOKOS ENERGIAKI S.A.	80%	Greece	Establishment during Q3 of 2011
DIRFYS ENERGIAKI S.A.	51%	Greece	Establishment during Q3 of 2011
FILOTAS ENERGIAKI S.A.	90%	Greece	Establishment during Q3 of 2011
MALESINA ENERGIAKI L.P.	80%	Greece	Establishment during Q3 of 2011
ORCHOMENOS ENERGIAKI L.P.	80%	Greece	Establishment during Q3 of 2011
AUSTRATI ENERGIAKI L.P.	80%	Greece	Establishment during Q3 of 2011
TERNA ENERGY AI GIORGIS S.A.	100%	Greece	Establishment during Q3 of 2011
TERNA AIOLIKI AMARYNTHOU S.A.	100%	Greece	Establishment 11.11.2011
TERNA AIOLIKI AITOLOAKARNANIAS S.A.	100%	Greece	Establishment 15.11.2011
TERNA ILIAKI VIOTIAS S.A.	100%	Greece	Establishment 28.11.2011
VATHYCHORI DYO ENERGIAKI S.A.	100%	Greece	Acquisition of 100% of share capital on 16/12/2011
TERNA AIOLIKI XEROVOUNIOU S.A.	100%	Greece	Establishment 14.11.2011
TERNA ILIAKI ILIOKASTROU S.A.	100%	Greece	Establishment 27.12.2011
TERNA ILIAKI PANORAMATOS S.A.	100%	Greece	Establishment 28.11.2011
GEOTHERMAL ENERGY DEVELOPMENT S.A.	100%	Greece	Establishment 2.11.2011
COLD SPRINGS WINDFARM LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
DESERT MEADOW WINDFARM LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
HAMMETTHILL WINDFARM LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
MAINLINE WINDFARM LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
RYEGRASS WINDFARM, LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
TWO PONDS WINDFARM, LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
MOUNTAIN AIR WIND, LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
HIGH PLATEAU WINDFARM, LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
MULE HOLLOW WINDFARM, LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
PINE CITY WINDFARM, LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
LOWER RIDGE WINDFARM, LLC	100%	U.S.A.	Acquisition of 100% during Q1 2011
TERNA ENERGY USA HOLDING CORPORATION	100%	U.S.A.	Establishment during Q1 of 2011
TERNA ENERGY TRANSATLANTIC SP.ZOO	100%	Poland	Establishment during Q1 of 2011
EOLOS NORTH SP.ZOO	100%	Poland	Establishment during Q3 of 2011
TERNA ENERGY SA VECTOR WIND PARKS GREECE - WIND PARK TROULOS G.P.	90%	Greece	Establishment 11.2.2011

12. The amounts and nature of other comprehensive income/(expenses) after taxes, are analyzed as follows:

	GROUP 31/12/2011	COMPANY 31/12/2011
Foreign exchange differences from conversion of incorporated foreign operatio	809	0
Expenses for share capital increase of subsidiary	(20)	0
Losses from hedging of cash flow risk	(3.511)	0
Tax on items transferred directly to or from equit	4	0
	(2.718)	0

13. The number of treasury shares owned by the company on December 31st 2011 corresponded to 4,929,076 shares with a total acquisition cost of 16,749 thousand
14. No sector or company has ceased operations

Athens, 28/03/2012

THE CHAIRMAN OF THE BOARD	THE MANAGING DIRECTOR	THE CHIEF FINANCIAL OFFICER	THE HEAD ACCOUNTANT
GEORGIOS PERDIKARIS ID No.: X 516918	EMMANUEL MARAGOUDAKIS ID No.: AB 986527	KONSTANTINOS DIMOPOULOS ID No.: AI 028273	NIKOLAOS MANAVERIS ID No.:AE 587796 License Reg. No. A' CLASS 9674

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

It is notified that in accordance with article 3 of the decision 7/448/11.10.2007 by the Hellenic Capital Markets Commission Board and decision 25/17.7.2008 by the Board of Athens Exchange, from the share capital increase of TERNA ENERGY SA paid in cash that was decided by the Extraordinary General Shareholders Meeting on 20/07/2007, the net amount of € 300,572 thousand 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 Board of Directors of the Company was made on 8/11/07 and recorded on Société Anonyme Registry on 9/11/07 with the announcement No 36439.

