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 2010

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

CONTENTS

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

We

1. George Perdikaris, Chairman of the Board
2. Emmanuel Maragoudakis, Vice-President of the Board and Managing Director
3. George Spirou, 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 2010 till December 31th 2010, 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, 24 March 2011

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

II. AUDIT REPORT BY INDEPENDENT CERTIFIED AUDITOR

To the Shareholders of TERNA ENERGY SA

Report on the Financial Statements

We have audited the accompanying company and consolidated financial statements of TERNA ENERGY SA S.A. and its subsidiaries, which comprise the company and consolidated Statement of Financial Position as at December 31, 2010, and the company and consolidated Statement of Comprehensive Income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these company and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the company and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the company and consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company TERNA ENERGY SA S.A. and its subsidiaries as at December 31, 2010, and of their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

a) The Board of Directors' Report includes a statement of corporate governance that provides the information required by Paragraph 3d of Article 43a of Law 2190/1920.

b) We verified the agreement and correspondence of the content of the Board of Directors' Report with the attached company and consolidated Financial Statements, in the scope of the requirements of Articles 43a, 108 and 37 of Law 2190/1920.

Athens, March 28th, 2011

The Certified Public Accountants - Auditors

Yiannis Leos

SOEL Reg. No 24881

Grant Thornton

Chartered Accountants Management Consultants

56, Zefirou str., 175 64, Palaio Faliro, Greece

Registry Number SOEL 127

III. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2010

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 01/01/2010 to 31/12/2010, 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

2010 was a year affected by the distress of the "Greek crisis": the large Greek fiscal deficit and the following escalation of government debt blocked Greece's access to international borrowing. As a result, particularly difficult conditions surfaced both as regards to liquidity in the private sector, while significant problems also emerged in the banking sector and its ability to channel capital in the economy.

The global environment exhibited signs of recovery from the crisis of the previous years and the basic economies are returning to growth. At the global level the banking sector is stabilizing and liquidity is returning to satisfactory levels.

The Renewable Energy Sources (RES) sector where TERNA ENERGY operates, remains one of the most dynamic sectors on a global level. The environmental benefits from the use of RES are continuously highlighted, while during the past year the sector has gained a significant position in the global economic activity.

As one of the first companies in Greece to develop activities in this business sector, TERNA ENERGY has created an extended portfolio of RES projects that supports the company's continuous development during the next years. At the same time, TERNA ENERGY has gained presence in countries outside of Greece, by developing and constructing RES projects. It has already set its first wind park in Poland in operation, while it is constructing other projects as well both in Poland and in Bulgaria. Also, the company's direct priorities include expanding its activities to the North America market, where investment opportunities have been identified.

TERNA ENERGY has a total capacity of 423 MW either installed or at the construction stage: it has already set 11 wind parks in operation with a total capacity of 174.5 MW from which 10 wind parks are in Greece with a total capacity of 154.5 MW, while recently the company's firs wind park in Poland, in the Krzyzanow area with 20MW capacity, began operations.

At the same time, the company's first hydroelectric station, with a capacity of 6.6 MW, is already in operation at the Eleousa position of the Axios river (Thessaloniki Prefecture), while soon the second hydroelectric station of 8.5 MW will also begin operations at the Dafnozonara position of Acheloos river (Aitoloakarnania/Evritania region).

Also, the construction of 9 wind parks in Greece, with a total capacity of 167 MW and five wind parks in Eastern Europe with a capacity of 66 MW (36 MW in Poland and 30 MW in Bulgaria), is fully underway.

Moreover, the Company and its subsidiaries also have additional Production Licenses corresponding to a total capacity of almost 1,630 MW for wind parks throughout Greece, with the completion of the licensing process at several stages, while it has also submitted applications for production licenses of 3,164 MW. Also, the company has production licenses for 112 MW relating to hydroelectric projects and it has submitted applications for new production licenses of hydroelectric projects with a capacity of 1,510 MW.
Furthermore the company has decided to enter the sector of Photovoltaic (P/V) Parks and for this reason it has already completed the licensing for one Photovoltaic Park of 1 MW, while it has submitted applications to the Regulatory Authority for Energy (RAE) for additional 21 MW.
The company's construction sector, apart from projects executed on behalf of third parties, continues intense operations in the construction of the company's own RES projects, thus offering its energy sector the ability to effectively control both the cost and the time completion of RES projects, and thus reinforcing the company's verticalization.

The company applies the International Financial Reporting Standards (IFRS) from 2005. For 2010 the Group's consolidated sales according to IFRS amounted to 59 mil euro compared to 73.3 mil in 2009, posting a 19.5% decrease versus the previous year, mainly due to the lower construction activity towards third parties. Operating profit (EBITDA) amount to 21.4 mil euro compared to 26.2 mil the previous year, posting an 18.4% decline due to increased administrative expenses resulting from the company's expansion and also the lower profitability of the construction sector. Earnings before tax amounted to 16.7 mil, decreased by 29.7% compared to 2009 as a result of lower interest income received by the company during 2010 and by its cash & cash equivalents. Earnings after tax amounted to 9.9 mil euro, posting a 39% decline, which was also burdened by the windfall tax.
As regards to the results of the individual sectors: The energy sector posted sales of 33.3 mil euro, posting a 1% decrease compared to 2009, while operating profit (EBITDA) amounted to 18.7 mil euro, posting a 10.7% decrease compared to the previous year, due to increased administrative expenses concerning the company's expansion.
TERNA ENERGY's construction activity towards third parties posted a decline, as relevant sales amounted to 25.7 mil euro, posting a 35% decline versus the previous year. Operating profit (EBITDA) of the sector amounted to 2.6 mil euro compared to 5.2 mil euro the previous year. The backlog of construction projects towards third parties at the end of 2010 amounted to 65 mil euro.

The Group's financial position remains powerful, as its cash & cash equivalents amount to 192.8 mil euro, while bank debt amounted to 202.5 mil euro, resulting in a net debt position (cash minus bank debt) at the low level of 9.6 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 0.04034, euro per share.

B. Significant events during financial year 2010

TERNA ENERGY Group, despite the adverse economic conditions for the Greek economy, significantly reinforced its development during 2010 with the commencement of construction of four new wind parks with a total capacity of 85.05 MW, and thus now maintaining 167 MW under construction in Greece, while in October 2010 a 12.5 MW wind park was set in operation in the area of Nafpaktos.
Also, in the context of the strategic geographic diversification of the Group's activities, its expansion in the markets of Poland and Bulgaria was significantly reinforced by the commencement of construction of six new wind parks with a total capacity of 86 MW, one of which, with a capacity of 20 MW was completed in Poland in March 2011.

C. Significant Events after the end of financial year 2010

In the context of its development in the global market, the Group came to an agreement for the acquisition of companies in the United States of America, which own Wind Parks under development (licensing stage) with a total capacity of 172 MW. The agreement is subject to the fulfillment of a series of conditions and is expected to be completed within 12 months. Also the Group's first Wind Park abroad, namely in Poland with a capacity of 20 MW, was set in operation, while the installation license was granted for a photovoltaic station in Greece with 1.9 MW capacity in the Argolida prefecture.

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.
Following, the effect of basic risks and uncertainties on the Group's activities is presented.

Credit risk

The Group continuously controls its receivables, either separately or by group and it incorporates the resulting information in its credit control. When deemed necessary, external reports or analysis are used as regards to existing or potential clients.
The Group is not exposed to significant credit risk from trade receivables. This is due to both the Group's policy that focuses on working with credible customers and also to the nature of the Group's activities. Specifically, the total receivables of the energy sector correspond to the broader public sector (including the Hellenic Transmission System Operator - HTSO and the Public Power Corporation - PPC), while the same holds for the largest part of receivables from the construction sector.

Credit risk for cash equivalents, as well as for other receivables is negligible, given that the relevant parties are reliable banks with high quality capital structure, the Greek state or companies of the broader public sector or powerful business groups.
The management considers that all the above financial assets, for which the necessary impairments have taken place, are of high credit quality.

Foreign exchange risk

The Group's exposure to foreign exchange risk is limited as the largest portion of its transactions are in euro, with the exception of investments in foreign economic entities. Such activities overall refer to the energy sector, while most are at the construction phase and the production process has not yet began. Therefore, the Group's exposure to exchange rate risk due to its foreign investments is limited for now.

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, 54% of long-term debt is under fixed interest rates, with no interest rate risk. The remaining long-term debt and the total short-term debt of the Group is exclusively in euro under a floating interest rate 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.

Analysis of market risk

The Group is not exposed to market risk in its financial assets, apart from a long-term liability amounting to 7,500 thousand 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 26.9 mil euro during 2010 compared to 17.4 mil euro in 2009.
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

2011 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 1/1/2010 – 31/12/2010, the Company bought back 2,701,362 shares with a nominal value of 810,408.6 euro and value of 9,718,502 euro. Total number of treasury shares held by the Company as of 31/12/2010 had reached 3,445,985 shares or 3.151813% of the total capital with a total acquisition cost of 12,764,787.96 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 2010 are as follows:

TERNA ENERGY SA				
	SALES	**PURCHASES**	**RECEIVABLE**	**LIABILITY**
SUBSIDIARIES				
AIOLIKI PANORAMATOS DERVENOCHORION S.A.	5,431,766	-	4,930,654	-
ENERGIAKI SERVOUNIOU S.A.	360,000	-	-	-
TERNA ENERGY EVROS S.A.	440,000	-	-	-
IWECO – CHONOS S.A.	90,000	-	-	-
TERNA ENERGY OVERSEAS LTD	185,274	-	185,274	-
AIOLIKI ILIOKASTROU S.A.	1,210,721	-	677,079	-
AIOLIKI RACHOULAS DERVENOCHORION S.A.	2,600,210	-	3,172,256	-
ENERGEIAKI DERVENOCHORION S.A.	1,381,941	-	1,685,968	-
ENERGEIAKI FERRON EVROU SA	2,047,298	-	2,516,328	-
ENERGEIAKI NEAPOLOEOS LAKONIAS	207,926	-	253,669	-
Construction Joint Ventures	-	-	631,443	360,130
General & Limited Partnerships	-	-	260,806	-
PARENT				
GEK TERNA S.A.	-	111,099	-	9,609
OTHER RELATED PARTIES				
VIOMEK S.A.	-	825,855	38,637	313,309
TERNA S.A.	457,645	9,877,348	536,843	1,925,481
HERON THERMOELECTRIC S.A.	-	33,346	-	7,924
Joint Ventures in which TERNA S.A. participates in	6,752,011	-	4,000	-

Regarding the above transactions, the following clarifications are provided:

a) Sales of TERNA ENERGY SA:

- to “TERNA ENERGY SERVOUNIOU SA” of 360,000 euro for RES maintenance services
- 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 5,431,766 euro for construction services
- to “TERNA ENERGY OVERSEAS LTD” of 185,274 euro for sales of fixed assets
- to “AIOLIKI ILIOKASTROU S.A.” of 1,210,721 euro for construction services
- to “AIOLIKI RACHOULAS DERVENOCHORION S.A.” of 2,600,210 euro for construction services
- to “ENERGEIAKI DERVENOCHORION S.A.” of 1,381,941 euro for construction services
- to “ENERGEIAKI FERRON EVROU S.A.” of 2,047,298 euro for construction services
- to “ENERGEIAKI NEAPOLEOS LAKONIAS S.A.” of 207,926 euro for construction services
- to “TERNA SA” of 457,645 euro out of which 450,000 euro refers to construction services and euro 7,645 refers to leasing leasing of machinery
- to Joint Ventures which TERNA SA participates in, of 6,752,011 euro for construction services.

b) Purchases of TERNA ENERGY SA

- from "GEK TERNA SA" of 111,099 euro for leasing of buildings
- from "TERNA SA" of 9,877,348 euro out of which 9,430,600 euro refer to construction activities, 350,652 euro refer to leasing of machinery, 94,231 euro refer to purchase of idle materials and 1,865 euro refer to purchase of fixed assets
- from "VIOMEK SA" of 825,855 euro, out of which 519,904 euro refer to construction services, 91,516 euro refer to purchases of fixed assets and 214,435 euro refer to repairing services
- from "HERON THERMOELECTRIC SA" of 33,346 euro referring to purchases of fixed assets

Transactions with Board members

The total remuneration to Board members amounted to 1,234,997 euro from which 735,000 euro refer to Board remuneration while 499,997 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.gr.

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 Board of Directors consists of nine (9) members, from which three are non-executive and two are independent non-executive.
During the exercise of their duties and the Board meetings in 2010, 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 such meetings, 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 above committee is newly established and thus is a deviation from the CGC of 2010.

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.

Investment Committee

The above committee is newly established and thus is a deviation from the CGC of 2010.

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.

Audit Committee

The composition, role and responsibilities of the Audit Committee are described below, in the paragraph referring to the company's internal control.

The Audit Committee convened four (4) times during 2010 and 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 undertook the responsibility to incorporate all the rules, procedures and practices of internal control and risk management during 2011 for the company's activities in Greece and abroad, in an integrated system that will be proposed for approval by the Board of Directors.

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 2010 is described in the relevant paragraph of the company's Annual Financial Report.

During 2011, the Audit Committee, in direct cooperation with the respective Committee of the Group, will revise all the internal control rules, procedures and practices for the company's activities in Greece and abroad, it will proceed with any required additions – improvements and will include such in an integrated risk management system that will be proposed for approval by the Board of Directors.

Audit Committee

The Audit Committee consists of three (3) non-executive Board members, from which one (1) is independent. One (1) of the three members has adequate knowledge and experience in accounting and auditing issues.

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 transparence 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.

