GEK GROUP

ANNUAL FINANCIAL STATEMENTS OF THE GROUP
AS AT THE 31ST OF DECEMBER 2005
IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

CONTENTS

CONSOLIDATED MANAGEMENT REPORT
OF THE BOARD OF DIRECTORS
of the Company
GEK HOLDING, REAL ESTATE CONSTRUCTION SOCIETE ANONYME
For its activities during the fiscal year 1/1-31/12/2005

Dear Shareholders,

The year 2005 was a year during which the successfully diverse activities of the Group have become fruitful. The increased contribution of the Real Estate and Energy sectors in the Group's profitability compensated for the temporary decrease in the construction activities following the end of the Olympic Games.

The Group's dynamic is strengthened and, combined with the considerable cash flow and the increased available funds, allows us to efficiently seize the investment opportunities in its fields of activities.

Taking into consideration that the Company first started to apply the International Accounting Standards in the year 2005, the consolidated financial report is as following:

The Consolidated Turn Over amounted to 274 Million Euros approximately, compared to 425 Million Euros of the fiscal year 2004, decreased by 35%, due to the reduction in the construction activities.

The Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) amounted to 63,9 Million Euros, decreased by 26,8% compared to the fiscal year 2004. The decrease in the Group's EBITDA is due to the decline in the works in the construction sector, which decline was partially offset by the contribution of the Real Estate and Energy sectors. These sectors now constitute a substantial factor for the Group's EBITDA.

The Profits before Taxes and minority rights' amounted to 38.6 Million Euros, compared to 109 million Euros in 2004.

It is stressed out that an amount of 43,3 Million Euros of the previous profits regards an extraordinary (non repeated) profit from the merger of G.E.K. S.A. with HERMES S.A. On a comparative basis (the said extraordinary profit being deducted), the decrease in the Profits before Taxes reaches 41%.

The cash equity of the parent company GEK S.A. on 31/12/2005 amounted approximately to 51,8 Million Euros, reflecting the Group's capability to successfully seize the investment opportunities which occur.
The equity of the Group was strengthened as its Equity amounted to 365 Million Euros, compared to 326 Million Euros of the previous year.

The financial strength and the exceptional prospects of the Group, combined with its investment plans, allow the Board of Directors of GEK to propose as dividend a total amount of Euros 7.855.603, thus 0,12 cents per share.

Dear Shareholders,

The GEK Group specializes in 3 business sectors: the Construction of Public and Private Projects, Real Estate and Energy, and is also present in the Concessions' sector, expecting soon to become more active by undertaking Built - Operate – Transfer (B.O.T.) projects. At the same time, the Group is present in the industrial sector, which is supplementary to the above sectors.

Please find below a brief presentation of the said sectors:

<u>Construction Sector</u>

TERNA S.A. is in the center of the construction activity of the Group, possessing the supreme diploma for contracting companies of 7^{TH} rank, while at the same time it also possesses, through its subsidiaries, diplomas of the 6^{TH} and 4^{TH} ranks.

TERNA is currently one of the most significant Greek construction companies and has already established its position in public and private projects in Greece. Additionally, it has become very active abroad, especially in the Balkans.

Moreover, TERNA will be the construction company in considerable B.O.T. projects, for which GEK has bided as the concessionaire company.

The remaining price of the contracts signed by TERNA in Greece and abroad amounted, at the end of the year 2005, approximately to 400 million Euros.

Starting from the middle of the year 2005, the construction activity in Greece has accelerated, after a pause upon termination of the Olympic Games.

At the same time, the successful establishment of TERNA in the Construction Market of the Balkan makes the Group optimistic about increasing its business in the specific area, taking into consideration the imminent incorporation of the said countries in the European Union and the increase of their investments on infrastructures using European Funds. The total amount of the contracts already signed in southeastern Europe amounts to 175 Million Euros.

In addition to the above, Concession Road Projects are expected to boost our construction activities; For example, the amount of the Tenders, in which the Group has participated with the Spanish Groups FERROVIAL – CINTRA and ACS – DRAGADOS, exceeds 6 billion Euros.

Based on the above, we have high expectations from the construction sector of the Group, because we consider that the year 2006 will be a year during which the construction activity of the Group will improve.

On a consolidated level, TERNA's Turnover amounted to 245,2 Million Euros, compared to 427,9 Million Euros, decreased by 42,7%, whereas the Profits before Taxes and Minority Rights amounted to 23 Million Euros, instead of to 64 Million Euros, reduced by 64%.

The Net Profits after Taxes and Minority Rights amounted to 13,8 Million Euros.

The total Assets amounted to 468 million Euros whereas the Equity now amounts to 180,1million Euros.

Energy Sector

The Group's energy sector includes two main subsidiary companies, **TERNA ENERGY S.A.** and **HERON THERMOELECTRIC S.A.,** active in the fields of renewable energy sources and thermal power plants respectively.

TERNA ENERGY has already constructed and operates 7 Wind Parks in Evia, Thrace and Crete of total power of 85 MW. In the end of year 2006, the total power capacity is expected to reach 170 MW. The income from the operation of the Wind Parks amounted, during the year 2005, to 10,3 Million Euros, and in the forthcoming years the operation of the new units will multiply our income from this sector.

In the fields of the thermal power plants, as you may already know, our Group is the first private Greek Group to construct and operate a thermal power plant. It is a power plant operating with natural gas of 147 MW output (with a possibility to increase to 200 MW) in the area of Viotia. Our subsidiary HERON S.A. operates and manages the plant, the income from which during the year 2005 amounted to 31,4 Million Euros.

At the same time, the Group has a production permit for a larger thermal power plant of combined cycle on natural gas of 400 MW, and we wait for the finalization of the legal frame in order to proceed to the said investment, which will increase our power output to 600 MW.

Real Estate Development Sector

The outcome of our activities in Real Estate during year 2005 was considerably higher compared to the previous year, and consequently greatly contributed in the Group's profitability. Specifically, the Consolidated Turnover of this sector amounted to 30,75 million Euros and the Earnings before Taxes to 12,4 million Euros.

Notwithstanding the importance of the sales in completed real estate developments, considerable progress was also made in new investments during year 2005, the most important of which are the following:

- **Monastiriou S.A.**

GEK participates by 50% in Monastiriou S.A., which possesses a plot of land of 28.000 sq.m. in Thessaloniki, on which it constructs multi levelled blocks of flats. During 2005, this company made a profit of 1 million Euros.

- **Palaia Entertaining center in Volos (Louli Mills)**

In December 2005 the opening of the Entertaining center in the area "Palaia" at the municipality of Volos took place.
The Entertaining center has a multiplex cinema of 6 halls leased to "Village", as well as Bowling Center, coffee shops etc. The results of the first months of operation of the Center are rather encouraging, with further improvement expected during this year.

- **Mediterra Villas Complex in Paros**

At the beginning of 2006 the construction of a complex of 38 houses developed on a plot of 58,000 sq.m. was completed. Noteworthy sales have already been made and many more are expected to take place in the summer.

- **IOLKOS SA**

Considerable progress was made in the works and the development of the Group in the Cultural and Entertainment center in the ex "Plinthokeramopoiio Tsalapata" in Volos. During 2005 the largest part of the works was completed, whereas almost 60% of the available premises were leased. Shortly the construction will be completed and the leases will improve.

- **TERNA-BIOTER PARTNERSHIP**

In the middle of 2005 the development of an office building which the company undertook by NAT with an Undertaking Agreement in co-operation with BIOTER (50% - 50%) was completed. All the office spaces have already been sold as well as 50% of the shops on the ground floor. Currently, negotiations are being conducted for the sale of the rest of the shopping spaces on the ground floor of the building.

- **VIPA Thessaloniki**,

In the year 2005 our participation in VIPA Thessaloniki was strengthened in a considerable way by acquiring the rest 51% of the shares. As a result, our participation in the said company is now 100%.

This company has undertaken the development of the first Private Industrial Park in the area of Kato Gefyra in Thessaloniki, for the establishment of which the necessary townplanning approvals have been granted as well as the approval of financing of part of the project by the third EU Support Fund. Within the next months the construction of the infrastructure works is expected to begin, which will be completed at the end of year 2007.

Additionally, GEK possesses a participation in a wide portfolio of real estate projects of all categories with a significant commercial value through special purpose companies.
The most important participations of the Group are:

- **KEKROPS S.A.**, a listed company active mainly in the development of luxurious residences.
- **IOANNINON PSICHAGOGIKI ANAPTIXIAKI S.A.,** a Company which constructed, manages and operates an Entertainment Park in the city of Ioannina,
- **KRITIKES DIAKOPES SA**, with the Mantonakaki group of companies as partner, the development of an area of 106.000 sq.m. in the area of Elounta in Crete, which this company possesses, is planned.
- **GEKA S.A. ,** with the Piraeus Bank Group as partner, we participate in the company GEKA which owns various real estate with a commercial value of more than 41 million €.
- Participation by 10% in the companies **EUROTERRA S.A., ABIES S.A., REBIKAT S.A.** and by 5,7% in **ASPIS ESTIA S.A.,** which own plots having a total area of 170.000 sq.m. in Lavreotiki.
- **DIKEVE SA**, 100% subsidiary of TERNA SA, it owns warehouses of 24,000 sq.m. in the area of VIPE in Sindos, already leased, and at the same time the development of new warehouses in the neighboring privately owned plot of 127,000 sq.m. is examined.

Real Estate activity abroad

On parallel, our efforts were directed to the development of our already acquired land and, moreover, to the further enlargement of our portfolio. The recent property acquisitions in strategic positions of Bulgaria's capital, Sofia, and in the Bulgarian county are towards this direction. We estimate that this property will create significant value, and moreover, the opportunity for further future developments.
Regarding the acquired land, the design is already elaborated and the construction of residential development will start within the coming months in Boyana (Sofia). The same applies for the above mentioned plot in Bulgaria Avenue, where offices, stores and houses will be built. These projects will enhance Group's profitability for the current year.

Concession Projects/ PFI Projects

The Group is already active in concession projects, having participated in the financing, construction and operation of underground garages in various cities and having been pre-qualified for the most significant concession tenders.
Specifically, the Group through the Group Hellenic Autopistas, in collaboration with the companies CINTRA and ACS, has tendered for the construction and operation of 4 major road axes in the country.
More specifically, the Group ahs already submitted a financial offer for one of the four biggest motorway concession projects, whereas by the end of this year the submission of financial offers for the rest of the three tenders is expected.

As far as the activity in the fields of operation of parking stations is concerned, GEK Group continues its strategic development in this field.

