TERNA ENERGY SA

TERNA ENERGY GROUP

INTERIM CONDENSED FINANCIAL STATEMENTS OF THE PARENT AND THE GROUP AS AT THE 30TH SEPTEMBER 2008 IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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TERNA ENERGY SA

Societe Anonyme Commercial Technical Company
85 Mesogeion Ave., 115 26 Athens
Reg.No. 318/06/B/86/28

INTERIM CONDENSED FINANCIAL STATEMENTS OF THE PARENT AND GROUP FOR 30TH OF SEPTEMBER 2008

(1 JANUARY - 30 SEPTEMBER 2008)

ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IAS 34)

The Financial Statements were approved by the Board of Terna Energy SA on the 26th of November, 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 & MANAGING DIRECTOR
PERDIKARIS GEORGIOS	MARAGOUDAKIS EMMANUEL
THE CHIEF FINANCIAL OFFICER	THE HEAD OF ACCOUNTING
DIMOPOULOS KONSTANTINOS	MANAVERIS NIKOLAOS

TERNA ENERGY GROUP

BALANCE SHEET

30 SEPTEMBER 2008

(All amounts are in thousand euros unless otherwise stated)

	Note	GROUP		COMPANY	
		30 September 2008	**31 December 2007**	**30 September 2008**	**31 December 2007**
ASSETS					
Non-current assets					
Intangible assets	6	1,476	1,394	705	603
Tangible assets	6	199,906	162,018	79,183	71,569
Investment property		923	923	923	923
Participation in subsidiaries		-	-	35,976	29,249
Participations in associates		10	10	0	-
Participation in joint-ventures		-	-	489	489
Other long-term receivables		20,940	22,623	10,003	9,995
Other investments		1	1	1	1
Deferred tax assets		2,949	3,377	2,415	2,966
Total non-current assets		**226,205**	**190,346**	**129,695**	**115,795**
Current assets					
Inventories		1,652	1,493	900	746
Trade receivables		13,543	18,681	15,355	22,133
Prepayments and other receivables		24,061	16,349	17,709	9,542
Investments available for sale		-	-	-	-
Income tax receivables		33	767	-	566
Cash and equivalents		300,601	295,176	293,288	287,418
Total current assets		**339,890**	**332,466**	**327,252**	**320,405**
TOTAL ASSETS		**566,095**	**522,812**	**456,947**	**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		281,961	281,996	282,006	282,006
Reserves		16,626	15,333	15,016	14,248
Profit carried forward		28,485	18,536	28,735	18,828
Total		**359,872**	**348,665**	**358,557**	**347,882**
Minority interest		479	496	-	-
Total equity		**360,351**	**349,161**	**358,557**	**347,882**

Long-term liabilities					
Long-term loans	9	51,126	54,857	25,498	27,692
Other provisions	10	551	546	17	17
Provision for staff indemnities	10	36	104	36	104
Grants	11	49,192	42,630	19,085	11,654
Deferred tax liabilities	13	449	266	-	-
Total long-term liabilities		**101,354**	**98,403**	**44,636**	**39,467**
Short-term liabilities					
Suppliers		10,169	12,832	9,090	10,444
Short-term loans	9	76,079	46,966	30,940	27,429
Long-term liabilities falling due	9	7,783	6,335	3,660	3,044
Accrued and other short-term liabilities		6,224	6,899	6,094	6,125
Income tax payable		4,135	2,216	3,970	1,809
Total short-term liabilities		**104,390**	**75,248**	**53,754**	**48,851**
TOTAL LIABILITIES AND EQUITY		**566,095**	**522,812**	**456,947**	**436,200**

