TERNA GROUP

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

CONTENTS

Consolidated Management Report
(Consolidated annual report)
as of 31 December 2005
From the Board of Directors
of Societe Technical Anonyme

"TERNA SOCIETE TOURIST TECHNICAL AND MARINE COMPANY"

Dear Shareholders,

2005 was a critical year for Greek construction sector. The completion of the Olympic projects, the delays in tenders concerning new projects resulted into weaker activities for the construction companies.

TERNA Group is perfectly positioned in the Greek market and despite adverse market conditions, the Group managed to boost its backlog of construction projects. At the same time, TERNA intensified its efforts to penetrate foreign markets, which remain under the Company's constant and long-term attention. As a result, until the end of 2005, the Group signed significant contracts in both Greece and abroad, bringing its backlog of construction projects to EUR 400 million.

Our expectations remain strong, since tenders of new public projects, strong construction activity of the private sector, as well as the imminent concession of highways to construction companies continue to boost the prospects of our construction sector. Characteristically, the Group will make a bid for the construction, under the concession scheme, of 4 large highways in the country, with a total construction value of EUR 6 billion.

At the same time, the Group's energy sector enjoyed an especially satisfactory year, with all materialized investment in wind parks and thermoelectric energy generating good results, and with our investment plans for future expansion remaining in positive course.

Specifically, in the renewable energy sector (wind parks and hydroelectric projects), the Group progresses its investment plan. Apart from the 8 wind parks already in operation or under construction, with a total capacity of 125 MW approximately, our Group targets a total installed capacity of 450 MW in renewable sources of energy after a 3-year horizon.

It is noted that TERNA Group possesses licenses for a total capacity of 650 MW in wind parks and more than 125 MW in hydroelectric projects.

At the same time, as it is already known, since 2004 the Group operates successfully the first and as of today unique privately funded thermoelectric plant, utilizing natural gas, with 147 MW capacity in the area of Voiotia. The particular plant operates on open cycle basis, and specially designed to operate at peak time. The Company considers the conversion of the plant to a combined cycle unit with a parallel increase of its capacity by 50 MW reaching 200 MW in total.

Furthermore, the Group has production license for a larger thermoelectric unit of combined natural gas cycle, with a 400 MW capacity. The Group awaits the finalization of the legal framework in the country before proceeding with the implementation of this investment, totaling EUR 220 million approximately. The new legal framework will ensure conditions of fair competition between the public and private sector in the production and distribution of electric energy.

Moreover, TERNA Group possesses a significant real estate portfolio, placing as priority a stronger utilization of this portfolio. The sale of particular investments will boost Group's cash flows, strengthening its ability to finance its investment program in the energy sector.

Furthermore, via its subsidiaries, TERNA possesses significant assets in the industrial sector as well, mainly through its two subsidiaries: BIOMEK, which is a fully integrated company producing special metal constructions – such as pylons for wind generators- and STROTIRES AEBE which is a production unit for ties (sleepers) made of prestressed concrete, on which the rails are seated and consequently the old wooden ties are gradually replaced.

Taking into account, that in 2005, the Company applies the International Financial Reporting Standards for the first time, the consolidated financial accounts are presented below:

Turnover reached EUR 245.2 million posting a drop of 42.7%, as a result of weak construction activity domestically.

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached EUR 42.5 million versus EUR 80.2 million in the previous year, posting a smaller drop, as operating profit from the energy sector demonstrated stronger growth.

Operating results (EBIT) settled at EUR 29.8 million versus EUR 70.4 million in 2004.

Earnings before taxes amounted to EUR 23 million versus EUR 64 million in 2004.

Earnings after taxes and minority rights settled at EUR 13.8 million versus EUR 40.7 million in the previous year.

Earnings per share settled at EUR 0.30 versus EUR 0.89 in 2004.

The Group's cash, amounting to EUR 49 million, is invested in Mutual Funds, Stocks, Sight and Time Deposits.

Group's shareholders' funds, after the deduction of dividends and BoD fees, account for EUR 180.1 million.

The net value of Fixed Assets for the Group settled at EUR 154 million, liabilities contracted to EUR 195 million, whereas receivables and other current assets – apart from securities and cash – amounted to EUR 215.8 million.

Long-term bank debt amounts to EUR 53.9 million, and concerns the financing of energy investments, as well as the financing of DIKEVE's construction (Northern Greece Transfer Center), which is placed in the context of TERNA Group's real estate activity.

Short-term bank debt is mainly used for working capital, as well as for financing of Group's other activities (construction, industrial sector, real estate activities, etc.).

On cash flow basis, 2005 was an especially satisfactory year, with operating cash flows ending at EUR 63.5 million, significantly improved in comparison with 2004.

The Board of Directors proposes the distribution of EUR 10,112,190 as total dividend or EUR 0.22 as dividend per share for financial year 2005, unchanged as compared to the previous year. Group's dividend policy reflects the ability to generate strong cash flows and confidence to the Company's prospects.

Athens, 27 March 2005

THE BOARD OF DIRECTORS

TERNA GROUP
BALANCE SHEET
31st of DECEMBER 2005
(All amounts in thousands of euros, unless otherwise stated)

	Note	December 31st 2005	December 31st 2004
ASSETS			
Long-term assets			
Intangible fixed assets	**6**	5.859	6.169
Tangible fixed assets	**7**	154.637	149.854
Investment property	**9**	26.305	29.368
Other long-term assets		256	263
Deferred income tax asset	**19**	7.092	5.356
Total long-term assets		**194.149**	**191.010**
Current assets:			
Inventories	**10**	14.260	14.528
Trade receivables	**11**	163.511	220.338
Prepayments and other claims	**11**	38.030	39.734
Other financial assets	**8**	9.069	7.174
Cash and cash equivalents	**13**	49.067	37.013
Total current assets		**273.937**	**318.787**
TOTAL ASSETS		**468.086**	**509.797**
EQUITY & LIABILITIES			
Equity attributable to the shareholders of the parent			
Share capital	**20**	53.319	53.319
Share premium account		35.922	35.922
Reserves		21.783	21.483
Profit carried forward		50.500	47.053
Total		**161.524**	**157.777**
Minority rights		18.601	17.947
Total equity		**180.125**	**175.724**