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 provides the cases and reasons for which it deviated from the recommendations of the Code during 2010.
The Nominee and Remuneration Committee, as well as the Investment Committee are newly established bodies of the company and thus deviate from the CGC for 2010.
The Board of Directors evaluated its performance during 2010 according to the effective, informal practices. During 2011 it will formalize the relevant evaluation procedure.

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

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

a) Structure of Share Capital

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

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

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

b) Limitations to the transfer of Company shares

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

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

Shareholders which during 31/12/2010 held a percentage larger than 5% are presented in the following table:

NAME OF SHAREHOLDER	SHARES	PERCENTAGE
GEK TERNA SA	52,084,711	47.638%
Georgios Peristeris	24,646,551	22.543%

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, 24 March 2011

Georgios Perdikaris
Chairman of the Board

IV. ANNUAL FINANCIAL STATEMENTS PARENT AND CONSOLIDATED OF 31 DECEMBER 2010

(1 January – 31 December 2010)

According to the International Financial Reporting Standards

The Financial Statements were approved by the Board of Directors of TERNA ENERGY ABETE on 24 March 2011 and have been published by being posted on the internet at the website www.terna-energy.gr 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

31st DECEMBER 2010

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

		GROUP		COMPANY	
	Note	31 December 2010	31 December 2009	31 December 2010	31 December 2009
ASSETS					
Non-current assets					
Intangible assets	6	17,930	1,774	1,508	989
Tangible assets	7	417,194	340,820	124,919	110,552
Investment property		923	923	923	923
Participation in subsidiaries		-	-	106,993	71,051
Participations in associates	8	3,499	51	3,448	-
Participation in joint-ventures	21	-	-	244	374
Other long-term receivables	9	286	219	230	183
Other investments		1	1	1	1
Deferred tax assets	25	303	1,233	-	819
Total non-current assets		**440,136**	**345,021**	**238,266**	**184,892**
Current assets					
Inventories	10	2,196	536	1,903	244
Trade receivables	11	14,870	22,394	26,404	19,225
Receivables according to IAS 11	11,12	3,096	2,269	5,066	10,466
Prepayments and other receivables	11	26,584	24,880	7,237	7,749
Income tax receivables		864	518	797	518
Cash and equivalents	13	192,873	244,837	174,794	233,561
Total current assets		**240,483**	**295,434**	**216,201**	**271,763**
TOTAL ASSETS		**680,619**	**640,455**	**454,467**	**456,655**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	22	32,800	32,800	32,800	32,800
Share premium	22	281,892	281,930	282,006	282,006
Reserves		11,330	17,269	7,782	14,708
Retained earnings		37,876	39,812	34,545	37,102
Total		**363,898**	**371,811**	**357,133**	**366,616**
Non-controlling interests		2,603	1,405	-	-
Total equity		**366,501**	**373,216**	**357,133**	**366,616**

Long-term liabilities					
Long-term loans	14	63,204	67,646	36,754	36,707
Other provisions	16	1,144	1,136	597	597
Provision for staff indemnities	15	178	181	178	181
Grants	17	59,130	50,796	18,722	19,777
Deferred tax liabilities	25	1,497	838	356	-
Other long-term liabilities		1,965	-	-	-
Total long-term liabilities		**127,118**	**120,597**	**56,607**	**57,262**
Short-term liabilities					
Suppliers	18	36,612	14,071	12,402	12,660
Short-term loans	20	126,848	111,503	12,176	7,145
Long-term liabilities falling due in the next period	14	12,505	10,929	7,484	5,917
Liabilities according to IAS 11	12,19	3,940	3,368	4,038	3,368
Accrued and other short-term liabilities	19	6,860	6,214	4,627	3,687
Income tax payable		235	557	-	-
Total short-term liabilities		**187,000**	**146,642**	**40,727**	**32,777**
Total liabilities		**314,118**	**267,239**	**97,334**	**90,039**
TOTAL LIABILITIES AND EQUITY		**680,619**	**640,455**	**454,467**	**456,655**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY GROUP
STATEMENT OF COMPREHENSIVE INCOME
31st DECEMBER 2010

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

		GROUP		COMPANY	
	Note	**1/1 - 31/12 2010**	**1/1 - 31/12 2009**	**1/1 - 31/12 2010**	**1/1 - 31/12 2009**
Continued activities					
Turnover		59,055	73,376	51,126	65,221
Cost of sales	26	(36,819)	(48,704)	(35,663)	(47,390)
Gross profit		**22,236**	**24,672**	**15,463**	**17,831**
Administrative & distribution expenses	26	(6,968)	(5,217)	(4,987)	(3,997)
Research & development expenses	26	(3,274)	(3,156)	(2,604)	(3,736)
Other income/(expenses)	27	2,803	3,491	1,289	3,140
Operating results		**14,797**	**19,790**	**9,161**	**13,238**
Financial income/(expenses)	28	1,998	4,131	3,451	6,171
EARNINGS BEFORE TAX		**16,795**	**23,921**	**12,612**	**19,409**
Income tax expense	25	(6,831)	(7,564)	(4,636)	(6,032)
NET EARNINGS FOR THE PERIOD		**9,964**	**16,357**	**7,976**	**13,377**
Other income recognized directly in Equity from:					
Foreign exchange differences from incorporation of foreign units		47	(9)	-	-
Expenses of capital increase of subsidiary		(38)	(31)	-	-
Income tax recognized directly in Equity		(409)	(132)	(415)	(139)
Other income/expenses for the period net of income tax		**(400)**	**(172)**	**(415)**	**(139)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**9,564**	**16,185**	**7,561**	**13,238**
Net earnings attributed to:					
Shareholders of the parent from continued activities		9,572	15,864		
Non-controlling interests from continued activities		392	493		
		9,964	**16,357**		

Total income attributed to:				
Shareholders of the parent from continued activities	9,174	15,692		
Non-controlling interests from continued activities	390	493		
	9,564	**16,185**		
Earnings per share (in Euro)				
From continued activities attributed to shareholders of the parent	0.0890	0.1459	0.0741	0.1230
Average weighted number of shares				
Basic	107,526,657	108,723,395	107,526,657	108,723,395

The accompanying notes form an integral part of the financial statements

TERNA ENERGY GROUP
STATEMENT OF CASH FLOWS
31st DECEMBER 2010

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

	Note	GROUP		COMPANY	
		1/1 - 31/12 2010	**1/1 - 31/12 2009**	**1/1 - 31/12 2010**	**1/1 - 31/12 2009**
Cash flow from operating activities					
Net earnings for the period before tax		16,795	23,921	12,612	19,409
Adjustments for the agreement of net flows from operating activities					
Depreciation	6, 7	9,107	8,880	4,789	4,597
Provisions	15, 16	165	(228)	160	160
Interest and related income	28	(6,644)	(9,338)	(6,419)	(9,196)
Interest and other financial expenses	28	4,646	5,206	2,968	3,024
Results from participations and securities		-	-	-	(1,505)
Amortization of grants	17, 27	(2,398)	(2,396)	(1,055)	(1,055)
Other adjustments		(77)	83	-	-
Operating profit before working capital changes		**21,594**	**26,128**	**13,055**	**15,434**
(Increase)/Decrease in:					
Inventories		(1,660)	350	(1,659)	(102)
Trade receivables		6,697	(9,304)	(1,779)	(15,770)
Prepayments and other short term receivables		2,190	(19,082)	(2,452)	(2,163)
Increase/(Decrease) in:					
Suppliers		(2,922)	5,993	(257)	4,925
Accruals and other short term liabilities		3,267	4,417	2,485	1,017
(Increase)/Decrease of other long term receivables and liabilities		1,898	18,216	(47)	7,824
Income tax payment		(4,073)	(9,244)	(2,340)	(8,072)
Net cash inflow from operating activities		**26,991**	**17,474**	**7,006**	**3,093**
Cash flow from investment activities:					
Purchases/Sales of tangible and intangible assets		(60,884)	(111,082)	(19,675)	(27,844)
Grants received		2,733	17,691	-	5,953
Interest and related income received		6,747	11,232	6,533	11,102
(Purchases) / sales of participations and securities		(12,985)	(30)	(35,812)	(22,254)
Dividends received from investments		-	-	-	1,376
Increase of investments in associate company		(3,448)	-	(3,448)	-
Cash outflows for investment activities		**(67,837)**	**(82,189)**	**(52,402)**	**(31,667)**

Cash flows from financial activities				
Proceeds from share capital increase	765	-	-	-
Purchase of Treasury Shares	(9,719)	(1,434)	(9,719)	(1,434)
Net change of long term loans	(2,768)	20,799	1,621	14,888
Net change of short term loans	15,190	14,215	5,000	(24,118)
Dividends paid	(7,329)	(7,317)	(7,329)	(7,317)
Interest paid	(7,290)	(7,635)	(2,944)	(3,023)
Cash outflows for financial activities	**(11,151)**	**18,628**	**(13,371)**	**(21,004)**
Effect of exchange rate changes on cash & cash equivalents	33	38	**-**	**-**
Net increase/(decrease) in cash	**(51,964)**	**(46,049)**	**(58,767)**	**(49,578)**
Cash & cash equivalents at the beginning of the period	244,837	290,886	233,561	283,139
Cash & cash equivalents at the end of the period	**192,873**	**244,837**	**174,794**	**233,561**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY SA

STATEMENT OF CHANGES IN EQUITY

31st DECEMBER 2010

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

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2009	**32,800**	**282,006**	**13,551**	**33,789**	**362,146**
Total comprehensive income for the period	**-**	**-**	**-**	**13,238**	**13,238**
Dividends	-	-	-	(7,334)	**(7,334)**
Purchase of Treasury Shares	-	-	(1,434)	-	**(1,434)**
Transfers other movements	-	-	2,591	(2,591)	**-**
31 December 2009	**32,800**	**282,006**	**14,708**	**37,102**	**366,616**
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**

The accompanying notes form an integral part of the financial statements

TERNA ENERGY GROUP
STATEMENT OF CHANGES IN EQUITY
31st DECEMBER 2010
(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 in 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 2010
(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 2009	**32,800**	**281,961**	**15,316**	**34,798**	**364,875**	**934**	**365,809**
Total comprehensive income for the period	**-**	**(31)**	**(9)**	**15,732**	**15,692**	**493**	**16,185**
Dividends	-	-	-	(7,334)	**(7,334)**	-	**(7,334)**
Distribution of reserves			3,396	(3,396)	**-**	-	**-**
Acquisition of minority in subsidiary	-	-	-	22	**22**	(22)	**-**
Purchase of Treasury Shares	-	-	(1,434)	-	**(1,434)**	-	**(1,434)**
Transfers other movements	-	-	-	(10)	**(10)**	-	**(10)**
31 December 2009	**32,800**	**281,930**	**17,269**	**39,812**	**371,811**	**1,405**	**373,216**

The accompanying notes form an integral part of the financial statements

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 31/12/2010 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 2009, 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 2010. Therefore, from 1 January 2010, the Group and the Company adopted certain new standards and amendments of standards as follows:

Standards and Interpretations mandatory for 2010

– Amendments to standards that are part of the IASB (International Accounting Standards Board) annual improvements plan published in May 2008. The application of all amendments issued is for 31 December 2009, with the following exception:

– Part I: IFRS 5 (Amendment) "Non-Current Assets Held for Sale and Discontinued Operations" (and subsequent amendments to IFRS 1 "First Adoption of International Financial Reporting Standards")

The amendment clarifies that all assets and liabilities of a subsidiary are classified as held for sale if a sales plan for partial distribution results in loss of its control and therefore the relevant disclosures must be made for the subsidiary given that the definition for a discontinued operation is met. The subsequent amendment to IFRS 1 defines that such amendments will be applied in the future from the transition date to IFRS.

This amendment will not affect the financial statements of the Group and Company during the presented period.

– IAS 27 (Amended) "Consolidated and Separate Financial Statements"

The amended IAS 27 requires that transaction that lead to changes in participation percentages in a subsidiary, be registered in equity. Moreover, the amended standard changes the accounting treatment for losses realized by a subsidiary as well as the loss of control in a subsidiary.

The approval of the amendments to IAS 27 entails amendments to international financial reporting standards (IFRS)1, IFRS 4, IFRS 5, IAS1, IAS 7, IAS 14, IAS 21, IAS 28, IAS 31, IAS 32, IAS 33, IAS 39 and interpretation 7 of the Standing Interpretation Committee (SIC) in order to ensure consistency between the international accounting standards.

– IAS 39 (Amendment) "Financial instruments: Recognition and Measurement"

The present amendment clarifies how the hedge accounting is used on the part of the financial instrument that corresponds to inflation and to options when such are used as hedging instruments.

This amendment does not apply to the financial statements of the Group and Company during the presented period.

– IFRS 1 (Replacement) "First implementation of I.F.R.S."

The restructured IFRS 1 replaces the existing IFRS 1, in order to facilitate the use of IFRS 1 and its amendment in the future. Moreover, the restructured IFRS 1 deletes from the standard several transitional guidances and it includes several less significant restatements. The effective requirements remain unchanged.

The specific amendment has no effect on the Company's and Group's financial statements as the Company has already made the transition to IFRS.

– IFRS 2 (Amendment) "Share Based Payments" – Vesting Conditions and Cancellations

The amendment clarifies the definition of "vesting conditions", with the introduction of the term "non-vesting conditions" for terms that do not constitute service of performance terms. It also clarifies that all cancellations either arising from the entity itself or from third parties, must have the same accounting treatment.

The amendment has no effect on the financial statements.

– IFRS 3 (Revised) "Business Combinations"

The revised IFRS 3 introduces a series of changes in the accounting treatment of business combinations that will affect:

a) The amount of goodwill that arises,

b) The results of the reported period during which the companies' acquisition takes place and

c) The future results.

