



TERNA ENERGY GROUP

**INTERIM FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2007
ACCORDING TO THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS (IFRS)**

Table of Contents

INCOME STATEMENT	3
BALANCE SHEET	4
STATEMENT OF CHANGES IN EQUITY	6
CASH FLOW STATEMENT	8
1. ESTABLISHMENT AND ACTIVITIES OF THE COMPANY	10
2. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES	10
3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATIONS AND FINANCIAL RISK MANAGEMENT	13
4. GROUP STRUCTURE	14
5. SEGMENT REPORTING	17
6. INTANGIBLE FIXED ASSETS	19
7. TANGIBLE FIXED ASSETS	20
8. OTHER LONG-TERM RECEIVABLES	23
9. TRADE RECEIVABLES	23
10. ADVANCES AND OTHER RECEIVABLES	24
11. TECHNICAL PROJECTS CONSTRUCTION CONTRACTS	24
12. SHARE CAPITAL	25
13. LONG-TERM LOANS	26
14. OTHER PROVISIONS	26
15. GOVERNMENT GRANTS	28
16. ACCRUED EXPENSES AND OTHER SHORT-TERM LIABILITIES	28
17. SHORT-TERM LOANS	29
18. COST OF SALES	29
19. ADMINISTRATIVE EXPENSES	30
20. RESEARCH EXPENSES	31
21. OTHER INCOME/(EXPENSES)	32
22. INCOME TAX	32
23. TRANSACTIONS WITH AFFILIATE PARTIES	33
24. CONTINGENT LIABILITIES AND OBLIGATIONS	34
25. CYCLICALITY-SEASONALITY	34
26. EVENTS AFTER THE BALANCE SHEET DATE	34
INDEPENDENT AUDITOR'S REPORT	36

GROUP TERNA ENERGY ABETE
INCOME STATEMENT
FOR THE PERIODS ENDED SEPTEMBER 30 2007 AND 2006
(Amounts expressed in thousand euro, excluding earnings per share)

		GROUP				COMPANY			
		1/1 - 30/9	1/7 - 30/9	1/1 - 30/9	1/7 - 30/9	1/1 - 30/9	1/7 - 30/9	1/1 - 30/9	1/7 - 30/9
		2007	2007	2006	2006	2007	2007	2006	2006
INCOME									
Net turnover	5	40.486	14.945	24.585	11.664	33.322	11.989	20.395	8.587
Cost of sales	18	(24.392)	(8.616)	(14.649)	(6.981)	(20.115)	(7.050)	(13.978)	(4.828)
Gross profit		16.094	6.329	9.936	4.683	13.207	4.939	6.417	3.759
Administrative and distribution expenses	19	(1.629)	(444)	(1.256)	(413)	(1.521)	(571)	(905)	(112)
Research and development expenses	20	(1.164)	(425)	(729)	(338)	(1.164)	(425)	(729)	(338)
Other income(expenses)	21	1.363	482	864	453	1.244	914	1.882	255
Operating profit		14.664	5.942	8.815	4.385	11.766	4.847	6.665	3.564
Financial income		327	149	135	50	104	9	23	1
Financial expenses		(2.743)	(1.029)	(2.452)	(854)	(1.267)	(436)	(1.306)	(398)
EARNINGS BEFORE TAX		12.248	5.062	6.498	3.581	10.603	4.430	5.382	3.167
Income tax	22	(2.951)	(1.148)	(1.285)	(782)	(2.756)	(993)	(1.008)	(522)
EARNINGS AFTER TAX		9.297	3.914	5.213	2.799	7.847	3.437	4.374	2.645
Attributable to:									
Shareholders of the parent		9.448	3.999	5.169	2.807	7.847	3.437	4.374	2.645
Minority interest		(151)	(85)	44	(8)	0	0	0	0
		9.297	3.914	5.213	2.799	7.847	3.437	4.374	2.645
Basic earnings per share (in Euro)		0,115	0,049	0,063	0,034	0,096	0,042	0,053	0,032
Basic average weighted number of shares		82.000.000	82.000.000	82.000.000	82.000.000	82.000.000	82.000.000	82.000.000	82.000.000

GROUP TERNA ENERGY ABETE**BALANCE SHEET****30th SEPTEMBER 2007****(All amounts are in thousand euros unless otherwise stated)**

		GROUP		COMPANY	
	Note	30 September 2007	31 December 2006	30 September 2007	31 December 2006
ASSETS					
Long-term assets					
Intangible assets	6	1.321	700	531	211
Tangible assets	7	151.085	115.868	63.445	43.844
Investment property		923	923	923	923
Investments in subsidiaries	4	0	0	27.211	26.773
Investments in associates	4	12	13	0	0
Investments in joint-ventures	4	0	0	552	552
Other investments		1	0	1	284
Other long-term receivables	8	12.642	7.086	25	14
Deferred tax asset		820	1.505	534	1.216
Total long-term assets		166.804	126.095	93.222	73.817
Current assets					
Inventories		1.482	1.237	738	493
Trade receivables	9, 11	17.205	9.820	18.169	11.639
Advances and other receivables	10	14.132	9.747	9.895	7.210
Income tax receivables		914	503	723	366
Available for sale –financial instruments		478	383	231	0
Cash and equivalents		7.977	18.689	3.389	12.296
Total current assets		42.188	40.379	33.145	32.004
TOTAL ASSETS		208.992	166.474	126.367	105.821
EQUITY AND LIABILITIES					
Equity attributed to the shareholders of the parent					
Share capital	12	24.600	18.561	24.600	18.561
Share premium		44	44	44	44
Reserves		15.383	15.211	14.259	14.626
Retained earnings		12.950	10.144	13.832	12.087
Equity attributable to equity holders of the parent		52.977	43.960	52.735	45.318
Minority interest		234	66	0	0
Total equity		53.211	44.026	52.735	45.318
Long-term liabilities					
Long-term loans	13	57.512	57.848	28.846	31.377
Other provisions	14	545	541	16	16
Provision for staff indemnities		95	89	95	89
Government Grants	15	43.180	33.820	11.822	10.181
Deferred tax liability		161	265	0	0
Total long-term liabilities		101.493	92.563	40.779	41.663

Short-term liabilities

Trade and other payables		12.136	9.489	10.345	7.250
Short-term loans	17	29.971	6.150	12.784	0
Short term portion of the long term debt	13	3.961	1.975	2.171	1.830
Accrued expenses and other short-term liabilities	11, 16	5.610	11.082	5.283	8.928
Income tax payable		<u>2.610</u>	<u>1.189</u>	<u>2.270</u>	<u>832</u>
Total current liabilities		<u>54.288</u>	<u>29.885</u>	<u>32.853</u>	<u>18.840</u>
TOTAL EQUITY AND LIABILITIES		<u><u>208.992</u></u>	<u><u>166.474</u></u>	<u><u>126.367</u></u>	<u><u>105.821</u></u>