Long term liabilities:			
Long-term loans	**14**	53.994	28.673
Loans from finance leases	**14**	17.353	22.924
Provisions		2.092	3.059
Provisions for staff indemnities	**15**	1.277	1.193
Grants	**16**	14.296	12.822
Deferred tax liabilities	**19**	3.778	1.421
Other long-term liabilities		31	5.040
Total long term liabilities		**92.821**	**75.132**
Short term liabilities:			
Suppliers	**17**	87.054	120.584
Short term loans	**18**	75.267	110.840
Long term loans payable during the next financial year		527	527
Accrued and other short term liabilities	**17**	32.116	25.319
Income tax payable		176	1.671
Total short term liabilities		**195.140**	**258.941**
TOTAL LIABILITIES & EQUITY		**468.086**	**509.797**
		-	**-**

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

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

	Note	1.1 - 31.12 2005	1.1 - 31.12 2004
INCOME:			
Net sales	**21**	245.209	427.986
Cost of sales	**22**	(198.120)	(340.943)
Gross profit		**47.089**	**87.043**
Administration and Distribution expenses	**22**	(22.099)	(23.431)
Other income / (expenses)	**23**	4.868	7.066
Net financial income/(expense)	**24**	(6.846)	(6.587)
PROFIT BEFORE TAX		**23.012**	**64.091**
Income tax	**19**	(7.841)	(18.519)
NET PROFIT		**15.171**	**45.572**
Attributable to:			
Shareholders of the parent company		13.859	40.705
Minority rights		1.312	4.867
		15.171	**45.572**
Earnings per share (in euro)			
Basic		0,30	0,89
Diluted			
Weighted average number of shares (basic and diluted)			
Basic		45.964.500	45.964.500
Diluted			

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TERNA GROUP
CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON THE 31st of DECEMBER 2005
(All amounts in thousands of euros, unless otherwise stated)

	1.1 - 31.12 2005	**1.1 - 31.12 2004**
Cash flow from operating activities		
Profit before tax	23.012	64.091
Adjustments for the agreement of the net flows from the operating activities		
Depreciation	12.259	9.818
Provisions	(883)	(2.445)
Interest and related revenue	(519)	(717)
Interest and other financial expenses	9.050	7.037
(Profit)/Loss from the sale of tangible fixed assets and investment property	(300)	0
Amortisation of grants	(1.245)	(1.221)
Operating profit before changes in working capital	**41.374**	**76.563**
(Increase)/Decrease in:		
Inventories	268	(6.123)
Trade receivables	56.827	(69.863)
Prepayments and other short term receivables	1.704	(1.869)
Increase/(Decrease) in:		
Suppliers	(38.539)	32.253
Accruals and other short term liabilities	7.267	(35.851)
Collection of grants	2.719	1.854
(Increase)/Decrease of other long term claims	7	(33)
Tax payments	(8.436)	(3.593)
Cash inflow from operating activities	**63.191**	**(6.662)**
Cash flow from investing activities:		
Purchase of tangible fixed assets	(16.658)	(66.584)
Sale of tangible fixed assets	0	4.029
Purchase of intangible assets	(83)	(48)
Interest and related income received	519	717
Increase in the share capital of a participation	(1.175)	(225)
Investment property	3.390	(1.414)
Cash outflows for investment activities	**(14.007)**	**(63.525)**

Cash flows from financial activities		
Net change of short term loans	(35.573)	63.789
Withdrawals/(Payments) from long term loans	25.321	14.514
Loan payments for finance leases	(5.571)	14.238
Dividends paid to the shareholders of the parent	(10.112)	(7.814)
Dividends paid to minority shareholders	(655)	(323)
Interest paid	(9.050)	(7.037)
Change of other financial receivables	(1.490)	2.136
Cash outflows for financial activities	**(37.130)**	**79.503**
Effect of exchange rate movements on cash holdings	0	0
Net increase of cash	**12.054**	**9.316**
Cash at the beginning of the period	37.013	27.697
Cash at the end of the period	**49.067**	**37.013**
	0	0

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

	Amounts attributable to the Shareholders of the Parent Company						
	Share Capital	**Share Premium Account**	**Reserves**	**Profits Carried Forward**	**Sub Total**	**Minority Rights**	**Total**
January 1st 2004 - Opening Balances	53.319	35.922	15.242	20.018	124.501	13.403	137.904
Net profit for the year	-	-	-	40.705	40.705	4.867	45.572
Payment of parent dividend	-	-	-	(7.814)	(7.814)	-	(7.814)
Dividend paid to minority shareholders	-	-	-	-	0	(323)	(323)
Distribution of Reserves	-	-	6.063	(6.063)	0	-	-
Transfers - Other movements	-	-	178	207	385	-	385
December 31st 2004	53.319	35.922	21.483	47.053	157.777	17.947	175.724
Net profit for the year	-	-	-	13.859	13.859	1.310	15.169
Payment of parent dividend	-	-	-	(10.112)	(10.112)	-	(10.112)
Dividend paid to minority shareholders	-	-	-	-	-	(656)	(656)
Distribution of Reserves	-	-	300	(300)	-	-	-
December 31st 2005	53.319	35.922	21.783	50.500	161.524	18.601	180.125

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY

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

The basic sector the Group operates in is the construction sector. TERNA 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 undertake public projects with an initial contract value of over 35 million euros. There is no upper limit to the budget of the projects that the Group may independently undertake. Furthermore, TERNA owns and operates a quarry and trades in inert materials.

At the Group level, TERNA is active in the industrial sector with its subsidiary companies «BIOMEK», which undertakes metal constructions and «STROTIRES AEBE», which produces and distributes skids from armed concrete. Also, through «IRON THERMOELEKTRIKI SA» and «TERNA ENERGY ABETE» the Group is active in the energy sector through wind parks with a total installed capacity of 66 M/W as of 31.12.2005. The consolidated financial statements of TERNA are included in the consolidated financial statements of its parent company GEK SA, which on the balance sheet date held (directly and indirectly) 57.79% of its share capital.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS:

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

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

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

Long term liabilities:			
Long-term loans	**14**	53.994	28.673
Loans from finance leases	**14**	17.353	22.924
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TERNA GROUP

STATEMENT OF CHANGES IN EQUITY

31st of December 2005

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Payment of parent dividend	-	-	-	(10.112)	(10.112)	-	(10.112)
Dividend paid to minority shareholders	-	-	-	-	-	(656)	(656)
Distribution of Reserves	-	-	300	(300)	-	-	-
December 31st 2005	53.319	35.922	21.783	50.500	161.524	18.601	180.125

The IFRS transition balance sheet of January 1st 2004 and the statutory financial statements as at the 31st of December 2004 have been adjusted and restated through specific out-of-books adjustments so as to bring them in line with the requirements of the IFRS. The main out-of-books adjustments made are presented in Note 30.