In particular, the Group holds a 20% participation in ATHENS PARKING STATIONS S.A, a company that operates 4 stations in the centre of Athens and are fully operational since March 2005, a 30% participation OLP stations, a company that operates the station in front of OLP Exhibition Center, which, in turn, is operational since previous March. Also, the group paarticipates with 50% OYIL SA, which operates a parking station in the centre of Larissa and commenced operation in December 2005.
In addition to the above mentioned stations which are already in operation, the Group participates with 50% Salonika Park, a company that currently builds and will operate 2 stations in Thessalonica. Finally, the group owns 100% of HEIRON S.A, a company that builds an will operate a parking station with additional commercial stores in the centre of Volos.

Industrial field

The Group's industrial activities are supplementary to the main activities, offering a vertical organization of our works but also co – operations and at the same time performing a considerable commercial activity.

The Group has three main units in the industrial field, GEKE AEVE (a modern factory of production of wooden items), the company **VIOMEK (**for special metallic items) and **STROTIRES AEVE** [for production of sleepers from prestressed concrete on which the rail tracks are put].

In addition, the Group has two mines, of strategic importance, in the area of Larissa and Fthiotida.

Dear Shareholders,

During the year 2005 the Group continued its dynamic course in the fields in which it has been established, and the successful diversification of our activities counterbalanced the temporary weakness of the construction sector.

The fact that the Group faithfully implements its strategic plans and abides by the goals set as well as the effective efforts of our human resources are the main factors of our success.

We address the gratitude of the B.O.D. to the Personnel, the Executives and our Collaborators for their crucial contribution and their zeal.

In addition, we thank our Clients, our Suppliers and the Banks we collaborate with, for their cooperation, and you, the Shareholders, for your trust.

Athens, 28 March of 2006
The Board of Directors

GEK GROUP

BALANCE SHEET

31st of DECEMBER 2005

(All amounts in thousands of euros, unless otherwise stated)

	Note	December 31st 2005	December 31st 2004
ASSETS			
Long-term assets			
Intangible fixed assets	**6**	5.861	6.173
Tangible fixed assets	**7**	204.615	199.292
Investment property	**8**	77.227	59.739
Participations in associates	**5, 9**	9.059	10.061
Other long-term assets		285	347
Deferred income tax asset	**20**	7.385	7.171
Total long-term assets		**304.432**	**282.783**
Current assets:			
Inventories	**10**	59.569	63.499
Trade receivables	**11**	162.924	240.015
Prepayments and other claims	**11**	45.913	53.840
Other financial assets	**13**	23.493	20.550
Cash and cash equivalents	**14**	104.179	83.786
Total current assets		**396.078**	**461.690**
TOTAL ASSETS		**700.510**	**744.473**
EQUITY & LIABILITIES			
Equity attributable to the shareholders of the parent			
Share capital	**21**	23.567	23.567
Share premium account		170.410	170.410
Reserves		56.245	41.418
Profit carried forward		14.949	8.761
Total		**265.171**	**244.156**
Minority rights		100.125	82.300
Total equity		**365.296**	**326.456**

Long term liabilities:			
Long-term loans	**15**	68.957	51.008
Loans from finance leases	**15**	30.860	40.277
Other long-term liabilities		737	5.722
Provisions		2.406	3.374
Provisions for staff indemnities	**16**	1.495	1.380
Grants	**17**	16.087	12.822
Deferred tax liabilities	**20**	5.065	3.109
Total long term liabilities		**125.607**	**117.692**
Short term liabilities:			
Suppliers	**18**	90.642	127.826
Short term loans	**19**	82.129	127.851
Long term loans payable during the next financial year	**15**	3.669	2.928
Accrued and other short term liabilities	**18**	32.558	38.970
Income tax payable		609	2.750
Total short term liabilities		**209.607**	**300.325**
TOTAL LIABILITIES & EQUITY		**700.510**	**744.473**
		-	**-**

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

GEK GROUP
INCOME STATEMENT
FOR THE PERIOD ENDED ON THE 31st of DECEMBER 2005
(All amounts are in thousands of euros, except the shares figures)

	Note	1.1 - 31.12 2005	1.1 - 31.12 2004
INCOME:			
Net sales	**22**	274.188	425.860
Cost of sales	**23**	(213.053)	(334.381)
Gross profit		**61.135**	**91.479**
Administration and Distribution expenses	**23**	(26.344)	(24.339)
Other income / (expenses)	**24**	6.047	6.727
Profit from the sale of subsidiaries		7.734	0
Net financial income/(expense)	**25**	(10.204)	(6.334)
Profit/(Loss) from the sale and valuation of participations and other investments		(1.316)	(1.924)
Revenue from participations and other investments		2.913	1.246
Profit / (loss) from associates valued at equity		(1.365)	(1.044)
Gains from negative goodwill of absorbed company	**31**	0	43.351
PROFIT BEFORE TAX		**38.600**	**109.162**
Income tax	**20**	(12.303)	(19.745)
NET PROFIT		**26.297**	**89.417**
Attributable to:			
Shareholders of the parent company		18.770	74.150
Minority rights		7.527	15.267
		26.297	**89.417**
Earnings per share (in euro)			
Basic		0,29	1,13
Diluted			
Weighted average number of shares (basic and diluted)			
Basic		65.463.360	65.463.360
Diluted			

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

GEK GROUP
CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON THE 31st of DECEMBER 2005

(All amounts in thousands of euros, unless otherwise stated)

	1.1 - 31.12 2005	1.1 - 31.12 2004
Cash flow from operating activities		
Profit before tax	38.600	109.162
Adjustments for the agreement of the net flows from the operating activities		
Depreciation	14.836	12.761
Provisions	(853)	(2.487)
Interest and related revenue	(1.351)	(806)
Negative goodwill from the acquisition of Ermis	0	(43.351)
Interest and other financial expenses	11.555	7.919
Profit from the sale of subsidiaries	(7.734)	0
(Profit)/Loss from the sale and valuation of participations	2.681	2.968
Amortisation of grants	(1.154)	(1.221)
Operating profit before changes in working capital	**56.580**	**84.945**
(Increase)/Decrease in:		
Inventories	3.238	(7.716)
Trade receivables	78.665	(64.349)
Prepayments and other short term receivables	7.754	1.585
Increase/(Decrease) in:		
Suppliers	(42.169)	35.469
Accruals and other short term liabilities	(5.070)	(10.676)
Collection of grants	4.419	1.854
(Increase)/Decrease of other long term claims	62	(32)
Tax payments	(12.602)	(23.907)
Cash inflow from operating activities	**90.877**	**17.173**
Cash flow from investing activities:		
Purchase of tangible fixed assets	(19.825)	(100.984)
Sale of tangible fixed assets	0	4.029
Purchase of intangible assets	(84)	(48)
Interest and related income received	1.351	806
(Purchases) / Income from the sale of participations and securities	33.711	(9.978)
Cash balances and other flows of absorbed company	1.006	8.470
Investment property	(17.488)	(1.414)
Cash outflows for investment activities	**(1.329)**	**(99.119)**

Cash flows from financial activities		
Net change of short term loans	(47.391)	77.864
Withdrawals/(Payments) from long term loans	15.172	18.817
Loan payments for finance leases	(9.417)	31.591
Dividends paid to the shareholders of the parent	(7.856)	(4.990)
Dividends paid to minority shareholders	(5.165)	(3.742)
Interest paid	(11.555)	(7.919)
Change of other financial receivables	(2.943)	23.783
Cash outflows for financial activities	**(69.155)**	**135.404**
Effect of exchange rate movements on cash holdings	0	0
Net increase of cash	**20.393**	**53.458**
Cash at the beginning of the period	83.786	30.328
Cash at the end of the period	**104.179**	**83.786**
	0	0

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

GEK GROUP
STATEMENT OF CHANGES IN EQUITY
31st of December 2005
(All amounts in thousands of euros, unless otherwise stated)

	Amounts attributable to the Shareholders of the Parent Company						
	Share Capital	**Share Premium Account**	**Reserves**	**Profits Carried Forward**	**Sub Total**	**Minority Rights**	**Total**
January 1st 2004 - Opening Balances	16.632	77.588	29.469	(10.805)	112.884	57.841	170.725
Net profit for the year	-	-	-	74.150	74.150	15.268	89.418
Payment of parent dividend	-	-	-	(4.990)	(4.990)	-	(4.990)
Dividend paid to minority shareholders	-	-	-		-	(3.742)	(3.742)
Distribution of Reserves	-	-	1.320	(1.320)	-	-	-
Merger of ERMIS	6.935	92.822	10.629	(33.813)	76.573	9.113	85.686
Increase in the participation percentage of a consolidated subsidiary	-	-	-	(8.805)	(8.805)	(1.173)	(9.978)
Share capital increase of a subsidiary (IRON)	-	-	-	-	-	1.760	1.760
Transfers - Other movements recorded directly to equity	-	-	-	(5.656)	(5.656)	3.233	(2.423)
December 31st 2004	23.567	170.410	41.418	8.761	244.156	82.300	326.456

Net profit for the year	-	-	-	18.770	18.770	7.527	26.297
Decrease in the participation percentage of a consolidated subsidiary	-	-	-	11.858	11.858	14.089	25.947
Payment of parent dividend	-	-	-	(7.856)	(7.856)	-	(7.856)
Dividend paid to minority shareholders	-	-	-	-	-	(5.165)	(5.165)
Distribution of Reserves	-	-	16.257	(16.257)	-	-	-
Initial consolidations from the consolidation of companies	-	-	23	(327)	(304)	-	(304)
Share capital increase of subsidiaries (IRON-IOANNINON)	-	-	-	-	-	1.374	1.374
Transfers - Other movements recorded directly to equity	-	-	(1.453)	-	(1.453)	-	(1.453)
December 31st 2005	23.567	170.410	56.245	14.949	265.171	100.125	365.296

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY:

"**GEK Holdings, Real Estate, Construction CO S.A**.", as renamed from ERMIS REAL ESTATE S.A. according to the decision of the Extraordinary General Shareholders' Meeting on 15.10.2004 and approved by the No. K2-13956/3-10-04 decision of the Ministry of Development published in the Government Gazette with No. 14334/3-12-04, is registered in the Societe Anonyme Registry of the Ministry of Development with Registration number 6044/06/B/86/142. The duration of the company has been set to thirty (30) years, while according to the decision of the Extraordinary General Shareholders' Meeting on 26.03.1990 the duration of the company is extended up to the 31st of December 2030. The company is based in the municipality of Athens and its head offices are located in 85 Mesogeion Avenue, Postal Code 11526, Athens (tel: 210-6968200), following the decision of its Board of Directors on the 14th of March 2003.

