



**TERNA SOCIETE ANONYME**  
**TOURISM TECHNICAL SHIPPING COMPANY**

**85 Mesogeion Ave., 115 26 Athens**

**S.A. Reg. No.56330/01/B/04/506(08)**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**for the period**

**from 1 January to 30 June 2009**

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## REVIEW REPORT OF INTERIM FINANCIAL REPORT

Associated  
Certified Public Accountants



### **Review Report on Interim Financial Information**

***To the Shareholders of «TERNA S.A.»***

#### INTRODUCTION

We have reviewed the accompanying separate and consolidated statement of financial position of «TERNA S.A.» (the “Company”) as at 30 June 2009, the relative separate and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes, that constitute the condensed interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information, in accordance with International Financial Reporting Standards, as adopted by the European Union (EU) and which apply to Interim Financial Reporting (International Accounting Standard “IAS 34”). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

#### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

#### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard “IAS 34”.

Athens, 27 August 2009

George Laggas  
Certified Public Accountant Auditor  
Institute of CPA (SOEL) Reg. No. 13711  
**SOL S.A. – Certified Public Accountants Auditors**  
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(Amounts in thousand Euro, unless stated otherwise)

**INTERIM CONDENSED FINANCIAL STATEMENTS SEPARATE AND CONSOLIDATED OF 30 JUNE 2009**

It is ascertained that the accompanying Interim Condensed Financial Statements for the period 1.1.2009-30.6.2009 are those approved by the Board of Directors of “TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPINT COMPANY” (“TERNA S.A.”) on 26 August 2009. The accompanying Interim Condensed Financial Statements for the period 1.1.2009-30.6.2009 have been published by being posted on the internet at the website [www.terna.gr](http://www.terna.gr).

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**STATEMENT OF FINANCIAL POSITION**

STATEMENT OF FINANCIAL POSITION		GROUP		COMPANY	
	Note	30 June 2009	31 December 2008	30 June 2009	31 December 2008
ASSETS					
Non current assets					
Intangible fixed assets	6	5,840	5,387	5,260	5,307
Tangible fixed assets	6	82,771	80,764	71,388	68,919
Investment property		1,596	1,596	1,596	1,596
Participations in subsidiaries	5	0	0	2,110	2,110
Participations in associates	5, 7	11,343	16,226	0	0
Participations in joint ventures	5, 17	119	119	3,404	3,371
Investments available for sale		36	36	36	36
Other long-term assets		1,635	509	1,584	461
Deferred tax assets		9,712	8,809	1,129	2,076
Total non current assets		113,052	113,446	86,507	83,876
Current assets					
Inventories		4,515	7,809	2,670	5,514
Trade receivables		157,768	186,084	84,920	171,801
Receivables according to IAS 11		115,697	76,570	70,944	44,662
Prepayments and other receivables		122,590	97,023	59,999	76,381
Income tax receivables		13,291	10,548	11,257	8,701
Cash and cash equivalents		208,478	188,961	119,593	115,198
Total current assets		622,339	566,995	349,383	377,595
Non-current assets held for sale		0	35,469	0	0
TOTAL ASSETS		735,391	715,910	435,890	461,471
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital		28,910	28,908	28,910	28,908
Share premium account		35,922	35,922	35,922	35,922
Reserves		26,850	27,219	26,699	27,223
Profit carried forward		52,295	42,821	28,303	24,920
Total		143,977	134,870	119,834	116,973
Non-controlling interests		625	114	0	0
Total equity		144,602	134,984	119,834	116,973

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<b>Long term liabilities</b>					
Long-term loans	8	9,384	9,645	0	0
Loans from finance leases	8	30,449	29,284	30,449	29,284
Other long-term liabilities		34,885	42,047	51,550	58,712
Provisions for staff leaving indemnities	9	3,950	2,995	2,698	2,168
Other provisions	10	1,042	1,042	941	941
Deferred tax liabilities		8,480	10,460	1	0
<b>Total long term liabilities</b>		<b>88,190</b>	<b>95,473</b>	<b>85,639</b>	<b>91,105</b>
<b>Short term liabilities</b>					
Suppliers		117,440	125,863	83,689	92,635
Short term loans	8	71,561	81,830	36,260	51,555
Long term liabilities payable during the next financial year	8	9,611	9,799	7,663	6,499
Liabilities according to IAS 11		29,495	20,083	25,815	17,592
Accrued and other short term liabilities		270,538	230,755	76,951	84,173
Income tax payable		3,954	1,929	39	939
<b>Total short term liabilities</b>		<b>502,599</b>	<b>470,259</b>	<b>230,417</b>	<b>253,393</b>
Liabilities directly connected to non-current assets held for sale		0	15,194	0	0
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>735,391</b>	<b>715,910</b>	<b>435,890</b>	<b>461,471</b>

The accompanying notes constitute an integral part of the financial statements

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**STATEMENT OF  
COMPREHENSIVE  
INCOME**

	GROUP				COMPANY			
	1/1 - 30/6 2009	1/4 - 30/6 2009	1/1 - 30/6 2008	1/4 - 30/6 2008	1/1 - 30/6 2009	1/4 - 30/6 2009	1/1 - 30/6 2008	1/4 - 30/6 2008
<b>Continued operations</b>								
Turnover	353,145	211,285	218,028	121,768	252,406	164,185	149,385	86,125
Cost of sales	(320,388)	(192,732)	(195,971)	(110,782)	(235,555)	(154,951)	(135,858)	(79,193)
<b>Gross profit</b>	<b>32,757</b>	<b>18,553</b>	<b>22,057</b>	<b>10,986</b>	<b>16,851</b>	<b>9,234</b>	<b>13,527</b>	<b>6,932</b>
Administrative & distribution expenses	(10,271)	(6,493)	(15,019)	(7,528)	(9,517)	(6,086)	(13,572)	(7,264)
Other income/(expenses)	5,421	6,425	1,402	1,238	10,300	6,160	5,647	3,740
<b>Operating results</b>	<b>27,907</b>	<b>18,485</b>	<b>8,440</b>	<b>4,696</b>	<b>17,634</b>	<b>9,308</b>	<b>5,602</b>	<b>3,408</b>
Net financial income/(expenses)	(1,871)	(516)	(2,401)	(899)	(1,673)	(454)	(1,942)	(625)
Profit / (Loss) from valuation of associate companies with the equity method	(704)	(704)	(157)	(157)	0	0	0	0
<b>Earnings before tax</b>	<b>25,332</b>	<b>17,265</b>	<b>5,882</b>	<b>3,640</b>	<b>15,961</b>	<b>8,854</b>	<b>3,660</b>	<b>2,783</b>
Income tax expense	(4,114)	(2,755)	(2,986)	(2,358)	(1,281)	(1,477)	(1,319)	(1,566)
<b>Net Earnings from continued operations</b>	<b>21,218</b>	<b>14,510</b>	<b>2,896</b>	<b>1,282</b>	<b>14,680</b>	<b>7,377</b>	<b>2,341</b>	<b>1,217</b>
<b>Discontinued operations</b>								
Profit/(loss) from discontinued activities after tax	262	90	667	466	0	0	0	0
<b>NET EARNINGS FOR THE PERIOD</b>	<b>21,480</b>	<b>14,600</b>	<b>3,563</b>	<b>1,748</b>	<b>14,680</b>	<b>7,377</b>	<b>2,341</b>	<b>1,217</b>
<b>Other comprehensive income</b>								
Foreign exchange differences from incorporation of foreign units	(301)	128	(1,497)	(981)	(257)	(202)	(104)	(7)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>21,179</b>	<b>14,728</b>	<b>2,066</b>	<b>767</b>	<b>14,423</b>	<b>7,175</b>	<b>2,237</b>	<b>1,210</b>
<b>Net earnings for the period attributed to</b>								
Owners of the parent company from continued operations	20,677	14,101	2,923	1,282				
Owners of the parent company from discontinued activities	262	90	667	466				
Minority interest from continued operations	541	409	(27)	0				
	<b>21,480</b>	<b>14,600</b>	<b>3,563</b>	<b>1,748</b>				
<b>Total comprehensive income attributed to</b>								
Owners of the parent company from continued operations	20,406	14,265	1,444	300				
Owners of the parent company from discontinued activities	262	90	667	466				
Minority interest from continued operations	511	373	(45)	(1)				
	<b>21,179</b>	<b>14,728</b>	<b>2,066</b>	<b>765</b>				

