



ANNUAL REPORT

FISCAL YEAR 2006

According to the Directive 5/204/14-11-2000, as amended by the 7/372/15.02.2006 decision of the BoD of Capital Market Commission

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1. Annual Financial Statements of the Parent Company and its Group for the Year Ended 31 December 2006

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TERNA GROUP SA

ANNUAL FINANCIAL STATEMENTS OF THE
PARENT COMPANY AND ITS GROUP AS AT
THE 31ST OF DECEMBER 2006 IN
ACCORDANCE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS (IFRS)

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C o n s o l i d a t e d M a n a g e m e n t R e p o r t

(Consolidated annual report)

of 31st December 2006

By the Board of Directors

Of Societe Anonyme Company under the name

«**TERNA TOURISM CONSTRUCTION AND MARINE SOCIETE ANONYME COMPANY**»

Dear Shareholders,

2006 was a really good year for the Group's construction sector. As already known, TERNA SA, that consolidates the construction activities of the GEK Group, is one of the most significant Greek construction companies presenting a continuous expansion abroad, in Balkans and Middle East.

The turnover from construction activity amounted to 284.3 million euros, compared to 225.1 million euros in 2005, while the backlog of undertaken projects at the end of 2006 amounted to approximately 1 billion euros compared to 400 million euros at the end of 2005 since a number of state and private projects were undertaken during 2006.

Indicatively, we mention the approximately 330 million euros Ioanian Road project. At the same time, the Group is declared as a temporary bidder for the construction and exploitation of Central Greece Motorway (a 400 million euros project).

The estimations for the Greek construction market are particularly positive for the coming years, since in the framework of the 3rd and 4th Community Support Framework many projects of significant budget are expected to be announced, having the forms of either strictly state related or state and private joint ventures.

Also, in 2006 we undertook a project in Qatar, having a budget of 24 million euros (participation of TERNA) while the total backlog of projects in Middle East amounts to 375 million euros.

TERNA gains a significant presence in this area, allowing the optimism for further presence in that area, as the Middle East market is currently under strong growth phase and our Group is successfully placed in it and is expected to gain significant benefits in the coming years.

The construction market of Balkans remains our priority, since the entrance of Balkan countries in European Union strengthens the already significant infrastructure investments in these countries. The Group executes 3 projects in this area (Bulgaria, Romania, Skopje) for a total budget of 175 million euros.

The percentage of projects undertaken abroad to the total backlog reached 17 %.

The Group's energy sector is under a strong development phase. In the renewable energy sources sector, our subsidiary TERNA ENERGY, having a 10 year presence, is leading the development and installation of renewable energy sources in Greece. 8 wind parks of total capacity of 109 MW are currently operating, while 4 wind parks of total capacity of 71 MW are under construction. The Company holds production licences for 18 more wind parks of a total capacity of 521 MW. At the same time, there are applications submitted for the acquisition of production licences for 33 more wind parks for a total capacity of 896 MW.

Also, 2 small hydroelectric projects of 12 MW are constructed, while the additional licences for the production of hydroelectric projects refer to nominal capacity of 106 MW.

In addition, the Group plans to enter into the construction and operation of photovoltaic systems as in units producing energy by biomass.

Revenues from the exploitation of operating wind parks amounted to approximately 17.5 million euros in 2006, while in the coming years is expected a significant increase of power capacity and revenues respectively.

In the production of energy from thermal resources, TERNA (participating in HERON THERMOELECTRIKI by 50%) holds a leading role, forming the first and sole Greek private group that has constructed and operates a thermoelectric station. It is a station of a capacity of 147 MW operating with natural gas and is based in Viotia. The factory is operated and managed by our subsidiary HERON THERMOELECTRIKI, which revenues in 2006 amounted to 33 million euros. At the same time, the Group holds all the necessary licences for the construction and operation of a larger thermoelectric station operating with natural gas in the same area, for the capacity of 400 MW, which construction will last till 2009, when is expected to be included in the energy system. Total investment is expected to reach 240 million euros.

For 2006, consolidated figures of TERNA in accordance with the International Financial Reporting Standards are as follows:

Turnover amounted to 313 million euros increased by 27.8%, compared to 2005, mainly due to volume increase in construction sector.

Operating earnings before depreciation (EBITDA) amounted to 55 million euros, compared to 43.8 million euros in last year, increased by 25.5%.

Earnings before tax amounted to 29.9 million compared to 23 million in 2005, increased by 30%.

Earnings after tax and minority interest amounted to 17.5 million euros increased by 26.5%.

Earnings per share amounted to 0.39 euro compared to 0.3 euro in 2005.

Net debt of the Group (including Group's cash) amounted to approximately 76 million euros compared to 97.5 million at the end of last year, significantly reduced because of the strong cash flows generated by the construction sector of the Group.

Equity of the Group, after the deduction of dividends and Board of Directors remuneration amounted to 187.4 million euros.

The Board of Directors proposes, for the 2006 financial year, the distribution of 0.22 euro per share total dividend, the same as in last year. The dividend policy of the Group reflects the ability to generate significant cash flows that will be used for the increased investment plans that the Group has.

Athens, March, 27 2007
THE BOARD OF DIRECTORS

**EXPLANATORY REPORT
TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS
PURSUANT TO ARTICLE 11a para. 1 of Law. 3371/2005**

This explanatory report of the Board of Directors, addressed to the Ordinary General Meeting of shareholders of the Company, contains detailed information regarding the items of paragraph 1 of article 11a of Law 3371/2005.

I. Structure of the Company's share capital

The company's share capital amounts to fifty three million three hundred eighteen thousand eight hundred and twenty euros (€53.318.820,00), divided into forty five million nine hundred sixty four thousand and five hundred (45.964.500) common registered shares with voting rights, of a par value of one euro and sixteen cents (1.16 €) each.

The Company's shares are listed for trading at the Securities Market of the Stock Exchange of Athens (under "Large Cap" classification).

Each share confers all rights provided by the law and its articles, and especially:

- the right to receive dividends from the profits of the Company as they derive on an annual basis or upon liquidation, amounting to 35% of the net profits, upon deduction of the largest of either the ordinary reserve or 6% of the paid-up share capital. Such amount is distributed to the shareholders out of the profits of each fiscal year as a first dividend, while the distribution of additional dividends is decided by the General Meeting. Every shareholder listed in the register of shareholders kept by the Company as of the date of such decision is entitled to receive dividends. The dividend of each share is paid to the shareholder within two (2) months from the date of the Ordinary General Meeting that approved the annual financial statements. The manner and place of payment is published at the Daily Official List, as well as at the webpage of the Stock Exchange. The claim regarding the collection of the dividends is prescribed and the respective amount is transferred to the State upon 5 years from the end of the year, in which said dividends were decided by the General Meeting,
- the right to receive the contribution during the liquidation or, respectively, to amortize the capital pertaining to the share, if decided by the General Meeting,
- a first refusal right at each share capital increase of the Company involving payment in cash and the issuance of new shares,
- the right to obtain a copy of the financial statements and the reports of the auditors and the Board of Directors of the Company,
- the right to participate at the General Meeting, wherein each share confers the right to one vote.

The General Meeting of shareholders of the Company retains all its rights throughout the liquidation procedure (pursuant to para. 7 of article 34 of its Articles).

The shareholders are liable only up to the par value of the shares they hold.

II. Restrictions on the transfer of the Company's shares

The transfer of the Company's shares is effected in accordance with the Law and there are no restrictions on their transfer pursuant to the Company's articles, considering that they are intangible shares listed at the Stock Exchange of Athens.

III. Significant direct or indirect participations in the sense of presidential decree 51/1992

The shareholders who directly held on 31/12/2006 a percentage of 5% or more of the share capital are listed in the following table:

<u>NAME OF SHAREHOLDER</u>	<u>SHARES</u>	<u>PERCENTAGE</u>
GEK S.A.*	25.102.771*	54,614% *
DWS INVESTMENT GMBH TOP50 EUROPA	2.685.000	5.841%

* Direct participation of GEK S.A. with 24.453.471 shares, thus with a percentage of 53,201% and indirect participation through its subsidiary by 99,99% GEKE S.A., which held 649.300 shares of TERNA S.A, thus a percentage of 1,413%

IV. Shares conferring special control rights

According to the Articles of Association there are no shares which award special rights of control.

V. Restrictions on voting rights

No restrictions on the voting rights deriving from the Company's shares are provided in its Articles of Incorporation.

VI. Shareholders' agreements in the Company

The Company is not aware of any agreements among its shareholders which might result in restrictions on the transfer of the Company's shares or on the exercise of the voting rights conferred by its shares.

VII. Rules of appointment and replacement of Board members and amendment of Articles

The rules provided in the Company's articles regarding the appointment and replacement of its Board members as well as the amendment of its Articles do not deviate from those provided for in codified law 2190/1920. See also the provisions under IV above.

VIII. Competency of the Board to issue new shares or purchase owned shares

1a) According to the provisions of article 13 para. 1 (b) and (c) of codified law 2190/1920 and article 6 para. a of the Articles of Incorporation, within the first five years from the issuance of the relevant decision of the General Meeting, which is subject to the publication requirements of article 7b of codified law 2190/1920, the Board of Directors of the Company is entitled to increase the share capital of the Company through the issuance of new shares, by virtue of a decision adopted by a majority of at least two thirds (2/3) of the total number of its members. In such case, the share capital may be increased only up to the amount of the capital which is paid-up on the date of adoption of the decision by the General Meeting. The aforementioned power of the Board of Directors may be renewed by the General Meeting for a period which cannot exceed five years for each renewal, and it shall enter into effect upon the expiration of each five-year period.

1b) According to the provisions of article 13 para. 9 of codified law 2190/1920, by virtue of a decision of the General Meeting a stock option plan may be implemented in favor of members of the Board and the personnel of the Company and its affiliates, in the form of the granting of a call option pursuant to the specific terms of such decision, a summary of which is subject to the publication requirements of article 7b of codified law 2190/1920. The decision of the General Meeting shall especially determine the maximum number of shares that may be issued, which according to the law cannot exceed 1/10 of the existing shares if the beneficiaries exercise their call option, as well as the price and the terms of distribution of the shares to the beneficiaries.

The Board of Directors shall adopt such decisions as to regulate any other relevant detail which is not otherwise determined by the General Meeting, it shall issue the call option certificates and, in December of each year, it shall issue shares to the beneficiaries who exercised their option, respectively increasing the share capital and confirming the payment of the relevant amount.

2) According to the provisions of paragraphs 5-13 of article 16 of codified law 2190/1920, companies listed at the Stock Exchange of Athens may acquire owned shares through the Stock Exchange of Athens upon decision of the General Meeting of their shareholders, up to 10% of the entirety of their shares, for the purpose of supporting their trading value, pursuant to the specific terms and procedures of the aforementioned paragraphs of article 16 of codified law 2190/1920.

IX. Important agreements which will enter into effect, will be amended or will expire in case of change of control following a public offer

There are no agreements which will come into effect, will be amended or will expire in case of change of control following a public offer.

X. Agreements with members of the Board or personnel of the Company

There are no agreements of the Company with members of its Board of Directors or its personnel, which provide for the payment of compensation especially in case of resignation or release without substantiated reason or in case of termination of their term or employment due to a public offer.

**Athens, March, 27 2007
THE BOARD OF DIRECTORS**

TERNA GROUP
BALANCE SHEET
31st of December 2006

(All amounts are expressed in thousand of euros unless otherwise stated)

	Note	GROUP		COMPANY	
		31 December 2006	31 December 2006	31 December 2006	31 December 2005
ASSETS					
Long-term assets					
Intangible fixed assets	6	6,207	5,859	5,566	5,821
Tangible fixed assets	7	191,841	154,637	50,698	41,111
Real estate investment	8	7,840	26,305	6,917	7,935
Participations in associates	5	0	0	19,237	26,381
Participations in affiliated companies	5	12	0	0	0
Participations in joint ventures	5	1	0	12,028	11,721
Other investments		3,182	4,134	2,812	2,740
Other long-term assets		4,420	256	4,337	146
Deferred tax receivables	20	4,705	7,092	1,203	6,445
Total long-term assets		218,208	198,283	102,798	102,300
Current assets:					
Inventories	9	12,905	14,260	4,280	4,324
Trade receivables	10	170,153	155,294	118,436	92,481
Income tax receivables	10	55,997	42,182	33,279	27,311
Income tax receivables	20	6,181	0	4,620	1,807
Other financial assets	12	7,204	4,935	1,168	847
Cash and cash equivalents	13	74,517	49,067	24,020	12,818
Total current assets		326,957	265,738	185,803	139,588
Non-current assets held for sale	31	29,594	0	10,033	0
TOTAL ASSETS		574,759	464,021	298,634	241,888
EQUITY & LIABILITIES					
Equity attributable to the shareholders of the parent					
Share capital	21	53,319	53,319	53,319	53,319
Share premium account		35,922	35,922	35,922	35,922
Reserves		22,066	21,783	19,666	15,969
Profit carried forward		56,311	47,989	23,555	28,362
Total		167,618	159,013	132,462	133,572
Minority interest		19,871	17,046		
Total equity		187,489	176,059	132,462	133,572

Long term liabilities:

Long-term loans	14	84,355	53,994	26,500	0
Loans from finance leases	14	15,710	17,353	10,129	3,372
Provisions for staff indemnities	15	914	1,277	771	996
Other Provisions	16	2,661	2,092	668	668
Grants	17	30,354	14,296	0	0
Other long-term liabilities		31	31	31	31
Deferred tax liabilities	20	3,389	3,778	0	0
Total long term liabilities		137,414	92,821	38,099	5,067

Short term liabilities:

Suppliers	18	70,975	38,252	50,535	22,782
Short term loans	19	50,598	75,267	9,502	26,029
Long term loans payable during the next financial year	14	14,436	527	5,955	0
Accrued and other short term liabilities	18	95,718	80,919	62,081	54,246
Income tax payable	20	3,575	176	0	192
Total short term liabilities		235,302	195,141	128,073	103,249

Liabilities directly related to non-current assets held for sale	31	14,554	0	0	0
TOTAL LIABILITIES & EQUITY		574,759	464,021	298,634	241,888

The accompanying notes are an inseparable part of the consolidated financial statements

TERNA GROUP
INCOME STATEMENT
31st of December 2006

(All amounts are expressed in euros, unless otherwise stated)

	Note	GROUP		COMPANY	
		1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12
		2006	2005	2006	2005
Net sales	22	312,087	245,209	186,273	143,538
Cost of sales	23	(264,228)	(198,120)	(160,885)	143,539
Gross profit		47,859	47,089	25,388	16,655
Administration and Distribution expenses	23	(26,139)	(21,176)	(22,109)	(15,245)
Research and Development expenses		(1,097)	(872)	0	0
Other income / (expenses)	24	11,456	6,502	13,625	9,457
Net financial income/(expense)	25	(8,266)	(8,531)	(3,543)	(3,278)
Profit / (loss) from participations and other investments		(15)	0	0	0
Revenues from participations and other investments		0	0	0	0
PROFIT BEFORE TAX		23,798	23,012	13,361	0
Income tax	20	(8,221)	(7,841)	(5,628)	0
Net profit/(Loss) from continued operations		15,577	15,171	7,733	4,895
Discontinued operations					
Profit/(Loss) from discontinued operations after tax		5,095	0	0	0
NET PROFIT		20,672	15,171	7,773	4,895
Attributable to:					
Shareholders of the parent company from continued operations		12,718	13,859		
Shareholders of the parent company from discontinued operations		4,852	0		
Minority interest – KAX from continued operations		2,859	1,312		
Minority interest – KAX from discontinued operations		243	0		
Earnings per share (in euro)					
Basic/diluted from continued operations attributable to shareholders of the parent		0.28	0.30	0.17	0.11
Basic/diluted from discontinued operations attributable to shareholders of the parent		0.11	0.00	0.17	0.11
Weighted average number of shares.					
Basic		45,964,500	45,964,500	45,964,500	45,964,500

The turnover, cost of sales and gross profit items of 31.12.2006, which published in the statement 'Data and Information for the period 1 January 2006 till 31 December 2006' include the relevant data for the subsidiary DIKEVE SA which in the aforementioned Income Statement are recorded in the result from discontinued operations and are as follows:

Turnover (sales)	842
Cost of sales	(222)
Gross profit	620

TERNA GROUP
CASH FLOW STATEMENT
31st of December 2006

(All amounts are expressed in thousand of euros unless otherwise stated)

	GROUP		COMPANY	
	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12
	2006	2005	2006	2005
Cash flow from operating activities				
Profit before tax	29,980	23,012	13,361	7,589
Adjustments for the agreement of the net flows from the operating activities				
Depreciation	16,329	12,259	5,450	5,516
Provisions	(354)	(883)	(225)	(1,852)
Interest and related revenue	(1,646)	(519)	(400)	(123)
Interest and other financial expenses	9,258	9,050	3,715	3,401
Results from participations and securities	(9,509)	(300)	0	0
Results from intangible and tangible asset and real estate	41	0	(748)	(300)
Amortisation of grants	(1,501)	(1,245)	0	0
(Profit)/Loss from valuation of securities (in K.A.X.)		0	(3,864)	0
Other adjustments	516	0	(50)	0
Operating profit before changes in working capital	43,114	41,374	17,239	14,231
(Increase)/Decrease in:				
Inventories	(2,134)	268	44	1,836
Trade receivables	(781)	56,827	(25,955)	20,116
Prepayments and other short term receivables	(24,550)	1,704	5,815	1,233
Other long term receivables	0	0	0	0
Increase/(Decrease) in:				
Suppliers	35,312	(38,539)	27,753	(13,209)
Accruals and other short term liabilities	23,501	7,270	10,622	15,571
Collection of grants	12,044	2,719	0	0
(Increase)/Decrease of other long term claims and liabilities	(4,062)	7	(4,191)	(2)
Tax payments	(8,089)	(8,436)	(4,731)	(5,819)
Cash inflow from operating activities	74,355	63,194	26,596	33,957
Cash flows from investment activities				
Purchases of intangible and tangible assets	(42,919)	(16,741)	(4,154)	(2,557)
Sale of tangible fixed assets	1,514	0	1,371	0
Interest and related income received	1,645	519	400	123
(Purchases) / Income from the sale of participations and securities	41	0	(8,675)	(3,179)
Receipts from dividends participations and securities	0	(1,175)	0	0
Share capital increase in participating company	0	0	0	0
Real estate investments	(1,431)	3,390	1,472	3,390
Cash outflows for investment activities	(41,150)	(14,007)	(9,586)	(2,223)