The company was founded in 1960 under the name ERMIS HOTEL ENTERPRISES S.A.. In the middle of the 1960s it was renamed to ERMIS REAL ESTATE CONSTRUCTIONS ENTERPRISES S.A. with its main activity being building constructions (ERMIS mansion, apartment buildings and maisonettes in various areas across the country). In 1969, the company listed its shares in the Athens Stock Exchange (28.08.1969). Following the Extraordinary General Shareholders' Meeting on the 4th of August 1999 the company's ownership status is altered. On 16.10.2000, the decision No. K2-10469/16.10.2000 of the Ministry of Development is registered in the Societe Anonyme Registry. This decision approved the amendment, by changing the numbering and the provisions of the Articles, and the codification of the company's Articles of Association in accordance with the decision of the Extraordinary General Shareholders' Meeting on 17.07.2000. On the same date, the complete new text of the Articles of Association, with the amendments, is registered in the Societe Anonyme registry. On 10/02/04 the Board of Directors decided that the company should merge with the company "General Construction Company S.A." by absorbing it. The Extraordinary General Shareholders' Meetings of both the acquiring and the absorbed company, that took place on 15/10/2004, approved the Merger Contract Plan. The merger was completed on 3/12/04 with decision K2-13956 of the Ministry of Development that was published in the Government Gazette under No. 14334/3-12-04. At the same time, the change of the company's name and the amendment of its corporate objective were approved.
Through this merger, the GEK Group of companies was created, with significant presence in constructions, energy, as well as in the development, administration and exploitation of real estate, and having a strong capital base.

The main activity of GEK is the development and management of real estate. The Group is active in the construction sector through TERNA S.A. and its joint ventures, in the industrial sector through its subsidiaries BIOMEK, which develops metal constructions and STROTIRES AEBE which produces and sells skids from armed concrete. In addition, the Group is active in the energy sector through the companies IRON THERMOELECTRIC SA and TERNA ENERGY ABETE..

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS:

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

The attached consolidated financial statements have been prepared in accordance with the IFRS, as these have been adopted by the European Union. IFRS 1 "First-Time adoption of International Financial Reporting Standards" has been applied for the preparation of the financial statements, with transition date the 1st of January 2004. No standards have been applied before their effective date.

b. Statutory Financial Statements: Until the 31st of December 2004 GEK 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.

The IFRS transition balance sheet of January 1st 2004 and the statutory financial statements as at the 31st of December 2004 have been adjusted and restated through specific out-of-books adjustments so as to bring them in line with the requirements of the IFRS. The main out-of-books adjustments made are presented in Note 33.

c. First-Time adoption of International Financial Reporting Standards: According to Regulation 1606/2002 of the European Union and Law 3229/04, as amended by Law 3301/04, Greek companies listed in a Stock Market (in Greece or abroad), are obliged from the 1st of January 2005 to compile their financial statements in accordance with the IFRS.

For the compilation of the attached consolidated financial statements, the Group applied IFRS 1 "First-Time adoption of International Financial Reporting Standards". In accordance with the relevant provisions of IFRS 1, a company compiling its first financial statements according to the IFRS must use the IFRS in effect at the closing date of the period covered by the first financial statements for all the financial years presented as well as for the transition balance sheet.

As a result, the attached financial statements have been compiled in accordance with the IFRS adopted by the European Union that were in effect on December 31st, 2005.

The attached consolidated financial statements are the first full financial statements in accordance with the IFRS, given that the previously published financial statements were compiled according to IAS 34 and were potentially provisional since the final processing and finalisation of the figures was made in the attached financial statements.

IFRS 1 provides for a few exceptions from the retroactive application of certain standards during the transition to the IFRS. The aalternative treatments – exceptions that were applied during the transition process are as follows:

(i) The Group decided not to apply IFRS 3 "Business Combinations" retroactively for the combinations that were formed prior to the IFRS transition date (January 1st , 2004). As a result and based on IFRS 1, regarding prior business combinations, the Company:

- Retained the same classification as in previous financial statements based on Greek Generally Accepted Accounting Principles (G.A.A.P.),

- Recognized, on the date of transition to IFRS, all assets and liabilities acquired or included in business combinations except:

  - Specific financial assets and financial liabilities that had not been recognized under previous G.A.A.P. and
  - Assets, including goodwill, and liabilities that had not been recognised in the balance sheet of the Company based on previous G.A.A.P. and that also do not meet the recognition criteria according to the IFRS for the balance sheet of the acquired company on a stand-alone basis.

- Excluded/wrote-off from its opening balance sheet according to the IFRS any item recognized according to the previous G.A.A.P. that does not meet the criteria for recognition as an asset or liability based on IFRS.

(ii) The Group decided to value specific land, buildings and machinery at the date of transition to IFRS at fair values and used these fair values as implied cost at the specified date. The surplus that resulted from the valuation was recorded in the profits carried forward account as of the 1st of January 2004.

(iii) Regarding the provision for staff retirement indemnities, the total amount of cumulated actuarial losses and gains was recognized at the date of transition to the IFRS, while for the actuarial losses and gains that arose from 2004 onwards the corridor approach was used.

(iv) The estimates of the Group based on the IFRS at the date of transition to the IFRS were consistent with the estimates made for the same date based on the previous G.A.A.P. (after whatever restatements were made to reflect differences in accounting principles), except the cases where there was clear evidence that these estimates were incorrect.

d*. *Effect of newly issued Accounting Standards (IFRS or IAS) and Interpretations (SIC): The International Accounting Standards Board and the Interpretations Committee have issued a series of new Accounting Standards and interpretations. The new IFRS and IFRIC are mandatory for the accounting periods beginning from January 1st 2006. The assessment of the Management regarding the impact of the new standards and interpretations is as follows:

- **IAS 19 (amendment): Employee Benefits** (in effect from January 1st 2006). This amendment provides companies with the option of an alternative method for the recognition of actuarial gains or losses. It will probably introduce new recognition conditions for multi-employer plans where adequate information for the application of defined benefit accounting is not available. It also adds new disclosure requirements. This amendment is not applicable for the Group.

- **IAS 39 (amendment): Cash Flow Hedge Accounting for Forecast Intragroup Transactions** (in effect from January 1st 2006). This amendment allows for the currency risk from an intragroup transaction forecast with high probability to be classified as subject to hedging in the consolidated financial statements if: (a) the transaction is made in a currency other than the operating currency of the company that participates in the transaction and (b) the currency risk will affect the consolidated income statement. This amendment is not relevant to the operations of the Group, as the Group does not carry out any intragroup transactions that could be classified as subject to hedging.

- **IAS 39 (amendment): Fair Value Option** (in effect from January 1st 2006). This amendment changes the definition of the financial instruments that have been classified as fair valued through the profit and loss account and limits the possibility of classifying financial instruments in this category. The Group considers that this particular amendment will not have a significant impact on the classification of its financial instruments since the Group has not classified any financial instruments as fair valued through the profit and loss account, other than the instruments that are held for trading purposes. The Group will apply this amendment from January 1st, 2006 onwards.

- **IAS 39 and IFRS 4 (Amendment): Financial Guarantee Contracts** (in effect from January 1st 2006). This amendment requires that financial guarantees issued, other than those that the Group has proved that they are insurance contracts, to be initially recognized at fair value and to be subsequently valued at the greatest of (a) the unamortized balance of the relevant fees that have been collected and deferred and (b) the outflow required to settle the commitment at the balance sheet date. The Management has come to the conclusion that this amendment does not apply to the Group.

- **IFRS 6: Exploration and evaluation of mineral resources**. It is applied to financial statements that starting from January 1st 2006 onwards and it is not expected to affect the financial statements of the Group.

- **IFRS 7: Financial Instruments Disclosures, Disclosures and Additional Amendment to IAS 1, Presentation of Financial Statements, Capital Disclosures**. This standard must be applied in annual financial statements starting from January 1st, 2007 onwards. It is not expected to materially affect the financial statements of the Group. IFRS 7 introduces additional disclosures aiming to improve the information provided on financial instruments. It requires the disclosure of quantitative and qualitative information regarding the exposure to risk stemming from financial instruments. More specifically, it sets out minimum required disclosures regarding credit risk, liquidity risk and market risk (it imposes the carrying-out of sensitivity analyses regarding market risk). IFRS 7 replaces IAS 30 (Disclosures In Financial Statements Of Banks And Similar Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosure And Presentation). It applies to all companies preparing financial statements according to the IFRS. Adaptation to IAS introduces disclosures regarding a company's size of capital as well as the way it is managed. The Group has assessed the impact of IFRS 7 and the amendment to IAS 1 and has come to the conclusion that the additional disclosures required from their application are the market risk sensitivity analysis and the capital disclosures. The Group will apply IFRS 7 and the IAS 1 amendment from January 1st, 2007 onwards.

- **IFRIC 3, Gas Emissions Rights:** This Interpretation was later withdrawn by the Interpretations Committee.

- **IFRIC 4. Determining Whether an Arrangement Contains a Lease**: IFRIC 4 is applied to annual periods starting from January 1st 2006 onwards. The Group has not decided to apply IFRIC 4 before that date. It will apply IFRIC 4 to the financial statements of 2006, based on the transitional provisions of IFRIC 4. Therefore, the Group will apply IFRIC 4 based on the events and conditions that were in effect on January 1st 2005. The implementation of IFRIC 4 is not expected to change the accounting treatment of any of the Group's current contracts.

- **IFRIC 5. Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds**. It is applied to financial statements starting from January 1 st 2006 onwards and is not expected to affect the financial statements of the Group.

- **IFRIC 6. Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic** Equipment (in effect from December 1st 2005). Does not apply to the Group.

- **IFRIC 7. Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies** (in effect from March 1st 2006). Does not apply to the Group and will not affect its financial statements.

- **IFRIC 8. Scope of IFRS 2.** Will not affect the financial statements of the Group.

- **Interpretation 9, Revaluation of embedded derivatives** (in effect from June 1st 2006). Does not apply to the Group and will not affect its financial statements.

e. ***Approval of the Financial Statements***: The attached annual consolidated financial statements were approved by the Board of Directors of the Parent Company on March 28th, 2006 and are subject to approval at the Shareholders' Annual General Meeting**.**

f ***Use of estimates***: The compilation of financial statements based on the IFRS requires that the management proceed in making estimations and assumptions that affect the figures for the assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date as well as the figures for the income and expenses during the financial year/period. The actual results may differ from these estimates.

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 GEK SA 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: The Group's participating interests in other companies in which GEK exercises significant influence are accounted for 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.

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

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

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

(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 amortisation process.