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<b>Earnings per share (in Euro)</b>					
From continued operations attributed to the owners of the parent	71.522	49.343	10.110	1.037	
From discontinued operations attributed to owners of the parent	0.906	0.311	2.307	1.612	
<b>Weighted average number of shares</b>					
Basic	289,100	289,100	289,100	289,100	



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**CASH FLOW STATEMENT**

	Note	GROUP		COMPANY	
		1/1 - 30/6 2009	1/1 - 30/6 2008	1/1 - 30/6 2009	1/1 - 30/6 2008
<b>Cash flow from operating activities</b>					
Profit for the period before tax		25,332	5,882	15,961	3,660
<i>Adjustments for the agreement of the net flows from the operating activities</i>					
Depreciation of fixed assets	6	7,755	5,645	6,467	4,750
Provisions		1,647	(483)	1,186	(710)
Interest and related revenue		(1,984)	(1,167)	(1,198)	(454)
Interest and other financial expenses		3,855	3,569	2,871	2,396
Results from participations and securities		(2,888)	120	0	(37)
Results from sale of fixed assets		24	(57)	33	(56)
Foreign exchange differences		(379)	291	(325)	446
Other adjustments		(5)	21	0	0
<b>Operating profit before changes in working capital</b>		<b>33,357</b>	<b>13,821</b>	<b>24,995</b>	<b>9,995</b>
<b>(Increase)/Decrease in:</b>					
Inventories		3,345	2,269	2,851	2,082
Trade receivables		(10,363)	(41,204)	14,935	(20,889)
Prepayments and other short term receivables		11,965	(35,558)	15,439	(26,693)
<b>Increase/(Decrease) in:</b>					
Suppliers		(2,837)	15,379	(9,102)	12,046
Accruals and other short term liabilities		16,694	89,654	(7,483)	21,398
Other long-term receivables and liabilities		(9,614)	2,796	(8,287)	(54)
Income Tax payments		(6,698)	(4,315)	(4,823)	(2,397)
<b>Cash inflows from operating activities</b>		<b>35,849</b>	<b>42,842</b>	<b>28,525</b>	<b>(4,512)</b>
<b>Cash flows from investment activities</b>					
(Purchases)/Sales of fixed assets		(4,518)	(7,007)	(3,186)	(5,606)
(Purchases)/Sales of investment property		0	6,250	0	6,250
Interest and related income received		1,978	1,467	1,198	439
(Purchases) / sales of participations and securities		5,309	(3,783)	0	(103)
Income from participations		60	60	0	59
<b>Cash outflows for investment activities</b>		<b>2,769</b>	<b>(3,013)</b>	<b>(1,988)</b>	<b>1,039</b>
<b>Cash flows from financial activities</b>					
Proceeds from share capital increases		2	0	2	0
Net change of short-term loans		(11,163)	3,085	(16,196)	4,885
Net change of long-term loans		(1,517)	2,117	0	0
Payments of Loans from financial leases		(3,311)	(1,838)	(3,311)	(1,838)
Dividends paid		0	0	0	0
Interest and other financial expenses paid		(3,073)	(3,779)	(2,105)	(2,580)
<b>Cash inflows for financial activities</b>		<b>(19,062)</b>	<b>(415)</b>	<b>(21,610)</b>	<b>467</b>

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Effect from foreign exchange differences in cash	(39)	(1,440)	(532)	(277)
<b>Net increase /(decrease) of cash &amp; cash equivalents</b>	<b>19,517</b>	<b>37,974</b>	<b>4,395</b>	<b>(3,283)</b>
<b>Cash &amp; cash equivalents at the beginning of the period</b>	<b>188,961</b>	<b>83,249</b>	<b>115,198</b>	<b>32,185</b>
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>208,478</b>	<b>121,223</b>	<b>119,593</b>	<b>28,902</b>

The accompanying notes constitute an integral part of the financial statements

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**TERNA S.A.**

**Share Capital      Share Premium      Reserves      Profit Carried Forward      Total**

**STATEMENT OF CHANGES IN EQUITY**

<b>1 January 2008</b>	<b>522</b>	<b>0</b>	<b>0</b>	<b>(89)</b>	<b>433</b>
Absorption of sector of former TERNA SA	28,386	35,922	19,341	15,713	99,362
<b>1 January 2008 revised</b>	<b>28,908</b>	<b>35,922</b>	<b>19,341</b>	<b>15,624</b>	<b>99,795</b>
Total comprehensive income for the period	0	0	(104)	2,341	2,237
Dividends	0	0	0	(6,893)	(6,893)
Distributions of reserves/Transfers	0		6,258	(6,258)	0
Absorption of sector of former TERNA SA (movement for the period)	0	0	0	1,711	0
<b>30 June 2008</b>	<b>28,908</b>	<b>35,922</b>	<b>25,495</b>	<b>6,525</b>	<b>96,850</b>
<b>1 January 2009</b>	<b>28,908</b>	<b>35,922</b>	<b>27,223</b>	<b>24,920</b>	<b>116,973</b>
Total comprehensive income for the period	0	0	(257)	14,680	14,423
Issue of share capital	2	0	0	0	2
Dividends	0	0	0	(11,564)	(11,564)
Distributions of reserves/Transfers	0	0	(267)	267	0
<b>30 June 2009</b>	<b>28,910</b>	<b>35,922</b>	<b>26,699</b>	<b>28,303</b>	<b>119,834</b>

