



TERNA GROUP

INTERIM FINANCIAL STATEMENTS OF THE
PARENT COMPANY AND ITS GROUP
AS AT THE 30th OF SEPTEMBER 2006
IN ACCORDANCE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS (IFRS)

TABLE OF CONTENTS

COMPANY DATA

| | |
|-----------------------------------|---|
| BALANCE SHEET | 3 |
| INCOME STATEMENT..... | 5 |
| CASH FLOW STATEMENT | 6 |
| STATEMENT OF CHANGES IN EQUITY... | 7 |

CONSOLIDATED DATA

| | |
|-----------------------------------|----|
| BALANCE SHEET | 8 |
| INCOME STATEMENT..... | 9 |
| CASH FLOW STATEMENT | 10 |
| STATEMENT OF CHANGES IN EQUITY... | 11 |

NOTES ON INTERIM FINANCIAL STATEMENTS OF PARENT COMPANY AND THE GROUP AS OF SEPTEMBER THE 30th 2006

| | |
|--|----|
| 1. ACTIVITIES OF THE GROUP | 12 |
| 2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS | 12 |
| 3. SUMMARY OF KEY ACCOUNTING POLICIES | 12 |
| 4. INFORMATION ON CONSOLIDATED ENTITIES..... | 13 |
| 5. INFORMATION BY SECTOR OF ACTIVITY | 18 |
| 6. FIXED ASSETS..... | 19 |
| 7. DIFFERENCES UNDER LITIGATION OR ARBITRATION | 20 |
| 8. TRANSACTIONS WITH RELATED PARTIES..... | 20 |
| 9. IMPORTANT EVENTS FOR THE PERIOD | 21 |
| 10. POST BALANCE SHEET EVENTS | 21 |
| 11. CONTINGENT LIABILITIES | 21 |

TERNA S.A.**BALANCE SHEET OF 30/09/2006**

(All amounts are expressed in thous euro unless otherwise stated)

| | <u>30/9/2006</u> | <u>31/12/2005</u> |
|--|------------------|-------------------|
| ASSETS | | |
| Non-current assets | | |
| Intangible fixed assets | 5,612 | 5,821 |
| Tangible fixed assets | 41,271 | 41,111 |
| Real estate | 7,935 | 7,935 |
| Participation in affiliated companies and joint ventures | 41,228 | 37,111 |
| Participation in related companies | 0 | 0 |
| Other long-term receivables | 1,217 | 146 |
| Deferred tax | 2,306 | 6,446 |
| Total non-current assets | 99,569 | 98,570 |
| Current Assets | | |
| Inventories | 9,206 | 4,324 |
| Trade receivables | 121,961 | 92,726 |
| Prepayments and other receivables | 38,601 | 15,006 |
| Other financial assets | 4,035 | 4,578 |
| Cash and cash equivalents | 8,487 | 12,818 |
| Total current assets | 182,290 | 129,452 |
| TOTAL ASSETS | 281,859 | 228,022 |
| TOTAL EQUITY AND LIABILITIES | | |
| Share capital | 53,319 | 53,319 |
| Share premium | 35,922 | 35,922 |
| Reserves | 15,928 | 15,969 |
| Profit/losses carried forward | 31,297 | 28,362 |
| Total equity | 136,466 | 133,572 |
| Long-term liabilities | | |
| Long-term loans | 14,000 | 0 |
| Loans from finance leases | 2,128 | 3,372 |
| Provision for staff indemnities | 865 | 996 |
| Other provisions | 720 | 946 |
| Subsidies | 0 | 0 |
| Other long-term liabilities | 1 | 31 |
| Total long-term liabilities | 17,714 | 5,345 |

Short-term liabilities:

| | | |
|--|----------------|---------------|
| Suppliers | 82,843 | 37,517 |
| Short-term loans | 30,013 | 26,029 |
| Long-term liabilities falling due | 63 | 0 |
| Accrued and other short-term liabilities | 14,760 | 25,367 |
| Income tax payable | <u>0</u> | <u>192</u> |
| Total short-term liabilities | 127,679 | 89,105 |

TOTAL LIABILITIES AND EQUITY

| | |
|-----------------------|-----------------------|
| <u>281,859</u> | <u>228,022</u> |
|-----------------------|-----------------------|

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

TERNA S.A.
INCOME STATEMENT
FOR THE PERIOD ENDING ON 30/09/2006
(All amounts are expressed in thous euro except the shares)

| | <u>1/1 - 30/09/06</u> | <u>1/1 - 30/09/05</u> | <u>3o Quarter 2006</u> | <u>3o Quarter 2005</u> |
|--|---------------------------|---------------------------|----------------------------|----------------------------|
| Net turnover | 129,875 | 112,875 | 49,621 | 31,170 |
| Cost of sales | <u>(102,598)</u> | <u>(97,779)</u> | <u>(41,916)</u> | <u>(30,640)</u> |
| Gross profit | 27,277 | 15,096 | 7,705 | 530 |
| Administrative and distribution expenses | (13,419) | (9,934) | (5,336) | (4,524) |
| Other income(expenses) | 3,132 | 3,965 | (863) | 3,500 |
| Net financial income(expenses) | (2,161) | (665) | (1,118) | 871 |
| Profits/(Losses) before tax | 14,829 | 8,462 | 388 | 377 |
| Income tax | (2,150) | 497 | 6 | (785) |
| Net earnings/(losses) for the period | <u>12,679</u> | <u>8,959</u> | <u>394</u> | <u>(408)</u> |
| Profit/(Losses) after tax per share (in Euros) | | | | |
| Basic | 0.28 | 0.19 | 0.01 | (0.01) |
| Weighted average number of shares | 45,964,500 | 45,964,500 | 45,964,500 | 45,964,500 |