Such changes include:

a) The registration in the results of expenses related to the acquisition and

b) The registration in the results of subsequent changes to the fair value of the potential price

The approval of revised IFRS 3 entails amendments to IFRS 1, IFRS 2, IFRS 7, to International Accounting Standards (IAS 12), IAS 16, IAS 28, IAS 32, IAS 33, IAS 34, IAS 36, IAS 37, IAS 38, IAS 39 and interpretation 9 of the International financial Reporting Interpretation Committee (IFRIC) in order to ensure consistency between the international accounting standards.

The amendment applies to the financial statements of the Group and Company during the presented period.

– IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"

The interpretation applies to an economic entity that hedges the foreign exchange risk from a net investment in a foreign operation and meets the condition for accounting hedge according to IAS 39.

The interpretation provides guidance regarding the way in which an entity must define the amounts reclassified from equity to the results both for the hedge instrument and for the hedged item.

The interpretation does not apply to the Group's and Company's financial statements during the presented period, as the Group and Company do not apply accounting hedging for any investment in a foreign operation.

– IFRIC 17 "Distribution of Non-Cash assets to Owners"

The interpretation provides guidance on the accounting treatment of the following non-reciprocal distributions of assets from the economic entity to shareholders who act under their capacity as such: a) distribution of non-cash assets and b) distributions providing the option to shareholders of either non-cash assets or cash. Also several amendments were made to IFRS 5 and IAS 10.

This interpretation does not apply to the Group's and Company's financial statements during the presented period.

– IFRIC 18 "Transfers of assets from customers"

The interpretation clarifies the requirements of IFRS for the agreements under which the economic entity receives tangible assets from one customer, and subsequently it must use such assets to provide constant access to goods or services to the customer. In several cases, the economic entity receives cash from a customer that must be used only for the purchase or construction of the tangible asset.

Several amendments were also made to IFRS 1.

This interpretation does not apply to the Group's and Company's financial statements during the presented period.

– Amendments to standards that are part of the IASB (International Accounting Standards Board) 2009 annual improvement plan

The following amendments describe the most important changes introduced to IFRS as a result of the annual improvement plan of the IASB, which was released in April 2009. The following amendments apply for the present financial period.

Also, unless stated otherwise, the following amendments do not have a significant effect on the Group's financial statements.

IFRS 2 "Share-based Payments"

The amendment confirms that the contributions of a company for the establishment of a joint venture and the joint control transactions are exempt from the application scope of IFRS 2.

IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations"

The amendment clarifies disclosures required for non-current assets classified as held for sale or discontinued operations.

IFRS 8 "Operating Segments"

The amendment provides clarifications for the disclosure of information relating to the segment's assets.

IAS 1 "Presentation of Financial Statements"

The amendment provides clarification that the potential settlement of a liability with the issue of equity instruments is not relevant to its classification as current or non-current.

IAS 7 "Statement of Cash Flows"

The amendment requires that only expenses that lead to a recognized asset in the statement of financial position can be classified as investment activities.

IAS 17 "Leases"

The amendment provides clarification regarding the classification of land and building leases as finance or operating leases.

IAS 18 "Revenue"

The amendment provides additional guidance regarding the definition of whether an entity acts as a principal or agent.

IAS 36 "Impairment of Assets"

The amendment clarifies that the largest cash flow generating unit in which goodwill should be allocated for the purposes of an impairment review is an operating segment as defined by paragraph 5 of IFRS 8 (namely before the concentration – summation of segments).

IAS 38 "Intangible Assets"

The amendments clarify (a) the requirements according to IFRS 3 (revised) regarding the accounting treatment of intangible assets acquired in a business combination and (b) the description of valuation methods used broadly from entities during the fair value measurement of intangible assets acquired in a business combination that are not traded in active markets.

IAS 39 "Financial Instruments: Recognition and Measurement"

The amendments concern (a) clarifications regarding the treatment of penalties / fines from loan prepayments as closely related embedded derivatives, (b) the exemption scope for business combination contracts and (c) clarifications that profit or losses from a cash flow hedge of an expected transaction should be reclassified from equity to the results during the period when the hedged expected cash flow affects the results.

IFRIC 9 "Re-evaluation of Embedded Derivatives"

The amendment clarifies that IFRIC 9 does not apply in a possible re-evaluation, during the acquisition date, of embedded derivatives in contracts that were acquired in a business combination that concerns entities under joint control.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"

The amendment mentions that in a hedge of a net investment in a foreign operation, appropriate hedging instruments may be held by any entity within the group, including the foreign entity itself, given that specific conditions are met.

Standards and Interpretations mandatory for financial statements beginning after 1 January 2010

Specific new standards, amendments of standards and interpretation that have been issued and are mandatory for accounting periods beginning during the present period or after. The Company's (and Group's) assessment regarding the effect from the application of the new standards, amendments and interpretations, is presented below.

– IFRS 9 "Financial instruments" (applied for annual accounting periods beginning on or after 1 January 2013)

IFRS 9 is the first part of the first phase in the plans of IASB (International Accounting Standards Board) to replace IAS 39. The IASB intends to extend IFRS 9 during 2010 in order to add new requirements for the classification and measurement of financial liabilities, the de-recognition of financial instruments, the impairment of value and hedge accounting. IFRS 9 defines that all financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through the results, specific transaction costs. The subsequent measurement of financial assets takes place either at amortized cost or at fair value and depends on the business model of the economic entity regarding the management of financial assets and the contractual cash flows of the financial asset.

IFRS 9 does not permit reclassifications, except for rare occasions where the entity's business model changes, and in such a case the entity is required to reclassify the affected financial assets in the future. According to the principles of IFRS9, all investments in equity instruments must be measured at fair value. However, management has the option to present realized and unrealized profit and losses from fair value of equity instruments not held for commercial purposes in other comprehensive income. This definition is made during initial recognition for each financial instrument separately and cannot be changed. The fair value profit or losses are not subsequently transferred to the results, while income from dividends will continue to be recognized in the results. IFRS 9 repeals the exception of measurement at cost for non-listed shares and derivatives on non-listed shares, but it provides guidance for when the cost may be considered as a representative estimation of fair value. The Group is currently assessing the effect of IFRS 9 on its financial statements. The standard has not yet been adopted by the EU.

– 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 Group will apply these changes from the day such are put in effect.

– IAS 32 (Amendment) "Financial instruments: Presentation"

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

The amendment to IAS 32 clarifies the accounting treatment of several options when the issued instruments are expressed in a currency other than the issuer's operational currency. If such instruments are distributed proportionately to existing shareholders of the issuer for a specific amount of cash, such must be classified as share capital, even if their exercise price is in a currency different than the issuer's operational currency. Specifically, the amendment concerns, rights, pre-emptive rights, options for the purchase of a specific number of equity instruments of the economic entity. The amendment will not apply to the Company and Group.

– IFRS 1 (Amendment) "First implementation of international financial reporting standards" – disclosure on financial instruments (applied for annual accounting periods beginning on or after 1 July 2010)

The present amendment provides, for companies that apply IFRS for the first time, the same transition provisions that are included in the amendment of IFRS 7 as regards to the comparative information concerning disclosures of the new three-level hierarchy of fair value. The specific amendment will not affect the Group's financial statements as the Group has already made the transition to IFRS.

– IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets (applied for annual accounting periods beginning on or after 1 July 2011)

The present amendment provides the disclosures for transferred financial assets that have not been fully de-recognized as well as for transferred financial assets that have been fully de-recognized but for which the Group has a continued involvement. It also provides guidance on the application of the required disclosures.

– IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (applied for annual accounting periods beginning on or after 1 January 2011)

The amendments apply to limited cases: when the entity is subject to a minimum funding requirement and proceeds with an advance payment of contributions to cover such requirements. The amendments allow such an entity to face the benefit from such an advance payment as an asset. The interpretation does not apply to the Group.

– 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 applied by the entity that issues equity instruments to a creditor, in order to settle, in full or in part, a financial liability. The interpretation does not apply to the Group.

– Amendments to standards that are part of the IASB (International Accounting Standards Board) annual improvement plan for 2010, were published in May 2010.

The effective dates for the amendments vary, however most apply for annual accounting periods beginning on or after 1 January 2011.

Such amendments are not expected to have a significant effect on the Group's financial statements.

IFRS 1 "First implementation of international financial reporting standards"

The amendments concern: (a) additional disclosures if an entity changes its accounting policies or the application of the exemption of IFRS 1 if it has already published interim financial information according to IAS 34. (b) exemptions when the readjustment base is used as "deemed cost", and (c) exemptions for entities that are subject to a special standard to use the book values as "deemed cost" for tangible or intangible assets according to the previous accounting standards financial statements.

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 13 "Customer Loyalty Programs"

The amendment clarifies the definition of the term "fair value", in the context of the measurement of customer loyalty programs.

d) Approval of Financial Statements

The accompanying annual consolidated financial statements were approved by the Board of Directors of the Parent Company on March 24th 2011.

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 not use derivative instruments in order to reduce its exposure to interest rate risk. The Management of the Company follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

- ***Fair Value***

The amounts appearing in the attached 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 minority interest

The Group records its transaction with minority interest 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 minority interest, is recognized in the statement of changes in equity.

4 GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures on 31.12.2010 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:

(All amounts in thousand Euro, unless stated otherwise)

		Participation Percentage			
Company Name	**Establishment**	**31/12/2010**	**31/12/2009**	**Activity**	**Tax Un-audited Years**
1. IWECO CHONOS LASITHIOU CRETE SA	11.04.2000	100%	100%	Production of El. Energy from Renewable energy sources (RES)	1
2. ENERGIAKI SERVOUNIOU SA	01.02.2001	100%	100%	Production of El. Energy from RES	1
3. TERNA ENERGY EVROU SA	01.02.2001	100%	100%	Production of El. Energy from RES	1
4. PPC RENEWABLES – TERNA ENERGY S.A.	20.06.2000	51%	51%	Production of El. Energy from RES	1
5. AIOLIKI PANORAMATOS S.A.	01.02.2001	100%	100%	Production of El. Energy from RES	1
6. AIOLIKI RACHOULAS DERVENOCHORION S.A.	01.02.2001	100%	100%	Production of El. Energy from RES	1
7. ENERGEIAKI DERVENOHORION S.A.	01.02.2001	100%	100%	Production of El. Energy from RES	1
8. AIOLIKI MALEA LAKONIAS S.A.	01.02.2001	100%	100%	Production of El. Energy from RES	1
9. ENERGEIAKI FERRON EVROU S.A	01.02.2001	100%	100%	Production of El. Energy from RES	1
10. AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	01.02.2001	100%	100%	Production of El. Energy from RES	1
11. ENERGEIAKI PELOPONNISOU S.A.	01.02.2001	100%	100%	Production of El. Energy from RES	1
12. ENERGEIAKI NEAPOLEOS LAKONIAS S.A.	01.02.2001	100%	100%	Production of El. Energy from RES	1
13. AIOLIKI ILIOKASTROU S.A.	23.4.2010	100%	100%	Production of El. Energy from RES	1
14. EUROWIND S.A.	24.8.2010	100%	-	Production of El. Energy from RES	1
15. ENERGIAKI XIROVOUNIOU S.A.	14.02.2001	100%	100%	Production of El. Energy from RES	1
16. DELTA AXIOU ENERGEIAKI S.A.	8.10.2010	51%	-	Production of El. Energy from RES	1
17. GP ENERGY LTD	26.09.2005	100%	100%	Trade of El. Energy	6
18. EOL TECHNICS CONSULT SRL	03.04.2008	100%	100%	Production of El. Energy from RES	3
19.TERNA ENERGY OVERSEAS LTD	4.1.2008	100%	100%	Production of El. Energy from RES	3
20. EOLOS POLSKA SPZO	30.6.2008	100%	100%	Production of El. Energy from RES	3
21 EOLOS NOWOGRODZEC SPZOO	12.12.2008	61%	61%	Production of El. Energy from RES	3

(All amounts in thousand Euro, unless stated otherwise)

22. TERNA ENERGY NETHERLANDS BV	29.5.2009	100%	100%	Production of El. Energy from RES	2
23. HAOS INVEST 1 EAD	30.3.2010	100%	-	Production of El. Energy from RES	2
24. VALUE PLUS LTD	4.1.2010	100%	-	Trade of El. Energy Equipment	2
25. GALLETTE LTD	24.8.2010	100%	-	Holdings	3
26. AIOLOS LUX S.A.R.L	1.7.2010	100%	-	Holdings	3
27. ECO ENERGY DOBRICH 2 EOOD	1.7.2010	100%	-	Production of El. Energy from RES	2
28. ECO ENERGY DOBRICH 3 EOOD	1.7.2010	100%	-	Production of El. Energy from RES	2
29. ECO ENERGY DOBRICH 4 EOOD	1.7.2010	100%	-	Production of El. Energy from RES	2

1. On 4.1.2010 the company VALUE PLUS LTD, which is based in Cyprus, was established. The objective of the company is the trade of electric energy equipment and support of foreign investments.
2. On 30.3.2010 the total shares of the company HAOS INVEST 1 EAD, which is based in Bulgaria, were acquired. The basic activity of the latter company is the construction and management of renewable energy sources (See also note 30).
3. On 23.4.2010 the Group acquired control of the company AIOLIKI ILIOKASTROU S.A., the basic activity of which is the construction and management of renewable energy sources (See also note 30).
4. On 24.8.2010 the Group acquired control of the company GALLETTE L.T.D., which is based in Cyprus and its basic business activity is the participation in companies with activities in construction and management of renewable energy sources (See also note 30).
5. On 1.7.2010 100% of the shares of AIOLOS LUX S.A.R.L., which is based in Luxembourg, were acquired, while the latter's basic business activity is the participation in companies with activities in construction and management of renewable energy sources (See also note 30).
6. Through the above no. 4 and 5 acquisitions, the Group acquired 100% of the shares of the company EUROWIND S.A. EUROWIND S.A. is based in Greece and its basic business activity is the construction and management of renewable energy sources (See also note 30).
7. On 1.7.2010 the company acquired the total shares of the companies ECO ENERGY DOBRICH 2 EOOD, ECO ENERGY DOBRICH 3 EOOD and ECO ENERGY DOBRICH 4 EOOD, which are based in Bulgaria and whose basic business activity is the construction and management of renewable energy sources. (See also note 30)
8. During the 3rd quarter of 2010 the Athens Prefecture approved the transformation of the company ENERGIAKI XIROVOUNIOU S.A. from a general partnership to a société anonyme company according to the provisions of L.2166/1993.
9. During the 3rd quarter of 2010 the company DELTA AXIOU ENERGEIAKI S.A. was established, with the construction and management of renewable energy sources as its basic activity.