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

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

(iv) Investments held to maturity

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

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

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

(i) ***Interest rate risk and exchange rate risk:*** The Group's bank loans are denominated in euros and are subject to flexible interest rates. The Company does not use derivative instruments in order to reduce its exposure to interest rate risk. The Management of the Group follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

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

(iii) ***Credit Risk Concentration:*** A substantial part of trade receivables in general relate to agencies and entities of the Public sector with which there is no credit risk, per se. Regarding receivables from the private sector, the Group policy is to seek business with customers of satisfactory credit standing while the constant aim is to resolve any resulting differences within a amicable settlement context. 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 taken to the profit or loss account.

f) Intangible assets: Intangible assets consist of quarry use rights, software acquisition costs and all expenses incurred to develop the software in order to bring it to operating condition. Amortisation on the quarry use rights is accounted for using the straight-line method for the duration of the contractual right for the use of the quarries (approximately 30 years) and within their productive use period while amortisation on software is accounted for based on the straight line method for a period of three years.

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

(i) **Income from construction activities:** Construction subsidiaries and joint-ventures recognise 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 recognised in the year during which the loss-making events become probable.

Non-invoiced accrued income relates to income recognized on the basis of the method described above that has not yet been invoiced. 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 invoicings. The remaining amount appears as a liability in the attached financial statements.

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

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

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

(v) **Rent Revenue**: Rent revenue is recognized using the straight-line method, according to the terms of the lease.

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

(vii) **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 are recorded at cost. Fixed assets under construction are not depreciated until the asset is completed and put into operation.

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

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

j)Impairment of the Value of Fixed Assets: The book values of long-term asset 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 valued at their real value. Profits or losses that arise from changes in the real value of investments in property are included in the income statement of the period during which they arise. Repairs and maintenance are recorded as expenses in the year in which they are incurred. Material subsequent expenses are capitalised when they augment the useful economic life of the buildings, their productive capacity or reduce their operation cost. The acquisition cost and the accumulated depreciation of an investment property are eliminated from the accounts upon sale. All gains or losses resulting from the sale of a property are included in the income statement of the year during which it was sold.

l) Inventories: Inventories comprise inert materials extracted from quarries, building materials, spare parts an raw and auxiliary materials. Inventories are valued at the lower of cost and net realisable value. The cost of raw materials, semi-finished and finished products is defined based on the weighted average method.

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

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

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

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

o)Long-term loan liabilities: All long-term loan liabilities are initially booked at cost, which is the actual value of the received payment less the issuance expenses related to the loan. After the initial recording, interest-bearing loans are valued at the net book value using the effective interest rate method. The net book value is calculated after taking into account the issuance expenses and the differences between the initial amount and the amount at maturity. Profits and losses are registered in the net profit or loss when the liabilities are written off or impaired and through the amortisation procedure. Interest expenses are recognized on an accruals basis.

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 programs.

q) Government Pension Plans: The staff of the Group is mainly covered by the main Government Social Security Fund for the private sector (IKA) and which provides pension and medical-pharmaceutical benefits. Each employee is required to contribute part of his/her monthly salary to the fund, while part 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 assets are recognized for all the exempt temporary differences and the transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.

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

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

Income tax that relates to items, which have been directly recognized in equity, is directly recorded in equity and not in the 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 instalments based on the expected useful life of the asset that was subsidized, as a reduction to the relevant depreciation expense. When the grant relates to an expense it is recognized as income during the period deemed necessary to match the grant on a systematic basis with the expenses it is meant to reimburse.

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

w) Information by Business Activity: The distinction of the Group's activities by sector is represented by the business sectors. Until the full activation of the aoperations of the subsidiaries abroad the Group considers that all activities take place in one geographical sector. The operating activities are organized and managed separately according to the nature of the products and services they relate to, with each sector constituting a strategic business unit that provides different products and operates in different markets.

The Group presents information by sector of activity for its activities in construction, sale of electricity, property management, industrial production as well as the remaining activities. The basic assumption for the presentation of assets and liabilities as well as income and expenses for each sector, which are not included directly in a specific sector, is their allocation to sectors according to criteria that are applied consistently. Cross-sectoral income is calculated based on real and allocated expenses of each sector plus a margin on its employed capital.
Transactions between business units take place in market terms as occurs in the case for transactions with third parties.

x) Restatement of previously published accounting figures: The Company and the Group have decided to proceed in correcting certain figures that relate to the comparative financial statements as at the 31st of December 2004, which had been published with the interim financial statements of 2004. This restatement was effected through a retroactive correction of the figures in the financial year they relate to.

(Amounts in thousands of euros, unless otherwise stated)

As a result, the Balance Sheet as at the 31st of December 2004, as well as the pre-tax profit for the 2004 financial year are adjusted compared to those included in the interim financial statements that were published for the quarters of 2005.
The Company and the Group discovered during the current financial year an error in the calculation of depreciation which had been under-calculated by €582, after the corresponding tax.
The effect of this adjustment on total equity and on the profit for financial year 2004 is as follows:

	Profits carried forward 31.12.2004	**Profit for the year 2004**	**Profits carried forward 01.01.2004**
Balances as published	9.343	89.999	(10.805)
Restatement:			
- Increase in the depreciation for the year	(582)	(582)	-
Restated figures	8.761	89.417	(10.805)

y) Reclassification of figures: Some of the Balance Sheet and Income Statement figures for the previous financial year 2004, have been reclassified for presentation purposes, so as to render them similar and comparable with the respective figures for the current financial year.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

Recognition of income from construction contracts
The Group uses the percentage of completion method to recognize revenue from construction contracts, in accordance with IAS 11. According to this method the construction cost as of each balance sheet date is compared to the budgeted total cost of the project in order to determine the percentage of completion of the project.

The cumulated effect of the restatements/reassessments of the total budgeted cost of the projects and the total contractual payment (recognition of work over and above the contract) is recorded in the financial years during which such restatements arise. The total budgeted cost and the total contractual payment of the projects arise from estimation procedures and are reassessed and reviewed at each balance sheet date.

5. GROUP STRUCTURE

The participations in subsidiaries and associates as of the 31st of December 2005 was as follows:

(Amounts in thousands of euros, unless otherwise stated)

A) Direct Subsidiaries

COMPANY NAME	COUNTRY OF DOMICILE	PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
TERNA SA	GREECE	56.31%	FULL
GEKE AEBE	GREECE	99.99%	FULL
IRON THERMOELECTRIC SA	GREECE	50%	FULL
CRETAN HOLIADYS SA	GREECE	70%	FULL
IOANNINA ENTERTAINMENT DEVELOPMENT SA	GREECE	65%	FULL
MONASTHRI TECHNICAL DEVELOPMENT SA	GREECE	50%	FULL
CARLIA LTD	CYPRUS	49%	EQUITY
CRASMIRA LTD	CYPRUS	49%	EQUITY
MESPECIOUS LTD	CYPRUS	50%	EQUITY
POLIS PARK SA	GREECE	20%	EQUITY
ATHENIAN CAR PARK SA	GREECE	20%	EQUITY
ICON LTD	BULGARIA	100%	FULL
IOLKOS SA	GREECE	100%	FULL
OLP CAR PARK SA	GREECE	30%	EQUITY

The structure of the TERNA Group as of the 31st of December 2005, was as follows:

B) Direct Subsidiaries of TERNA:

COMPANY NAME	COUNTRY OF DOMICILE	PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
BIOMEK ABETE	GREECE	66.50%	FULL
TERNA ENERGY ABETE	GREECE	61.75%	FULL
STROTIRES AEBE	GREECE	51%	FULL
DIKEVE SA	GREECE	100%	FULL
ILIOCHORA SA	GREECE	100%	FULL
IRON THERMOELECTRICAL SA	GREECE	50%	EQUITY

C) Subsidiaries of TERNA ENERGY SA:

COMPANY NAME	COUNTRY OF DOMICILE	PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
IWECO CHONOS LASITHI CRETE SA	GREECE	100.00%	FULL
TERNA ENERGY CRETE SA	GREECE	100.00%	FULL
TERNA ENERGY ABETE & CO. ENERGIAKI SERVOUNIO SA	GREECE	99.00%	FULL
TERNA ENERGY EVROS SA	GREECE	100.00%	FULL
PPC RENEWABLE- TERNA ENERGY SA	GREECE	51.00%	FULL

D) Joint Ventures consolidated using the equity method:

1. J/V TERNA SA-ATHINA ATE
2. J/V HERACLION UNIVERSITY CITY
3. J/V ARTA DEVIATION - PHILIPIADAS
4. J/V TERNA SA – TH. KARAGIANNIS SA PROJECT YPEXODE CONSTRUCTION
5. J/V UNDERGROUND CAR PARK THESSALONIKI
6. J/V THALES ATM SA-TERNA UPGRADE CAR PARK TACAN
7. J/V TERNA SA PANTECHNIKI SA
8. J/V TERNA SA-THALES SA
9. J/V MAIN IRRIGATION CANAL D 1
10. J/V TERNA SA – ATHINA ATE PROJECT ARACHTHOU PERIST.
11. J/V DEVIATION ANCIENT OLYMPIA (ALPINE MAYREDER BAU GMBH)
12. J/V PERISTERI UNDERGROUND
13. J/V ATHENS OPERA HOUSE
14. J/V TERNA SA AKTOR ATE. J&P AVAX
15. J/V TRAM CIVIL ENGINEERING PROJECTS (IMPREGILO)
16. J/V TERNA SA – KARAGIANNIS PROJECT TEFAA KOMOTINIS
17. J/V EVINOU – AEFEK-METON SA-TERNA SA-EYKLEIDIS ATE
18. J/V DEPA PROJECT
19. J/V ATHENIAN CAR PARKS
20. J/V TERNA SA/AKTOR SA-GOULANDRI MUSEUM
21. J/V AKTOR, AEGEK, EKTER, TERNA, SPATA AIRPORT BUILDINGS
22. J/V ARCHIRODON HELLAS ATE-TERNA SA
23. J/V TERNA SA BIOTER OE
24. JOINT VENTURE ABAX-BIOTER (CONSTRUCTION OF OLYMPIC VILLAGE)
25. J/V EDRACO A.T.E. – TERNA A.E.Z. NIKOLOPOULOS
26. J/V TERNA SA- EDRACO ATE
27. J/V ETETH - TERNA AVAX PANTECHNIKI
28. J/V TERNA SA J&P AVAX-PANTECHNIKI
29. J/V SALONIKA PARK
30. J/V TERNA SA-MICHANIKI SA
31. J/V SIEMENS –AKTOR-TERNA SA

E) Participations in related companies:

The Company has a 26.67% participation in PIRAEUS PRODEFIN HOLDING SA (Formerly GEKA SA), and a 23.91% participation in KEKROPS SA.