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**STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Share Premium	Reserves	Profit Carried Forward	Total owners of the parent	Non-controlling Interest	Total
<b>1 January 2008</b>	<b>28,908</b>	<b>35,922</b>	<b>19,036</b>	<b>37,236</b>	<b>121,102</b>	<b>234</b>	<b>121,336</b>
Total comprehensive income for the period	0	0	(1,478)	3,589	2,111	(45)	2,066
Dividends	0	0	0	(6,893)	(6,893)	0	(6,893)
Separation of sector of former TERNA SA	0	0	0	1,711	1,711	0	1,711
Discontinuance of consolidation	0	0	0	(39)	(39)	0	(39)
Distribution of reserves	0	0	6,258	(6,258)	0	0	0
<b>30 June 2008</b>	<b>28,908</b>	<b>35,922</b>	<b>23,816</b>	<b>29,346</b>	<b>117,992</b>	<b>189</b>	<b>118,181</b>
<b>1 January 2009</b>	<b>28,908</b>	<b>35,922</b>	<b>27,219</b>	<b>42,821</b>	<b>134,870</b>	<b>114</b>	<b>134,984</b>
Total comprehensive income for the period	0	0	(271)	20,939	20,668	511	21,179
Issue of share capital	2	0	0	0	2	0	2
Dividends	0	0	0	(11,564)	(11,564)	0	(11,564)
Transfers - other movements	0	0	(98)	98	0	0	0
<b>30 June 2009</b>	<b>28,910</b>	<b>35,922</b>	<b>26,850</b>	<b>52,295</b>	<b>143,977</b>	<b>625</b>	<b>144,602</b>

## NOTES ON THE FINANCIAL STATEMENTS

### 1 ESTABLISHMENT AND ACTIVITY OF THE COMPANY

**“TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY”** (the “Company” or “TERNA”), as renamed from LITHOS SOCIETE ANONYME COMPANY by virtue of the decision dated 6.11.2008 by the Extraordinary General Shareholders Meeting, which was published in the Government Gazette Issue 14207/30.12.2008 (SA & LTD Issue), is registered in the Societe Anonyme Registrar of the Athens Prefecture, under Reg. No.56330/01/B/04/506(08). The company’s duration has been set to ninety (90) years.

On 23.12.2008, the merger through absorption of par of the construction activities of the company TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY, was approved by virtue of the decision by the Ministry of Development under Reg. No. K2-15458/23.12.2008 together with the increase of the share capital by 28,388,000.00 euro and therefore the share capital amounts to euro 28,910,000.00 divided into 289,100 common registered shares, with a nominal value of 100.00 euro each.

The basic sector in which the Company and Group are active is constructions. 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 of over 35 mil. 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.

The consolidated financial statements of TERNA are included in the consolidated financial statements of its parent GEK SA, which during the balance sheet date, owned 100% of its share capital.

The Group operates in Greece and the Balkans and Middle East. The contribution of foreign operations to turnover during the present period amounted to 46.3% (compared to 36.2% during the comparative period). From such, 35% is from the Balkans (53% during the comparative period) and the remaining 65% from the Middle East (47% during the comparative period).

### 2 BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

#### *a) Basis for the Preparation of the financial statements*

The accompanying separate and consolidated financial statements have been prepared according to the historic cost principal, except for investment property, financial derivatives and investments available for sale that are valued at fair value. Also, several self-used tangible fixed assets on the transition date (1 January 2004) to the International Financial Reporting Standards (IFRS) were valued at fair values, which were used as implied cost, according to the provisions of IFRS 1 “First implementation of IFRS”.

The interim condensed financial statements consist of the separate and consolidated financial statements of the Parent Company and its Group and have been prepared according to IFRS, as such have been adopted by the European Union, and specifically with the provisions of IAS 34 “Interim Financial Statements”. The interim condensed financial statements should be read in conjunction with the annual financial statements of 31 December 2008.

#### *b) Presentation of transformation of former TERNA SA*

i) The presented individual financial statements of TERNA SA, have been prepared according to the decisions by the extraordinary General Meetings dated 6.11.2008 of the separated company TERNA SA, dated 18.11.2008 of the former GEK SA, currently renamed to GEK TERNA SA and dated 6.11.2008 of the former LITHOS SA, currently renamed to TERNA SA.

According to the decisions by the above General Meetings, the former LITHOS SA, already renamed to TERNA SA, absorbed the construction activities of the separated company TERNA SA.

As regards to the basis for preparation of the revised financial statements of former LITHOS SA, already renamed to TERNA SA, we note the following specific points:

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a) the separated company TERN SA is a subsidiary (according to the definition of IAS 27) with a total participation by GEK TERN SA in such by 56.38% (currently 100%), while the latter consolidates TERN SA and has control of such since 1999.

b) the successor LITHOS SA is a 100% subsidiary of the separated company TERN SA.

c) the absorption by the former LITHOS SA of the construction activities of TERN SA, does not fall under the implementation scope of IFRS 3 as such are under joint control.

Taking into account the above, to present the absorption of TERN SA's construction activities, the Pooling of Interests method was selected, according to which the current TERN SA (former LITHOS SA) has reflected in its financial statements, the results and net assets of the absorbed construction sector from 1 January 2007.

The individual financial statements on 30/06/2008 (balance sheet, income statement, cash flow statement) of the current TERN SA (former LITHOS SA), as had been initially prepared and as revised, including the assets and liabilities of TERN SA which were absorbed by the current TERN SA (former LITHOS SA), are as follows:

**BALANCE SHEET**

	Revised accounts of 30/6/2008	Changes due to absorption of sector	Initial accounts of 30/6/2008
<b>ASSETS</b>			
<b>Non current assets</b>			
Intangible fixed assets	5,389	5,211	178
Tangible fixed assets	66,319	65,382	937
Investment property	1,596	1,596	0
Participations in subsidiaries	2,050	2,050	0
Participations in joint ventures	11,416	11,416	0
Other investments	36	0	36
Other long-term assets	1,532	1,531	1
Deferred tax assets	4,835	4,835	0
<b>Total non current assets</b>	<b>93,173</b>	<b>92,021</b>	<b>1,152</b>
<b>Current assets</b>			
Inventories	3,467	2,516	951
Trade receivables	120,994	120,707	287
Prepayments and other receivables	93,893	93,665	228
Income tax receivables	7,614	7,614	0
Cash and cash equivalents	28,902	28,892	10
<b>Total current assets</b>	<b>254,870</b>	<b>253,394</b>	<b>1,476</b>
<b>TOTAL ASSETS</b>	<b>348,043</b>	<b>345,415</b>	<b>2,628</b>
<b>EQUITY &amp; LIABILITIES</b>			
Share capital	28,908	28,386	522
Share premium account	35,922	35,922	0
Reserves	25,495	25,495	0
Profit/(loss) carried forward	6,525	6,440	85
<b>Total equity</b>	<b>96,850</b>	<b>96,243</b>	<b>607</b>

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**Long term liabilities**

Loans from finance leases	29,180	29,180	0
Provisions for staff indemnities	1,508	1,490	18
Other Provisions	646	532	114
Deferred tax liabilities	129	122	7
<b>Total long term liabilities</b>	<b>31,463</b>	<b>31,324</b>	<b>139</b>

**Short term liabilities**

Suppliers	58,077	56,443	1,634
Short term loans	14,601	14,601	0
Long term loans payable during the next financial year	5,735	5,735	0
Accrued and other short term liabilities	141,041	140,815	226
Income tax payable	276	254	22
<b>Total short term liabilities</b>	<b>219,730</b>	<b>217,848</b>	<b>1,882</b>