The ordinary General Meeting on 2 April 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 December 2011, due to observed delays in the licensing procedures in the RES sector. Additionally, the extraordinary General Meeting on 29 June 2009 extended the use of one account.

The ordinary General Meeting on 19 April 2011 decided on the further restructuring of the time schedule and use of the outstanding balance, while at the same time the completion time was extended further until 31 December 2012 with a new allocation of amounts.

Following the above, the total raised capital of € 300,572, according to the aforementioned amended time schedule, presented the following movement until 31 December 2011:

TABLE OF UTILIZATION OF CAPITAL PROCEEDS (AMENDMENT ACCORDING TO THE EXTRAORDINARY GENERAL MEETING OF 19/04/2011)									
TIME FRAME	**Utilization of Capital Proceeds**							**Total utilized capital 08/11/07 until 31/12/2011**	**Non-utilized capital 31/12/2011**
	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**	**01/01/11-31/12/12**	**Total**		
in thousand €									
W/P Investments in the European Union	4,084	12,994	44,552	43,250	40,000	40,070	**184,950**	114,844	70,106
W/P Investments outside the European Union					50,000	5,000	**55,000**	44,480	10,520
Investments in hydroelectric stations	2,661	2,853	2,199	7,456	2,000	3,045	**20,214**	14,244	5,970
Photovoltaic stations	0	0	0	0	6,500	5,000	**11,500**	4,415	7,085
Electric energy production from biomass	0	0	0	3,448	6,552	5,000	**15,000**	5,587	9,413
Total investments from capital proceeds	**6,745**	**15,847**	**46,751**	**54,154**	**105,052**	**58,115**	**286,664**	**183,570**	**103,094**
Issue Expenses	13,380	528					**13,908**	13,908	0
Total	**20,125**	**16,375**	**46,751**	**54,154**	**105,052**	**58,115**	**300,572**	**197,478**	**103,094**

Notes:

1. The Ordinary Shareholders' Meeting of 02/04/2009 approved the Board's decision as of 24/3/2009 to change the timeframe and utilization of the balance of capital proceeds, which as of 31/12/2008 had settled at € 264,072 thous. by extending the timeframe of utilization by 1 year up to 31/12/2011. 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. Specifically, the Company increased the appropriation of funds for Wind Park investments (due to accumulation of several projects) by € 26.6 million and for Biomass by €0.2 million, and added a category for the acquisition of RES related companies of € 20 million. As result there was a decrease up to 2011, in the utilization of funds for investments in Hydroelectric units, Photovoltaic stations and Wind Parks abroad.

   Furthermore, the Extraordinary Shareholders' Meeting of 29/06/2009 approved the Board's decision as of 25/6/2009 to extend the utilization of the item of € 20 million in order to enable the Company to acquire RES related companies and licenses through its subsidiaries as well.

   Subsequently and due to the commitments of the E.U. and other countries to undertake important supportive initiatives for the development of RES, the ordinary General Meeting of 19 April 2011 decided to further amend the time frame and use of proceeds, and thus the following categories were incorporated:

   - "Total investments in wind parks"
   - "Wind parks abroad" and "Acquisition of RES companies – licenses"

   in the categories:

   - "W/P investments in the European Union" &
   - "W/P investments outside the European Union".

   while the time frame was extended by one year, namely until 31/12/2012 with the new allocation of amounts.

The two previous tables of utilization of capital proceeds were as follows:

TIMEFRAME (in thousand €)	INITIAL TIMEFRAME (2007) OF CAPITAL PROCEEDS					AMENDMENT ACCORDING TO THE EXTRAORDINARY GENERAL MEETING OF 29.06.2009					
	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**	**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	20,588	11,931	61,120	57,248	150,887	4,084	10,494	48,200	99,472	15,200	177,450
Total investments in hydroelectric stations	2,741	12,323	11,886	27,096	54,046	2,661	2,853	1,300	6,700	6,700	20,214
Photovoltaic stations	0	5,000	7,000	7,000	19,000	0	0	1,500	4,000	6,000	11,500
Electric energy production from biomass	0	5,563	4,188	5,000	14,751	0	0	0	5,000	10,000	15,000
Wind parks abroad	0	0	20,200	27,780	47,980	0	2,500	5,000	15,000	20,000	42,500
Acquisition of RES companies – licenses directly by the company and/or through its subsidiaries – Share capital increase of subsidiaries for acquisition of RES companies – licenses	-	-	-	-	-	0	0	6,000	7,000	7,000	20,000
Total investments from capital proceeds	**23,329**	**34,817**	**104,394**	**124,124**	**286,664**	**6,745**	**15,847**	**62,000**	**137,172**	**64,900**	**286,664**
Issue expenses	13,908	0	0	0	13,908	13,380	528	0			13,908
Total	**37,237**	**34,817**	**104,394**	**124,124**	**300,572**	**20,125**	**16,375**	**62,000**	**137,172**	**64,900**	**300,572**

2. As presented in the above table, from the capital of € 300,572 thousand raised by the Company, until 31/12/2011 the amount of € 197,478 thousand had been utilized. From its listing on the Athens Exchange and until 31/12/2011, apart from the issue expenses that amounted to € 13,908 thousand, the amount of € 183,570 thousand has been used to cover the participation of TERNA ENERGY SA itself as well as -through share capital increases- of its subsidiaries for projects which an installation license exists and is owned by those companies.

3. The remaining outstanding capital which amounts to € 103,094 thousand has been placed in interest bearing deposits, part of which have been used as guarantees against loans of the company and its subsidiaries, while an amount of € 5,479 thousand was recently used to finance the construction of projects by the company and its subsidiaries. It is noted that by means of the decision by the Ordinary General Meeting dated 19/4/2011 the company may temporarily use the capital proceeds to finance the construction of its projects or as guarantees against loans until the disbursement of its equity on the aforementioned investments.

4. The increase of outstanding capital in the categories "W/P investments in the European Union" and "Investments in hydroelectric stations" in comparison to the last published Table of Utilization of Capital Proceeds on 30 June 2011 is due to the replacement of the larger participation of the Company by received investment loans and grants that were received during the 2nd half of 2011.

   The further deviation in the implementation timeframe is due to delays in the licensing procedures, as well as to the limited ability for financing support by Banks, due to the economic recession.

The Chairman of the Board	Vice-Chairman & Managing Director	The Chief Financial Officer
Georgios Perdikaris ID No.X 516918	Emmanuel Maragoudakis ID No. AB 986527	Konstantinos Dimopoulos ID No. AI 028273

AGREED UPON PROCEDURES REPORT TO THE USE OF PROCEEDS REPORT

To
the Board of Directors
of the Company TERNA ENERGY SA

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 prescribed and enumerated below in accordance with the regulatory framework of the Athens 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.

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 Exchange and the relevant legal framework of the Hellenic Capital Markets Commission and is consistent with what is referred to in the respective Prospectus and the relevant Company’s decisions and announcements.

Given 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 latter can fulfill its responsibilities in accordance with the legal framework of the Athens Exchange and the relevant regulatory framework of the Hellenic Capital Market 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 financial statements prepared by the company for the financial year ended on 31 December 2011, for which we have issued a separate Audit Report dated 29 March 2012.

Athens, 29 March 2012

The Certified Auditor - Accountant

Georgios N. Deligiannis

S.O.E.L. Reg. No. 15791

Grant Thornton

An instinct for growth™

Ορκωτοί Ελεγκτές Σύμβουλοι Επιχειρήσεων

Ζεφύρου 56, 17564 Παλαιό Φάληρο

Α.Μ. ΣΟΕΛ 127

VII. INFORMATION OF ARTICLE 10 LAW 3401/2005

The following Press Releases, Corporate Announcements and Regulated Information have been posted on the Company's website as well as on the website of the Athens Exchange, at the following addresses: www.terna-energy.com and www.ase.gr.