(All amounts in thousand Euro, unless stated otherwise)

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

		Participation Percentage			
Company Name	**Establishment**	**31/12/2010**	**31/12/2009**	**Activity**	**Tax Un-audited Years**
1. TERNA ENERGY SA & SIA AIOLIKI POLYKASTROU GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
2. TERNA ENERGY SA & SIA ENERGEIAKI VELANIDION LAKONIA GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
3. TERNA ENERGY SA & SIA ENERGEIAKI DYSTION EVIA GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
4. TERNA ENERGY SA & SIA AIOLIKI PASTRA ATTICA GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
5. TERNA ENERGY SA & SIA AIOLIKI KARYSTIAS EVIA GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
6. TERNA ENERGY SA & SIA ENERGEIAKI ARI SAPPON GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
7. TERNA ENERGY SA & SIA AIOLIKI EASTERN GREECE GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
8. TERNA ENERGY SA & SIA AIOLIKI MARMARIOU EVIA GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
9. TERNA ENERGY SA & SIA ENERGEIAKI PETRION EVIA GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
10. TERNA ENERGY SA & SIA AIOLIKI ROKANI DERVENOCHORION GP	01.02.2001	99%	99%	Production of El. Energy from RES	4
11. TERNA ENERGY SA & SIA ENERGEIAKI STYRON EVIA GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
12. TERNA ENERGY SA & SIA ENERGEIAKI KAFIREOS EVIA GP	01.02.2001	100%	100%	Production of El. Energy from RES	4
13. TERNA ENERGY SA & SIA AIOLIKI PROVATA TRAIANOUPOLEOS	01.02.2001	100%	100%	Production of El. Energy from RES	4

(All amounts in thousand Euro, unless stated otherwise)

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

ι) Joint ventures

	Company Name	**Participation Percentage 2010 and 2009 %**	**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

During the 3rd quarter of 2010 the joint venture TRAM POLITICAL ENGINEER WORKS was resolved and liquidated due to the completion of the undertaken project and its final delivery. No loss resulted from the liquidation of the aforementioned Joint Venture.

(All amounts in thousand Euro, unless stated otherwise)

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

		Participation Percentage			
Company Name	**Establishment**	**31/12/2010**	**31/12/2009**	**Activity**	**Tax Un-audited Years**
TERNA ENERGY SA - M.E.L. MACEDONIAN PAPER COMPANY SA & SIA CO-PRODUCTION GP	12.02.2001	50%	50%	Construction/ Operation of co-production unit of electricity for serving of needs of MEL	5
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 and EOLOS NOWOGRODZEC Spzoo, which were established in Poland, TERNA ENERGY NETHERLANDS, which was established in Holland and AIOLOS LUX S.A.R.L. that was established in Luxembourg.

C) Associates of TERNA ENERGY SA

Company Name	**Domicile**	**Participation Percentage%**		**Consolidation Method**	**Tax un-audited fiscal years**
		2010	**2009**		
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.

During the 3rd quarter of 2010 the Company acquired, through the participation in the share capital increase, 48% of the shares of the company EN. ER.MEL S.A. (See also Note 8)

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, statements of comprehensive income and statements of cash flows according to the IFRS, whereas previously recorded operating segments –as presented in the financial statements of the previous year- require no modifications. The Group recognizes the following operating segments that must be reported, whereas no other segments exist that could be incorporated in the "other segments" category.

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

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

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

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

(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)

Business segments 31.12.2009	**Construction**	**Electricity from renewable energy sources**	**Consolidation Write-offs**	**Total Consolidated**
Income from external customers				
Sales of products	-	33,736		**33,736**
Income from construction services	39,640	-		**39,640**
Total income from external customers	**39,640**	**33,736**		**73,376**
Inter-segment income	6,428	-	(6,428)	
Total income	**46,068**	**33,736**		**73,376**
Net Results per Segment	**3,291**	**13,066**		**16, 357**
Depreciations	(140)	(8,740)		**(8,880)**
Amortization of grants	-	2,396		**2,396**
Net financial results	(304)	4,435		**4,131**
Income tax	(1,535)	(6,029)		**(7,564)**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**5,270**	**21,004**		**26,274**
Earnings before interest and taxes (EBIT)	**5,130**	**14,660**		**19,790**
Segment assets	28,341	612,063		**640,404**
Investments in associates		51		**51**
Total Assets	**28,341**	**612,114**		**640,455**
Segment liabilities	**14,250**	**252,989**		**267,239**
Capital expenditure	119	110,963		**111,082**

(All amounts in thousand Euro, unless stated otherwise)

6 INTANGIBLE FIXED ASSETS

Intangible fixed assets and their movement for the periods from 1 January to 31 December 2010 and 2009, 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 2009	**169**	**1,454**	**1,623**
Additions	26	380	406
Reduction during the period	(31)	-	(31)
31 December 2009	**164**	**1,834**	**1,998**
As at 1 January 2010	**164**	**1,834**	**1,998**
Additions	12	1,293	1,305
Additions from acquisition	-	14,949	14,949
Reduction during the period	-	-	-
31 December 2010	**176**	**18,076**	**18,252**
Accumulated Amortization			
As at 1 January 2009	**57**	**103**	**160**
Amortization for the period	30	65	95
Reduction during the period	(31)	-	(31)
31 December 2009	**56**	**168**	**224**
As at 1 January 2010	**56**	**168**	**224**
Additions	34	64	98
Reduction during the period	-	-	-
31 December 2010	**90**	**232**	**322**
Net Book Value			
31 December 2009	**108**	**1,666**	**1,774**
31 December 2010	**86**	**17,844**	**17,930**

(All amounts in thousand Euro, unless stated otherwise)

COMPANY

	Software Programs	Concessions and Rights	Total
<u>**Acquisition Cost**</u>			
As at 1 January 2009	**168**	**628**	**796**
Additions	25	336	361
Reductions	(31)	-	(31)
31 December 2009	**162**	**964**	**1,126**
As at 1 January 2010	**162**	**964**	**1,126**
Additions	13	578	591
Reductions	-	-	-
31 December 2010	**175**	**1,542**	**1,717**
<u>**Accumulated Amortization**</u>	**56**	**44**	**100**
As at 1 January 2009	30	38	68
Additions	(31)	-	(31)
Reductions	**55**	**82**	**137**
31 December 2009			
As at 1 January 2010	**55**	**82**	**137**
Additions	34	38	72
Reductions	-	-	-
31 December 2010	**89**	**120**	**209**
<u>**Net Book Value**</u>			
31 December 2009	**107**	**882**	**989**
31 December 2010	**86**	**1,422**	**1,508**

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 2010 amounting to 14,949 thousand euro concern the cost of licenses as such was recognized during the acquisition of companies. (See also Note 30). During the period from January 1st to December 31st 2010, the Group received new licenses for use rights and intervention on forestall land amounting to € 1,293 (€ 380 during the period from January 1st to December 31st 2009).

7 TANGIBLE FIXED ASSETS

Tangible fixed assets and their movement for the periods from January 1st to December 31st 2010 and 2009, 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 2009	**1,135**	**28,452**	**153,624**	**663**	**2,142**	**90,820**	**276,836**
Additions	262	233	1,003	88	169	108,084	109,839
Borrowing cost	-	-	-	-	-	812	812
Reductions	-	(11)	(11)	(3)	(34)	-	(59)
Transfers from assets under construction	-	-	394	-	-	(394)	-
31 December 2009	**1,397**	**28,674**	**155,010**	**748**	**2,277**	**199,322**	**387,428**
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**
Accumulated depreciations							
1 January 2009	**-**	**4,389**	**31,738**	**431**	**1,349**	**-**	**37,907**
Depreciations for the period	-	1,311	7,112	83	283	-	8,789
Reductions	-	(7)	(46)	(1)	(34)	-	(88)
31 December 2009	**-**	**5,693**	**38,804**	**513**	**1,598**	**-**	**46,608**
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**
Net Book Value							
31 December 2009	**1,397**	**22,981**	**116,206**	**235**	**679**	**199,322**	**340,820**
31 December 2010	**2,060**	**23,954**	**123,038**	**268**	**604**	**267,270**	**417,194**

(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 2009	**853**	**7,829**	**84,059**	**662**	**2,098**	**19,752**	**115,253**
Additions	21	9	210	86	162	26,997	27,485
31 December 2009	**874**	**7,838**	**84,269**	**748**	**2,260**	**46,749**	**142,738**
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**
Accumulated depreciations							
1 January 2009	**0**	**2,275**	**23,641**	**430**	**1,309**	**0**	**27,655**
Additions	-	369	3,804	83	275	-	4,531
31 December 2009	**0**	**2,644**	**27,445**	**513**	**1,584**	**0**	**32,186**
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**
Net Book Value							
31 December 2009	**874**	**5,194**	**56,824**	**235**	**676**	**46,749**	**110,552**
31 December 2010	**891**	**7,015**	**66,464**	**249**	**601**	**49,699**	**124,919**

The account “Technological and mechanical equipment” includes Wind Park generators that have been collateralized at banks as security against loans the value of which amounted to 49,371 during 31.12.2010 (55,251 on 31.12.2009).

The categories “Land-Plots”, “Buildings and installations” and “Technological and mechanical equipment”, include fixed assets with a net book value of € 8,635 and € 7,362, during December 31st 2010 and 2009 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 31/12/2010, the Group owns 6,750 common shares with a nominal value of €10 each of the associate company Cyclades RES Energy Center SA. Also, on 28/7/2010 the Company acquired 48% of the shares of EN.ER.MEL S.A. through its participation in the latter's share capital increase. The basic activity of the company is the production of electric energy from renewable energy sources. The total consideration of the Company's participation in the aforementioned share capital increase amounted to € 2,200. With this acquisition, significant influence was acquired and thus the participation was recognized as an associate.

Information on the net assets acquired and goodwill is provided as follows:

Agreed consideration (paid)	2,200
Temporary Fair value of net recognized assets	1,056
Goodwill	1,144

In the Statement of Financial Position, the above goodwill is included in the associate's value.
Following the completion of the acquisition, the Company participated in a share capital increase of EN.ER.MEL S.A. amounting to € 1,248. During 31 December 2010 and 2009, no profit or loss was generated from the participations. The following table presents summary financial data of the associate companies.

	31 December 2010	31 December 2009
Total Long-term Assets	4,872	93
Total Short-term Assets	87	59
Total Assets	**4,959**	**152**
Total Long-term Liabilities	-	-
Total Short-term Liabilities	22	2
Total Liabilities	**22**	**2**
Total Income	-	-
Total Expenses	-	-
Profit (losses) after taxes	**-**	**-**

9 OTHER LONG-TERM RECEIVABLES

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

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Several Provided Guarantees	286	219	230	183
Total	**286**	**219**	**230**	**183**

(All amounts in thousand Euro, unless stated otherwise)

10 INVENTORIES

Inventories on 31 December 2010 and 2009, in the accompanying consolidated financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Merchandise	69	69	69	69
Raw and Auxiliary Materials	1,823	113	1,823	113
Spare-parts of Fixed Assets	304	354	11	62
Total inventories	**2,196**	**536**	**1,903**	**244**

During 31 December 2010 and 2009 there was no need for provisions for impaired or low turnover inventories.

The cost of inventories recognized as an expense in "cost of sales" amounts to € 5,605 and €10,860, for the financial years ended on 31 December 2010 and 2009.