Cash flows from financial activities				
Share capital change	0	0	0	0
Net change of short term loans	(16,185)	(35,573)	(16,588)	(12,668)
Net change of long term loans	40,052	25,321	30,000	0
Loan payments for finance leases	(9,199)	(5,571)	(4,948)	(1,613)
Dividends paid to shareholders of the parent	(11,325)	(10,770)	(10,621)	(10,112)
Dividends paid to minorities	0	0	0	0
Interest paid	(9,153)	(9,050)	(3,654)	(3,401)
Change of other financial receivables	(1,945)	(1,490)	3	4,960
Cash outflows for financial activities	(7,775)	(37,133)	(5,808)	(22,834)
Net increase of cash	25,450	12,054	11,202	8,900
Cash at the beginning of the period from continued operations	49,067	37,013	12,818	3,918
Cash at the beginning of the period from discontinued operations	0	0	0	0
Cash at the end of the period	74,517	49,067	24,020	12,818

The accompanying notes are an inseparable part of the consolidated financial statements

TERNA SA
STATEMENT OF CHANGES IN EQUITY
31ST of December 2006
(amounts in euro unless otherwise stated)

	Share capital	Share premium account	Reserves	Profit carried forward	Total
January 1st 2005	53,319	35,922	15,969	28,362	133,572
Net profit for the year	0	0	0	0	0
Distribution of reserves	0	0	0	0	0
Dividends	0	0	0	0	0
31st of December 2005	53,319	35,922	15,969	28,362	133,572
January 1st 2006	53,319	35,922	15,969	28,362	133,572
Net profit for the year	0	0	389	0	389
Profit/(Loss) of valuation recorded in equity	0	0	284	0	284
Foreign exchange differences from foreign operations	0	0	629	0	629
Tax on assets recorded or transferred to equity	0	0	0	7,733	7,733
Net profit for the year	0	0	1,302	7,733	9,035
Dividends	0	0	0	(10,112)	(10,112)
Distribution of reserves	0	0	2,395	(2,513)	(118)
Transfers	0	0	0	85	85
31st of December 2006	53,319	35,922	19,666	23,555	132,462

TERNA GROUP
STATEMENT OF CHANGES IN EQUITY
31st of December 2006
(All amounts are expressed in thousand of euros unless otherwise stated)

	Share capital	Share premium account	Reserves	Profit carried forward	Sub-Total	Minority Interest	Total
January 1st 2005	53,319	35,922	21,483	47,053	157,777	17,947	175,724
Correction of mistakes	0	0	0	(2,511)	(2,511)	(1,555)	(4,066)
Restated balance January 1st 2005	53,319	35,922	21,483	44,542	155,266	16,392	171,659
Net profit for the year	0	0	0	13,859	13,859	1,312	15,171
Dividends	0	0	0	(10,112)	(10,112)	(658)	(10,770)
Companies consolidated for the 1 st time							
Distribution of reserves	0	0	300	(300)	0	0	0
31st of December 2005	53,319	35,922	21,783	47,989	159,013	17,046	176,059
January 1st 2006	53,319	35,922	21,783	47,989	159,013	17,046	176,059
Profit/(Loss) of valuation recorded in equity	0	0	1,064	0	1,064	0	1,064
Foreign exchange differences from foreign operations	0	0	272	0	272	0	272
Tax on assets recorded or transferred to equity	0	0	0	0	0	0	0
Profit recorded in equity	0	0	1,336	0	1,336	0	1,336
Net profit for the year	0	0	0	17,570	17,570	3,103	20,673
Total recognized profit and losses	0	0	1,336	17,570	18,906	3,103	22,009
Dividends	0	0	0	(10,112)	(10,112)	(345)	(10,457)
Distribution/Tax of reserves and profit carried forward	0	0	(1,053)	864	(189)	0	(189)
Reduction of share in a consolidated subsidiary	0	0	0	0	0	67	67
31st of December 2006	53,319	35,922	22,066	56,311	167,618	19,871	187,489

TERNA GROUP
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2006
(Amounts in thousands of euros, unless otherwise stated)

1 ESTABLISHMENT AND ACTIVITY OF THE COMPANY

Terna SA (hereinafter the Company or TERNA) was founded in 1972 (Govt. Gazette 1338/04.07.72), is domiciled in Athens, 85 Mesogeion Str. and has a duration of 50 years, until 04.07.2022.

The basic sector in which the Group is active is the construction one. TERNA S.A. holds a 7th grade construction certificate and its main activity is to undertake and carry out public and private construction projects of any kind. According to the legislation in effect, companies that hold a 7th grade construction certificate may only undertake public projects of over 35 mil. euros. There is no upper limit to the budget of the projects that the Group may independently undertake. Furthermore, TERNA owns and operates a quarry and trades in inert materials.

At the Group level, TERNA is active in the industrial sector with its subsidiary companies «BIOMEK», which undertakes metal constructions and «STROTIREs AEBE», which produces and distributes skids from armed concrete. Also, through «HERON THERMOELEKTRIKI SA» and «TERNA ENERGY ABETE» the Group is active in the energy sector through wind parks with a total installed capacity of 66MW on 31.12.2005. The consolidated financial statements of TERNA are included in the consolidated financial statements of its parent company GEK SA, which on the balance sheet date held (directly and indirectly) 53.2% of its share capital.

2 BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

a) Basis for the preparation of the financial statements

The attached financial statements of the Company and the Group have been prepared according to the historic cost principle, except investment property which is valued at fair value. Moreover some own-used intangible fixed assets on the date of transition (1st of January 2004) to the International Financial Reporting Standards (IFRS) were fairly valued, and these values were used as implied cost in accordance with the clauses of IFRS 1 “First-Time adoption of International Financial Reporting Standards”.

The attached Company and Group financial statements have been prepared in accordance with the IFRS, as these have been adopted by the European Union. No standards have been applied before their effective date.

b) Statutory Financial Statements

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

c) Effect of newly issued Accounting Standards and interpretations

The International Accounting Standards Board and the Interpretations Committee have issued a series of new Accounting Standards and interpretations. The new IFRS and IFRIC are mandatory for the accounting periods beginning from January 1st 2006. The assessment of the Management regarding the impact of the new standards and interpretations is set out below:

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- **IFRS 7: Financial Instruments: Disclosures.** (effective from 1 January 2007). IFRS 7 introduces additional disclosures aiming to improve the information provided on financial instruments. It requires the disclosure of quantitative and qualitative information regarding the exposure to risk stemming from financial instruments. More specifically, it sets out minimum required disclosures regarding credit risk, liquidity risk and market risk (it imposes the carrying-out of sensitivity analyses regarding market risk). IFRS 7 replaces IAS 30 (Disclosures In Financial Statements of Banks And Similar Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosure And Presentation). It applies to all companies preparing financial statements according to the IFRS. The Group will apply IFRS 7 and the IAS 1 amendment from January 1st, 2007 onwards and is not expected to materially affect the financial statements of the Group, with the exception of some additional disclosures (e.g. sensitivity analysis).
- **Amendment of IAS 1, Capital disclosures** (in effect from January 1st 2007). The amendment of IAS 1 introduces disclosures related to the capital of a company and its management. The Group estimated the effect of the amendment and concluded that some disclosures are needed to be made regarding its capital. The Group will apply the amendment of IAS1 on January 1st 2007.
- **IFRS 8 Operating sectors of activity** (in effect from January 1st 2009). The standard demands that the provided information related with the operating sectors to be the one management is aware about in order to distribute the resources and to estimate the return. The application if the standard would not affect the way sectors of activity are reported based on IAS 14.
- **Amendment of IFRIC 4 Insurance contracts** (in effect from January 1st 2007). Does not apply to the Group and will not affect its financial statements.
- **IFRIC 7. Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies** (in effect from March 1st 2006). Does not apply to the Group and will not affect its financial statements.
- **IFRIC 8. Scope of IFRS 2.** (in effect from May 1st 2006) Does not apply to the Group and will not affect its financial statements
- **IFRIC 9, Revaluation of embedded derivatives** (in effect from June 1st 2006). Does not apply to the Group and will not affect its financial statements.
- **IFRIC 10 Interim financial reporting and impairment** (in effect from November 1st 2006). In accordance with the interpretation a loss impairment recognised in interim financial statements for goodwill or investments should not be reversed in future financial statements of the same year. The interpretation would be applied from 2007 onwards.
- **IFRIC 11 Group and treasury shares transactions** (In effect from March 1st 2007). Does not apply to the Group and will not affect its financial statements.
- **IFRIC 12 Agreement for service concession** (In effect from January 1st 2008). Does not apply to the Group and will not affect its financial statements.

d) Approval of the Financial Statements

The attached annual financial statements were approved by the Board of Directors of the Company on March, 27 2007 and are subject to approval at the Shareholders' Annual General Meeting.

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e) Use of estimates

The compilation of financial statements of the Group based on the IFRS requires that the management proceed in making estimations and assumptions on the figures for the assets and liabilities. These estimations are based on the historical experience and other relevant factors. The actual results may differ from these estimates. These estimations, assumptions and judgements are constantly evaluated and any restated accounting estimations are recognised on the period in which the estimation refers to.

3 SUMMARY OF KEY ACCOUNTING PRINCIPLES

The main accounting principles adopted during the compilation of the attached consolidated financial statements are the following:

a) Basis of consolidation

The attached consolidated financial statements include those of TERNAL and its subsidiaries. The subsidiaries in which the Group has a direct or indirect participation of more than 50% of the voting rights has the right to control the consolidated operations. The subsidiaries are consolidated from the date the Group acquires the control and stop being consolidated at the date this control ceases to exist.

The participation of the Group in Joint ventures when there is common control, are consolidated in the attached financial statements with the method of proportionate consolidation which includes the proportion of the joint-venture on the assets, liabilities and results with the inclusion of the items in their Financial Statements.

Intracompany transactions and balances are deleted from the attached consolidated financial statements. When necessary, the accounting bodies of subsidiaries are amended in order to secure the consistency with the accounting principles adopted by the Group.

b) Participation in related companies

The participations of the Group in other companies in which Terna has an important influence are consolidated with the net equity method. Based on this method, the participation in related company is recorded at book cost plus the change of the Group's participation in their equity, less any provisions for impairments. The consolidated statement reflects the proportion of the Group in the results of the related company.

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 recognised 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.

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(i) Investments available for sale

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

(ii) Receivables and loans

Receivables and loans created by the activities of the Company (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 amortisation process.

(iii) Financial assets at fair value through the profit or 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 amortised 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 amortisation process.

The current value of such investments that are traded in an organised 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 reduce possible negative consequences. More specifically:

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(i) Interest rate risk and exchange rate risk

The Company's bank loans are denominated in euros and are subject to variable interest rates. The Group use swap contracts in euro in order to reduce its exposure to interest rate risk. The Management of the Group follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

(ii) Fair Value

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

(iii) 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. Company's policy is to seek business with customers of satisfactory credit standing while the constant aim is to resolve any resulting differences within a amicable settlement context. Moreover the credit risk concentration is limited due to the great dispersion of the balances.

(iv) Market Risk

The Company 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 Company. Transactions in other currencies are converted into euros using the exchange rates in effect at the date of the transaction. At the date of compilation of the financial statements the monetary asset and liability items that are denominated in other currencies are adjusted so as to reflect the current exchange rates.

The profits and losses resulting from transactions in foreign currencies and from the end-of-year valuation of monetary items in foreign currencies are recorded in the attached consolidated income statement.

The currency of operation for the foreign subsidiaries of the Group is the official currency of the country in which the subsidiary operates. Therefore, at any balance sheet date all subsidiaries' accounts are translated to euro based on the foreign exchange rate prevailing at that date. Revenues and expenses are translated based on the weighted average exchange rate of the year. Any foreign exchange differences resulting from the valuation of foreign subsidiaries are recorded directly in equity. During the sale or distribution of foreign subsidiaries the cumulative foreign exchange differences are recorded in income statement.

f) Intangible assets

Intangible assets mainly consist of royalties related to quarries, software acquisition costs and all expenses incurred to develop the software in order to bring it to operating condition. Amortisation on royalties are based on straight line method during the normal period for the use of quarries (30 years) and the one on software is accounted for based on the straight line method for a period of three years.

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.

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(i) Income from construction activities

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

According to the percentage-of-completion method the construction costs incurred up to the Balance Sheet date are compared to the total estimated cost of the project in order to determine the percentage of the project that has been completed. This percentage is applied to the total revised contract price in order to determine the cumulated income from the project, based on which the invoiced income to date is revised. The cumulated effect of the revisions of the total estimated construction cost and the total contract price are accounted for during the accounting periods in which they arise. In the cases of contracts where it is forecast that the total estimated cost will exceed the total contract price, the entire loss is recognised 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, while 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 Company 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) Revenue from the construction and sale of buildings

Buildings owned by the Company that are under construction, appear as inventories. When the final sale contracts are drawn, by which the risks and benefits of ownership of the building are transferred, and to the extent that after the compilation of these contracts there remains significant construction work to be carried out, the relevant revenue is recognized according to the percentage-of-completion method, as described above.

(v) Rent Revenue

Rent revenue is recognized using the straight-line method, according to the terms of the lease.

(vi) Dividends

Dividends are accounted for when the right to receive them has been finalized by the shareholders by virtue of a Shareholders' General Meeting resolution.

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(vii) Interest

Interest income is recognized on an accruals basis.

h) Tangible Fixed Assets

As previously mentioned, the Company has valued certain land and buildings 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 are recorded at 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 life of the respective assets. The useful economic life per fixed asset category ranges between:

	<u>YEARS</u>
Quarries	30
Buildings and Construction projects	8-30
Machinery and Technical Installations	3-12
Vehicles	5-12
Fixtures and Other Equipment	3-12

j) Impairment of the Value of Fixed Assets

The book values of long-term asset, other than goodwill and tangible fixed assets with an infinite life, 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 recorded in the income statement. The recoverable amount is defined as the largest value between the net estimated sales price and the acquisition value. The net sales value is the plausible income from the sale of an asset in the context of an arm's-length transaction, in which all parties have full knowledge and willingness, after the deduction of each additional direct sales cost for the asset. The acquisition cost consists of the net present value of future estimated cash flows expected to occur from the continuous use of the asset and from the income expected to arise from its sale at the end of its estimated useful economic life. In order to determine the impairment, the asset items are grouped at the lowest level for which cash flows can be recognized separately.

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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 the purpose to receive rent or goodwill and are valued at their real value which is based on market value, that is to say at the estimated value of which the property may be sold, at the day of the estimation, in a normal transaction. The estimation is contacted regularly by external professionals estimators who have the knowledge on the property market. 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 capitalised when they augment the useful economic life of the buildings, their productive capacity or reduce their operation cost. The acquisition cost and the accumulated depreciation of an investment property 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 being build or developed are recorded at book value in tangible assets till their completion, and then they are transferred to investment property.

l) Inventories

Inventories include excavated from the quarry material, construction material, spare parts and raw material. Inventories are valued at the lower of cost and net realisable 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 realisable value of finished products is their estimated selling price during the Company's normal course of business less the estimated costs for their completion and the estimated necessary costs for their sale. The net realisable 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 amortised cost based on the effective interest rate method. At each balance sheet date all overdue or doubtful receivables are reviewed in order to determine the necessity for a provision for doubtful receivables. The balance of the specific provision for doubtful receivables is appropriately adjusted at each balance sheet date in order to reflect the estimated relevant risks. Each write-off of customer balances is debited to the existing provision for doubtful receivables.

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n) Cash and Cash Equivalents

The Group considers time deposits and other highly liquid investments with an initial maturity less than three months, as cash and cash equivalents.

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

o) Long-term loan liabilities

All long-term loan liabilities are initially booked at cost, which is the actual value of the received payment less the issuance expenses related to the loan. After the initial recording, interest-bearing loans are valued at the net book value using the effective interest rate method. The net book value is calculated after taking into account the issuance expenses and the differences between the initial amount and the amount at maturity. Profits and losses are registered in the net profit or loss when the liabilities are written off or impaired and through the amortisation procedure. Interest expenses are recognized on an accruals basis, with the exclusion of the interest charged on loans taken for fixed assets and inventories which construction requires significant time, and when this interest adds to the value of the relevant assets. The capitalisation of interest is interrupted when the asset is ready to be used.

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 Company, 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 programs.

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

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of the total contribution is covered by the Company. At the time of retirement, the pension fund is responsible for the payment of retirement benefits to the employees. Consequently, the Company 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 statements that are compiled according to the tax regulations in effect in Greece or in other countries in which the foreign subsidiaries operate. Current income tax is calculated based on the earnings of the Company as such are reformed on the company's tax reports, additional income tax emerging from the Tax Authorities' tax audits and on deferred income tax 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 assets are recognized for all the exempt temporary differences and the transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.

The deferred tax assets are estimated on each balance sheet date and are reduced to the degree that it is not considered likely that there will be adequate taxable earnings against which part or the total of receivables from deferred income taxes may be used.

Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the financial year when the asset will be realised or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted on the balance sheet date.

Income tax that relates to items, which have been directly recognized in equity, is directly recorded in equity and not in the income statement.

s) Finance and Operating Leases

Finance leases, which essentially transfer to the Company 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 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 instalments 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.

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u) Provisions, Contingent Liabilities and Contingent Receivables

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is possible that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed on each balance sheet date and are adjusted in order to reflect the present value of expenses that are expected to be required 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 financial statements but are disclosed, unless the outflow of economic resources that include an economic loss benefits is probable. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of financial benefits is possible.

v) 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 Company as own-shares.