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

TERNA S.A.**CASH FLOW STATEMENT (INDIRECT METHOD)****FOR THE PERIOD ENDING ON 30/09/2006****(All amounts are expressed in thous euro unless otherwise stated)**

| | 1/1 - 30/09/06 | 1/1 - 30/09/05 |
|--|-----------------------|-----------------------|
| Cash flow from operating activities | | |
| Earnings before tax | 14,829 | 8,463 |
| Adjustments for the agreement of net flows from operating activities: | | |
| Depreciations | 3,883 | 3,237 |
| Provisions | (357) | 184 |
| Interest and related income | (305) | (62) |
| Interest and other financial expenses | 2,498 | 2,110 |
| (Profit)/loss from the sale and valuation of participations | (2,241) | 0 |
| Depreciation of grants | 0 | 0 |
| Other adjustments | 0 | |
| Operating profit before the changes in working capital | 18,307 | 13,932 |
| (Increase)/decrease in | | |
| Inventory | (4,882) | 2,324 |
| Trade receivable | (28,897) | 9,027 |
| Prepayments and other short-term receivables | (20,437) | (738) |
| Increase(decrease) in: | | |
| Suppliers | 45,326 | 8,132 |
| Accrued and other short-term liabilities | (10,049) | (5,148) |
| Subsidies received | 0 | 0 |
| (Increase)/Decrease of other long-term receivables | (1,101) | (3) |
| Income tax payments | 0 | 0 |
| Cash inflows from operating activities | (1,733) | 27,526 |
| Cash flows from investing activities | | |
| Purchases of tangible and intangible assets | (3,736) | (1,715) |
| Sales of tangible and intangible assets | 0 | 0 |
| Interest and related income received | 305 | 62 |
| (Purchases) / Sales of participations and securities | (2,188) | (2,556) |
| (Share capital increase) / New consolidated companies - Cash at the beginning of the absorption of companies | 0 | (3,021) |
| Real estate | 0 | 3,090 |
| Cash flows from investing activities | (5,619) | (4,140) |
| Cash flows from financing activities | | |
| Net change in short-term loans | 3,984 | (11,610) |
| Withdraws/(Payments) from long-term loans | 14,000 | 0 |
| Loan payments from financing leases | (1,342) | (1,214) |
| Dividends paid | (10,123) | (4,426) |
| Interest paid | (2,498) | (2,110) |
| Change of other financial receivables | (1,000) | 3,980 |
| Cash outflows for financing activities | (3,021) | (15,380) |
| Foreign exchange effect on cash and cash equivalents | | |
| Net increase in cash and cash equivalents | (4,332) | 8,006 |
| Cash and equivalents at the beginning of the period | 12,818 | 3,918 |
| Cash and equivalents at the end of the period | 8,487 | 11,924 |

TERNA S.A.
STATEMENT OF CHANGES IN EQUITY
AS OF 30/09/2006
 (All amounts are expressed in thous euro unless otherwise stated)

| | Share capital | Share premium account | Reserves | Profit carried forward | Total equity |
|--|---------------|-----------------------|---------------|------------------------|----------------|
| Balance 31/12/04 | 53,319 | 35,922 | 15,969 | 33,879 | 138,789 |
| Change in equity for the period 1/1 - 30/09/05 | | | | | |
| Profit/(loss) for the period after tax | 0 | 0 | 0 | 8,959 | 8,959 |
| Total recognised profits and losses for the period | 0 | 0 | 0 | 8,959 | 8,959 |
| Dividends | 0 | 0 | 0 | (10,113) | (10,113) |
| Transfers-other movements | 0 | 0 | 0 | (10) | (10) |
| Balance 30/09/05 | 53,319 | 35,922 | 15,669 | 32,715 | 137,625 |
| Balance 31/12/05 | 53,319 | 35,922 | 15,969 | 28,362 | 133,572 |
| Change in equity for 2006 | | | | | |
| Foreign exchange differences in consolidating foreign operations | 0 | 0 | 255 | 0 | 255 |
| Total net earnings recorded directly in equity | 0 | 0 | 255 | 0 | 255 |
| Net profit for the period | 0 | 0 | 0 | 12.679 | 12,679 |
| Total recognised profits and losses for the period | 0 | 0 | 255 | 12.679 | 12,934 |
| Dividends | 0 | 0 | 0 | (10,112) | (10,112) |
| Distribution of reserves | 0 | 0 | (296) | 368 | 72 |
| Other movements | 0 | 0 | 0 | 0 | 0 |
| Balance 30/09/06 | 53,319 | 35,922 | 15,928 | 31,297 | 136,466 |

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

TERNA GROUP
BALANCE SHEET OF 30/9/2006
(all amounts are in thousand euros unless otherwise stated)