11 TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

Trade receivables on 31 December 2010, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Customers of the construction sector	10,670	15,665	23,867	15,665
Customers of the energy sector (PPC, HTSO and others)	4,323	6,612	2,660	3,443
Construction project agreements underway	3,096	2,269	5,066	10,466
Customers – Litigious and Doubtful	88	88	88	88
Checks Receivable	-	240	-	240
Minus: Provision for doubtful receivables	(211)	(211)	(211)	(211)
	17,966	**24,663**	**31,470**	**29,691**

The above trade receivables also include receivables from Wind Energy customers amounting to euro 731 (euro 1,647 on 31 December 2009) which are forfeited 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 2010 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Prepayments to Suppliers	1,682	1,795	2,988	2,159
Accounts for Management of Prepayments and Credit	411	564	359	483
Deferred expenses	1,168	1,101	797	614
Accrued income	418	541	398	513
Other Receivables of the Group's Joint Ventures	666	247	689	991

(All amounts in thousand Euro, unless stated otherwise)

Receivables from VAT	7,124	5,671	-	1,007
Receivables from grants of Wind Parks	10,732	2,732	-	-
Receivables related to Insurance Indemnities	1,057	727	818	680
Blocked Deposits	116	1,576	-	-
Prepayments for Acquisition of Companies	-	7,550	-	-
Other Receivables - Sundry Debtors	3,270	2,436	1,248	1,362
Minus: Provisions for doubtful receivables	(60)	(60)	(60)	(60)
	26,584	**24,880**	**7,237**	**7,749**

On 31 December 2010, the Group has recognized a receivable from grants amounting to euro 10,732,
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	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Cumulative costs	132,504	114,712	165,071	137,536
Cumulative profit	34,542	31,461	38,282	34,020
Cumulative losses	(203)	(231)	(203)	(231)
Received prepayments	862	-	862	-
Amounts withheld from customers of projects	165	180	165	180
Receivables of projects, priced	167,687	147,041	202,560	164,227
Receivables from customers of projects	3,096	2,269	3,448	10,466
Liabilities towards customers of projects	(3,940)	(3,368)	(4,038)	(3,368)
Net receivable from customers of projects	(844)	(1,099)	(590)	7,098

13 CASH & CASH EQUIVALENTS

The cash & cash equivalents on December 31st 2010 and 2009, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Cash in Hand	31	26	2	2
Sight & Time Deposits	192,842	244,811	174,792	233,559
Total	**192,873**	**244,837**	**174,794**	**233,561**

(All amounts in thousand Euro, unless stated otherwise)

Term deposits usually have a duration of 3-6 months and bear interest rates ranging between 3%-3.5% and 2.5%-3% for 2010 and 2009 respectively.

The balance of time deposits on 31/12/2010 includes the amount of 63,900 thousand euro 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:

	31 December 2010	31 December 2009
Loan of European Investment Bank – TERNA ENERGY SA	18,838	23,324
Bond Loan € 20,000 - TERNA ENERGY SA	17,900	19,300
Bond Loan € 10,000 - PPC RENEWABLES – TERNA ENERGY SA	9,100	9,700
Bond Loan € 16,000 – TERNA ENERGY EVROU SA	12,313	14,364
Bond Loan € 12,000 – ENERGEIAKI SERVOUNIOU SA	8,429	9,961
Bond Loan € 2,600 - IWECO CHONOS LASITHIOU CRETE SA	1,629	1,926
Long-term Loan with Embedded Derivatives € 7,500- TERNA ENERGY SA	7,500	-
Total	**75,709**	**78,575**
minus: Long term debt payable in the next financial year	(12,505)	(10,929)
Long-term loans	**63,204**	**67,646**

The Group's total long-term debt has been contracted in Euro in Greece, while loans received prior to 2009 (54% of total at the end of the present year and 63.09% 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 2010 and 2009 corresponded to 4.26% and 4.04%, respectively.

The total interest on the above loans for financial years 2010 and 2009 amounted to € 3,130 and € 2,439 respectively. The Group considers that the fair value of the above loans does not differ substantially from their book value.

On 29/12/2010 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 is valued at fair value through the results. For 2010 no profit or loss resulted from the change in the fair value of the loan as the relevant loan agreement was signed during the last days of the year.

(All amounts in thousand Euro, unless stated otherwise)

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 forfeited 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 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 31, 2010 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 2010.

The amount due for staff indemnities is analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Present value of liabilities	250	245	250	245
Non-registered actuarial losses	(72)	(64)	(72)	(64)
Recognized liability	**178**	**181**	**178**	**181**

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

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Current cost of service	39	56	39	56
Financial cost	14	9	14	9
Absorption / (Transfer) of Personnel	(21)	(14)	(21)	(14)
Effect of Reduction / Settlement / Final Benefits	119	106	119	106
Recognition of actuarial profit/losses	9	3	9	3
Additional payments		-		-
	160	**160**	**160**	**160**

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

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Opening balance	**181**	**141**	**181**	**141**
Provision recognized in the income statement	160	160	160	160
Indemnity payments	(163)	(120)	(163)	(120)
Closing balance	**178**	**181**	**178**	**181**

(All amounts in thousand Euro, unless stated otherwise)

The main actuarial assumptions for financial year 2010 are as follows:

Discount rate	4.1%
Average annual rate of inflation	2%
Average annual long-term GDP growth	3%
Mortality: Greek mortality table 1990	
Future wage increases	2.9%
Movement of salaried workers (departure under their own will)	3%
Movement of day-waged workers (departure under their own will)	2%
Movement of salaried workers (laid-off)	12%
Movement of day-waged workers (laid-off)	25%

16 OTHER PROVISIONS

The movement of the relevant provision in the Statement of Financial Position for financial years 2010 and 2009, is as follows:

	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 income statement	8	-	-	-
Provision recognized in fixed assets				
Balance 31.12.2010	**729**	**415**	**317**	**280**

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	**Other provisions**	**Provisions for environmental rehabilitation**	**Other provisions**
Balance 1.1.2009	**717**	**335**	**317**	**200**
Provision recognized in the income statement	4	80	-	80
Balance 31.12.2009	**721**	**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 729 euro (721 at 31.12.2009) 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.

17 GRANTS

Grants at December 31st 2010 and December 31st 2009 in the accompanying financial statements, are analyzed as follows:

(All amounts in thousand Euro, unless stated otherwise)

	GROUP	COMPANY
Balance 1 January 2010	**50,796**	**19,777**
Additions	10,732	-
Rebates	-	
Amortization of grants	(2,398)	(1,055)
Balance 31 December 2010	**59,130**	**18,722**
Balance 1 January 2009	**48,614**	**18,824**
Additions	4,983	2,231
Rebates	(402)	(223)
Amortization of grants	(2,399)	(1,055)
Balance 31 December 2009	**50,796**	**19,777**

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, in the income statement they refer to.

The amount of additions for the period January 1st – December 31st 2010 for the Group, include grants that have not yet been received.

The total approved and non-received grants for the Company and Group is included in "Prepayments and other receivables". 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.

18 SUPPLIERS

The suppliers as at December 31st 2010 and 2009, in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Domestic suppliers	5,844	5,433	5,041	4,515
Foreign suppliers	21,660	2,411	1,114	2,405
Sub-contractors	4,646	2,656	1,806	2,278
Withheld guarantees of suppliers	401	-	401	-
Withheld guarantees of sub-contractors	1,391	1,582	1,391	1,582
Free agents	550	287	529	272
Suppliers of fixed assets	2,066	1,488	2,066	1,489
Post-dated checks	54	214	54	119
	36,612	**14,071**	**12,402**	**12,660**

(All amounts in thousand Euro, unless stated otherwise)

19 ACCRUED AND OTHER LIABILITIES

The accrued and other short-term liabilities as at December 31st 2010, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Customer Prepayments	940	35	940	35
Liabilities towards proportionately consolidated companies	151	125	151	140
Deferred income of construction contracts	3,940	3,368	4,038	3,368
Social Security Funds	253	275	241	258
VAT Liabilities	684	1,226	658	1,210
Other withheld taxes	467	471	333	449
Windfall Tax	2,230	1,425	1,814	1,425
Dividends payable	12	15	12	15
Sundry Creditors	2,094	2,349	478	155
Deferred Income -accrued expenses	29	293	-	-
	10,800	**9,582**	**8,665**	**7,055**

20 SHORT-TERM LOANS

The Group's and Company'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 increase of the Group's short-term loans during 2010 amounted to €15,345 (€14,122 during the previous year) whereas for the Company the net increase of short-term loans amounted to €5,031 (€24,128 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 4.6% and 5.4% for 2010 and 2009 respectively. The total interest on the aforementioned loans of the Group for the financial years ended on December 31st 2010 and December 31st 2009 is €487 and €1,604 respectively. The corresponding amounts for the Company were €397 and € 1,241.

21 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.

(All amounts in thousand Euro, unless stated otherwise)

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-Dec	
	2010	2009
Total Long-term Assets	-	6
Total Short-term Assets	978	1,162
Total Assets	978	1,168
Total Long-term Liabilities	-	7
Total Short-term Liabilities	694	1,053
Total Liabilities	694	1,060
Total Income	-	-
Total Expenses	-	-
Earnings after taxes	-	-

22 CAPITAL

During the period 1/1-31/12/2010, as during the period 1/1-31/12/2009, the number of shares and their nominal value remained unchanged. The share premium decreased by € 38, an amount that concerns expenses for the share capital increase of subsidiaries, which was concluded during the period 1.1-31.12.2010. The total number of shares on 31/12/2010 amounts to 109,333,400 from which 3,445,985 are owned by the Company (treasury shares).
The share capital is fully paid up.

23 EARNINGS PER SHARE

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

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Net earnings attributed to shareholders of the parent	**9,572**	**15,864**	**7,976**	**13,377**
Average weighted number of shares	107,526,657	108,723,395	107,526,657	108,723,395

24 DIVIDENDS

The Annual Shareholders' Meeting of the Company on May 12th 2010 approved the distribution of dividend from earnings of financial year 2009 amounting to €7,325 thousand. The dividend was fully paid within the first half of 2010.

(All amounts in thousand Euro, unless stated otherwise)

25 INCOME TAX

According to Greek tax legislation the tax rate corresponds to 24% for 2010, and 20% 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.

Moreover, in May 2010 the law "Extraordinary Social Responsibility Contribution Tax" (L3845/2010) was put into effect. According to the provisions of article 5 of the above law, a Windfall Tax was applied retrospectively to the total net earnings of 2009, amounting to € 2,229 for the Group and € 1,815 for the Company. The above amounts were registered in the Group's and Company's current tax expenses respectively.

Income tax in the accompanying consolidated financial statements, is analyzed as follows:

(a) Current tax

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Current tax expense				
Current tax	3,185	4,629	2,062	3,481
Tax of previous years	224	120	-	115
Windfall tax	2,229	1,425	1,814	1,425
	5,638	6,174	3,876	5,021
Deferred tax expense	1,193	1,389	760	1,011
Total	**6,831**	**7,563**	**4,636**	**6,032**

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Consolidated Earnings before taxes	**16,795**	**23,921**	**12,612**	**19,409**
Nominal tax rate	24%	25%	24%	25%
Income tax based on effective nominal tax rate	**4,031**	**5,980**	**3,027**	**4,852**
Adjustments for:				
- Other non-taxed income	-	(265)	-	(449)
- Tax of previous periods & Additional taxes	224	43	0	42
- Provisions for Additional income Tax	2	80	2	80
- Difference of tax rate on foreign operations	(247)	-	0	-
- Windfall tax	2,229	1,425	1,814	1,425
- Change of recoverable tax losses	742	-	-	
- Other permanent tax Differences - non-exempt expenses	517	139	410	94
- Other	-	194	-	-
- Effect of change in Tax Rate	(667)	(33)	(617)	(12)
Real tax expense	**6,831**	**7,563**	**4,636**	**6,032**
Effective tax rate	40.67	31.6%	36.7%	31%

(All amounts in thousand Euro, unless stated otherwise)

The effective tax rate is higher in years 2010 and 2009 due to the windfall tax. The weighted tax rate for 31/12/2010, without the surcharge by the Windfall Tax, corresponded to 27.4% for the Group and 22.37% for the Company.

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 2010) of the Group's companies are presented in Note 4.

(b) Deferred tax

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

The Company and Group maintain tax-exempt reserves and reserves taxed with specific way amounting to €13,093 and €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**	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Receivables from deferred income tax	303	1,233	0	818
Liability from deferred income tax	(1,497)	(838)	(356)	0
Net deferred tax asset (liability)	**(1,194)**	**395**	**(356)**	**818**
Opening balance	395	1,908	818	1,968
Debit / (Credit) recognized in the results	(1,193)	(1,388)	(760)	(1,011)
Debit / (Credit) recognized in other comprehensive income	(409)	(132)	(415)	(139)
Other	13	7	1	-
Closing balance	**(1,194)**	**395**	**(356)**	**818**

(All amounts in thousand Euro, unless stated otherwise)

The deferred tax receivables and liabilities of 2010 and 2009 are analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Deferred Tax Liability				
- Tangible assets	(3,951)	(2,781)	(1,905)	(1,427)
- Intangible assets	(1,147)	(930)	(2,186)	(1,694)
- Receivables of construction projects	(1,013)	(2,512)	(1,013)	(2,512)
- Investment Property	(185)	(185)	(185)	(185)
- Other	(94)	(141)	(79)	(128)
Total Deferred Tax Liability	**(6,390)**	**(6,549)**	**(5,368)**	**(5,946)**
Deferred Tax Receivable				
- Provision for staff indemnities	36	36	36	36
- Liabilities of construction projects	808	808	808	808
- Provision for doubtful receivables	54	64	54	64
- Cost of construction projects	475	1,946	631	2,101
- Other provisions	201	202	119	122
- Tax loss	60	99		-
- Expense for share capital increase	2,794	3,202	2,776	3,191
- Grants	768	587	588	442
Total Deferred Tax Receivable	**5,196**	**6,944**	**5,012**	**6,764**
Net deferred tax asset (liability)	**(1,194)**	**395**	**(356)**	**818**

The net charge in the results in the consolidated statement of comprehensive income of 2010 and 2009 regarding deferred tax is analyzed as follows:

	GROUP		COMPANY	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Effect on the income statement:				
- Tangible Fixed Assets	(1,170)	(712)	(478)	(374)
- Receivables of construction projects	1,499	(1,973)	1,499	(1,973)
- Investment Property	0	-	0	-
- Cost of construction projects	(1,471)	1,312	(1,470)	1,468
- Grants	181	185	146	149
- Intangible Assets	(217)	(700)	(492)	(760)
- Provision for staff indemnities	-	8	-	8
- Liabilities of construction projects	-	(4)	-	(4)
- Provision for doubtful receivables	(10)	(3)	(10)	(3)
- Other provisions	(1)	16	(3)	16
- Tax loss	(39)	20	-	-
- Other	47	463	49	463
	(1,181)	(1,388)	(759)	(1,010)
Effect on the income statement:				
Expenses of share capital increase	(408)	(132)	(415)	(138)
	(1,589)	**(1,520)**	**(1,174)**	**(1,148)**