**TOTAL LIABILITIES & EQUITY**

<b>348,043</b>	<b>345,415</b>	<b>2,628</b>
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**INCOME STATEMENT**

	<b>Revised accounts of 30/6/2008</b>	<b>Changes due to absorption of sector</b>	<b>Initial accounts of 30/6/2008</b>
Turnover	149,385	147,858	1,527
Cost of sales	(135,858)	(134,737)	(1,121)
<b>Gross profit</b>	<b>13,527</b>	<b>13,121</b>	<b>406</b>
Administrative and selling expenses	(13,572)	(13,323)	(249)
Other income/(expenses)	5,647	5,590	57
Net financial income/(expenses)	(1,942)	(1,941)	(1)
<b>Profit/(Losses) before taxes</b>	<b>3,660</b>	<b>3,447</b>	<b>213</b>
Income tax	(1,319)	(1,280)	(39)
<b>Net profit / (losses) for the period</b>	<b>2,341</b>	<b>2,167</b>	<b>174</b>

**CASH FLOW STATEMENT**

	<b>Revised accounts of 30/6/2008</b>	<b>Changes due to absorption of sector</b>	<b>Initial accounts of 30/6/2008</b>
<i>Cash flow from operating activities</i>			
Profit before tax	3,660	3,447	213
<i>Adjustments for the agreement of the net flows from the operating activities</i>			
Depreciation	4,750	4,717	33
Provisions	(710)	(728)	18
(Interest and related revenue)	(454)	(454)	0
Interest and other financial expenses	2,396	2,395	1
Results from intangible and tangible assets and investment property	(56)	(56)	0
Results from participations and securities	(37)	(37)	0
Other adjustments	446	446	0
Operating profit before changes in working capital	9,995	9,730	265

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*(Increase)/Decrease in:*

Inventories	2,082	2,304	(222)
Trade receivables	(20,889)	(20,620)	(269)
Prepayments and other short term receivables	(26,693)	(26,743)	50

*Increase/(Decrease) in:*

Suppliers	12,046	11,700	346
Accruals and other short term liabilities	21,398	21,322	76
(Increase)/Decrease of other long term claims and liabilities	(54)	(54)	0
Income Tax payments	(2,397)	(2,397)	0

<b>Net Cash inflow from operating activities</b>	<b>(4,512)</b>	<b>(4,758)</b>	<b>246</b>
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*Cash flows from investment activities*

(Purchases of intangible and tangible assets)	(5,606)	(5,301)	(305)
Interest and related income received	439	439	0
(Purchases) / sales of participations and securities	(103)	(103)	0
Income from participations	59	59	0
Investment Property	6,250	6,250	0

<b>Cash outflows for investment activities</b>	<b>1,039</b>	<b>1,344</b>	<b>(305)</b>
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*Cash flows from financial activities*

Net change of short-term loans	4,885	4,885	0
(Payments of Loans from Financial Leases)	(1,838)	(1,838)	0
(Interest paid)	(2,580)	(2,579)	(1)

<b>Cash outflows for financial activities</b>	<b>467</b>	<b>468</b>	<b>(1)</b>
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Effect of foreign exchange changes on cash	(277)	(277)	0
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<b>Net increase of cash &amp; cash equivalents</b>	<b>(3,283)</b>	<b>(3,223)</b>	<b>(60)</b>
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<b>Cash &amp; cash equivalents at the beginning of the period</b>	<b>32,185</b>	<b>32,115</b>	<b>70</b>
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<b>Cash &amp; cash equivalents at the end of the period</b>	<b>28,902</b>	<b>28,892</b>	<b>10</b>
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ii) The accompanying consolidated financial statements have been prepared with the pooling of interests method from 1/1/2007, according to those stated above in point i) and are included in the financial statements of the present TERNA SA, as well as in those of its subsidiaries, joint ventures and associates referred to in note 4, for 2008 and the interim period ended on 30/6/2008.

*c) New standards, interpretations and amendments of standards*

The accounting principles applied during the preparation of the financial statements are the same as those followed for the preparation of the Group's and company's financial statements for the period ended on December, 31 2008, except for the adoption of new standards and interpretations, whose application is mandatory for periods beginning on 1 January 2009.

Therefore, from January, 1 2009 the Group and the company adopted new standards, amendments of standards and interpretations as follows:



***Standards and Interpretations mandatory for 2009***

– **IAS 1 (Revised 2007) “Presentation of Financial Statements”**

Applied for annual accounting periods beginning on or after 1 January 2009.

IAS 1 has been revised to improve the usefulness of information presented in the financial statements. The most important changes are:

- a) The statement of changes in equity includes only transactions with shareholders,
- b) The introduction of a new total comprehensive income statement that combines all income and expenses, which were registered in the income statement with “other income”, and
- c) Restatements in the financial statements or retrospective applications of new accounting principles and methods must be presented from the beginning of the earliest comparative period.

The Company (and Group) have applied the above amendments and made the necessary changes to the presentation of the financial statements for 2009.

– **IAS 23 “Borrowing Cost” (revised 2007)**

Applied for annual accounting periods beginning on or after 1 January 2009.

The standard replaces the previous version of IAS 23. The basic difference in relation to the previous version concerns the repeal of the option to register the borrowing cost related to assets as an expense when a significant time period is needed in order for such to be operational or sold. Also, several amendments were made to IFRS1, IAS1, IAS7, IAS11, IAS16, IAS 38 and IFRIC 1 that are effective on or after 1.1.2009.

The Company (and Group) applied IAS 23 in advance from 1 January 2008.

– **IAS 32 (Amendment) “Financial instruments: Presentation” and IAS 1 (Amendment) “Presentation of financial statements” – Puttable instruments**

Applied for annual accounting periods beginning on or after 1 January 2009.

The amendment to IAS 32 requires that specific puttable financial instruments and liabilities that arise during the liquidation of an entity, be included in Equity if specific criteria are met. The amendment to IAS 1 requires the disclosure of information regarding puttable instruments classified as Equity.

Also, several amendments were made to IFRS 7, IAS 39 and IFRIC 2 that are effective for periods beginning on or after 1.1.2009.

As the Company (and Group) do not have such instruments, the amendments will not affect the 2009 financial statements.

– **IFRS 1 (Amendment) “First adoption of IFRS” and IAS 27 (Amendment) “Consolidated and Separate Financial Statements”**

Applied for annual accounting periods beginning on or after 1 January 2009.

The amendment of IFRS 1 allows companies that apply IFRS for the first time to use either the fair value of the book value according to previous accounting practices as implied cost for the valuation of the initial cost of investments in subsidiaries, jointly controlled companies and associate companies. Also, the amendment cancels the definition of the cost method from IAS 27 and replaces such with the requirement that dividends be presented as income in the separate financial statements of the investor. Also several amendments were made to IAS 18, IAS 21 and IAS 36 that are also applied for periods beginning on or after 1.1.2009.

As the parent company and all its subsidiaries have already made the transition to IFRS, the amendment will have no effect on the financial statements of 2009.