| | <u>30/09/2006</u> | <u>31/12/2005</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| Non-current assets | | |
| Intangible fixed assets | 5,803 | 5,859 |
| Tangible fixed assets | 180,678 | 154,637 |
| Real estate | 29,038 | 26,305 |
| Participation in affiliated companies and joint ventures | 0 | 0 |
| Participation in related companies | 0 | 0 |
| Other long-term receivables | 0 | 256 |
| Deferred income tax receivable | 6,142 | 7,092 |
| Total non-current assets | 222,955 | 194,149 |
| Current Assets | | |
| Inventories | 16,842 | 14,260 |
| Trade receivables | 217,943 | 163,511 |
| Prepayments and other receivables | 51,500 | 38,030 |
| Other financial assets | 6,055 | 9,069 |
| Cash and cash equivalents | 34,146 | 49,067 |
| Total current assets | 326,486 | 273,937 |
| TOTAL ASSETS | 549,441 | 468,086 |
| TOTAL EQUITY AND LIABILITIES | | |
| Share capital | 53,319 | 53,319 |
| Share premium | 35,922 | 35,922 |
| Reserves | 21,876 | 21,783 |
| Profit/losses carried forward | 55,525 | 50,500 |
| Total equity | 166,642 | 161,524 |
| Minority interest | 18,609 | 18,601 |
| Total equity | 185,251 | 180,125 |
| Long-term liabilities | | |
| Long-term loans | 78,263 | 53,994 |
| Loans from finance leases | 8,680 | 17,353 |
| Provision for staff indemnities | 992 | 1,277 |
| Other provisions | 1,879 | 2,092 |
| Subsidies | 18,911 | 14,296 |
| Other long-term liabilities | 1 | 31 |
| Deferred income tax | 5,772 | 3,778 |
| Total long-term liabilities | 114,498 | 92,821 |
| Short-term liabilities: | | |
| Suppliers | 121,085 | 87,054 |
| Short-term loans | 87,938 | 75,267 |
| Long-term liabilities falling due | 10,526 | 527 |
| Accrued and other short-term liabilities | 27,008 | 32,116 |
| Income tax payable | 3,135 | 176 |
| Total short-term liabilities | 249,692 | 195,140 |
| TOTAL LIABILITIES AND EQUITY | 549,441 | 468,086 |

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

TERNA GROUP
INCOME STATEMENT
FOR THE PERIOD ENDING ON 30/09/2006
(All amounts are expressed in thous euro except the shares)

| | <u>1/1 - 30/09/06</u> | <u>1/1 - 30/09/05</u> | <u>3rd Quarter 2006</u> | <u>3rd Quarter 2005</u> |
|---|---------------------------|---------------------------|--|--|
| Net turnover | 203,781 | 172,625 | 80,292 | 74,139 |
| Cost of sales | <u>(160,223)</u> | <u>(140,427)</u> | <u>(65,090)</u> | <u>(67,501)</u> |
| Gross profit | 43,558 | 32,198 | 15,202 | 6,638 |
| Administrative and distribution expenses | (15,608) | (15,612) | (6,100) | (7,355) |
| Other income(expenses) | 75 | 5,889 | (1,007) | 4,731 |
| Net financial income(expenses) | <u>(6,231)</u> | <u>(5,966)</u> | <u>(2,564)</u> | <u>(3,325)</u> |
| Profits/(Losses) before tax | 21,794 | 16,509 | 5,531 | 689 |
| Income tax | <u>(6,455)</u> | <u>(182)</u> | <u>(1,635)</u> | <u>(1,846)</u> |
| Net earnings/(losses) for the period | <u><u>15,339</u></u> | <u><u>16,327</u></u> | <u><u>3,896</u></u> | <u><u>(1,157)</u></u> |
| <i>Attributed to :</i> | | | | |
| Shareholders of the parent | 14,407 | 14,563 | 3,319 | (1,863) |
| Minority interest | <u>932</u> | <u>1,764</u> | <u>577</u> | <u>(706)</u> |
| | <u><u>15,339</u></u> | <u><u>16,327</u></u> | <u><u>3,896</u></u> | <u><u>(1,157)</u></u> |
| Profit/(Losses) after tax per share (in Euros) | | | | |
| Basic from continuing operations attributed to the shareholders of the parent | 0.31 | 0.33 | 0.07 | (0.04) |
| Weighted average number of shares | 45,964,500 | 45,964,500 | 45,964,500 | 45,964,500 |

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

TERNA GROUP
CASH FLOW STATEMENT (indirect method)
FOR THE PERIOD ENDING ON 30 SEPTEMBER 2006
(all amounts are in thousand euros unless otherwise stated)

| | 1/1 - 30/09/06 | 1/1 - 30/09/05 |
|--|---------------------------|---------------------------|
| Cash flow from operating activities | | |
| Earnings before tax | 21,794 | 16,509 |
| Adjustments for the agreement of net flows from operating activities: | | |
| Depreciations | 10,872 | 6,616 |
| Provisions | (501) | 213 |
| Interest and related income | (596) | (335) |
| Interest and other financial expenses | 6,012 | 5,552 |
| (Profit)/loss from the sale and valuation of participations | (537) | 0 |
| Depreciation of grants | (872) | (864) |
| Other adjustments | 7 | 0 |
| Operating profit before the changes in working capital | 36,179 | 27,691 |
| (Increase)/decrease in | | |
| Inventory | (6,126) | (2,740) |
| Trade receivable | (47,778) | 58,626 |
| Prepayments and other short-term receivables | (32,963) | (2,310) |
| Increase(decrease) in: | | |
| Suppliers | 58,756 | (40,026) |
| Accrued and other short-term liabilities | 4,348 | (8,463) |
| Subsidies receivables | 0 | 2,719 |
| (Increase)/Decrease of other long-term receivables | (1,063) | 54 |
| Income tax payments | (1,558) | 0 |
| Cash inflows from operating activities | 9,795 | 35,551 |
| Cash flows from investing activities | | |
| Purchases of tangible and intangible assets | (36,141) | (4,572) |
| Sales of tangible and intangible assets | 60 | 0 |
| Interest and related income received | 596 | 335 |
| (Purchases) / Sales of participations and securities | (2,213) | 0 |
| Other changes in participations | 0 | (621) |
| (Share capital increase) / New consolidated companies - Cash at the beginning of the absorption of companies | 0 | 0 |
| Real estate | (3,693) | 3,090 |
| Cash flows from investing activities | (41,391) | (1,768) |
| Cash flows from financing activities | | |
| Net change in short-term loans | 15,170 | (22,753) |
| Withdraws/(Payments) from long-term loans | 24,261 | 11,014 |
| Loan payments from financing leases | (8,731) | (4,203) |
| Dividends paid | (10,826) | (4,423) |
| Interest paid | (5,475) | (5,552) |
| Change of other financial receivables | 2,275 | 766 |
| Cash outflows for financing activities | 16,674 | (25,151) |
| Foreign exchange effect on cash and cash equivalents | | |
| Net increase in cash and cash equivalents | (14,922) | 8,632 |
| Cash and equivalents at the beginning of the period | 49,067 | 37,013 |
| Cash and equivalents at the end of the period | 34,146 | 45,645 |