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

TERNA ENERGY GROUP

INCOME STATEMENT

30 SEPTEMBER 2008

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

		GROUP				COMPANY			
		1/1 - 30/9 2008	**1/7 - 30/9 2008**	**1/1 - 30/9 2007**	**1/7 - 30/9 2007**	**1/1 - 30/9 2008**	**1/7 - 30/9 2008**	**1/1 - 30/9 2007**	**1/7 - 30/9 2007**
INCOME:									
Net turnover		55,067	19,106	40,486	14,945	50,979	18,745	33,322	11,989
Cost of sales		(36,922)	(12,514)	(24,392)	(8,616)	(35,416)	(12,860)	(20,115)	(7,050)
Gross profit		**18,145**	**6,592**	**16,094**	**6,329**	**15,563**	**5,855**	**13,207**	**4,939**
Administrative and distribution expenses		(2,905)	(679)	(1,629)	(444)	(2,244)	(549)	(1,521)	(571)
Research and development expenses		(1,508)	(471)	(1,164)	(425)	(1,508)	(471)	(1,164)	(425)
Other income(expenses)	12	1,829	537	1,363	482	1,473	218	1,244	914
Net financial income/(expenses)		7,724	2,906	(2,416)	(880)	9,084	3,386	(1,163)	(427)
EARNINGS BEFORE TAX		**23,285**	**8,885**	**12,248**	**5,062**	**22,368**	**8,469**	**10,603**	**4,430**
Income tax	13	(5,888)	(2,083)	(2,951)	(1,148)	(5,532)	(2,113)	(2,756)	(993)
NET EARNINGS		**17,397**	**6,802**	**9,297**	**3,914**	**16,836**	**6,356**	**7,847**	**3,437**
Attributed to									
Shareholders of the parent		17,414	6,807	9,448	3,999	16,836	6,356	7,847	3,437
Minority interest		(17)	(5)	(151)	(85)	-	-	-	-
		17,397	**6,802**	**9,297**	**3,914**	**16,836**	**6,356**	**7,847**	**3,437**
Basic earnings per share (in Euro)									
Basic		0.1593	0.0622	0.1150	0.0487	0.1540	0.0581	0.0956	0.0419
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

TERNA ENERGY GROUP

CASH FLOW STATEMENT

30 SEPTEMBER 2008

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

	GROUP		COMPANY	
	1/1 - 30/9 2008	**1/1 - 30/9 2007**	**1/1 - 30/9 2008**	**1/1 – 30/9 2007**
Cash flow from operating activities				
Earnings before tax	23,285	12,248	22,368	10,603
Adjustments for the agreement of net flows from operating activities				
Depreciation	4,762	4,532	2,138	2,163
Valuation of investment property	-	-	-	-
Provisions	43	(109)	40	(111)
Interest and related income	(11,681)	(327)	(11,540)	(104)
Interest and other financial expenses	3,957	2,743	2,452	1,267
Results from participations and securities	-	(9)	(622)	(471)
Results from intangible and tangible fixed and investment property	-	(23)	-	(16)
Amortization of grants	(1,328)	(1,200)	(498)	(495)
Other adjustments	-	(89)	-	(78)
Operating profit before working capital changes	**19,038**	**17,766**	**14,338**	**12,758**
(Increase)/Decrease in:				
Long-term liabilities	-	-	-	-
Inventories	(158)	205	(154)	(245)
Trade receivables	5,491	(7,385)	6,778	(8,303)
Prepayments and other short term receivables	(967)	(372)	342	(87)
Increase/(Decrease) in:				
Suppliers	(2,263)	2,647	(952)	3,095
Accruals and other short term liabilities	(1,327)	(5,538)	(139)	(2,005)
(Increase)/Decrease of other long term receivables and liabilities	3	(20)	(8)	(11)
Income tax payment	(2,623)	(1,196)	(2,254)	(851)
Net cash flows from operating activities	**17,194**	**6,107**	**17,951**	**4,351**
Cash flow from investment activities				
Purchases/Sales of intangible assets	(43,109)	(40,347)	(10,256)	(21,991)
Receipt of grants	3,562	1,065	-	-
Interest and related income received	11,374	203	11,240	104
(Purchases)/sales of participations and securities	-	-	(6,532)	(429)
Share capital increase in participating companies	-	-	-	-
Receipt of dividends from investments	-	9	-	-
Investment property	-	-	-	-
Investment increase in associate company	-	-	-	-
Receipts/payments for available for sale investments	-	-	-	-
Cash outflows for investment activities	**(28,173)**	**(39,070)**	**(5,548)**	**(22,316)**

Cash flows from financial activities				
Receipt from Share capital increase	-	(521)	-	(521)
Net change of long term loans	(2,864)	1,650	(1,825)	(2,191)
Net change of short term loans	29,057	23,821	3,454	12,784
Loan payment from financial leasing	-	-	-	-
Dividends paid	(6,210)	-	(6,014)	-
Interest paid	(3,579)	(2,452)	(2,148)	(1,014)
Blocked deposits	-	-	-	-
Change of other financial receivables	-	(247)	-	-
Cash outflows for financial activities	**16,404**	**22,251**	**(6,533)**	**9,058**
Net increase/(decrease) in cash	**5,425**	**(10,712)**	**5,870**	**(8,907)**
Cash at the beginning of the period	295,176	18,689	287,418	12,296
Cash at the end of the period	**300,601**	**7,977**	**293,288**	**3,389**