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

TERNA ENERGY SA

**STATEMENT OF CHANGES IN EQUITY
SEPTEMBER 30, 2007**

(amounts in euro)

	Share capital	Share premium	Reserves	Profit carried forward	Partial total	Minority interest	Total
1st January 2007	18.561	44	15.211	10.144	43.960	66	44.026
Fair Value reserves	-	-	(40)	-	(40)	-	(40)
Net income for the period	-	-	-	9.448	9.448	(151)	9.297
Total net realizable profits and losses for the period	-	-	(40)	9.448	9.408	(151)	9.257
Share capital increase	6.039	-	-	(6.039)	-	319	319
Distribution/Tax of reserves and retained earnings	-	-	212	(212)	-	-	-
Share Capital Increase related expenses	-	-	-	(391)	(391)	-	(391)
30th September 2007	24.600	44	15.383	12.950	52.977	234	53.211
1st January 2006	18.561	44	8.979	8.907	36.491	18	36.509
Fair Value reserves	-	-	5	-	5	-	5
Net income for the period	-	-	-	5.169	5.169	44	5.213
Total net realizable profits and losses for the period	-	-	5	5.169	5.174	44	5.218
Distribution/Tax of reserves and retained earnings	-	-	12	(12)	-	-	-
Transfers-other movements	-	-	224	(224)	-	-	-
30th September 2006	18.561	44	9.220	13.840	41.665	62	41.727

TERNA ENERGY SA
STATEMENT OF CHANGES IN EQUITY
SEPTEMBER 30, 2007
(amounts in euro)

	Share capital	Share premium	Reserves	Profit carried forward	Total
1st January 2007	18.561	44	14.626	12.087	45.318
Fair Value reserves			6	(46)	(40)
Net income for the period				7.847	7.847
Total net realizable profits and losses for the period	0	0	6	7.801	7.807
Share capital increase	6.039			(6.039)	0
Distribution/Tax of reserves and retained earnings			(373)	373	
Share Capital Increase related expenses				(390)	(390)
30th September 2007	24.600	44	14.259	13.832	52.735
1st January 2006	18.561	44	8.741	11.842	39.188
Fair Value reserves	0	0	0	3	3
Net income for the period	0	0	0	4.374	4.374
30th September 2006	18.561	44	8.471	16.219	43.565

TERNA ENERGY GROUP
CASH FLOW STATEMENT
SEPTEMBER 30, 2007

	Note	GROUP		COMPANY	
		1/1 - 30/9	1/1 - 30/9	1/1 - 30/9	1/1 - 30/9
		2007	2006	2007	2006
Cash flow from operating activities					
Cash flow from operating activities		12.248	6.498	10.603	5.382
Earnings before tax					
<i>Adjustments for the agreement of net flows from operating activities</i>	6, 7	4.532	2.985	2.163	1.372
Financial income		(109)	402	(111)	405
Financial expenses		(327)	(135)	(104)	(22)
Income from investments		2.743	2.452	1.267	1.306
Income from fixed assets		(9)	(10)	(16)	(1.113)
Income from fixed assets		(23)	(44)	(471)	(44)
Amortization of Government Grants	15	(1.200)	(676)	(495)	(424)
Other adjustments		(89)	9	(78)	0
Operating profit before working capital adjustments		17.766	11.481	12.758	6.862
Increase/(decrease) in:					
Inventories		205	182	(245)	(228)
Trade receivables		(7.385)	(2.746)	(8.303)	2.236
Advances and other short term receivables		(372)	425	(87)	(557)
Increase/(Decrease) in:					
Suppliers		2.647	(1.303)	3.095	(2.617)
Accrual expenses and other short term liabilities		(5.538)	(1.930)	(2.005)	157
Long-term receivables/liabilities		(20)	(9)	(11)	(10)
Income tax paid		(1.196)	(1.234)	(851)	(1.019)
Cash flow from operating activities		6.107	4.866	4.351	4.824
Cash flow from investment activities					
Purchases of intangible and tangible assets	6, 7	(40.661)	(30.375)	(22.032)	(3.361)
Receipts form sale of tangible fixed assets		314	43	41	43
Receipts of government grants	15	1.065	4.241	0	0
Interest and related income received		203	134	104	22
Purchases/sales of investments and securities		0	(27)	(429)	47
Other investments - collections of dividends		9	10	0	0
Share capital increase in participating company/new consolidated companies, opening cash		0	0	0	0
Investment property		0	0	0	0
Cash outflows for investment activities		(39.070)	(25.974)	(22.316)	(3.249)

Cash flows from financial activities

Share capital increase/(Expenses) related to share capital increase	(521)	0	(521)	0
Net movement of short term loans	23,821	(9,547)	12,784	0
Withdrawal / (payment) of long term loans	1,650	25,130	(2,191)	(1,487)
Interest paid	(2,452)	(2,383)	(1,014)	(1,101)
Movements of other financial receivables	(247)	(185)	0	0
Cash outflows for financial activities	22,251	13,015	9,058	(2,588)
Net increase/(decrease) in cash	(10,712)	(8,093)	(8,907)	(1,013)
Cash at the beginning of the period	18,689	15,110	12,296	2,295
Cash at the end of the period	7,977	7,017	3,389	1,282

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

TERNA ENERGY GROUP

NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

1. ESTABLISHMENT AND ACTIVITIES OF THE COMPANY

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

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

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

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

2. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

2.1 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

- a. Basis for the preparation of the financial statements:* The accompanying consolidated financial statements (hereinafter the “financial statements”) have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), adopted by the European Union and specifically according to the provisions of IAS 34 “Interim Financial Statements”. The financial statements should be examined in conjunction with the annual financial statements of December 31st 2006.

The interim brief financial statements do not include all the information and notes required for the annual financial statements and thus should be examined in conjunction with the Group's financial statements for December 31st 2006.

- b.* The accounting principles applied for the preparation of the brief interim financial statements are in line with those followed during the preparation of the Group's annual financial statements for the period ending on December 31st 2006, except for the adoption of new standards, whose application is mandatory for periods following January 1st 2007. Such standards are analyzed below.

TERNA ENERGY GROUP

NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

- c. **Approval of Financial Statements:** The interim consolidated financial statements for the period ending on September 30th 2007 were approved by the Board of Directors of the Parent Company on November 26, 2007.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS

From the 1st of January 2007 the Group adopted certain amendments of existing standards. The effect of these amendments on the financial statements of the Group is as follows:

- (i) *IFRS 7, Financial instruments: Disclosures and supplementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures:* (applied for annual accounting periods beginning on or after January 1st 2007). IFRS 7 requires further disclosures regarding financial instruments, with the objective of improving the provided information and specifically it requires the disclosure of qualitative and quantitative information as regards to the risk exposure emerging from financial instruments. Specifically, it defines minimum required disclosures in relation to credit risk, liquidity risk and market risk (it imposes sensitivity analysis for market risk). IFRS 7 replaces IAS 30 (Disclosures in Financial Statements of Banks and Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosures and Presentation). It applies to all companies that prepare financial statements according to IFRS.
- (ii) *Additional adjustment to IAS 1, Presentation of Financial Statements-Equity disclosure:* (it is applied on annual periods starting on or after the 1st of January 2007). The relevant adjustment of IAS 1 regards disclosures concerning the amount of a company's capital and the way such is managed. The expected effect of the aforementioned changes is limited to disclosure issues.