TERNA GROUP

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDING ON 30 SEPTEMBER 2006

(All amounts are expressed in thousand euro unless otherwise stated)

| | Attributed to the shareholders of the parent | | | | | | |
|--|---|------------------------------|-----------------|-------------------------------|----------------|--------------------------|---------------------|
| | Share capital | Share premium account | Reserves | Profit carried forward | Total | Minority interest | Total equity |
| Balance 31/12/04 | 53,319 | 35,922 | 21,483 | 47,053 | 157,777 | 17,947 | 175.724 |
| Change in equity for the period 1/1 - 30/09/05 | | | | | | | |
| Profit/(loss) for the period after tax | 0 | 0 | 0 | 14,563 | 14,563 | 1,764 | 16,327 |
| Total recognised profits and losses for the period | 0 | 0 | 0 | 14,563 | 14,563 | 1,764 | 16,327 |
| Dividends | 0 | 0 | 0 | (10,113) | (10,113) | (656) | (10.769) |
| Transfers-other movements | 0 | 0 | 0 | 0 | 0 | 0 | 0) |
| Balance 30/09/05 | 53,319 | 35,922 | 21,483 | 51,503 | 162,227 | 19,055 | 181,282 |
| Balance 31/12/05 | 53,319 | 35,922 | 21,783 | 50,499 | 161,523 | 18,601 | 180.124 |
| Change in equity for 2006 | | | | | | | |
| Change in participation percentage | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign exchange differences in consolidating foreign operations | 0 | 0 | 255 | 0 | 255 | 0 | 255 |
| Total net earnings recorded directly in equity | 0 | 0 | 255 | 0 | 255 | 0 | 255 |
| Profit for the period | 0 | 0 | 0 | 14,407 | 14,407 | 932 | 15,339 |
| Total recognised profits and losses for the period | 0 | 0 | 255 | 14,407 | 14,662 | 932 | 15,594 |
| Dividends | 0 | 0 | 0 | (10,112) | (10,112) | (345) | (10.457) |
| Reduction of participation percentage in subs. company | 0 | 0 | 0 | 579 | 579 | (579) | 0 |
| Distribution of reserves | 0 | 0 | (162) | 152 | (10) | 0 | (10) |
| Balance 30/09/06 | 53,319 | 35,922 | 21,876 | 55,525 | 166,642 | 18,609 | 185,251 |

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

TERNA GROUP

NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

1. ACTIVITIES OF THE GROUP

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

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

At the Group level, TERN A is active in the industrial sector with its subsidiary companies «BIOMEK», which undertakes metal constructions and «STROTIRE S AEBE», which produces and distributes skids from armed concrete. Also, through «HERON THERMOELEKTRIKI SA» and «TERN A ENERGY ABETE» the Group is active in the energy sector through thermoelectric installations and wind parks with a total installed capacity of 148MW and 109MW. The consolidated financial statements of TERN A are included in the consolidated financial statements of its parent company GEK SA, which on the balance sheet date held (directly and indirectly) 54.63% of its share capital.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The attached financial statements that form the parent and consolidated financial statements of the Parent and the Group are compiled in accordance with IFRS as these are adopted by the European Union and specifically in accordance with the provisions of IAS 34 «Interim Financial Statements». There are not any standards that have been applied prior to their adoption date. Also, the financial statements have been prepared according to the historic cost principle, except from investment property which is valued at fair value. Some own-used tangible fixed assets on the date of transition to the International Financial Reporting Standards (IFRS) (01/01/2004) were measured at fair value and these values were used as deemed cost.

3. SUMMARY OF KEY ACCOUNTING POLICIES

The main accounting policies adopted during the compilation of the attached financial statements are consistent to those followed for the compilation of the annual financial statements for the period ending on 31/12/2005. Also, the International Accounting Standards Board and the Interpretations Committee have issued a series of new Accounting Standards and interpretations as reported below:

Effect of newly issued Accounting Standards (IFRS or IAS) and Interpretations (SIC): 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:

TERNA GROUP

NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

- **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. 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 arising from an intragroup transaction having a high probability of occurrence, 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 at fair value through profit and loss 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 at fair value through profit and loss other than the instruments that are held for trading purposes.
- **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 for and evaluation of mineral resources.** It is applied to financial statements that starting from January 1st 2006 onwards and it has not affected the financial statements of the Company and the Group.
- **IFRIC 4. Determining Whether an Arrangement Contains a Lease:** IFRIC 4 is applied to annual periods starting from January 1st 2006 onwards. The implementation of IFRIC 4 did not 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 1st 2006 onwards and did not affect the financial statements of the company or the Group.