(All amounts in thousand Euro, unless stated otherwise)

26 COST OF SALES, ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

The cost of sales, administrative and research & development expenses at 31st December 2010 and 2009, in the accompanying financial statements, are analyzed as follows:

COST OF SALES	**GROUP**		**COMPANY**	
	2010	**2009**	**2010**	**2009**
Employee remuneration and expenses	2,965	3,256	3,427	3,358
Fees of consultants	1,599	1,692	1,599	1,852
Remuneration and expenses of third parties (engineers)	1,227	1,899	2,306	1,844
Materials and expenses of constructions	5,605	10,860	6,316	13,141
Leases	806	1,645	1,232	1,639
Repairs, Maintenance	2,875	3,189	1,657	2,251
Sub-contractors	9,507	13,821	11,685	16,082
Depreciation	8,795	8,689	4,548	4,369
Third party benefits	397	340	410	273
Contributions to local government authorities	1,030	1,068	563	599
Transportation expenses	263	325	336	325
Insurance premiums	822	765	681	508
Other	928	1,155	903	1,149
Total	**36,819**	**48,704**	**35,663**	**47,390**

ADMINISTRATIVE EXPENSES	**GROUP**		**COMPANY**	
	2010	**2009**	**2010**	**2009**
Employee remuneration and expenses	1,338	1,219	1,232	1,113
Fees of consultants	855	332	722	291
Remuneration and expenses of third parties (engineers)	2,225	1,018	919	658
Insurance premiums	1	1	-	-
Leases	199	161	178	122
Subscriptions	235	203	213	184
Depreciation	190	156	143	107
Travel and promotion expenses	479	332	208	135
Third party benefits (utility companies)	57	75	41	40
Other	1,389	1,720	1,331	1,347
Total	**6,968**	**5,217**	**4,987**	**3,997**

(All amounts in thousand Euro, unless stated otherwise)

RESEARCH & DEVELOPMENT EXPENSES	**GROUP**		**COMPANY**	
	2010	**2009**	**2010**	**2009**
Employee remuneration	78	62	78	62
Remuneration of engineers	1,697	1,064	1,660	924
Fees of consultants	1,011	1,326	378	2,046
Depreciation of equipment	119	116	119	116
Travel expenses	20	30	20	30
Scientific/Lab experiments	137	167	137	167
Third party benefits	69	8	69	8
Other expenses	143	383	143	383
Total	**3,274**	**3,156**	**2,604**	**3,736**

27 OTHER INCOME/(EXPENSES)

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

	GROUP		**COMPANY**	
	2010	**2009**	**2010**	**2009**
Grant amortization (Note 17)	2,398	2,396	1,055	1,055
Income from leasing of machinery	10	39	10	39
Income from leasing of property (Note 7)	81	71	81	71
Income from J/V	-	-	-	224
Other income	681	991	183	1,757
Profit from sales of fixed assets	5	-	5	-
Other Tax	-	(6)	-	(6)
Other expenses	(372)	-	(45)	-
Total	**2,803**	**3,491**	**1,289**	**3,140**

28 FINANCIAL INCOME/(EXPENSES)

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

	GROUP		**COMPANY**	
	2010	**2009**	**2010**	**2009**
Interest of Long-term Loans (note 14)	(3,130)	(2,439)	(1,578)	(1,036)
Interest of Short-term Loans (note 20)	(487)	(1,604)	(397)	(1,241)
Bank expenses and other expenses	(1,075)	(1,172)	(992)	(748)
Financial Expenses	(4,692)	(5,215)	(2,967)	(3,025)
Interest from site deposits	787	275	713	200
Interest from term deposits	5,903	9,071	5,705	8,996
Other Financial income	-	-	-	-
Financial Income	6,690	9,346	6,418	9,196
Net Financial Results	**1,998**	**4,131**	**3,451**	**6,171**

(All amounts in thousand Euro, unless stated otherwise)

29 PAYROLL COST

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

	GROUP		COMPANY	
	1,1-31.12.2010	**1,1-31.12.2009**	**1,1-31.12.2010**	**1,1-31.12.2009**
Wages and Related benefits of day-wage workers	754	645	733	626
Wages and Related benefits of regular staff	2,367	2,659	2,805	2,746
Social Security Contributions	1,100	1,073	1,039	1,001
Provision for employee indemnities	160	160	160	160
Other		-		-
Total Expenses	**4,381**	**4,537**	**4,737**	**4,533**
Average Number of Employees				
Day-wage workers	54	34	53	34
Regular staff	100	120	92	111

30 ACQUISITONS OF COMPANIES

As presented in detail in note 4 of the Group's 2010 consolidated financial statements, the following companies are consolidated for the first time: HAOS INVEST 1 EAD, AIOLIKI ILIOKASTROU SA, GALLETTE LTD, EUROWIND, AIOLOS LUX S.A.R.L, ECO ENERGY DOBRICH 2 EOOD, ECO ENERGY DOBRICH 3 EOOD, and ECO ENERGY DOBRICH 4 EOOD.

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 on the wind parks. 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. From the total consideration of the above acquisition amounting to 15,136 thousand euro, the amount of 14,949 thousand euro concerns acquisition of wind park licenses (note 6), while the remaining amount of 187 thousand euro concerns other assets (mainly fixed assets).

31 TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the periods 01/01-31/12/2010 and 01/01-31/12/2009, as well as the balances of receivables and liabilities arisen from the above transactions as of 31/12/2010 and 31/12/2009 are as follows:

(All amounts in thousand Euro, unless stated otherwise)

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	-	-

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

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 2010 and 2009 are as follows:

	GROUP		**COMPANY**	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Board of Directors remuneration	735	682	360	360
Remuneration of executives included in the executive Board members	500	513	464	513
	1,235	**1,195**	**824**	**873**

32 AIM AND POLICIES OF RISK MANAGEMENT

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

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

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

FOREIGN EXCHANGE RISK

The Group is not exposed to foreign exchange risk because its total transactions are denominated in euro, with the exception of investments in foreign companies.

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

SENSITIVITY ANALYSIS OF INTEREST RATE RISK

With regard to long-term financing, Group's policy is to minimize its exposure to interest rate risk. In this context, long-term loans are a) fixed rate loans and b) floating rate loans linked to euribor. Therefore, fixed rate loans are not subject to any interest rate risk contrary to floating rate loans (Note 14).

The Group's short-term debt is also exclusively in euro and under floating interest rates (Note 20) 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% (2009: +/-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.

	2010		2009	
Amounts in thousand €	+20%	-20%	+20%	-20%
Results after taxes – Group	806	(806)	1,043	(1,043)
Results after taxes – Company	840	(840)	1,234	(1,234)

The Group does not have a policy to manage risk from such 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 on its financial assets, apart from a long-term liability amounting to 7,500 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 counter party.

On 31/12/10 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 31/12/10 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 2010 for the TERNA ENERGY Group, is analyzed 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 corresponding maturity of financial liabilities for December 31st 2009 was as follows:

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

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:

	31.12.2010	31.12.2009
Non- current assets:		
Loans and receivables – Other long-term receivables	286	-
Financial assets available for sale – Other investments	1	1
	287	1
Current assets:		
Loans and receivables – Trade receivables	17,966	22,393
Loans and receivables – Prepayments and other receivables	5,035	-
Cash & cash equivalents	192,873	244,837
	215,874	267,230
Total	216,161	267,231

Amounts in thousand €	31.12.2010	31.12.2009
Long-term liabilities:		
Liabilities measured at amortized cost – Long-term loans	57,204	67,645
Liabilities measured at fair value – Liabilities from derivatives	5,500	0
	62,704	67,645
Short-term liabilities:		
Liabilities measured at amortized cost – Suppliers	36,612	14,072
Liabilities measured at amortized cost – Short-term loans	126,848	111,503
Liabilities measured at amortized cost – Long-term liabilities payable in the next period	11,005	10,929
Liabilities measured at fair value – Liabilities from derivatives	2,000	0
Liabilities measured at amortized cost – Accrued and other short-term liabilities	6,226	-
Total	182,691	136,504

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 7,500 thouand euro is the only financial instrument which is measured at fair value during 31/12/2010. The 2010 results include no amount concerning this loan. 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.

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 € 7,500 thousand is included in level 3. 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.

33 POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

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

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

The Group defines the level of capital in proportion to the risk of its activities, it monitors the developments of the economic environment and their effect on the risk characteristics, and it manages the capital structure (relation of debt to equity) with the adjustment of the amount and maturity of debt, the issue of new shares or the return of capital to shareholders, with the adjustment of the dividend and the sale of individual or a group of assets.

For this purpose, the Group monitors its capital based on the leverage ratio which is defined as Net Debt / Adjusted Equity, where a) Net Debt is defined as Liabilities from loans and financial leases minus Cash equivalents and other short-term financial Assets, as such appear in the Statement of Financial Position and b) Adjusted Equity is defined as Total Equity plus unsecured loans. The ratio at the end of 2010 and 2009 was as follows:

Amounts in thousand €	31.12.2010	31.12.2009
Interest bearing debt	195,057	190,077
Minus:		
Cash & Cash equivalents	(192,873)	(244,837)
Net Debt	2,184	(54,760)

(All amounts in thousand Euro, unless stated otherwise)

Total equity	366,501	373,216
Minus: Net unrealized profit carried forward and reserves	0	0
Adjusted Equity	366,501	373,216
Leverage ratio (Net Debt / Adjusted Equity)	0.8%	(15%)

The change in the leverage ratio during 2010 presented in the above table is attributed to the Group's investment development.

34 EXISTING COLLATERAL ASSETS

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

35 SIGNIFICANT EVENTS DURING THE PERIOD

During 2010, in the energy sector, installation licenses were issued for four new Wind Parks in Greece, with a total capacity of 85.02 MW, in the Prefectures of Viotia, Argolida, Evia and Dodecanese, while at the same time 12.5 MW of the total 20 MW of a Wind Park in the Prefecture of Aitoloakarnania, was set in operation.

Also, an installation license was acquired for a Photovoltaic Station in Greece with a capacity of 1.9 MW in the prefecture of Argolida, production licenses were issued for Photovoltaic Stations with a total capacity of 17.95 MW and production licenses were issued for Small Hydroelectric Stations (SMHS) with a total capacity of 31.6 MW.

During the 2nd half of 2010, the Company established the subsidiary "DELTA AXIOU ENERGY S.A.", whose basic activity is the design, construction, organization, management and utilization of an Electricity Heat Co-Production Station which uses biogas for fuel.

Furthermore, during 2010 construction began of four Wind Parks in Poland, with a total capacity of 56 MW and of two Wind Parks in Bulgaria, with a total capacity of 30 MW.

In the construction sector, during the 1st half of 2010, a construction agreement was signed between the company TERNA ENERGY SA and the Public Power Corporation S.A. (PPC S.A.) for the project ""Design, procurement of equipment and construction of a closed type GIS hydroelectric station of 150KV at the production station of South Rhodes", with a contractual value of 8,619,000 euro, which is expected to be completed by the beginning of 2012, while during the 2nd half of 2010 a construction agreement was signed between the company TERNA ENERGY SA and the Special Service of Public Works/Large Projects of Western Greece, for the project "Construction of Igoumenitsa – Preveza Road, improvement by sections, Subsections 4: Karteri - Gerakari – Parga from K.M. 0+000 to K.M. 14+937.2" with a contractual value of 20,756,316 euro, which is expected to be completed by the end of 2013.

The total backlog of construction projects towards third parties on 31/12/2010 amounts to €65 million.

(All amounts in thousand Euro, unless stated otherwise)

36 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In March 2011 production licenses were issued for 27 Wind Parks, with a total capacity of 954 MW in Crete, for two Wind Parks of 22MW and 26 MW each in the Aitoloakarnania Prefecture, one Wind Park of 40 MW in the Drama Prefecture, while the increase of capacity was approved for a Wind Park under construction in the Viotia Prefecture by 10 MW, namely from 30 MW to 40 MW, and the Group's first Wind Park abroad, in Poland with a capacity of 20 MW, was set in operation. Also, the installation license was issued for a Photovoltaic Park of 1.912MW, in the Argolida Prefecture.

Moreover, in the context of its development in the global market, the Group came to an agreement for the acquisition of companies in the United States of America, which own Wind Parks under development (licensing stage) with a total capacity of 172 MW. The agreement is subject to the fulfillment of a series of conditions and is expected to be completed within 12 months.

In the constructions sector, the Company was declared as the temporary lowest bidder and is expecting to sign an agreement on the following projects:

a. For the 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 and

b. For the 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.