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

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

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

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

IFRS 1 provides for a few exceptions from the retroactive application of certain standards during the transition to the IFRS. The Company applied the following exceptions:

- The Group decided not to apply IFRS 3 "Business Combinations" retroactively for the combinations that were formed prior to the IFRS transition date (January 1st , 2004).

As a result and based on IFRS 1, regarding prior business combinations, the Group:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Approval of the Financial Statements: The attached annual consolidated financial statements were approved by the Board of Directors of the Parent Company on March 27th, 2006 and are subject to approval at the Shareholders' Annual General Meeting.

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

3. SUMMARY OF KEY ACCOUNTING PRINCIPLES:

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

a) Consolidation Basis: The attached consolidated financial statements comprise the financial statements of TERNA and its subsidiaries. The subsidiary companies in which the Group holds directly or indirectly more than half of the voting rights or has the right to exercise control over their operation have been consolidated. Subsidiaries are consolidated from the date that the Group acquires control over them and cease to be consolidated from the date it no longer has control.

The Group's interests in Joint Ventures, in the cases where they are subject to common control, are consolidated in the consolidated financial statements using the equity consolidation method whereby the Group's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is included in the Group's financial statements.

Intra-group transactions and balances have been cancelled-out in the attached consolidated financial statements. Whenever required the accounting principles of the subsidiaries have been amended in order to ensure consistency with the accounting principles adopted by the Group.

b) Investments in Associates: The Group's participating interests in other companies in which TERNA exercises significant influence are accounted for using the equity method. According to this method the participating interest in the associate company is carried at acquisition cost plus any change in the percentage of its equity held by the Group, less any provisions for impairment. The consolidated income statement shows the Group's share in the associate's results.

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

(i) Investments available for sale

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

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

(i) Investments available for sale

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

(ii) Receivables and loans

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

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

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

(iv) Investments held to maturity

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

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

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

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

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

(iii) ***Credit Risk Concentration:*** A substantial part of trade receivables in general relate to agencies and entities of the Public sector with which there is no credit risk, per se. Regarding receivables from the private sector, the Company policy is to seek business with customers of satisfactory credit standing while the constant aim is to resolve any resulting differences within a amicable settlement context. Moreover the credit risk concentration with respect to receivables from the private sector is limited compared to the total amount of trade receivables due to the great dispersion of the balances.

(iv) ***Market Risk:*** The Group has not entered into contracts in order to hedge the market risk arising from its exposure to fluctuations in the prices of raw materials used in the production process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vii) **Interest***:* Interest income is recognized on an accruals basis.

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

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

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

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

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

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

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

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

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

k) Investment property: Investments in property are valued at their fair value. Profits or losses that arise from changes in the real value of investments in property are included in the income statement of the period during which they arise. Repairs and maintenance are recorded as expenses in the year in which they are incurred. Material subsequent expenses are capitalised when they augment the useful economic life of the buildings, their productive capacity or reduce their operation cost. Investment properties are eliminated from the accounts upon sale. All gains or losses resulting from the sale of a property are included in the income statement of the year during which it was sold.

l) Inventories: Inventories comprise inert materials extracted from quarries, building materials, spare parts and raw and auxiliary materials. Inventories are valued at the lower of cost and net realisable value. The cost of raw materials, semi-finished and finished products is defined based on the weighted average method.
The cost of finished and semi-finished products includes all the realized expenses in order for them to reach the current point of storing and processing and consists of raw materials, labor costs, general industrial expenses and other costs that directly relate to the purchase of materials. The net realisable value of finished products is their estimated selling price during the Group's normal course of business less the estimated costs for their completion and the estimated necessary costs for their sale. The net realisable value of raw materials is their estimated replacement cost during the normal course of business. A provision for impairment is made if it is deemed necessary.

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

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

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

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

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

These profits or losses are systematically recorded during the expected average remaining working life of employees participating in the programs.

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

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

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

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

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

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

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

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

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

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

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

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

Diluted earnings per share are calculated by dividing the net earnings attributable to the shareholders of the parent (after deducting the interest on convertible shares, after taxes) with the weighted average number of shares that are outstanding during the year (adjusted for the effect of the diluted convertible shares).

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

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

x) Restatement of previously published accounting figures: The Company and the Group have decided to proceed in correcting certain figures that relate to the comparative financial statements as at the 31st of December 2004, which had been published with the interim financial statements of 2004. This restatement was effected through a retroactive correction of the figures in the financial year they relate to.
As a result, the Balance Sheet as at the 31st of December 2004, as well as the pre-tax profit for the 2004 financial year are adjusted compared to those included in the interim financial statements that were published for the quarters of 2005.
The Group discovered during the current financial year an error in the calculation of depreciation which had been under-calculated by €582, after the corresponding tax.
The effect of this adjustment on total equity and on the profit for financial year 2004 is as follows:

	Profits carried forward 31.12.2004	**Profit for the year 2004**	**Profits carried forward 01.01.2004**
Balances as published	47,634	46,154	20,018
Restatement:			
- Increase in the depreciation for the year	(582)	(582)	

Restated figures	47,052	45,572	20,018

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Group makes estimates, assumptions and exercises judgment 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:

Recognition of income from construction contracts

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

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

5. STRUCTURE OF THE GROUP

The structure of the TERNA group as of 31/12/2005 was as follows:

A) Direct Subsidiaries of the Parent:

COMPANY NAME	COUNTRY OF DOMICILE	PARTICIPATION PERCENTAGE	CONSOLIDATION METHOD
1. BIOMEK ABETE	GREECE	66,50%	FULL
2. TERNA ENERGY ABETE	GREECE	61,75%	FULL
3. STROTIRES AEBE	GREECE	51%	FULL
4. DIKEVE SA	GREECE	100%	FULL
5. ILIOCHORA SA	GREECE	100%	FULL
6. IRON THERMOELECTRIC SA	GREECE	50%	EQUITY

B) Subsidiaries of TERNA ENERGY SA:

COMPANY NAME	COUNTRY OF DOMICILE	PARTICIPATION PERCENTAGE	CONSOLIDATION METHOD
1. IWECO CHONOS LASITHI CRETE SA	GREECE	100,00%	FULL

2. TERNA ENERGY ABETE & CO. ENERGIAKI SERVOUNIO SA	GREECE	99,00%	FULL
3. TERNA ENERGY EVROS	GREECE	100,00%	FULL
4. PPC RENEWABLE- TERNA ENERGY SA	GREECE	51,00%	FULL

C) Joint-Ventures in which TERNA participates and which are consolidated using the proportionate consolidation method:

1	J/V TERNA SA - ATHENA ATE
2	J/V PANEPISTIMIOUPOLI HERAKLION
3	J/V ARTA PHILIPPIADAS DIVERSION
4	J/V TERNA SA - TH. KARAGIANNIS SA MINISTRY FOR THE ENVIRONMENT, PHYSICAL PLANNING AND PUBLIC WORKS CONSTRUCTION PROJECT
5	J/V UNDERGROUND CAR PARK THESSALONIKI
6	J/V THALES ATM SA - TERNA UPGRADING OF TACAN STATIONS
7	J/V TERNA SA - PANTECHNIKI SA
8	J/V TERNA SA-THALES SA
9	J/V MAIN IRRIGATIVE CANAL D1
10	J/V TERNA SA - ATHENA ATE PROJECTS ARAHTHOS PERISTERI
11	J/V ANCIENT OLYMPIA DIVERSION (ALPINE MAYREDER BAU GMBH)
12	J/V PERISTERI METRO
13	J/V ATHENS CONCERT HALL
14	J/V TERNA SA AKTOR ATE J&P AVAX
15	J/V TRAM CIVIL ENGINEER PROJECTS (IMPREGILO)
16	J/V TERNA SA - KARAGIANNIS PROJECT TEFAA KOMOTINI
17	J/J EVINOS - AEGEK-METON SA-TERNA SA-EYKLEIDIS SA
18	J/V DEPA PROJECT
19	J/V ATHENS CAR PARKS
20	J/V TERNA SA-AKTOR SA – GOUYLANDRI S MUSEUM
21	J/V AKTOR, AEGEK, EKTER, TERNA, SPATA AIRPORT FACILITIES
22	J/V ARCHIRODON HELLAS ATE - TERNA SA
23	J/V TERNA SA VIOTER SA
24	J/V AVAX-VIOTER (CONTRUCTION OF OLYMPIC VILLAGE)
25	J/V EDRACO ATE - TERNA SA Z. NIKOLOPOULOS
26	J/V TERNA SA - EDRACO ATE
27	J/V ETETH - TERNA AVAX PANTECHNIKI
28	J/V TERNA S.A. J&P AVAX - PANTECHNIKI
29	J/V SALONIKA PARK
30	J/V TERNA SA-MICHANIKI SA
31	J/V SIEMENS –AKTOR-TERNA SA

6. INTANGIBLE FIXED ASSETS

The intangible fixed assets account as at December 31st, 2005 in the attached financial statements, is analyzed as follows:

	Quarry rights	Software	Total
Net Book value 1.1.2005	5,934	235	6,169
Additions (Write-offs)	**(2)**	76	74
(Depreciation for the year)	(220)	(164)	(384)
Balance as at 31.12.2005	**5,712**	**147**	**5,859**
Cost 01.01.2005	6,605	681	7,286
Accumulated Depreciation	(671)	(446)	(1,117)
Net Book value 1.1.2005	**5,934**	**235**	**6,169**
Cost 31.12.2005	6,603	757	7,360
Accumulated Depreciation	(891)	(610)	(1,501)
Net Book value 31.12.2005	**5,712**	**147**	**5,859**

7. TANGIBLE FIXED ASSETS

The tangible fixed assets account as at December 31st 2005, in the attached financial statements, is analyzed as follows:

	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 31.12.2004	4.629	18.828	96.498	5.469	1.865	22.565	149.854
Additions	28	11.057	7.724	407	279	19.464	38.959
(Disposals – Write-offs)	(28)	(564)	(1.030)	(330)	(97)		(2.049)
Cessation of consolidation of a J/V				(12)	(1)	(2.221)	(2.234)
New consolidated companies			73	123	68		264
Transfers						(18.282)	(18.282)
(Depreciation for the year)	-	(1.359)	(8.795)	(1.198)	(523)	0	(11.875)
Balance as at 31.12.2005	**4.629**	**27.962**	**94.470**	**4.459**	**1.591**	**21.526**	**154.637**
Cost 31.12.2004	4.629	21.680	121.202	8.262	5.331	22.565	183.669
Accumulated depreciation as it was published	-	(2.837)	(24.113)	(2.605)	(3.466)	-	(33.021)
Restatement of depreciation			(606)	(188)			(794)
Revised accumulated depreciation	**0**	**(2.837)**	**(24.719)**	**(2.793)**	**(3.466)**	**0**	**(33.815)**

Net Book Value 31.12.2004	**4.629**	**18.843**	**96.483**	**5.469**	**1.865**	**22.565**	**149.854**
Cost 31.12.2005	4.629	32.173	127.969	8.450	5.580	21.526	200.327
Accumulated Depreciation	0	(4.196)	(33.514)	(3.991)	(3.989)	0	(45.690)
Net Book Value 31.12.2005	**4.629**	**27.977**	**94.455**	**4.459**	**1.591**	**21.526**	**154.637**

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

	Machinery	Vehicles	Total
Cost 31.12.2005	**27.542**	**975**	**28.517**
Less: Accumulated Depreciation	(3.448)	(217)	(3.665)
Net Book Value 31.12.2005	**24.094**	**758**	**24.852**

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

8. OTHER FINANCIAL ASSETS

Other financial assets in the attached financial statements as at December 31st 2005 are analyzed as follows:

	31.12.2005	31.12.2004
SHARES		
PRODEFIN	1,687	1,687
ERMIS SA	10	1,379
ASPIS BANK	-	2,012
DIOLKOS	500	467
NON CONSOLIDATED J/V	1,371	927
OTHER	975	702
TOTAL SHARES	**4,543**	**7,174**
OTHER SECURITIES ISSUED BY CONSOLIDATED J/V	3,924	-
EQUITY MUTUAL FUNDS	602	-
TOTAL FINANCIAL ASSETS	**9,069**	**7,174**

9. INVESTMENT PROPERTY

Investment property as at December 31st 2005, in the attached financial statements, is analyzed as follows:

	Land	Buildings	Total
Balance 31.12.2004	18,234	11,134	29,368
Sales	(3,063)		(3,063)
Balance 31.12.2005	15,171	11,134	26,305

The Company used fair values in the first IFRS application balance sheet, as these were defined by independent surveyors on January 1st, 2004. This valuation was made by an independent firm of surveyors and was based on appropriate valuation methods depending on the nature and use of the properties valued. The Company considers that the valuation of its property investments at the above values, does not differ significantly from their current values and as such, it did not proceed in undertaking new valuations in this year.