6. INTANGIBLE FIXED ASSETS

The intangible fixed assets figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

(Amounts in thousands of euros, unless otherwise stated)

Intangible assets	Παραχωρήσεις και Δικαιώματα	Software	Total
Net Book value 1.1.2005	5,934	239	6,173
Additions	-	22	22
(Depreciation for the year)	(252)	(82)	(334)
Balance as at 31.12.2005	**5,682**	**179**	**5,861**
Cost 01.01.2005	6,605	682	7,287
Accumulated Depreciation	(671)	(443)	(1,114)
Net Book value 1.1.2005	**5,934**	**239**	**6,173**
Cost 31.12.2005	6,605	704	7,309
Accumulated Depreciation	(923)	(525)	(1,448)
Net Book value 31.12.2005	**5,682**	**179**	**5,861**

7. TANGIBLE FIXED ASSETS

The tangible fixed assets figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

Tangible Fixed Assets	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 1.1.2005	**7.060**	**20.955**	**121.328**	**5.668**	**2.125**	**42.156**	**199.292**
Additions	4.447	18.804	9.375	220	414	25.674	59.934
(Disposals – Write-offs)	(4.847)	(636)	(1.042)	(332)	(107)	(631)	(7.595)
New companies in the consolidation	-	6.633	93	165	73		9.964
Transfers	-	-	-	-	-	(39.478)	(39.478)
(Depreciation for the year)	-	(2.305)	(10.351)	(1.201)	(645)	-	(14.502)
Balance as at 31.12.2005	**6.660**	**44.451**	**119.403**	**4.520**	**1.860**	**27.721**	**204.615**
Cost 01.01.2005	7.060	24.218	146.406	8.324	6.904	42.156	235.068
Accumulated Depreciation	-	(3.263)	(24.284)	(2.656)	(4.779)	-	(34.982)
Restatement of depreciation			(606)	(188)			(794)
Restated cumulated depreciation	**-**	**(3.263)**	**(24.890)**	**(2.844)**	**(4.779)**	**-**	**(35.776)**
Net Book Value 01.01.2005	**7.060**	**20.955**	**121.516**	**5.480**	**2.125**	**42.156**	**199.292**
Cost 31.12.2005	6.060	44.451	154.832	8.377	7.284	27.721	254.893
Accumulated Depreciation	-	(5.568)	(35.241)	(4.045)	(5.424)	-	(50.278)
Net Book Value 31.12.2005	**6.660**	**44.451**	**119.591**	**4.332**	**1.860**	**27.721**	**204.615**

(Amounts in thousands of euros, unless otherwise stated)

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

	Machinery	Vehicles	Total
Cost 31.12.2005	**47,867**	**975**	**48,842**
Less: Accumulated Depreciation	(4,561)	(217)	(4,778)
Net Book Value 31.12.2005	**43,306**	**758**	**44,064**

The Group has made a provision for the restoration the land on which it has installed the wind parks for the production of electric energy, amounting to € 759. This amount has been recorded as a tangible fixed asset and as a provision in liabilities. The tangible fixed asset is depreciated through the income statement for a period equal to the useful life of the wind park.

8. INVESTMENT PROPERTY

The investment property account reported in the attached financial statements as of the 31st of December 2005, is analysed as follows.

Balance 31.12.2004	
LAND	23.391
BUILDINGS	36.348
	59.739
Increases in the year	
LAND	11.575
BUILDINGS	10.110
Reductions in the year	
LAND	3.090
BUILDINGS	1.107
LAND	31.876
BUILDINGS	45.351
Balance 31.12.2005	**77.227**

9. PARTICIPATIONS IN ASSOCIATES

The participations in associates figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows.

Balance on 01/01/2005	**10,061**
Valuation of associates using the equity method	1,002
Balance on 31/12/2005	**9,059**

(Amounts in thousands of euros, unless otherwise stated)

The Company has a 26.67% participation in PIRAEUS PRODEFIN HOLDING SA (Formerly GEKA SA), and a 23.91% participation in KEKROPS SA.

10. STOCK AND WORK IN PROGRESS

The stock and work in progress figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

	31.12.2005	**31.12.2004**
Property for sale	5,950	8,047
Raw and auxiliary materials	11,485	9,011
Finished products and work in progress	6,709	11,181
Buildings under construction	21,127	21,323
Land	14,298	13,937
Total	**59,569**	**63,499**

11. TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

The trade receivables figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

	31.12.2005	**31.12.2004**
Customers	159,393	244,022
Customers – Other Companies with a Participating Interest	9,623	3,297
Customers - Doubtful and in Litigation	5,618	5,076
Overdue Notes/Cheques Receivable	1,959	1,074
Checks receivable	4,884	3,365
Less: Provision (specific provision)	(18,554)	(16,819)
	162,924	**240,015**

An amount of € 32 million is included in the trade receivables figure, € 14 million of which stems from previous financial years and relates to the proportion of respective receivables of two Joint Ventures in which the Group participates and which have undertaken the construction of a specific technical project.

The delay is due to the complexity, both from the legal and the technical perspective, of the approval procedure for the certificate needed for the project since the contractual as well as the additional technical part of the project is financed mainly by EU funding.
The project is carried out according to the specific technical plans by the person responsible for the technical aspects of the project –competent officer of the main project- that include both the contractual as well as the additional technical part of the project. For the resolution of the dispute relating to the additional part of the plan beyond the contract, no appeal has been made to the arbitration process provided for by the contract sine the joint-ventures consider that there is still room for consensus to be reached. According to the assessment of the legal representative of the Group, who is handling the matter, in case of legal action for the collection, the outcome

(Amounts in thousands of euros, unless otherwise stated)

will not be adverse, although it is impossible to forejudge this or to estimate any possible loss. Hence, on the basis of the above and according to the assessment of all the persons responsible for the project and taking into consideration the creditworthiness of the commissioning entity, at the present stage no issue of bad debt arises.

The movement in the provision for impairment of the claims is analysed below:

Balance 31.12.2004	**16,819**
Provisions for the year	1,735
Balance 31.12.2005	**18,554**

The prepayments and other receivables figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

	31.12.2005	**31.12.2004**
Prepayments to suppliers	7,982	8,606
Tax prepayments	-	1,598
Prepayments and Credits Control Accounts	4,025	5,826
Prepaid expenses – Accrued Income	3,206	1,710
Other receivables	30,700	36,100
	45,913	**53,840**

12. CONTRACTS FOR THE CONSTRUCTION OF TECHNICAL PROJECTS

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

Cumulative figures from the start of the projects to 31.12.2005	
Cumulative income from the start of the projects	1,091,809
Cumulative cost from the start of the projects	901,030
Cumulative results from the start of the projects	190,779
Received prepayments	40,663

Receivables certified-invoiced	1,066,703
Receivables accruea – not-invoiced	39,583
Less: Invoiced income not accrued	(14,477)
Total receivables recognised	1,091,809

13. OTHER FINANCIAL ASSETS

The other financial assets figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

(Amounts in thousands of euros, unless otherwise stated)

	31.12.2005	**31.12.2004**
EUROTERRA	7,952	7,787
ABIES	913	828
HERMES S.A	10	1,379
ASPIS BANK	-	2,012
BI.PA THESSALONIKIS S.A	-	978
DIOLKOS S.A	500	467
ATHENS CAR PARKS SA	-	1,068
IOLKOS S.A	-	600
PARKING OUIL S.A	-	420
CHIRON S.A	855	-
ASPIS (REAL ESTATE)	409	409
DIACH.PARAL.IOANNINA	280	30
NOT CONSOLIDATED J/V	1,371	927
OTHER SHARES CONSOLIDATED J/V	3,924	-
SHARE CAPITALS	2,442	-
OTHER	4,837	3,645
TOTAL	**23,493**	**20,550**

14. CASH AND CASH EQUIVALENTS

The cash and cash equivalents figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

Cash and cash equivalents	**31.12.2005**	**31.12.2004**
Cash in hand	499	381
Sight deposits	54,264	15,499
Time deposits	49,416	67,906
Total	**104,179**	**83,786**

15. LONG-TERM LOANS

The long-term loans figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

	31.12.2005	**31.12.2004**
Liabilities from finance leases	30,860	40,277
Long-term loans	72,626	53,936
Less: short-term part	3,669	2,928
	107,155	**91,285**

(Amounts in thousands of euros, unless otherwise stated)

The repayment period of the loans mentioned above is analysed in the following table:

	31.12.2005	31.12.2004
Less than 1 year	3,669	2,928
Between 2 and 5 years	57,010	77,973
Over 5 years	39,138	10,384

Finance leases are for the most part used to cover the financing requirements of the installation and operation of a factory producing electric power.

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

16. PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity depends on the length of service with the company and the employee's wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such an indemnity. The undemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programmes are usually not funded.

The liabilities for staff indemnity liabilities Were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the results for the financial year ended on the 31st of December 31, 2005 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Balance Sheet for the year ended on December 31st 2005.

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

	31.12.2005	31.12.2004
Current service cost	173	339
Finance cost	58	68
Write-off of not-recognised actuarial losses	82	-
Additional payments	472	-
	785	**407**

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

	31.12.2005	31.12.2004
Opening balance of the liability	**1,380**	**1,863**
Provision recognized in the income statement	785	407
Indemnities paid	(480)	(890)
Closing balance	**1,495**	**1,380**

(Amounts in thousands of euros, unless otherwise stated)

	31.12.2005	31.12.2004
Current value of liability for indemnities	1.934	1.901
Cumulative not recognized actuarial loss	(439)	(521)
Provision in the Balance Sheet	**1.495**	**1.380**

The main assumptions for financial years 2004 and 2005 are as follows:

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

17. GRANTS

The grants figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

Net value 1.1.2005	**12,822**
Transfers to the Profit and Loss	(1,154)
Collection of Grants	4,419
Net value 01.01.2005	**16,087**

Grants relate to government grants for the development of wind parks and are amortized during the useful life of these parks..

