Financial Statements for the year ended 31 December 2011

ELPEDISON POWER S.A.

COMPANY REGISTRATION NUMBER: 54352/01AT/B/03/416 (2009)
REGISTERED OFFICE: SOROU 8-10, DIMITSANAS & KALTEZON 15125 MAROUSI ATHENS

(All amounts in Euro thousands unless otherwise stated)

Company Information

Board of Directors	Andrea Testi – Chairman of the Board Anastasios Kallitsantsis – Vice Chairman of the Board Andreas Tzouros – Chief Executive Officer Massimo Arculeo – Member of the Board Georgios Alexopoulos - Member of the Board Loukas Dimitriou - Member of the Board Andreas Shiamishis - Member of the Board Ioannis Zissimos - Member of the Board
Registered Office:	Sorou 8-10, Dimitsanas and Kaltezon GR 15125, Maroussi, Greece
Registration number:	54352/01AT/B/03/416(2009) Ministry of Development
Auditors:	PricewaterhouseCoopers S.A. 268 Kifisias Ave 152 32 Halandri Athens, Greece

Independent auditor's report

To the Shareholders of "Elpedison Power SA"

Report on the Financial Statements

We have audited the accompanying financial statements of "Elpedison Power S.A." (the "Company") which comprise the statement of financial position as of 31 December 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(All amounts in Euro thousands unless otherwise stated)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of "Elpedison Power S.A." as at December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a and 37 of Codified Law 2190/1920.

pwc	Athens, 28 March 2012
	The Certified Auditor Accountant
PricewaterhouseCoopers S.A.	
Kifissias 268, Halandri	
Athens	SOURBIS DIMITRIOS
SOEL Reg. No. 113	SOEL Reg.No. 16891

(All amounts in Euro thousands unless otherwise stated)

Statement of Financial Position

	Note	As at 31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	**5**	425.331	446.928
Intangible assets	**6**	3.679	121
Deferred tax asset and other long term assets	**7**	1.310	3.884
		430.320	**450.933**
Current assets			
Inventories	**9**	7.445	5.613
Trade and other receivables	**10**	154.323	75.566
Prepayments & accrued income	**11**	446	26.037
Cash and cash equivalents	**12**	4.576	2.523
		166.790	**109.739**
Total assets		**597.110**	**560.672**
EQUITY			
Share capital	**13**	98.198	98.198
Share premium		44.584	44.584
Reserves	**14**	1.260	1.260
Retained Earnings		5.811	269
Total equity		**149.853**	**144.311**
LIABILITIES			
Non- current liabilities			
Borrowings - net of current portion	**17**	325.747	-
Retirement benefit obligations	**18**	221	142
		325.968	**142**
Current liabilities			
Trade and other payables	**15**	87.646	50.572
Current income tax liabilities		-	-
Provisions	**16**	19.377	6.420
Borrowings- current portion of long-term debt	**17**	14.266	359.227
		121.289	**416.219**
Total liabilities		**447.257**	**416.361**
Total equity and liabilities		**597.110**	**560.672**

The notes on pages 11 to 41 are an integral part of these financial statements. The financial statements of Elpedison Power S.A. for the year ended 31 December 2011 were approved by the Board of Directors on 12 March 2012.

Chairman of the Board	Chief Executive Officer	The Accountant
Andrea Testi	Andreas Tzouros	Marinos Kistanis

(All amounts in Euro thousands unless otherwise stated)

Statement of Comprehensive Income

	Note	Year ended 31 December 2011	31 December 2010
Sales	**19**	397.707	139.141
Other income	**20**	11.182	10.458
		408.889	**149.599**
Fuel, energy purchases and operating expenses	**21**	(343.998)	(128.762)
Labour cost	**22**	(3.643)	(1.499)
Operating expenses		**(347.641)**	**(130.261)**
Operating profit before depreciation		**61.248**	**19.338**
Depreciation for the year	**23**	(28.862)	(15.675)
Operating profit		**32.386**	**3.663**
Finance costs	**24**	(24.625)	(7.229)
Finance income	**24**	371	308
Finance cost-net		**(24.254)**	**(6.921)**
Profit / (loss) before tax		**8.132**	**(3.258)**
Income tax	**25**	(2.590)	831
Profit / (loss) for the year		**5.542**	**(2.427)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**5.542**	**(2.427)**

The notes on pages 11 to 41 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of Changes in Equity

	Share Capital	Share Premium	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2010	**58.248**	**-**	**1.260**	**2.696**	**62.204**
Comprehensive income					
Loss for the year	-	-	-	(2.427)	(2.427)
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	**58.248**	**-**	**1.260**	**269**	**59.777**
Transactions with owners					
Share Capital increase	39.950	44.584	-	-	84.534
Total transactions with owners	**39.950**	**44.584**	**-**	**-**	**84.534**
Balance at 31 December 2010	**98.198**	**44.584**	**1.260**	**269**	**144.311**
Balance at 1 January 2011	**98.198**	**44.584**	**1.260**	**269**	**144.311**
Comprehensive income					
Profit for the year	-	-	-	5.542	5.542
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	**98.198**	**44.584**	**1.260**	**5.811**	**149.853**
Balance at 31 December 2011	**98.198**	**44.584**	**1.260**	**5.811**	**149.853**

The notes on pages 11 to 41 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of Cash Flows

		Year ended	
Cash flows from operating activities		**31 December 2011**	**31 December 2010**
Profit / (loss) for the year		**8.132**	**(3.258)**
Adjustments for:			
Depreciation	**5,6**	28.862	15.675
Amortisation of deffered borrowing cost	**17**	965	258
Provisions for retirement benefits	**18**	79	103
Provisions for rotor repairing	**16**	-	3.420
Provision for Depa retroactive gas price revision	**21**	6.010	-
Provision for Ancillary services	**19**	6.947	-
Interest income	**24**	(371)	(308)
Interest expense and similar charges	**24**	23.660	6.971
		74.284	**22.861**
Movements in working capital			
(Increase) / Decrease in inventories	**9**	(1.832)	(1.279)
(Increase) / Decrease in Prepayments & accrued income	**11**	25.591	(30.277)
(Increase) / Decrease in receivables	**10**	(78.773)	(20.096)
Increase/ (Decrease) in payables	**15**	37.044	3.732
Cash generated from operations		**(17.970)**	**(47.920)**
Income taxes paid		-	(659)
Net cash (used in)/generated from operations		**56.314**	**(25.718)**
Cash flows from investing activities:			
Additions to property, plant and equipment	**5, 6**	(10.823)	(80.346)
Insurance reimbursement received		-	5.360
Interest received		371	308
Net cash used in investing activities		**(10.452)**	**(74.678)**
Cash flows from financing activities:			
Share Capital increase		-	84.534
Proceeds from borrowings	**17**	345.000	360.000
Repayment of borrowings	**17**	(363.744)	(360.000)
Deffered borrowing cost paid	**17**	(1.435)	(1.031)
Interest paid		(23.630)	(6.861)
Net cash (used in)/generated from financing activities		**(43.809)**	**76.642**
Net increase/(decrease) in cash and cash equivalents		**2.053**	**(23.754)**
Cash and cash equivalents at the beginning of the year		2.523	26.277
Cash and cash equivalents at the end of the year		**4.576**	**2.523**