The Group will disclose the additional information required by IFRS 7 during the preparation of the annual Financial Statements of December 31st 2007.

Upon the date of approval of the financial statements, there are new IFRS interpretations and amendments of existing standards that will be mandatory for the years starting on 1st of January 2007 onwards. The assessment of the management of the Group regarding the effect of these new standards is offered below:

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

TERNA ENERGY GROUP

NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

- (ii) *IAS 23 (amendment)* (applied for annual accounting periods beginning on or after January 1st 2009). Withdrawal of the option to categorize expenses of borrowing costs related to the acquisition, construction or production of a special asset. The amendment of Standard 23 is expected to be adopted by the European Union in the near future.
- (iii) *IFRIC 11, IFRS 2 – Transactions with Own Shares and between Companies of the same Group:* (applied for annual accounting periods beginning on or after March 1st 2007). This Interpretation requires that transactions in which a right on participating titles is granted to an employee be considered for accounting purposes as remuneration defined by the value of the share and is settled with participating titles, even if the company chooses or is obliged to purchase such titles by third parties or the company shareholders provide the granted participating titles. The Interpretation is also extended to the way subsidiaries, in their individual financial statements, account for plans where their employees receive rights on participating titles of the parent company.
- (iv) *IFRIC 12, Concession Agreements:* (applied for annual accounting periods beginning on or after January 1st 2008). IFRIC 12 handles the way with which the concession managers of a service concession must apply IFRS to account for the liabilities they undertake and the rights provided to them in the service concession agreements. Based on the Interpretation, concession managers must not recognize the relevant infrastructure as tangible fixed assets, but must recognized a financial asset against or an intangible asset. IFRIC 12, which is expected to be adopted by the European Union in the near future, does not apply to the Group.
- (v) *IFRIC 13, Customer loyalty programs:* (applied for annual accounting periods beginning on or after January 1st 2008). The interpretation is related to the implementation of those defined by IAS 18 for the recognition of income. IFRIC 13 “Customer loyalty programs” specifies that when companies grant their customers award credits (i.e. points) as part of a sale transaction and customers can cash such credits in the future for free or discounted goods or services, then paragraph 13 of IAS 18 should be applied. This requires that award credits be accounted for as a separate item of the sale transaction and a part of the price received or the receivable recognized to be allocated to award credits. The recognition time of this income item is postponed until the company satisfies its liabilities that are linked to the award credits, either providing such awards directly or transferring the liability to a third party. The application of the standard is not yet adopted by EU and its application is not expected to affect the Group’s financial statements.
- (vi) *IFRIC 14, The limit on a Defined Benefit Asset, minimum funding requirements and their interaction:* (applied for annual accounting periods beginning on or after January 1st 2008). IFRIC 14 addresses three issues, specifically a) when capital refunds or reductions in future contributions should be presented as “available” in the context of paragraph 58 of IAS 19, Employee Benefits, b) how a minimum funding requirement may affect the availability of the reductions in future contributions, and c) when a minimum funding requirement creates an obligation. Furthermore, given that there is a minimum funding requirement, the Interpretation distinguishes between contributions that are necessary to cover an inadequacy for a past service on the base of the minimum contribution and, the future recognition of benefits. IFRIC 14 is expected to be adopted by the European Union in the near future. The company estimates that the application of IFRIC 14 is not expected to affect the financial statements of the Group.

TERNA ENERGY GROUP

NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATIONS AND FINANCIAL RISK MANAGEMENT

The Group makes estimates, assumptions and exercises judgment in order to select the appropriate accounting principles with respect to 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:

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

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

- b) Provision for income tax: The provision for income tax according to IAS 12 is calculated with the estimation of taxes to be paid to tax authorities and includes the current income tax for each period and a provision for additional taxes that may occur from tax audits. The final settlement of income tax may differ from the relevant amounts recognized in the financial statements.
- c) Provision for environmental rehabilitation: The Group creates a provision against its relevant liabilities for dismantlement of technical equipment of wind parks and environmental rehabilitation, that arise based on the written environmental legislation or by the Group's restrictive practices. The environmental rehabilitation provision reflects the present value (based on an appropriate discount rate), at the balance sheet date of the rehabilitation liability less the estimated recoverable value of material estimated to be dismantled and sold. More information is provided in Note 14.

Financial risk management aims to reduce contingent 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 floating and fixed interest rates. The Group does not use derivative instruments in order to reduce its exposure to interest rate risk. The Management of the Group follows the course of interest rates and exchange rates and takes the necessary measures to reduce the relevant risk.

TERNA ENERGY GROUP

NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

- (ii) **Fair Value:** The amounts appearing in the accompanying 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 significantly differ from their book value.
- (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 an amicable settlement context. Moreover the credit risk concentration is limited due to the dispersion of customers.
- (iv) **Liquidity risk:** The Group manages liquidity risk by monitoring its cash flows. In relation to the above, the Management reassures the existence of liquid assets and bank credit lines in order to cover financing limits, to cover the Group's financing needs.
- (v) **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. Nevertheless, due to the nature of the Group's activities, market risk is limited.

4. GROUP STRUCTURE

The companies included in the consolidated financial statements of the TERNA ENERGY Group as at September 30th 2007 and December 31st 2006, are presented below:

A) Fully consolidated

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

Company Name	Establishment	Participation Percentage		Activity
		30/9/2007	31/12/2006	
1. Iweco Chonos Lasithi Crete SA	11.04.2000	100%	100%	Production of El. Energy from Renewable energy sources (RES)
2. Energiaki Servounio SA	01.02.2001	100%	100%	Production of El. Energy from RES
3. Terna Energy Evros SA	01.02.2001	100%	100%	Production of El. Energy from RES
4. PPC Renewable – Terna Energy SA	20.06.2000	51%	51%	Production of El. Energy from RES
5. Gp Energy LTD	26.09.2005	100%	100%	Trading of Electric Energy