18. SUPPLIERS AND OTHER LIABILITIES

The suppliers figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

Liabilities	31.12.2005	31.12.2004
Suppliers- Subcontractors	13,948	57,869
Suppliers-other	18,376	31,636
Cheques payable	7,985	12,675
Customer prepayments	41,860	11,023
Liabilities to other companies with a participating interest	8,473	14,623
	90,642	**127,826**

The accruals and other short-term liabilities account reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

	31.12.2005	31.12.2004
Liabilities from taxes-duties	8,769	21,085
Insurance organizations	2,159	2,251
Dividends payable	200	161
Guarantors		1,561
BoD remuneration	806	1,561
Accrued expenses and prepaid income	2,963	8,615
Various creditors	17,661	3,736
	32,558	**38,970**

(Amounts in thousands of euros, unless otherwise stated)

19. SHORT-TERM LOANS

The total amount of the Group's short-term loans refers to bank overdrafts that are used for working capital purposes to cover the Company's operating needs. The amounts withdrawn are mainly used to cover the short term liabilities of the construction sector that emerge from the timing difference between the realization of the construction cost and the certification of the work completed, as well as from the large delays in the collection of receivables from the State. The weighted average interest rate for the short-term loans is close to 4%.

20. INCOME TAX (CURRENT AND DEFERRED)

According to Greek tax legislation the Company is taxed with a tax rate of 32% for 2005, 29% for 2006 and 25% for 2007 and onwards.

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

	31.12.2005	**31.12.2004**
Current tax	10,462	19,396
Deferred tax (debit/credit)	1,841	349
Total	**12,303**	**19,745**

The income tax statement is submitted on an annual basis but the profits or losses declared remain provisional until the tax authorities audit the tax payer's books and records and issue a final audit report.

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

	2005	**2004**
IAS Profit	38,600	109,162
Corresponding tax	**12,352**	**38,207**
Consolidated companies' loss	356	364
Distributable reserves tax		1,463
Inferred method of taxation	(1,155)	(5,616)
Non-deductible expenses	1,621	3,520
Difference between accounting and tax profit	0	(1,050)
Effect of tax rate change		140
Difference between accounting and tax profit for J/V	1,855	2,477
Additional tax	256	505
ERMIS negative goodwill tax		(15,173)
ERMIS tax impact		(945)
Tax-free reserves	(1,683)	
Other	(1,299)	(4,147)
Income tax	**12,303**	**19,745**

(Amounts in thousands of euros, unless otherwise stated)

Deferred income tax is calculated on all the temporary tax differences between the book value and the tax value of the assets and liabilities. The deferred income tax is calculated using the expected tax rate of the Company at the time in which the tax receivable/liability matures. The deferred tax receivables and liabilities for the years 2005 and 2004 are analyzed as follows:

	Balance sheet		Profit and loss account (Debit)/Credit
	31.12.2005	**31.12.2004**	**01.01 – 31.12.2005**
Deferred income tax asset			
Expensed intangible assets	2,193	2,912	(719)
Recognition of construction project income according to IAS 11	2,854	2,081	773
Provisions for doubtful receivables	339	312	27
Provisions for staff indemnities	3,007	1,257	1,750
TOTAL	**8,393**	**6,562**	**1,831**
Deferred income tax liability			
Invwestment property valuation	(451)	(436)	(15)
Vluation of participations	(291)	(291)	-
Recognition of finance leases, revaluation of fixed assets and depreciation of fixed assets based on their useful life	(4,035)	(1,711)	(2,324)
Other	(1,296)	(62)	(1,234)
TOTAL	**(6,073)**	**(2,500)**	**(3,573)**
Deferred income tax income/(expense)			(1,742)
Deferred income tax asset/(liability)	**2,320**	**4,062**	

The Company has the legal right to offset the income tax assets and liabilities as they refer to the same tax authority.

The Group maintains tax exempt reserves of € 38,826 which will be taxed using the current tax rate in the event that they are distributed or capitalized. In the foreseeable future the Company does not intend to distribute or capitalize these reserves.

GEK SA is currently undergoing a regular tax audit for fiscal years 2000 to 2004, TERNA SA for fiscal years 2002 to 2004 while its subsidiary TERNA ENERGY ABETE is also undergoing a regular tax audit. The non-audited tax years of the companies in the GEK, TERNA and TERNA ENERGY Groups that are consolidated using the method of full and equity are as follows:

(Amounts in thousands of euros, unless otherwise stated)

GEK GROUP

NAME	NON AUDITED FISCAL YEARS
1.TERNA SA	2002-2005
2.GEKE AEBE	2003-2005
3.IRON THERMOELECTRIC SA	2003-20085
4.CRETAN HOLIDAYS SA	A tax audit has not been made since the company is at the preliminary stage
5.IOANNINON ENTERTAINMENT DEVELOPMENT SA	A tax audit has not been made since the company started its production in May 2004.
6.MONASTIRIOU TECHNICAL DEVELOPMENT SA	2003-2005
7.CARLIA LTD	A tax audit has not been made since the company is at the preliminary stage
8.CRASMIRA LTD	A tax audit has not been made since the company is at the preliminary stage
9. MESPECIOUS LTD	A tax audit has not been made since the company is at the preliminary stage
10.POLIS PARK SA	From its establisment
11. OLP CAR PARK SA	2004-2005
12.ATHENS CAR PARKS SA	From its establisment
13. ICON LTD	From its establisment
14.IOLKOS SA	2004-2005

TERNA GROUP

NAME	NON AUDITED FISCAL YEARS
1.TERNA ENERGY ABETE	2004-2005
2.BIOMEK ABETE	2002-2005
3.STROTIRES ABEE	2003-2005
4.DIKEBE SA	2003-2005
5.ILIOCHORA SA	2003-2005

TERNA ENERGY GROUP

NAME	NON AUDITED FISCAL YEARS
1.IWECO CHONOS LASITHI CRETE SA	2002-2005
2.TERNA ENERGY CRETE SA	2002-2005
3.TERNA ENERGY ABETE & CO. ENERGIAKI SERVOUNIO SA	2002-2005
4.TERNA ENERGY AVETE & CO EOLIAN DICHALO SAPPON OE	2002-2005
5.PPC RENEWABLE- TERNA ENERGY SA	2002-2005

(Amounts in thousands of euros, unless otherwise stated)

JOINT VENTURES THAT ARE CONSOLIDATED WITH THE EQUITY METHOD	NON AUDITED FISCAL YEARS
J/V TERNA SA-ATHINA ATE	2
J/V HERACLION UNIVERSITY CITY	2
J/V ARTA DEVIATION - PHILIPIADAS	3
J/V TERNA SA – TH. KARAGIANNIS SA PROJECT YPEXODE CONSTRUCTION	5
J/V UNDERGROUND CAR PARK THESSALONIKI	3
J/V THALES ATM SA-TERNA UPGRADE CAR PARK TACAN	5
J/V TERNA SA PANTECHNIKI SA	3
J/V TERNA SA-THALES SA	3
J/V MAIN IRRIGATION CANAL Δ 1	6
J/V TERNA SA – ATHINA ATE PROJECT ARACHTHOU PERIST.	4
J/V DEVIATION ANCIENT OLYMPIA (ALPINE MAYREDER BAU GMBH)	6
J/V PERISTERI UNDERGROUND	4
J/V ATHENS OPERA HOUSE	4
J/V TERNA SA AKTOR ATE. J&P AVAX	4
J/V TRAM CIVIL ENGINEERING PROJECTS (IMPREGILO)	5
J/V TERNA SA – KARAGIANNIS PROJECT TEFAA KOMOTINIS	3
J/V EVINOU – AEFEK-METON SA-TERNA SA-EYKLEIDIS ATE	3
J/V DEPA PROJECT	3
J/V ATHENIAN CAR PARKS	3
J/V TERNA SA/AKTOR SA-GOULANDRI MUSEUM	3
J/V AKTOR, AEGEK, EKTER, TERNA, SPATA AIRPORT BUILDINGS	6
J/V ARCHIRODON HELLAS ATE-TERNA SA	4
J/V TERNA SA BIOTER OE	6
JOINT VENTURE ABAX-BIOTER (CONSTRUCTION OF OLYMPIC VILLAGE)	3
J/V EDRACO A.T.E. – TERNA A.E.Z. NIKOLOPOULOS	6
J/V TERNA SA- EDRACO ATE	4
J/V ETETH=TERNA AVAX PANTECHNIKI	3
J/V TERNA SA J&P AVAX-PANTECHNIKI	3
J/V SALONIKA PARK	1
J/V TERNA SA-MICHANIKI SA	1
J/V SIEMENS-AKTOR-TERNA SA	1

21. SHARE CAPITAL

The share capital of GEK SA amounts to € 23,567 and is totally paid and divided into 65,463,360 shares having a nominal value of € 0.36 each.

Weighted average number of shares for December 31, 2005 and 2004 as follows:

	31.12.2005	31.12.2004
Number of shares		
End of Year	65,463,360	65,463,360
Effect Of the absorbed company HERMES S.A		(9,435,840)
Weighted average number of shares (basic and diluted)	65,463,360	56,027,520

(Amounts in thousands of euros, unless otherwise stated)

22. INCOME

Sales reported in the attached financial statements as at the 31st of December 2005 are analysed as follows:

	1.1-31.12.2005	1.1-31.12.2004
Income from technical projects	188,044	380,469
Electrical Energy Sales	41,772	10,889
Industrial products – Construction Materials Sales	7,149	30,415
Sales of Properties	25,954	2,741
Provision of Services	11,269	1,346
	274,188	**425,860**

23. COST OF SALES AND ADMINISTRATION AND DISTRIBUTION EXPENSES

The figures for cost of sales and administration and distribution expenses reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

Cost of Sales

	31.12.2005	31.12.2004
Consumption of material and finished work	65,583	106,128
Staff wages	28,926	56,648
Subcontractors	58,735	122,337
Other third party fees	21,083	13,659
Other third party benefits	21,279	17,542
Tax – duties	1,373	421
Depreciation	13,947	11,376
Other	2,607	6,270
	213,533	**334,381**

Administrative Expenses

	31.12.2005	31.12.2004
Consumption of material and finished work	5	1,090
Staff wages	4,860	4,689
Subcontractors	133	179
Other third party fees	8,358	4,409
Other third party benefits	2,460	1,903
Tax – duties	718	1,739
Depreciation	889	1,385
Other	8,441	8,945
	25,864	**24,339**

(Amounts in thousands of euros, unless otherwise stated)

24. OTHER OPERATING INCOME/(EXPENSES)

The figures for other operating income/(expenses) reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

	1.1-31.12.2005	1.1-31.12.2004
Investment property valuation	444	0
Rent income	1,223	573
Write-off of liability from related Joint Venture	2,779	0
Other	1,601	6,154
Total	**6,047**	**6,727**

The investment property valuation was conducted by the company and refers to a leased office building that belongs to a subsidiary company in the municipality of Kifisia on a plot of 14,800 sq.m. and total office space of 15,852 sq.m. and a basement area of 9,000 sq.m. with 256 underground parking spaces.