The notes on pages 11 to 41 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Elpedison Power Generation Societe Anonyme (formerly T-Power S.A.), with distinctive title Elpedison Power S.A., (the "Company") was established on 27 May 2003 by Hellenic Petroleum S.A. As at 9 September 2009, the Company merged with Thisvi Power Generation S.A. under the provisions of articles 69-77 of Codified Law 2190/1920 and of articles 1-5 of Law 2166/1993 and was registered in the Companies Registry of the competent Prefectures. The abovementioned merger is the outcome of a joint venture agreement between Hellenic Petroleum S.A. and EDISON SpA., signed on 3 July 2008 for the establishment of a new holding company in the name of **"Elpedison B.V."**, whereby **Elpedison B.V.** owns 75,78% of the share capital of the Company and minority shareholders own the remaining 24,22%. As a result of this merger, the absorbed legal entity Thisvi Power Generation S.A. ceased to exist. The registered address of the Company is at 8-10 Sorou str. Dimitsanas and Kaltezon, 15125 Marousi Athens.

The Company's operations comprise the generation and distribution of electricity. In accordance with the decision of the Ministry of Development – Department of Energy, the operating permit was obtained on 22 December 2005 for Thessaloniki Plant and on 7 December 2010 for Thisvi Plant.

The Company as at 31 December 2011 had 66 employees, (FY 2010: 61 employees) and 7 seconded employees.

The financial statements of Elpedison Power S.A. for year ended 31 December 2011 were approved for issue by the Board of Directors on 12 March 2012. The shareholders of the Company have the power to amend the financial statements after issue.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

These financial statements of Elpedison Power S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and present the financial position, results of operations and cash flows of the Company on a going concern basis after taking into consideration macro-economic and micro-economic factors and their impact on the Company's operations.

Greek Government debt:

As a result of the on-going economic crisis, there is significant economic uncertainty in the international financial markets and more specifically with regards to the Greek economy and the implications on the Greek economy in the event the public sector debt restructuring program is unsuccessful.

During the recent meeting of the Eurogroup, the decision to extend the second support package to Greece with the involvement of the private sector investors (PSI) was confirmed. This, together with the commitment and ability of the Greek government to implement the necessary measures that will support the country's recovery and reduction of public sector debt, is essential in the future recovery efforts of the Greek economy.

Notes to the financial statements (cont'd)

2.1 Basis of preparation (cont'd)

Greek Banking System and liquidity:

The new package agreed and the PSI is expected to have an adverse material impact on the Greek banks. The exact recapitalisation requirements for each bank will be determined after the completion of the bond exchange program and may result to reduced capacity to maintain the same level of credit lines and market liquidity. On the other hand, additional liquidity which will be made available at the end of the PSI process through EFSF, and the reduction of the uncertainty over the Greek economy is expected to have a positive impact on overall credit availability for Greek corporates of high credit quality. However, the impact on the Greek market from any de-leveraging process is expected to be seen over the next six to twenty four months and will affect not only the Company directly but also it's trading partners in the Greek market. Management will monitor the situation and react so as to ensure uninterrupted operations.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4, "Critical accounting estimates and judgments". These estimates are based on management's best knowledge of current events and actions and actual results ultimately may differ from those estimates.

Notes to the financial statements (cont'd)

2.1 Basis of preparation (cont'd)

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IAS 24 (Revised) "Related Party Disclosures"

This amendment attempts to reduce disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. This revision does not affect the Company's financial statements.

IAS 32 (Amendment) "Financial Instruments: Presentation"

This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not relevant to the Company as it has not issued any such instuments.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Company.

IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. This interpretation is not relevant to the Company.

Amendments to standards that form part of the IASB's 2010 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2010 of the results of the IASB's annual improvements project. Unless otherwise stated the following amendments do not have a material impact on the Company's financial statements.

IFRS 3 "Business Combinations"

The amendments provide additional guidance with respect to: (i) contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 (2008); (ii) measuring non-controlling interests; and (iii) accounting for share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards.

Notes to the financial statements (cont'd)

IFRS 7 "Financial Instruments: Disclosures"

The amendments include multiple clarifications related to the disclosure of financial instruments.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies that entities may present an analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes.

IAS 27 "Consolidated and Separate Financial Statements"

The amendment clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively.

IAS 34 "Interim Financial Reporting"

The amendment places greater emphasis on the disclosure principles that should be applied with respect to significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.

IFRIC 13 "Customer Loyalty Programmes"

The amendment clarifies the meaning of the term 'fair value' in the context of measuring award credits under customer loyalty programmes.

Standards and Interpretations effective from periods beginning on or after 1 January 2012

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015)

IFRS 9 is the first Phase of the Board's project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Company is currently investigating the impact of IFRS 9 on its financial statements. The Company cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Company decide if it will adopt the standard prior to 1 January 2015.

IFRS 13 "Fair Value Measurement" (Effective for annual periods beginning on or after 1 January 2013)

IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones. This standard has not yet been endorsed by the EU. It is not expected to have a significant impact on the Company's financial statements.

IFRIC 20 "Stripping costs in the production phase of a surface mine" (Effective for annual periods beginning on or after 1 January 2013)

This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. IFRIC 20 applies only to stripping costs that are incurred in surface mining activity during the production phase of the mine, while it does not address underground mining activity or oil and natural

Notes to the financial statements (cont'd)

gas activity. This interpretation has not yet been endorsed by the EU. This is not relevant to the Company.

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

This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. It is not expected to have an impact on the Company's financial statements.

IAS 12 (Amendment) "Income Taxes" (effective for annual periods beginning on or after 1 January 2012)

The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 "Investment Property". This amendment has not yet been endorsed by the EU. This is not relevant to the Company.

IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012)

The amendment requires entities to separate items presented in other comprehensive income into two categories based on whether or not they may be recycled to profit or loss in the future. This amendment has not yet been endorsed by the EU. This is not expected to impact on the Company's financial statements.

IAS 19 (Amendment) "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013)

This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between "short-term" and "other long-term" benefits. This amendment has not yet been endorsed by the EU.

IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2013)

The IASB has published this amendment to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.This amendment has not yet been endorsed by the EU.

IAS 32 (Amendment) "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2014)

This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This amendment has not yet been endorsed by the EU.

Notes to the financial statements (cont'd)

2.2 Foreign currency translation

(a) ***Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Euros, which is the Company's functional and presentation currency.

(b) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are, included in the fair value reserve in equity.

2.3 Property, plant and equipment

All property, plant and equipment is shown at historical cost less accumulated depreciation and subsequent impairment. Cost includes expenditure that is directly attributable to the acquisition of property, plant & equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Repairs and maintenance are charged to the statement of comprehensive income as incurred except for the general refurbishment costs of the energy plant which are capitalised and charged against income on a straight line basis over the scheduled refurbishment period.

The estimated realizable value that the Company expects to recover at the end of an asset's useful life is not depreciated.

Depreciation on assets is calculated using the straight-line method over their estimated useful life, as shown on the table below for the main classes of assets:

- Buildings	20 years
- Machinery, and equipment (Energy plant and substation)	20 years
- Furniture and fixtures	5 years
- Transportation equipment	6 years
– Computer hardware	3 - 5 years

Notes to the financial statements (cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (See Note 2.5 Impairment of non financial assets). When the reasons for the write down no longer apply, the asset's cost is reinstated.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement within 'Other income / (expenses) – net'.

Capitalisation of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised over the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed.

2.4 Intangible assets

Computer software

These include primarily the costs of implementing the (ERP) computer software program.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 years).

Shallow connection

Shallow connections are Natural Gas Transmission System expansion projects needed for the connection of a single consumer, from the battery limits of the consumer's installations up to the existing gas transmission infrastructure. The Shallow connections are constructed by DESFA and part of the relevant cost charged to the consumer is up to the maximum amount of 3 million plus inflation (defined with a ministerial decision), in return for the exclusive right to use this connection.

Accordingly, the total cost charged by DESFA to the Company has been allocated to the cost of the right to use the asset and is treated as an intangible asset with the same useful economic life as the Plant (20 years).

2.5 Impairment of non financial assets

IAS 36 requires that an entity test its property, plant and equipment and intangible assets for impairment when there are indications that the carrying amount may not be recoverable.

In the case of goodwill and other assets with indefinite lives or assets that are not available for use, the impairment test must be conducted annually.

The recoverability of a carrying amount is tested by comparing it against an asset's fair value, less cost to sell, when there is an active market, or its value in use, whichever is greater.

Notes to the financial statements (cont'd)

As a rule, value in use is the present value of future cash flows expected to be derived from an asset or a CGU and from its disposal at the end of its useful life. CGUs, which have been identified in a way that is consistent with the Company's organizational and business structure, are homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group. Each power station is considered a separate CGU.

2.6 Environmental Securities (Emission Rights)

Elpedison Power S.A. requires a supply of environmental securities (emission rights) to meet its own requirements in the exercise of its industrial activities (so-called "own use"). Such emission rights are allocated to the Company by the government free of charge, but can also be purchased or sold in the open market. Emission rights in the possession of the Company at the balance sheet date that are in excess of the amount required to be matched against the actual emissions of the Company during the year ,are treated as intangible assets and are recognized at the cost incurred to acquire them. Emission rights allocated free of charge are recognized at a zero carrying value. The allowances recognized are not amortised, provided residual value is at least equal to carrying value. The residual value of the rights is the value at which they are traded in the open market. On the other hand, if the Company's actual emissions during the year exceed the value of the emission rights in the Company's possession, the Company raises a provision for the estimated cost of the purchase of the emission rights necessary to cover the difference. Any emission rights that are purchased to cover prior year liabilities are netted off against the provision set up for this purpose at the end of that year, with any difference recognized in the income statement. Emission rights are recognized in the income statement as they are delivered to the government in settlement of the liability for emissions on a units-of –production basis.

2.7 Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the balance sheet.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Inventories are comprised of spare parts for maintenance and proper operation of the power plant and of fuel oil reserve as an alternative fuel, classified as ´´Consumable materials´´.

Cost of inventories is determined using the weighted average cost method.

Notes to the financial statements (cont'd)

2.9 Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.10 Insurance and other claims

Insurance and other claims are included in other receivables and are recorded on the accrual basis and represent the claimable expenses, net of deductibles, which are expected to be recovered from insurance companies. The Company recognizes receivables from insurances only when the realization of the related economic benefit is virtually certain. Any remaining costs to complete the claims are included in other liabilities.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

The excess of share capital raised over the par value of the shares issued, is classified in a share premium account.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Notes to the financial statements (cont'd)

The current income tax charge is calculated according to tax rates and tax laws that were applicable on the taxable income of each year. All changes to current tax assets or liabilities are recognized as expense in the income tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.15 Employee Retirement Benefits

The Company has both defined benefit and defined contribution plans.

Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly administered Social Security funds on a mandatory basis. The staff is mainly covered by the main National Insurance Agency in relation to the private sector ("IKA"), which provides retirement and medical benefits. Each employee is required to contribute part of their monthly salary to the fund, part of the overall contribution is paid by the Company.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Company's defined benefit plan is not funded.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

Notes to the financial statements (cont'd)

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Company's defined benefit plan is an "insurance pension plan'', according to which, in case of employees' retiring, 100% of the insured individual amount will be paid at the time of retirement.

2.16 Trade and other payables

Liabilities for trade and other amounts payable which are normally settled on 30-90 days terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.17 Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "Borrowings". The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

The Company does not presently have any leases that are classified as finance leases.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.18 Provisions for Risks and Charges

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

2.19 Environmental liabilities

Environmental expenditure that relates to current or future revenues is expensed or capitalized as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is expensed.

The Company complies with existing legislation and all obligations resulting from its environmental and operational licenses.

Notes to the financial statements (cont'd)

Liabilities for environmental remediation costs are recognized when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

2.20 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised as follows:

(a) Sales of electricity, emissions rights and capacity certificates

Revenue from the sale of electricity is recognized based on the monthly production provided to the Greek national grid, as confirmed by the Hellenic Transmission System Operator (´´HTSO´´), which is the date that associated risks and rewards are deemed to have passed to the buyer.

Revenue also includes income from the indemnification for the availability of capacity generation and the income from ancillary services which is also received from the Hellenic Electricity Transmission System Operator, and from transactions on emission rights (CO_2) attributable to the Company for each year.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by Shareholders' assembly.

2.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

The 2011 results are not comparable with the 2010 results due to the different operational condition of the Thisvi plant which commenced its commercial operation on December 9, 2010. However, other than the different production period, please refer to the below summary of the most important factors affecting the 2011 results compared to the previous year:

Positive factors:

- Arbitration award for DEPA case.
- Thisvi and Thessaloniki Plant operated fully during 2011.