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

TERNA ENERGY SA

STATEMENT OF CHANGES IN EQUITY
30 SEPTEMBER 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	-	-	6	(46)	**(40)**
Net income for the period	-	-	-	7,847	**7,847**
Total net earnings registered	**-**	**-**	**6**	**7,801**	**7,807**
Share Capital issue	6,039	-	-	(6,039)	**-**
Distribution/Taxation of reserves and profit carried forward	-	-	(373)	373	**-**
Listing expenses on the Athens Exchange	-	-	-	(390)	**(390)**
30th September 2007	**24,600**	**44**	**14,259**	**13,832**	**52,735**
1st January 2008	**32,800**	**282,006**	**14,248**	**18,828**	**347,882**
Net earnings for the period	-	-	-	16,836	16,836
Total net earnings registered	**-**	**-**	**-**	**16,836**	**16,836**
Dividends	-	-	-	(6,014)	**(6,014)**
Distribution of reserves	-	-	915	(915)	**-**
Purchase of treasury shares			(147)	-	**(147)**
30th September 2008	**32,800**	**282,006**	**15,016**	**28,735**	**358,557**

TERNA ENERGY GROUP
STATEMENT OF CHANGES IN EQUITY
30 SEPTEMBER 2008
(All amounts are expressed in thousand euros, unless otherwise stated)

	Share Capital	Share Premium	Reserves	Profit carried forward	Sub-total	Minority interest	Total
1st January 2007	**18,561**	**44**	**15,211**	**10,144**	**43,960**	**66**	**44,026**
Net earnings for the period				9,448	**9,448**	(151)	**9,297**
Profit/(Loss) valuation recorded in equity	-	-	(40)	-	**(40)**	-	**(40)**
Total net earnings registered	**-**	**-**	**(40)**	**9,448**	**9,408**	**(151)**	**9,257**
Share Capital issue	6,039	**-**	**-**	(6,039)	**-**	**319**	**319**
Distribution/Taxation of reserves and profit carried forward			212	(212)	**-**	**-**	
Listing expenses on the Athens Exchange	-	-	-	(391)	**(391)**	-	**(391)**
30th September 2007	**24,600**	**44**	**15,383**	**12,950**	**52,977**	**234**	**53,211**

TERNA ENERGY GROUP
STATEMENT OF CHANGES IN EQUITY
30 SEPTEMBER 2008
(All amounts are expressed in thousand euros, unless otherwise stated)

	Share Capital	Share Premium	Reserves	Profit carried forward	Sub-total	Minority interest	Total
1st January 2008	**32,800**	**281,996**	**15,333**	**18,536**	**348,665**	**496**	**349,161**
Net earnings for the period	-	-	-	17,414	**17,414**	(17)	**17,397**
Total net earnings registered	**-**	**-**	**-**	**17,414**	**17,414**	**(17)**	**17,397**
Dividends	**-**	**-**	**-**	(6,014)	**(6,014)**	**-**	**(6,014)**
Share Capital issue	**-**	(35)	**-**	**-**	**(35)**	**-**	**(35)**
Distribution/Taxation of reserves and profit carried forward	**-**	**-**	1,440	(1,440)	**-**	**-**	**-**
Transfers other movements		-		(11)	**(11)**	-	**(11)**
Purchase of treasury shares	**-**	**-**	(147)	-	**(147)**	**-**	**(147)**
30th September 2008	**32,800**	**281,961**	**16,626**	**28,485**	**359,872**	**479**	**360,351**

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 THE 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 preparation of the financial statements ended on September, 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 interim consolidated financial statements were approved by the Board of Directors of the Parent Company on November 26th 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 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.

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.

(Amounts in thousand Euro, unless stated otherwise)

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 30.09.2008 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**	**30/9/2008**	**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 Panormatos 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
9. EOLOS POLSKA Spzo	30.6.2008	100%	-	Production of El. Energy from RES	1

(Amounts in thousand Euro, unless stated otherwise)

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

Company Name	Establishment	Participation Percentage 30/9/2008	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

(Amounts in thousand Euro, unless stated otherwise)

Company Name	Establishment	Participation Percentage 30/9/2008	Participation Percentage 31/12/2007	Activity
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
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.