– **IFRS 2 (Amendment) “Share Based Payments” – Vesting Conditions and Cancellations**

Applied for annual accounting periods beginning on or after 1 January 2009.

The amendment clarifies the definition of “vesting conditions”, with the introduction of the term “non-vesting conditions” for terms that do not constitute service of performance terms. It also clarifies that all cancellations either arising from the entity itself or from third parties, must have the same accounting treatment.

The amendment will have no effect on the financial statements for 2009.

– **IFRS 8 “Operating Segments”**

Applied for annual accounting periods beginning on or after 1 January 2009.

This standard replaces IAS 14, according to which segments were recognized and presented on the basis of a risk and return analysis. According to IFRS 8 segments constitute parts of an economic entity that are regularly examined by the CEO/Board of Directors of the entity and are presented in the financial statements according to this internal categorization.

– **IFRIC 13 – Customer Loyalty Programs**

Applied for annual accounting periods beginning on or after 1 July 2008.

The interpretation clarifies the accounting treatment that companies must adopt when granting award credits such as “points” or “travel miles” to customers that purchase goods or services.

The interpretation does not apply to the Company and Group.

– **Amendments to standards that are part of the IASB (International Accounting Standards Board) annual improvements plan**

**Part I**

The following amendments describe the most significant changes to IFRS as a result of the annual improvement plan of the IASB that was published in May 2008. The following amendments, unless stated otherwise, are in effect for annual accounting periods beginning on or after 1 January 2009.

**IAS 1 (Amendment) “Presentation of financial statements”**

The amendment clarifies that specific financial assets and liabilities registered as intended for trading purposes according to IAS 39 “Financial instruments: Recognition and Measurement” constitute examples of current assets and short-term liabilities respectively. The Company (and Group) has applied this amendment from 1 January 2009, however it considers that it will not affect its financial statements.

**IAS 16 (Amendment) “Tangible assets” (and subsequent amendment to IAS 7 “Cash flow statement”)**

This amendment requires that economic entities with ordinary activities that include the lease and then sale of assets, present the product of the sale of such assets to income and then transfer the net book value of the item to inventories when the asset is considered as available for sale. The subsequent amendment to IAS 7 states that cash flows arising from the purchase, lease and sale of such assets be classified in cash flows from operating activities.

**IAS 19 (Amendment) “Employee benefits”**

The changes to the standard are as follows:

a) An amendment to the plan that leads to a change where commitments for benefits are affected by future wage increases is considered as a cut-back, while an amendment that changes the benefits attributed to working service induces a negative service cost if such leads to a reduction of the present value of liabilities of the defined benefits.

b) The definition of the performance of the plan’s assets has been amended to define that management expenses of the plan are exempt from the calculation of the performance of the plan’s assets only to the extent that such expenses have been excluded from the valuation of the liability for defined benefits.

c) The distinction between short-term and long-term employment benefits will be based on whether the benefits will be settled before or after 12 months of service provided from the employees.

d) IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” requires that contingent liabilities be disclosed but not recognized. IAS 19 has been amended so as to be consistent.

The Company (and Group) will apply these amendments from 1 January 2009, however no effect is expected on the financial statements.

**IAS 20 (Amendment) “Accounting of government grants and disclosure of government assistance”**

This amendment requires that the benefit from a government loan with an interest rate lower than the market rate, should be valued as the difference between the book value according to IAS 39 “Financial instruments:

Recognition and Measurement” and the income that arises from the benefit with the accounting treatment of IAS 20. Due to the fact that the Company (and Group) have not received loans by the Government, the amendment will not affect their financial statements.

**IAS 23, Borrowing Cost (as revised in 2007) (Amendment)**

With the amendment:

(a) It is clarified that the interest expense must be calculated with the effective interest rate method as described in IAS 39 Financial Instruments: Recognition and Valuation,

(b) The option to include the amortization of the above par receipt or above par repayment of loans and the amortization of related cost lined to the settlement of the loan, in borrowing cost is repealed.

The amendment will not affect the financial statements of the Company and Group.

**IAS 27 (Amendment) “Consolidated and separate financial statements”**

The amendment defines that cases where an investment in a subsidiary, which is treated according to IAS 39 “Financial instruments: Recognition and Measurement”, has been classified as an item held for sale according to IFRS 5 “Non-current assets held for sale and discontinued operations”, IAS 39 will continue to apply.

Due to the fact that the Company and Group follow the principle where investments in subsidiaries are registered at cost in the separate financial statements, the amendment will have no effect on the financial statements.

**IAS 28 (Amendment) “Investments in associate companies” (and subsequent amendments to IAS 32 “Financial instruments: Presentation” and IFRS 7 “Financial instruments: Disclosures”)**

According to this amendment, an investment in an associate is handled as a unique item for purposes of impairment reviews, and any possible impairment loss is not allocated to specific assets included in the investment. The reversals of impairment losses are registered as an adjustment in the accounting balance of the investment to the extent that the recoverable amount of the investment in the associate increases.

The Company (and Group) will apply this amendment from 1 January 2009.

**IAS 28 (Amendment) “Investments in associate companies” (and subsequent amendments to IAS 32 “Financial instruments: Presentation” and to IFRS 7 “Financial instruments: Disclosures”)**

This amendment defines that in cases where an investment in an associate is accounted for according to IAS 39 “Financial instruments: Recognition and Measurement” additionally to the required disclosures of IAS 32 “Financial instruments: Presentation” and IFRS 7 “Financial instruments: Disclosures”, specific and not all the required disclosures of IAS 28 must be made.

Due to the fact that the Group follows the principle of incorporating associate companies in its consolidated financial statements with the equity method, this amendment will not affect its financial statements.

**IAS 29 (Amendment) “Presentation of Financial Data in Hyperinflationary Economies”**

The guidance in this standard has been amended so as to reflect the fact that some assets and liabilities are valued at fair value instead of historic cost.

Because neither the subsidiaries nor the associates operate in hyperinflationary economies, the amendment will not affect the Group’s financial statements.

**IAS 31 (Amendment) “Participations in joint ventures” (and subsequent amendments to IAS 32 “Financial instruments: Presentation” and IFRS 7 “Financial instruments: Disclosures”)**

This amendment defines that in cases where an investment in a joint venture is accounted according to IAS 39 “Financial instruments: Recognition and Measurement” additionally to the required disclosures of

IAS 32 “Financial instruments: Presentation” and IFRS 7 “Financial instruments: Disclosures”, specific and not all the required disclosures of IAS 31 “Participations in joint ventures” must be made.

Due to the fact that the Group follows the principle of incorporating joint ventures in its consolidated financial statements with the proportionate method, this amendment will not affect its financial statements.

#### **IAS 36 (Amendment) “Impairment of Assets”**

This amendment requires that in cases where the fair value minus the sale cost is calculated based on discounted cash flows, then disclosures must be made according to those required for the calculation of value in use.

The Company (and Group) have applied this amendment and will provide the necessary disclosure where applicable for the impairment reviews, from 1 January 2009.

#### **IAS 38 (Amendment) “Intangible Assets”**

This amendment defines that a payment can be recognized as a prepayment only if it has been realized before the acquisition of the right for access to goods or services.