Negative factors:

- Provision for the possible impact of the retroactive natural gas price revision from DEPA for the Turkish gas.
- Provision for the possible risk to return revenue for ancillary services to the HTSO as a result of an error in the calculation of the secondary reserve payments by the HTSO.

Notes to the financial statements (cont'd)

3 Risk Management

This chapter describes the policies and principles adopted by Elpedison Power S.A. to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO2 emissions) and other risks related to financial instruments (foreign exchange risk, interest rate risk, credit risk and liquidity risk).

As required by IFRS 7, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.

3.1 Commodity Price Risk and Exchange Rates Risk Related to Commodity Transactions

Elpedison Power S.A. is affected by the risk of fluctuations in the prices of all of the energy commodities that it handles (electric power, natural gas, environmental securities) because they have an impact on the revenues and costs of its production, buying and selling activities. These fluctuations affect the Company both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, the Company is also exposed to the resulting exchange rate risk.

3.2 Financial risk factors

(a) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's cash flow interest rate risk, as far as borrowings issued at variable rates are concerned, expose the Company to cash flow interest rate risk.

Elpedison Power S.A. is exposed to fluctuations in interest rates primarily because they affect its debt service costs. The interest rate that the Company is exposed is the Euribor. If interest rates on borrowings had been, during 2011, 0.25% higher/lower with all other variables held constant, pre-tax profit/loss for the year would have been €902,76 thousand lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Liquidity risk

The liquidity risk represents the risk that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Out of the total indebtedness of the Company only Bond Loan 1 is not guaranteed by the Shareholders (Note 17) .

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date:

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2011				
Borrowings	14.266	325.747	-	-
Trade and other payables	87.646	-	-	-
Provisions	19.377	-	-	221
At 31 December 2010				
Borrowings	359.227	-	-	-
Trade and other payables	50.572	-	-	-
Provisions	6.420	-	-	142

The loan agreements to which Elpedison Power S.A. is a party may contain provisions that, if certain events were to occur, would empower the lenders, being they banks or bondholders, to demand that the borrower repay immediately the loaned amounts, which, consequently, would create a liquidity risk (see the "Liquidity Risk" section above). As of 31 December 2011 no such triggering events had occurred.

(c) Credit Risk

The credit risk represents Elpedison Power's exposure to potential losses that could be incurred if a commercial or financial counterparty fails to meet its obligations. Since the credit risk that the Company is substantially exposed to relates to the national grid operator (HTSO), the underlying risk is considered to be low. In any case, the systematic delay on payments or a non-payment of several invoices by the HTSO could affect the capacity of the company to meet its financial and commercial obligations. In the extreme case that a default of the Grid Operator will occur, the Company will incur a going concern issue. In the last quarter of 2011 we experienced some worsening in terms of delay of payments. However, Management does not expect any losses from non-performance by this counterparty. The Company has a receivable for an amount of aprox. €4,8 million from an income tax advance payment and aprox. €23,6 million with respect to VAT. As far as the income tax advance payment is concerned, as soon as the tax audit will be finalized this amount is expected to be refunded. Regarding the VAT receivable we are expecting this to be offset over a period of 2-3 years.

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the balance sheet) less "Cash & Cash equivalents" less "Available for Sale Financial Assets". Total capital employed is calculated as "Equity" as shown in the balance sheet plus net debt.

The gearing ratios as at 31 December 2011 and 2010 were as follows:

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

	As at 31 December 2011	31 December 2010
Total Borrowings (Note 17)	340.013	359.227
Less: Cash & Cash Equivalents (Note12)	(4.576)	(2.523)
Net debt	**335.437**	**356.704**
Total Equity	149.853	144.311
Total Capital Employed	**485.290**	**501.015**
Gearing ratio	69%	71%

3.4 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4 Critical accounting estimates and judgements

The preparation of the financial statements and the related notes requires the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that arise upon the occurrence of the relevant events could thus differ from these estimates.

The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in profit or loss. The use of estimates is particularly significant for the following items:

- Amortization of intangible assets with a finite useful life and impairment tests of property, plant and equipment and other intangible assets. The process of determining depreciation and amortization expense entails reviewing periodically the remaining useful lives of assets.

- Measurement of certain sales revenues, the provisions for risks and charges, the allowances for doubtful accounts and other provisions for write downs, employee benefits and income taxes. In these cases, the estimates used are the best estimates possible, based on currently available information.

- Determination of the provision for income taxes that the Company is subjected to, requires significant judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audits based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

5 Property, plant and equipment

Property, plant and Equipment, which include the Company's production assets, totalled €425.331 thousand. The table below provides a breakdown of the item:

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Cons-truction	Total
Cost							
As at 1 January 2010	**1.577**	**15.568**	**241.728**	**115**	**584**	**188.735**	**448.307**
Additions	-	6	66	1	193	81.259	81.525
Transfers to inventories	-	-	-	-	-	(1.288)	(1.288)
Transfers & other movements		8.760	258.399	92	1.129	(268.379)	-
As at 31 December 2010	**1.577**	**24.334**	**500.193**	**208**	**1.906**	**327**	**528.544**
Accumulated Depreciation							
As at 1 January 2010	**-**	**3.104**	**62.406**	**64**	**379**	**-**	**65.953**
Charge for the year	-	810	14.681	21	151	-	15.663
Transfers & other movements		-	-	-	-	-	-
As at 31 December 2010	**-**	**3.914**	**77.087**	**85**	**530**	**-**	**81.616**
Net Book Value at 31 December 2010	**1.577**	**20.420**	**423.106**	**123**	**1.376**	**327**	**446.928**
Cost							
As at 1 January 2011	**1.577**	**24.334**	**500.193**	**208**	**1.906**	**327**	**528.544**
Additions	15	16	7.373	-	122	-	7.526
Write off	-	-	-	-	-	(327)	(327)
As at 31 December 2011	**1.592**	**24.350**	**507.566**	**208**	**2.028**	**-**	**535.743**
Accumulated Depreciation							
As at 1 January 2011	**-**	**3.914**	**77.087**	**85**	**530**	**-**	**81.616**
Charge for the year	-	1.222	27.224	36	314	-	28.796
As at 31 December 2011	**-**	**5.136**	**104.311**	**121**	**844**	**-**	**110.412**
Net Book Value at 31 December 2011	**1.592**	**19.214**	**403.255**	**87**	**1.184**	**-**	**425.331**

(a) Included in machinery and equipment, is an electricity generating substation including an underground cablewire network, amounting to total acquisition cost €15 million approximately, which, according to the tripartite agreement between the Hellenic Electricity Transmission System Operator, the Public Power Corporation and the Company, constitutes a network connection, the ownership of which will revert to the Public Power Corporation, while the Company will retain the exclusive right of its use. Although the construction of the substation has been completed since 31 December 2006, the terms and conditions of the transfer of ownership have not been finalised to date.