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 30/9/2008 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

(Amounts in thousand Euro, unless stated otherwise)

ii) General Partnerships and Limited Partnerships

Company Name	Establishment	Participation Percentage 30/9/2008	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 2006 included while company 2 is tax audited till 2003.

All aforementioned subsidiary 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 in Romania and Terna Overseas LTD established in Cyprus and EOLOS POLSKA Spzo established in Poland.

C) Associates of TERNA ENERGY ABETE

Name	Country	Participations percentage % 30/9/2008	31/12/2007	Consolidation method	Unaudited tax years
Renewable Energy Center Kykladon SA *	Greece	45	45	Equity method	2

* Participation through IWECO 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:

(Amounts in thousand Euro, unless stated otherwise)

Period 1/1 – 30/09/2008	**SECTOR OF ACTIVITY**				
	Construction	**Electricity from renewable energy sources**	**Non-allocated**	**Consolidation Write-offs**	**Consolidated totals**
Sales of the sector	41,506	16,561			58,067
Less: intra-sector sales	3,000			(3,000)	
Sales to external customers	38,506	16,561			55,067
Earnings before tax, interest and depreciation (EBIDTA)	7,920	11,075	-	-	18,995
Earnings before interest and tax (EBIT)	7,859	7,702	-	-	15,561

Period 1/1 – 30/09/2007	**SECTOR OF ACTIVITY**				
	Construction	**Electricity from renewable energy sources**	**Non-allocated**	**Consolidation Write-offs**	**Consolidated totals**
Sales of the sector	26,854	15,581	-	-	42,435
Less: intra-sector sales	1,949	-	-	(1,949)	-
Sales to external customers	24,905	15,581	-		40,486
Earnings before tax, interest and depreciation (EBIDTA)	7,310	10,664	22	-	17,996
Earnings before interest and tax (EBIT)	7,235	7,407	22	-	14,664

(Amounts in thousand Euro, unless stated otherwise)

6 FIXED ASSETS (intangible and tangible)

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	42,732	40,659	9,853	25,128
Sales for the period	-	(396)	-	(51)
Depreciation and other changes for the period	(4,762)	(4,426)	(2,137)	(5,156)
Net book value 30th of September	**201,382**	**152,406**	**79,888**	**63,976**

7 SHARE CAPITAL

During the period 1/1-30/09/2008 the number of shares and their nominal value remained unchanged. The difference from share premium account decreased by € 35, amount related to issuance expenses for the share capital increase of subsidiaries. During the period 1/1-30/09/2007 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 30/9/2007 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 30/9/2008 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	
	30/9/2008	**30/9/2007**	**30/9/2008**	**30/9/2007**
Net earnings attributed to shareholders of the parent	**17,397**	**9,448**	**16,836**	**7,847**
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)	**0.1593**	**0.1150**	**0.1540**	**0.0956**

(Amounts 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 30/09/2008 and 30/09/2007 is as follows:

	GROUP		COMPANY	
	2008	2007	2008	2007
Balance, 1st of January	**108,158**	**65,973**	**58,165**	**33,207**
New loans	44,644	39,739	7,500	12,784
Repayments	(17,814)	(14,268)	(5,567)	(2,190)
Balance 30th of September	**134,988**	**91,444**	**60,098**	**43,801**

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 30/09/2008 and 30/09/2007 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	45	30	40	26
Additional provisions charged in assets	-	-	-	-
Non-used provisions transferred in income statements	-	-	-	-
Non-used provisions transferred in assets	-	-	-	-
Used provisions	(108)	(20)	(108)	(20)
Balance 30th of September	**587**	**640**	**53**	**111**

11 GRANTS

The summary change in grants at 30/09/2008 and 30/09/2007 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	7,890	10,560	7,929	2,136
Transfer of a proportion in income statement	(1,328)	(1,200)	(498)	(495)
Balance at 30th of September	**49,192**	**43,180**	**19,085**	**11,822**

(Amounts in thousand Euro, unless stated otherwise)

12 OTHER INCOME/EXPENSES

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

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
Amortization of grants	1,328	1,200	498	495
Income from leasing of machines	38	22	38	22
Income from property renting	41	51	41	51
Income from dividends	-	9	622	471
Other income	426	248	278	207
Other expenses	(4)	(167)	(4)	(2)
Total	**1,829**	**1,363**	**1,473**	**1,244**

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 30/09/2008 was 25.3% for the group and for the company was 24.7%.