4. INFORMATION ON CONSOLIDATED ENTITIES

The data of the consolidated entities of the Group as of the 30th of September 2006 are as follows:

Regarding the non-audited tax years, the Company for the years 2002-2004 is currently under a tax audit procedure. The non-audited tax years for the companies of the TERNA Group SA that are consolidated are as follows:

TERNA GROUP**NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

A) COMPANIES FULLY CONSOLIDATED**A.1) Direct subsidiaries**

| A/A | COMPANY NAME | COUNTRY OF DOMICILE | PARTICIPATION PERCENTAGE | NON-AUDITED TAX YEARS |
|-----|--------------------|------------------------|-----------------------------|--|
| 1. | TERNA ENERGY ABETE | GREECE | 63.19% | 1 |
| 2. | BIOMEK ABETE | GREECE | 66.50% | 4 |
| 3. | STROTIRES AEBE | GREECE | 51% | 3 |
| 4. | DIKEVE SA | GREECE | 100% | 3 |
| 5. | ILIOCHORA SA | GREECE | 100% | 1 |
| 6. | TERNA OVERSEAS | CYPRUS | 100% | Running 1 st year of operation |

A.2) Subsidiaries of TERNA ENERGY ABETE:

| A/A | COMPANY NAME | COUNTRY OF DOMICILE | PARTICIPATION PERCENTAGE | NON-AUDITED TAX YEARS |
|-----|--------------------------------|------------------------|-----------------------------|--------------------------|
| 1. | IWECO CHONOS LASITHI CRETE SA | GREECE | 100% | 3 |
| 2. | ENERGIAKI SERVOUNIO SA | GREECE | 100% | 4 |
| 3. | TERNA ENERGY EVROS SA | GREECE | 100% | 4 |
| 4. | PPC RENEWABLE- TERNA ENERGY SA | GREECE | 51% | 3 |

B. COMPANIES CONSOLIDATED PROPORTIONALLY**B.1) Direct consolidated companies**

| A/A | COMPANY NAME | COUNTRY OF DOMICILE | PARTICIPATION PERCENTAGE | NON-AUDITED TAX YEARS |
|-----|--------------------------|------------------------|-----------------------------|--------------------------|
| 1. | HERON THERMOELEKTRIKI SA | GREECE | 50% | 4 |

B.2) JOINT VENTURES OF TERNA SA

| A/A | COMPANY NAME | PARTICIPATION PERCENTAGE | NON- AUDITED TAX YEARS |
|-----|---|-----------------------------|------------------------------|
| 1. | J/V MAIN IRRIGATION CANAL D 1 | 75.00% | 6 |
| 2. | J/V TERNA SA – IMPEGILO SPA (TRAM) | 55.00% | 5 |
| 3. | J/V HERACLION UNIVERSITY CITY | 50.00% | 2 |
| 4. | J/V DEVIATION ANCIENT OLYMPIA | 50.00% | 4 |
| 5. | J/V AKTOR, AECEK, EKTER, TERNA, SPATA AIRPORT | 20.00% | 6 |
| 6. | J/V TERNA SA/AKTOR SA GOULANDRI MUSEUM | 50.00% | 3 |
| 7. | J/V DEPA PROJECT | 10.00% | 3 |