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

6 Other intangible assets

Intangible assets are analysed as follows:

	Software	Right of use of Shallow Connection	Total
Cost			
As at 1 January 2010	**117**	**-**	**117**
Additions	109	-	109
As at 31 December 2010	**226**	**-**	**226**
Accumulated Amortisation			
As at 1 January 2010	**92**	**-**	**92**
Charge for the year	13	-	13
As at 31 December 2010	**105**	**-**	**105**
Net Book Value at 31 December 2010	**121**	**-**	**121**
Cost			
As at 1 January 2011	**226**	**-**	**226**
Additions	107	3.517	3.624
As at 31 December 2011	**333**	**3.517**	**3.850**
Accumulated Amortisation			
As at 1 January 2011	**105**	**-**	**105**
Charge for the year	51	15	66
As at 31 December 2011	**156**	**15**	**171**
Net Book Value at 31 December 2011	**177**	**3.502**	**3.679**

7 Deferred Tax asset and other long term assets

	As at 31 December 2011	31 December 2010
Loans and advances and other long term assets	213	196
Deferred tax asset	1.097	3.688
Total	**1.310**	**3.884**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are presented in the following table:

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

	As at 31 December 2011	As at 31 December 2010
Deferred tax asset	9.499	13.149
Deferred tax liability	(8.402)	(9.461)
Total	**1.097**	**3.688**

The gross movement in the deferred income tax asset/ (liability) is as follows:

	Year ended 31 December 2011	Year ended 31 December 2010
Beginning of the year	3.687	2.855
Income statement recovery / (charge)	(2.590)	833
Other movements		
End of year	**1.097**	**3.688**

Deferred tax relates to the following types of deductable (taxable) temporary differences:

	As at 31 December 2011	As at 31 December 2010
Intangible and tangible fixed assets	(9.818)	(7.470)
Other temporary differences	6.257	3.325
Tax loss for the year	4.658	7.833
Net deferred income tax asset/(liability)	**1.097**	**3.688**

During 2010, Law 3842/2010 was enacted, based on which the basic tax rates for years 2012-2015, will be 20%. These rates were used to calculate the deferred taxes as of 31 December 2011.

8 Financial instruments

Financial instruments by category

	As at 31 December 2011	As at 31 December 2010
Other long term assets	213	196
Trade and other receivables	154.323	75.566
Cash and cash equivalents	4.576	2.523
Total	**159.112**	**78.285**

	As at 31 December 2011	As at 31 December 2010
Trade and other payables	87.646	50.572
Borrowings	340.013	359.227
Total	**427.659**	**409.799**

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

9 Inventories

Inventories relate to supplies and equipment used to maintain and operate the Company's facilities as follows:

	As at	
	31 December 2011	**31 December 2010**
Spare Parts	6.153	4.697
Consumable materials	1.292	1.257
Consumable materials and other	**7.445**	**5.954**
Minus : Provision for impairment of spare parts	-	(341)
Total	**7.445**	**5.613**

The provision for impairment of the spare parts has been released as the spare parts have been valuated in the lower between cost and fair value.

10 Trade and other receivables

	As at	
	31 December 2011	**31 December 2010**
Trade receivables	107.683	15.994
Trade receivables net	**107.683**	**15.994**
Other receivables	46.640	46.482
Other receivables net	**46.640**	**46.482**
Total	**154.323**	**62.476**

The carrying amounts of the receivables approximate their fair value.

Trade receivables correspond to debit balances of the major clients:

	As at	
Trade receivables	**31 December 2011**	**31 December 2010**
Gestore Del Mercato Spa	-	487
HTSO	107.395	15.324
Elpedison Trading SA	288	183
Total	**107.683**	**15.994**

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

Other receivables include balances with respect to:

	As at	
Other receivables	**31 December 2011**	**31 December 2010**
Insurance reimbursment	2.912	13.090
DEPA Arbitration proceeds	7.841	-
VAT	23.685	32.276
Income tax prepayment	4.721	4.721
Other debtors	82	2.206
Tax withheld on credit interest	154	142
Advances to personnel	14	3
Vendors-Creditors debit balances	1	25
Advances to vendors and creditors	7.230	7.109
Total	**46.640**	**59.572**

11 Prepayments and accrued income

	As at	
	31 December 2011	**31 December 2010**
Prepaid expenses	375	8.385
Purchases in transit	71	735
Accrued Income	-	16.917
Total	**446**	**26.037**

	As at	
	31 December 2011	**31 December 2010**
Prepaid expenses		
DEPA - Take or Pay	-	7.247
Accrued insurance premiums	317	1.071
Other prepaid expenses	58	67
Total	**375**	**8.385**

	As at	
Accrued income	**31 December 2011**	**31 December 2010**
Capacity Availability Certificates	-	3.736
Cost Recovery (Oct-Dec)	-	13.181
Total	**-**	**16.917**

12 Cash and cash equivalents

	As at	
	31 December 2011	**31 December 2010**
Cash at Bank and in Hand	4.576	2.523
Total cash and cash equivalents	**4.576**	**2.523**

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

13 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share Premium	Total
As at 1 January 2010	**5.824.800**	**58.248**	**-**	**58.248**
Additions	3.995.000	39.950	44.584	84.534
As at 31 December 2010	**9.819.800**	**98.198**	**44.584**	**142.782**
As at 1 January 2011	**9.819.800**	**98.198**	**44.584**	**142.782**
Additions	-	-	-	-
As at 31 December 2011	**9.819.800**	**98.198**	**44.584**	**142.782**

The authorised share capital is € 98.198.000 divided to 9.819.800 shares, which have been issued and distributed to the shareholders, and have been fully paid up. The shares of the Company are ordinary and the nominal value of each ordinary share is €10.00 (31 December 2010: €10.00). The addition of the 3.995.000 shares issued in 2010 relates to shares issued at € 10.00 each in respect to the capital increase.The amount of € 44.584 thousand (representing share premium of € 45.024 thousand minus expenses on capital increase € 440 thousand) is the total net amount of the difference for the issuance of the shares above par value (share premium).

14 Reserves

Statutory reserves

Under Greek law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until such reserve equals one third of the outstanding share capital. This reserve cannot be distributed during the existence of the corporation, but can be used to offset accumulated losses.