PRESS RELEASES 2011

28/03/2011	Annual Results 2010 of TERNA ENERGY
28/03/2011	IR. Report 31.12.2010
30/05/2011	First Quarter 2011 Financial Results of TERNA ENERGY
30/05/2011	IR. Report 31.03.2011
30/08/2011	First half 2011 Financial Results of TERNA ENERGY
30/08/2011	IR. Report 30.06.2011
29/11/2011	IR Report 30.09.2011
29/11/2011	9M 2011 Financial Results of TERNA ENERGY

CORPORATE ANNOUNCEMENTS 2011

03/01/2011	Purchase of TERNA ENERGY's shares
04/01/2011	Purchase of TERNA ENERGY's shares
05/01/2011	Purchase of TERNA ENERGY's shares
07/01/2011	Purchase of TERNA ENERGY's shares
10/01/2011	Purchase of TERNA ENERGY's shares
11/01/2011	Purchase of TERNA ENERGY's shares
12/01/2011	Purchase of TERNA ENERGY's shares
13/01/2011	Purchase of TERNA ENERGY's shares
14/01/2011	Purchase of TERNA ENERGY's shares
17/01/2011	Purchase of TERNA ENERGY's shares
18/01/2011	Purchase of TERNA ENERGY's shares
19/01/2011	Purchase of TERNA ENERGY's shares
20/01/2011	Purchase of TERNA ENERGY's shares
21/01/2011	Purchase of TERNA ENERGY's shares
24/01/2011	Purchase of TERNA ENERGY's shares
25/01/2011	Purchase of TERNA ENERGY's shares
26/01/2011	Purchase of TERNA ENERGY's shares
27/01/2011	Purchase of TERNA ENERGY's shares
28/01/2011	Purchase of TERNA ENERGY's shares
31/01/2011	Purchase of TERNA ENERGY's shares
01/02/2011	Purchase of TERNA ENERGY's shares
02/02/2011	Purchase of TERNA ENERGY's shares
03/02/2011	Purchase of TERNA ENERGY's shares
04/02/2011	Purchase of TERNA ENERGY's shares

07/02/2011	Purchase of TERNA ENERGY's shares
08/02/2011	Purchase of TERNA ENERGY's shares
09/02/2011	Purchase of TERNA ENERGY's shares
10/02/2011	Purchase of TERNA ENERGY's shares
11/02/2011	Purchase of TERNA ENERGY's shares
14/02/2011	Purchase of TERNA ENERGY's shares
15/02/2011	Purchase of TERNA ENERGY's shares
16/02/2011	Purchase of TERNA ENERGY's shares
17/02/2011	Purchase of TERNA ENERGY's shares
18/02/2011	Purchase of TERNA ENERGY's shares
21/02/2011	Purchase of TERNA ENERGY's shares
22/02/2011	Purchase of TERNA ENERGY's shares
23/02/2011	Purchase of TERNA ENERGY's shares
24/02/2011	Purchase of TERNA ENERGY's shares
25/02/2011	Purchase of TERNA ENERGY's shares
28/02/2011	Purchase of TERNA ENERGY's shares
01/03/2011	Purchase of TERNA ENERGY's shares
02/03/2011	Purchase of TERNA ENERGY's shares
03/03/2011	Purchase of TERNA ENERGY's shares
04/03/2011	Purchase of TERNA ENERGY's shares
08/03/2011	Purchase of TERNA ENERGY's shares
09/03/2011	Purchase of TERNA ENERGY's shares
10/03/2011	Purchase of TERNA ENERGY's shares
11/03/2011	Purchase of TERNA ENERGY's shares
14/03/2011	Purchase of TERNA ENERGY's shares
16/03/2011	Purchase of TERNA ENERGY's shares
17/03/2011	Purchase of TERNA ENERGY's shares
18/03/2011	Purchase of TERNA ENERGY's shares
21/03/2011	Purchase of TERNA ENERGY's shares
22/03/2011	Purchase of TERNA ENERGY's shares
23/03/2011	Purchase of TERNA ENERGY's shares
28/03/2011	Annual Analysts Presentation
28/03/2011	Invitation to Annual Ordinary General Assembly
29/03/2011	Explanatory Report regarding the Amendment of the Allocation Table of raised funds
15/04/2011	Purchase of TERNA ENERGY's shares
19/04/2011	Decisions of the Shareholders' Ordinary General Assembly held on 19-4-2011
19/04/2011	Purchase of TERNA ENERGY's shares
20/04/2011	Purchase of TERNA ENERGY's shares
21/04/2011	Purchase of TERNA ENERGY's shares
27/04/2011	Purchase of TERNA ENERGY's shares
28/04/2011	Purchase of TERNA ENERGY's shares
29/04/2011	Purchase of TERNA ENERGY's shares
02/05/2011	Purchase of TERNA ENERGY's shares
05/05/2011	Purchase of TERNA ENERGY's shares
09/05/2011	Purchase of TERNA ENERGY's shares
13/05/2011	Purchase of TERNA ENERGY's shares