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

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

Company Name	Establishment	Participation Percentage		Activity
		30/9/2007	31/12/2006	
1. TERNA Energy SA & SIA Aioliki Rachoulas Dervenochorion GP	01.02.2001	100%	100%	Production of El. Energy from RES
2. TERNA Energy SA & SIA Aioliki Polykastrou GP	01.02.2001	100%	100%	Production of El. Energy from RES
3. TERNA Energy SA & SIA Energeiaki Dervenochorion GP	01.02.2001	100%	100%	Production of El. Energy from RES
4. TERNA Energy SA & SIA Energeiaki Velanidion Lakonia GP	01.02.2001	100%	100%	Production of El. Energy from RES
5. TERNA Energy SA & SIA Energeiaki Dystion Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
6. TERNA Energy SA & SIA Aioliki Pastra Attica GP	01.02.2001	100%	100%	Production of El. Energy from RES
7. TERNA Energy SA & SIA Aioliki Malea Lakonia GP	01.02.2001	100%	100%	Production of El. Energy from RES
8. TERNA Energy SA & SIA Energeiaki Ferron Evrou GP	01.02.2001	100%	100%	Production of El. Energy from RES
9. TERNA Energy SA & SIA Aioliki Derveni Traianoupoli GP	01.02.2001	100%	100%	Production of El. Energy from RES
10. TERNA Energy SA & SIA Aioliki Karystias Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
11. TERNA Energy SA & SIA Energeiaki Ari Sappon GP	01.02.2001	100%	100%	Production of El. Energy from RES
12. TERNA Energy SA & SIA Energeiaki Peloponnese GP	01.02.2001	100%	100%	Production of El. Energy from RES
13. TERNA Energy SA & SIA Aioliki Eastern Greece GP	01.02.2001	100%	100%	Production of El. Energy from RES
14. TERNA Energy SA & SIA Aioliki Marmariou Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
15. TERNA Energy SA & SIA Energeiaki Petrion Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
16. TERNA Energy SA & SIA Aioliki Rokani Dervenochorion GP	01.02.2001	100%	100%	Production of El. Energy from RES

TERNA ENERGY GROUP

NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

Company Name	Establishment	Participation Percentage		Activity
		30/9/2007	31/12/2006	
17. TEPNA Energy SA & SIA Energeiaki Styron Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
18. TERNAL Energy SA & SIA Energeiaki Neapoleos Lakonias GP	01.02.2001	100%	100%	Production of El. Energy from RES
19. TERNAL Energy SA & SIA Aioliki Panoramatou Dervenochorion GP	01.02.2001	100%	100%	Production of El. Energy from RES
20. TERNAL Energy SA & SIA Energeiaki Kafiros Evia GP	01.02.2001	100%	100%	Production of El. Energy from RES
21. TERNAL Energy SA & SIA Aioliki Provata Traianoupoleos	01.02.2001	100%	100%	Production of El. Energy from RES

All the aforementioned General Partnerships have been established by the Group with the objective to attain a license for the operation of Wind parks, and are intended to be converted to Societe Anonymes (SA) during the commencement of the construction of Wind Parks. Therefore, until such are converted to SAs, they are inactive.

B) Proportionately consolidated

i) Joint-Ventures

Company Name	Establishment	Participation Percentage		Activity
		30/6/2007	31/12/2006	
1. J/V TERNAL SA–Impregilo SpA – Atermon SA – TERNAL Energy SA – Atomon SA	28.05.2002	36%	36%	Tram civil engineer Works
2. J/V Evaggelismos Project C	18.10.1994	50%	50%	Civil Engineer Works
3. J/V TERNAL SA – TERNAL Energy SA – E. Tsambras SA	31.01.1996	50%	50%	Drama Hospital
4. J/V TERNAL SA – Terna Energy SA – E. Tsambras SA	24.03.1997	30%	30%	
	10.07.2002	50%	50%	
5. J/V TERNAL Energy SA – Olympio SA				Drama EPIA Construction of City Hall and Cultural Center of Palaio Faliro
6. J/V TERNAL Energy SA – Terna SA – K. Maniotis	11.11.1996	37.5%	37.5%	Pan-continental Eastern Stadium of Ioannina
	02.11.1999	50.1%	50.1%	Completion of Leontario tunnel
7. J/V Embedos – Pantechniki – Energ.				Smokovo dam
8. J/V Themeli SA TERNAL Energy SA - J/V Terna SA Impregilo SpA (S1 Tram)	30.01.2004	40%	40%	S1 Tram Project
9. J/V EKTER SA – TERNAL Energy SA – Athoniki Techniki SA	12.01.2004	31%	31%	

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

Company Name	Establishment	Participation Percentage		Activity
		30/6/2007	31/12/2006	
10. J/V Kl. Routsis SA – TERNA Energy SA	21.06.2004	50%	50%	Archeological Museum of Thessaloniki

ii) General Partnerships and Limited Partnerships

Company Name	Establishment	Participation Percentage		Activity
		30/6/2007	31/12/2006	
1. TERNA Energy SA – M.E.L. Macedonian Paper Company SA & Sia Co-production GP	12.02.2001	50%	50%	Construction/ Operation of co- production unit of electricity for serving of needs of MEL
2. TERNA Energy SA & Sia LP	24.05.2000	70%	70%	Completion of construction works of section Kakavia – Kalpaki
3. TERNA Energy SA & Sia Energeiaki Xhirovouniou GP	14.02.2001	70%	70%	Production of El. Energy from RES

The above companies No. 1 and No. 3 are currently inactive. The company No. 2 had essentially completed the aforementioned project from 2003. The Group has proceeded with procedures for its liquidation.

All the aforementioned companies and joint ventures have been established in Greece, except for GP Energy LTD, which has been established in Bulgaria.

5. SEGMENT REPORTING

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

- **Energy sector:** such includes the Group's activity in the energy sector that concerns the construction and operation of Wind Parks. Moreover, activities are included for the research in operation and construction of projects for other renewable energy sources (RES).
- **Construction sector:** such includes the Group's activities in the undertaking and implementation of technical public and private works as a contractor or sub-contractor.

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

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

TERNA ENERGY GROUP
NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

30 September 2007						
	Constructions	Energy	Non-allocated	Total	Eliminations	Consolidated
Income						
Net sales to third parties	24.905	15.581	-	40.486	-	40.486
Inter-segment sales	1.949	-	-	1.949	(1.949)	-
Income per sector	<u>26.854</u>	<u>15.581</u>	<u>-</u>	<u>42.435</u>	<u>(1.949)</u>	<u>40.486</u>
Earnings before tax, interest and depreciation (EBIDTA)	<u>7.310</u>	<u>10.664</u>	<u>22</u>	<u>17.996</u>	<u>-</u>	<u>17.996</u>
Operating results per segment (earnings before interest and tax-EBIT)	7.235	7.407	22	14.664	-	14.664
Financial results						(2.416)
Earnings before tax						<u>12.248</u>
Total assets	12.692	184.495	11.806	208.993	-	208.993