25. FINANCIAL INCOME/(EXPENSES)

The financial income/(expenses) figure reported in the attached financial statements as of the 31st of December 2005, is analysed as follows:

	1.1-31.12.2005	1.1-31.12.2004
Income from banking deposits	1,351	806
Income from participations	(11,555)	(7,919)
Other	0	779
Total	**(10,204)**	**(6,334)**

26. AVERAGE NUMBER OF EMPLOYEES

Staff wages and the average number of employees as of December 31st 2005 are analysed as follows:

GEK Consolidated	1.1-31.12.2005
Wages and ensuant benefits of wage earners	5,989
Salaries and ensuant benefits of employees	14,343
Insurance and pension fund contributions	6,440
Provision for employee indemnities	480
Total expense	**27,252**

Average number of employees	1.1-31.12.2005
Workers	317
Clerks	531

(Amounts in thousands of euros, unless otherwise stated)

27. EXISITNG CHARGES ON PROPERTY

Mortgage prenotations to the amount of € 49.65 million have been registered on the property of some subsidiaries included in the consolidation, as security for bank loans.

28. RELATED PARTY TRANSACTIONS

The transactions of the GEK Group with related parties for the year ended on 31.12.2005 as well as the relevant balances as at the 31st of December 2005 are analysed as follows:

INTRAGROUP TRANSACTIONS	
Revenue from intragroup sales	19,099
Cost of intragroup transactions	19,020
Profit from the sale of participations	12,457
Dividends	5,844
INTRAGROUP ASSET – LIABILITY BALANCES	
Customers	11,445
Suppliers	11,134
Other debtors	1,157
Other creditors	2,526

29. CONTINGENT LIABILITIES

During the course of conducting its business, the Company may face legal claims from third parties. According to both the Management and the Company's Legal Counsel, any such claims are not expected to have a significant impact on the Company's operation and financial position as of the 31st of December 2005.

Guarantees have been provided for finance leases relating to the equipment of a subsidiary, amounting to 38,000 euros. Moreover guarantees have been provided as security for bank loans obtained by companies in which the Group has a participating interest, amounting to 55,783 euros.

30. MERGER OF GEK SA WITH ERMIS SA

On the 23rd of July 2004 the merger through absorption of "GEK SA" (legally the absorbed) by the Company "ERMIS REAL ESTATE S.A." (legally the acquirer) was decided according to the provisions of L 2166/93 and with the 31st of March 2004 as the official merger date. With the completion of the merger through absorption, the legally acquirer increased its share capital by € 17,197 (by € 16,632 through the contribution of the absorbed share capital and by € 565 through the capitalization of the above par difference of the acquirer and the newly issued 44,232,000 common nominal shares were distributed to the shareholders of the absorbed after defining the share exchange ratio (0.48 shares of the absorbing to 1 share of the absorbed), which resulted from the application of internationally accepted valuation methods. After the completion of the merger, the legally acquirer "ERMIS REAL ESTATE S.A." was renamed to "GEK SA".

(Amounts in thousands of euros, unless otherwise stated)

According to the provisions of IFRS 3, the business combinations that fall under the provisions of the Standard must be accounted for with the Purchase Method based on which the acquirer recognizes the recognizable assets, liabilities and contingent liabilities of the acquired at fair value as at the acquisition date and defines the resulting goodwill, which subsequently is examined for impairment instead of being amortised.

In the context of the IFRS, the above merger through absorption was accounted as a reverse acquisition where the legally absorbed (GEK SA) is essentially considered as the absorbing and conversely.

Consequently, the provisions of IFRS 3 "Business Combinations", referring to reverse acquisitions, were applied resulting in:

- The determination of the date on which the in effect absorbing company (ERMIS SA) gained the management control of the in effect absorbed (GEK SA).
- The determination of the absorption's acquisition cost as at the above date.
- The calculation at fair value of ERMIS SA's assets and liabilities, at the consolidated level as at the above date and the subsequent purchase price allocation.
- The determination of the goodwill that emerged from the above merger.

The data of the reverse acquisition are as follows:

Attainment of management control	03/12/2004
Acquisition Cost (fair value of participating securities)	84,091
Direct acquisition expenses	378
Total acquisition cost	84,469
Merged consolidated equity	127,819
Negative Goodwill	43,350

The fair values of he consolidated asstes and liabilities of "ERMIS SA" as of the acquisition date (December 3rd, 2004) are as follows:

	Book Value	Fair Value
Intangible Assets	2,478	-
Tangible Assets and Investment Property	27,662	34,626
Participations	19,458	12,072
Receivables	25,844	24,978
Inventories	50,777	47,848
Shares and Securities	18,169	18,513
Cash and cash equivalents	17,264	17,264
Other	92	301
Liabilities	(28,756)	(26,674)
Provisions	(37)	(104)
Deferred tax liabilities	-	(1,005)
Equity at fair values		127,819
Total Acquisition Cost		84,469
Negative Goodwill		43,350

Due to the above merger, which was accounted for as a reverse acquisition, the in effect acquiring company (GEK SA) is deemed to maintain its continuity regarding the financial statements it publishes.

According to the provisions of IFRS 3, the resulting negative goodwill of € 43,350, was only registered as revenue in the consolidated results of GEK SA for the financial year 2004, while in GEK's stand alone financial statements the merger was accounted for as a pooling of interest without assessing the relevant goodwill in the income statement.

31. EVENTS AFTER THE BALANCE SHEET DATE

The Group during the first quarter of 2006 signed new contracts amounting to 58.1 million euros the most important of which relate to a)extension of a METRO line for a total amount of 164.2 million euros, participating with a 31.5% percentage and b)maintenance of the railroad track between Salonia and Florina for a total amount of 5.2 million.

32. INFORMATION BY SECTOR OF ACTIVITY

The table below presents the analysis of the results of the Group as of the 31st of December 2005 and the 31st of December 2004 according to its main activities:

GEK Group 31st of December 2005	**Construction**	**Energy**	**Real Estate**	**Industrial**	**Other**	**Total**	**Group Deletions**	**Total**
(in thousands of euros)	**Sector**	**Sector**	**Sector**	**Sector**	**Sectors**	**Sectors**		**Sectors**
ASSETS								
Intangible assets (net)	114	33	2	0	5.712	**5.861**	0	**5.861**
Tangible assets (net)	47.575	140.285	26.355	335	1.385	**215.934**	(559)	**215.375**
Investment Property	0	0	68.557	0	0	**68.557**	(2.090)	**66.467**
Participations	400	403	242	33	6.606	**7.684**	(15)	**7.670**
Stock	15.191	2.335	41.248	1.460	3.832	**64.065**	(4.496)	**59.569**
Claims from customers (net)	210.646	5.327	8.872	400	2.916	**228.161**	(65.237)	**162.924**
Other claims	32.961	9.541	6.966	330	253	**50.051**	(4.138)	**45.913**
Other receivables	50.061	27.193	113	6	159.678	**237.051**	(204.500)	**32.551**
Cash and cash equivalents	33.558	12.391	53.089	2.810	2.331	**104.179**	0	**104.179**
Total Assets	**390.507**	**197.508**	**205.442**	**5.374**	**182.713**	**981.544**	**(281.035)**	**700.510**

LIABILITIES								
Long-term loans	3.806	76.722	19.249	0	39	**99.817**	0	**99.817**
Other liabilities	2.613	2.038	1.735	0	79	**6.464**	(662)	**5.802**
Provisions	2.475	772	11	125	518	**3.902**	0	**3.902**
Short-term loans	63.662	15.095	7.030	10	0	**85.798**	0	**85.798**
Suppliers	167.008	34.454	16.226	1.762	1.900	**221.351**	(81.456)	**139.895**
Total Liabilities	**239.564**	**129.081**	**44.252**	**1.898**	**2.537**	**417.332**	**(82.119)**	**335.213**

GEK Group 31st of December 2004	**Construction**	**Energy**	**Real Estate**	**Industrial**	**Other**	**Total**
(in thousands of euros)	**Sector**	**Sector**	**Sector**	**Sector**	**Sectors**	**Sectors**
ASSETS						
Intangible assets (net)	215	22	4	0	5.932	**6.173**
Tangible assets (net)	53.610	127.367	16.478	496	1.341	**199.292**
Investment Property	0	0	59.739	0	0	**59.739**
Participations	0	0	0	0	10.061	**10.061**
Other financial elements	0	0	0	0	20.550	**20.550**
Stock	11.783	3.373	31.746	1.869	14.728	**63.499**
Claims from customers (net)	211.935	2.557	11.500	3.610	10.413	**240.015**
Other receivables	40.179	13.894	6.573	642	70	**61.358**
Cash and cash equivalents	0	0	0	0	83.786	**83.786**
Total Assets	**317.722**	**147.213**	**126.040**	**6.617**	**146.881**	**744.473**
LIABILITIES						
Long-term loans	15.683	45.315	25.654	0	4.633	**91.285**
Provisions	4.188	8	0	115	442	**4.753**
Short-term loans	85.897	35.821	5.558	4	3.498	**130.778**
Suppliers	92.280	25.139	5.835	1.815	2.758	**127.827**
Other liabilities	21.818	18.908	13.497	3.141	6.010	**63.374**
Total Liabilities	**219.866**	**125.191**	**50.544**	**5.075**	**17.341**	**418.017**

(Amounts in thousands of euros, unless otherwise stated)

GEK Group 31st of December 2005	Construction	Energy	Real Estate	Industrial	Other	Total	Group Deletions	Total
	Sector	Sector	Sector	Sector	Sectors	Sectors		Sectors
INCOME STATEMENT								
Turnover (Sales)	219.147	41.772	30.754	8.709	8.398	**308.779**	(34.591)	**274.188**
Cost of Sales and Services Rendered	(181.714)	(23.276)	(22.003)	(6.592)	(7.302)	**(240.887)**	27.354	**(213.533)**
Gross Operating Results	37.433	18.495	8.750	2.117	1.096	**67.892**	(7.237)	**60.654**
Other Income / Expenses (net)	(14.843)	(3.561)	4.803	(740)	(2.103)	**(16.443)**	4.360	**(12.083)**
Financial Income / Expenses (net)	(309)	(3.886)	(1.153)	(6)	14.207	**8.853**	(18.824)	**(9.971)**
Result before taxes	**22.282**	**11.049**	**12.400**	**1.370**	**13.200**	**60.301**	**(21.701)**	**38.600**

GEK Group 31st of December 2004	Construction	Energy	Real Estate	Industrial	Other	Total	Group Deletions	Total
	Sector	Sector	Sector	Sector	Sectors	Sectors		Sectors
INCOME STATEMENT								
Turnover (Sales)	439.162	9.753	869	14.725	11.347	**475.856**	(49.996)	**425.860**
Cost of Sales and Services Rendered	(366.605)	(4.991)	(139)	(11.657)	(7.223)	**(390.615)**	56.234	**(334.381)**
Gross Operating Results	72.557	4.762	730	3.068	4.124	**85.241**	6.238	**91.479**
Other Income / Expenses (net)	(13.043)	(964)	(227)	(330)	(2.952)	**(17.516)**	(95)	**(17.611)**
Financial Income / Expenses (net)	7.450	(899)	(665)	(148)	(3.428)	**2.310**	(10.366)	**(8.056)**
Effect of absorbed company HERMES S.A	0	0	0	0	0	**0**	43.351	**43.351**
Result before taxes	**66.964**	**2.899**	**(162)**	**2.590**	**(2.256)**	**70.035**	**39.128**	**109.163**

33. SUMMARY OF MAIN DIFFERENCES BETWEEN G.A.P. AND I.F.R.S.

The following table presents in summary the effect of the most important adjustments to equity for 1.1.2005 and 1.1.2004, which were applied to the Group's statutory financial statements, in order to adjust them to the I.F.R.S:

(Amounts in thousands of euros, unless otherwise stated)

TABLE OF ADJUSTMENTS TO OPENING EQUITY FOR THE PERIOD (1.1.2005 and 1.1.2004) BETWEEN THE GREEK GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (G.A.A.P.) AND THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.)