Diluted earnings per share are calculated by dividing the net earnings attributable to the shareholders (after deducting the interest on convertible shares, after taxes) with the weighted average number of shares that are outstanding during the year (adjusted for the effect of the diluted convertible shares).

w) Information per sector of activity

Sector of activity is a recognisable part of the Group that produces products or services (business sector) or offers products or services in a specific geographic environment (geographic sector) which differs in risk and benefits compared to other sectors. The primary type of information is reported for business sector while the secondary one is reported for geographic sector.

The sectors of activity refer to activities in construction, sale of electricity, property management, industrial production, concessions as well as remaining activities. Geographical sectors refer to construction activities taken place in Greece, Cyprus, Balkans and Middle East. Regarding revenues and assets of geographic sectors these are recorded in accordance to on where the customer and the asses are based.

The basic assumption for the presentation of assets and liabilities as well as revenues and expenses for each sector, which are not included directly in a specific sector, is their allocation to sectors according to criteria that are applied consistently. Cross-sectoral income is calculated based on real and allocated expenses of each sector plus a margin on its employed capital.

Transactions between business units take place in market terms as occurs in the case for transactions with third parties.

x) Restatement of previously published accounting figures

The Group discovered a mistake in current year related to the calculation of revenues from construction activities, income tax, inventories and profit carried forward for the 2005 year and proceeded with the appropriate corrections.

The effect of aforementioned corrections in the relevant item of 2005 is as follows:

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	Trade receivables 1.1.2005	Profit carried forward 1.1.2005	Prepayments and other receivables 1.1.2005	Minority interest 1.1.2005
Balances as previously published	220,338	47,053	1,671	17,947
Restatement:				
Revenues from construction activities	(2,403)	(1,443)		(960)
Income tax		(1,068)	1,662	(595)
Restatement figures	217,935	44,542	3,333	16,392

y) Reclassifications of accounting items

Some accounting items from the Balance Sheet and the Income statements of previous year, 2005, reclassified for presentational purposes in order to become homogenous and comparative with those of the previous year.

The accounting items of 2005 that were restated for the correct reporting of financial statements on 31.12.2006 for TERNA Group are the following:

BALANCE SHEET OF TERNA GROUP	PUBLISHED 2006 31/12/2005	PUBLISHED 2005 31/12/2005	Reclassification of Items
Other investments	4,134	0	4,134
Trade receivables	155,294	163,511	(8,217)
Prepayments and other receivables	42,182	38,030	4,152
Other short-term financial assets	4,935	9,069	(4,134)
Suppliers	38,252	87,054	(48,802)
Accrued and other short-term liabilities	80,919	32,116	48,803
INCOME STATEMENT OF TERNA GROUP	PUBLISHED 2006 1/1 - 31/12/05	PUBLISHED 2005 1/1 - 31/12/05	Reclassification of Items
Administration and distribution expenses	(21.176)	(22.099)	923
Research and development expenses	(872)	0	-872
Other income/(expenses)	6.502	4.868	1.634
Net financial income/(expenses)	(8.531)	(6.846)	-1.685

The accounting items restated by TERNA SA on 31.12.2006 in order to correctly reflect the financial statements of 31.12.2005 are the following:

BALANCE SHEET TERNA SA	PUBLISHED 2006 31/12/2005	PUBLISHED 2005 31/12/2005	Reclassification of Items
Participation in subsidiaries	26,381	37,111	-10,730
Participations in joint ventures	11,721	0	11,721
Other investments	2,740	0	2,740
Deferred tax	6,445	6,446	-1
Trade receivables	92,481	92,726	-245
Prepayments and other receivables	27,311	15,006	12,305
Tax receivables	1,807	0	1,807
Other short-term finance assets	847	4,578	-3,731
Other provisions	668	946	-278
Suppliers	22,782	37,517	-14,735
Accrued and other short-term liabilities	54,246	25,367	28,879

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INCOME STATEMENT TERNA SA	PUBLISHED 2006 1/1 - 31/12/05	PUBLISHED 2005 1/1 - 31/12/05	Reclassification of Items
Administration and distribution expenses	-15,245	-15,291	46
Other income/(expenses)	9,457	5,022	4,435
Net financial income/(expenses)	-3,278	1,202	-4,480

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group makes estimates, assumptions and exercises judgment either in order to select the appropriate accounting principles or regarding the future development of events and transactions. These estimates, assumptions and judgments are reviewed periodically so as to ensure that they correspond to current facts and they reflect the current risks and are based on the previous experience of the Management regarding the level/volume of relevant transactions or events.

The main estimates and judgments that relate to data the evolution of which could affect the figures in the financial statements during the next 12 months are as follows:

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.

5 GROUP STRUCTURE

Participations in subsidiaries, related and joint ventures on 31.12.2006 are as follows:

A) Subsidiaries of the parent

Company name	Country of Domicile	Participation percentage		Consolidation method	Un-audited tax years
		2006	2005		
1. BIOMEK ABETE	Greece	66.50	66.50	Full	5
2. TERNA ENERGY ABETE	Greece	63.19	61.75	Full	2
3. STROTIREA AEBE	Greece	51.00	51.00	Full	4
4. DIKEVE SA	Greece	95.01	100.00	Full	1
5. ILIOCHORA SA	Greece	100.00	100.00	Full	2
6. SC TERNA INTERNATIONAL	Romania	100.00	-	Full	3

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Company name	Country of Domicile	Participation percentage		Consolidation method	Un-audited tax years
		2006	2005		
CONSTRUCTION ROMANIA					
7. TERNA OVERSEAS LTD	Cyprus	100.00	-	Full	1 st financial year
8. TERNA BAHRAIN HOLDING WLL*	Bahrein	99.99	-	Full	1 st financial year
9. TERNA QATAR LLC*	Qatar	35.00	-	Full**	1 st financial year

* Participation through TERNA OVERSEAS LTD.

** The company TERNA QATAR LLC fully consolidates in accordance with P.C.I. 12 (Permanent Committee of Interpreters 12 «Consolidation-Special purpose companies», because the Group, based on contract controls the management.

B) Subsidiaries of the parent consolidated using the proportionate method:

B.1 Companies

<u>No</u>	Name	Country of domicile	Participation percentage 2005 and 2006 %	Un-audited tax years
1.	HERON THERMOELECTRIKI SA	Greece	50%	4

B.2 Taxed joint-ventures

<u>No</u>	Name	Participation percentage 2005 and 2006 %	Un-audited tax years
1.	J/V MAIN ARROGATION CANAL D 1	75.00%	6
2.	J/V TRAM CIVIL ENGINEERING PROJECTS (IMPREGILO)	55.00%	5
3.	J/V IRAKLEION CAMPUS	50.00%	2
4.	J/V ANCIENT OLYMPIA BY-PASS(ALPINE MAYREDER BAU GMBH)	50.00%	4
5.	J/V AKTOR, AEGEK, EKTER, TERNA AIRPORT INSTAL. SPATA	20.00%	1
6.	J/V TERNA SA / AKTOR SA - GOULANDRIS MUSEUM	50.00%	4
7.	J/V DEPA PROJECT	10.00%	4
8.	J/V UNDERGROUND CARS THESSALONIKI	50.00%	4
9.	J/V ARTA-FILIPPIADA BY-PASS	98.00%	4
10.	J/V ATHENS CONCERT HALL	45.00%	5
11.	J/V ATHENS CAR PARKS	20.00%	4
12.	J/V PERISTERI METRO	50.00%	4
13.	J/V TERNA S.A. - ATHINA ATE ARAHTHOS PERIST. PROJECTS	62.50%	5
14.	J/V TERNA SA - KARAGIANNIS TEFAA KOMOTINI PROJECT	31.34%	2
15.	J/V THALES ATM SA-TERNA UPGRADE OF TACAN STATIONS	22.25%	6
16.	JOINT VENTURE AVAX-VIOTER (OLYMPIC VILLAGE CONSTRUCTION)	35.00%	3
17.	J/V AVAX-BIOTER (OLYMPIC VILLAGE)	37.50%	3
18.	J/V TERNA S.A. PANTECHNIKI S.A.	83.50%	3
19.	J/V TERNA S.A. AKTOR A.T.E. J&P AVAX	33.00%	5
20.	J/V TERNA S.A. J&P AVAX - PANTECHNIKI-HORSE RIDING CENTRE MAINTENANCE	35.00%	2

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21.	J/V TERNA SA - ATHINA ATE	62.50%	3
22.	J/V TERNA SA - TH. KARAGIANNIS SA PROJECT CONSTRUCTION MEPW	50.00%	6
23.	J/V SALONIKA PARK	50.00%	2
24.	J/V SIEMENS-AKTOR ATE-TERNA SA	37.50%	2
25.	J/V TERNA-MICHANIKI AGRINIO BY-PASS	65.00%	2
26.	TERNA SA BIOTER SA NAT BUILDING	50.00%	7
27.	J/V TERNA S.A.-THALES S.A.	50.00%	4
28.	J/V TOMI ABETE-ILIOHORA SA	30.00%	2
29.	J/V AVAX-BIOTER-ILIOHORA SA	37.50%	2
30.	J/V AKTOR-DOMOTECHNIKI-THEMELIODOMI-TERNA-ETETH	25.00%	1 st financial year
31.	J/V BUILDING CONSTRUCTION OSE ILIOHORA SA	13.30%	1 st financial year
32.	J/V CONSTRUCTION OF PROJECT PARADEISIA-TSAKONA	49.00%	1 st financial year
33.	J/V UNDERGROUND CHAIDARI-PART A	50.00%	1 st financial year
34.	J/V FOUNDATION OF THE HELLENIC WORLD-COMPLETE CONSTRUCTION	60.00%	1 st financial year
35.	J/V TERNA-TERNA ENERGY-TSMPRAS (EPL)	50.00%	4
36.	J/V TERNA SA-TERNA ENERGY ABETE	50.00%	4
37.	J/V BIOTER SA-TERNA SA	50.00%	4
38.	J/V TERNA SA-IONIOS SA	90.00%	4
39.	J/V TERNA ENERGY-TERNA-MANIOTIS	37.50%	4
40.	J/V TERNA-TERNA-TERNA ENERGY-TSAMPRA	56.00%	4
41.	J/V ATHINA-PANTECHNIKI-TERNA-J/V PLATAMONAS PROJECT	39.20%	3
42.	J/V BIOTER SA-TERNA SA	50.00%	4
43.	J/V TERNA-MOCHLOS ATE	70.00%	7
44.	J/V TERNA-VIOTER SA	50.00%	4
45.	J/V TERNA-ERGODOMI-KTISTOR ATE	50.00%	4
46.	J/V EDRASI-PSALLIDAS-TERNA-EDRACO	51.00%	4
47.	J/V TERNA-AKTOR-EMPEDOS-J&P ABAX-J%P ABAE-IMEC GmbH	24.00%	5
48.	J/V TERNA-ATERMON ATEE	50.00%	2
49.	J/V TERNA-VERMION ATE-ANAPLASEON	50.00%	3
50.	J/V TERNA-KARAGIANNIS	50.00%	3
51.	J/V EUROPEAN TECHNICAL-HOMER-TERNA	33.33%	10
52.	J/V TERNA-THEMELIODOMI	60.00%	4
53.	J/V TERNA-AKTOR GOULANDRI MUSEUM	50.00%	5
54.	J/V TERNA-THEMELIODOMI	60.00%	6
55.	J/V TERNA-TEMA SA	36.50%	5
56.	J/V FRAGMATOS PRAMORITSA	33.33%	4
57.	J/V TERNA-EDRASI-STROTIRES	41.00%	5
58.	J/V IMPREGILO -ALTE-TERNA	5.00%	clearance
59.	J/V UNIVERSITY OF CRETE	25.00%	2
60.	J/V PROJECT FOR COMPLETION OF WASTEWATER TREATMENT (BIOLOGICAL)	50.00%	4
61.	J/V EKTER-TERNA	50.00%	4
62.	TERNA SA & Co	99.00%	4
63.	J/V AKTOR-TERNA SA	50.00%	4
64.	J/V AKTOR-TERNA SA IASO BUILDING	50.00%	
65.	J/V ALPINE MAYREDER-TERNA-PANTECHNIKI	50.00%	3
66.	J/V ALPINE MAYREDER BAU GmbH-TERNA SA-PANTECHNIKI SA	31.50%	1 st financial year
67.	J/V TERNA-MOCHLOS-AKTOR KIATO-AIGIO	35.00%	1 st financial year
68.	J/V J&P AVAX-TERNA PLATANOS TUNNEL	33.33%	1 st financial year
69.	J/V AKTOR-TERNA-J&P AVAX KALLIDROMO TUNNEL	33.33%	1 st financial year
70.	J/V THEMELIODOMI-TERNA-DIEKAT-THEMELIODOMI	25.00%	5
71.	J/V MINISTRY OF TRANSPORTATION	33.00%	4
72.	J/V AEGEK TERNA	44.78%	4
73.	J&P AVAX SA-TERNA SA-EYKLEIDIS	35.00%	4
74.	ALTE ATE - TEPNA SA	50.00%	4

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B.3 Taxed joint ventures that did not consolidate

<u>No</u>	<u>Name</u>	<u>Percentage of participation</u>
1	J/V BIOTER SA-TERNA SA - COST PLUS	50.00%
2	J/V BIOTER SA-TERNA SA-FENCING (APOLLONIA SPA)	50.00%
3	J/V ATHENS-PANTECHNIKI-TERNA (KOUKONTONI TUNNEL)	33.30%
4	J/V EMPEDOS SA-TERNA SA (PROJECT EKTHE THIRDS PARTY)	50.00%
5	J/V CAR PARK "PARKING OYIL SA"	12.16
6	J/V MARITIME MIDSHIPMEN –GNOMON ATE-GEK SA-GENER SA	33.00%
7	J/V IMPREGILO S.p.a – TERNA SA-ALTE SA (EXECUTIONS)-in clearance	33.33%
8	J/V ARCHIRODON HELLAS ATE-TERNA SA	30.00%
9	J/V EVINOY-AEGEK-METON SA-TERNA SA-EYKLEIDIS SA	33.33%

The aforementioned joint ventures for technical projects construction in which the company participates have already completed their projects for which they were established for, the guarantee time has passed, the relations with third parties are cleared and their final clearance is pending.

C) Subsidiaries of TERNA ENERGY SA

<u>Company name</u>	<u>Country of Domicile</u>	<u>Participation percentage</u>		<u>Consolidation method</u>	<u>Un-audited tax years</u>
		<u>2006</u>	<u>2005</u>		
1.IWECO CHONOS LASITHI CRETE SA	Greece	100.00	100.00	Full	4
2.TERNA ENERGY ABETE&Co ENERGIAKI SERVOUNIO SA	Greece	100.00	100.00	Full	5
3.TERNA ENERGY EVROS SA	Greece	100.00	100.00	Full	5
4. GP ENERGY	Bulgaria	100.00	100.00	Full	1
5. PPC RENEWABLE- TERNA ENERGY SA	Greece	51.00	51.00	Full	4

D) Joint ventures of TERNA ENERGY ABETE

	<u>Name</u>	<u>Participation percentage</u>	<u>Un-audited tax years</u>
		<u>2005 and 2006</u> <u>%</u>	
1.	J/V TRAM POLITICAL ENGINEERING WORKS	36%	4
2.	J/V ENVAGELISMOU, PROJECT C'	50%	4*
3.	J/V TERNA ENERGY - TSAMPR. DRAMAS HOSPITAL	40%	4*
4.	J/V EPL DRAMAS	24%	4*
5.	J/V TERNA ENERGY - OLYMPIOS ATE	50%	4
6.	J/V K. MANIOTIS - TERNA - TERNA ENERGY	37.50%	4
7.	J/V/ EMBEDOS - PANTECHNIKI - TERNA ENERGY	50.10%	4
8.	J/V THEMELI-TERNA ENERGY ABETE-J/V TERNA SA	40%	3
9.	J/V EKTER - TERNA - ATHONIKI	31%	2
10	J/V/ KL. ROUSIS - TERNA ENERGY ABETE	50%	3
11	TERNA ENERGY ABETE & Co	70%	5

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E) Ordinary and limited partnerships of TERNA ENERGY ABETE

These companies are established having as a sole purpose the acquisition of licences required to construct energy plants producing electricity by using renewable resources, and if the construction goes ahead, they will be absorbed by TERNA ENERGY ABETE. Till today they have no activities and therefore no tax interest.