30 September 2006						
	Constructions	Energy	Non-allocated	Total	Write-offs	Consolidated
Income						
Net sales to third parties	11.818	12.768	-	24.586	-	24.586
Inter-segment sales	1.852	-	-	1.852	(1.852)	-
Income per sector	<u>13.670</u>	<u>12.768</u>	<u>-</u>	<u>26.438</u>	<u>(1.852)</u>	<u>24.586</u>
Earnings before tax, interest and depreciation (EBIDTA)	<u>1.406</u>	<u>9.707</u>	<u>10</u>	<u>11.123</u>	<u>-</u>	<u>11.123</u>
Operating results per segment (earnings before interest and tax-EBIT)	1.309	7.496	10	8.815	-	8.815
Financial results						(2.317)
Earnings before tax						<u>6.498</u>
31 December 2006						
Total assets	5,873	137,494	23,107	166,474	-	166,474

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

6. INTANGIBLE FIXED ASSETS

The intangible fixed assets presented in the accompanying financial statements, are analyzed as follows:

	GROUP		
	Software	Concessions and Rights	Total
<u>Acquisition Value</u>			
As at January 1st 2006	82	-	82
Additions	5	425	430
September 30th 2006	87	425	512
December 31st 2006	87	687	774
Additions	-	660	660
Reductions	(52)	-	(52)
September 30th 2007	35	1.347	1.382
<u>Accumulated Depreciations</u>			
As at January 1st 2006	49	-	49
Amortization for the period	14	3	17
September 30th 2006	63	3	66
December 31st 2006	67	7	74
Amortization for the period	10	29	39
Reductions for the period	(52)	-	(52)
September 30th 2007	25	36	61
<u>Net Book Value</u>			
September 30th 2006	24	422	446
December 31st 2006	20	680	700
September 30th 2007	10	1.311	1.321

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

	COMPANY		
	Software	Concessions and Rights	Total
<u>Acquisition Value</u>			
As at January 1st 2006	82	0	82
Additions	5	191	196
September 30th 2006	87	191	278
December 31st 2006	87	191	278
Additions	0	341	342
Reductions	(51)	0	(51)
September 30th 2007	36	532	568
<u>Accumulated Depreciations</u>			
As at January 1st 2006	48	0	48
Amortization for the period	14	0	14
September 30th 2006	62	0	62
December 31st 2006	67	0	67
Amortization for the period	9	12	21
Reductions for the period	(51)	0	(51)
September 30th 2007	25	12	37
<u>Net Book Value</u>			
September 30th 2006	25	191	216
September 30th 2007	11	521	531

Concessions and rights include the acquisition cost for licenses regarding the right for use of forestry land, where Wind Parks are installed. During the 9 month period ended on September 30, 2007 the Group acquired new licenses regarding the right to operate in forestry land amounting to € 660 (€ 425 for the period ended September 30, 2006).

7. TANGIBLE FIXED ASSETS

The tangible fixed assets presented in the accompanying financial statements, are analyzed as follows:

TERNA ENERGY GROUP
NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

	GROUP						
	Land - Plots	Buildings and Facilities	Technological and Mechanical equipment	Transpo rtation means	Furniture and other equipment	Assets under constructio n	Total
<u>Acquisition cost</u>							
January 1st 2006	525	8.655	66.743	434	593	23.520	100.470
Additions	95	328	23.448	-	238	5.777	29.886
Reductions	-	-	(123)	(38)	-	-	(161)
Transfers from Assets under construction	-	7.478	15.163	-	-	(22.641)	-
Provision for Dismantling	-	-	(355)	-	-	-	(355)
September 30th 2006	620	16.461	104.876	396	831	6.656	129.840
December 31st 2006	620	19.720	106.120	474	920	13.115	140.969
Additions	73	14	132	72	639	39.069	39.999
Reductions	-	(128)	(152)	(33)	(31)	-	(344)
Transfers from Assets under construction	-	-	-	-	-	-	-
Provision for Dismantling	-	-	-	-	-	-	-
September 30th 2007	693	19.606	106.100	513	1.528	52.184	180.624
<u>Accumulated depreciations</u>							
January 1st 2006	-	1.682	18.060	360	442	-	20.544
Depreciations for the period	-	451	2.386	17	117	-	2.971
Reductions	-	-	(211)	(38)	-	-	(249)
September 30th 2006	-	2.133	20.235	339	559	-	23.266
December 31st 2006	-	2.422	21.708	348	623	-	25.101
Depreciations for the period	-	721	3.469	32	268	-	4.490
Reductions	-	(8)	(6)	(33)	(5)	-	(52)
Correction of provision for Dismantling	-	-	-	-	-	-	-
September 30th 2007	-	3.135	25.171	347	886	-	29.539
<u>Net Book Value</u>							
September 30th 2006	620	14.328	84.641	57	272	6.656	106.573
December 31st 2006	620	17.298	84.412	126	297	13.115	115.868
September 30th 2007	693	16.471	80.929	166	642	52.184	151.085

TERNA ENERGY GROUP
NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

COMPANY

	Land -Plots	Buildings and Facilities	Technological and Mechanical equipment	Transportation means	Furniture and other equipment	Assets under construction	Total
<u>Acquisition cost</u>							
January 1st 2006	448	4.332	41.590	434	551	11.274	58.629
Additions	96		35		239	2.766	
Reductions			-200	-38		-12.626	
Transfers from Assets under construction		1.080	11.576				
Provision for Dismantling			-283				
September 30th 2006	544	5.412	52.718	396	790	1.414	61.274
December 31st 2006	543	5.413	52.722	474	876	5.440	65.468
Additions	33	14	12	70	638	24.019	
Reductions				-32	-30		
Transfers from Assets under construction			76			-3.097	
Provision for Dismantling							
September 30th 2007	576	5.427	52.810	512	1.484	26.362	87.171
<u>Accumulated depreciations</u>							
January 1st 2006	0	1.527	17.158	359	415	0	19.459
Depreciations for the period		162	1.066	17	114		
Reductions			-200	-37			
September 30th 2006	0	1.689	18.024	339	529	0	20.581
December 31st 2006	0	1.751	18.936	346	590	0	21.623
Depreciations for the period		185	1.657	32	266		
Reductions				-32	-5		
September 30th 2007	0	1.936	20.593	346	851	0	23.726

Wind Generators of Wind Parks with a net book value of € 20,245 as at September 30, 2007 (€ 22,721 December 31, 2006) that are included in the aforementioned account “Technological and Mechanical Equipment”, have been collateralized at banks for security against loans.

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

8. OTHER LONG-TERM RECEIVABLES

Until September 30, 2007, the Group has recognized receivables from grants amounting to €12,642 (€7,086 as at December 31, 2006). These grants concern investments in Wind Parks of Terna Energieiaki Evrou SA and PPC Renewable – Terna Energy S.A., which are expected to be received with the completion of the relevant investment plans. Until September 30, 2007 the first investment was 84% completed while the second by 60%. The aforementioned investment is expected to be completed by the end of 2008.