16/05/2011	Purchase of TERNA ENERGY's shares
17/05/2011	Purchase of TERNA ENERGY's shares
19/05/2011	Purchase of TERNA ENERGY's shares
20/05/2011	Purchase of TERNA ENERGY's shares
24/05/2011	Purchase of TERNA ENERGY's shares
25/05/2011	Distribution of Dividend of the financial year 2010
25/05/2011	Purchase of TERNA ENERGY's shares
10/06/2011	Purchase of TERNA ENERGY's shares
14/06/2011	Purchase of TERNA ENERGY's shares
15/06/2011	Purchase of TERNA ENERGY's shares
16/06/2011	Purchase of TERNA ENERGY's shares
17/06/2011	Purchase of TERNA ENERGY's shares
20/06/2011	Purchase of TERNA ENERGY's shares
21/06/2011	Purchase of TERNA ENERGY's shares
22/06/2011	Purchase of TERNA ENERGY's shares
24/06/2011	Purchase of TERNA ENERGY's shares
27/06/2011	Purchase of TERNA ENERGY's shares
28/06/2011	Purchase of TERNA ENERGY's shares
01/07/2011	Purchase of TERNA ENERGY's shares
06/07/2011	Announcement Of Draft For Amendment Of Article 3 "Objective" of the Articles of Association
07/07/2011	Purchase of TERNA ENERGY's shares
08/07/2011	Purchase of TERNA ENERGY's shares
11/07/2011	Purchase of TERNA ENERGY's shares
12/07/2011	Purchase of TERNA ENERGY's shares
13/07/2011	Purchase of TERNA ENERGY's shares
14/07/2011	Purchase of TERNA ENERGY's shares
15/07/2011	Purchase of TERNA ENERGY's shares
18/07/2011	Purchase of TERNA ENERGY's shares
19/07/2011	Purchase of TERNA ENERGY's shares
20/07/2011	Purchase of TERNA ENERGY's shares
21/07/2011	Purchase of TERNA ENERGY's shares
22/07/2011	Purchase of TERNA ENERGY's shares
25/07/2011	Purchase of TERNA ENERGY's shares
26/07/2011	Purchase of TERNA ENERGY's shares
27/07/2011	Decisions of the Shareholders’ Extraordinary General Assembly held on July 27, 2011
27/07/2011	Purchase of TERNA ENERGY's shares
28/07/2011	Purchase of TERNA ENERGY's shares
29/07/2011	Purchase of TERNA ENERGY's shares
01/08/2011	Purchase of TERNA ENERGY's shares
02/08/2011	Purchase of TERNA ENERGY's shares
03/08/2011	Purchase of TERNA ENERGY's shares
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09/08/2011	Purchase of TERNA ENERGY's shares
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12/08/2011	Purchase of TERNA ENERGY's shares
16/08/2011	Purchase of TERNA ENERGY's shares
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16/09/2011	Purchase of TERNA ENERGY's shares
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04/10/2011	Purchase of TERNA ENERGY's shares
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13/10/2011	Purchase of TERNA ENERGY's shares
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22/12/2011	Purchase of TERNA ENERGY's shares
23/12/2011	Purchase of TERNA ENERGY's shares
27/12/2011	Purchase of TERNA ENERGY's shares
28/12/2011	Purchase of TERNA ENERGY's shares
29/12/2011	Purchase of TERNA ENERGY's shares
30/12/2011	Purchase of TERNA ENERGY's shares

REGULATED INFORMATION 2011

06/10/2011	Notification of Transaction
16/12/2011	Notification of Transaction

The annual financial statements of the Group and Company, as well as the financial statements of the consolidated companies, the audit report by the Certified Auditor and the Reports by the Board of Directors for the year ended on 31st December 2011, have been posted on the Company's website: http://www,terna-energy,com