TERNA ENERGY SA

Societe Anonyme Commercial Technical Company

85 Mesogeion Ave., 115 26 Athens

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

INTERIM FINANCIAL REPORT

For the period

1st January till 30th June 2008

In accordance with article 5 of L. 3556/2007

TABLE OF CONTENTS

I. STATEMENTS OF BOARD OF DIRECTORS MEMBERS

(in accordance with article 5, par. 2 of L. 3556/2007)

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

STATE THAT

To the best of our knowledge:

a. The semiannual company and consolidated financial statements of TERNA ENERGY ABETE for the period from January 1st 2008 till June 30th 2008, which were prepared in accordance with the current International Financial Reporting Standards (IFRS), give a true picture of the assets and liabilities, the shareholders' equity and the profit and loss account of the Company, in accordance with the provisions laid down in paragraphs 3 to 5 of article 5 of Law No. 3556/2007 by the authorization of the decisions made by the Hellenic Capital Markets Commission.

b. The semi annual report prepared by the Board of Directors includes a true presentation of the information required in accordance with the provisions laid down in paragraph 6 of article 5 of Law No. 3556/2007 by the authorization of the decisions made by the Hellenic Capital Markets Commission.

Athens, 27 August 2008

George Perdikaris	Emmanuel Maragoudakis	Panayiotis Pothos
Chairman of the BoB	Vice-Chairman of the BoD & Managing Director	Executive Member of the BoD

II. REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of **« TERNA ENERGY S.A.»**

Introduction

We have reviewed the accompanying balance sheet of **«TERNA ENERGY S.A.»»** (the Company), as well as the accompanying consolidated balance sheet of the Company and its Subsidiaries (the Group) as of June 30, 2008 and the related statements of income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the interim financial information and which form an integral part of the six-month financial report as required by article 5 of L.3556/2007. The company's Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the International Financial Reporting Standards that have been adopted by European Union and apply for interim financial information ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" to which the Greek Auditing Standards indict. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Reference to Other Legal and Regulatory Requirements

Apart from the aforementioned interim financial information, we also reviewed the remaining components included in the six-month financial report as required by article 5 of L.3556/2007 as well as the information required by the relevant Decisions of the Capital Markets Committee as set-out in the Law. Based on our review we concluded that the financial report includes the data and the information that are required by the Law and the Decisions referred to above and is consistent with the accompanying financial information.

Athens, 28/08/2008

The Chartered Accountant

John Leos

SOEL Reg. No 24881

GrantThornton

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

III. SEMI-ANNUAL MANAGEMENT REPORT

of the Societe Anonyme «TERNA ENERGY A.B.E.T.E.»
for the period 1 /1 - 30/6/2008

The current Management Report was compiled in accordance with the provisions of par.6 of article 5 of L. 3556/2007 and the enforceable decisions 1/434/3-7-2007 and 7/448/11-10-2007 of the BoD of Hellenic Capital Markets Commission.

A. Review for the first six months period

Developments-Changes in the Financial Figures of the Company and the Group

The first half of 2008 was a period in which the development of our company continued. The macroeconomic environment remained volatile as the inflationary pressures intensified within the framework of increased prices in oil and raw materials due to increased demand of developing countries. TERNA ENERGY, being active in Renewable Energy Sources (RES), maintains its developing background and is called to benefit by the increased demand for «clean» energy, based on the largest investment plan that is under development in Greece.

For the first half of 2008 the consolidated turnover of the Group, in accordance with the International Financial Reporting Standards, amounted to 35.961 mil. euro, increased by 40.8%, mainly boosted by the construction activities of the Group.
Operating earnings before depreciation (EBITDA) amounted to 11,828 thous. €. Increased by 8.71%, mainly affected by the profitable execution of third party construction contracts.
Operating earnings (EBIT) amounted to 9,583 mil. euro, increased by 9.87%, compared to the first half of 2007.

Earnings before tax amounted to 14,400 mil. euro, increased by 100.38%, while net earnings after tax and minority interest amounted to 10,595 mil. euro, increased by 96.82%.
The energy sector of the company continued its satisfactory business in the first half of 2008 as the 8 wind parks (capacity of 118 MW) of the company operated efficiently. The turnover of the energy sector amounted to 10,251 mil. euros, increased by 1.74 % while the operating earnings before depreciation (EBITDA) amounted to 6,376 mil. euros, posing a small decrease by 7%, mainly due to increased management expenses related to the expansion of the company in foreign markets.

At the same time, continued the construction of 2 more wind parks (capacity of 44 MW) and 2 small hydroelectric projects, capacity of 15 MW, which are expected to become operational in the coming quarters.

In parallel, the Company and its subdivides hold additional Production Licenses of approximately 545 MW for wind parks in Greece, with the completion of the licensing being at various stages of development, while it has submitted requests for the issuance of production licenses for additional 2,263 MW. Also, the Company holds production licenses for 112 MW of small hydroelectric projects (SHP), while it has also applied for the acquisition of SHP of 93 MW. In addition, it has acquired a production license for 1 MW of photovoltaic station, the construction of which is expected to start within the year, and has submitted application for additional 21 MW of photovoltaic systems. It is expected soon to receive the positive decision of RAE for the second park having the capacity of 3 MW.

The attempt of the company to expand its RES activities abroad continues: It makes measures of wind power in selected locations of South-Eastern European countries while there are negotiations under development for co-operation with local companies in relevant competitions.

The construction sector of TERNA ENERGY and specifically the activity regarding third party project construction was satisfactory during the first half of 2008: turnover amounted to 25,710 mil. euro, while operating earnings (EBIT) amounted to 5,422 mi. euro. The backlog of construction activity at the end of the first half amounted to 100 mil. euro.
Also, the construction sector of the company constructs the RES projects of subsidiaries (wind parks, hydroelectric projects) having the ability to control effectively the cost and the construction timeframe of these RES projects.

B. Important events during the first half

At April, 14 2008 a contract was signed between TERNA ENERGY ABETE and ABB SA for the construction of the project ‘Study-Supply-Installation of distribution centre 150 KV/MV of closed circuit GIS Rhodes’, of contractual amount 3,100,000 euro which is expected to be completed by 14/10/2009.

C. Outlook and Expected Developments, Major Risks and Uncertainty for the second half

For the second half of, the outlook of the company is positive as a significant number of new RES matures regarding their licensing, and their construction is expected. The RES sector maintains an outstanding dynamic, despite the numerous bureaucratic obstacles and the incomplete knowledge of citizens regarding the benefits of these projects that in many cases delay the quick application of investments for the companies being active in the sector. The company aims, due to the benefit of new laws regarding RES and the improvement in legal framework, to accelerate its investment plan. Also, the Management of the company estimates that in the coming period the attempt to expand RES projects outside Greece will be materialized.

Risks and Uncertainties

The company remains exposed to short-term volatility of wind and hydro factors, something that does not affect the long-term performance of its projects, as before the materialization of its investments the company performs extended studies related to the long-term behavior of these factors. Also, the construction sector of TERNA ENERGY is affected by the volatility of its turnover and the profitability of individual construction projects, as the construction activity, especially for the specialized companies like ours faces increased volatility that is related to the continuous renewal of construction backlog for third party projects.
The liquidity of the Group is excellent as the net cash position (cash less debt) of the Group at 30/06/2008 amounted to 174,461 mil euro.

During the period from the end of the 2007 fiscal year till today no significant loss or probability for such a loss has emerged.

D. Transactions with Related Parties

As related parties, in accordance with IAS 24 are the subsidiary companies, those sharing a common ownership status or/and Management with the company, related companies as well as members of the BoD and the Management of the company The company is supplied goods and services by its related parties while at the same time it supplies goods and services to those parties.