The amendment practically means that when the Company (and Group) acquire access to goods or to receive services, then the payment must be registered in expenses.

The Company (and Group) have applied the amendment from 1 January 2009.

#### **IAS 38 (Amendment) “Intangible Assets”**

The amendment deletes the statement that defines that there will be “rarely, if ever” indications for the use of a method that results in a lower depreciation rate from that of the straight line method. The amendment currently has no effect on the financial statements of the Company (and Group) as all intangibles are depreciated with the straight line method.

#### **IAS 39 (Amendment) “Financial instruments: Recognition and Measurement”**

The changes to this standard are as follows:

a) It is possible to apply transfers towards and from the category of fair value through the results, when a derivative begins or ceases to fulfill the conditions as a cash flow hedging instrument or a net investment hedging instrument.

b) The definition of a financial assets or financial liability at fair value through the results as regards to items held as available for trading, has been amended. It is clarified that a financial asset or liability that constitutes part of a portfolio of financial instruments that are under joint management with established indication of a real plan for short-term profit, is included in this kind of portfolio during initial recognition.

c) the effective guidance for the definition and establishment of hedging states that a hedged item must involve a part that is not owned by the relevant entity and it mentions a section as an example of an entity. This means that in order to apply accounting hedging at the segment level, receivables for the accounting hedge must be met at the same time by the segment that applies such. The amendment excludes this receivable in order to reconcile IAS 39 with IFRS 8 “Operating segments” which requires the disclosure for segments to be based on information presented by the CEO/Board of Directors of the entity.

d) When the book value of a debt item is calculated again during the end of the fair value accounting hedge, the amendment clarifies that a revised real interest rate must be used (calculated on the day the fair value accounting hedge ends).

The Company (and Group) apply IAS 39 (Amendment) from 1 January 2009. It has no effect on the financial statements.

***IAS 40 (Amendment) “Investment property” (and subsequent amendments to IAS 16 “Tangible Assets”)***

The amendment defines that property under construction or management for future use as investment property, fall under the implementation scope of IAS 40. Therefore, where the fair value method is applied, such property are valued at fair value. However, in cases where the fair value of an investment property under construction cannot be reliably estimated, then the property is valued at cost until the soonest between the completion date of construction and the date on which fair value can be reliably estimated.

The Company (and Group) apply the amendment, which however has no effect on the financial statements of the present period.

***IAS 41 (Amendment) “Agriculture”***

The amendment requires the use of a discount market rate where calculations of fair value are based on discounted cash flows, while it also includes the repeal of the prohibition to take into account biological transformations during the calculation of fair value.

Given that the Company (and Group) have not undertaken any agricultural activity, the amendment has no effect on their activities.

***IFRS 5 (Amendment) “Non-Current Assets Held for Sale and Discontinued Operations” (and subsequent amendments to IFRS 1 “First Adoption of International Financial Reporting Standards”)***

In effect for annual accounting periods beginning on or after 1 July 2009.

The amendment clarifies that all assets and liabilities of a subsidiary are classified as held for sale if a sales plan for partial distribution results in loss of its control and therefore the relevant disclosures must be made for the subsidiary given that the definition for a discontinued operation is met. The subsequent amendment to IFRS 1 defines that such amendments will be applied in the future from the transition date to IFRS. **The Group will apply this amendment in the future for all the partial sales of subsidiaries from 1 January 2010.**

## **Part II**

The amendments that are included in Part II of the regulation, refer to changes in terminology or amendments of issuing nature, and do not lead to accounting changes for presentation or recognition purposes, and therefore the applicable amendments will not affect the financial statements of the Company (Group).

The standards on which the above amendments were applied, are as follows:

- IAS 8, Accounting Policies, Changes in Accounting Estimations and Errors
- IAS 10, Events after the Balance Sheet Date
- IAS 20, Accounting for Government Grants and Disclosure of Government Assistance (and subsequent amendments to IAS 41, Agriculture)
- IAS 29, Financial Reporting in Hyperinflationary Economies
- IAS 34, Interim Financial Reporting
- IAS 40, Investment Property
- IAS 41, Agriculture (and subsequent amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IAS 2 Inventories, IAS 36 Impairment of Assets).

## **Standards and Interpretations mandatory after 30 June 2009**

Specific new standards, amendments of standards and interpretation that have been issued and are mandatory for accounting periods beginning during the present period or after. The Company's (and Group's) assessment regarding the effect from the application of the new standards, amendments and interpretations, is presented below.

– **IAS 27 (Amended) “Consolidated and Separate Financial Statements”**

Applied for annual accounting periods beginning on or after 1 July 2009.

The amended IAS 27 requires that transaction that lead to changes in participation percentages in a subsidiary, be registered in equity. Moreover, the amended standard changes the accounting treatment for losses realized by a subsidiary as well as the loss of control in a subsidiary.

The approval of the amendments to IAS 27 entails amendments to international financial reporting standards (IFRS)1, IFRS 4, IFRS 5, IAS1, IAS 7, IAS 14, IAS 21, IAS 28, IAS 31, IAS 32, IAS 33, IAS 39 and interpretation 7 of the Standing Interpretation Committee (SIC) in order to ensure consistency between the international accounting standards.

The company (and Group) will apply all changes of the above standards for future acquisitions and transactions with minority shareholders that will take place after the relevant application date.

– **IFRS 3 (Revised) “Business Combinations”**

Applied for annual accounting periods beginning on or after 1 July 2009.

The revised IFRS 3 introduces a series of changes in the accounting treatment of business combinations that will affect:

- a) The amount of goodwill that arises,
- b) The results of the reported period during which the companies’ acquisition takes place and
- c) The future results.

Such changes include:

- a) The registration in the results of expenses related to the acquisition and
- b) The registration in the results of subsequent changes to the fair value of the potential price

The approval of revised IFRS 3 entails amendments to IFRS 1, IFRS 2, IFRS 7, to International Accounting Standards (IAS 12), IAS 16, IAS 28, IAS 32, IAS 33, IAS 34, IAS 36, IAS 37, IAS 38, IAS 39 and interpretation 9 of the International financial Reporting Interpretation Committee (IFRIC) in order to ensure consistency between the international accounting standards.

– **IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”**

Applied for annual accounting periods beginning on or after 1 July 2009.

The interpretation applies to an economic entity that hedges the foreign exchange risk from a net investment in a foreign operation and meets the condition for accounting hedge according to IAS 39. The interpretation provides guidance regarding the way in which an entity must define the amounts reclassified from equity to the results both for the hedge instrument and for the hedged item. As the Company (and Group) does not apply accounting hedging for any investment in a foreign operation, the interpretation does not apply to the Company or Group.

**d) Approval of Financial Statements**

The accompanying interim financial statements were approved by the Board of Directors of the Parent Company on 26 August 2009 and posted on the internet at the website of the parent [www.terna.gr](http://www.terna.gr).

**e) Use of Estimates**

The Group makes estimations, assumptions and judgments in order to choose the best accounting principles related to the future evolution of events and transactions. These estimations, assumptions and judgments are continuously assessed in order to reflect current information and risk and are based on the management’s experience related to level/volume of transactions or events.