14 AVERAGE NUMBER OF EMPLOYEES

The average number of employees for the group and the company at 30/9/2008 and 30/9/2007 is analyzed as follows:

	GROUP		COMPANY	
	30/9/2008	**30/9/2007**	**30/9/2008**	**30/6/2007**
Average number of Employees				
Payroll	106	77	101	75
Wage-earners	67	50	66	50
Total	**173**	**127**	**167**	**125**

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 30/09/2008.

(Amounts in thousand Euro, unless stated otherwise)

16 TRANSACTIONS WITH RELATED PARTIES

The transactions and balances of the Company and the Group for the period 01/01-30/09/2008 and 01/01-30/9/2007 as well as the balances of receivables and liabilities emerged from these transactions at 30/09/2008 and 30/09/2007 are as follows:

Period 1/1-30/9/2008	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit balance**	**Credit balance**	**Sales**	**Purchases**	**Debit balance**	**Credit balance**
Subsidiaries	-	-	-	-	1,579	-	1,707	-
Joint ventures	-	-	-	-	162	-	1,526	315
Parent-TERNA SA	5,174	7,401	4,459	919	5,174	3,034	4,351	401
Other related parties	-	3,966	232	155	-	1,024	25	136
Management	-	801	-	552	-	581	-	332

Period 1/1-30/9/2007	**GROUP**				**COMPANY**			
Related party	**Sales**	**Purchases**	**Debit balance**	**Credit balance**	**Sales**	**Purchases**	**Debit balance**	**Credit balance**
Subsidiaries	-	-	-	-	391	-	5,944	37
Joint ventures	-	-	-	-	435	-	1,277	368
Parent-TERNA SA	-	10,061	1,298	4,739	-	4,997	888	3,804
Other related parties	33	1,606	2,335	773	33	1,265	2,103	690
Management	-	112	-	300	-	112	-	300

17 EVENTS AFTER THE BALANCE SHEET DATE

During October 2008, the construction and interconnection was completed for the Company’s Wind Park located at the Louzes-Agathaki-Rigani position in the Prefecture of Aitoloakarnania, with a total capacity of 24MW.

18 CONTINGENT LIABILTIIES

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 case:

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 February 2009 the Council of State has order a pause on the building works for 17 out of 40 wind mills.

DATA AND INFORMATION FOR THE PERIOD

TERNA ENERGY SA

TERNA ENERGY SA

SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY

DATA AND INFORMATION FOR THE PERIOD FROM 01/01/2008 TO 30/09/2008

(Published according to Decision No. 6/448/11.10.2007 by the Board of Directors of the Hellenic Capital Market Commission)

The following figures and information that arise from the financial statements, aim at providing general information for the financial position and results of the company "TERNA ENERGY SA" and its Group. Therefore, before proceeding with any kind of investment decision or any other transaction with the company, readers should refer to the company's website, where the financial statements are posted, as well as the review report by the certified auditor accountant, when required.

Address of the company's registered office	85 Mesogeion Avenue, 11526 Athens
SA Register Number:	318/06/B/86/28
Appropriate Prefecture:	Ministry of Development, General Secretariat of Commerce, General Division of domestic Commerce, S.A. and Credit Department, Division A.
Board of Directors Composition:	Chairman: Georgios Perdikaris Vice-Chairman & Managing Director: Emmanouil Maragoudakis, Members: Panagiotis Pothos, Michael Gourzis, Georgios Spyrou, Theodoros Tagas, Grigoris Charalambopoulos (non-executive member), Aristeidis Dasis, Maria Kaltsa (independent non-executive members)
Approval date of the Interim Financial Statements (which are the basis of the condensed financial data):	26 November 2008
Type of audit	Unaudited interim financial statement
Web-site Address:	www.terna-energy.gr