- The transactions and balances for the period 1.1-30.6.2008 are as follows:

	Terna Energy ABETE			
	Sales	**Purchases**	**Receivables**	**Liabilities**
SUBSIDIARIES				
Aioliki Panoramatos Dervenochorion SA	767,100	-	1,690,236	-
Energiaki Servounio SA	180,000	-	-	-
Terna Energy Evros SA	365,200	-	-	-
Iveco – Chonos SA	45,000	-	-	-
GP Energy Ltd	-	-	156,217	-
Terna Energy Overseas Ltd	-	-	800,000	-
Joint Ventures	-	-	1,341,134	277,620
General Partnership & Limited Liability Companies	-	-	184,356	-
PARENT				
Terna SA	1,822,872	2,962,955	2,639,525	2,023,585
OTHER RELATED PARTIES				
Viomek SA	-	591,146	-	416,376
Lithos SA	-	230,901	-	92,915

On the aforementioned transactions the following clarifications are made:

a) Sales of TERNA ENERGY ABETE:

- to «Aioliki Panoramatos Dervenochorion SA» 767,100.00 euro for construction services.
- to «Energiaki Servounio SA» 180,000.00 euro for preservation services of RES.
- to «Terna Energy Evros SA» 365,200.00 euro, of which 220,000.00 euro refer to preservation services of RES while 145,200.00 refers to construction services
- to «Iveco – Chonos SA» 45,000.00 euro for preservations services of RES.
- to «Terna SA» 1,822,872.00 euro for construction services.

b) Purchases of TERNA ENERGY ABETE:

- from «Terna SA» 2,962,955.06 euro, of which 2,434,900.00 euro refers to construction activities, 139,162.00 euro refers to machinery leasing and 388,893.06 euro refers to the purchase of inert materials.
- from «Viomek SA» 591,146.20 euro of which 345,235.40 euro refers to purchase of materials, 245,310.80 refers to construction activities and the amount of 600.00 euro refers to machinery leasing.
- from «Lithos SA» 230,901.05 euro for the purchase of inert material.

\- Transactions with BoD members.

From BoD members 430,913.93 euro of which 280,000.00 euro refers to BoD remuneration while 150,913.93 euro refers to provision of services.

Athens, 27 August 2008

The Board of Directors

TERNA ENERGY ABETE

IV. INTERIM SUMMARY FINANCIAL STATEMENTS SOLO AND CONSOLIDATED FOR THE 30TH OF JUNE 2008

(1 JANUARY-30 JUNE 2008)

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IAS 34)

It is ascertained that the attached financial statements are those approved by the Board of Directors of the Company on the 27th of August, 2008 and have been published by being posted on the internet at the website www.terna-energy.gr in which they remain at the disposal of the investment community for at least 5 years since their publication. It is noted that the 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).

The Chairman of the BoD	The Vice President and Managing Director
Perdikaris Georgios	Maragoudakis Emmanuel
The Chief Financial Office	The Head of Accounting
Dimopoulos Konstantinos	Manaveris Nikolaos

GROUP TERNA ENERGY ABETE

BALANCE SHEET

30 JUNE 2008

(All amounts are in thousand euros unless otherwise stated)

		GROUP		COMPANY	
	Note	**30 June 2008**	**31 December 2007**	**30 June 2008**	**31 December 2007**
ASSETS					
Non-current assets					
Intangible assets	6	1,446	1,394	668	603
Tangible assets	6	178,378	162,018	77,529	71,569
Investment property		923	923	923	923
Participation in subsidiaries		-	-	29,553	29,249
Participations in associates		10	10	-	-
Participation in joint-ventures		-	-	489	489
Other long-term receivables		20,939	22,623	10,002	9,995
Other investments		1	1	1	1
Deferred income tax		3,618	3,377	3,163	2,966
Total non-current assets		**205,315**	**190,346**	**122,328**	**115,795**
Current assets					
Inventories		1,646	1,493	895	746
Trade receivables		21,230	18,681	23,138	22,133
Prepayments and other receivables		27,995	16,349	17,620	9,542
Investments available for sale		-	-	-	-
Income tax receivables		1,514	767	1,291	566
Cash and equivalents		298,205	295,176	292,416	287,418
Total current assets		**350,590**	**332,466**	**335,360**	**320,405**
TOTAL ASSETS		**555.905**	**522.812**	**457.688**	**436.200**
EQUITY AND LIABILITIES					
Equity attributed to the shareholders of the parent					
Share capital	7	32,800	32,800	32,800	32,800
Share premium		281,990	281,996	282,006	282,006
Reserves		16,624	15,333	15,163	14,248
Profit carried forward		21,835	18,536	22,379	18,828
Total		**353,249**	**348,665**	**352,348**	**347,882**
Minority interest		484	496	-	-
Total equity		**353,733**	**349,161**	**352,348**	**347,882**

	Note				
Long-term liabilities					
Long-term loans	9	52,269	54,857	25,498	27,692
Other provisions	10	549	546	17	17
Provision for staff indemnities	10	110	104	110	104
Grants	11	49,678	42,630	19,251	11,654
Deferred income tax	13	449	266	-	-
Total long-term liabilities		**103,055**	**98,403**	**44,876**	**39,467**
Short-term liabilities					
Suppliers		14,836	12,832	11,869	10,444
Short-term loans	9	57,609	46,966	26,774	27,429
Long-term liabilities falling due	9	6,933	6,335	3,393	3,044
Accrued and other short-term liabilities		14,416	6,899	13,431	6,125
Income tax payable		5,323	2,216	4,997	1,809
Total short-term liabilities		**99,117**	**75,248**	**60,464**	**48,851**
TOTAL LIABILITIES AND EQUITY		**555,905**	**522,812**	**457,688**	**436,200**

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

GROUP TERNA ENERGY ABETE

INCOME STATEMENT

30 June 2008

(All amounts are expressed in thousand euro, except the earnings per share)

		GROUP				COMPANY			
		1/1 - 30/6 2008	**1/4 - 30/6 2008**	**1/1 - 30/6 2007**	**1/4 - 30/6 2007**	**1/1 - 30/6 2008**	**1/4 - 30/6 2008**	**1/1 - 30/6 2007**	**1/4 - 30/6 2007**
INCOME:									
Net turnover		35,961	19,689	25,541	11,732	32,234	18,274	21,333	11,551
Cost of sales		(24,408)	(14,300)	(15,776)	(7,488)	(22,556)	(13,252)	(13,065)	(6,423)
Gross profit		**11,553**	**5,389**	**9,765**	**4,244**	**9,678**	**5,022**	**8,268**	**5,128**
Administrative and distribution expenses		(2,226)	(1,535)	(1,185)	(885)	(1,695)	(1,085)	(950)	(703)
Research and development expenses		(1,037)	(646)	(739)	(411)	(1,037)	(646)	(739)	(411)
Other income(expenses)	12	1,292	644	881	482	1,255	864	330	292
Net financial income/(expenses)		4,818	2,654	(1,536)	(709)	5,698	3,118	(736)	(342)
EARNINGS BEFORE TAX		**14,400**	**6,506**	**7,186**	**2,721**	**13,899**	**7,273**	**6,173**	**3,964**
Income tax	13	(3,805)	(1,828)	(1,803)	(1,101)	(3,419)	(1,762)	(1,763)	(1,299)
NET EARNINGS		**10,595**	**4,678**	**5,383**	**1,620**	**10,480**	**5,511**	**4,410**	**2,665**
Attributed to									
Shareholders of the parent		10,607	4,686	5,449	1,655	10,480	5,511	4,410	2,665
Minority interest		(12)	(8)	(66)	(35)	-	-	-	-
		10,595	**4,678**	**5,383**	**1,620**	**10,480**	**5,511**	**4,410**	**2,665**
Basic earnings per share (in Euro)									
Basic		0.097	0.043	0.066	0.019	0.095	0.050	0.053	0.032
Average weighted number of shares									
Basic		109,333,400	109,333,400	82,000,000	82,000,000	109,333,400	109,333,400	82,000,000	82,000,000

CASH FLOW STATEMENT

30 JUNE 2008

(All amounts are expressed in thousand euro, except the earnings per share)

	GROUP		COMPANY	
	1/1 - 30/6 2008	**1/1 - 30/6 2007**	**1/1 - 30/6 2008**	**1/1 - 30/6 2007**
Cash flow from operating activities				
Earnings before tax	14,400	7,186	13,899	6,173
Adjustments for the agreement of net flows from operating activities				
Depreciation	3,126	2,978	1,397	1,364
Valuation of investment property	-	-	-	-
Provisions	9	88	6	(61)
Interest and related income	(7,426)	(178)	(7,323)	(47)
Interest and other financial expenses	2,608	1,714	1,624	71
Results from participations and securities	-	-	-	189
Results from intangible and tangible fixed and investment property	-	41	-	(16)
Depreciation of grants	(883)	(820)	(332)	(332)
Other adjustments	-	-	-	-
Operating profit before working capital changes	**11,834**	**11,009**	**9,271**	**7,341**
(Increase)/Decrease in:				
Long-term liabilities	-	(1)	-	-
Inventories	(153)	(515)	(149)	(124)
Trade receivables	(2,551)	(3,864)	(1,005)	(4,482)
Prepayments and other short term receivables	(4,331)	475	136	(347)
Increase/(Decrease) in:				
Suppliers	2,255	(2,327)	1,675	(1,496)
Accruals and other short term liabilities	512	(3,909)	1,291	(1,960)
(Increase)/Decrease of other long term receivables and liabilities	3	-	(7)	(1)
Income tax payment	(1,504)	(811)	(1,152)	(474)
Cash flow from operating activities	**6,065**	**57**	**10,060**	**(1,543)**
Cash flow from investment activities				
Purchases/Sales of intangible assets	(19,787)	(8,447)	(7,672)	(3,847)
Receipt of grants	3,562	822	-	-
Interest and related income received	7,140	177	7,038	47
(Purchases)/sales of participations and securities	-	-	(304)	(104)
Share capital increase in participating company/new	-	-	-	-
Receipt of dividends from investments	-	-	-	-
Investment property	-	-	-	-
Investment increase in associate company	-	-	-	-
Receipts/payments for available for sale investments	-	-	-	-
Cash outflows for investment activities	**(9,085)**	**(7,448)**	**(938)**	**(3,904)**