The main assumptions and judgments that refer to data that may affect the financial statements in the coming 12 months are as follows:

- i) *Recognition of income from construction contracts and agreements for the construction of real estate:* The Group uses the percentage of completion method to recognize such income, in accordance with IAS 11. According to this method the construction cost as of each date of the statement of financial position, is compared to the budgeted total cost of the project in order to determine the percentage of completion of such. 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 arises from estimation procedures and is reassessed and reviewed at each statement of financial position date.

ii) *Depreciation of fixed assets*: For the calculation of depreciations, the group reviews the useful life and residual value of tangible and intangible assets based on the technological, institutional and financial developments, as well as on experience from their use.

iii) *Value readjustment of investment property*: For the valuation of its investment property, the Group defines the fair value based on valuation reports prepared on its behalf from independent appraisers. For the interim financial statements, the fair value results from reports by independent appraisers only in cases where there are indications for significant changes in fair value and according to the financial significance.

iv) *Valuation of inventories*: For the valuation of its inventories, the Group estimates, based on statistical data and market conditions, expected sale prices and the cost of their finalization and distribution, per category of inventory.

v) *Impairment of assets and their reversal*: The Group evaluates the technological, institutional and financial developments looking for indications of impairment of any kind of assets (fixed, trade and other receivables, financial assets etc) as well as their reversal.

vi) *Provision for staff indemnities*: The Group, based on IAS 19, proceeds with estimations of assumptions based on which the provision for staff indemnities is calculated actuarially.

vii) *Provision for income tax*: The Group, based on IAS 12, makes a provision for income tax, current and deferred. The provision for current income tax is calculated by (i) estimating taxable profit of the present period, (ii) deriving the estimated real current tax rate and (iii) applying the rate on the taxable profit of the interim period. It also includes a provision for additional taxes that may arise from tax audits. The final settlement of income tax may differ from the respective amounts registered in the interim and annual financial statements.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

#### **a) Basis of consolidation**

The attached consolidated financial statements include those of TERNA SA and its subsidiaries. The subsidiaries in which the Group has a direct or indirect participation of more than half of the voting rights has the right to control the consolidated operations. The subsidiaries are consolidated from the date the Group acquires the control and stop being consolidated at the date this control ceases to exist.

The participation of the Group in Joint ventures when there is common control, are incorporated in the attached financial statements with the method of proportionate consolidation which includes the proportion of the joint-venture on the assets, liabilities and total income with the inclusion of the items in their Financial Statements.

Intragroup transactions and balances are deleted from the attached consolidated financial statements. When necessary, the accounting bodies of subsidiaries are amended in order to secure the consistency with the accounting principles adopted by the Group.

#### **b) Investments in Associates:**

Includes companies in which the Group exercises significant influence however they are not subsidiaries or joint ventures. The Group's participating interests are recorded using the equity method. According to this method the participating interest in the associate company is carried at acquisition cost plus any change in the percentage of its Equity held by the Group, less any provisions for impairment.

The consolidated comprehensive income statement shows the Group's share in the total comprehensive income of the associate companies.

#### **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 comprehensive income statement
- (iv) Investments held to maturity

Initially they are recognized at acquisition cost, which represents the fair value plus, in some cases, the direct transaction and acquisition expenses.

The classification of the above financial assets is made upon their initial recognition and wherever permitted it is reviewed and reassessed on a periodic basis.

- (i) Investments available for sale

Financial assets (non-derivative) that cannot be classified in any of the above categories are designated and classified as investments available for sale. After the initial recognition, available for sale investments are valued at fair value with the resulting gains or losses being recognized in the other total income of the Comprehensive income statement. Upon sale or write-off or impairment of the investment the accumulated gains or losses are included in the net earnings.

- (ii) Receivables and loans

Receivables and loans created by the activities of the Company (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 net earnings when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

- (iii) Financial assets at fair value through the net earnings

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 net earnings.

- (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 recognition, at net amortized cost using the effective interest rate method. Gains or losses are recorded in the net earnings when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

The fair value of such investments that are traded in an organized exchange is derived by the exchange value of the investment at the closing date. As regards to 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 Statement of financial position include cash balances, receivables, participations bank loans and other short and long-term liabilities. The Company does not use derivative financial tools. The accounting principles for the recognition and measurement of these items are mentioned in the respective accounting principles, which are presented in this Note. Financial instruments are disclosed as receivables, liabilities or equity based on the substance and the contents of the relevant contracts from which they stem.

Interest, dividends, gains and losses resulting from the financial instruments that are classified as receivables or liabilities are accounted for as expenses or income respectively. The distribution of dividends to shareholders is accounted for directly through equity. Financial instruments are netted-off when the Company, according to the law, has this legal right and intends to set them off (against each other) on a net basis or to recover the asset and net the liability off at the same time. Financial risk management aims to reduce possible negative consequences. More specifically:



**(i) Interest rate risk and exchange rate risk**

The Group's bank debt is mainly in Euro and is subject to variable and fixed interest rates. The Group has entered into interest rate swap agreements in order to reduce its exposure to interest rate risk from its debt. The Management of the Group follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

**(ii) Fair Value**

The amounts appearing in the attached Statements of financial position for cash balances, short-term receivables and other short-term liabilities approximate their respective fair 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. Company's 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 is limited due to the great dispersion of the balances.

**(iv) Market Risk**

The Company 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 Company. 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 transactions in foreign currencies and from the end-of-year valuation of monetary items in foreign currencies are recorded in the net earnings. The currency of operation for the foreign subsidiaries of the Group is the official currency of the country in which the subsidiary operates. Therefore, at any financial statements date all subsidiaries' accounts in the Statement of financial position are translated to euro based on the foreign exchange rate prevailing at that date. Revenues and expenses are translated based on the weighted average exchange rate of the year. Any foreign exchange differences resulting as mentioned above, are recorded directly in other comprehensive income. During the sale or distribution of foreign subsidiaries the cumulative foreign exchange differences are recorded in net earnings.

**f) Intangible assets**

Intangible assets mainly consist of royalties related to quarries, software acquisition costs and all expenses incurred to develop the software in order to bring it to operating condition.

Amortization on royalties are based on straight line method during the normal period for the use of quarries (30 years) and the one on software is accounted for based on the straight line method for a period of three years.

Furthermore intangible assets include the fair value of rights under service concession agreements with the state. Fair value is construction costs plus a reasonable construction profit. Depreciation starts after the infrastructure is commissioned and stretches throughout the concession period.

**g) Revenue recognition**

Revenue 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 revenue.

**(i) Revenue from construction activities**

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

Non-invoiced accrued income relates to income recognized on the basis of the method described above that has not yet been invoiced, while 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 Company upon signing the relevant contracts and are proportionally netted-off with the partial invoicing. The remaining amount appears as a liability in the attached financial statements.

*(ii) Sale of goods*

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

*(iii) Rent Revenue*

Rent revenue (operating leases) is recognized using the straight-line method, according to the terms of the lease.

*(iv) Dividends*

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

*(v) Interest*

Interest income is recognized on an accruals basis.