TERNA GROUP**NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

| | | | |
|-----|---|--------|----------------------|
| 8. | J/V UNDERGROUND CAR PARK THESSALONICA | 50.00% | 3 |
| 9. | J/V ARTA DEVIATION - PHILIPPIADAS | 98.00% | 4 |
| 10. | J/V ATHENS OPERA HOUSE | 45.00% | 4 |
| 11. | J/V ATHENIAN CAR PARKS | 20.00% | 3 |
| 12. | J/V PERISTERI METRO | 50.00% | 4 |
| 13. | J/V TERNA SA – ATHINA ATE PROJECT ARACHTHOU PERIST. | 62.50% | 4 |
| 14. | J/V TERNA SA – KARAGIANNIS PROJECT TEFAA KOMOTINIS | 24.00% | 3 |
| 15. | J/V THALES ATM SA-TERNA UPGRADE CAR PARK TACAN | 22.25% | 5 |
| 16. | J/V ETETH-TERNA-AVAX PANTHECHNIKI HORSE RIDING CENTER | 35.00% | 3 |
| 17. | J/V AVAX-BIOTER (CONSTRUCTION OF OLYMPIC VILLAGE) | 37.50% | 3 |
| 18. | J/V TERNA S.A. PANTECHNIKI S.A. | 83.50% | 3 |
| 19. | J/V TERNA S.A. AKTOR A.T.E.. J&P AVAX | 33.00% | 4 |
| 20. | J/V TERNA SA J&P AVAX – PANTHECHNIKI MAINTENANCE OF HORSE RIDING CENTER | 35.00% | 3 |
| 21. | J/V TERNA SA-ATHINA ATE | 62.50% | 2 |
| 22. | J/V ARCHIRODON HELLAS ATE-TERNA SA | 30.00% | 4 |
| 23. | J/V EVINOOU – AEFK-METON SA-TERNA SA-EYKLEIDIS ATE | 33.33% | 3 |
| | J/V TERNA SA – TH. KARAGIANNIS SA PROJECT YPEXODE | 50.00% | |
| 24. | CONSTRUCTION | | 5 |
| 25. | J/V SALONICA PARK | 50.00% | 1 |
| 26. | J/V SIEMENS-AKTOR-TERNA SA | 37.50% | 1 |
| 27. | J/V TERNA SA- MICHANIKI SA DEVIATION OF AGRINIO | 65.00% | 1 |
| 28. | J/V TERNA SA/BIOTER SA - CONSTRUCTION OF NAT BUILDING | 50.00% | 6 |
| 29. | J/V TERNA SA-THALES SA | 50.00% | 3 |
| 30. | J/V TOMI ABETE-ILIOCHORA SA | 30.00% | 1 st year |
| 31. | J/V AVAX-BIOTER ILIOCHORA SA | 37.50% | 1 st year |
| | J/V AKTOR ATE-DOMOTECHNIKI SA-THEMELIODOMI SA-TERNA SA-ETETH SA | 25.00% | 1 st year |
| 32. | ETETH SA | | 1 st year |
| 33. | J/V BUILDING CONSTRUCTION OSE ILIOCHORA SA | 13.00% | 1 st year |
| 34. | J/V BUILDING CONSTRUCTION OSE ILIOCHORA SA | 13.00% | 1 st year |
| 35. | J/V CONSTRUCTING THE MUNICIPAL BUILDING OF THESSALONIKI | 25.00% | 1 st year |
| 36. | J/V CONSTRUCTION OF PROJECT PARADEISIA-TSAKONA | 49.00% | 1 st year |
| 37. | J/V UNDERGROUND CHAIDARI-PART A | 50.00% | 1 st year |
| 38. | J/V FOUNDATION OF HELLENIC WORLD -FULL CONSTRUCTION | 60.00% | 1 st year |
| 39. | J/V IMPREGILO SPA - TERNA SA-ALTE SA (executive) | 33.33% | clearance |
| 40. | J/V TERNA SA-TERNA ENERGY ABETE-TSAMPRA ATE | 50.00% | 4 |
| 41. | J/V TERNA SA-TERNA ENERGY ABETE | 50.00% | 4 |
| 42. | J/V VIOTER SA-TERNA SA | 50.00% | 4 |
| 43. | J/V TERNA SA-IONIOS SA | 90.00% | 4 |
| 44. | J/V TERNA ENERGY-TERNA-MANIOTIS | 37.50% | 3 |
| 45. | J/V TERNA-TERNA ENERGY-TSAMPRAS (EPL) | 56.00% | 2 |
| 46. | J/V ATHENA-PANTECHNIKI-TERNA-J/V PLATAMONA PROJECT | 39.20% | 2 |
| 47. | J/V VIOTER SA-TERNA SA | 50.00% | 4 |
| 48. | J/V TERNA-MOCHLOS ATE | 70.00% | 5 |
| 49. | J/V TERNA-VIOTER SA | 50.00% | 4 |
| 50. | J/V TERNA-ERGODOMI-KTISTOR ATE | 50.00% | 3 |
| 51. | J/V EDRASI-PSALLIDAS-TERNA-EDRACO | 51.00% | 3 |
| 52. | J/V TERNA-AKTOR-EMPEDES-J&P ABAX | 24.00% | 4 |
| 53. | J/V TERNA-ATERMON ATEE | 50.00% | 2 |
| 54. | J/V TERNA-VERMION ATE-ANAPLASEON | 50.00% | 2 |
| 55. | J/V TERNA-KARAGIANNIS | 50.00% | 3 |
| 56. | J/V THEMELIODOMI-GEK-DIEKAT | 25.00% | 4 |
| 57. | J/V EUROPEAN TECHNICAL-HOMER-TERNA | 50.00% | 10 |
| 58. | J/V TERNA-THEMELIODOMI | 60.00% | 3 |
| 59. | J/V TERNA-AKTOR GOULANDRI MUSEUM | 50.00% | 4 |

TERNA GROUP**NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

| | | | |
|-----|--|--------|-----------|
| 60. | J/V TERNA-THEMELI DOMI | 60.00% | 6 |
| 61. | J/V TERNA-TEMA SA | 37.00% | 4 |
| 62. | J/V FRAGMATOS PRAMORITSA | 33.00% | 4 |
| 63. | J/V TERNA-EDRASI-STROTIRE | 41.00% | 1 |
| 64. | J/V IMPREGILO -ALTE-TERNA | 5.00% | Clearance |
| 65. | J/V UNIVERSITY OF CRETE | 25.00% | 1 |
| 66. | J/V PROJECT FOR COMPLETION OF BIOLOGICAL | 50.00% | 3 |
| 67. | J/V EKTER-TERNA | 50.00% | 3 |
| 68. | TERNA SA & Co | 99.00% | 4 |

B.3) Joint Ventures of TERNA ENERGY ABETE

| | J/V NAME | PARTICIPATION PERCENTAGE | NON-AUDITED TAX YEARS |
|-----|---|-----------------------------|--------------------------|
| 1. | J/V TRAM POLITICAL ENGINEERING WORKS, Greece | 36% | 3 |
| 2. | J/V ENVAGELISMOU, PROJECT C', Greece | 50% | 3* |
| 3. | J/V TERNA ENERGY - TSAMPR. DRAMAS HOSPITAL, Greece | 40% | 3* |
| 4. | J/V EPL DRAMAS, Greece | 24% | 3* |
| 5. | J/V TERNA ENERGY - OLYMPIOS ATE, Greece | 50% | 3 |
| 6. | J/V K. MANIOTIS - TERNA - TERNA ENERGY, Greece | 37.50% | 3 |
| 7. | J/V/ EMBEDOS - PANTECHNIKI - TERNA ENERGY, Greece | 50.10% | 3 |
| 8. | J/V THEMELI - TERNA ENERGY - TERNA SA IMPREGILO SPA, Greece | 40% | 2 |
| 9. | J/V EKTER - TERNA - ATHONIKI, Greece | 31% | 1 |
| 10. | J/V/ KL. ROUTSIS - TERNA ENERGY ABETE, Greece | 50% | 2 |

* Without any tax interest because the project of the J/V is completed and during these years no income was generated. These J/Vs are soon expected to cease existing.