15 Trade and other payables

	As at 31 December 2011	31 December 2010
Trade payables	59.115	23.620
Accrued Expenses & Deferred Income	27.524	20.069
Other payables	1.007	6.882
Total	**87.646**	**50.572**

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

Trade and other payables include amounts with respect to:

	As at	
Trade payables	**31 December 2011**	**31 December 2010**
HTSO	2.777	3.264
DEPA	48.456	7.247
Edison Intl Holding NV	-	72
Edison S.P.A	51	775
ANSALDO SPA	376	3.075
ANSALDO SPA Greak branch	5.747	-
Nooter	-	4.433
Gea	-	1.238
Other trade payables	1.708	3.516
	59.115	**23.620**
Accrued Expenses		
CSA contracts Provision Dec	715	541
Other accrued expenses	472	435
Accrued interest debit	140	110
Accrued fees for secondments	122	365
Provision for Gas Cost	26.075	18.618
	27.524	**20.069**
Other payables		
J/V Edison Engineering S.A-AKTOR S.A	83	5.657
Hellenic Petroleum S.A	36	623
HELPE- Diethnis Simvouleutiki S.A	27	240
Hellenic Energy & Development SA	-	213
Taxes payable	691	-
Sundry creditors	21	68
Social security contributions	149	81
	1.007	**6.882**

16 Provisions for risk and charges

The provision for risks and charges is analysed as follows :

	As at	
	31 December 2011	**31 December 2010**
Steam turbine rotor repair cost	6.420	6.420
DEPA retroactive gas price revision (Note 26)	6.010	-
Ancillary services (Note 26)	6.947	-
Total	**19.377**	**6.420**

The new Low Pressure Rotor has been ordered in August 2010 and expected delivery was December 2011. In August 2011 a problem arose during the manufacturing of the rotor (mismachining of 4 blade roots), which requires time consuming remedies to be undertaken. Delivery is now foreseen in the end of 2012.

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

17 Borrowings

The table below shows the balance outstanding of the loan facilities of the company at December 31, 2011:

	As at 31 December 2011	31 December 2010
Long term Borrowings		
Long term Bond Loans	326.280	-
Defered borrowing costs	(533)	-
Total Long term Borrowings	**325.747**	**-**
Current portion of Long term Bond Loans	14.976	360.000
Defered borrowing costs	(710)	(773)
Total Short term Borrowings	**14.266**	**359.227**
Total Borrowings	**340.013**	**359.227**

On 30 September 2011, following a capital repayment of € 15.000 from its cash balances, the Company refinanced the rest of its Debt, amounting to € 345.000 by issuing bond loans with a two year maturity period ending 30 September 2013. More specifically, on 30 September 2011 the Company issued three Bond Loans as follows:

- Bond Loan 1 for the maximum amount of € 130.720 from Intesa Sanpaolo S.p.A. and Edison International Holding N.V. as Mandated Lead Arrangers and Bondholders and BNP Paribas Securities Services as Bondholders' Agent and Paying Agent. On 13 December 2011, Unicredit Spa acquired Bonds from Edison International Holding N.V. and became also a Bondholder. The Bond Loan bears a margin of 6% over euribor and is denominated in euro. The loan facility is to be repaid in 7 equal quarterly instalments each amounting to € 1.419, while the rest of the balance on 30 September 2013. No guarantees have been provided for this bond loan.
- Bond Loan 2 for the maximum amount of € 130.720 from EFG Eurobank Ergasias SA as Bondholders' Agent, Paying Agent, Mandated Lead Arranger and Bondholder and Bank of Cyprus Public Company Limited, Emporiki Bank of Greece S.A., HSBC Bank plc and ALPHA Bank S.A., as Mandated Lead Arrangers and Bondholders. The Bond Loan bears a margin of 6% over euribor and is denominated in euro. The loan facility is to be repaid in 7 equal quarterly instalments each amounting to € 1.419, while the rest of the balance on 30 September 2013 and is guaranteed by Hellenic Petroleum S.A.
- Bond Loan 3 for the maximum amount of € 83.559 from EFG Eurobank Ergasias SA as Bondholders' Agent, Paying Agent, Mandated Lead Arranger and Bondholder and Bank of Cyprus Public Company Limited, Emporiki Bank of Greece S.A. and ALPHA Bank S.A., as Mandated Lead Arrangers and Bondholders. The Bond Loan bears a margin of 6% over euribor and is denominated in euro. The loan facility is to be repaid in 7 equal quarterly instalments each amounting to € 907, while the rest of the balance on 30 September 2013 and is guaranteed by ELLAKTOR S.A., INTRACOM S.A. HOLDINGS and HALCOR S.A.

All Bond Loans provide for a mandatory repayment (cash sweep) that shall be equal to 50% of the Excess Cash Flow to be verified by auditors on a semi-annual basis, with the exemption of the last quarter of 2011, for which the relevant calculation period will be the three months of that quarter. The Excess Cash Flow is defined as the aggregate of the Net Cash Flow minus the Debt Service Obligations.

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

The proceeds of the above mentioned three Bond Loans together with € 15.000 from company's cash balances, were used for the repayment of the previously existing four Bond Loans that were maturing on 30 September 2011 and which amounted to € 360.000 as summarized below:

- Bond Loan for an amount of € 98.407 from Banca IMI S.p.A., Unicredit Corporate Banking S.p.A. and Edison International Holding N.V. as Mandated Lead Arrangers and Bondholders and BNP Paribas Securities Services as Bondholders' Agent and Paying Agent.
- Bond Loan for an amount of € 38.000 from Banca IMI S.p.A., Unicredit Corporate Banking S.p.A. as Mandated Lead Arrangers and Bondholders and BNP Paribas Securities Services as Bondholders' Agent and Paying Agent
- Bond Loan for an amount of € 136.408 from EFG Eurobank Ergasias SA as Bondholders' Agent, Paying Agent, Mandated Lead Arranger and Bondholder and Bank of Cyprus Public Company Limited, Emporiki Bank of Greece S.A., HSBC Bank plc and ALPHA Bank S.A., as Mandated Lead Arrangers and Bondholders.
- Bond Loan for an amount of € 87.185 from EFG Eurobank Ergasias SA as Bondholders' Agent, Paying Agent, Mandated Lead Arranger and Bondholder and Bank of Cyprus Public Company Limited, Emporiki Bank of Greece S.A. and ALPHA Bank S.A., as Mandated Lead Arrangers and Bondholders.

The weighted average borrowing cost for 2011 was 6.20% (effective rate 6,34%). The weighted average borrowing cost for 2010 was 3.37% (effective rate 3,42%) .

Unamortized loans' expenses relate to the bank fees for the arrangement of the loans which will be amortised using the effective interest rate method.