	Name	Participation percentage 2005 and 2006 %	Un-audited tax years
1.	TERNA ENERGY ABETE - M.E.L. MAKEDONIKI ETAIRIA HARTOU & SIA, J/V, Greece	50	4
2.	TERNA ENERGY A.B.E.T.E. & SIA AIOLIKI RAHOULAS DERVENOHORION, Greece	100	4
3.	TERNA ENERGY ABETE & SIA AIOLIKI POLYKASTROU, Greece	100	4
4.	TERNA ENERGY ABETE & SIA AIOLIKI PROVATA TRAIANOUPOLEOS, Greece	100	4
5.	TERNA ENERGY ABETE & SIA ENERGIAKI DERVENOHORION, Greece	100	4
6.	TERNA ENERGY ABETE & SIA ENERGIAKI VELANIDION LAKONIAS, Greece	100	4
7.	TERNA ENERGY ABETE & SIA ENERGIAKI DISTION EVIAS, Greece	100	4
8.	TERNA ENERGY ABETE & SIA AIOLIKI PASTRA ATTIKIS, Greece	100	4
9.	TERNA ENERGY ABETE & SIA AIOLIKI MALEA LAKONIAS, Greece	100	4
10.	TERNA ENERGY ABETE & SIA ENERGIAKI FERRON EVROU, Greece	100	4
11.	TERNA ENERGY ABETE & SIA AIOLIKI DERVENI TRAIANOUPOLEOS, Greece	100	4
12.	TERNA ENERGY ABETE & SIA AIOLIKI KARYSTIAS EVIAS, Greece	100	4
13.	TERNA ENERGY ABETE & SIA ENERGIAKI ARI SAPPON, Greece	100	4
14.	TERNA ENERGY ABETE & SIA ENERGIAKI PELOPONNISOU, Greece	100	4
15.	TERNA ENERGY ABETE & SIA AIOLIKI ANATOLIKIS ELLADOS, Greece	100	4
16.	TERNA ENERGY ABETE & SIA AIOLIKI MARMARIOU EVIAS, Greece	100	4
17.	TERNA ENERGY ABETE & SIA ENERGIAKI PETRION EVIAS, Greece	100	4
18.	TERNA ENERGY ABETE & SIA AIOLIKI ROKANI DERVENOHORION, Greece	100	4
19.	TERNA ENERGY ABETE & SIA ENERGIAKI STIRON EVIAS, Greece	100	4
20.	TERNA ENERGY ABETE & SIA ENERGIAKI NEAPOLEOS LAKONIAS, Greece	100	4
21.	TERNA ENERGY ABETE & SIA ENERGIAKI XSIROVOUNIOU, Greece	70	4
22.	TERNA ENERGY ABETE & SIA AIOLIKI PANORAMATOS DERVENOHORION, Greece	100	4
23.	TERNA ENERGY ABETE & SIA ENERGIAKI KAFIREOS EVIAS, Greece	100	4

6 INTANGIBLE ASSETS

The intangible fixed assets figure reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

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	GROUP			COMPANY		
	Concessions and Royalties	Software	Total	Concessions and Royalties	Software	Total
Net Book Value 1.1.2005	5,934	235	6,169	5,932	210	6,142
Additions	(2)	76	74	0	45	45
(depreciation for the year)	(220)	(164)	(384)	(220)	(146)	(366)
Balance 31.12.2005	5,712	147	5,859	5,712	109	5,821
Cost 01.01.2005	6,605	681	7,286	6,603	557	7,160
Accumulated depreciation	(671)	(446)	(1,117)	(671)	(347)	(1018)
Net Book Value 01.01.2005	5,934	235	6,169	5,932	210	6,142
Cost 31.12.2005	6,603	757	7,360	6,603	602	7,205
Accumulated depreciation	(891)	(610)	(1,501)	(891)	(493)	(1384)
Net Book Value 31.12.2005	5,712	147	5,859	5,712	109	5,821

	GROUP			COMPANY		
	Concessions and Royalties	Software	Total	Concessions and Royalties	Software	Total
Net Book Value 1.1.2006	5,712	147	5,859	5,712	109	5,821
Additions	603	97	700	0	32	32
(depreciation for the year)	(224)	(128)	(352)	(220)	(67)	(287)
Balance 31.12.2006	6,091	116	6,207	5,492	74	5,566
Cost 01.01.2006	6,603	757	7,360	6,603	602	7,205
Accumulated depreciation	(891)	(610)	(1,501)	(891)	(493)	(1384)
Net Book Value 01.01.2006	5,712	147	5,859	5,712	109	5,821
Cost 31.12.2006	7,206	854	8,060	6,603	634	7,237
Accumulated depreciation	(1,115)	(738)	(1,853)	(1,111)	(560)	(1,671)
Net Book Value 31.12.2006	6,091	116	6,207	5,492	74	5,566

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The depreciation for 2006 is 352 thousand euros (384 thousand euros in 2005) and is recorded in Income Statement at cost of sales and at Administration and Distribution Expenses.

In the concession and rights account there are recorded purchased rights for the exploitation of quarries, of net book value of 5,492 thousand (euro 5,712 in 2005), with initially agreed period of 20-30 years. Also, in the account are recorded the paid rights for the installation of wind parks, for a net book value of 598 (euro 0 in 2005).

7 TANGIBLE FIXED ASSETS

The tangible fixed assets account reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

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GROUP	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 1.1.2006	4,629	27,977	94,455	4,459	1,591	21,526	154,637
Additions	300	11,926	30,213	3,607	1,523	6,761	53,318
(Disposals – Write-offs)	0	(60)	(1,017)	(44)	(8)	0	(117)
New companies in the consolidation	0	0	0	0	0	0	0
Transfers	0	0	22,610	18	6	(22,634)	0
(Depreciation for the year)	0	(2,351)	(10,938)	(1,271)	(1,437)	0	(15,997)
Balance as at 31.12.2006	4,929	37,492	135,323	6,769	1,675	5,654	191,841
Cost 01.01.2006	4,629	32,173	126,957	8,450	5,580	21,526	200,327
Accumulated Depreciation	0	(4,196)	(32,502)	(3,991)	(3,989)	0	(45,690)
Net Book Value 01.01.2006	4,629	27,977	94,455	4,459	1,591	21,526	154,637
Cost 31.12.2006	4,929	44,039	178,763	12,031	7,101	5,654	252,517
Accumulated Depreciation	0	(6,547)	(43,440)	(5,262)	(5,426)	0	(60,676)
Net Book Value 31.12.2006	4,929	37,492	135,323	6,769	1,675	5,653	191,841

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GROUP	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 1.1.2005	4,629	18,828	96,498	5,469	1,865	22,565	149,854
Additions	28	11,057	7,797	530	347	19,464	39,223
(Disposals – Write-offs)	(28)	(564)	(1030)	(342)	(98)	(2,221)	(4,283)
New companies in the consolidation	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	(18,282)	(18,282)
(Depreciation for the year)	0	(1,359)	(8,795)	(1,198)	(523)	0	(11,875)
Balance as at 31.12.2005	4,629	27,962	94,470	4,459	1,591	21,526	154,637
Cost 01.01.2005	4,629	21,680	121,202	8,262	5,331	22,565	183,669
Accumulated Depreciation	0	(2,837)	(24,719)	(2,793)	(3,466)	0	(33,815)
Net Book Value 01.01.2005	4,629	18,843	96,483	5,469	1,865	22,565	149,854
Cost 31.12.2005	4,629	32,173	127,969,	8,450	5,580	21,526	200,327
Accumulated Depreciation	0	(4,196)	(33,514)	(3,991)	(3,989)	0	(45,690)
Net Book Value 31.12.2005	4,629	27,977	94,455	4,459	1,591	21,526	154,637

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COMPANY	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 1.1.2006	3,194	13,672	19,138	4,079	1,016	12	41,111
Additions	205	0	11,279	3,472	490	0	15,446
(Disposals – Write-offs)	0	(84)	(589)	(3)	(8)	0	(684)
New companies in the consolidation	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	(12)	(12)
(Depreciation for the year)	0	(449)	(3,236)	(1,109)	(369)	0	(5,163)
Balance as at 31.12.2006	3,399	13,139	26,592	6,439	1,129	0	50,698
Cost 01.01.2006	3,194	15,402	28,648	7,429	4,383	12	59,436
Accumulated Depreciation	0	(1,730)	(9,510)	(3,350)	(3,367)	0	(18,325)
Net Book Value 01.01.2006	3,194	13,672	19,138	4,079	1,016	12	41,111
Cost 31.12.2006	3,399	15,318	39,338	10,898	4,865	0	73,818
Accumulated Depreciation	0	(2,179)	(12,746)	(4,459)	(3,736)	0	(23,120)
Net Book Value 31.12.2006	3,399	13,139	26,592	6,439	1,129	0	50,698

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COMPANY	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 1.1.2005	3,194	14,100	20,247	4,907	1,289	12	43,749
Additions	0	14	2,062	315	121	0	2,512
(Disposals – Write-offs)	0	0	0	0	0	0	0
New companies in the consolidation	0		0	0	0	0	0
Transfers	0		0	0	0	0	0
(Depreciation for the year)	0	(442)	(3,171)	(1,143)	(394)	0	(5,150)
Balance as at 31.12.2005	3,194	13,672	19,138	4,079	1,016	12	41,111
Cost 01.01.2005	3,194	15,388	28,842	7,216	4,262	12	58,914
Accumulated Depreciation	0	(1,288)	(8,595)	(2,309)	(2,973)	0	(15,165)
Net Book Value 01.01.2005	3,194	14,100	20,247	4,907	1,289	12	43,750
Cost 31.12.2005	3,194	15,402	30,904	7,531	4,383	12	61,426
Accumulated Depreciation	0	(1,730)	(11,766)	(3,452)	(3,367)	0	(20,315)
Net Book Value 31.12.2005	3,194	13,672	19,138	4,079	1,016	12	41,111

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Of the tangible fixed assets analyzed above, the following have been acquired through finance leases:

	GROUP			COMPANY		
	Machinery	Vehicles	Total	Machinery	Vehicles	Total
Cost 31.12.2006	57,433	2,028	59,461	15,797	2,028	17,825
Less: Accumulated Depreciation	(6,896)	(79)	(6,975)	(2,312)	(79)	(2,391)
Net Book Value 31.12.2006	50,537	1,949	52,486	13,485	1,949	15,434

On real estate of the Group recorded on book value of 31,000 euro on 31.12.2006 there are prenotations of 17,000 for securing banking loans.

On 2005 there were expenses of 7,500 euro for fixed assets under construction.

The Group has made a provision for the restoration the land on which it has installed the wind parks for the production of electric energy, amounting to € 1,485. This amount has been recorded as a tangible fixed asset and as a provision in liabilities. The tangible fixed asset is depreciated through the income statement for a period equal to the useful life of the wind park.

8 INVESTMENT PROPERTY

The investment property account reported in the attached financial statements as of the 31st of December 2006, is analysed as follows.

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Balance 1/1	26,305	29,368	7,935	10,998
Additions in the year	5,298	0	0	0
Reductions in the year	(1,018)	(3,063)	(1,018)	(3,063)
Adjustments in fair value	6,413	0	0	0
Transfers in held for sale	(29,158)	0	0	0
Balance 31.12	7,840	26,305	6,917	7,935

Investment property transferred in category of non-current assets held for sale refer to the sold in 2007 company DIKEVE SA. More are mentioned below in paragraph 34.

9 INVENTORIES AND WORK IN PROGRESS

The stock and work in progress figure reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

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	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Raw and auxiliary materials	8,027	6,815	3,405	810
Finished products and work in progress	4,431	7,427	869	3,514
Buildings under construction	384	0	0	0
Merchandise	63	18	6	0
Total	12,905	14,260	4,280	4,324

Raw and auxiliary materials refer to materials that would be used in technical projects undertaken by the Company.

Finished products refer to inactive materials. On 31st of December 2005 and 2006 there were no provisions for impaired or slowly moved inventories.

10 TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

The trade receivables figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Trade receivables	118,570	118,581	85,485	82,276
Trade receivables from associates	52,585	39,613	34,662	13,171
Customers - Doubtful and in Litigation	5,521	5,312	5,298	5,201
Overdue Notes/Cheques Receivable	72	1,959	72	1,959
Checks receivable	2,720	4,693	2,183	4,686
Less: Provisions for doubtful debt	(9,315)	(14,864)	(9,264)	(14,813)
	170,153	155,294	118,436	92,480

An amount of € 25 million is included in trade receivables figure, € 20 million of which stems from previous financial years and relates to the proportion of respective receivables of two Joint Ventures in which the Group participates and which have undertaken the construction of a specific technical project.

The delay is due to the complexity, both from the legal and the technical perspective, of the approval procedure for the certificate needed for the project since the contractual as well as the additional technical part of the project is financed mainly by EU funding.

The project is carried out according to the specific technical plans by the person responsible for the technical aspects of the project –competent officer of the main project- that include both the contractual as well as the additional technical part of the project. For the resolution of the dispute relating to the additional part of the plan beyond the contract, no appeal has been made to the arbitration process provided for by the contract sine the joint-ventures consider that there is still room for consensus to be reached. The Management of the Company, following a suggestion by the Receive Committee regarding the total of executed projects, on 21.12.2006 and based on the assessment of the legal representative of the Group, who is handling the matter as well as the responsible for the project people, taking also into account the credibility of the employer estimates that the aforementioned receivable would be collected in full and therefore there is no need for any relevant provision to be made.

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The prepayments and other receivables figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Prepayments to suppliers	13,031	4,573	7,975	3,490
Prepayments and Credits Control Accounts	3,753	3,922	980	2,296
Prepaid expenses – Accrued Income	5,438	3,105	2,545	1,918
Other receivables by Group’s joint ventures	4,650	5,814	14,930	14,111
Other receivables-Sundry debtors	30,429	28,458	8,153	9,186
Less: provisions for doubtful receivables	(1,304)	(3,690)	(1,304)	(3,690)
	55,997	42,182	33,279	27,311

The movements in provisions for receivables from customers in the period is analysed as follows:

	GROUP	COMPANY
Balance 31.12.2005	18,554	18,503
Provisions for the year	0	0
Unused provisions	(7,934)	(7,934)
Balance 31.12.2006	10,620	10,569

The reversal in formed provisions is due to the amount of 5.2 million euro related to write-offs of relevant receivables and the accounting adjustments after the audit and the finalisation by tax authorities of all the un-audited tax years, and due to the amount of 2.8 million euro that reflects part of the provision for receivables which according to current developments are not expected to be verified and the outstanding matter will be solved.

11 CONTRACTS FOR THE CONSTRUCTION OF TECHNICAL PROJECTS

The technical projects under construction that have been undertaken by the Group as at the date of compilation of the attached financial statements are analyzed as follows:

Cumulative figures from the start of the projects	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Cumulative cost	1,067,200	901,030	691,253	542,254
Cumulative profits	183,621	190,779	162,047	140,494
Cumulative losses	26	0	26	0
Received prepayments	31,441	40,663	13,283	8,919
Withheld amounts from project customers	2,732	2,303	2,099	1,763
Receivables invoiced	1,209,879	1,066,703	825,553	683,417
Receivables form customers	52,585	39,613	34,662	13,171
Liabilities to customers	(11,669)	(14,477)	(6,941)	(13,840)
Net receivables from customers	40,916	25,136	27,721	(669)

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12 OTHER FINANCIAL ASSETS

The other financial assets figure reported in the attached financial statements as of the 31st of December 2006, include shares of Societe Anonyme and Mutual Funds and are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Securities available for sale	1,262	4,879	1,123	791
Securities held till maturity	5,896	0	0	0
Securities of trading portfolio	46	56	45	56
	7,204	4,935	1,168	847

On 31.12.2006 the securities available for sale were valued at fair value and a profit of 309 was realised that was recorded in equity. The relevant amount for the company amounted to 309 euro.

13 CASH AND CASH EQUIVALENTS

The cash and cash equivalents figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Cash in hand	263	384	31	1
Sight deposits	74,254	48,683	23,989	8,801
Time deposits	0	0	0	4,016
Total	74,517	49,067	24,020	12,818

14 LONG-TERM LOANS AND FINANCE LEASE

The long-term loans figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Liabilities from finance leases	23,343	23,485	12,939	5,380
Less: Short-term part	(7,633)	(6,132)	(2,810)	(2,008)
Long-term debt	91,159	54,521	30,000	0
Less : Short-term part	(6,804)	(527)	(3,500)	0
	100,065	71,347	36,629	3,372

The repayment period of the aforementioned loans is analysed as follows:

	GROUP	
	31.12.2006	31.12.2005
Till 1 year	6,804	527
Between 2 & 5 years	42,420	38,620
Over 5 years	41,934	15,901

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COMPANY		
	31.12.2006	31.12.2005
Till 1 year	3,500	0
Between 2 & 5 years	17,500	0
Over 5 years	9,000	0

Liabilities from finance lease refer to companies of the Group and the repayment periods are reported in the following table:

GROUP		
	31.12.2006	31.12.2005
Till 1 year	7,633	6,132
Between 2 & 5 years	13,362	13,362
Over 5 years	2,348	3,991

COMPANY		
	31.12.2006	31.12.2005
Till 1 year	2,810	2,008
Between 2 & 5 years	7,332	1,364
Over 5 years	2,348	0

Finance leases are for the most part used to cover the financing requirements of the installation and operation of a factory producing electric power, as well as the lease of mechanical and factory equipment.

Long-term loans are for the most part used to cover the financing requirements of the development of wind parks of the energy sector of the Group. Also, part of the long term loans cover the financing requirements of building investment property. The weighted average interest on the above loans is calculated as Euribor plus a spread of 3%.

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 programmes are usually not funded.

The liabilities for staff indemnity liabilities Were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the results for the financial year ended on the 31st of December 31, 2006 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Balance Sheet for the year ended on December 31st 2006.

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The provision for staff indemnities recognized in the consolidated Income Statement for the financial year is as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Present value of liabilities	1,314	1,688	1,164	1,406
Non recorded actuarial losses	(400)	(411)	(393)	(410)
Recognised liability	914	1,277	771	996

The expense for staff indemnities recognised in income statements is as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Current service cost	172	159	167	126
Finance cost	53	49	47	45
Write-off of not-recognised actuarial losses	75	76	64	75
Additional payments	0	358	0	310
	300	642	278	556

The aforementioned expense is recorded in Income statement in cost of sales account.

The movement of the relevant provision account in the consolidated Balance Sheet is as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Opening balance	1,277	1,193	996	951
Provision recognized in the income statement	300	642	278	556
Indemnities paid	(663)	(558)	(503)	(511)
Closing balance	914	1,277	771	996

The main assumptions for financial years 2006 and 2005 are as follows:

Discount rate	3,03%
Future wage increases	2,30%
Average remaining work life (years)	4,81

16 OTHER PROVISIONS

The movement of relevant provision in the Balance Sheet is as follows:

	GROUP		COMPANY	
	Provisions for restoration of nature	Other provisions	Provisions for restoration of nature	Other provisions
Balance 1.1.2006	0	2,092	0	668
Provision recognised in the income statement	1,485	0	0	0
Used provisions	0	(916)	0	0
Balance 31.12.2006	1,485	1,176	0	668

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Companies of the energy sector are obliged to restore nature in places they install units for the production of electricity when the installation finishes and the licences granted by the state last for twenty years. The aforementioned provision of 1,485 euro reflects the necessary expenses for un-installation and area restoration with the use of current technology and material.