BALANCE SHEET

Amounts in thousand euro

	CONSOLIDATED		COMPANY	
	30/9/08	31/12/07	30/9/08	31/12/07
ASSETS				
Self used tangible fixed assets	199.906	162.018	79.183	71.569
Investment property	923	923	923	923
Intangible assets	1.476	1.394	705	603
Other non-current assets	23.900	26.011	48.884	42.700
Inventories	1.652	1.493	900	746
Trade receivables	13.543	18.681	15.355	22.133
Other current assets	324.695	312.292	310.997	297.526
TOTAL ASSETS	**566.095**	**522.812**	**456.947**	**436.200**
EQUITY & LIABILITIES				
Share capital	32.800	32.800	32.800	32.800
Other equity	327.072	315.865	325.757	315.082
Total Net Position of company shareholders	359.872	348.665	358.557	347.882
Minority interest	479	496	0	0
Total Net Position	**360.351**	**349.161**	**358.557**	**347.882**
Long-term loans	51.126	54.857	25.498	27.692
Provisions/Other-long-term liabilities	50.228	43.546	19.138	11.775
Short-term bank liabilities	76.079	46.966	30.940	27.429
Other-short-term liabilities	28.311	28.282	22.814	21.422
Total liabilities	**205.744**	**173.651**	**98.390**	**88.318**
TOTAL LIABILITIES AND EQUITY	**566.095**	**522.812**	**456.947**	**436.200**

INCOME STATEMENT

Amounts in thousand euro

	CONSOLIDATED				COMPANY			
	1/1-30/9/08	1/7-30/9/08	1/1-30/9/07	1/7-30/9/07	1/1-30/9/08	1/7-30/9/08	1/1-30/9/07	1/7-30/9/07
Turnover	55.067	19.106	40.486	14.945	50.979	18.745	33.322	11.989
Gross profit	18.145	6.592	16.094	6.329	15.563	5.855	13.207	4.939
Profit/(Loss) before tax, financial and investment results (EBIT)	15.561	5.979	14.664	5.942	13.284	5.083	11.766	4.857
Profit/(Loss) before tax	23.285	8.885	12.248	5.062	22.368	8.469	10.603	4.430
Profit/(Loss) after tax	17.397	6.802	9.297	3.914	16.836	6.356	7.847	3.437
Attributable to:								
Shareholders of the company	17.414	6.807	9.448	3.999	16.836	6.356	7.847	3.437
Minority interest	(17)	(5)	(151)	(85)	0	0	0	0
	17.397	6.802	9.297	3.914	16.836	6.356	7.847	3.437
Earnings after tax per share - basic (in €)	**0,1593**	**0,0622**	**0,1150**	**0,0487**	**0,1540**	**0,0581**	**0,0956**	**0,0419**
Profit/(Loss) before tax, financial and investment results and depreciation (EBITDA)	**18.995**	**7.170**	**17.996**	**7.116**	**14.924**	**5.658**	**13.434**	**5.460**

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euro

	CONSOLIDATED		COMPANY	
	30/9/08	30/9/07	30/9/08	30/9/07
Equity at the beginning of the period (01/01/2008 and 01/01/2007 respectively)	349.161	44.026	347.882	45.318
Profit / (loss) for the period, after tax (ongoing and suspended activities)	17.397	9.297	16.836	7.847
Profit / (loss) from valuation registered directly in equity	0	(40)	0	(40)
Increase/(Decrease) of share capital	(35)	319	0	0
Distributed dividends	(6.014)	0	(6.014)	0
Transfers other movements	(11)	0	0	0
Purchases/(sales) of treasury shares	(147)	0	(147)	0
Expenses for listing on the Athens Exchange	0	(391)	0	(390)
Equity at the end of the period (30/9/08 and 30/9/07)	**360.351**	**53.211**	**358.557**	**52.735**

CASH FLOW STATEMENT (indirect method)