37 CONTINGENT LIABILITIES

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

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

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

V. DATA AND INFORMATION FOR THE PERIOD 1.1-31.12.2010

TERNA ENERGY SA

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

85 Mesogeion Ave., 11526 Athens Greece

DATA AND INFORMATION FOR THE FINANCIAL YEAR FROM 01/01/2010 TO 31/12/2010

Published according to C.L. 2190/20 article 135 for companies that prepare annual financial statements, consolidated and non-consolidated according to IFRS

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 Finance 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 were derived) :	24 March 2011
Legal Auditor:	Ioannis Leos (SOEL Reg. No.: 24881)
Auditing Firm:	GRANT THORNTON SA
Type of Audit Report:	In accordance
Company Website:	www.terna-energy.gr

STATEMENT OF FINANCIAL POSITION (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
ASSETS				
Self used tangible fixed assets	417.194	340.820	124.919	110.552
Investment property	923	923	923	923
Other non-current assets	4.089	1.504	110.916	72.428
Intangible assets	17.930	1.774	1.508	989
Inventories	2.196	536	1.903	244
Trade receivables	17.966	24.663	31.470	29.691
Cash & cash equivalents	192.873	244.837	174.794	233.561
Other current assets	27.448	25.398	8.034	8.267
TOTAL ASSETS	**680.619**	**640.455**	**454.467**	**456.655**
EQUITY & LIABILITIES				
Share capital	32.800	32.800	32.800	32.800
Other items of Shareholders' Equity	331.098	339.011	324.333	333.816
Total Shareholders' Equity (a)	**363.898**	**371.811**	**357.133**	**366.616**
Non-controlling interests	2.603	1.405	0	0
Total Equity (b)	**366.501**	**373.216**	**357.133**	**366.616**
Long-term bank liabilities	63.204	67.646	36.754	36.707
Provisions/Other-long-term liabilities	63.914	52.951	19.853	20.555
Short-term bank liabilities	139.353	122.432	19.660	13.062
Other-short-term liabilities	47.647	24.210	21.067	19.715
Total liabilities	**314.118**	**267.239**	**97.334**	**90.039**
TOTAL EQUITY & LIABILITIES	**680.619**	**640.455**	**454.467**	**456.655**

STATEMENT OF COMPREHENSIVE INCOME (Consolidated and Non-Consolidated)

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2010	**1/1-31/12/2009**	**1/1-31/12/2010**	**1/1-31/12/2009**
Turnover	59.055	73.376	51.126	65.221
Gross profit / (losses)	22.236	24.672	15.463	17.831
Earnings/(Loss) before interest and tax (EBIT)	**14.797**	**19.790**	**9.161**	**13.238**
Earnings/(Loss) before tax	16.795	23.921	12.612	19.409
Earnings/(Loss) after tax (A)	9.964	16.357	7.976	13.377
Allocated to:				
Company Shareholders	9.572	15.864		
Minority Shareholders	392	493		
	9.964	16.357		
Other comprehensive income after taxes (B)	(400)	(172)	(415)	(139)
Total comprehensive income after taxes (A+B)	9.564	16.185	7.561	13.238
Allocated to:				
Company Shareholders	9.174	15.692		
Minority Shareholders	390	493		
	9.564	16.185		
Earnings/(Losses) after tax per share - basic (in €)	0,0890	0,1459	0,0741	0,1230
Proposed dividend per share (€)			0,0403	0,0670
Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)	**21.429**	**26.274**	**12.895**	**16.780**

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

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Total equity at beginning of period (1/1/2010 and 1/1/2009)	373.216	365.809	366.616	362.146
Profit/(Losses) for the period after taxes	9.564	16.185	7.561	13.238
	382.780	381.994	374.177	375.384
Increase / (decrease) of subsidiaries' share capital	765	0	0	0
Distributed dividends	(7.325)	(7.334)	(7.325)	(7.334)
Net income registered directly in equity	0	0	0	0
Purchases of treasury shares	(9.719)	(1.434)	(9.719)	(1.434)
Transfers other movements	0	(10)	0	0
Establishment of subsidiary	0	0	0	0
Total equity at end of period (31/12/09 and 31/12/08)	**366.501**	**373.216**	**357.133**	**366.616**

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

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2010	**1/1-31/12/2009**	**1/1-31/12/2010**	**1/1-31/12/2009**
Operating activities				
Profit before tax	16.795	23.921	12.612	19.409
Plus/less adjustments for:				
Depreciation	9.107	8.880	4.789	4.597
Provisions	165	(228)	160	160
Interest income and related income	(6.644)	(9.338)	(6.419)	(9.196)
Interest expenses and related expenses	4.646	5.206	2.968	3.024
Results from participations and securities	0	0	0	(1.505)
Results from intangible and tangible fixed assets and investment property	0	0	0	0
Amortization of grants	(2.398)	(2.396)	(1.055)	(1.055)
Other adjustments	(77)	83	0	0
Operating profit before changes in working capital	**21.594**	**26.128**	**13.055**	**15.434**
Plus/Less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	(1.660)	350	(1.659)	(102)
Decrease / (increase) in receivables	8.887	(28.386)	(4.231)	(17.933)
(Decrease) / increase in liabilities (other than to banks)	2.243	28.626	2.181	13.766
(Less):				
Taxes paid	(4.073)	(9.244)	(2.340)	(8.072)
Total inflows / (outflows) from operating activities (a)	26.991	17.474	7.006	3.093
Investing activities				
Purchases of tangible & intangible assets	(60.884)	(111.082)	(19.675)	(27.844)
Grants received	2.733	17.691	0	5.953
Interest received	6.747	11.232	6.533	11.102
(Purchases)/sales of participations and securities	(12.985)	(30)	(35.812)	(22.254)
Increase of investments in associate company	(3.448)	0	(3.448)	0
Dividends received from investments	0	0	0	1.376
Total inflows / (outflows) from investing activities (b)	(67.837)	(82.189)	(52.402)	(31.667)
Financing activities				
Proceeds from share capital increase	765	0	0	0
Purchases of treasury shares	(9.719)	(1.434)	(9.719)	(1.434)
Net change in long-term loans	(2.768)	20.799	1.621	14.888
Net change in short-term loans	15.190	14.215	5.000	(24.118)
Interest and related expenses paid	(7.290)	(7.635)	(2.944)	(3.023)
Dividends paid	(7.329)	(7.317)	(7.329)	(7.317)
Total inflows / (outflows) from financing activities (c)	(11.151)	18.628	(13.371)	(21.004)
Effect of FX differences on cash equivalents	33	38	0	0
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**(51.964)**	**(46.049)**	**(58.767)**	**(49.578)**
Cash and cash equivalents at the beginning of the period	**244.837**	**290.886**	**233.561**	**283.139**
Cash and cash equivalents at the end of the period	**192.873**	**244.837**	**174.794**	**233.561**

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 31/12/09 have been followed.
3. The group during the present period employed 154 individuals. For the respective period of 2009 the group employed 154 individuals. During the present year the company employed 145 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 37 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 31/12/2010 owned 47.638% 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	7.227	21.165
b) Purchases of goods and services	16.109	10.848
c) Receivables	1.345	14.892
d) Liabilities	2.263	2.617
e) Transactions & remuneration of Board members and executives	500	464
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	1.512	766

10. The names, domiciles, participation percentages and consolidation method of companies and joint ventures that were consolidated in the financial statements of 31/12/2010 are mentioned in detail in Note 4 of the financial statements.
11. During 31 December 2010 the following companies were incorporated with the full consolidation method in the consolidated financial statements compared to the respective period of the previous year: VALUE PLUS LTD (100%, established on 4.1.2010), HAOS INVEST 1 EAD (100%, acquired on 30.3.2010), Aioliki Iliokastrou S.A. (100%, acquisition completed on 23.4.2010), GALLETTE L.T.D (100%, acquisition completed on 24.8.2010), AIOLOS LUX S.A.R.L. (100%, acquired on 1.7.2010), ECO ENERGY DOBRICH 2 EOOD (100%, acquired on 1.7.2010), ECO ENERGY DOBRICH 3 EOOD (100%, acquired on 1.7.2010), ECO ENERGY DOBRICH 4 EOOD (100%, acquired on 1.7.2010), EUROWIND S.A. (100%). Also, on 28/7/2010 the company acquired, through participating in the share capital increase 48% of the shares of the company EN.ER.MEL. S.A. which was incorporated with the equity method in the consolidated financial statements, compared to the respective period of the previous year. Reference to such is made in Note No 4 of the financial statements.
12. The amounts and nature of other comprehensive income/(expenses) after taxes, are analyzed as follows:

	GROUP 31/12/2010	COMPANY 31/12/2010
Foreign exchange differences from conversion of incorporated foreign operations	47	0
Expenses for share capital increase of subsidiary	(38)	0
Tax on items transferred directly to or from equity	(409)	(415)
	(400)	(415)

13. The number of treasury shares owned by the company on December 31st 2010 corresponded to 3,445,985 shares with a total acquisition cost of 12,765 thousand €.
14. No sector or company has ceased operations.

Athens, 24/03/2011

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 567798 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 – 31/12/10

It is notified that in accordance with article 3 of the decision 7/448/11.10.2007 by the Hellenic Capital Markets Commission BoD and decision 25/17.7.2008 by the BoD of Athens Exchange, from the share capital increase of TERNA ENERGY ABETE paid in cash that was decided by the Extraordinary General Shareholders Meeting on 20.07.2007, the net amount of € 300,572 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 2/4/2009 decided on the restructuring of the time schedule and use of the outstanding balance, by extending the completion time of the distribution by one year, namely until 31/12/2011, due to observed delays in the licensing procedures in the RES sector. Additionally, the extraordinary General Meeting on 29/6/2009 extended the use of one account.

The total raised capital of € 300,572, according to the aforementioned amended time schedule, presented the following movement until 31/12/2010:

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

TIME FRAME	Utilization of Capital Proceeds						Total utilized capital 08/11/07 until 31/12/2010	Non-utilized capital 31/12/2010
in thousand €	08/11/07-31/12/07	01/01/08-31/12/08	01/01/09-31/12/09	01/01/10-31/12/10	01/01/11-31/12/11	Total		
Total investments in wind parks	4,084	10,494	48,200	99,472	15,200	177,450	71,680	105,770
Total investments in hydroelectric stations	2,661	2,853	1,300	6,700	6,700	20,214	15,169	5,045
Photovoltaic stations	0	0	1,500	4,000	6,000	11,500	0	11,500
Electric energy production from biomass	0	0	0	5,000	10,000	15,000	3,448	11,552
Wind parks abroad	0	2,500	5,000	15,000	20,000	42,500	22,500	20,000
Acquisition of companies, RES licenses (from the Company or via its subsidiaries) - Share capital increase of subsidiaries for acquisition of companies – licenses in RES	0	0	6,000	7,000	7,000	20,000	10,700	9,300
Total Investment from Capital Proceeds	**6,745**	**15,847**	**62,000**	**137,172**	**64,900**	**286,664**	**123,497**	**163,167**
Issue Expenses	13,380	528				13,908	13,908	0
Total	**20,125**	**16,375**	**62,000**	**137,172**	**64,900**	**300,572**	**137,405**	**163,167**

Notes

1. The Ordinary Shareholders' Meeting of 02/04/2009 approved the BoD'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 BoD'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.

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

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

2. As presented in the above table, from the capital of € 300,572 thousand raised by the Company, until 31/12/2010 the amount of € 137,405 thousand had been utilized. From its listing on the Athens Stock Exchange and until 31/12/2010, apart from the issue expenses that amounted to € 13,908 thousand, the amount of € 123,497 thousand has been used to cover the participation of the Company as well as -through share capital increases- of TERNA ENERGY subsidiaries for projects which an installation license exists and is owned by those companies.

3. Following the commitments by the E.U. and other countries to follow the Kyoto Protocol and their intention to undertake significant support initiatives to develop RES, the company has decided to propose the amendment of the timeframe and use of funds raised to the General Meeting, in order to take advantage of its investment capabilities as much as possible both in countries within the E.U. and in non-E.U. countries.

4. The remaining outstanding capital amounts to € 163,167 thousand and has been placed in short-term time deposits, which are presented in the account "cash & cash equivalents" in the financial statements.

5. The small deviation in the implementation timeframe is due to delays in the licensing procedures, which are expected to improve in 2011, during which the company's investment plan will be implemented at a quick rate.

The Chairman of the Board	Vice-Chairman & Managing Director	The Chief Financial Officer
Georgios Perdikaris ID No.X 516918	Emman. 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 "TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY S.A."

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

Procedures:

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

Findings

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

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 Stock 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 annual financial statements prepared by the company for the financial year ended on 31/12/2010, for which we have issued a separate Audit Report dated 28 March 2011.