	GEK GROUP	
	1.1.2005	**1.1.2004**
Opening equity for the period according to G.A.A.P.	346,196	208,771
Recognition of provision for staff indemnities according to IAS 19	162	(1,331)
Valuation of investment property and fixed assets at fair values	12,119	10,884
Write-off of intangible assets	(9,729)	(11,735)
Recognition of long-term contracts for construction projects according to IAS 11	(7,090)	(2,356)
Accounting for deferred taxes	5,128	5,688
Recognition of finance leases	739	(1,949)
Provision for doubtful receivables	(12,269)	(12,972)
Transfer of grants to deferred income	(12,822)	(12,165)
Equity consolidation of J/V and other companies	3,375	(2,417)
Other	(1,305)	265
Inclusion of net equity of associates	(8,235)	(14,947)
Fair value valuation of absorbed company	2,913	-
Recognition of 2003 dividend according to the IAS	7,856	4,989
Increase of depreciation following restatement (Note 3.x)	(582)	
Opening equity for the period according to I.F.R.S.	**326,456**	**170,725**

The following Reconciliation Table presents in summary the most important adjustments to the Company's net results for the period ended on the 31st of December 2004 that were made to the Company's statutory financial statements in order to adjust them to the I.F.R.S.:

RECONCILIATION TABLE FOR THE RESULTS OF THE YEAR (31.12.2004) BETWEEN THE GREEK ACCOUNTING STANDARDS (G.A.S.) AND THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.)

	GEK GROUP
	31.12.2004
Results for the period according to the G.A.S.	56,788
Loss HERMES S.A 1.1.2004 – 3.12.2004	683
Net profit before taxes GEK 1.1.2004 – 31.3.2004	658
Increnent of absorbed company HERMES S.A	43,350
Recognition of a provision for staff indemnities according to IAS 19	1,493
Valuation of investment property and fixed assets at fair values	1,235
Write-off of intangible assets	2,006
Recognition of long-term contracts for construction projects according to IAS 11	(4,733)
Incorporation of Joint Venture - companies	5,880
Recognition of finance leases	2,687
Provision for doubtful receivables	702
Value of building construction according to the I.F.R.S.	(790)
Transfer to the profit and loss of expenses booked directly to equity	(5,793)
Other	4,996
Results for the period according to the I.F.R.S.	109,162

a. ***Investment Grants:*** According to Greek Generally Accepted Accounting Principles, grants that are received for the financing of the acquisition and/ or construction of Company fixed assets, are registered in equity and are depreciated according to the useful economic life of the fixed assets they refer to. According to I.F.R.S., the above grants are registered as deferred income and are depreciated according to the useful economic life of the fixed assets they refer to.

b. ***Recognition of income from technical projects based on the percentage-of-completion method:*** For the recognition of income that arises from projects constructed by the Group, the percentage-of-completion method was applied according to IAS 11.

c. ***Intangible Assets:*** According to G.A.P., many expenses categories related to pre-operating activities, acquisition of tangible assets, foreign exchange differences from loans in the construction period and research and development, are capitalized and depreciated always within a five-year period. The entry and recognition of expenses in intangible assets (except for the procedure of corporate acquisitions and mergers) are subject to specific and rigorous rules according to IAS 38 and essentially only the recognition of specific research and development expenses are permitted under exceptional conditions. Therefore the majority of expenses that were capitalized according to the previous G.A.P. were written-off on the transition date, at the expense of the profit carried forward balance.

d. ***Provisions for Staff Indemnities:*** According to Greek General Accepted Accounting Principles, Companies must make a relevant provision for a percentage of at least 40% the cumulative liability that would be paid had the total staff been fired on the 31st of December of each year, whereas according to I.F.R.S. such provisions should be made based on the relevant actuarial studies carried out according to IAS 19.

e. ***Deferred Income Tax:*** Greek accounting standards do not allow for the recognition of deferred income tax, which is mandatory according to the provisions of the I.F.R.S.

f. ***Financial leases:*** The Company recognized the fixed assets acquired through financial leases contracts on its Balance Sheet, whereas according to the previous Accounting Principles financial leases were recognized as operating.

g. ***Dividends:*** Proposed dividends after the balance sheet date, which during the approval time of the financial statements by the Board of Directors were subject to approval by the Company’s Shareholders, and which according to the previous Accounting Principles appear as a liability, were reallocated to the net position.

h. ***Tangible Assets, Investment Property:*** According to G.A.P., tangible assets (mainly plots and buildings, self-used or not) are valued at their readjusted values based on readjustments that take place every four years. Such readjustments are based on non-sector readjustment rates, which are specified by Presidential Decrees and applied on the acquisition value and cumulative depreciations of the relevant fixed assets, while the resulting surplus values are capitalized within a two-year period from the readjustment. Based on I.F.R.S. (and according to the admissible treatment of the I.F.R.S. 1) specific plots, buildings and mechanical equipment items were valued at fair value as at the transition date, a value that was used as implied cost. Furthermore, depreciations according to I.F.R.S. correspond to the useful economic life of the relevant fixed assets, while depreciations according to G.A.P. are effected based on rates set by the tax regulation.

i. ***Joint Ventures:*** According to G.A.P., participations in joint ventures were valued at acquisition costs in the consolidated balance sheet, while the account "Income from Participations" in the profit & loss account included the proportion of net profit or loss of the joint venture corresponding to the Group according to the relevant participation percentages. According to IAS 31 "Joint Ventures", joint ventures were mainly consolidated with the equity consolidation method based on which consolidated financial statements include the participation percentage of the Group in the assets, liabilities and profit and loss accounts of the joint ventures, which are consolidated with equity consolidation method.

CERTIFICATE

It is ascertained that the attached financial statements are those approved by the Board of Directors of the Company on the 28th of March, 2006 and have been published by being posted on the internet at the website www.gek.gr. It is noted that the summary financial figures that have been published in the press aim at providing the reader with certain general financial information but do not provide a full picture of the financial position and the results of the Group, in accordance with the International Financial Reporting Standards (IFRS). In the summary information published in the press some figures have been abbreviated.

George Peristris	Nikolaos Kambas
Chairman	CEO
Merkouris Moschovis	Louisa Kana
Financial Manager	Head of Acc. Dept.

CERTIFIED PUBLIC ACCOUNTANTS - AUDITORS
SOEL Reg. Number 125

AUDITORS' REPORT

To the Shareholders of GEK HOLDING REAL ESTATE CONSTRUCTION AE

We have audited the accompanying financial statements of the group companies of GEK HOLDING REAL ESTATE CONSTRUCTION AE, as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' Report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Group companies of GEK HOLDING REAL ESTATE CONSTRUCTION AE as of 31 December 2005, and of the results of its operations, its cash flows and the changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Without qualifying our opinion, we draw attention to:

a) Note 20 in the Notes to the financial statements, where reference is made to the fact that the tax returns of the parent company for the years 2000 to 2005 as well as those of the consolidated subsidiaries and Joint-Ventures cited in the above-mentioned Note, have not been examined by the tax authorities as yet and, as a consequence, the possibility exists of additional taxes and penalties being assessed at the time when the returns will be examined and will be accepted as final. The outcome of these tax inspections cannot be predicted at present and, therefore, no provision has been made in these financial statements in this respect.

b) Note 11 in the Notes to the financial statements, where reference is made to the fact that in the trade receivables is included an amount of approximately € 32 thousands, due to which is in arrears, since prior years, the collection of approximately € 14.000 thousands that concern proportion of respective receivables of two Joint Ventures in which participates the "TERNA AE" with object the execution of a technical project.

For this delay that concerns the additional over contractual object of the project, no recourse has been ledged to the provided by the contract arbitration because the Joint-Ventures consider that the procedure of a consensus solution has not yet been exhausted. According to the estimation of the lawyer who is handling this matter, in case of legal proceedings for its collection, there will be no unfavourable outcome, which could not possibly be objectively prejudged nor a provision for any contingent loss could be foreseen.

From the Auditors' Reports at 31.12.2005 of the Certified Public Accountant Auditor for the above Joint-Ventures arise, on the basis of the participation percentages, the following:

1) The contractual cost of the project falls shorter of the executed by amount € 11.800 thousands.

2) In the current year were issued by the Joint-Ventures to the leader of the project invoices for services amounting to € 10.600 thousands where the respective certifications were not brought to his consideration.

3) That up until the issue of the Auditors' Report (24.3.2006) replies had not been received by the leader of the project for the confirmation of receivables of the Joint Ventures. Based on the above and due to the legal and technical matters, which have to be quantified, we are not able to form and express opinion, whether at this stage, concur the conditions for performing contingent provision in respect of this matter.

c) In the 1ST, 2ND and 3RD Quarter financial statements of 2005 was accounted for by mistake less depreciation of € 200 thousands per quarter, which are settled in the final Balance Sheet at 31.12.2005. For this reason the results are charged per quarter with € 145 thousands, taking also into consideration the deferred income tax. The respective charge from the restatement of the results of the preceding year amount to € 582 thousands, as analytically referred to in Note 3 kc in the Notes to the financial statements.

Athens, 30 March 2006

DIONYSIOS THEODOROPOULOS

Certified Public Accountant Auditor

SOEL Reg. No. 10661

SOL S.A. – Certified Public Accountants Auditors