B.4) Partnership and Limited Partnership companies of the subgroup TERNA ENERGY ABETE*

* They are established in order to receive the license for the construction of facilities for the production of electrical energy using renewable resources, and if this project goes through the companies would be absorbed by TERNA ENERGY ABETE. They have no activity till today and therefore no tax interest.

| | NAME | PARTICIPATION | NON-AUDITED TAX YEARS |
|----|---|---------------|--------------------------|
| 1. | TERNA ENERGY ABETE - M.E.L. MAKEDONIKI ETAIRIA HARTOU & Co, J/V, Greece | 50% | 4 |
| 2. | TERNA ENERGY A.B.E.T.E. & SIA AIOLIKI RAHOULAS DERVENOHORION, Greece | 100% | 4 |
| 3. | TERNA ENERGY ABETE & SIA AIOLIKI POLYKASTROU, Greece | 100% | 4 |
| 4. | TERNA ENERGY ABETE & SIA AIOLIKI PROVATA TRAIANOUPOLEOS, Greece | 100% | 4 |

TERNA GROUP**NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

| | | | |
|-----|--|------|---|
| 5. | TERNA ENERGY ABETE & SIA ENERGIAKI DERVENOHORION, Greece | 100% | 4 |
| 6. | TERNA ENERGY ABETE & SIA ENERGIAKI VELANIDION LAKONIAS, Greece | 100% | 4 |
| 7. | TERNA ENERGY ABETE & SIA ENERGIAKI DISTION EVIAS, Greece | 100% | 4 |
| 8. | TERNA ENERGY ABETE & SIA AIOLIKI PASTRA ATTIKIS, Greece | 100% | 4 |
| 9. | TERNA ENERGY ABETE & SIA AIOLIKI MALEA LAKONIAS, Greece | 100% | 4 |
| 10. | TERNA ENERGY ABETE & SIA ENERGIAKI FERRON EVROU, Greece | 100% | 4 |
| 11. | TERNA ENERGY ABETE & SIA AIOLIKI DERVENI TRAIANOUPOLEOS, Greece | 100% | 4 |
| 12. | TERNA ENERGY ABETE & SIA AIOLIKI KARYSTIAS EVIAS, Greece | 100% | 4 |
| 13. | TERNA ENERGY ABETE & SIA ENERGIAKI ARI SAPPON, Greece | 100% | 4 |
| 14. | TERNA ENERGY ABETE & SIA ENERGIAKI PELOPONNISOU, Greece | 100% | 4 |
| 15. | TERNA ENERGY ABETE & SIA AIOLIKI ANATOLIKIS ELLADOS, Greece | 100% | 4 |
| 16. | TERNA ENERGY ABETE & SIA AIOLIKI MARMARIOU EVIAS, Greece | 100% | 4 |
| 17. | TERNA ENERGY ABETE & SIA ENERGIAKI PETRION EVIAS, Greece | 100% | 4 |
| 18. | TERNA ENERGY ABETE & SIA AIOLIKI ROKANI DERVENOHORION, Greece | 100% | 4 |
| 19. | TERNA ENERGY ABETE & SIA ENERGIAKI STIRON EVIAS, Greece | 100% | 4 |
| 20. | TERNA ENERGY ABETE & SIA ENERGIAKI NEAPOLEOS LAKONIAS, Greece | 100% | 4 |
| 21. | TERNA ENERGY ABETE & SIA ENERGIAKI XSIROVOUNIOU, Greece | 70% | 4 |
| 22. | TERNA ENERGY ABETE & SIA AIOLIKI PANORAMATOS DERVENOHORION, Greece | 100% | 4 |
| 23. | TERNA ENERGY ABETE & SIA ENERGIAKI KAFIREOS EVIAS, Greece | 100% | 4 |
| 24. | TERNA ENERGY ABETE & Co EE | 70% | 3 |
| 25. | TERNA S.A. & Co EE | 99% | 4 |

TERNA GROUP**NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

B.5 Non consolidated companies and J/V

| a/a | NAME | PARTICIPATION PERCENTAGE |
|------------|--|-------------------------------------|
| 1 | J/V VIOTER SA-TERNA SA | 50,00% |
| 2 | J/V VIOTER SA-TERNA SA (N. APOLLONIA) | 50,00% |
| 3 | J/V TERNA SA WALTER BAU AG-EDRASSI X. PSALIDAS ATE-STROTIRES | 41,00% |
| 4 | J/V ATHINA-PANTECHNIKI-TERNA (KOUKODONI) | 33,30% |
| 5 | J/V EMBEDOS SA-TERNA SA (EKTHE TRITON PROJECT) | 50,00% |
| 6 | J/V PARKING STATION "PARKING OUIL SA" | 12,16% |
| 7 | J/V NAFTIKON DOKIMON-GNOMON ATE-GEK SA-GENER SA | 33,00% |
| 8 | J/V AKTOR ATE-TERNA SA | 50,00% |
| 9 | J/V AKTOR ATE-TERNA SA (IASO BLD) | 50,00% |
| 10 | J/V TERNA SA-PANTECHNIKI SA (OAKA) | 50,00% |
| 11 | J/V ALPINE MAYREDER BAU GmbH-TERNA SA-PANTECHNIKI SA | 31,50% |

The above construction joint ventures, in which the Company participates, have already completed the projects for which they have been set up, the guarantee period has already expired, the venture's' relations with third parties are settled and their dissolution is impending.

5. INFORMATION BY SECTOR OF ACTIVITY

The table below reports the analysis of the results of the Group arising from its main activities for the 9-month period ending on 30/09/2006 and 30/09/2005 by sector.