10. INVENTORIES

The inventory account as at December 31st 2005, in the attached financial statements, is analyzed as follows:

Inventories	31.12.2005	31.12.2004
Raw and Auxiliary Materials	6,815	4,108
Finished and Semi-Finished Products	7,427	10,260
Merchandise	18	160
Total	**14,260**	**14,528**

Raw and auxiliary materials mainly relate to materials that will be integrated in technical projects that the Group has undertaken and materials used by the industrial sector of the Group. Finished products mainly relate to the industrial sector and the production of the quarry that the Group owns. As of the 31st of December 2004 and 2005 there were no provisions for obsolete or slow-moving inventories.

11. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

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

	31.12.2005	31.12.2004
Customers	160,567	199,440
Customers – Other Companies with a Participating Interest	9,505	28,501
Customers - Doubtful and in Litigation	5,312	4,953
Overdue Notes/Cheques Receivable	1,959	1,074
Checks receivable	4,722	3,222
Less: Provision (specific provision)	(18,554)	(16,852)
Total	**163,511**	**220,338**

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

The delay is due to the complexity, both from the legal and the technical perspective, of the approval procedure for the certificate needed for the project since the contractual as well as the additional technical part of the project is financed mainly by EU funding.
The project is carried out according to the specific technical plans by the person responsible for the technical aspects of the project –competent officer of the main project- that include both the contractual as well as the additional technical part of the project. For the resolution of the dispute relating to the additional part of the plan beyond the contract, no appeal has been made to the arbitration process provided for by the contract sine the joint-ventures consider that there is still room for consensus to be reached. According to the assessment of the legal representative of the Group, who is handling the matter, in case of legal action for the collection, the outcome will not be adverse, although it is impossible to forejudge this or to estimate any possible loss. Hence, on the basis of the above and according to the assessment of all the persons responsible for the project and taking into consideration the creditworthiness of the commissioning entity, at the present stage no issue of bad debt arises.

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

	31.12.2005	**31.12.2004**
Prepayments to suppliers	5,091	6,372
Income tax prepayments	-	1,598
Prepaid withholding tax	-	199
Prepayments and credits controls account	3,922	5,606
Other receivables of the Group’s joint ventures	10,397	15,587
Prepaid expenses – Accrued income	3,105	1,281
Other receivables	15,515	9,091
Total	**38,030**	**39,734**

12. CONSTRUCTION CONTRACTS FOR TECHNICAL PROJECTS

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

Cumulatively from the commencement of the projects until 31.12.2005	
Cumulative income from the commencement of the projects	1,091,809
Cumulative costs from the commencement of the projects	901,030
Cumulative results from the commencement of the projects	190,779
Payments received in advance	40,663
Certified - invoiced receivables	1,066703
Not invoiced accrued receivables	39,583
Less: Invoiced income not-accrued	(14,477)
Total recognized receivables	1,091,809

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31st 2005, in the attached financial statements, are analyzed as follows:

	31.12.2005	31.12.2004
Cash in hand	301	378
Sight Deposits	41,550	20,090
Time Deposits	7,216	16,545
Total	**49,067**	**37,013**

14. LONG-TERM LOANS

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

	31.12.2005	31.12.2004
Liabilities from finance leases	17,353	22,924
Long-term loans	54,521	29,200
Less: short-term part	(527)	(527)
	71,347	**51,597**

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

	31.12.2005	31.12.2004
Less than 1 year	527	527
Between 2 and 5 years	64,810	41,348
Over 5 years	6,537	10,249

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

15. PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

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

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

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

	31.12.2005	31.12.2004
Current service cost	159	325
Finance cost	49	60
Write-off of not-recognised actuarial losses	76	-
Additional payments	358	-
	642	**385**

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

	31.12.2005	31.12.2004
Opening balance of the liability	**1,193**	**1,739**
Provision recognized in the income statement	642	385
Indemnities paid	(558)	(931)
Closing balance	**1,277**	**1,193**

	31.12.2005	31.12.2004
Current value of liability for indemnities	1,688	1.680
Cumulative not recognized actuarial loss	(411)	(487)
Provision in the Balance Sheet	**1.277**	**1.193**

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

Discount rate	3.03%
Future wage increases	2.3%
Average remaining work life (years)	4.81

16. GRANTS

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

Net value 31.12.2004	**12,822**
Collection of Grants during the period	2,719
Transfers to the Profit and Loss for the period	(1,245)
Net value 31.12.2005	**14,296**

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

17. SUPPLIERS, ACCRUED AND OTHER LIABILITIES

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

	31.12.2005	31.12.2004
Suppliers- Subcontractors	9,976	35,436
Suppliers-other	23,605	34,059
Notes payable	-	8
Cheques payable	4,672	12,660
Customer prepayments	40,664	8,389
Liabilities towards other companies in which the Group has a participating interest	8,137	30,032
Total	**87,054**	**120,584**

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

	31.12.2005	31.12.2004
Liabilities from taxes-duties	8,299	12,031
Insurance organizations	1,980	2,071
Dividends payable	585	571
Guarantors	0	1,900
BoD remuneration	802	701
Prepaid income – accrued expenses	1,900	2,797
Various creditors	18,550	5,248
Total	**32,116**	**25,319**

18. SHORT-TERM LOANS

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

19. INCOME TAX (CURRENT AND DEFERRED) – NOT AUDITED FISCAL YEARS

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

The income tax provision recorded in the income statement is analysed as follows:

	31.12.2005	31.12.2004
Current tax	7,220	17,351
Deferred tax (credit)/debit	621	1,168
Total	**7,841**	**18,519**

The income tax statement is submitted on an annual basis but the profits or losses declared remain provisional until the tax authorities audit the tax payer's books and records and issue a final audit report.
In this case it is possible that the tax authorities may impose additional tax and penalties, the level of which cannot be determined at the present time. For this reason no relevant provisions have been booked in the attached financial statements.