Movement of deferred borrowing costs:

	Year ended	
	31 December 2011	**31 December 2010**
At beginning of year	773	-
Additions	1.435	1.031
Amortization of deferred borrowing cost	(965)	(258)
At end of year	**1.243**	**773**
Current portion	710	773
Non-current portion	533	-
Total	**1.243**	**773**

18 Retirement benefit obligations

	Year ended	
	31 December 2011	**31 December 2010**
Beginning of the year	142	39
Provision for compensation upon dismissal or retirement	79	103
Total	**221**	**142**

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

19 Sales revenue

The increase in sales Revenues in 2011 is attributed to the commencement of operations of the Thisvi plant from 9 December 2010. Sales revenue is analysed as follows:

	Year ended	
	31 December 2011	**31 December 2010**
Sales from Day Ahead Market	369.965	121.338
Less provision for Ancillary services	(6.947)	-
Capacity Availability Certificate(CAC)	31.993	14.363
Sales of Emission Rights	2.476	-
Trade activity	220	3.440
Total	**397.707**	**139.141**

The item "Trade activity" is related to "cross border" purchases and sales of electricity between Italy and Greece.

20 Other Revenues and Income

	Year ended	
	31 December 2011	**31 December 2010**
DEPA arbitration proceeds	7.841	-
Insurance reimbursment	2.912	8.000
Income from prior period provision for impairment of spare parts	341	-
Other revenues	88	556
Other non-operating income	-	1.598
Other prior period's income	-	304
Total	**11.182**	**10.458**

The amount "DEPA arbitration proceeds" refers to an arbitration award in relation to the lawsuit that the Company had filed against DEPA before the Arbitral Tribunal on 06 November 2010 (the "Arbitration"). On 20 December 2011, arbitral decision no 49/2011 was issued, requiring DEPA to pay the Company an amount of € 6,81 million plus VAT, default interest of €857 thousand, plus €171,5 thousand for legal costs. Furthermore, according to the settlement agreement that the Company had entered into on 31 December 2010 with Ethniki General Insurance Company S.A. and Agrotiki General Insurance Company S.A. (the "Insurers"), the Insurers must pay the Company an amount of up to € 6,2 million Euros, which will reflect the loss incurred by the Company in relation to the Arbitration, as described in the aforementioned settlement agreement. Following the resolution of the arbitration process as described above, the amount to be recovered from the insurers is calculated at EUR 2,9 million and is included under "Insurance reimbursement" in the table above.

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

21 Raw material and services used

	Year ended 31 December 2011	31 December 2010
Fuel Cost	(309.948)	(107.994)
Operation and maintenance costs	(17.429)	(5.519)
Property Damage Costs	-	(924)
Grid fees	(239)	(364)
Provision for compensation upon dismissal or retirement	(78)	(103)
Provision for DEPA retroactive gas price revision	(6.010)	-
Other costs	(4.483)	(11.424)
Emission Rights – Trading activity costs	(5.811)	(2.434)
	(343.998)	**(128.762)**

22 Labour Cost

	Year ended 31 December 2011	31 December 2010
Wages and salaries	2.288	1.811
Social security costs	628	300
Employees allownses and expenses	140	57
Secondment fees	440	519
Other employment benefits	147	72
Total	**3.643**	**2.759**
Less: Labor costs capitalized	-	(1.260)
Total charged to income statement	**3.643**	**1.499**

23 Depreciation

A breakdown of depreciation is provided below:

	Year ended 31 December 2011	31 December 2010
Depreciation of Property, plant and equipment	27.224	14.681
Depreciation of Building	1.222	810
Depreciation of Fixture & Furniture, Vehicles	350	172
Depreciation of Intangible Assets	66	13
Total	**28.862**	**15.675**

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

24 Finance costs – net

Net financial expenses 2010 result has been affected from the increase of the interest rate. Borrowing costs capitalized in 2010 amounted to € 6,7 million.

	Year ended	
	31 December 2011	**31 December 2010**
Interest income	371	308
Interest expense and similar charges	(23.660)	(6.971)
Amortisation of deffered borrowining cost	(965)	(258)
Finance costs –net	**(24.254)**	**(6.921)**

25 Income tax expense

	Year ended	
	31 December 2011	**31 December 2010**
Current tax	-	(2)
Deferred tax (Note 7)	(2.590)	833
Total	**(2.590)**	**831**

The basic tax rate was 20% for the year ended 31 December 2011.

26 Commitments and Contingencies

a) Dispute with DEPA over gas price revisions

On 04 January 2012 the Company received from DEPA an invoice for an amount of €17,4 million relating to retroactive price increase in connection with the supply of Turkish gas from BOTAS since 15 April 2008, netted off against a price reduction in connection with the supply of Russian gas, which DEPA should have incorporated into the gas price since 01 April 2011. According to the Company's calculations, the BOTAS gas price increase, without taking into account the Russian gas price decrease, amounts to approximately €25 million. The Company has rejected any retroactive price revisions under its gas contract with DEPA since it strongly believes such charges are disallowed by the contract and have no legal merit. The Company and DEPA are in discussions in order to attempt to resolve this issue amicably in accordance with the relevant provisions of the contract. Accordingly, the Company has raised a provision for this matter in accordance with its accounting policy (refer to Note 16).

Furthermore, on 06 February 2012, DEPA informed the Company that BOTAS has filed a gas price revision request, retroactively from 15 April 2008, which is currently pending arbitration before the ICC. According to DEPA, in case the arbitration is awarded against them in whole, they will charge the Company an additional amount up to €11 million for the period 15 April 2008 to 31 December 2011. DEPA also informed the Company that BOTAS has filed a second gas price revision request, retroactively from 15 April 2011, which if implemented in whole, will result to an additional cost for the Company amounting to €1,5 million until 31 December 2011. In line with the Company's previous reply to DEPA regarding the retroactive price revision, it has replied to DEPA that it does not recognize any retroactive gas price revisions under the contract between them. Accordingly, the Company considers that such claims from DEPA, should they eventually be raised, are unfounded and has not raised any provision in its financial statements in connection thereof.