Cash flows from financial activities				
Receipt from Share capital increase	-	-	-	-
Net change of long term loans	(1,980)	(1,854)	(1,835)	(1,854)
Net change of short term loans	10,596	2,951	(700)	-
Loan payment from financial leasing	-	-	-	-
Dividends paid	-	-	-	-
Interest paid	(2,567)	(1,913)	(1,589)	(71)
Blocked deposits	-	337	-	-
Change of other financial receivables	-	-	-	-
Cash outflows for financial activities	6,049	(479)	(4,124)	(1,925)
Net increase/(decrease) in cash	3,029	(7,870)	4,998	(7,372)
Cash at the beginning of the period	295,176	18,689	287,418	12,296
Cash at the end of the period	298,205	10,819	292,416	4,924

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

TERNA ENERGY SA

STATEMENT OF CHANGES IN EQUITY
30 June 2008

(All amounts are in thousand euros unless otherwise stated)

	Share capital	Share premium	Reserves	Profit carried forward	Total
1st January 2007	**18,561**	**44**	**14,626**	**12,087**	**45,318**
Profit/(Loss) valuation recorded in equity	-	-	(5)	(10)	**(15)**
Net income for the period	-	-	-	4,410	**4,410**
Total net realizable profits for the period	**-**	**-**	**-**	**4,400**	**4,395**
Share Capital issue	6,039	-	-	(6,039)	-
30 June 2007	**24,600**	**44**	**14,621**	**10,448**	**49,713**
1st January 2008	**32,800**	**282,006**	**14,248**	**18,828**	**347,882**
Net earnings for the period	-	-	-	10,480	10,480
Total net earnings	**-**	**-**	**-**	**10,480**	**10,480**
Dividends	-	-	-	(6,014)	**(6,014)**
Distribution of reserves	-	-	915	(915)	-
30 June 2008	**32,800**	**282,006**	**15,163**	**22,379**	**352,348**

TERNA ENERGY GROUP

STATEMENT OF CHANGES IN EQUITY

30 June 2007

(All amounts are in thousand euros unless otherwise stated)

	Share capital	Share premium	Reserves	Profit carried forward	Partial total	Minority interest	Total
1st January 2007	**18,561**	**44**	**15,211**	**10,144**	**43,960**	**66**	**44,026**
Net earnings				5,449	**5,449**	(66)	**5,383**
Profit/(Loss) valuation recorded in equity	-	-	(15)	-	**(15)**	-	**(15)**
Total net realizable profits for the period	**-**	**-**	**(15)**	**5,449**	**5,434**	**(66)**	**5,368**
Share Capital issue	6,039	**-**	**-**	(6,039)	**-**	**-**	**-**
Distribution/Tax of reserves and profit carried forward			13	(13)	**-**	**-**	**-**
Transfers other movements	-	-	64	(64)	**-**	-	
30 June 2007	**24,600**	**44**	**15,273**	**9,477**	**49,394**	**-**	**49,394**

TERNA ENERGY GROUP

STATEMENT OF CHANGES IN EQUITY

30 June 2008

(All amounts are in thousand euros unless otherwise stated)

	Share capital	Share premium	Reserves	Profit carried forward	Partial total	Minority interest	Total
1st January 2008	**32,800**	**281,996**	**15,333**	**18,536**	**348,665**	**496**	**349,161**
Net earnings	-	-	-	10,607	**10,607**	(12)	**10,595**
Total net realizable profits for the period	**-**	**-**	**-**	**10,607**	**10,607**	**(12)**	**10,595**
Dividends	**-**	**-**	**-**	(6,014)	**(6,014)**	**-**	**(6,014)**
Transfers other movements		(6)	1,291	(1,294)	**(9)**	-	**(9)**
30 June 2008	**32,800**	**281,990**	**16,624**	**21,835**	**353,249**	**484**	**353,733**

NOTES ON THE INTERIM FINANCIAL STATEMENTS

1. ESTABLISHMENT AND ACTIVITIES OF THE COMPANY

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

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

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

The parent company of TERNA ENERGY is the listed on the Athens Exchange company TERNA S.A., whose parent is GEK S.A., also listed on the Athens Exchange.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

a) Basis for the preparation of the financial statements

The summary interim financial statements for the company and the group are compiled in accordance with IFRS, and specifically in accordance with the provisions of IAS 34 'Interim Financial Statements', as these are adopted by EU, including the amended and the new standards and interpretations that are expected to be adopted and applied for the fiscal year 2008. The summary interim financial statements must be read together with the annual financial statements of December 31, 2007.

b) Statutory Financial Statements

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

c) New standards, interpretations and amendments

The accounting principles adopted are the same as those adopted for the period ending on December, 31 2007, except the adoption of new standards that became mandatory from January, 1 2008. Therefore, from January, 1 2008 the Group and the company adopted new standards and amendments as follows:

- *IAS 23- Borrowing cost (amendment)* (applied for annual accounting periods beginning on or after January 1st 2009). Withdrawal of the option to categorize expenses of borrowing costs related to the acquisition, construction or production of a special asset. During the preparation of the current interim financial information the Group has applied the provisions of the amended standard as this is adopted from the 1st of January 2008 onwards. In accordance with IAS 34 par. 28, the interim financial; information is compiled based on the same accounting principles and policies that are applied on the annual financial statements except from the changes in accounting standards and policies which will be reflected in the coming financial statements. Based on current indications, the amended standard will be adopted by the European Union till the compilation date of the coming annual financial statements and will be applicable on them. Therefore, and in order for the interim financial information to be consistent to the requirements of IAS 34, the Group adopted the amended standard at the compilation of the financial statements ended on June, 30 2008.

- *IFRIC 12, Concession Agreements:* (applied for annual accounting periods beginning on or after January 1st 2008). IFRIC 12 handles the way with which the concession managers of a service concession must apply IFRS to account for the liabilities they undertake and the rights provided to them in the service concession agreements. Based on the Interpretation, concession managers must not recognize the relevant infrastructure as tangible fixed assets, but must recognized a financial asset against or an intangible asset.

- *IFRIC 13, Customer loyalty programs:* (applied for annual accounting periods beginning on or after January 1st 2008). The interpretation is related to the implementation of those defined by IAS 18 for the recognition of income. IFRIC 13 "Customer loyalty programs" specifies that when companies grant their customers award credits (i.e. points) as part of a sale transaction and customers can cash such credits in the future for free or discounted goods or services, then paragraph 13 of IAS 18 should be applied. This requires that award credits be accounted for as a separate item of the sale transaction and a part of the price received or the receivable recognized to be allocated to award credits. The recognition time of this income item is postponed until the company satisfies its liabilities that are linked to the award credits, either providing such awards directly or transferring the liability to a third party. The application of the standard is not yet adopted by EU and its application is not expected to affect the Group's financial statements.

- *IFRIC 14, The limit on a Defined Benefit Asset, minimum funding requirements and their interaction: (*applied for annual accounting periods beginning on or after January 1st 2008*).* IFRIC 14 addresses three issues, specifically a) when capital refunds or reductions in future contributions should be presented as "available" in the context of paragraph 58 of IAS 19, Employee Benefits, b) how a minimum funding requirement may affect the availability of the reductions in future contributions, and c) when a minimum funding requirement creates an obligation. Furthermore, given that there is a minimum funding requirement, the Interpretation distinguishes between contributions that are necessary to cover an inadequacy for a past service on the base of the minimum contribution and, the future recognition of benefits. IFRIC 14 is not yet adopted by the European Union. The company estimates that the application of IFRIC 14 is not expected to affect the financial statements of the Group.