Athens, March 28th, 2011

The Certified Public Accountants - Auditors

Yiannis Leos

SOEL Reg. No 24881

Grant Thornton

Chartered Accountants Management Consultants

56, Zefirou str., 175 64, Palaio Faliro, Greece

Registry Number SOEL 127

VII. INFORMATION OF ARTICLE 10 LAW 3401/2005

Press Releases – Corporate Announcements- Regulated Information

The following Press Releases and Corporate Announcements are listed on the Company's website as well as on the website of the Athens Exchange, at the electronic addresses: www.terna-energy.gr and www,ase,gr

PRESS RELEASES

29/11/2010	9M 2010 Financial Results of TERNA ENERGY
29/11/2010	IR Report 30.09.2010
30/08/2010	First half 2010 Financial Results of TERNA ENERGY
30/08/2010	IR Report 30.06.2010
28/05/2010	First Quarter 2010 Financial Results of TERNA ENERGY
28/05/2010	IR. Report 31.03.2010
30/03/2010	Annual Results 2009 of TERNA ENERGY
30/03/2010	IR Report 31.12.2009
12/03/2010	Start of construction of two new wind parks

CORPORATE ANNOUNCEMENTS

31/12/2010	Purchase of TERNA ENERGY's shares
30/12/2010	Purchase of TERNA ENERGY's shares
29/12/2010	Purchase of TERNA ENERGY's shares
28/12/2010	Purchase of TERNA ENERGY's shares
24/12/2010	Purchase of TERNA ENERGY's shares
23/12/2010	Purchase of TERNA ENERGY's shares
22/12/2010	Purchase of TERNA ENERGY's shares
21/12/2010	Purchase of TERNA ENERGY's shares
20/12/2010	Purchase of TERNA ENERGY's shares
17/12/2010	Purchase of TERNA ENERGY's shares
16/12/2010	Purchase of TERNA ENERGY's shares
15/12/2010	Purchase of TERNA ENERGY's shares
14/12/2010	Purchase of TERNA ENERGY's shares
13/12/2010	Purchase of TERNA ENERGY's shares
10/12/2010	Purchase of TERNA ENERGY's shares
09/12/2010	Purchase of TERNA ENERGY's shares
08/12/2010	Purchase of TERNA ENERGY's shares

07/12/2010	Purchase of TERNA ENERGY's shares
06/12/2010	Purchase of TERNA ENERGY's shares
03/12/2010	Purchase of TERNA ENERGY's shares
02/12/2010	Purchase of TERNA ENERGY's shares
01/12/2010	Purchase of TERNA ENERGY's shares
30/11/2010	Purchase of TENRA ENERGY's shares
29/11/2010	Purchase of TERNA ENERGY's shares
26/11/2010	Purchase of TERNA ENERGY's shares
25/11/2010	Purchase of TERNA ENERGY's shares
24/11/2010	Purchase of TERNA ENERGY's shares
23/11/2010	Purchase of TERNA ENERGY's shares
22/11/2010	Purchase of TERNA ENERGY's shares
19/11/2010	Purchase of TERNA ENERGY's shares
18/11/2010	Purchase of TERNA ENERGY's shares
17/11/2010	Purchase of TERNA ENERGY's shares
16/11/2010	Purchase of TERNA ENERGY's shares
15/11/2010	Purchase of TERNA ENERGY's shares
12/11/2010	Purchase of TERNA ENERGY's shares
11/11/2010	Purchase of TERNA ENERGY's shares
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05/11/2010	Purchase of TERNA ENERGY's shares
04/11/2010	Purchase of TERNA ENERGY's shares
03/11/2010	Purchase of TERNA ENERGY's shares
02/11/2010	Purchase of TERNA ENERGY's shares
01/11/2010	Purchase of TERNA ENERGY's shares
29/10/2010	Purchase of TERNA ENERGY's shares
27/10/2010	Purchase of TERNA ENERGY's shares
20/10/2010	Purchase of TERNA ENERGY's shares
19/10/2010	Purchase of TERNA ENERGY's shares
15/10/2010	Purchase of TERNA ENERGY's shares
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12/10/2010	Purchase of TERNA ENERGY's shares
11/10/2010	Purchase of TERNA ENERGY's shares
08/10/2010	Purchase of TERNA ENERGY's shares
07/10/2010	Purchase of TERNA ENERGY's shares
06/10/2010	Purchase of TERNA ENERGY's shares
05/10/2010	Purchase of TERNA ENERGY's shares
04/10/2010	Purchase of TERNA ENERGY's shares

01/10/2010	Purchase of TERNA ENERGY's shares
30/09/2010	Purchase of TERNA ENERGY's shares
29/09/2010	Purchase of TERNA ENERGY's shares
28/09/2010	Purchase of TERNA ENERGY's shares
27/09/2010	Purchase of TERNA ENERGY's shares
24/09/2010	Purchase of TERNA ENERGY's shares
23/09/2010	Purchase of TERNA ENERGY's shares
21/09/2010	Purchase of TERNA ENERGY's shares
20/09/2010	Purchase of TERNA ENERGY's shares
09/09/2010	Purchase of TERNA ENERGY's shares
08/09/2010	Purchase of TERNA ENERGY's shares
06/09/2010	Purchase of TERNA ENERGY's shares
02/09/2010	Purchase of TERNA ENERGY's shares
01/09/2010	Purchase of TERNA ENERGY's shares
31/08/2010	Purchase of TERNA ENERGY's shares
30/08/2010	Purchase of TERNA ENERGY's shares
27/08/2010	Purchase of TERNA ENERGY's shares
26/08/2010	Amendment to the Financial Calendar of the year 2010
26/08/2010	Purchase of TERNA ENERGY's shares
25/08/2010	Purchase of TERNA ENERGY's shares
24/08/2010	Purchase of TERNA ENERGY's shares
23/08/2010	Purchase of TERNA ENERGY's shares
20/08/2010	Purchase of TERNA ENERGY's shares
19/08/2010	Purchase of TERNA ENERGY's shares
17/08/2010	Purchase of TERNA ENERGY's shares
16/08/2010	Purchase of TERNA ENERGY's shares
13/08/2010	Purchase of TERNA ENERGY's shares
12/08/2010	Purchase of TERNA ENERGY's shares
11/08/2010	Purchase of TERNA ENERGY's shares
10/08/2010	Purchase of TERNA ENERGY's shares
09/08/2010	Purchase of TERNA ENERGY's shares
06/08/2010	Purchase of TERNA ENERGY's shares
05/08/2010	Purchase of TERNA ENERGY's shares
04/08/2010	Purchase of TERNA ENERGY's shares
02/08/2010	Purchase of TERNA ENERGY's shares
29/07/2010	Purchase of TERNA ENERGY's shares
27/07/2010	Purchase of TERNA ENERGY's shares
26/07/2010	Purchase of TERNA ENERGY's shares
23/07/2010	Purchase of TERNA ENERGY's shares
22/07/2010	Purchase of TERNA ENERGY's shares

21/07/2010	Purchase of TERNA ENERGY's shares
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19/07/2010	Purchase of TERNA ENERGY's shares
15/07/2010	Purchase of TERNA ENERGY's shares
14/07/2010	Purchase of TERNA ENERGY's shares
13/07/2010	Purchase of TERNA ENERGY's shares
12/07/2010	Purchase of TERNA ENERGY's shares
09/07/2010	Purchase of TERNA ENERGY's shares
08/07/2010	Purchase of TERNA ENERGY's shares
07/07/2010	Purchase of TERNA ENERGY's shares
06/07/2010	Purchase of TERNA ENERGY's shares
05/07/2010	Purchase of TERNA ENERGY's shares
02/07/2010	Purchase of TERNA ENERGY's shares
01/07/2010	Purchase of TERNA ENERGY's shares
30/06/2010	Purchase of TERNA ENERGY's shares
29/06/2010	Purchase of TERNA ENERGY's shares
28/06/2010	Purchase of TERNA ENERGY's shares
25/06/2010	Purchase of TERNA ENERGY's shares
24/06/2010	Purchase of TERNA ENERGY's shares
23/06/2010	Treasury Shares
23/06/2010	Purchase of TERNA ENERGY's shares
22/06/2010	Purchase of TERNA ENERGY's shares
21/06/2010	Purchase of TERNA ENERGY's shares
18/06/2010	Purchase of TERNA ENERGY's shares
17/06/2010	Purchase of TERNA ENERGY's shares
16/06/2010	Purchase of TERNA ENERGY's shares
15/06/2010	Purchase of TERNA ENERGY's shares
14/06/2010	Purchase of TERNA ENERGY's shares
11/06/2010	Purchase of TERNA ENERGY's shares
10/06/2010	Purchase of TERNA ENERGY's shares
09/06/2010	Purchase of TERNA ENERGY's shares
08/06/2010	Purchase of TERNA ENERGY's shares
07/06/2010	Purchase of TERNA ENERGY's shares
04/06/2010	Purchase of TERNA ENERGY's shares
03/06/2010	Purchase of TERNA ENERGY's shares
02/06/2010	Announcement for extraordinary tax contribution L.3845/2010
02/06/2010	Purchase of TERNA ENERGY's shares
01/06/2010	Purchase of TERNA ENERGY's shares
31/05/2010	Purchase of TERNA ENERGY's shares
28/05/2010	Purchase of TERNA ENERGY's shares

26/05/2010	Purchase of TERNA ENERGY's shares
21/05/2010	Purchase of TERNA ENERGY's shares
20/05/2010	Purchase of TERNA ENERGY's shares
19/05/2010	Purchase of TERNA ENERGY's shares
18/05/2010	Purchase of TERNA ENERGY's shares
17/05/2010	Purchase of TERNA ENERGY's shares
12/05/2010	Decisions of the Shareholders' Ordinary General Assembly held on 12-5-2010
12/05/2010	Distribution of Dividend
10/05/2010	Decision of the BoD The Board of Directors of the company
10/05/2010	Purchase of TERNA ENERGY's shares
07/05/2010	Purchase of TERNA ENERGY's shares
06/05/2010	Purchase of TERNA ENERGY's shares
05/05/2010	Purchase of TERNA ENERGY's shares
04/05/2010	Purchase of TERNA ENERGY's shares
03/05/2010	Purchase of TERNA ENERGY's shares
30/04/2010	Purchase of TERNA ENERGY's shares
29/04/2010	Purchase of TERNA ENERGY's shares
28/04/2010	Purchase of TERNA ENERGY's shares
27/04/2010	Purchase of TERNA ENERGY's shares
26/04/2010	Purchase of TERNA ENERGY's shares
23/04/2010	Purchase of TERNA ENERGY's shares
22/04/2010	Purchase of TERNA ENERGY's shares
21/04/2010	Purchase of TERNA ENERGY's shares
20/04/2010	Empowerment for representation of shareholders in the General Assembly
20/04/2010I	Invitation to Annual Ordinary General Assembly
20/04/2010	Purchase of TERNA ENERGY's shares
19/04/2010	Purchase of TERNA ENERGY's shares
16/04/2010	Purchase of TERNA ENERGY's shares
15/04/2010	Purchase of TERNA ENERGY's shares
14/04/2010	Purchase of TERNA ENERGY's shares
12/04/2010	Purchase of TERNA ENERGY's shares
09/04/2010	Purchase of TERNA ENERGY's shares
08/04/2010	Purchase of TERNA ENERGY's shares
07/04/2010	Purchase of TERNA ENERGY's shares
06/04/2010	Purchase of TERNA ENERGY's shares
01/04/2010	Amendment to the Financial Calendar of the year 2010
01/04/2010	Purchase of TERNA ENERGY's shares
31/03/2010	Purchase of TERNA ENERGY's shares
30/03/2010	Purchase of TERNA ENERGY's shares
26/03/2010	Purchase of TERNA ENERGY's shares

24/03/2010	Financial Calendar of the year 2010
24/03/2010	Purchase of TERNA ENERGY's shares
22/03/2010	Purchase of TERNA ENERGY's shares
19/03/2010	Purchase of TERNA ENERGY's shares
18/03/2010	Purchase of TERNA ENERGY's shares
17/03/2010	Purchase of TERNA ENERGY's shares
16/03/2010	Purchase of TERNA ENERGY's shares
15/03/2010	Purchase of TERNA ENERGY's shares
12/03/2010	Purchase of TERNA ENERGY's shares
11/03/2010	Purchase of TERNA ENERGY's shares
10/03/2010	Purchase of TERNA ENERGY's shares
08/03/2010	Purchase of TERNA ENERGY's shares
05/03/2010	Purchase of TERNA ENERGY's shares
04/03/2010	Purchase of TERNA ENERGY's shares
03/03/2010	Purchase of TERNA ENERGY's shares
02/03/2010	Purchase of TERNA ENERGY's shares
01/03/2010	Purchase of TERNA ENERGY's shares
26/02/2010	Purchase of TERNA ENERGY's shares
25/02/2010	Purchase of TERNA ENERGY's shares
24/02/2010	Purchase of TERNA ENERGY's shares
23/02/2010	Purchase of TERNA ENERGY's shares
22/02/2010	Purchase of TERNA ENERGY's shares
19/02/2010	Purchase of TERNA ENERGY's shares
18/02/2010	Purchase of TERNA ENERGY's shares
17/02/2010	Purchase of TERNA ENERGY's shares
16/02/2010	Purchase of TERNA ENERGY's shares
12/02/2010	Purchase of TERNA ENERGY's shares
11/02/2010	Purchase of TERNA ENERGY's shares
10/02/2010	Purchase of TERNA ENERGY's shares
09/02/2010	Purchase of TERNA ENERGY's shares
08/02/2010	Purchase of TERNA ENERGY's shares
05/02/2010	Purchase of TERNA ENERGY's shares
04/02/2010	Purchase of TERNA ENERGY's shares
03/02/2010	Purchase of TERNA ENERGY's shares
29/01/2010	Purchase of TERNA ENERGY's shares
28/01/2010	Purchase of TERNA ENERGY's shares
27/01/2010	Purchase of TERNA ENERGY's shares
26/01/2010	Purchase of TERNA ENERGY's shares
25/01/2010	Purchase of TERNA ENERGY's shares
22/01/2010	Purchase of TERNA ENERGY's shares

21/01/2010	Purchase of TERNA ENERGY's shares
20/01/2010	Purchase of TERNA ENERGY's shares
19/01/2010	Purchase of TERNA ENERGY's shares
05/01/2010	Purchase of TERNA ENERGY's shares
04/01/2010	Purchase of TERNA ENERGY's shares

REGULATED INFORMATION

03/12/2010	Notification of Transaction
08/10/2010	Notification of Transaction
13/09/2010	Notification of Transaction
23/06/2010	Notification of Transaction
08/06/2010	Notification of Transaction
03/06/2010	Notification of Transaction
19/05/2010	Notification of Transaction
17/05/2010	Notification of Transaction
14/05/2010	Notification of Transaction
13/05/2010	Notification of Transaction
13/05/2010	Notification of Transaction
12/05/2010	Notification of Transaction
10/02/2010	Notification of Transaction
04/02/2010	Notification of Transaction
11/01/2010	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 2010, have been posted on the Company's website. http://www,terna-energy,gr