9. TRADE RECEIVABLES

The trade receivables as at September 30, 2007 and December 31, 2006, in the accompanying financial statements are analyzed as follows:

GROUP	September 30th 2007	December 31st 2006
Customers from the construction sector	6.724	2.669
Customers from the energy sector (PPC, DESMIE and others)	6.690	5.945
Accrued Receivables – unbilled receivables from construction projects in process	4.002	1.556
Provisions for doubtful Receivables	(211)	(350)
Total	17.205	9.820

COMPANY	September 30th 2007	December 31st 2006
Customers from the construction sector	12.275	7.900
Customers from the energy sector (PPC, DESMIE and others)	1.205	2.484
Accrued Receivables – unbilled receivables from construction projects in process	4.900	1.605
Provisions for doubtful Receivables	(211)	(350)
Total	18.169	11.639

During 2006, the Group recorded a provision of €350 against the period's results for specific receivables from the construction segment which the Group confronted delays in collection.

During the current period, the Group utilized portion of the provision for doubtful receivables amounting to €139, due to the settlement of specific receivables.

For the aforementioned trade receivables from Wind Park customers (DESMIE and PPC) the amounts of € 6,210 and € 4,108 during September 30, 2007 and December 31, 2006, respectively, are assigned to banks as security against granted loans for the financing of Wind Park construction.

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

10. ADVANCES AND OTHER RECEIVABLES

The advances and other receivables as at September 30, 2007 and December 31, 2006, in the accompanying financial consolidated statements are analyzed as follows:

GROUP	September 30th 2007	December 31st 2006
Group Proportion from short-term receivables from consolidated joint ventures	320	1.435
Receivables from VAT	5.148	4.298
Prepayments and advances	1.300	1.197
Receivables from Wind Park grants	5.439	1.479
Deferred expenses – Accrued income	519	684
Other Receivables – Sundry Debtors	818	94
Prepayments for the purchase of inventories	649	560
Provisions for sundry debtors	(61)	-
Total	14.132	9.747

COMPANY	September 30th 2007	December 31st 2006
Short term receivables from joint ventures	1.840	1.488
Receivables from VAT	557	0
Prepayments and advances	1.200	1.077
Receivables from Wind Park grants	2.136	0
Deferred expenses – Accrued income	412	389
Other Receivables – Sundry Debtors	359	416
Prepayments for the purchase of inventories	3.451	3.840
Provisions for sundry debtors	(61)	0
Total	9.895	7.210

The Group, in the period ended September 30, 2007 recognized receivables from grants amounting to € 4,203. Grants refer to investments in Wind Parks of Terna Energy ABETE and Energiaki Servouniou S.A. which are expected to be collected with the completion of the relevant investment plans during 2007. This amount is included in the account Grants and is amortized only for the part that corresponds to completed and operating wind generators.

Provisions for sundry debtors concern a provision for loss of receivables from insurance contributions, which are related to the Group's construction projects and for which therapy applications have been submitted to the relevant insurance organization.

11. TECHNICAL PROJECTS CONSTRUCTION CONTRACTS

The following table presents the disclosures required by IAS 11 in relation to technical projects construction contracts, which were under way during September 30th 2007 and December 31st 2006:

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

GROUP		
	September 30th 2007	December 31st 2006
Cumulative costs of projects in process from their commencement	40.935	21.141
Cumulative recognized profit from the commencement of the projects	11.944	3.862
Cumulative recognized losses from the commencement of the projects	(76)	-
Received prepayments	810	830
Withheld amounts from project customers	588	642
Receivables from projects-invoiced	51.642	28.207
Receivables from project customers	4.002	1.556
Liabilities to project customers	(2.841)	(4.760)
Net receivables (liabilities) of projects in process	1.161	(3.204)

COMPANY		
	September 30th 2007	December 31st 2006
Cumulative costs of projects in process from their commencement	44.742	17.416
Cumulative recognized profit from the commencement of the projects	11.475	3.609
Cumulative recognized losses from the commencement of the projects	(24)	0
Received prepayments	810	
Receivables from projects-invoiced	54.323	24.183
Receivables from project customers	4.630	1.154
Liabilities to project customers	(2.758)	(4.671)
Net receivables (liabilities) of projects in process	1.872	(3.517)

12. SHARE CAPITAL

On May 30, 2007, the extraordinary general shareholders' meeting of Terna Energy decided to reduce the nominal value per share from 3 to 0.30 euro, by replacing each existing share with ten new shares. Moreover, it decided on a share capital increase by € 6,039,300 with capitalization of taxed profit from previous periods. In this context, 20,131,000 new shares were issued. Hence, Parent Company's Share Capital amounts to € 24,600,000, divided into 82,000,000 common registered voting shares with a nominal value of 0.30 Euro (thirty cents) each. The total share capital is fully paid.

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

13. LONG-TERM LOANS

The long-term loans in the accompanying financial statements mainly cover the development needs of Wind Parks in the Group's energy sector and are analyzed as follows:

		September 30th 2007	December 31st 2006
A	European Investment Bank Loan – Terna Energy	30.000	30.000
B	Bond Loan € 16,000- Energeiaki Evrou	16.000	12.015
C	Bond Loan € 12,000- Energeiaki Servounio	12.000	12.000
D	Bond Loan € 2,600- IWECO Chonos	2.456	2.600
E	Long-term Emporiki € 5,048- Terna Energy	690	1.346
F	Long-term Piraeus € 2,817- Terna Energy	-	1.174
G	Long-term Alpha € 4,470- Terna Energy	327	688
	Total	61.473	59.823
	<u>minus:</u> Long-term debt payable in the next period	(3.961)	(1.975)
	Long-term loans	57.512	57.848

All the group's loans have been contracted in Euro. For security against all the group's loans, Wind generators of Wind Parks are collateralized and insurance contracts, receivables from electric energy sale contracts with DESMIE or PPC are provided to the banks. In the context of this form of financing, the Group's companies hold a series of blocked bank accounts, aiming at serving the aforementioned liabilities connected to the receivables.

During the third quarter of 2007 the group received the remaining part of loan B, amounted to €3,985.

Loan F was fully repaid during January 2007.

The Group's average weighted interest rate for the period 1.1-30.09.2007 and for 2006 was approximately 4.30% and 4.85% respectively.

The total interest of the aforementioned loans for periods ended on September 30, 2007 and September 30, 2006 is € 1,914 and € 1,528 respectively.

In the results of the period ended on September 30, 2007 and 2006, there are recorded expenses that refer to loans and issued letters of guarantee amounted € 394 and € 488 respectively.