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

b) Impact of error in calculation of income from Ancillary Services

On 19 January 2012, the HTSO notified the Company that the calculation of income for ancillary services (the Secondary Reserve) in the period from the 5th Reference Date (October 2010) to November 2011, had a numerical error resulting in a higher amount of income to be allocated to the Company than what would have arisen had the correct calculation per RAE decision 249/2006 been made. According to the Company's calculations, due to this error, the Company will be called to return to the HTSO the amount of the difference of approximately €6,9 million for ancillary services rendered during the aforementioned period. The Company has raised a provision for this amount (refer to Note 16).

c) Results of tax audit for years 2006-2008 and unaudited tax years

On 2nd of March 2012 the tax authorities completed the tax audit of fiscal years 2006-2008. This resulted in an assessment of additional taxes and penalties of approximately € 1,1 million. The Company disagrees with the basis of the findings and will proceed to dispute these findings in court. Accordingly no provision has been raised for this matter. Years 2009 and 2010 remain unaudited by the tax authorities. Company management estimates that any additional tax liability which may arise as a result of the completion of the related pending tax audits will likely reduce the tax losses carried forward which will not be material to the financial statements.

d) Letters of Guarantee

The Company has issued letters of guarantee to related companies as well as third parties as follows:

Guarantees for liabilities			
in €	Date of issuance	Expiration date	Amount
DEPA A.E.	22/12/2011	31/12/2012	9.477.873,00
DEPA A.E.	27/1/2011	31/12/2012	12.315.074,00
D' PIRAEUS CUSTOM OFFICE	14/2/2011	31/12/2011	3.284,15
HTSO	18/5/2011	28/2/2013	50.000,00
TOTAL			**21.846.231,15**

27 Dividends

The Board of Directors will not propose any further dividends or reserves' distribution for the 2011 financial year at the next Annual General Meeting of the Shareholders in 2012, also in accordance with the provisions of the Bond Loans. The Board proposes instead to carry the profit of the period forward.

28 Related-party transactions

28.1 Parent and ultimate controlling party

The Company is controlled by Elpedison B.V. (incorporated in the Netherlands), which owns 75,78% of the Company's shares and is the parent Company. The remaining 24,22% of the shares is held by Hellenic Energy and Development SA and Halcor SA. The ultimate controlling parties of the Company are Edison SpA and Hellenic Petroleum S.A.

Notes to the financial statements (cont'd)

28.2 Related party entities

The Company has transactions and balances outstanding with the following entities that belong to the same group:

-Edison S.P.A
-Hellenic Petroleum SA
-Hellenic Petroleum – Diethnis Simvouleftiki Sa
-Hellenic Energy and Development SA
-Hellenic Electricity Transmission System Operator S.A. (HTSO SA)
-Public Gas Corporation of Greece S.A. (DEPA)
-EFG Eurobank
-Joint Venture Edison Engineering SA- AKTOR SA
-Elpedison Trading S.A
-Edison International Holding N.V

Edison S.P.A is one of the ultimate controlling parties of the Company and provides the Company with experienced personnel which provided technical support and also provided the Company with experienced personel for key company operational services during 2011.

Hellenic Petroleum SA is one of the ultimate controlling parties of the Company and provides the Company with experienced personnel for key operational services and lets the land where the power plant in Thessaloniki is located.

Hellenic Petroleum-Diethnis Simvouleftiki is a related party and provides the Company with experienced personnel for key company operational services

Hellenic Energy and Development SA is one of the share-holders and provides with experienced personnel for key company operational services.

Hellenic Electricity Transmission System Operator S.A. (HTSO) is a related party to the Company, as HTSO is partly controlled by the Greek State which is also a major shareholder in Hellenic Petroleum S.A. (one of the ultimate controlling parties of the Company). HTSO is the one and only client of electricity sales in the local market and the regulator for the sales and purchases of transmission rights in the local market.

Public Gas Corporation of Greece S.A. (DEPA) is a related party to Hellenic Petroleum SA since Hellenic Petroleum S.A. owns 35% of the share capital of DEPA. DEPA is the unique supplier of gas supplies for Elpedison Power S.A. The supply contract between the companies is at standard trading terms.

Elpedison Power SA during 2011 issued a Bond Loan from EFG Eurobank, a related party to the Hellenic Petroleum S.A.

Joint Venture Edison Engineering SA - AKTOR SA ("JV Thisvi") is a related party to both Edison SpA and Hellenic Energy and Development SA. JV Thisvi is responsible for the construction of the power plant in Thisvi and is the one of the creditors of the Company.

Edison Hellas SA is a subsidiary of Edison SpA and provided the company with personnel in the year 2010.

Edison International Holding NV is a related party to Edison SpA, the company has provided a loan to Elpedison Power SA ..

Elpedison Trading S.A is a related party to both Edison SpA and Hellenic Petroleum and the ultimate controlling party is Elpedison BV.

Transactions with related parties were carried out at arm's length.

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

28.3 Sales of electricity and other services

	Year ended	
	31 December 2011	**31 December 2010**
HTSO	401.882	135.701
Elpedison Trading SA	265	262
Edison Trading SPA	1.244	-
	403.391	**135.963**

28.4 Purchases of services

	Year ended	
	31 December 2011	**31 December 2010**
Edison S.P.A	560	577
Edison Trading SPA	1.244	-
Edison Hellas S.A	-	50
Edison Intl Holding NV	6.545	1.458
Elpedison Trading SA	611	661
Hellenic Petroleum SA	196	372
Helpe-Diethis Simvouleftiki	260	195
Hellenic Electricity Transmission System Operator S.A.	695	1.349
Hellenic Energy & Development SA	213	213
Public Gas Corporation of Greece S.A.	310.133	107.994
Joint Venture Edison Engineering SA - AKTOR SA	2.115	48.123
	322.572	**160.992**

(All amounts in Euro thousands unless otherwise stated)

Notes to the financial statements (cont'd)

28.5 Year-end balances arising from sales/purchases of services

	Year ended	
	31 December 2011	**31 December 2010**
Receivables from related parties		
Elpedison Trading SA	288	183
Joint Venture Edison Engineering SA - AKTOR SA	828	-
Hellenic Electricity Transmission System Operator S.A.	107.045	15.324
Public Gas Corporation of Greece S.A.	7.841	7.247
	116.002	**22.754**
Payables to related parties		
Joint Venture Edison Engineering SA - AKTOR SA	83	5.657
Hellenic Electricity Transmission System Operator S.A.	224	3.264
Edison Intl Holding NV	37	101
Edison S.P.A	173	775
Hellenic Petroleum SA	36	623
HELPE- DIETHNIS SYMVOULEFTIKH	27	240
Hellenic Energy & Development SA	65	213
Public Gas Corporation of Greece S.A.	64.501	7.247
	65.145	**18.120**

29 Other significant events

- Regulatory Issue

The company has repeatedly requested the intervention of the political leadership and RAE/HTSO in order to remove the distortions and obstacles observed in the Greek electricity market that prevent a competitive market from being established.

- Human Resources

The Company as at 31 December 2011, had 66 full-time employees in its payroll. (FY 2010: 61 employees) and 7 seconded employees. The Company has developed and adopted a number of Human Resources Policies & Procedures, on Compensation and Benefits, Performance Management, Training, Recruitment & Selection.Also, the Company has initiated the development of a Corporate Social Responsibility procedure for local communities in which we are active, mostly in Thisvi. Focusing in the areas of Health & Education.