17 GRANTS

The grants figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP	COMPANY
Net value 1.1.2006	14,296	0
Transfers to the Profit and Loss	(2,524)	0
Collection of Grants	12,044	0
Approved grants	8,853	0
Transfer to short-term liabilities	(2,315)	0
Net value 01.01.2006	30,354	0

Grants relate to government grants for the development of wind parks and car parks and other infrastructure and are amortized during the useful life of the assets financed by grants.

18 SUPPLIERS AND OTHER LIABILITIES

The suppliers figure reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Suppliers- Subcontractors	34,418	9,976	39,898	19,757
Suppliers-other	22,131	23,605	0	0
Cheques payable	14,426	4,671	10,637	3,025
	70,975	38,252	50,535	22,782

The accrued and other short term liabilities reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Liabilities from taxes-duties	12,389	8,299	8,036	3,727
Social Insurance Payable	2,156	1,981	1,532	1,449
Dividends payable	75	585	75	585
Liabilities to associates	4,785	8,137	6,115	5,815
BoD remuneration	989	802	640	657
Customer prepayments	39,563	40,664	33,176	8,920
Accrued expenses and prepaid income	3,989	1,902	2,262	154
Liabilities from IAS 11	11,669	14,477	6,941	13,840
Various creditors	20,103	4,072	3,304	19,099
	95,718	80,919	62,081	54,246

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19 SHORT TERM LOANS

The total amount of the Group's short-term loans refers to bank overdrafts that are used for working capital purposes to cover the Company's operating needs. The amounts withdrawn are mainly used to cover the short term liabilities of the construction sector that emerge from the timing difference between the realization of the construction cost and the certification of the work completed, as well as from the large delays in the collection of receivables from the State. The weighted average interest rate for the short-term loans is close to 3.78%.

20 INCOME TAX

According to Greek tax legislation the Company is taxed with a tax rate of 29% for 2006 and 25% for 2007 and onwards.

The income tax figure recorded in the income statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Current tax expense				
Current tax	4,270	7,220	153	4,486
Deferred Tax of previous years	2,201	0	1,698	0
	6,471	7,220	1,851	4,486
Deferred tax expense	2,836	621	3,777	(1,792)
Total	9,307	7,841	5,628	2,694

The income tax statement is submitted on an annual basis but the profits or losses declared remain provisional until the tax authorities audit the tax payer's books and records and issue a final audit report. Currently, addition taxes that may be charged during the tax audit of un-audited tax years is difficult to be calculated and therefore no relevant provision are made in the attached financial statements. The un-audited tax years for the Group's companies are shown above in paragraph 5.

A reconciliation of income tax to the accounting profit multiplied by the applicable tax rate is as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Earnings before tax	29,977	23,011	13,361	7,589
Tax (29% and 32%)	8,693	7,364	3,875	2,498
Tax on distributed reserves		0	0	0
Implied tax	152	(1,155)	152	(1,123)
Non-exempt tax expenses	520	378	495	378
Difference between accounting and taxed earnings of joint ventures	592	1,855	(1,052)	0
Effect from tax rate change	(1,385)	0	460	0
Difference between accounting and taxed earnings	0	0	0	0
Tax audit differences	2,201	256	1,698	0
Tax exempt reserves and income	(1,466)	(1,216)	0	0
Other	0	359	0	1,010
	9,307	7,841	5,628	2,694

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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 deferred income tax is calculated using the expected tax rate of the Company at the time in which the tax receivable/liability matures. The deferred tax receivables and liabilities for the years 2006 and 2005 are analyzed as follows:

GROUP	Balance sheet		Profit and loss account (Debit)/Credit	Net position (Debit)/Credit
	31.12.2006	31.12.2005	1.1 – 31.12.2006	1.1 – 31.12.2006
Deferred income tax asset				
Expensed intangible assets				
Recognition of construction project income according to IAS 11	893	1,673	(780)	
Provision for staff indemnity	4,330	2,854	1,476	
Valuation of investments	228	319	(91)	
Provisions for doubtful receivables	629	0	0	629
Totals	2,476	2,976	(500)	
	8,556	7,822	105	629
Deferred income tax liability				
Investment property valuation				
Recognition of finance leases, revaluation of fixed assets and depreciation of fixed assets based on their useful life	(2,970)	0	(2,970)	
Valuation of participations	(2,625)	(2,842)	217	
Recognition of construction project income according to IAS 11	(1,644)	0	(1,644)	
Other	0	(1,666)	1,666	
Totals	(7,239)	(4,508)	(2,731)	
Deferred income tax income/(expense)			2,836	629

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COMPANY	Balance sheet		Profit and loss account (Debit)/Credit	Net position (Debit)/Credit
	31.12.2006	31.12.2005	1.1 – 31.12.2006	1.1 – 31.12.2006
Deferred income tax liability				
Expensed intangible assets	156	537	(381)	
Recognition of construction project income according to IAS 11	681	3,394	(2,713)	
Provision for staff indemnity	193	249	(56)	
Provisions for doubtful receivables	2,464	2,964	(500)	
Valuation of investments	629	0	0	629
Other	711	0	711	
Totals	4,834	7,144	(2,939)	629
Deferred income tax liability				
Investment property valuation	(1,748)	0	(1,748)	
Recognition of finance leases, revaluation of fixed assets and depreciation of fixed assets based on their useful life	(239)	(1,819)	1,580	
Recognition of construction project income according to IAS 11	(1,644)	0	(1,644)	
Other		(974)	974	
Totals	(3,631)	(2,793)	(838)	0
Deferred income tax income/(expense)			(3,777)	629

The Group maintains tax exempt reserves of € 12,551 which will be taxed using the current tax rate in the event that they are distributed or capitalized. In the foreseeable future the Company does not intend to distribute or capitalize these reserves.

TERNA SA is tax audited till 2005.

21 SHARE CAPITAL

The share capital of the Parent amounts to € 53,319 and is totally paid and divided into 45,964,500 common shares having a nominal value of € 3.00 each, while no changes occurred in 2006. The shareholders are entitled to receive dividends, as these are proposed on an annual basis, while each share represents one vote in the General Shareholders meeting.

With the 18-07-2002 decision of the Extraordinary Shareholder Meeting of the Company, share capital increased due to merger by the amount of € 47,602 as follows:

(a) With the amount of € 16,387 emerged from the restatement of nominal value of TERNA SA from € 0.30 to € 1.16 (that is to say 19,054,760 shares of the absorbed TERNA on €0.86 increase of nominal value) and

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(b) With the amount of € 31,215 emerged by the issue of 26,909,740 shares of nominal value of € 1.16, which would be distributed in the shareholders of the absorbed companies and the construction sector of GEK SA in accordance with the decided share exchange ratio. With this last share capital change, the Share Capital of the Company amounts to €53,319, divided in 45,964,500 common registered shares of nominal value of €1.16 each.

The Board of Directors proposed the dividend distribution of 10,112 euro (10,112 euro in 2005), that is to say 0.22 euro per share (0.22 euro in 2005). The dividends total comes from taxed earnings.

Earnings per share from continued operations amounted to 0.28 euro (0.30 euro in 2005) and were estimated based on earnings attributable to the shareholders of the parent of 12,718 euro (13,886 euro in 2005) and on average weighted number of shares for the year 2006.

22 REVENUES

Sales reported in the attached financial statements as at the 31st of December 2006 are analysed as follows:

	GROUP		COMPANY	
	1.1-31.12.2006	1.1-31.12.2005	1.1-31.12.2006	1.1-31.12.2005
Income from technical projects	254,381	185,111	168,037	125,567
Electrical Energy Sales	34,192	26,072	0	0
Industrial products – Construction Materials Sales	23,140	23,874	17,862	8,642
Other sales	374	765	374	0
Provision of Services	0	9,387	0	9,329
	312,087	245,209	186,273	143,538

23 COST OF SALES AND ADMINISTRATION AND DISTRIBUTION EXPENSES

The figures for cost of sales and administration and distribution expenses reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

Cost of sales	GROUP		COMPANY	
	1.1-31.12.2006	1.1-31.12.2005	1.1-31.12.2006	1.1-31.12.2005
Consumption of material and finished work	75,321	47,341	51,755	30,801
Staff wages	19,168	26,679	11,540	12,216
Subcontractors	98,946	71,876	75,022	53,205
Other third party fees	25,213	18,382	1,357	12,531
Other third party benefits	16,639	16,914	7,853	9,043
Tax – duties	630	445	1	189
Depreciation	15,144	11,918	4,718	5,034
Other	13,167	4,565	8,639	3,864
	264,228	198,120	160,885	126,883

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Administrative expenses	GROUP		COMPANY	
	1/1- 31.12.2006	1/1- 31.12.2005	1/1- 31.12.2006	1/1- 31.12.2005
Consumption of material and finished work	0	738	0	0
Staff wages	4,945	5,149	6,127	4,324
Subcontractors	1,578	3,890	331	3,785
Other third party fees	5,369	4,798	3,925	0
Other third party benefits	3,522	2,341	3,190	1,954
Tax – duties	0	564	0	318
Depreciation	1,185	341	1,079	72
Other	9,540	3,355	7,457	4,792
Total	26,139	21,176	22,109	15,245

24 OTHER OPERATING INCOME/(EXPENSES)

The figures for other operating income/(expenses) reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

	GROUP		COMPANY	
	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005
Receipts from doubtful provisions	7,934	44	7,934	0
Receipts from other provisions	916	0	0	0
Revenues from rents	1,491	1,215	1,474	1,136
Revenues from related activities		653	0	0
Depreciation of grants	1,501	1,245	0	0
Provision of services	298	0	0	1,110
Other operating income	1,023	1,030	0	0
Income from investments	478	1,434	4,818	4,255
Fair value difference of investment property	324	0	0	0
Other extraordinary income/(expenses)	(2,509)	881	(601)	2,956
Total	11,456	6,502	13,625	9,457

25 FINANCIAL INCOME/(EXPENSES)

Financial income/(expenses) on December, 31 2006, in the attached financial statements are as follows:

	GROUP		COMPANY	
	1/1- 31/12/2006	1/1- 31/12/2005	1/1- 31/12/2006	1/1- 31/12/2005
Interest received from deposits	1,642	519	400	123
Loan interest	(9,908)	(9,050)	(3,943)	(3,401)
Total	(8,266)	(8,531)	(3,543)	(3,278)

26 PAYROLL COST

Staff wages and the average number of employees as of December 31st 2006 are analysed as follows:

TERNA GROUP
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2006
(Amounts in thousands of euros, unless otherwise stated)

	GROUP		COMPANY	
	1.1-31.12.2006	1.1-31.12.2005	1.1-31.12.2006	1.1-31.12.2005
Wages and ensuant benefits of wage earners	13,732	15,565	2,613	3,134
Salaries and ensuant benefits of employees	4,327	7,637	9,679	9,259
Insurance and pension fund contributions	5,282	6,554	3,815	3,591
Provision for employee indemnities	300	642	278	556
Other	472	1,430	1,282	0
Total expenses	24,113	31,828	17,667	16,540
Average number of employees	730	609	521	425

27 EXISTING CHARGES ON PROPERTY

Mortgage prenotations to the amount of € 26.9 million have been registered on the property of some subsidiaries included in the consolidation, as security for bank loans.

28 RIGHTS IN JOINT-VENTURES

The Group holds rights in joint ventures for the execution of technical projects. The financial statements of the Group reflect its rights on fixed assets, liabilities, revenues and expenses of joint ventures as follows:

	31.12.2006	31.12.2005
Non-current assets	30,318	31,827
Current assets	114,389	122,750
Long-term liabilities	11,876	19,677
Short-term liabilities	107,825	115,306
Net assets/liabilities	25,006	19,594
Revenues	93,416	64,625
Expenses	89,422	53,028

29 TRANSACTIONS WITH RELATED PARTIES

The transactions and the balances of GEK with the related parties for the years 2006 and 2005 are analysed as follows:

2006	GROUP				COMPANY			
	Sales	Purchases	Debit balance	Credit balance	Sales	Purchases	Debit balance	Credit balance
Subsidiaries	0	0	0	0	5,289	489	3,382	2,799
Relates	0	0	0	0	0	0	35,302	0
Joint Ventures	0	0	0	0	6,452	44	0	4,647
Parent	9,181	0	501	1,982	8,664	0	326	356
Other related parties	9,009	2,437	1,256	1,895	5,324	2,437	831	1,933
Main executives	232	0	52	0	232	0	0	0

TERNA GROUP
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2006
(Amounts in thousands of euros, unless otherwise stated)

30 CONTINGENT LIABILITIES

During the course of conducting its business, the Company may face legal claims from third parties. According to both the Management and the Company's Legal Counsel, any such claims are not expected to have a significant impact on the Company's operation and financial position as of the 31st of December 2006.

31 POST-BALANCE SHEET DATE EVENTS

1. In the first quarter of 2007, the Greek Parliament approved the construction of Ionian Road, an important development for the Company since the construction process will begin. Also, the Group announced its expansion in Middle East as 4 important projects are already undertaken in that area of 375 million euro (Qatar, Abu Dhabi, Bahrain).
2. In energy sector, the Group announced that considers the listing of TERNA ENERGY shares (the Company consolidates all the activities in Renewable Energy Sources) in Athens Exchange. Also, at the same time, the construction of a plant producing electricity of 400 MW capacity started in Viotia that is expected to be entered into the system by 2009. Total construction cost is estimated at 240 million euro and TERNA SA would be the EPC contractor. At the same time in the framework of dynamic expansion of the Group in the creation of energy from thermal sources, the Group submitted on 20/03/2007 an application for the acquisition of licence for the construction of an energy plant of 460 MW capacity in Evia, operating with coal.

32 NON CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

On January, 18 2007 the company DIKEVE SA that belonged to the sector of Real Estate was sold. The decision for the sale was taken on October, 4 2006 within the Group's strategic framework. The price for the sale amounted to 27,377euro and the pre-tax profit to 6,469 euro. For 2006 the sold company had cash flows from operating activities of 11,192euro (699euro in 2005), from investing activities -2,898 euros (1euro in 2005) and from financing activities 14,197 euros (-844Euro in 2005).

The assets and liabilities of the sold company ov 31.12.2006 are analysed as follows

	31.12.2006
Investment property	29,158
Other receivable	296
Cash	140
Loans	10,801
Suppliers	2,191
Other liabilities	1,562
Net assets/liabilities	15,040

The income statement analysis of the aforementioned discontinued operation is as follows:

	2006	2005
Revenues	7,008	792
Expenses	(826)	(534)
Earnings before tax from discontinued operations	6,182	258
Tax	1,087	(285)
Earnings after tax from discontinued operations	5,095	(27)

TERNA GROUP
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2006
(Amounts in thousands of euros, unless otherwise stated)

33 INFORMATION BY SECTOR OF ACTIVITY

The table below presents the analysis of the results of the Group as of the 31st of December 2006 and the 31st of December 2005 according to its main activities:

TERNA GROUP
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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(Amounts in thousands of euros, unless otherwise stated)

Sectors of activity	Construction	Energy	Real Estate	Industry	Other	Deletions/ Consolidations	Consolidated totals
Revenues from external clients							
Sales of products	292	34,192	0	2,119	0	0	36,603
Sales of services	116	434	0	0	2,050	(434)	2,166
Revenues from construction activities	274,676	0	0	0	0	(1,358)	273,318
Total revenues from external clients	275,084	34,626	0	2,119	2,050	(1,792)	312,087
Intragroup revenues	9,273	0	0	5,378	0	(14,651)	0
Total revenues	284,357	34,626	0	7,497	2,050	(16,443)	312,087
Results per sector	15,811	13,592	902	61	1,728		32,094
Profit from the sale of discontinued operations before tax	0	0	6,182	0	0		6,182
Undistributed expenses							(31)
Operating results	15,811	13,592	7,084	61	1,728		38,246
Net financial results							(8,266)
Earnings from related enterprises							(9,307)
Income tax							20,672
Net results							
Assets per sector	238,687	165,543	37,435	32,360	11		474,036
Investments in related companies	0	12	0	0	0		12
Unclassified assets							100,713
Total assets	238,687	165,555	37,435	32,360	11		574,761
Liabilities per sector	153,111	37,569	14,554	5,204	23		210,461
Unclassified liabilities							176,811
Total liabilities	153,111	37,569	14,554	5,204	23		387,272
Capital expenditures	16,875	37,937	5,298	90	0		60,200
Depreciation	6,235	9,048	0	1,046	0		16,329

TERNA GROUP
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2006
(Amounts in thousands of euros, unless otherwise stated)

Geographical sectors

	Greece	Balkans	Middle East	Other areas	Unclassified
Revenues from external clients	252,957	56,940	2,190	0	0
Assets	397,486	74,667	1,883	0	100,725
Capital expenditure	59,559	626	15	0	0

CERTIFICATE

It is ascertained that the attached financial statements are those approved by the Board of Directors of the Company on the March, 27 2007 and have been published by being posted on the internet at the website www.terna.gr. It is noted that the summary financial figures that have been published in the press aim at providing the reader with certain general financial information but do not provide a full picture of the financial position and the results of the Group, in accordance with the International Financial Reporting Standards (IFRS). In the summary information published in the press some figures have been abbreviated.

The Chairman of the Board

The Vice-chairman of the Board & CEO

Nikolaos Kambas

George Peristeris

The Finance Director

Head of Accounting

Panayiotis Pothos

Nikolaos Athanasiou

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TERNA AE

Report on the Financial Statements

We have audited the accompanying financial statements of TERNA AE (the "Company"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Without qualifying our opinion, we draw attention to:

Note 16 in the Notes on the financial statements, where reference is made to the fact that the tax returns of the company, for the year 2006, have not been examined by the tax authorities as yet and, as a consequence, the possibility exists of additional taxes and penalties being assessed at the time when the returns will be examined and will be accepted as final. The outcome of these tax inspections cannot be predicted at present and, therefore, no provision has been made in these financial statements in this respect.

Report on Other Legal and Regulatory Requirements

The content of the Report of the Board of Directors is consistent with the aforementioned financial statements.