Upon the date of approval of the financial statements, there are new IFRS interpretations and amendments of existing standards that will be mandatory for the years starting on 1st of January 2009 onwards. The assessment of the management of the Group regarding the effect of these new standards is offered below:

- *IFRS 8, Operating Sectors:* (applied for annual accounting periods beginning on or after January 1st 2009). IFRS 8 replaces IAS 14 *Financial Information by segment* and adopts an administrative approach as regards to financial information provided by segment. The information provided will be that used by management internally for the evaluation of the return by operating sectors and the allocation of resources to such sectors. This information may differ from that presented in the balance sheet and income statements and companies must provide explanations and reconciliations regarding such differences. IFRS 8 is expected to be adopted by the European Union in the near future. The Group is in the process of evaluating the effect of this standard on its financial statements.

- *IAS 1 'Presentation of Financial Statements' (amendment)* (effective date: annual periods beginning on or after 1 January 2009). The revisions include changes in the titles of some of the financial statements to reflect their function more clearly (for example, the balance sheet is renamed a statement of financial position). The most important changes are:

- at the cases in which an accounting policy is applied retrospective or a revision or a reclassifications of accounts in the financial statements, for comparability reasons it is necessary to report also the Statements of Financial Position for the previous periods.
- all income and expenses data (including those recorded directly in Equity) must be reported in <u>one</u> statement (Total Results Statement), or in <u>two</u> statements (a Statement for the current year Results and a Statement of Total Results).
- it is not allowed the specific presentation of results that are directly recorded in equity (e.g. profit/loss of fair value). Such changes that do not arise from the shareholders must be presented in the Total Results Statement, the total of which must be transferred to the Statement of changes in Equity.
- the presentation of shareholders transactions when they are acting as owners is not allowed to be presented in the notes. The Statement of changes in Equity must be presented as a separate financial statement.
- new requirements are introduced regarding an analytical presentation of results that are directly recorded in equity.

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

- IFRS 2: Share-based payment – Amended in 2008: vesting conditions and cancellations (effective from 1st January 2009): The amendment of the standard clarifies the that vesting conditions are service conditions and performance conditions only, while other features of a share-based payment that are not vesting conditions should be included in the grant date fair value of the share-based payment at the concession date. This standards is not applied in the Company.

- IAS 32 Financial Instruments: Presentations and IAS 1 Presentation of Financial Statements – 2008 Amendment: Puttable instruments and obligations arising on liquidation (effective from 1st of January2009): This amendment sets the classification of puttable financial instruments as well as the terms of some instruments that oblige the issuer to proportionally pay the net assets of the instrument during settlement. The amendment is not currently applied in the Company.

- IFRIC 15, Agreements for the Construction of Real Estate: (issued on July, 30 2008 and is applicable for the fiscal years starting on or after January, 1 2009). IFRIC 15 offers guidelines regarding whether an agreement for the construction of a real estate is included in the framework of IAS 11 “Construction Contracts” or IAS 18 “Revenue” and when the revenue from construction should be recognized.

- IFRIC 16, Hedges of a Net Investment in a Foreign Operation: (issued on July, 3 2008 and is valid for the fiscal years starting on or after October, 1 2008 and may have future or retroactive application). IFRIC 16 clarifies three major issued, in particular: a) The presentation currency of the Financial Statements does not create risk exposure in a situation that the company is in a position to hedge the risk. Therefore, the parent company may define as risk for hedging only the foreign exchange differences that arise between operating and presentation currency for the foreign operations. b) Any company belonging in the Group may hold hedging instruments, c) Despite that IAS 39 «Financial Instruments: Recognition. and Measurement» is applied to define the amount that must be transferred in Income Statement from the foreign exchange differences reserve, the IAS 21 «The effect of changes in Foreign Exchange» is applied in reference to the hedging instrument. This interpretation will not affect the Financial Statements of the Group. This interpretation is not yet adopted by the European Union.

d) Approval of Financial Statements

The attached consolidated financial statements were approved by the Board of Directors of the Parent Company on August, 27 2008.

e) Use of estimates

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

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

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

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

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

3. SUMMARY OF KEY ACCOUNTING PRINCIPLES

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

a) Consolidation Basis: The attached consolidated financial statements comprise the financial statements of TERNA ENERGY ABETE and its subsidiaries. The subsidiary companies in which the Group holds directly or indirectly more than half of the voting rights or has the right to exercise control over their operation have been consolidated. Subsidiaries are consolidated from the date that the Group acquires control over them and cease to be consolidated from the date it no longer has control.
The Group's interests in Joint Ventures, in the cases where they are subject to common control, are consolidated in the consolidated financial statements using the equity consolidation method whereby the Group's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is included in the Group's financial statements.
Intra-group transactions and balances have been cancelled-out in the attached consolidated financial statements. Whenever required the accounting principles of the subsidiaries have been amended in order to ensure consistency with the accounting principles adopted by the Group.

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

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

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

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

(i) Investments available for sale

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

(ii) Receivables and loans

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

(iii) Financial assets at fair value through the profit and loss

This relates to the trading portfolio and comprises investments acquired with a view to liquidate them in the near future. Gains or losses from the valuation of such assets are recorded in the profit or loss.

(iv) Investments held to maturity

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

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

d) Financial Instruments and Risk Management

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

(i) Interest rate risk and exchange rate risk:

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

(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 variable 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. Regarding receivables from the private sector, the Company policy is to seek business with customers of satisfactory credit standing while the constant aim is to resolve any resulting differences within a amicable settlement context. Moreover the credit risk concentration with respect to receivables from the private sector is limited compared to the total amount of trade receivables due to the great dispersion of the balances.

(iv) Market Risk:

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

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

The euro is the currency of operation and presentation of the Group and its Greek subsidiaries. Transactions in other currencies are converted into euros using the exchange rates in effect at the date of the transaction. At the date of compilation of the financial statements the monetary asset and liability items that are denominated in other currencies are adjusted so as to reflect the current exchange rates.

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

The currency of operation of the foreign subsidiaries of the Group is the official currency of the country each subsidiary operates in. Accordingly, at each balance sheet date all the balance sheet accounts of the subsidiaries are converted into euros using the exchange rate in effect at the balance sheet date. Income and expenses are converted using the weighted average rate in effect during the year. The resulting exchange differences from the valuation of foreign subsidiaries as described above are booked directly to equity. Upon sale or disposal of a foreign subsidiary the cumulated exchange differences described above are recorded in the profit and loss account.

f) Intangible Assets

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

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

g) Income recognition:

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

(i) **Income from construction activities:**

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

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

Non-invoiced accrued income relates to income recognized on the basis of the method described above that has not yet been invoiced. Non-accrued income comprises amounts invoiced up to the balance sheet date over and above the income calculated using the percentage-of-completion method.

Project execution down-payments represent amounts received by the Group upon signing the relevant contracts and are proportionally netted-off with the partial invoicing. The remaining amount appears as a liability in the attached financial statements.

(ii) **Sale of goods:**

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

(iii) **Revenue from the sale of Electric Energy:**

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

(iv) **Rent Revenue:**

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

(v) **Dividends***:*

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

(vi) **Interest***:*

Interest income is recognized on an accruals basis.

h)Tangible Fixed Assets:

As previously mentioned, the Group has valued certain land, buildings, machinery and vehicles at fair value on January 1st , 2004 and these fair values have been used as implied cost at the date of transition to IFRS. The resulting surplus was credited to the profits carried forward account. The remaining land, buildings, machinery and vehicles are measured at purchase cost less accumulated depreciation and any provisions for impairment.

Repairs and maintenance are booked as expenses during the year in which they are incurred. Significant improvements are capitalized in the cost of the respective fixed assets provided that they augment the useful economic life, increase the production level or improve the efficiency of the respective fixed assets.

Tangible fixed asset items are eliminated from the balance sheet on disposal or withdrawal or when no further economic benefits are expected from their continued use. Gains or losses resulting from the elimination of an asset from the balance sheet are included in the income statement of the financial year in which the fixed asset in question is eliminated.

Fixed assets under construction include fixed assets that are work in progress and reflect their cost. Fixed assets under construction are not depreciated until the asset is completed and put into operation.