TERNA GROUP**NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

| TERNA GROUP (1/1-30/09/2006) | Construction Sector | Energy Sector | Real Estate Sector | Industrial Sector | Intra - group | Total of Sectors |
|---|--------------------------------|--------------------------|-----------------------------------|------------------------------|--------------------------|---------------------------------|
| INCOME STATEMENT | | | | | | |
| Turnover (Sales) | 176,582 | 22,402 | 865 | 8,566 | | 208,415 |
| Less: inter-company sales | (1,715) | 0 | 0 | (2,148) | (771) | (4,634) |
| Sales of the sector | 174,867 | 22,402 | 865 | 6,418 | (771) | 203,781 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | 22,194 | 15,107 | 892 | 704 | | 38,897 |
| Earnings before tax, financial income / (expenses) (EBIT) | 18,132 | 8,672 | 885 | 336 | | 28,024 |

| TERNA GROUP (1/1-30/09/2005) | Construction Sector | Energy Sector | Real Estate Sector | Industrial Sector | Other Sectors | Intra Group | Total of Sectors |
|--|--------------------------------|--------------------------|-----------------------------------|------------------------------|--------------------------|--------------------|---------------------------------|
| INCOME STATEMENT | | | | | | | |
| Turnover (Sales) | 153.009 | 18.280 | 551 | 4.264 | 0 | 0 | 176.104 |
| Less: inter-company sales | 0 | 0 | 0 | (3.116) | 0 | (362) | (3.478) |
| Sales of the sector | 153.009 | 18.280 | 551 | 1.148 | 0 | (362) | 172.625 |
| Earnings before interest, tax depreciation and amortization (EBITDA) | 17.493 | 10.751 | 1.060 | (213) | 0 | 0 | 29.091 |
| Earnings pre tax and interest (EBIT) | 15.532 | 7.068 | 403 | (528) | 0 | 0 | 22.475 |

6. FIXED ASSETS

During the period 01/01/-30/09/2006 the investments of the Group in fixed assets amounted to 36,141 thous. euros while those of the company to 3,736 thous. euro.

There are mortgage prenotations on some subsidiaries of the Group amounting to €17,107 thous. Specifically,

TERNA GROUP**NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

| | |
|--------------------|---------------------|
| BIOMEK ABETE | 1,507 THOUS. |
| DIKEBE SA | <u>15,600 THOUS</u> |
| Total | 17,107 THOUS |

7. DIFFERENCES UNDER LITIGATION OR ARBITRATION

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 material impact on the Company's operation and financial position as of the 30th of September 2006.

8. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-30/09/2006 and the balances of receivables and liabilities that have emerged from these transactions as at 30/09/2006 are as follows:

A) Company :

| Related party | Sales of goods and services | Purchases of goods and services | Receivables | Payables |
|--------------------------|-----------------------------|---------------------------------|---------------|--------------|
| Parent company | 6.631 | 0 | 660 | 8 |
| Subsidiaries | 269 | 160 | 920 | 2.243 |
| Joint ventures | 2.548 | 47 | 44.743 | 3.338 |
| Key management personnel | 232 | 0 | 52 | 0 |
| Other related parties | 2.677 | 1.424 | 1.938 | 1.281 |
| Sum totals | 12.357 | 1.631 | 48.313 | 6.870 |

B) Group :

| Related party | Sales of goods and services | Purchases of goods and services | Receivables | Payables |
|--------------------------|-----------------------------|---------------------------------|--------------|--------------|
| Parent company | 6.631 | 0 | 660 | 638 |
| Key management personnel | 232 | 0 | 52 | 0 |
| Other related parties | 3.990 | 1.424 | 2.136 | 2.663 |
| Sum totals | 10.853 | 1.424 | 2.848 | 3.301 |

TERNA GROUP**NOTES ON THE INTERIM PARENT & CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2006

(Amounts in thousand euros, unless otherwise stated)

9. IMPORTANT EVENTS FOR THE PERIOD

At the construction sector, the backlog of TERN A at 30/09/2006 amounted to approximately 630 million euro compared to approximately 400 million euro at the beginning of 2006. At the same time, the parent company GEK, participating in the consortium «HELLENIC AUTOPISTAS» by 33.33% is declared as a temporary bidder for the construction, exploitation and operation of the Ionian Road, having a construction cost of €1.1mil. Based on the signed contract for the construction of the project, TERN A SA, would participate in the construction part of the project with a participation percentage of 33.33%. Also, TERN A is successfully placed in the construction market of Middle East having signed a project in Qatar (participation of TERN A amounts to 26 million euro) and expects to sign one more project in Bahrein (participation of TERN A amounts to approximately 170 million euro).

On the energy sector 44 additional MW are already operating increasing the total number of installed MW of the Group to 109 MW. At the same time, 58 additional MW of wind parks as well as 15 MW of small hydroelectric projects are under construction.

10. POST BALANCE SHEET EVENTS

The companies of TERN A SA group of companies and TERN A ENERGY ABETE together with their joint ventures signed contracts participating in projects totalling €30 mil.

11. CONTINGENT LIABILITIES

The Management of the Group estimates that there are no changes in contingent liabilities of the Group compared to the ones as of 31/12/2005.

CERTIFICATE

It is certified that the attached Financial Statements are those approved by the Board of Directors of the Company on November, 27 2006, as they have been corrected by its resolutions of December 4th, 2006 and January 16, 2007, and have been published with their posting on the internet, at the web page www.terna.gr. It is noted that the published in the press brief financial data, aim at providing general financial information but do not provide a complete depiction of the Company's and Group's economic status and financial results, according to the International Financial Reporting Standards.

CHAIRMAN OF BoD

VICE-CHAIRMAN OF BoD&
MANAGING DIRECTOR

Nikolaos Kambas

George Peristeris

CHIEF FINANCIAL OFFICER

HEAD OF ACCOUNTING DEPARTMENT

Panayiotis Pothos

Nikolaos Athanasiou