Athens, 29 March 2007

GEORGIOS E. LAGAS
Certified Public Accountant Auditor
SOEL Reg. No. 13711
SOL S.A. – Certified Public Accountants Auditors
3, Fok. Negri Street - Athens, Greece

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TERNA AE

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of TERNA AE (the "Company"), which comprise the consolidated balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of 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.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Without qualifying our opinion, we draw attention to:

- a) Note 20 in the Notes on the consolidated financial statements, where reference is made to the fact that the tax returns of the parent company for the year 2006, and those of the consolidated subsidiaries and Joint ventures referred to in the above note, have not been examined by the tax authorities as yet and, as a consequence, the possibility exists of additional taxes and penalties being assessed at the time when the returns will be examined and will be accepted as final. The outcome of these tax inspections cannot be predicted at present and, therefore, no provision has been made in these financial statements in this respect.
- b) Note 10 in the Notes on the financial statements, where reference is made to the fact that in the trade receivables are included and receivables overdue totalling approximately € 20.000 thousands that concern proportion of respective receivables of two Joint Ventures in which participates the Company with object the execution of a technical project. In respect of these receivables that concern the additional over contractual object of the project, no provision has been made because Management deems that, at the suggestion of the committee for temporary delivery, for the estimation of the total projects executed as of 21.12.2006 and the opinion of all the persons in charge of the project, the Joint Ventures will arrive at an amicable arrangement with the project leader and the above-mentioned receivables will be collected to their total.
- c) Restatement and accounting settlement has been made of the income statement accounts for the year 2004 of a subsidiary company and, as a consequence, were decreased respectively the Shareholders Equity by € 2.511 thousands and the minority interest by € 1.555 thousands.

Report on Other Legal and Regulatory Requirements

The content of the Report of the Board of Directors is consistent with the aforementioned financial statements.

Athens, 29 March 2007

GEORGIOS E. LAGAS
Certified Public Accountant Auditor
SOEL Reg. No. 13711
SOL S.A. – Certified Public Accountants Auditors
3, Fok. Negri Street - Athens, Greece

**2. Summary Financial (Solo and Consolidated) Data and
Information for the Year from 1 January to
31 December 2006**



T E R N A S . A .

TOURISM CONSTRUCTIONS AND MARINE SOCIETE ANONYM
REGISTERED OFFICE : ATHENS - S.A. REGISTER No. 1998/06/B/86/10
CONDENSED FINANCIAL ACCOUNTS AND DATA FOR THE PERIOD 1 JANUARY 2006 - 31 MARCH 2006

The following figures and information aim at providing general information for the financial position and results of TERNA S.A.. The reader who wishes to have a full view of the Company's financial position and financial results, should have access to the annual financial statements compiled according to the International Accounting Standards, as well as sworn auditor accountant's report. Furthermore, the reader may visit the Company's web-site at www.terna.gr, where the relevant information is posted.

FINANCIAL ACCOUNTS OF THE COMPANY

Address of the company's registered office SA Register Number:	85 Mesogeion Avenue, 11526 Athens 1998/06/B/86/10
Approval date of the Annual Financial Statements (which are the basis of the condensed financial data): Type of Sworn Auditor Accountant Report: Web-site Address:	26/5/2006 Interim financial statements are not audited www.terna.gr

BALANCE SHEET FIGURES

	Amounts in thousands of euros			
	CONSOLIDATED FIGURES		COMPANY	
	31.03.2006	31.12.2005	31.03.2006	31.12.2005
ASSETS				
Fixed assets	175.768	160.496	46.020	46.932
Participations and other long-term financial assets	324	256	37.257	37.257
Inventories	13.659	14.260	2.923	4.324
Real estate investments	26.305	26.305	7.935	7.935
Trade receivables	173.776	163.511	90.163	92.726
Cash and cash equivalents	41.781	49.067	10.572	12.818
Other Assets	55.428	54.191	24.859	26.030
TOTAL ASSETS	487.039	468.086	219.729	228.022
LIABILITIES AND EQUITY				
Long-term loans	55.731	53.994	0	0
Loans from finance leases	15.782	17.353	2.769	3.372
Other long-term liabilities	20.349	21.474	1.523	1.973
Short-term liabilities to banks	83.516	75.267	23.986	26.029
Other short-term liabilities and deferred income	126.049	119.873	54.411	63.076
Total liabilities (a)	301.427	287.961	82.089	94.450
Share capital	53.319	53.319	53.319	53.319
Other equity	113.008	108.205	84.321	80.253
Minority interests	19.285	18.601	0	0
Total equity (b)	185.612	180.125	137.640	133.572
TOTAL LIABILITIES AND EQUITY (a) + (b)	487.039	468.086	219.729	228.022

FIGURES FROM THE INCOME STATEMENT FOR THE PERIOD

	Amounts in thousands of euros			
	CONSOLIDATED FIGURES		COMPANY	
	01/01/06-31/03/06	01/01/05-31/03/05	01/01/06-31/03/06	01/01/05-31/03/05
Turnover	51.473	60.963	30.553	39.290
Cost of sales	-39.872	-45.759	-24.582	-29.573
Gross profit	11.601	15.204	5.971	9.717
Profit before tax, financial and investment results and depreciation	12.278	14.807	7.115	8.552
Depreciation	3.421	2.628	1.416	1.308
Profit before tax, financial and investment results	8.857	12.179	5.699	7.244
Profit before tax	7.589	10.247	5.418	5.942
Less (Tax)	-2.422	-663	-1.350	-418
Profit after tax	5.167	9.584	4.068	5.524
Attributable to:				
Shareholders of the company	4.483	8.738	5.418	5.942
Minority interests	5.167	9.584	4.068	5.524
Basic earnings after tax per share (in euro) - basic	0.10	0.19	0.09	0.12

FIGURES FROM THE CASH FLOW STATEMENT

	Amounts in thousands of euros			
	CONSOLIDATED FIGURES		COMPANY	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Operating activities				
Profit before tax	7.589	10.247	5.418	5.942
Plus/less adjustments for:				
Depreciation	3.421	2.628	1.416	1.308
Provisions	-474	-1.156	-450	-1.219
Interest and related revenue	-324	-82	-219	-1
Interest and other financial expenses	1.605	1.751	501	609
(Profit)/Loss from the sale and valuation of participations	-104	1.377	-61	1.439
Amortization of grants	-292	-289	0	0
	11.421	14.476	6.605	8.078
Less /plus adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	601	550	1.401	3.015
Decrease / (increase) in receivables	-19.018	-16.350	2.479	-18.450
(Decrease) / increase in liabilities (other than to banks)	6.498	1.292	-8.666	863
(Less):				
Taxes paid	-498	-32	1.819	-6.494
Total inflows / (outflows) from operating activities (a)	-498	-32	1.819	-6.494
Investing activities				
Purchase of tangible and intangible fixed assets	-18.092	-18	-500	-48
Disposal of tangible fixed assets	104	3.186	61	0
Participations	0	-467	0	-3.020
Real estate investments	0	-2.569	0	0
Interest received	324	82	219	1
Total inflows / (outflows) from investing activities (b)	-17.664	24	-320	-3.067
Financing activities				
Net change in short-term loans	8.249	-1.872	-2.643	9.728
Receipts from loans issued / assumed	1.737	5.420	-	-
Net change in loans from finance leases	-1.571	-1.401	-603	-414
Interest paid	-1.605	-1.751	-501	-609
Movements in other financial assets	4.066	-3.506	2	1.767
Total inflows / (outflows) from financing activities (c)	10.876	-3.110	-3.745	10.472
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	-7.286	-3.118	-2.246	911
Cash and cash equivalents at the beginning of the period	49.067	37.013	12.818	3.918
Cash and cash equivalents at the end of the period	41.781	33.895	10.572	4.829

ADDITIONAL ELEMENTS AND INFORMATION

GROUP STRUCTURE

1. The Companies of the group that are included in the consolidated financial statements and their respective domicile

Full consolidation method	Percentage	Unaudited financial year
TERNA ENERGY ABETE, Greece	61,75%	2
BIOMEK ABETE, Aliveri Evloias	66,50%	4
STROTIREAS AEBE, Greece	51,00%	3
DIKEVE SA, Greece	100,00%	3
ILICHORA SA, Greece	100,00%	1
IWECO CHONOS LASITHIOU KRITIS SA, Greece	100,00%	3
TERNA ENERGY ABETE & CO ENERGY SERVOUNIOU SA, Greece	100,00%	4
TERNA ENERGY EVROU, Greece	100,00%	4
DEH RENEWABLE - TERNA ENERGY SA, Greece	51,00%	3
Proportional consolidation method		
1 TERNA ENERGY ABETE - M.E.L. MAKEDONIKI ETAIRIA HARTOU & SIA, J.V, Greece	50,00%	4
2 TERNA ENERGY A.B.E.T.E. & SIA AIOLIKI RAHOLAS DERVENOHORION, Greece	100,00%	4
3 TERNA ENERGY ABETE & SIA AIOLIKI POLYKASTROU, Greece	100,00%	4
4 TERNA ENERGY ABETE & SIA AIOLIKI PROVATA TRAIANOPOLEOS, Greece	100,00%	4
5 TERNA ENERGY ABETE & SIA ENERGIKI DERVENOHORION, Greece	100,00%	4
6 TERNA ENERGY ABETE & SIA ENERGIKI VELANDION LAKONIAS, Greece	100,00%	4
7 TERNA ENERGY ABETE & SIA ENERGIKI DISTION EVIAS, Greece	100,00%	4
8 TERNA ENERGY ABETE & SIA AIOLIKI PASTRA ATTIKIS, Greece	100,00%	4
9 TERNA ENERGY ABETE & SIA AIOLIKI MALEA LAKONIAS, Greece	100,00%	4
10 TERNA ENERGY ABETE & SIA ENERGIKI FERRON EVROU, Greece	100,00%	4
11 TERNA ENERGY ABETE & SIA AIOLIKI DERVENI TRAIANOPOLEOS, Greece	100,00%	4
12 TERNA ENERGY ABETE & SIA AIOLIKI KARYSTIAS EVIAS, Greece	100,00%	4
13 TERNA ENERGY ABETE & SIA ENERGIKI ARI SAPPON, Greece	100,00%	4
14 TERNA ENERGY ABETE & SIA ENERGIKI PELOPONNISOU, Greece	100,00%	4
15 TERNA ENERGY ABETE & SIA AIOLIKI ANATOLIKIS ELLADOS, Greece	100,00%	4
16 TERNA ENERGY ABETE & SIA AIOLIKI MARMARIOU EVIAS, Greece	100,00%	4
17 TERNA ENERGY ABETE & SIA ENERGIKI PETRIOM EVIAS, Greece	100,00%	4
18 TERNA ENERGY ABETE & SIA AIOLIKI ROKANI DERVENOHORION, Greece	100,00%	4
19 TERNA ENERGY ABETE & SIA ENERGIKI STIRON EVIAS, Greece	100,00%	4
20 TERNA ENERGY ABETE & SIA ENERGIKI NEAPOLEOS LAKONIAS, Greece	100,00%	4
21 TERNA ENERGY ABETE & SIA ENERGIKI XSIROVOUOUIOUI, Greece	70,00%	4
22 TERNA ENERGY ABETE & SIA AIOLIKI PANORAMATOS DERVENOHORION, Greece	100,00%	4
23 TERNA ENERGY ABETE & SIA ENERGIKI KAFIREOS EVIAS, Greece	100,00%	4
24 TERNA ENERGY ABETE & SIA, Greece	70,00%	3
25 J/V TRAM POLITICAL ENGINEERING WORKS, Greece	36,00%	3
26 J/V ENVAGELISIMOU PROJECT C, Greece	50,00%	3
27 J/V TERNA ENERGY - TSAMPIR. DRAMAS HOSPITAL, Greece	40,00%	3
28 J/V EPL DRAMAS, Greece	24,00%	3
29 J/V TERNA ENERGY - OLYMPIOS ATE, Greece	50,00%	3
30 J/V K. MANIOTIS - TERNA - TERNA ENERGY, Greece	37,50%	3
31 J/V EMBEDOS - PANTECHNIKI - TERNA ENERGY, Greece	50,10%	3
32 J/V THEMELI - TERNA ENERGY - TERNA SA IMPREGILO SPA, Greece	40,00%	2
33 J/V EKTER - TERNA - ATHONIKI, Greece	31,00%	1
34 J/V KL. ROUTSIS - TERNA ENERGY ABETE, Greece	50,00%	2

Proportional Consolidation Method (consolidated companies and J/V in TERNA SA)

	Percentage	Unaudited financial year
1 J/V TERNA SA - ATHINA ATE	62,50%	2
2 J/V IRAKLEION CAMPUS	50,00%	2
3 J/V ARTA-FILIPPIADA BY-PASS	98,00%	4
4 J/V TERNA SA - TH. KARAGIANNIS SA PROJECT CONSTRUCTION	50,00%	5
5 J/V UNDERGROUND CARS THESSALONIKI	50,00%	3
J/V THALES ATM SA-TERNA UPGRADE OF TACAN STATIONS		
6	22,25%	5
7 J/V TERNA SA - PANTECHNIKI S.A.	83,50%	3
8 J/V TERNA SA - THALES S.A.	50,00%	3
9 J/V MAIN ARROGATION CANAL D 1	75,00%	6
10 J/V TERNA SA - ATHINA ATE ARAHTHOS PERIST. PROJECTS	62,50%	4
J/V ANCIENT OLYMPIA BY-PASS(ALPINE MAYREDER BAU GMBH)		
11	50,00%	4
12 J/V PERISTERI METRO	50,00%	4
13 J/V ATHENS CONCERT HALL	45,00%	4
14 J/V TERNA SA - AKTOR A.T.E. J&P AVAX	33,00%	4
15 J/V TRAM CIVIL ENGINEERING PROJECTS (IMPREGILO)	55,00%	5
16 J/V TERNA SA - KARAGIANNIS TEFAA KOMOTINI PROJECT	24,00%	3
17 J/V EVINOS - AEGEK-METON SA-TERNA SA-EUKLEIDES ATE	33,33%	3
18 J/V DEPA PROJECT	10,00%	3
19 J/V ATHENS CAR PARKS	20,00%	3
20 J/V TERNA SA / AKTOR SA - GOULANDRIS MUSEUM	50,00%	3
21 J/V AKTOR, AEGEK, EKTER, TERNA AIRPORT INSTAL. SPATA	20,00%	6
22 J/V ARCHIRODON HELLAS A.T.E. - TERNA S.A.	30,00%	4
23 J/V TERNA AE BIOTER SA O.E.	50,00%	6
JOINT VENTURE AVAX-VIOTER (OLYMPIC VILLAGE CONSTRUCTION)		
24	37,50%	3
25 J/V ETETH-TERNA AVAX PANTECHNIKI	35,00%	3
26 J/V TERNA SA - J&P AVAX - PANTECHNIKI	25,00%	3
27 J/V SALONIKA PARK	50,00%	1
28 J/V SIEMENS-AKTOR ATE-TERNA SA	37,50%	1
29 J/V TERNA-MICHANIKI AGRINIOU BY-PASS	65,00%	1
30 IRON THERMOELECTRICAL SA, Greece	50,00%	3

TERNA SA is currently audited for the financial years 2002-200



TERNA S.A.

TOURISM CONSTRUCTIONS AND MARINE SOCIETE ANONYME
FINANCIAL ACCOUNTS AND DATA FOR THE FINANCIAL YEAR 1 JANUARY 2006 - 30 JUNE 2006

(published according to provisions of P.D. 360/1985 and the decision 17/336/21-4-2005 of the Hellenic Capital Market Commission)

The following figures and information aim at providing general information for the financial position and results of TERNA S.A.. The reader who wishes to have a full view of the Company's financial position and financial results, should have access to the annual financial statements compiled according to the International Accounting Standards, as well as sworn auditor accountant's report. Furthermore, the reader may visit the Company's web-site at www.terna.gr, where the relevant information is posted.