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

NAME	NUMBER OF NON AUDITED FISCAL YEARS
1.TERNA ENERGY ABETE	2
2.BIOMEK ABETE	4
3.STROTIRES ABEE	3
4.DIKEBE SA	3
5.ILIOCHORA SA	1

NAME	NUMBER OF NON AUDITED FISCAL YEARS
1.IWECO CHONOS LASITHI CRETE SA	3
2.TERNA ENERGY ABETE & CO. ENERGIAKI SERVOUNIO SA	3
3. TERNA ENERGY EVROS	3
4. PPC RENEWABLE- TERNA ENERGY SA	3
5.IRON THERMOELECTRICAL SA	3

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

J/V TERNA SA J&P AVAX-PANTECHNIKI	3
J/V SALONIKA PARK	1
J/V TERNA SA-MICHANIKI SA	1
J/V SIEMENS-AKTOR-TERNA SA	1

An analysis and reconciliation of the nominal tax rate to the actual one follows:

	2005	2004
IAS Profit	23.011	64.091
Corresponding tax	**7.364**	**22.432**
Tax-free reserves	(1.216)	(1.750)
Inferred method of taxation	(1.155)	(5.616)
Non-deductible expenses	378	613
Difference between accounting and tax profit		(1.050)
Effect of tax rate change		140
Difference between accounting and tax profit for J/V	1.855	2.477
Additional tax	256	405
Other	359	868
Income tax	**7.841**	**18.519**

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

	Balance sheet		**Profit and loss account (Debit)/Credit**
	31.12.2005	**31.12.2004**	**01.01 – 31.12.2005**
Deferred income tax asset			
Expensed intangible assets	1,673	2,325	(652)
Provisions for doubtful receivables	2,976	1,226	1,750
Provisions for employee indemnities	319	297	22
Recognition of construction project revenue according to IAS 11	2,854	2,080	774
Total	**7,822**	**5,928**	**1,894**
Deferred income tax liability			
Recognition of finance leases, revaluation of fixed assets and depreciation of fixed assets based on their useful life	(2,842)	(1,689)	(1,153)
Other	(1,666)	(304)	(1,362)
Total	**(4,508)**	**(1,993)**	**(2,515)**
Deferred income tax income/expense			**(621)**
Deferred income tax asset/(liability)	**3,314**	**3,935**	

The Company maintains tax exempt reserves of € 14,738 which will be taxed using the current tax rate in the event that they are distributed or capitalized. In the near future the Company does not intend to distribute or capitalize these reserves.

20. SHARE CAPITAL

The Share Capital of the Parent Company amounts today to € 53,319, divided in 45,964,500 common nominal voting shares with a nominal value of € 1.16 each.

21. INCOME

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

	1.1-31.12.2005	**1.1-31.12.2004**
Income from construction projects	185,111	379,818
Sales of electris energy	26,072	10,151
Sales of industrial products and building materials	23,874	26,655
Rent	747	729
Provision of Services	9,387	10,089
Other Sales	18	544
Total	**245,209**	**427,986**

22. COST OF SALES AND ADMINISTRATION AND DISTRIBUTION EXPENSES

The figures for cost of sales reported in the attached financial are analysed as follows:

Cost of Sales	31.12.2005	31.12.2004
Consumption of material and finished work	47,341	104,034
Staff wages	26,679	55,057
Subcontractors	71,876	122,016
Other third party fees	18,382	13,100
Other third party benefits	16,914	17,398
Tax – duties	445	413
Depreciation	11,918	9,020
Other	4,565	19,905
Total cost of sales	**198,120**	**340,943**

The figures for administration and distribution expenses reported in the attached financial are analysed as follows:

Administrative Expenses	31.12.2005	31.12.2004
Consumption of material and finished work	738	231
Staff wages	5,149	4,670
Subcontractors	3,890	4,233
Other third party fees	4,798	635
Other third party benefits	2,341	3,056

Tax – duties	564	980
Depreciation	341	798
Other	4,278	8,828
Total administrative expenses	**22,099**	**23,431**

23. OTHER OPERATING INCOME / (EXPENSES)

Other operating income /(expenses) as of the 31st of December 2005 is analysed as follows:

	1.1-31.12.2005	1.1-31.12.2004
Provision for employee indemnities	(85)	1,488
Provision for doubtful debts	(44)	1,067
Rent revenue	1,215	1,318
Revenue from ensuing activities	653	796
Grant amortization	1,245	1,221
Other revenue	1,884	1,176
Total	**4,868**	**7,066**

24. FINANCIAL INCOME / (EXPENSES)

Financial income/(expenses) as of the 31st of December 2005 in the attached financial statements is analyzed as follows:

	1.1-31.12.2005	1.1-31.12.2004
Credit interest on bank deposits	519	717
Dividends from subsisiaries and other income from securities	2,727	1,104
Profit/(Loss) from the valuation-sale of participations and securities	(1,042)	(1,401)
Interest on loans	(9,050)	(7,007)
Bank commissions		
Other financial income		
Total	**(6,846)**	**(6,587)**

25. AVERAGE NUMBER OF EMPLOYEES

The average number of employees during the period from January 1st – to December 31st 2005 is analyzed as follows:

Average number of employees	1.1-31.12.2005
Workers	228
Clerks	381

26. RELATED PARTY TRANSACTIONS

The transactions of the Company with related parties during the year and the relevant balances as of the 31st of December 2005 are analysed as follows:

INTRAGROUP TRANSACTIONS

Revenue from intragroup sales	23,352
Fixed assets under construction	1,497
Cost of intragroup transactions	4,038

INTRAGROUP ASSET – LIABILITY BALANCES

Suppliers	2,288
Customers	10,525
Short-term receivables from companies in which the Group has a participating interest	93
Liabilities towards companies in which the Group has a participating interest	11
Supplier prepayments	146
Customer prepayments	1,521

27. CONTINGENT LIABILITIES

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

28. EVENTS AFTER THE BALANCE SHEET DATE

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

29. INFORMATION BY SECTOR OF ACTIVITY

The following tables present the assets, liabilities and results of the Company by sector of activity as of the 31st of December 2004 and 2005:

TERNA GROUP DECEMBER 31ST 2004	Constructions Sector	Energy Sector	Real estate Sector	Industry Sector	Other Sectors	All Sectors	Removed from Group	Group Total
INCOME STATEMENT								
Turnover (Sales)	435,402	9,016	821	14,725	6,045	**466,009**	(38,023)	**427,986**
Cost of Sales and Services Rendered	(363,221)	(4,650)	(108)	(11,657)	(6,410)	**(386,046)**	45,103	**(340,943)**
Gross Operating Results	72,181	4,367	713	3,067	(365)	**79,963**	7,080	**87,043**
Other Income / Expenses (net)	(12,714)	(566)	(35)	(330)	(2,671)	**(16,316)**	(76)	**(16,392)**
Financial Income / Expenses (net)	7,388	(627)	(345)	(148)	(132)	**6,136**	(12,696)	**(6,560)**
Result before taxes	66,855	3,174	333	2,589	(3,168)	**69,783**	(5,692)	**64,091**