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

ASSET CATEGORY	YEARS
Buildings and technical installations	8-30
Machinery and Technical Installations	3-20
Vehicles	5-12
Fixtures and Other Equipment	3-12

j)Impairment of the Value of Fixed Assets:

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

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

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

k) Investment property:

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

l) Inventories

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

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

m) Receivables Accounts

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

n) Cash and Cash Equivalents:

The Group considers time deposits and other highly liquid investments with 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, while time deposits that mature in more than three months are excluded.

o)Long-term loan liabilities:

All long-term loan liabilities are initially booked at cost, which is the actual value of the received payment less the issuance expenses related to the loan. After the initial recording, interest-bearing loans are valued at the net book value using the effective interest rate method. The net book value is calculated after taking into account the issuance expenses and the differences between the initial amount and the amount at maturity. Profits and losses are registered in the net profit or loss when the liabilities are written off or impaired and through the amortization procedure. It is noted that the interest on loans taken for the construction of fixed assets and inventories that requires time for their completion will increase the value of these assets from 1.1.2008 hereafter based on amended IAS 23. The capitalization of interest will be interrupted when the asset will be ready for its intended use.

p)Provisions for Staff Retirement Indemnities:

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

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

r) Income Tax (Current and Deferred):

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

Deferred income tax is calculated using the liability method on all temporary differences between the tax base and the book value of assets and liabilities on the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax receivables are recognized for all the exempt temporary differences and transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.

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

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

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

s) Finance and Operating Leases:

Finance leases, which essentially transfer to the Group all the risks and returns related to the leased fixed asset, are capitalized during the inception of the lease based on the leased asset's fair value or, if it is lower, on the present value of the minimal leases. Payments for finance leases are allocated between the financial expenses and the reduction of the financing liability, in order to achieve a fixed interest rate on the remaining portion of the liability. The financial expenses are debited directly to the results. Capitalized leased fixed assets are depreciated based on the estimated useful life of the asset.

Leases where the lessor maintains all the risks and returns related to ownership of the fixed asset, are recorded as operating leases. The payments of operating leases are recognized as an expense in the income statement on a constant basis for the duration of the lease.

t) Government Grants:

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

u) Provisions, Contingent Liabilities and Contingent Receivables:

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

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

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

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

w)Earnings per Share:

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

Diluted earnings per share are calculated by dividing the net earnings attributable to the shareholders of the parent (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).

z) Information by business activity

A business activity sector is a recognizable part of the group that produces products or services (business sector) or offers products or services in a specific economic environment (geographical sector) which differs in risk and rewards compared to other sectors. The primary sector of information is presented for business sectors while the secondary sector of information is presented for geographical sectors.

(All amounts are presented in thousand Euro unless stated otherwise)

The business sectors refer to activities of construction, electricity production from renewable and thermal energy sources, real estate, industrial production and concessions. The geographical sectors refer to construction and real estate activities taken place in Greece and Cyprus, Balkans and Middle East. Regarding income and assets, these are presented based on the location of the customer and the asset respectively.
The main assumption for the presentation of assets and liabilities as well as income and expenses which are not directly attributed to a specific sector are their attribution in sectors based on criteria followed with consistency.

The transactions between business sectors are taking place with the same way as those with third parties.

4. GROUP STRUCTURE

The participations in subsidiaries, associates and joint ventures at 31.06.2008 are as follows:

A) Subsidiaries of TERNA ENERGY SA

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

		Participation Percentage			
Company Name	**Establishment**	**30/06/2008**	**31/12/2007**	**Activity**	**Tax unaudited years**
1. Iweco Chonos Lasithi Crete SA	11.04.2000	100%	100%	Production of El. Energy from Renewable energy sources (RES)	2
2. Energiaki Servounio SA	01.02.2001	100%	100%	Production of El. Energy from RES	1
3. Terna Energy Evros SA	01.02.2001	100%	100%	Production of El. Energy from RES	1
4. PPC Renewable – Terna Energy SA	20.06.2000	51%	51%	Production of El. Energy from RES	2
5. Gp Energy LTD	26.09.2005	100%	100%	Trading of Electric Energy	1
6. AIOLIKI PANORAMATOS SA	01.02.2001	100%	100%	Production of El. Energy from RES	1
7. EOL TECHNICS CONSULT SRL	03.04.2007	60%	60%	Production of El. Energy from RES	1
8.TERNA ENERGY OVERSEAS LTD	4.1.2008	100%	100%	Production of El. Energy from RES	1

(All amounts are presented in thousand Euro unless stated otherwise)

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

Company Name	Establishment	Participation Percentage 30/06/2008	31/12/2007	Activity
1. TERNA Energy SA & SIA Aioliki Rachoulas Dervenochorion GP	01.02.2001	100%	100%	Production of El. Energy from RES
2. TERNA Energy SA & SIA Aioliki Polykastrou GP	01.02.2001	100%	100%	Production of El. Energy from RES
3. TERNA Energy SA & SIA Energeiaki Dervenochorion GP	01.02.2001	100%	100%	Production of El. Energy from RES
4. TERNA Energy SA & SIA Energeiaki Velanidion Lakonia GP	01.02.2001	100%	100%	Production of El. Energy from RES
5. TERNA Energy SA & SIA Energeiaki Dystion Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
6. TERNA Energy SA & SIA Aioliki Pastra Attica GP	01.02.2001	100%	100%	Production of El. Energy from RES
7. TERNA Energy SA & SIA Aioliki Malea Lakonia GP	01.02.2001	100%	100%	Production of El. Energy from RES
8. TERNA Energy SA & SIA Energeiaki Ferron Evrou GP	01.02.2001	100%	100%	Production of El. Energy from RES
9. TERNA Energy SA & SIA Aioliki Derveni Traianoupoli GP	01.02.2001	100%	100%	Production of El. Energy from RES
10. TERNA Energy SA & SIA Aioliki Karystias Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
11. TERNA Energy SA & SIA Energeiaki Ari Sappon GP	01.02.2001	100%	100%	Production of El. Energy from RES
12. TERNA Energy SA & SIA Energeiaki Peloponnesus GP	01.02.2001	100%	100%	Production of El. Energy from RES
13. TERNA Energy SA & SIA Aioliki Eastern Greece GP	01.02.2001	100%	100%	Production of El. Energy from RES
14. TERNA Energy SA & SIA Aioliki Marmariou Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
15. TERNA Energy SA & SIA Energeiaki Petrion Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES

(All amounts are presented in thousand Euro unless stated otherwise)

Company Name	Establishment	Participation Percentage 30/06/2008	31/12/2007	Activity
16. TERNA Energy SA & SIA Aioliki Rokani Dervenochorion GP	01.02.2001	99%	99%	Production of El. Energy from RES
17. TEPNA Energy SA & SIA Energeiaki Styron Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
18. TERNA Energy SA & SIA Energeiaki Neapoleos Lakonias GP	01.02.2001	100%	100%	Production of El. Energy from RES
19. TERNA Energy SA & SIA Energeiaki Kafireos Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
20. TERNA Energy SA & SIA Aioliki Provata Traianoupoleos	01.02.2001	100%	100%	Production of El. Energy from RES

All the aforementioned General Partnerships have been established by the Group with the objective to attain a license for the production of electricity from renewable energy sources and if their construction goes through will be absorbed by TERNA ENERGY ABETE. Till today these companies do not have any activity and therefore tax interest.. All aforementioned companies are tax audited till 2006.

B) Joint Ventures of TERNA ENERGY ABETE proportionately consolidated

i) Joint Ventures

	Name	Participation Percentage 31/3/2008 and 31/12/2007	Unadited tax years
1.	J/V TRAM POLITICAL ENGINEERING WORKS, Greece	36	1
2.	J/V ENVAGELISMOU, PROJECT C', Greece	50	5
3.	J/V TERNA ENERGY - TSAMPR. DRAMAS HOSPITAL, Greece	40	5
4.	J/V EPL DRAMAS, Greece	24	5
5.	J/V TERNA ENERGY - OLYMPIOS ATE, Greece	50	2
6.	J/V K. MANIOTIS - TERNA - TERNA ENERGY, Greece	37.50	5
7.	J/V/ EMBEDOS - PANTECHNIKI - TERNA ENERGY, Greece	50.10	1
8.	J/V THEMELI - TERNA ENERGY - TERNA SA IMPREGILO SPA, Greece	40	2
9.	J/V EKTER - TERNA - ATHONIKI, Greece	31	1
10.	J/V/ KL. ROUTSIS - TERNA ENERGY ABETE, Greece	50	1

11.

(All amounts are presented in thousand Euro unless stated otherwise)

ii) General Partnerships and Limited Partnerships

Company Name	Establishment	Participation Percentage 30/06/2008	Participation Percentage 31/12/2007	Activity
1.TERNA Energy SA – M.E.L. Macedonian Paper Company SA & Sia Co-production GP	12.02.2001	50%	50%	Construction/ Operation of co-production unit of electricity for serving of needs of MEL
2. TERNA Energy SA & Sia LP	24.05.2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki
3. TERNA Energy SA & Sia Energeiaki Xhirovouniou GP	14.02.2001	70%	70%	Production of El. Energy from RES

The above companies No. 1 and No. 3 are currently inactive. The company No. 2 had essentially completed the aforementioned project from 2003. Companies 1 to 3 are tax audited till 2007 while company 2 is tax audited till 2003.