Address of the company's registered office		85 Mesogeion Avenue, 11526 Athens		DATA OF THE COMPANY	
SA Register Number:	1998/06/B/86/10	Approval date of the Annual Financial Statements (which are the basis of the condensed financial data):	28 of August 2006	Sworn Auditor Accountant:	
Appropriate Prefecture:	Ministry of Development, Division of Societe Anonyme and Credit	Sworn Auditor Accountant:	George Lagas	Auditing Firm:	
Board of Directors Composition:	Chairman Nikolaos Kampas, Vice Chairman and CEO Georgios Peristeris, Executive Members: Dimitrios Antonakakis, Konstantinos Vavaletskos, Emmanouil Vralas, Michael Gourzis, Aggelos Benopoulos, Panagiotis Pothos, Non Executive Members: Sofia Dimitrakopoulou, Katsimpokis Dimitrios Merkourios Moschovis.	Web-site Address:	www.terna.gr	S.O.L. S.A. Approved-matter of emphasis	

BALANCE SHEET FIGURES				FIGURES FROM THE INCOME STATEMENT FOR THE PERIOD												
Amounts in thousands of euros				Amounts in thousands of euros												
	CONSOLIDATED FIGURES		COMPANY		CONSOLIDATED FIGURES											
	30.6.2006	31.12.2005	30.6.2006	31.12.2005	01/01/06-30/06/06	01/01/05-30/06/05	01/04/06-30/06/06	01/04/05-30/06/05	01/01/06-30/06/06	01/01/05-30/06/05	01/04/06-30/06/06	01/04/05-30/06/05	01/01/06-30/06/06	01/01/05-30/06/05	01/04/06-30/06/06	01/04/05-30/06/05
ASSETS					Turnover	123.489	98.486	72.016	37.523	80.254	81.705	49.701	42.415			
Fixed assets	183.320	160.496	46.736	46.932	Cost of sales	-95.133	-68.020	-55.261	-24.891	-60.682	-54.873	-36.100	-36.608			
Participations and other long-term financial assets	503	256	39.178	37.257	Gross profit	28.356	30.466	16.755	12.632	19.572	16.832	13.601	5.807			
Inventories	26.305	14.260	7.935	4.324	Profit before tax, financial and investment results and depreciation	26.740	23.367	13.738	10.818	17.409	11.887	10.906	3.137			
Real estate investments	17.295	26.305	9.088	7.935	Depreciation	6.810	4.906	2.665	2.277	2.597	2.266	1.121	958			
Trade receivables	183.019	163.511	108.005	82.728	Profit before tax, financial and investment results	19.930	18.461	11.073	8.541	14.812	9.621	9.785	2.179			
Cash and cash equivalents	98.555	49.057	9.371	12.818	Profit before tax	16.263	15.820	8.674	5.573	14.441	8.085	9.023	2.143			
Other Assets	48.824	54.191	41.596	26.030	Less (Tax)	-4.820	-1.664	-2.398	-2.328	-2.156	-1.282	-806	1.701			
TOTAL ASSETS	495.821	468.086	261.909	228.022	Profit after tax	11.443	17.484	6.276	7.901	12.285	9.367	8.217	3.844			
LIABILITIES AND EQUITY					Attributable to:											
Long-term loans	55.403	53.994	0	0	Shareholders of the company	11.088	16.426	6.605	7.689							
Loans from finance leases	14.568	17.353	2.590	3.372	Minority interests	255	1.058	-329	212							
Other long-term liabilities	25.537	21.474	1.601	1.975		11.443	17.484	6.276	7.901							
Short-term liabilities to banks	99.709	75.267	32.082	26.029	Basic earnings after tax per share (in euro) - basic	0.24	0.36	0.14	0.17	0.27	0.20	0.18	0.08			
Other short-term liabilities and deferred income	119.459	119.873	89.570	63.076												
Total liabilities (a)	314.476	287.961	125.843	94.450												
Share capital	53.319	53.319	53.319	53.319												
Other equity	109.894	108.205	82.747	80.253												
Minority interests	18.022	18.601	0	0												
Total equity (b)	181.345	180.125	136.066	133.572												
TOTAL LIABILITIES AND EQUITY (a) + (b)	495.821	468.086	261.909	228.022												

FIGURES FROM THE STATEMENT OF MOVEMENTS IN EQUITY				FIGURES FROM THE CASH FLOW STATEMENT				
Amounts in thousands of euros				Amounts in thousands of euros				
	CONSOLIDATED FIGURES		COMPANY		CONSOLIDATED FIGURES		COMPANY	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005	30/06/06	30/06/05	30/06/06	30/06/05
Opening balance (01.01.2006 and 01.01.2005 respectively)	180.125	175.724	133.572	138.769	Operating activities			
Profit / (loss) for the period, after tax	11.443	17.484	12.285	9.367	Profit before tax	16.263	15.820	14.441
Others	-10.223	-10.991	-9.791	-10.123	Plus/less adjustments for:			
Closing balance (30.6.2006 and 30.6.2005 respectively)	181.345	182.217	136.066	138.033	Depreciation	6.810	4.906	2.597
					Provisions	-477	142	-321
					Interest and related revenue			-2.998
					Interest and other financial expenses	-458	-198	-267
					(Profit)/Loss from the sale and valuation of participations	1.105	4.204	1.293
					Amortization of grants	-633	-578	0
						22.610	24.296	14.745
					Plus/less adjustments for working capital account movements or movements related to operating activities:			
					Decrease / (increase) in inventories	-3.035	-579	-4.764
					Decrease / (increase) in receivables	-19.382	56.357	-33.011
					(Decrease) / increase in liabilities (other than to banks)	-5.543	-59.551	19.335
					(Less):			
					Taxes paid	-2.725	0	
					Total inflows / (outflows) from operating activities (a)	-8.075	20.523	-3.695
					Investing activities			
					Purchase of tangible and intangible fixed assets		-621	-1.601
					Sales of tangible and intangible fixed assets			
					Disposal of tangible & intangible fixed assets	-29.358	-2.154	-2.389
					Receipts from the sales of tangible & intangible fixed assets	216	0	71
					Interest received	411	198	267
					Dividends received	0	0	0
					Real estate investments	0	0	0
					Total inflows / (outflows) from investing activities (b)	-28.731	-2.577	-3.652
					Financing activities			
					Receipts from share capital increase	0	0	0
					Net change in long-term loans	1.409	10.915	0
					Net change in loans from finance leases	-3.010	-3.668	-807
					Net change in loans from short-term assets	24.442	-24.075	5.990
					Interest and related expenses paid		-4.550	-1.460
					Cash flows from purchases and sales of other financial assets	2.729	-1.619	-7
					Dividends paid	-1.276	0	0
					Total inflows / (outflows) from financing activities (c)	24.294	-22.997	3.900
					Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	-12.512	-5.051	-3.447
					Cash and cash equivalents at the beginning of the period	49.067	37.013	12.818
					Cash and cash equivalents at the end of the period	36.555	31.962	9.371

ADDITIONAL ELEMENTS AND INFORMATION			Proportional Consolidation Method (consolidated companies and JV in TERNA SA)		
Amounts in thousands of euros			Percentage	Unaudited financial year	
	Percentage	Unaudited financial year			
1. The emphasis matter that is mentioned in the auditing report with the approved opinion of the Accountant Auditor without mentioning any concern regarding the auditing results refer to:					
a. To the fact that the tax liabilities of the companies and the group are not finalised for some years since the are not audited by the tax authorities as mentioned in note 4 in the interim financial statements					
b. To the fact that there are not any delayed receivables from previous years as a proportion of joint venture project, referring to an additional out-of-contract item that is estimated to be collected.					
2. The companies and the joint ventures of the Group with their domiciles and participation percentages that are included in the consolidated financial statements are:					
Full consolidation method	Percentage	Unaudited financial year			
TERNA ENERGY ABETE, Greece	63,19%	1			
BIOMEK ABETE, Aliveni Evias	66,50%	4			
STROTIRES AESE, Greece	51,00%	3			
DIKEYE SA, Greece	100,00%	3			
ILIOHORA SA, Greece	100,00%	1			
IWEKO CHONOS LASITHIOU KRITIS SA, Greece	100,00%	3			
TERNA ENERGY ABETE & CO ENERGY SERVOUNIOU SA, Greece	100,00%	4			
TERNA ENERGY EVROU, Greece	100,00%	4			
DEH RENEWABLE - TERNA ENERGY SA, Greece	51,00%	3			
Proportional consolidation method (consolidated companies and JV of TERNA ENERGY ABETE)	Percentage	Unaudited financial year			
1 TERNA ENERGY ABETE - M.E.L. MAKEDONIKI ETAIRIA HARTOU & SIA. JV, Greece	50,00%	4			
2 TERNA ENERGY A.B.E.T.E. & SIA AIOIKI RAHOULAS DERVENOHORION, Greece	100,00%	4			
3 TERNA ENERGY ABETE & SIA AIOIKI POLYKASTROU, Greece	100,00%	4			
4 TERNA ENERGY ABETE & SIA AIOIKI PROVATA TRAIANOUPOLEOS, Greece	100,00%	4			
5 TERNA ENERGY ABETE & SIA ENERGIKI DERVENOHORION, Greece	100,00%	4			
6 TERNA ENERGY ABETE & SIA ENERGIKI VELANDION LAKONIAS, Greece	100,00%	4			
7 TERNA ENERGY ABETE & SIA ENERGIKI DISTION EVIAS, Greece	100,00%	4			
8 TERNA ENERGY ABETE & SIA AIOIKI PASTRA ATTIKIS, Greece	100,00%	4			
9 TERNA ENERGY ABETE & SIA AIOIKI MALEA LAKONIAS, Greece	100,00%	4			
10 TERNA ENERGY ABETE & SIA ENERGIKI FERRON EVROU, Greece	100,00%	4			
11 TERNA ENERGY ABETE & SIA AIOIKI DERVENI TRAIANOUPOLEOS, Greece	100,00%	4			
12 TERNA ENERGY ABETE & SIA AIOIKI KARYSTIAS EVIAS, Greece	100,00%	4			
13 TERNA ENERGY ABETE & SIA ENERGIKI ARI SAPPON, Greece	100,00%	4			
14 TERNA ENERGY ABETE & SIA ENERGIKI PELOPONNISOU, Greece	100,00%	4			
15 TERNA ENERGY ABETE & SIA AIOIKI ANATOLIKIS ELLADOS, Greece	100,00%	4			
16 TERNA ENERGY ABETE & SIA AIOIKI MARMARIOU EVIAS, Greece	100,00%	4			
17 TERNA ENERGY ABETE & SIA ENERGIKI PETRION EVIAS, Greece	100,00%	4			
18 TERNA ENERGY ABETE & SIA AIOIKI ROKANI DERVENOHORION, Greece	100,00%	4			
19 TERNA ENERGY ABETE & SIA ENERGIKI STIRON EVIAS, Greece	100,00%	4			
20 TERNA ENERGY ABETE & SIA ENERGIKI NEAPOLEOS LAKONIAS, Greece	100,00%	4			
21 TERNA ENERGY ABETE & SIA ENERGIKI XSIROVOUNIOU, Greece	70,00%	4			
22 TERNA ENERGY ABETE & SIA AIOIKI PANORAMATOS DERVENOHORION, Greece	100,00%	4			
23 TERNA ENERGY ABETE & SIA ENERGIKI KAFIREOS EVIAS, Greece	100,00%	4			
24 J/V TERNA ENERGY ABETE&Co, Greece	70,00%	3			
25 J/V TRAM POLITICAL ENGINEERING WORKS, Greece	36,00%	3			
26 J/V ENVAGELISMOU PROJECT C, Greece	50,00%	3			
27 J/V TERNA ENERGY - TSAIMPR. DRAMAS HOSPITAL, Greece	40,00%	3			
28 J/V EPL DRAMAS, Greece	24,00%	3			
29 J/V TERNA ENERGY - OLYMPIOS ATE, Greece	50,00%	3			
30 J/V K. MANIOTIS - TERNA - TERNA ENERGY, Greece	70,00%	3			
31 J/V EMBEDOS - PANTECHNIKI - TERNA ENERGY, Greece	37,50%	3			
32 J/V THEMELI - TERNA ENERGY - TERNA SA IMPREGILO SPA, Greece	50,10%	3			
33 J/V EKTER - TERNA - ATHONIKI, Greece	40,00%	2			
34 J/V KL. ROUTSIS - TERNA ENERGY ABETE, Greece	31,00%	1			
	50,00%	2			
3. TERNA SA is currently audited for the financial years 2002-2004 for tax purposes.					
4. The Basic Accounting Principles of the Balance Sheet as of 31.12.2005 have been followed.					
5. The Company has been audited by the tax authorities up to and including the financial year 2001.					
6. Charges have been registered on fixed assets of the subsidiary companies DIKEYE SA and WIOMEK ABETE, to the amount of 17.1 million euros.					
7. There are no pending litigations or cases under arbitration by courts or arbitration authorities that may have a significant impact on the financial position of the Company, except for one pending court case with a client, in which a positive outcome may be achieved.					
8. Number of employees at the end of the current period. Company 381 persons, Group 605 persons					
9. Earnings per share were calculated based on the weighted average number of shares					
10. The above financial statements were approved by the Board of Directors on 28/8/2006.					
11. The amount of sales and purchases of the Group to and from affiliated companies during 1/11/30/6/2006 amount to EUR 10.345 thous. and 1.163 thous. respectively. The balance of receivables and liabilities of the Group with affiliated companies at the end of the period amounts to 49.829 thous. and 6.687 thous EUR respectively.					

Athens, 28.08.2006

BOD CHAIRMAN

VICE CHAIRMAN OF BOD AND CEO

CHIEF FINANCIAL OFFICER

CHIEF ACCOUNTANT

NIKOLAOS D. KAMPAS
ID: X 679387

GEORGIOS TH. PERISTERIS
ID: T 108485

PANAGIOTIS G. POTHOS
ID CPA: 0014599

NIKOLAOS G. ATHANASIOU



TERNA S.A.

TOURISM CONSTRUCTIONS AND MARINE SOCIETE ANONYME

Societe Anonyme Reg.No 1998/06/B8/10

85 Mesogeion Avenue, 11526 ATHENS

FINANCIAL ACCOUNTS AND DATA FOR THE FINANCIAL YEAR 1 JANUARY 2006 - 31 DECEMBER 2006

(Published according to L.2190, article 135 for companies compiling annual financial statements, parent and consolidated, according to IAS)

The following figures and information aim at providing general information for the financial position and results of TERNA S.A. The reader who wishes to have a full view of the Company's financial position and financial results, should have access to the annual financial statements compiled according to the International Accounting Standards, as well as sworn auditor accountant's report. Furthermore, the reader may visit the Company's web-site at www.terna.gr, where the relevant information is posted.

DATA OF THE COMPANY

Address of the company's registered office
85 Mesogeion Avenue, 11526 Athens
SA Register Number:
1998/06/B8/10
Appropriate Prefecture:
Ministry of Development, Division of Societe Anonyme and Credit
Board of Directors Composition:
Chairman Nikolaos Kampsas, Vice Chairman and CEO
Georgios Peristeris, Executive Members:
Dimitrios Antonakos, Konstantinos Vavaleftskos,
Emmanuel Vralias, Michael Courzis, Aggelos
Bengopoulos, Panagiotis Pothos, Non Executive
Members: Sofia Dimitrakopoulou, Katsimpokis Dimitrios
Nikolaos Moschovis.

Approval date of the Annual Financial Statements
(which are the basis of the condensed financial data):
27 Maptou 2007
Sworn Auditor Accountant:
Georgios Liapas (Sol No 13711)
S.O.L.S.A.
Approved-matter of emphasis
Type of Sworn Auditor Accountant Report:
www.terna.gr
Web-site Address:

BALANCE SHEET

	CONSOLIDATED		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
ASSETS				
Fixed assets	198.048	160.496	56.284	46.932
Participations and other long-term financial assets	12.320	11.482	39.617	47.433
Real estate investments	7.840	28.305	6.917	7.935
Inventories	12.905	14.200	4.280	4.324
Trade receivables	170.153	155.294	118.436	92.481
Cash and cash equivalents	74.517	49.067	24.020	12.818
Other Assets	98.976	47.117	49.100	29.965
TOTAL ASSETS	674.759	464.021	288.634	241.888
LIABILITIES AND EQUITY				
Long term loans	84.355	53.994	26.500	0
Loans from finance leases	19.710	17.353	10.129	3.372
Other long-term liabilities	37.348	21.474	1.470	1.886
Short-term liabilities to banks	50.598	75.267	9.502	26.029
Other short-term liabilities and deferred income	199.258	119.874	118.571	77.220
Total liabilities (a)	387.270	287.962	166.172	108.316
Share capital	83.319	83.319	83.319	83.319
Other equity	114.259	166.884	79.143	60.253
Minority interests	19.871	17.846	0	0
Total equity (b)	187.489	176.059	132.462	133.872
TOTAL LIABILITIES AND EQUITY (a) + (b)	674.759	464.021	288.634	241.888

STATEMENT OF CHANGES IN EQUITY

	CONSOLIDATED		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Opening balance (01.01.2006 and 01.01.2005 respectively)	176.059	171.888	133.572	138.789
Profit / (loss) for the period, after tax	20.672	15.171	7.733	4.895
Other	-9.242	-10.770	-8.843	-10.112
Closing balance (31.12.2006 and 31.12.2005 respectively)	187.489	176.059	132.462	133.872

ADDITIONAL ELEMENTS AND INFORMATION

- The emphasis matter that is mentioned in the auditing report with the approved opinion of the Accountant Auditor without mentioning any concern regarding the auditing results refer to:
a. To the fact that the tax liabilities of the companies and the group are not finalised for some years since they are not audited by the tax authorities as mentioned in note 20 in the interim financial statements
b. To the fact that there are delayed receivables of 20,000 thousand euro from previous years as a proportion of joint venture project, referring to an additional out-of-contract item that is estimated to be collected as mentioned in paragraph 10 of the notes to financial statements
- The Company has been tax-audited till 2005.
- The Basic Accounting Principles of the Balance Sheet as of 31.12.2005 have been followed.
- The companies and the joint ventures of the Group with their domiciles and participation percentages

	Percentage	U.T.Y.
TERNA ENERGY ABETE, Greece	83.19%	2
BIOMEK ABETE, Aliveri Evvoias	66.50%	5
STROTIREAS ABETE, Greece	51.00%	4
TERNA OVERSEAS, Cyprus	100.00%	1st financial year
GV ENERGY, Bulgaria	100.00%	1
DIKEVE SA, Greece	96.66%	1
ILOHORA SA, Greece	100.00%	2
WEGEO CHRONOS LASTITHOU KRITIS SA, Greece	100.00%	4
TERNA ENERGY ABETE & CO ENERGY SERVONIOU SA, Greece	100.00%	5
TERNA ENERGY EVROU, Greece	100.00%	5
PPC RENEWABLE - TERNA ENERGY SA, Greece	51.00%	4
Proportional consolidation method (consolidated companies and JV of TERNA ENERGY ABETE)	Ποσοστό	U.T.Y.
TERNA ENERGY ABETE - M.E.L. MAKEDONIKI ETARIA HARTOU & SIA, JV, Greece	50.00%	5
TERNA ENERGY A.B.E.T.E. & SIA AIOIKI RAHOULAS DERVENOHORION, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI POLYKASTROU, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI PROVATA TRAJANOPOULEOS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI DERVENOHORION, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI VELANDION LAKONAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI DISTON EVIAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI PASTRA ATTIKIS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI MALEA LAKONAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI FERRON EVROU, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI DERVENI TRAJANOPOULEOS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI KARYSTIAS EVIAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI ARI SAPPON, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI PELOPONNISOU, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI ANATOLIKIS ELLADOS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI MARMAROU EVIAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI PETRION EVIAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA AIOIKI ROKANI DERVENOHORION, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI STIRON EVIAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI NEAPOLEOS LAKONAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI XIROVORON, Greece	70.00%	5
TERNA ENERGY ABETE & SIA AIOIKI PANORAMATOS DERVENOHORION, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI KAFIREOS EVIAS, Greece	100.00%	5
TERNA ENERGY ABETE & SIA ENERGIKI KAFIREOS EVIAS, Greece	100.00%	5
JV TRAM POLITICAL ENGINEERING WORKS, Greece	36.00%	4
JV ENVAIGELISMOU, PROJECT C, Greece	50.00%	4
JV TERNA ENERGY - TSAMPR. DRAMAS HOSPITAL, Greece	40.00%	4
JV EP. DRAMAS, Greece	24.00%	4
JV TERNA ENERGY - OLYMPIOS ATE, Greece	50.00%	4
JV K. MANIOTIS - TERNA - TERNA ENERGY, Greece	37.50%	4
JV EMBEDOS - PANTECHNIKI - TERNA ENERGY, Greece	50.10%	4
JV THEMELI - TERNA ENERGY - TERNA SA IMPREGIO SPA, Greece	40.00%	3
JV EKTER - TERNA - ATHONIKI ABETE, Greece	31.00%	2
JV/KL. ROUTISIS - TERNA ENERGY ABETE, Greece	50.00%	3

- There are prenotations of 17.1 million euro on the fixed assets of DIKEBE SA AND BIOMETEK ABETE
- The amount of sales and purchases (goods and services) cumulative from the beginning of the financial year and the balances of receivables and liabilities of the company at the end of current period, arising from transactions with associated parties as these defined in IAS 24 are as follows:

	GROUP	COMPANY
a) Sales of goods and services	18.190	25.729
b) Purchases of goods and services	2.437	2.989
c) Receivables	1.757	39.841
d) Liabilities	3.976	9.765
e) Transactions & remuneration of BoD and executives	232	232
f) Receivables from BoD members and executives	53	0
g) Liabilities to BoD members and executives	0	0

- Number of employees at the end of the current period, Company 521, Group 730 persons and at the end of the previous period, Company 476, Group 665
- There are no pending litigations or cases under arbitration by courts or arbitration authorities that may have a significant impact on the financial statements
- Earnings per share were calculated based on the weighted average number of shares
- Some figures of 2005 have been restated. More information is offered in the financial statements posted on company's website.