14. OTHER PROVISIONS

Other provisions in the accompanying consolidated financial statements of September 30, 2007 and December 31, 2006 are analyzed as follows:

TERNA ENERGY GROUP
NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

GROUP	Provision for environmental rehabilitation	Provision from delivery of projects	Total
Balance as at January 1st 2006	<u>759</u>	<u>138</u>	<u>897</u>
Additional provision	259	-	259
Re-evaluation of provision with respective decrease of cost of Wind Parks	(615)	-	(615)
Balance as at 30 September 2006	<u>403</u>	<u>138</u>	<u>541</u>
Balance as at 1 January 2007	<u>403</u>	<u>138</u>	<u>541</u>
Re-evaluation of provision	4	-	4
Balance as at September 30th 2007	<u>407</u>	<u>138</u>	<u>545</u>

COMPANY	Provision for environmental rehabilitation	Provision from delivery of projects	Total
Balance as at January 1st 2006	<u>299</u>	<u>0</u>	<u>299</u>
Additional provision	0	0	0
Re-evaluation of provision with respective decrease of cost of Wind Parks	(283)	0	(283)
Balance as at 30 September 2006	<u>16</u>	<u>0</u>	<u>16</u>
Balance as at 1 January 2007	<u>16</u>	<u>0</u>	<u>16</u>
Re-evaluation of provision	0	0	0
Balance as at September 30th 2007	<u>16</u>	<u>0</u>	<u>16</u>

Provision for Environmental Rehabilitation

Such concern the dismantlement of the technical equipment of Wind Parks and environmental rehabilitation. The provision has been made based on a study conducted by the company's management. The provision was calculated at market values and indexed until the estimated cash payment time at a rate of 3.5% and discounted at 6%, which is the Group's weighted average cost of capital.

Provisions from delivery of projects

Such concern non revoked notes from delivery of project. According to the Group's Management, the result from the imposed notes during the final delivery of the construction project is not considered to burden the Group over the created provision.

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

15. GOVERNMENT GRANTS

Grants as at September 30, 2007 and December 31, 2006 in the accompanying financial statements, are analyzed as follows:

	GROUP	COMPANY
Balance as at January 1st 2006	14.370	9.860
Additions	15.350	0
Amortization of grants	(676)	(424)
Balance as at September 30th 2006	29.044	9.436
 Balance as at December 31st 2006	 33.820	 10.181
Additions	10.560	2.136
Amortization of grants	(1.200)	(495)
Balance as at September 30th 2007	43.180	11.822

Grants relate to government grants for the development of Wind Parks and are amortized according to the depreciation rate of fixed assets granted, in the income statement such refer to.

The amount of additions for the period ended September 30, 2007 amounted € 10,560 includes grants that have not yet been collected amounting to € 9,739 which are included in "Other long-term receivables" by € 5,536 and by € 4,203 included in "Prepayments and other receivables". Such grants were recognized based on the Group's Management's certainty that all the requirements for the collection of the grants are met regularly and that eventually the amounts will be received with the completion of the relevant investments. The aforementioned non-received grants are amortized in income only by the portion that corresponds to fully completed and operating wind generators of wind parks.

16. ACCRUED EXPENSES AND OTHER SHORT-TERM LIABILITIES

The accrued and other short-term liabilities as at September 30, 2007 and December 31, 2006, in the accompanying consolidated financial statements, are analyzed as follows:

GROUP	September 30th 2007	December 31st 2006
Customer Prepayments	810	830
Liabilities of proportionately consolidated companies of participating interest to third parties	68	1.310
Deferred income of construction contracts	2.841	4.760
Social Security Funds	108	246
VAT Liabilities	0	1.989
Other withheld taxes	323	603
BoD Remuneration	150	210
Sundry Creditors	386	443
Accrued loan interest	681	691
Other accrued expenses	243	0
Total	5.610	11.082

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

COMPANY	September 30th 2007	December 31st 2006
Customer Prepayments	810	829
Liabilities of proportionately consolidated companies of participating interest to third parties	183	274
Liabilities to subsidiaries	0	9
Deferred income of construction contracts	2.841	4.672
Social Security Funds	94	229
VAT Liabilities	0	2.254
Other withheld taxes	295	0
BoD Remuneration	150	210
Sundry Creditors	328	305
Accrued loan interest	339	0
Other accrued expenses	243	146
Total	5.283	8.928

17. SHORT-TERM LOANS

The total amount of the Group's short-term loans refers to current bank accounts having duration between one and three months and are renewed depending on the needs. The amounts withdrawn are mainly used to cover the short term liquidity needs for the construction of wind parks. These loans, upon completion of the relevant projects, switch to long-term ones. During the period 1 January-30 September 2007 additional grants of 24,848 euros were taken.

The weighted average interest rate for the aforementioned loans is approximately 4.67% and 4.8% for the period ended September 30, 2007 and 2006 respectively.

The total interest on the aforementioned loans for the periods ended September 30 2007 and 2006 is € 435 and € 436 respectively.

18. COST OF SALES

The cost of sales is analyzed as follows:

GROUP	September 30th 2007	September 30th 2006
Wages/ salaries and similar expenses	2.336	1.743
Consultant fees	170	230
Third party remuneration and expenses (engineers)	859	457
Construction materials and expenses	5.960	2.772
Leases	1.206	177
Repairs Maintenance	1.397	681
Sub-contractors	6.071	4.837
Depreciation/Amortization	4.378	2.890

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

Utilities and third party fees	278	73
Contribution to local authorities (OTA)	468	303
Travel –transport expenses	450	53
Insurance premiums	414	310
Other	405	123
Total	24.392	14.649

COMPANY	September 30th 2007	September 30th 2006
Wages/ salaries and similar expenses	2.459	1.863
Consultant fees	93	108
Third party remuneration and expenses (engineers)	991	527
Construction materials and expenses	5.388	3.951
Leases	1.175	275
Repairs Maintenance	567	272
Sub-contractors	6.034	5.060
Depreciation/Amortization	2.045	1.284
Utilities and third party fees	246	70
Contribution to local authorities (OTA)	0	0
Travel –transport expenses	523	108
Insurance premiums	275	141
Other	319	319
Total	20.115	13.978

19. ADMINISTRATIVE EXPENSES

Administrative expenses are analyzed as follows:

GROUP	September 30th 2007	September 30th 2006
Wages/ salaries and similar expenses	435	272
Consultant fees	406	252
Third party remuneration and expenses (engineers)	243	77
Insurance premiums	0	152
Leases	35	0
Subscriptions	64	95
Depreciation/Amortization	58	19
Travel –transport expenses	45	82
Utilities and third party fees	40	25
Other	303	282
Total	1.629	1.256

TERNA ENERGY GROUP
NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

COMPANY	September 30th 2007	September 30th 2006
Wages/ salaries and similar expenses	396	269
Consultant fees	192	168
Third party remuneration and expenses (engineers)	177	49
Insurance premiums		
Leases	27	
Subscriptions	81	82
Depreciation/Amortization	39	19
Travel –transport expenses	11	75
Utilities and third party fees	20	17
Other	579	226
Total	1.521	905

20. RESEARCH EXPENSES

Research expenses are analyzed as follows:

GROUP	September 30th 2007	September 30th 2006
Wages/ salaries and similar expenses	32	6
Subcontractors	131	57
Engineers remuneration	649	433
Consultants remuneration and expenses	145	54
Depreciation of equipment	73	69
Travel and exhibition expenses	50	25
Leases	0	21
Scientific-lab expenses	7	0
Third party benefits	5	10
Other expenses	72	54
Total	1.164	729