All aforementioned companies and joint ventures have been established in Greece, except for GP Energy LTD, which has been established in Bulgaria, EOL Techics Consult SRL established on Romania and Terna Overseas LTD established in Cyprus.

C) Associates of TERNA ENERGY ABETE

Name	Country	Participations percentage % 30/6/2008	Participations percentage % 31/12/2007	Consolidation method	Unaudited tax years
Renewable Energy Center Kykladon SA *	Greece	45	45	Equity method	2

* Participation through IVECO CHONOS LASITHI CRETE SA.

5. SEGMENT REPORTING

The Group presents information by segment for the following business activities (primary information):

- ***Energy sector:*** such includes the Group's activity in the energy sector that concerns the construction and operation of Wind Parks. Moreover, activities are included for the research in operation and construction of projects for other renewable energy sources (RES).

- ***Construction sector:*** such includes the Group's activities in the undertaking and implementation of technical public and private works as a contractor or sub-contractor.

The Group is active in one geographic segment (Greece) and thus does not report information by geographic segments.

The income, expenses and results per segment include the transactions between sectors, which are subsequently written-off during consolidation. Intra-sectoral sales, presented in the following tables, refer to the construction of Wind Parks by the parent Terna Energy for the Group's subsidiaries and thus are written-off during consolidation. All business activities apply the Group's accounting principles. The information by business activity is as follows:

(All amounts are presented in thousand Euro unless stated otherwise)

Period 1/1 – 30/06/2008	SECTOR OF ACTIVITY				
	Construction	**Electricity from renewable energy sources**	**Non-allocated**	**Consolidation Write-offs**	**Consolidated totals**
Sales of the sector	26,622	10,251	-	-	36,873
Less: intra-sector sales	912	-	-	(912)	-
Sales to external customers	25,710	10,251	-	-	35,961
Earnings before tax, interest and depreciation (EBIDTA)	5,461	6,376	-	-	11,828
Earnings before interest and tax (EBIT)	5,422	4,161	-	-	9,583

Period 1/1 – 30/06/2007	SECTOR OF ACTIVITY				
	Construction	**Electricity from renewable energy sources**	**Non-allocated**	**Consolidation Write-offs**	**Consolidated totals**
Sales of the sector	15,465	10,075	-	-	25,540
Less: intra-sector sales	-	-	-	-	-
Sales to external customers	15,465	10,075	-		25,540
Earnings before tax, interest and depreciation (EBIDTA)	3,981	6,861	38	-	10,880
Earnings before interest and tax (EBIT)	3,955	4,729	38	-	8,722

(All amounts are presented in thousand Euro unless stated otherwise)

6. FIXED ASSETS (tangible and intangible)

The summary changes of tangible and intangible assets is as follows:

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
Net book value, 1st January	**180,196**	**116,569**	**88,956**	**44,055**
Corrections and reclassifications	(16,784)	-	(16,784)	-
Restated net book value, 1st of January	**163,412**	**116,569**	**72,172**	**44,055**
Additions for the period	19,788	8,122	7,672	3,909
Sales for the period	(250)	(216)	(250)	(25)
Depreciation and other changes for the period	(3,126)	(2,935)	(1,397)	(1,385)
Net book value 3oth of June	**179,824**	**121,540**	**78,197**	**46,554**

7. SHARE CAPITAL

During the period 1/1-30/06/2008 the number of shares and their nominal value remained unchanged. The difference from share premium account decreased by € 6, amount related to issuance expenses for the share capital increase of a subsidiary which was completed in the first quarter of 2008. During the period 1/1-30/06/2007 and specifically at 30 May 2007 the extraordinary general shareholders meeting of Terna Energy decided to reduce the nominal value of its shares from 3 to 0.3 euro, with the replacement of each old share with ten new ones. Also, it decided to increase the share capital by 6,039 euro by capitalizing on taxed earnings of previous years. For this reason the company issued 20,131,000 new shares.

Therefore, the share capital amounted on 30/6/2007 to € 24,600, divided to 82,000,000 common registered shares having a nominal value of 0.30 euro (thirty cents) each.

The share capital of the parent company at 30/6/2008 amounted to € 32,800 divided in 109,333,400 common registered and voting shares having a nominal value of 0.30 euro (thirty cents) each. All share capital is fully paid.

8. EARNINGS PER SHARE

Basic earnings per share were calculated by dividing the net earnings attributed to shareholders of the parent with the average weighted number of shares in circulation as follows:

	GROUP		COMPANY	
	30/6/2008	**30/6/2007**	**30/6/2008**	**30/6/2007**
Net earnings attributed to shareholders of the parent	**10,607**	**5,449**	**10,480**	**4,410**
Average weighted number of shares	109,333,400	82,000,000	109,333,400	82,000,000
Basic and diluted earnings per share (amounts in Euros)	**0.0970**	**0.0664**	**0.0958**	**0.0537**

(All amounts are presented in thousand Euro unless stated otherwise)

9. LOANS

The summary changes in short-term and long-term loans of the group and the company at 30/06/2008 and 30/06/2007 is as follows:

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
Balance, 1st of January	**108,158**	**65,973**	**58,165**	**33,207**
New loans	28,918	7,442	3,345	-
Repayments	(20,265)	(6,344)	(5,845)	(1,853)
Balance 30TH of June	**116,811**	**67,071**	**55,665**	**31,354**

The largest part of the loans refers to energy sector of the group and is related to the installations of wind parks. These loans will be repaid when the approved grants will be received. Also, part of the new loans refers to the working capital of the construction sector.

10. PROVISIONS

The summary provisions for the group and the company at 30/06/2008 and 30/06/2007 is as follows:

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
Balance at 1st of January	**650**	**630**	**121**	**105**
Corrections and reclassifications	-	-	-	-
Restated balance at 1st of January	**-**	**630**	**121**	**105**
Additional provisions charged in income statements	29	18	26	18
Additional provisions charged in assets	-	-	-	-
Non-used provisions transferred in income statements	-	-	-	-
Non-used provisions transferred in assets	-	-	-	-
Used provisions	(20)	(12)	(20)	(12)
Balance 3oth of June	**659**	**636**	**127**	**111**

11. GRANTS

The summary change in grants at 30/06/2008 and 30/06/2007 are analyzed as follows:

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
Balance at 1st of January	**42,630**	**33,820**	**11,654**	**10,181**
Corrections and reclassifications	-	-	-	-
Restated balance at 1st of January	**42,630**	**33,820**	**11,654**	**10,181**
Receipt of grants	7,931	6,537	7,929	
Transfer of a proportion in income statement	(883)	(820)	(332)	(332)
Balance at 30th of June	**49,678**	**39,537**	**19,251**	**9,849**

(All amounts are presented in thousand Euro unless stated otherwise)

12. OTHER INCOME/EXPENSES

The analysis of other income/expenses at 30th of June 2008 and 2007, which are of unexpected nature, are analyzed in the following table:

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
Amortization of grants	883	820	332	332
Income from leasing of machines	22	14	22	14
Income from property renting	35	33	35	34
Income from dividends	-	-	622	
Other income	357	151	249	167
Other expenses	(5)	(137)	(5)	(217)
Total	**1,292**	**881**	**1,255**	**330**

13. INCOME TAX

The expense for income tax is recorded based on the best estimation of the management regarding the weighted average tax rate for the year. This rate at 30/06/2008 was 26.4% for the group and for the company was 24.6%.

14. AVERAGE NUMBER OF EMPLOYEES

The average number of employees for the group and the company at 30/6/2008 and 30/6/2007 is analyzed as follows:

	GROUP		COMPANY	
	30/6/2008	**30/6/2007**	**30/6/2008**	**30/6/2007**
Average number of Employees				
Payroll	132	94	131	92
Wage-earners	52	30	52	30
Total	**184**	**124**	**183**	**122**

15. DIFFERENCES UNDER LITIGATION OR ARBITRATION

During the execution of their projects the Group may face contingent legal claims by third parties. According to the Management, as well as the legal counselor of the Group there are no cases under litigation or arbitration that may affect the operating or financial position of the Company at 30/06/2008.