INCOME STATEMENT

	CONSOLIDATED		COMPANY	
	01/01/2006-31/12/2006	01/01/2005-31/12/2005	01/01/2006-31/12/2006	01/01/2005-31/12/2005
Turnover	312.929	245.209	186.275	143.538
Cost of sales	-264.450	-198.120	-160.885	-126.883
Gross profit	48.479	47.089	25.388	16.655
Profit before tax, financial and investment results and depreciation	55.000	43.802	22.354	18.383
Depreciation	-16.329	-12.259	-6.450	-5.516
Profit before tax, financial and investment results	38.671	31.543	15.904	10.867
Profit before tax	29.980	23.012	7.589	7.589
Less (Tax)	-9.308	-7.841	-6.820	-2.694
Profit after tax	20.672	15.171	7.733	4.895
Attributable to:				
Shareholders of the company	17.570	13.859	0	0
Minority interests	3.102	1.312	7.733	4.895
	20.672	15.171	7.733	4.895
Basic earnings after tax per share (in euro) - basic	0.39	0.30	0.17	0.11
Suggested dividend per share - basic (in €)	0.22	0.22	0.22	0.22

FIGURES FROM THE CASH FLOW STATEMENT (indirect method)

	CONSOLIDATED		COMPANY	
	01/01/2006-31/12/2006	01/01/2005-31/12/2005	01/01/2006-31/12/2006	01/01/2005-31/12/2005
Operating activities				
Profit before tax	29.980	23.012	13.361	7.589
Plus/less adjustments for:				
Depreciation	16.329	12.259	5.450	5.516
Provisions	-354	-883	-225	-1.852
(Profit)/Loss from the sale and valuation of participations	41	0	-3.864	0
Results (income, expenses, profit and loss) from investing activity	-10.639	-919	-1.198	-423
Interest and other financial expenses	9.268	9.050	3.715	3.401
Amortization of grants	-1.501	-1.245	0	0
	43.114	41.374	17.239	14.231
Plus/less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	-2.134	268	44	1.836
Decrease / (increase) in receivables	-25.331	58.531	-20.140	21.349
(Decrease) / increase in liabilities (other than to banks) (Less):	69.795	-28.543	34.184	2.360
Taxes paid	-8.089	-8.436	-4.731	-5.619
Total inflows / (outflows) from operating activities (a)	74.355	63.194	26.996	33.957
Investing activities				
Acquisitions/Sales of subsidiaries, associates and other investments	41	-11.775	-6.675	-3.179
Purchase of tangible and intangible fixed assets	-42.919	-1.141	-4.154	-2.557
Sales of tangible and intangible fixed assets	1.514	0	1.371	0
Interest received	1.645	519	400	123
Dividends received	0	0	0	0
Real estate investments	-1.431	3.390	1.472	3.390
Total inflows / (outflows) from investing activities (b)	-41.160	-14.007	-8.686	-2.223
Financing activities				
Receipts from share capital increase	0	0	0	0
Net change in long-term loans	40.052	25.321	30.000	0
Net change in loans from finance leases	-9.199	-5.571	-4.948	-1.613
Net change in loans from short-term loans	-16.185	-35.573	-16.588	-12.668
Interest and related expenses paid	-9.153	-9.050	-3.654	-3.401
Cash flows from purchases and sales of other financial assets	-1.945	-1.490	3	4.960
	-11.325	-10.770	-10.621	-10.112
Dividends paid	-7.788	-37.133	-8.686	-22.834
Total inflows / (outflows) from financing activities (c)	-7.788	-37.133	-11.808	-22.834
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	25.407	12.054	5.602	8.900
Cash and cash equivalents at the beginning of the period	49.067	37.013	12.818	3.918
Cash and cash equivalents at the end of the period	74.517	49.067	18.420	12.818

	Percentage	U.T.Y.	Percentage	U.T.Y.	
JV TERNA SA - ATHINA ATE	62.50%	3	40 JV TERNA-MOCHLOS ATE	70.00%	7
JV IRAKLEION CAMPUS	50.00%	2	41 JV TERNA-VIOTER SA	50.00%	4
JV ARTA-FILIPPIADA BY-PASS	50.00%	4	42 JV TERNA-ERGDODOM-KTISTOR ATE	50.00%	4
JV TERNA SA - TH. KARAGIANNIS SA PROJECT CONSTRUCTION	98.00%	4	43 JV EDRAPI-PALLIDAS-TERNA-EDRACO	51.00%	4
4 MEPW	50.00%	6	44 JV TERNA-AKTOR-EMPEDOS-J&P ABAX	24.00%	5
JV UNDERGROUND CARS THESSALONIKI	50.00%	4	45 JV TERNA-ATERION ATE	50.00%	2
6 JV THALES ATIN SA-TERNA UPGRADE OF TACAN STATIONS	22.25%	6	46 JV TERNA-VERMION ATE-ANAPLASEON	50.00%	3
7 JV TERNA S.A. PANTECHNIKI S.A.	83.50%	3	47 JV TERNA-KARAGIANNIS	50.00%	3
8 JV TERNA S.A.-THALES S.A.	50.00%	4	48 JV EUROPEAN TECHNICAL-HOMER-TERNA	33.33%	10
9 JV MAIN ARROGATION CANAL D 1	75.00%	6	49 JV TERNA-THEMELI00M	60.00%	4
10 JV TERNA S.A. - ATHINA ATE ARATHOS PERIST. PROJECTS	62.50%	5	50 JV TERNA-AKTOR GOULANDRI MUSEUM	50.00%	5
JV ANCIENT OLYMPIA BY-PASS/ALPINE MAVEREDER SAU (GMBH)	50.00%	4	51 JV TERNA-THEMELI00M	60.00%	6
11 JV PERISTERI METRO	50.00%	4	52 JV TERNA-TEMA SA	36.50%	5
12 JV TERNA S.A. AKTOR A.T.E. J&P AVAX	45.00%	5	53 JV FRAGMATOS PRAMORITSA	33.33%	4
13 JV ATHENS CONCERT HALL	45.00%	5	54 JV TERNA-EDRASI-STROTIREAS	41.00%	5
14 JV TRAM CIVIL ENGINEERING PROJECTS (IMPREGIO)	33.00%	5	55 JV IMPREGIO-ALTE-TERNA	5.00%	clearance
15 JV TERNA SA - KARAGIANNIS TEFAA KOMOTINI PROJECT	31.34%	4	56 JV UNIVERSITY OF CRETE	25.00%	2
16 JV EVINOS - AEGEK-METON SA-TERNA SA-EUKLEIDES ATE	35.00%	4	JV PROJECT FOR COMPLETION OF		
JV DEPA PROJECT			57 WASTEWATER TREATMENT (BIOLOGICAL)	50.00%	4
17 JV ATHENS CAR PARKS	20.00%	4	58 JV EKTER-TERNA	50.00%	4
18 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	3	59 TERNA SA & Co	99.00%	4
19 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	60 JV AKTOR-TERNA SA	50.00%	4
20 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	61 JV AKTOR-TERNA SA IASO BUILDING	50.00%	4
21 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	62 JV ALPINE MAVEREDER-TERNA-PANTECHNIKI	31.50%	1st financial year
22 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	63 JV TERNA-MOCHLOS-AKTOR KIATO-AIGIO	35.00%	1st financial year
23 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	64 JV J&P AVAX-TERNA PLATANOS TUNNEL	33.33%	1st financial year
24 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	65 JV THEMELI00M-TERNA-DIEKAT	25.00%	5
25 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	66 JV MINISTRY OF TRANSPORTATION	44.75%	4
26 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	67 JV AEGEK-TERNA	50.00%	4
27 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	68 JV TERNA-TERNA ENERGY-TSAMPIRA	33.00%	4
28 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	69 JV TERNA SA-TERNA ENERGY ABETE	50.00%	4
29 J&P AVAX - PANTECHNIKI HORSE RIDING CENTRE	35.00%	2	70 JV BIOTER SA-TERNA SA	50.00%	4
30 IRON THERMOELECTRICAL SA, GREECE	50.00%	4	71 JV TERNA SA-IONIOS SA	90.00%	4
31 JV TOMI ABETE-ILOHORA SA	30.00%	2	72 JV TERNA ENERGY-TERNA-MANIOTIS	37.50%	4
32 JV AVAX-BIOTER-ILOHORA SA	37.50%	2	73 JV TERNA ENERGY-TSAMPIRAS (EPL)	50.00%	4
33 JV AKTOR DOMOTECHNIKI-THEMELI00M-TERNA-ETETH	25.00%	1st financial year	74 JV ATHINA-PANTECHNIKI-TERNA-JV PLATAMON	39.20%	3
34 JV BUILDING CONSTRUCTION OSE ILOHORA SA	13.30%	1st financial year	75 JV BIOTER SA-TERNA SA	50.00%	4
35 JV AKTOR-TERNA-J&P AVAX KALLIDROMO TUNNEL	33.33%	1st financial year			
36 JV CONSTRUCTION OF PROJECT PARADESIA-SAKONIA	50.00%	1st financial year			
37 JV UNDERGROUND CHAIDARI-PART A	50.00%	1st financial year			
JV FOUNDATION OF THE HELLENIC WORLD-COMLETE CONSTRUCTION	60.00%	1st financial year			
38 JV TERNA-PANTECHNIKI (OAKA)	50.00%	3			

10. The approval date of the financial statements by the Board of Directors is 27/03/2007

Athens, 28.3.2007
CHIEF ECONOMIC OFFICER
HEAD OF ACCOUNTING DEPARTMENT

NIKOLAOS D. KAMPAS
ID: X 679387

GEORGIOS TH. PERISTERIS
ID: AB 596298

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**3. Management Report of TERNA S.A. for
2006 Intragroup Sales**

(in accordance with Law 3016/2002, article 2, paragraph 4)

**Management Report
for 2006 Intragroup sales
(as defined by the article 42^e paragr. 5 of C.L. 2190/20)
according to the provisions of the article 2 paragr. 4 of the L. 3016/2002**

Dear Sirs,

We point you out that:

The intra-Group transactions for the corporate year 2006 are the following:

α) Sales of the company TERNA S.A.

- **to “ILIOHORA S.A.” of a total amount of 194.649,38 Euro**
for the supply of computers (385.14€) and concrete (196.264.24 €)
- **to “TERNA ENERGY S.A.” of total amount of 1.119.408,37 Euro**
for the lease of special machinery (205.438,37€) as well as for the execution of works (913.920,00 €)
- **to “GEK S.A.” of an amount of 8.663.500,21 Euro**
for the execution of works
- **to “DEH ANANEOSSIMES – TERNA ENERGY S.A.” of an amount of 2.605.807,00 Euro**
for the execution of works
- **to “VI.PA. THESSALONIKIS S.A.” of an amount of 3.746.049,79 Euro**
for the execution of works
- **to “STROTIRES S.A.” of an amount of 42.000,00 Euro**
for the accounting support of the Company,
- **to “DIKEVE S.A.” of an amount of 1.370.000,00 Euro**
for the construction of projects,
- **to “HERON THERMOELEKTRIKI S.A.” of a total amount of 1.117.999,88 Euro**
for the supply of raw materials and fixed assets (64.311,14€) as well as for the purchase of energy (1.053.688,74€)
- **to “IOLKOS S.A.” of an amount of 1.577.749,35 Euro**
for the execution of works

b) Invoicing to TERNA S.A.

- by **“VIOMEK ABETE”** of an amount of **22.969,85 Euro**

for the execution of special iron structures,

- by **“GEKE S.A.”** of an amount of **2.436.875,35 Euro**

for the execution of special woodworks

- by **“ILIOHORA S.A.”** of a total amount of **387.188,03 Euro**

for green works (326.071,53€), since it possesses the legal contracting certificate, as well as for the purchase of machinery (61.116.50€)

- by **“DIKEVE S.A.”** of an amount of **27.122,52 Euro**

for the purchase of fixed assets

- by **“TERNA ENERGY S.A.”** of a total amount of **51.535.10 Euro**

for the use of phone line (1.802,79€) as well as for electromechanical installations (49.732,31€).

Athens, 27th of March of 2007

The Board of Directors

**4. Reference Table to the Information Requested
according to Law 3401/2005, article 10**

Press Releases - Announcements

20/12/2006	Notification of Transaction
07/12/2006	Comments on press reports regarding the subsidiary HERON S.A.
29/11/2006	GEK & TERNA nine month period of 2006 results
09/10/2006	Issuance of bond loan
04/10/2006	Sale of 4,99% of DI.KE.V.E. S.A.
29/09/2006	Changes in the share portfolio in companies abroad
30/08/2006	GEK & TERNA H1 2006 results
17/07/2006	Notification of Transaction
13/07/2006	Notification of Transaction
06/07/2006	Notification of Transaction
05/07/2006	Decisions of the Repeat Shareholders' General Meeting on 05/07/06
03/07/2006	Notification of Transaction
30/06/2006	Deadline extension for dematerialisation of shares in physical form
22/06/2006	Invitation to the A' Repeat Annual Ordinary
22/06/2006	Decisions of the Annual Shareholders' Meeting on 22/6/2006
22/06/2006	Distribution of Dividend
19/06/2006	GEK has been announced provisional contractor for the Ionian Road project in co operation with Spanish CINTRA and ACS
14/06/2006	Notification of Transaction
14/06/2006	Notification of Transaction
09/06/2006	Notification of Transaction
08/06/2006	Notification of Transaction
07/06/2006	Presentation of GEK and TERNA in the Greek Union of Institutional Investors
07/06/2006	Notification of Transaction
06/06/2006	Annual Bulletin 2005
01/06/2006	Notification of Transaction
31/05/2006	First quarter 2006 results
30/05/2006	Invitation to the ordinary shareholders' meeting
26/05/2006	Notification of Transaction
25/05/2006	Notification of Transaction

24/05/2006	Notification of Transaction
22/05/2006	Notification of Transaction
18/05/2006	Notification of Transaction
08/05/2006	Notification of Transaction
03/05/2006	Annual analysts presentation
03/05/2006	Notification of Transaction
03/05/2006	Increase of TERNA's participation to TERNA ENERGY
02/05/2006	Notification of Transaction
20/04/2006	Restatement of Interim Financial Statements
19/04/2006	Notification of Transaction
19/04/2006	Invitation to analysts' meeting
31/03/2006	Notification
30/03/2006	Annual Financial Results 2005 GEK and TERNA
23/03/2006	Notification of Transaction
17/03/2006	Participation in the Share Capital Increase of the company "OLP CAR PARKING S.A."
08/03/2006	Notification of Transaction
08/03/2006	Notification of Transaction
07/03/2006	Notification of Transaction
27/02/2006	Corporate events calendar of the year 2006
21/02/2006	Notification of Transaction
21/02/2006	Notification of Transaction
07/02/2006	Notification of Restatement of Interim Financial Statements

The above Press Releases and Announcements are listed in the Company's web site and also in the web site of the Athens Stock Exchange: www.terna.gr & www.ase.gr

**5. Website Address for the Annual Financial Statements
of the Company and its Subsidiaries**

Availability of Financial Statements

The Annual Financial Statements, the Management Reports and the Auditor's – Certified Public Accountant's Reports of TEPNA S.A. and its Subsidiaries, are listed in the web at the following sites:

COMPANY	WEB SITE
TERNA ENERGY ABETE	www.terna-energy.gr
BIOMEK ABETE	www.terna.gr
STROTIRES AEBE.	www.terna.gr
TERNA OVERSEAS	www.terna.gr
ILIOXORA S.A.	www.terna.gr
GP ENERGY	www.terna-energy.gr
IWECO CHONOS LASITHIOU KRITIS SA	www.terna-energy.gr
TERNA ENERGY SERVOUNIOU S.A.	www.terna-energy.gr
PPC RENEWABLE - TERNAL ENERGY SA,	www.terna-energy.gr
TERNA ENERGY EVROU	www.terna-energy.gr