TERNA GROUP DECEMBER 31ST 2005	Constructions Sector	Energy Sector	Real estate Sector	Industry Sector	Other Sectors	All Sectors	Removed from Group	Group Total
INCOME STATEMENT								
Turnover (Sales)	216,774	26,072	747	8,709	8,398	**260,700**	(15,491)	**245,209**
Cost of Sales and Services Rendered	(179,667)	(14,186)	(56)	(6,592)	(7,302)	**(207,803)**	9,683	**(198,120)**
Gross Operating Results	37,107	11,886	691	2,117	1,096	**52,897**	(5,808)	**47,089**
Other Income / Expenses (net)	(14,410)	(2,767)	(119)	(740)	(1,923)	**(19,959)**	2,728	**(17,231)**
Financial Income / Expenses (net)	(980)	(2,751)	(313)	(6)	(1)	**(4,051)**	(2,795)	**(6,846)**
Result before taxes	21,717	6,368	259	1,371	(828)	**28,887**	(5,875)	**23,012**

TERNA GROUP 31st of DECEMBER 2004 (in thousand of euros)	Constructions Sector	Energy Sector	Real estate Sector	Industry Sector	Other Sectors	All Sectors	Removed from Group	Group Total
ASSETS								
Intangible assets (net)	215	22	0	0	5,932	**6,169**	0	**6,169**
Tangible assets (net)	51,546	98,315	2,268	496	1,021	**153,646**	(3,792)	**149,854**
Investment Property	0	0	29,368	0	0	**29,368**	0	**29,368**
Other long tem assets	154	411	121	31	4,916	**5,633**	(14)	**5,619**
Inventories	6,019	2,151	0	1,869	5,511	**15,550**	(1,022)	**14,528**
Trade Receivables – Customers	246,768	1,703	352	3,610	1,136	**253,569**	(33,231)	**220,338**
Prepayment and other receivables	55,896	11,242	637	642	3,540	**71,957**	(32,223)	**39,734**
Other Financial Assets	41,779	10,106	0	6	0	**51,891**	(44,717)	**7,174**
Cash and cash equivalents	33,339	774	357	1,031	1,512	**37,013**	0	**37,013**
Total Assets	**435,716**	**124,724**	**33,103**	**7,685**	**23,568**	**624,796**	**(114,999)**	**509,797**
LIABILITIES								
Long-term loans – Leases	20,637	22,391	8,570	0	0	**51,598**	0	**51,598**
Other long term liabilities	6,461	0	0	0	0	**6,461**	0	**6,461**
Provisions	4,132	4	0	115	0	**4,251**	0	**4,251**
Short-term loans	83,486	24,307	558	4	2,498	**110,853**	(13)	**110,840**
Suppliers – Other Liabilties	165,169	53,059	1,787	4,956	2,995	**227,966**	(67,043)	**160,923**
Total Liabilities	**279,885**	**99,761**	**10,915**	**5,075**	**5,493**	**401,129**	**(67,056)**	**334,073**

TERNA GROUP 31st of DECEMBER 2005 (in thousand of euros)	Constructions Sector	Energy Sector	Real estate Sector	Industry Sector	Other Sectors	All Sectors	Removed from Group	Group Total
ASSETS								
Intangible assets (net)	114	33	0	0	5,712	**5,859**	0	**5,859**
Tangible assets (net)	45,670	110,108	27	335	1,067	**157,207**	(2,570)	**154,637**
Investment Property	0	0	26,305	0	0	**26,305**	0	**26,305**
Other long tem assets	379	388	14	33	6,534	**7,348**		**7,348**
Inventories	14,245	1,638	0	1,460	55	**17,398**	(3,138)	**14,260**
Trade Receivables – Customers	209,221	4,418	0	400	2,916	**216,955**	(53,444)	**163,511**
Prepayment and other receivables	32,857	7,375	16	330	192	**40,770**	(2,740)	**38,030**
Other Financial Assets	46,137	27,193	0	6	0	**73,336**	(64,267)	**9,069**
Cash and cash equivalents	33,066	10,839	33	2,810	2,319	**49,067**	0	**49,067**
Total Assets	**381,689**	**161,992**	**26,395**	**5,374**	**18,795**	594,245	**(126,159)**	468,086
LIABILITIES								
Long-term loans – Leases	3,806	60,965	6,537	0	39	**71,347**	0	**71,347**
Other long term liabilities	2,613	1,019	178	0	0	**3,810**	0	**3,810**
Provisions	2,407	766	0	125	71	**3,369**	0	**3,369**
Short-term loans	63,662	11,595	527	10	0	**75,794**	0	**75,794**
Suppliers – Other Liabilties	166,289	30,338	674	1,762	1,354	**200,417**	(66,776)	**133,641**
Total Liabilities	**238,777**	**104,683**	**7,916**	**1,897**	**1,464**	354,737	**(66,776)**	287,961

30. SUMMARY OF THE MOST IMPORTANT DIFFERENCES BETWEEN THE G.A.A.P. AND THE I.F.R.S.

The following table presents, in summary, the effect of the most important adjustments to equity for 1.1.2004 and 31.12.2004 that were made to the Company's statutory financial statements, in order to adjust them to the I.F.R.S.

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

	TERNA GROUP	
	31.12.2004	**1.1.2004**
Opening equity for the period according to G.A.A.P.	189,455	156,234
Recognition of provision for staff indemnities according to IAS 19	201	(1,290)
Valuation of investment property and fixed assets at fair values	12,004	10,884
Write-off of intangible assets	(7,727)	(10,510)
Recognition of long-term contracts for construction projects according to IAS 11	(7,257)	(2,357)
Accounting for deferred taxes	3,705	5,245
Recognition of finance leases	246	(1,949)
Provision for doubtful receivables	(12,270)	(12,972)
Transfer of grants to future period income	(12,822)	(12,165)
Equity consolidation of J/V and other companies	851	(1,030)
Other	(192)	-
Recognition of 2003 dividend according to the IAS	10,112	7,814
Increase of depreciation following restatement (Note 3.x)	(582)	
Opening equity for the period according to I.F.R.S.	**175,724**	**137,904**

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

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

	TERNA GROUP
	31.12.2004
Results for the period according to the G.A.S.	56,345
Recognition of a provision for staff indemnities according to IAS 19	1,491
Valuation of investment property and fixed assets at fair values	327
Write-off of intangible assets	2,784
Recognition of long-term contracts for construction projects according to IAS 11	(4,901)
Incorporation of companies not consolidated under GAS	5,947
Recognition of finance leases	2,195
Provision for doubtful receivables	659
Other	(756)
Results for the period according to the I.F.R.S.	**64,091**

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

b. ***Recognition of income from technical projects based on the percentage-of-completion method***: For the recognition of income that arises from projects constructed by the Group, the percentage-of-completion method was applied according to IAS 11.. Details on the accounting principle are included in Note 3.

c. ***Intangible Assets:*** According to G.A.P., many expense categories related to activities prior to operation, acquisition of tangible assets, foreign exchange differences on loans for the acquisition of fixed assets, construction period interest and research and development, were capitalized and depreciated as a rule within a five-year period. The recording and recognition of expenses in intangible assets (except for the procedure of corporate acquisitions and mergers) is subject to specific and rigorous rules according to IAS 38 and essentially only the recognition of specific research and development expenses are permitted under exceptional conditions. As a result, the majority of expenses that were capitalized according to the previous G.A.P. were written-off on the transition date, by debiting the profits carried forward balance.

d. ***Provisions for Staff Indemnities:*** According to Greek Accounting Standards, Companies must make a relevant provision for a percentage of at least 40% of the cumulated liability that would be payabale if the entire staff was fired on the 31st of December of each year, whereas according to I.F.R.S. such provisions should be made on the basis of the relevant actuarial studies carried out according to IAS 19.