16. TRANSACTION WITH RELATED PARTIES

(All amounts are presented in thousand Euro unless stated otherwise)

The transactions and balances of the Company and the Group for the period 01/01-30/06/2008 and 01/01-30/6/2007 as well as the balances of receivables and liabilities emerged from these transactions at 30/06/2008 and 30/06/2007 are as follows:

Period 1/1-30/6/2008	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit balance**	**Credit balance**	**Sales**	**Purchases**	**Debit balance**	**Credit balance**
Subsidiaries	-	-	-	-	1,357	-	2,830	-
Joint ventures	-	-	-	-	-	-	1,341	278
Parent-TERNA SA	-	6,627	2,783	3,977	1,823	2,963	2,639	2,024
Other related parties	-	3,733	218	899	-	822	-	509
Management	-	651	-	513	-	431	-	293

Period 1/1-30/6/2007	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit balance**	**Credit balance**	**Sales**	**Purchases**	**Debit balance**	**Credit balance**
Subsidiaries	-	-	-	-	-	-	-	-
Joint ventures	-	-	-	-	25	-	88	-
Parent-TERNA SA	-	4,449	1,523	1,530	-	1,723	1,034	1,237
Other related parties	-	805	2,483	686	-	288	1,764	537
Management	-	208	-	208	-	208	-	208

17. IMPORTANT EVENTS FOR THE PERIOD

At April, 14 2008 a contract was signed between TERNA ENERGY ABETE and ABB SA for the construction of the project ‘Study-Supply-Installation of distribution centre 150 KV/MV of closed circuit GIS Rhodes’, of contractual amount 3,100,000 euro which is expected to be completed by 14/10/2009.

18. EVENTS AFTER THE BALANCE SHEET DATE

At 30/6/2008 the 100% subsidiary Terna Energy Overseas Ltd based in Cyprus established the company Eolos Polska Sp.zo.o, based in Poland in which it participates by 99%. The newly established company has as aim the study, planning and exploitation of wind parks.

19. CONTINGENT LIABILITIES

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

Contingent liabilities

a. Several claims for cancellation of the planned installation of the Wind Park by the subsidiary "Terna Energy AIOLIKI PANORAMATOS DERVENOCHORION GP", are pending till the finalization of the case at October 2008 the Council of State has order a pause on the building works for 17 out of 40 wind mills.

Obligations

b. The Group, in the context of development the operating Wind Parks as well as installing new renewable energy sources, whose completion is expected during 2008 and 2009, has signed agreements for supply of fixed equipment, amounting to approximately € 162 million.

V. DATA AND INFORMATION FOR THE PERIOD

TERNA ENERGY SA

TERNA ENERGY S.A.

SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY
DATA AND INFORMATION FOR THE PERIOD FROM 01/01/2008 TILL 30/06/200
(Published in accordance with the decision 6/448/11.10.2007 of the Hellenic Capital Market Commision)

The following figures and information aim at providing general information for the financial position and results of the company and its Group. The reader who wishes to have a full view of the Company's financial position and financial results,should have access to the interim financial statements compiled according to the International Financial Reporting Standards, as well as the Certified Auditor Accountant's Review Report. Furthermore, the reader may visit the Company's web-site, where the relevant information is posted.

Address of the company's registered offic	85 Mesogeion Avenue, 11526 Athen
SA Register Number	318/06/B/86/28
Appropriate Prefecture:	Athens Prefecture, General division of inernal commerce, Division of Societe Anonyme and Credit, Section A
Board of Directors Composition	Chairman: George Perdikaris Vice president and Managing Director: Emmanuel Maragoudakis, Members: Panayiotis Pothos, Michael Gourzis, George Spyrou, Theodoros Tagas, Grigoris Charalampopoulos (Non executive member), Aristidis Ntasis & Maria Kaltsa (Independent non executive members)

Approval date of the Interim Financial Statemen (which are the basis of the condensed financial data	27 August 2008
Certified accountant	Leos Ioannis (SOEL No 24881)
Audit firm	Grant Thornton SA
Type of audi	Approved
Web-site Address:	www.terna-energy.g

BALANCE SHEET

Amounts in thousand of euros

	CONSOLIDATED		COMPANY	
	30/6/08	**31/12/07**	**30/6/08**	**31/12/07**
ASSETS				
Self used assets	178.378	162.018	77.529	71.569
Investment property	923	923	923	923
Intangible assets	1.446	1.394	668	603
Other non-current assets	24.568	26.011	43.208	42.700
Inventories	1.646	1.493	895	746
Trade receivables	21.230	18.681	23.138	22.133
Other Assets	327.714	312.292	311.327	297.526
TOTAL ASSETS	**555.905**	**522.812**	**457.688**	**436.200**
EQUITY AND LIABILITIES				
Share capital	32.800	32.800	32.800	32.800
Other equity	320.449	315.865	319.548	315.082
Total shareholders equity	353.249	348.665	352.348	347.882
Minority Interest	484	496	0	0
Total equity	**353.733**	**349.161**	**352.348**	**347.882**
Long-term bank loans	52.269	54.857	25.498	27.692
Provisions/Other-long-term liabilitie	50.786	43.546	19.378	11.775
Short-term bank liabilities	57.609	46.966	26.774	27.429
Other-short-term liabilities	41.508	28.282	33.690	21.422
Total liabilities	**202.172**	**173.651**	**105.340**	**88.318**
TOTAL LIABILITIES AND EQUITY	**555.905**	**522.812**	**457.688**	**436.200**

INCOME STATEMENT

Amounts in thousand of euros

	CONSOLIDATED				COMPANY			
	1/1-30/6/08	**1/4-30/6/08**	**1/1-30/6/07**	**1/4-30/6/07**	**1/1-30/6/08**	**1/4-30/6/08**	**1/1-30/6/07**	**1/4-30/6/07**
Turnover	35.961	19.689	25.541	11.732	32.234	18.274	21.333	11.551
Cost of sales	11.553	5.389	9.765	4.244	9.678	5.022	8.268	5.128
Profit/(Loss) before tax, financial and investment result	9.582	3.852	8.722	3.430	8.201	4.155	6.909	4.306
Profit/(Loss) before tax	14.400	6.506	7.186	2.721	13.899	7.273	6.173	3.964
Profit/(Loss) after tax	10.595	4.678	5.383	1.620	10.480	5.511	4.410	2.665
Attributed to:								
Shareholders of the company	10.607	4.686	5.449	1.655	10.480	5.511	4.410	2.665
Minority interest	(12)	(8)	(66)	(35)	0	0	0	0
	10.595	4.678	5.383	1.620	10.480	5.511	4.410	2.665
Profit/(losses) after tax per share (in euro) - basic	**0,0970**	**0,0428**	**0,0664**	**0,0202**	**0,0958**	**0,0504**	**0,0537**	**0,0325**
Profit/(Loss) before tax, financial and investment results and depreciation	11.825	5.018	10.880	4.634	9.266	4.699	7.941	4.838

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand of euros

	CONSOLIDATED		COMPANY	
	30/6/08	**30/6/07**	**30/6/08**	**30/6/07**
Equity at the beginning of the period (01/01/08 and 01/01/0	349.161	44.026	347.882	45.318
Profit/(Loss) of the period after tax (continued and discontinued operations)	10.595	5.383	10.480	4.410
Profit/(Loss) of valuation recorded directly in equi	0	(15)	0	(15)
Increase/(Decrease) of share capita	0	0	0	0
Distributed dividends	(6.014)	0	(6.014)	0
Transfers and other movements	(9)	0	0	0
Purcchases/(sales) of own shares	0	0	0	0
Equity at the end of the period (30/06/08 and 30/06/0	353.733	49.394	352.348	49.713

FIGURES FROM THE CASH FLOW STATEMENT (indirect method)

Amounts in thousand of euros

	CONSOLIDATED		COMPANY	
	1/1-30/6/08	**1/1-30/6/07**	**1/1-30/6/08**	**1/1-30/6/07**
Operating activities				
Profit before tax	14.400	7.186	13.899	6.173
Plus/less adjustments for:				
Depreciation	3.126	2.978	1.397	1.364
Provisions	9	88	6	(61)
Results (revenues,expences,earnings,losses) of investment activi	0	41	0	173
Interest and related income	(7.426)	(178)	(7.323)	(47)
Interest and related expense	2.608	1.714	1.624	71
Amortization of grants	(883)	(820)	(332)	(332)
Operating profit before working capital changes				
Decrease / (Increase) of inventorie	(153)	(515)	(149)	(124)
Decrease / (Increase) of receivable	(6.882)	(3.390)	(869)	(4.829)
(Decrease) / Increase of liabilities (excl. banks	2.770	(6.236)	2.959	(3.457)
Less				
Interest and related expences pai	(2.567)	(1.913)	(1.589)	(71)
Income tax paic	(1.504)	(811)	(1.152)	(474)
Total inflows / (outflows) from operating activities (a	**3.498**	**(1.856)**	**8.471**	**(1.614)**
Investing activities				
(Purchases) / sales of tangible & intangible fixed asset	(19.787)	(8.447)	(7.672)	(3.847)
Grants receivec	3.562	822	0	0
Interest and related income receive	7.140	177	7.038	47
Purchases/sales of participations and securitie	0	0	(304)	(104)
Total inflows / (outflows) from investing activities (b)	**(9.085)**	**(7.448)**	**(938)**	**(3.904)**
Financing activities				
Net change in long-term loans	(1.980)	(1.854)	(1.835)	(1.854)
Net change in short-term loans	10.596	2.951	(700)	0
Blocked deposits	0	337	0	0
Total inflows / (outflows) from financing activities (c)	**8.616**	**1.434**	**(2.535)**	**(1.854)**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**3.029**	**(7.870)**	**4.998**	**(7.372)**
Cash and cash equivalents at the beginning of the peric	**295.176**	**18.689**	**287.418**	**12.296**
Cash and cash equivalents at the end of the period	**298.205**	**10.819**	**292.416**	**4.924**