Amounts in thousand euro

	CONSOLIDATED		COMPANY	
	1/1-30/9/08	1/1-30/9/07	1/1-30/9/08	1/1-30/9/07
Operating activities				
Profit before tax	23.285	12.248	22.368	10.603
Plus/less adjustments for:				
Depreciation	4.762	4.532	2.138	2.163
Provisions	43	(109)	40	(111)
Results (income, expenses, profit and loss) from inves	0	(32)	(622)	(487)
Interest income and related income	(11.681)	(327)	(11.540)	(104)
Interest expenses and related expenses	3.957	2.743	2.452	1.267
Other adjustments	0	(89)	0	(78)
Amortization of grants	(1.328)	(1.200)	(498)	(495)
Plus/Less adjustments for working capital account movements or movements related to operating activities:				
Decrease / (increase) in inventories	(158)	205	(154)	(245)
Decrease / (increase) in receivables	4.524	(7.757)	7.120	(8.390)
(Decrease) / increase in liabilities (other than to banks)	(3.587)	(2.911)	(1.099)	1.079
(Less):				
Taxes paid	(2.623)	(1.196)	(2.254)	(851)
Total inflows / (outflows) from operating activities (a)	**17.194**	**6.107**	**17.951**	**4.351**
Investing activities				
(Purchases) / sales of tangible & intangible assets	(43.109)	(40.347)	(10.256)	(21.991)
Collection of grants	3.562	1.065	0	0
Interest and related income received	11.374	203	11.240	104
Dividends received	0	9	0	0
Purchases/sales of participations and securities	0	0	(6.532)	(429)
Total inflows / (outflows) from investing activities (b)	**(28.173)**	**(39.070)**	**(5.548)**	**(22.316)**
Financing activities				
Receipts from share capital increase	0	(521)	0	(521)
Net change in long-term loans	(2.864)	1.650	(1.825)	(2.191)
Net change in short-term loans	29.057	23.821	3.454	12.784
Dividends paid	(6.210)	0	(6.014)	0
Interest paid	(3.579)	(2.452)	(2.148)	(1.014)
Changes in other financial assets	0	(247)	0	0
Total inflows / (outflows) from financing activities (c)	**16.404**	**22.251**	**(6.533)**	**9.058**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**5.425**	**(10.712)**	**5.870**	**(8.907)**
Cash and cash equivalents at the beginning of the period	**295.176**	**18.689**	**287.418**	**12.296**
Cash and cash equivalents at the end of the period	**300.601**	**7.977**	**293.288**	**3.389**

ADDITIONAL DATA AND INFORMATION

1. There was no change in the accounting policies and estimations.

2. The Basic Accounting Principles of the financial statements as of 31/12/2007 have been followed.

3. The company, during the present and previous period, employed the following staff:

	GROUP		COMPANY	
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
FULL TIME EMPLOYEES	106	77	101	75
DAY-WAGE EMPLOYEES	67	50	66	50
	173	127	167	125

4. The Company has been audited by the tax authorities up to the fiscal year 2005 included. The tax un-audited fiscal years of the group's other companies and joint ventures are presented in detail in note No 4 of the financial statements.

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

	GROUP	COMPANY
Provisions for tax un-audited fiscal years	150	100
Provisions for judicial or under arbitration cases	406	271
Other provisions	451	53

6. The financial statements of the group are included in the consolidated financial statements of TERNA SA group and are consolidated with the full consolidation method. The aforementioned parent is based in Greece and on 30/9/2008 owned 47.407% of the company's share capital.

7. The amounts of sales and purchases (goods and services) cumulatively from the beginning of the period and the balances of receivables and liabilities of the company at the end of the present period, that have emerged from its transactions with affiliated parties, as such are defined by IAS 24, are as follows:

	GROUP	COMPANY
a) Sales of goods and services	5.174	6.915
b) Purchases of goods and services	11.367	4.058
c) Receivables	4.691	7.609
d) Liabilities	1.074	852
e) Transactions & remuneration of BoD and executives	801	581
f) Receivables from BoD members and executives	-	-
g) Liabilities to BoD members and executives	552	332

8. The names of companies and joint ventures incorporated in the financial statements of 30/9/2008 are presented in detail in note No 4 of the financial statements.
During the 9M period of 2008 the following companies were incorporated in the consolidated financial statements in relation to the respective period of the last year with the full consolidation method: the company EOL TECHNICS CONSULT SRL (1st consolidation 31/12/2007), the company TERNA ENERGY OVERSEAS LTD (1st consolidation 30/6/2008), the company EOLOS POLSKA Spzo (1st consolidation 30/9/2008)

9. The number and acquisition cost of the total shares of the parent owned by itself (treasury shares) on 30/9/2008 corresponds to 34,310 shares with acquisition cost of 147,148.14€

Athens, 26/11/2008

THE BoD CHAIRMAN	THE MANAGING DIRECTOR	THE FINANCE DIRECTOR	THE HEAD ACCOUNTANT
PERDIKARIS GEORGIOS ID No.: X516918	MARAGOUDAKIS EMMANOUIL ID No.: AB986527	KONSTANTINOS DIMOPOULOS ID No.: Ξ101797 LICENSE Reg. No.: O.E.E 31046	MANAVERIS NIKOLAOS ID No.:AE567798 License Reg. No. :9674 A CLASS