COMPANY	September 30th 2007	September 30th 2006
Wages/ salaries and similar expenses	32	6
Subcontractors	131	57
Engineers remuneration	649	433
Consultants remuneration and expenses	145	54
Depreciation of equipment	73	67
Travel and exhibition expenses	50	25
Leases		22
Scientific-lab expenses		
Third party benefits	6	9
Other expenses	78	56
Total	1.164	729

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

21. OTHER INCOME/(EXPENSES)

The other income and expenses are analyzed as follows:

<u>GROUP</u>	September 30th 2007	September 30th 2006
Amortization of Grants	1.200	676
Income from lease of machinery	22	17
Income from lease of property	51	49
Income from investments	9	10
Other income	248	112
Other Income	1.530	864
Tax penalties	(164)	0
Other operating expenses	(3)	0
Other Expenses	(66)	0
Total	1.363	864

<u>COMPANY</u>	September 30th 2007	September 30th 2006
Amortization of Grants	496	424
Income from lease of machinery	22	17
Income from lease of property	51	48
Income from investments	461	1.114
Other income	261	279
Other Income	1.246	1.882
Tax penalties	0	-
Other operating expenses	2	-
Other Expenses	(2)	0
Total	1.244	1.882

22. INCOME TAX

Income tax in the accompanying consolidated financial statements is analyzed as follows:

<u>GROUP</u>	September 30th 2007	September 30th 2006
Current Income Tax	2.247	347
Tax of previous periods	22	468
	2.269	815
Deferred Income Tax	682	470
Income (expense) of income tax registered in the period's results	2.951	1.285

TERNA ENERGY GROUP
NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

COMPANY	September 30th 2007	September 30th 2006
Current Income Tax	1.865	55
Tax on capitalized gains	108	0
Tax of previous periods	0	468
	1.973	523
Deferred Income Tax	783	485
Income (expense) of income tax registered in the period's results	2.756	1.008

According to Greek tax legislation the Company is subject to a nominal tax rate of 29% for 2006 and 25% from 2007 and onwards. The real final tax rate differs from the nominal. The calculation of the real tax rate is affected by several factors, the most important of which are the non-exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful economic life and the use of rates stipulated by PD 299/2003 and the capability of companies to create tax-exempt discounts and tax-exempt reserves.

23. TRANSACTIONS WITH AFFILIATE PARTIES

The transactions of the Group with related parties for the period 1 January – 30 September 2007 and 2006, as well as the balances of receivables and liabilities that have emerged from such transactions as of 30 September 2007 and 31 December 2006 are as follows:

1/1-30/9/2007	GROUP				COMPANY			
Affiliated party	Sales	Purchases	Debit balances	Credit balances	Sales	Purchases	Debit balances	Credit balances
Subsidiaries	0	0	0	0	391	0	5.944	37
Joint ventures	0	0	0	0	435	0	1.277	368
Parent – Terna SA	0	10.061	1.298	4.739	0	4.997	888	3.804
Other related parties	33	1.606	2.335	773	33	1.265	2.103	690
Total	33	11.667	3.633	5.512	859	6.262	10.212	4.899

1/1-30/9/2006 (balances refer to 31/12/2006)	GROUP				COMPANY			
Affiliated party	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases
Subsidiaries	0	0	0	0	2.032	0		
Joint ventures	0	0	0	0	1.055	0		
Parent – Terna SA	52	44	1.729	1.629	52	11	1.104	841
Other related parties	17	2.135	2.012	656	17	1.812	1.726	638
Total	69	2.179	3.741	2.285	3.156	1.823	2.830	1.479

TERNA ENERGY GROUP

NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(All amounts are in thousand Euro unless stated otherwise)

Remuneration of the Company's Board of Directors members and senior executives:

The remuneration of Board of Directors members and senior executives that were paid during the periods ended on September 30, 2007 and 2006, are as follows:

	September 30 th 2007	September 30 th 2006
BoD Remuneration	188	90
Remuneration of executives included in the BoD executive members	112	128
	300	218

24. CONTINGENT LIABILITIES AND OBLIGATIONS

During the course of conducting its business, the Group may face legal claims from third parties. According to both the Management and the Group's Legal Counsel, there are no disputed or liable to litigation differences of judicial or arbitration bodies that concerning the Group, apart from the following cases:

Contingent liabilities

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

Obligations

- (b) The Group, in the context of development the operating Wind Parks as well as installing new renewable energy sources, whose completion is expected during 2007 and 2008, has signed agreements for supply of fixed equipment, amounting to approximately € 49 million.

25. CYCLICALITY-SEASONALITY

The activities of construction sector are affected by the economic sentiment and the performance of the overall economy in the medium to long-term horizon. Also, some construction activities are affected by unexpected weather conditions or delays due to non predictable and easily faced events.

The current activity of the Group and the Company in the energy sector is the transformation of wind energy to electric energy. The profitability of a wind park depends on the wind conditions of the specific location which from their nature are unforeseeable. These conditions may differ significantly during the year or periods of the year. Therefore, such development affect the activity, financial position and results of the Group and the Company.

26. EVENTS AFTER THE BALANCE SHEET DATE

On November, the company issued 27.333.400 new shares paid in cash and listed its shares in the class of "High Capitalization" category of Athens Stock Exchange Market. The trade of its shares commenced on November 14, 2007.

TERNA ENERGY GROUP**NOTES ON INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

(All amounts are in thousand Euro unless stated otherwise)

CERTIFICATE

It is certified that the attached Financial Statements are those approved by the Board of Directors of the Company on November, 26 2007 and have been published with their posting on the internet, at the web page www.terna-energy.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.

The Chairman of the Board

The Vice Chairman of the BoD & CEO

George Perdikaris

Emmanouel Maragoudakis

The Finance Director

Head of Accounting

Konstantinos Dimopoulos

Nikolaos Manaveris

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **TERNA ENERGY A.B.E.T.E.**

Report on the Interim Financial Information

We have audited the accompanying balance sheet of TERNAL ENERGY ABETE (the "Company") as well as the consolidated balance sheet of the Company and its subsidiaries (the "Group"), the income statements, statements of changes in equity and cash flow statements for the nine month-period ended at 30 September 2007, and selected explanatory notes.

Management's Responsibility for the Interim Financial Information

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards that have been adopted by the European Union and are applicable for the interim financial information (IAS 34). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on this interim financial information based on our audit. We conducted our audit in accordance with the Greek Auditing Standards that are harmonized with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Opinion

In our opinion, the accompanying company and group financial information has been prepared, in all material respect, in accordance with International Financial Reporting Standards that have been adopted by the European Union and are applicable for the interim financial reporting (IAS 34).

Athens, 27 November 2007
Certified Chartered Accountants

George Deligiannis
S.O.E.L. Reg.No. 15791

Ioannis Leos
S.O.E.L. Reg.No. 24881

Grant Thornton 

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