ADDITIONAL ELEMENTS AND INFORMATION

1. There was no change in accounting practices and assumptions.
2. The Basic Accounting Principles of the Balance Sheet as of 31.12.2007 have been followed.
3. The company at the current and the previous period employed personnel as follows:

	GROUP		COMPANY	
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
PAYROLL	132	94	131	92
WAGE-EARNERS	52	30	52	30
	184	124	183	122

4. The Company has been audited by tax authorities up to the year 2005 included. The tax unaudited years of the other companies and joint ventures are analysed in Note 4 of the financial statements.
5. The provisions of the company and the Group are analysed as follows:

	GROUP	COMPANY
Provisions for unaudited taxed years	150	100
Provisions for litigation or arbitration	406	271
Other provisions	524	127

6. The financial statements of the group are included in the consolidated financial statements of TERNA Group SA consolidated under the full consolidation method. The parent is based in Greece and on 30/6/2008 it held the 47.407% of company's share capital.
7.The amounts of sales and purchases (goods and services) cumulatively from the beginning of the financial year and the balances of receivabels and liabilities of the company at the end of the current period that are emerged from trasnactions with related partied these are stated in IAS 24 are as follows:

	GROUP	COMPANY
a) Sales of goods and services	0	3.180
b) Purchases of goods and services	10.360	3.785
c) Receivables	3.001	6.810
d) Liabilities	4.876	2.811
e) Transactions & remuneration of BoD and executives	651	431
f) Receivables from BoD members and executives	-	-
g) Liabilities to BoD members and executives	513	293

8. The names of companies and joint ventures included in the financial statements as of 30/6/2008 are analysed in Note 4 of the financial statements. During the 1st half of 2008 was included for the first time in the financial statements, compared to those of the same periods in previous years the company EOL TECHNICS CONSULT SRL (1st consolidation 31/12/2007) and the company TERNA ENERGY OVERSEAS LTD (1st consolidation 30/6/2008) under the full consolidation method.

Athens, 27/08/2008

CHAIRMAN OF THE BOARD	MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	HEAD OF ACCOUNTING
PERDIKARIS GEORGE ID NO : X516918	MARAGOUDAKIS EMMANUEL ID NO: I049753	KONSTANTINOS DIMOPOULOS ID NO:Ξ101797 GEC LICENCE No 31046	MANAVERIS NIKOLAOS ID No:AE567798 GEC LICENCE No. :9674 A CLASS

VI. REPORT ON USAGE OF FUNDS FROM THE SHARE CAPITAL INCREASE PAID IN CASH FOR THE PERIOD 8/11/07–30/06/08

It is notified that in accordance with article 3 of the decision 7/448/11.10.2007 of the Hellenic Capital Markets Commission BoD and the decision 25/17.7.2008 of the BoD of Athens Exchange, from the share capital increase of TERNA ENERGY ABETE paid in cash that was decided by the Extraordinary General Shareholders Meeting on 20.07.2007, the net amount of € 300,572 thous was raised, (including issue expenses of € 13,908 thous.).
The period for the Public Offering was 31/10/07-2/11/07. For the share capital increase 27,333,400 new common registered shares were issued.
All shares of the company (109,333,400) were listed for trading in Athens Exchange on 14/11/2007 in the large capitalization market segment.
The certification for the deposit of the share capital increase by the BoD of the Company was made on 8/11/07 and recorded on Societe Anonyme Registry on 9/11/07 with the announcement No 36439.
The raised capital of € 300,572, in accordance with the Information Bulletin as of 19/10/2007, were used till 30/06/2008, as follows:

TABLE OF USAGE OF FUNDS FROM THE SHARE CAPITAL INCREASE							
TIMEFRAME	Way of usage of raised funds					Total used capital 08/11/07 till 30/06/08	Non-used capital 30/06/08 that will be used in the coming months
	08/11/07-31/12/07	01/01/08-31/12/08	01/01/09-31/12/09	01/01/09-31/12/10	Total		
In thous €							
Total investments in wind parks	20,588	11,931	61,120	57,248	150,887	8,653	142,234
Total investments in hydroelectric stations	2,741	12,323	11,886	27,096	54,046	4,677	49,369
Photovoltaic stations	0	5,000	7,000	7,000	19,000	0	19,000
Electric production from biomass	0	5,563	4,188	5,000	14,751	0	14,751
Wind parks abroad	0	0	20,200	27,780	47,980	0	47,980
Total investments from raised capital	23,329	34,817	104,394	124,124	286,664	13,330	273,334
Issuance expenses	13,908	0	0	0	13,908	13,908	0
Total	37,237	34,817	104,394	124,124	300,572	27,238	273,334

As evidenced in the aforementioned table, all issuance expenses are covered till 30/6/08 while in total the company for the period from 8/11/07 till 30/06/08 has issued from the raised capital (€ 300,572 thous.) the amount of € 27,238 thous.

The remaining amount of € 273,334 thous, is invested in short-term time deposits which in the financial statements are included in «Cash and cash equivalents».

According to the Company's estimation, during the second half of 2008 its investment program will be materialized at fast pace due to improvements in licensing procedures.

The chairman of the BoD	Managing Director	Chief Financial Officer
George Perdikaris	Emmanuel Maragoudakis	Konstantinos Dimopoulos
ID No. X 516918	ID No AB 986527	ID No Ξ 101797

Agreed Upon Procedures Report to the Use of Proceeds Report

To the Board of Directors of TERNA ENERGY ABETE

According to the mandate we received from the Board of Directors of TERNA ENERGY ABETE (the company) we have performed prescribed and enumerated below in accordance with the regulatory framework of the Athens Stock Exchange and the relevant legal framework of the Hellenic Capital Markets Commission with respect to the report on the usage of funds of the company which relates to the share capital increase paid in cash in 2007. The compilation of the report is the responsibility of the company's management. Our engagement was undertaken in accordance with the International Standard on Related Services "ISRS 4400" which applies to the conduct of agreed upon procedures engagements. Our responsibility is solely for performing the procedures described below and to report to you on our findings.

Procedures:

1. We compared the amounts referred to as disbursements in the accompanied 'Report on Usage of Funds from the share capital increase paid in cash with the relevant amounts recorded in the company's books and records in the respective timeframe
2. We examined the completeness of the Report and the consistency of its content with what is referred to in the relevant Prospectus issued by the company for this purpose and the relevant Company's decisions and announcements.

Findings

A) The amounts which appear, per usage or investment type, as disbursements in the accompanied 'Report on Usage of Funds from the share capital increase paid in cash are derived from the company's books and records in the respective timeframe.

B) The content of the Report includes the information which is at minimum required for this purpose from the regulatory framework of the Athens Stock Exchange and the relevant legal framework of the Hellenic Capital

Markets Committee and is consistent with what is referred to in the respective Prospectus and the relevant Company's decisions and announcements.

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

The present report is addressed exclusively to the Board of Directors of the Company, so that the later can fulfill its responsibilities in accordance with the legal framework of the Athens Stock Exchange and the relevant regulatory framework of the Hellenic Capital Markets Commission. Therefore this report is not to be used for any other purpose, since it is limited to what is referred to above and does not extend to the financial statements prepared by the Company for the financial the period from 01/01/2008 to 30/06/2008, for which we have issued a separate audit review dated 28/8/2008.

Athens August 28th 2008

Certified Auditor Accountant Certified Auditor
Accountant
Ioannis Leos
SOEL Reg No: 24881

For Grant Thornton SA
44 Vassileos Konstantinou Str, 116 35 Athens
SOEL Reg. No: 127