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

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

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

h. ***Tangible Fixed Assets, Investment Property:*** According to G.A.P., tangible assets (mainly land and buildings, self-used or not) are valued at their readjusted values based on revaluations that take place every four years. Such readjustments were based on general (not specific to sectors) readjustment rates, which were specified by Presidential Decrees and were applied on the acquisition value and cumulative depreciatios of the relevant fixed assets, while the resulting revalation surpluses were capitalized within a two-year period from the readjustment. Based on the I.F.R.S. (and according to the treatment permitted by I.F.R.S. 1) specific land, buildings and machinery items were valued at fair value on the transition date, which was used as implied cost. Furthermore, depreciation according to I.F.R.S. corresponds to the useful economic life of the relevant fixed assets, while depreciation according to G.A.P. was determined by tax regulations.

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

CERTIFICATE

It is ascertained that the attached financial statements are those approved by the Board of Directors of the Company on the 27th of March, 2006 and have been published by being posted on the internet at the website www.terna.gr. It is noted that the summary financial figures that have been published in the press aim at providing the reader with certain general financial information but do not provide a full picture of the financial position and the results of the Group, in accordance with the International Financial Reporting Standards (IFRS). In the summary information published in the press some figures have been abbreviated.

The Chairman of the BoD	The Vice Chairman and Managing Director
Nikolaos Kampas	Georgios Peristeris
The Finance Director	The Head of Accounting
Panagiotis Pothos	Nikolaos Athanasiou

AUDITOR’S - CERTIFIED PUBLIC ACCOUNTANT’S REPORT

To the Shareholders of the Société Anonyme «TERNA TOURIST TECHNICAL AND MARITIME SOCIETE ANONYME»,

We audited the attached consolidated financial statements of the group of companies of the Société Anonyme «TERNA TOURIST TECHNICAL AND MARITIME SOCIETE ANONYME», of the corporate year ending on 31st of December 2005. The Company’s management bears the responsibility of the financial statements preparation . Our responsibility is limited to the formation and formulation of an opinion on the financial statements , based on the effected audit.

Our audit was effected according to the Greek Auditing Standards , which are in harmony with the International Auditing Standards. These standards require the planning and the performance of the auditing works in a way which ensures with a reasonable certainty that the financial statements are free of inaccuracies and omissions. The audit includes the review of the probative evidence supporting the amounts and the information included in the financial statements , on a sampling basis . The audit also includes the valuation of the accounting principles which were followed , of the Company’s management evaluations and, in general , of the data presentation in the financial statements , as well as the agreement of the content of the Board of Director’ s Report with the financial statements. We believe that the audit which was effected offers an adequate basis for the formation of our opinion.

From our point of view , the afore- mentioned financial statements depict accurately the consolidated financial position of the Group of companies of the Société Anonyme «TERNA TOURIST TECHNICAL AND MARITIME SOCIETE ANONYME» on 31st of December 2005 and the results of its works , as well as the equity changes and its cash flows , of the year which ended on this date, according to the International Financial Reporting Standards which have been adopted by the European Union and the content of the Board of Director’ s Report agrees with the afore- mentioned financial statements .

Without having any reservation concerning the conclusions of the audit :

A. We draw your attention to the paragraph 18 which is quoted in the notes on the financial statements , where reference is made to the fact that the tax returns for the years 2002 to 2005 inclusive, have not been examined by the tax authorities and, as a consequence, there is a possibility of additional taxes and penalties imposition being assessed at the time when the returns will be examined and will be finalized. The outcome of the tax inspection cannot be predicted at the present stage and, therefore, no provision has been made in these financial statements in this respect.

B. Also we draw your attention to the paragraph 10 of the notes on the financial statements , where reference is made to the fact that an amount of approximately 32,000 thousand Euro is included in the claims from customers from which the collection of an amount of approximately 14,000 thousand Euro is overdue from previous years , which concern the proportion of corresponding claims of two Joint-Ventures in which «TEPNA S.A.» participates , having the execution of a technical project as a scope. For the settlement of the dispute , which regards the additional works of the project not foreseen by the contract , none recourse has been made to the arbitration provided by the contract, because the Joint-Ventures consider that the procedure of the consensual (amicable) settlement has not yet been exhausted. According to the Lawyer's estimation who handles this matter, in a case of the legal pursuit of collection there will not be an adverse evolution, without being possible this to be objectively prejudged, nor is (s)he in the position to foresee any eventual damage.

From the audit reports of the Auditor - Certified Public Accountant of the above Joint-Ventures dated on 31.12.2005 , the following proportionally derive, according to the participation percentages :

a) The contractual value of the project is less to the executed works to an amount of 11,800 thousand Euro .
b) In the present year the Joint- Ventures issued works invoices of an amount of 10,600 thousand Euro towards the project owner, for which invoices corresponding certifications were not brought to his notice.
c) That until the date of the audit reports granting (24.3.2006), responses for the Joint-Ventures' claims confirmation have not been received by the project owner.

Based on the above and because of the legal and technical matters , which must be co-estimated, we are unable to formulate and express an opinion if there are prerequisites for the making of an eventual prediction related to this matter at the present stage .

C. In the financial statements of the A, B, and C quarters of the year 2005 , the amount of depreciations was calculated by error minus 200 thousand Euro per quarter, which are taken into consideration in the final balance sheet dated on 31.12.2005. For this reason the results are charged quarterly with 145 thousand Euro, the deferred taxation taken also into consideration. The corresponding charge from the reformation of the results of the previous year amounts totally to the amount of 582 thousand Euro , as it is analytically described in the paragraph 3.kc of the notes on the financial statements .

Athens, 29th of March 2006

DIMITRIOS E. ZEIS
Auditor - Certified Public Accountant
SOEL Reg. No. 10621
SOL S.A. – Certified Public Accountants Auditors