***h) Tangible Fixed Assets***

As previously mentioned, the Company has valued certain land and buildings at fair value on January 1<sup>st</sup>, 2004 and these fair values have been used as deemed cost at the date of transition to IFRS. The resulting surplus was credited to the profits carried forward account. The remaining land, buildings, machinery and vehicles are measured at purchase cost less accumulated depreciation and any provisions for impairment. Repairs and maintenance are booked as expenses during the year in which they are incurred. Significant improvements are capitalized in the cost of the respective fixed assets provided that they augment the useful economic life, increase the production level or improve the efficiency of the respective fixed assets.

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

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

***i) Depreciation***

Depreciation is calculated according to the straight-line method using rates that approximate the relevant useful economic life of the respective assets. The useful economic life per fixed asset category ranges between:

<b>Category of Fixed Asset</b>	<b><u>YEARS</u></b>
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 assets, other than goodwill and tangible fixed assets with an indefinite life, 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 recorded in the net earnings. The recoverable amount is defined as the largest between the fair value minus the sale cost and the value in use.

The fair value minus the sale cost 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 value in use 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 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 in net earnings.

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

***k) Investment property***

Investments in property are those held for the purpose to receive rent or capital appreciation and are valued at their fair value which is based on market value, that is to say at the estimated value of which the property may be sold, at the day of the estimation, in a normal transaction. The estimation is contacted regularly by external professional estimators who have the knowledge on the property market.

Profits or losses that arise from changes in the fair value of investments in property are included in the net earnings of the period during which they arise. Repairs and maintenance are recorded as expenses in the year in which they are incurred. Material subsequent expenses are capitalized when they augment the useful economic life of the buildings, their productive capacity or reduce their operation cost.

The investment property is eliminated from the Statement of financial position upon sale. All gains or losses resulting from the sale of an investment property are included in the net earnings of the year during which it was sold.

Investment property being build or developed are monitored, as those completed, at fair value.

***l) Inventories***

Inventories include excavated from the quarry material, construction material, spare parts and raw material. Inventories are valued at the lower of cost and net realizable value. The cost of raw materials, semi-finished and finished products is defined based on the weighted average method.

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

***m) Receivables Accounts***

Short-term receivables are accounted for at their nominal value less the provisions for doubtful receivables, while long-term receivables are valued at net amortized cost based on the effective interest rate method. At each date of the financial statements, 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 amortization procedure. Interest expenses are recognized on an accruals basis.

We note that interest on loans related to the construction of fixed assets and inventories, whose construction requires a significant period of time, increase the value of relevant assets, based on the revised IAS 23. The capitalization of interest is disrupted when the asset is ready for the use it is intended for.

***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 net earnings 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 1<sup>st</sup> of January 2004 (transition date to IFRS and compilation of initial Balance Sheet) the Company, 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 1<sup>st</sup> 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 Company. At the time of retirement, the pension fund is responsible for the payment of retirement benefits to the employees. Consequently, the Company 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 statements that are compiled according to the tax regulations in effect in Greece or in other countries in which the foreign subsidiaries operate. Current income tax is calculated based on the earnings of the Company as such are reformed on the company's tax returns, additional income tax emerging from the Tax Authorities' tax audits and on deferred income tax 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 date of the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

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

Income tax that relates to items, which have been directly recognized in other comprehensive income, is also recognized in other comprehensive income.

***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 net earnings. Capitalized leased fixed assets are depreciated based on straight line method during the 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 net earnings on a constant basis for the duration of the lease.

***t) 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 date of the financial statements and are adjusted in order to reflect the present value of expenses that are expected to be required for the settlement of the liability. If the effect of the time value of money is significant, then provisions are calculated by discounting the expected future cash flows with a pre-tax rate, which reflects the market's current estimations for the time value of money, and wherever considered necessary, the risks related specifically to the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed, unless the outflow of economic resources that include an economic loss benefits is probable. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of financial benefits is possible.

#### ***u)Earnings per Share***

Basic earnings per share (EPS) are calculated by dividing net earnings corresponding to the parent's owners 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 treasury-shares.

Diluted earnings per share are calculated by dividing the net earnings corresponding to owners 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).

## **4 GROUP STRUCTURE**

During the presented period, the Group sold its participation in the company HERON THERMOELECTRIC SA (see Note 12).

The following table presents the participations of TERNA SA, direct and indirect, in economic entities during 30/06/09, which were included in the consolidation:

COMPANY NAME	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	CONSOLIDATION METHOD
VRONTIS QUARRY PRODUCTS SA	Greece	100.00	0.00	100.00	Full
TERNA OVERSEAS LTD	Cyprus	100.00	0.00	100.00	Full
TERNA QATAR LLC **	Qatar	0.00	40.00	40.00	Full
TERNA BAHRAIN HOLDING WLL	Bahrain	0.00	99.99	99.99	Full
PCC TERNA WLL	Bahrain	0.00	80.00	80.00	Full
TERNA CONTRACTING CO WLL	Bahrain	0.00	100.00	100.00	Full
TERNA ELECTRICAL MECHANICAL WLL	Bahrain	0.00	70.00	70.00	Full
J/V MAIN ARROGATION CANAL D 1	Greece	75.00	0.00	75.00	Proportionate
J/V TRAM CIVIL ENGINEERING PROJECTS (IMPREGILO)	Greece	55.00	0.00	55.00	Proportionate
J/V IRAKLEION CAMPUS	Greece	50.00	0.00	50.00	Proportionate
J/V ANCIENT OLYMPIA BY-PASS	Greece	50.00	0.00	50.00	Proportionate
J/V AKTOR, AEGEK, EKTER, TERNA AIRPORT INSTAL. SPATA	Greece	20.00	0.00	20.00	Proportionate
J/V TERNA SA / AKTOR SA - GOULANDRIS MUSEUM	Greece	50.00	0.00	50.00	Proportionate
J/V DEPA PROJECT	Greece	10.00	0.00	10.00	Proportionate
J/V UNDERGROUND CAR PARK THESSALONIKI	Greece	50.00	0.00	50.00	Proportionate
J/V ARTA-FILIPPIADA BY-PASS	Greece	98.00	0.00	98.00	Proportionate
J/V ATHENS CONCERT HALL	Greece	49.50	0.00	49.50	Proportionate
J/V ATHENS CAR PARKS	Greece	20.00	0.00	20.00	Proportionate
J/V PERISTERI METRO	Greece	50.00	0.00	50.00	Proportionate
J/V TERNA S.A. - ATHINA ATE ARATHOS PERIST. PROJECTS	Greece	62.50	0.00	62.50	Proportionate
J/V TERNA SA - KARAGIANNIS TEFAA KOMOTINI PROJECT	Greece	24.00	0.00	24.00	Proportionate
J/V THALES ATM SA-TERNA UPGRADE OF TACAN STATIONS	Greece	22.55	0.00	22.55	Proportionate

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COMPANY NAME	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	CONSOLIDATION METHOD
J/V ETETH-TERNA-AVAX PANTECHNIKI HORSE RIDING CENTRE	Greece	35.00	0.00	35.00	Proportionate
JOINT VENTURE AVAX-VIOTER (OLYMPIC VILLAGE CONSTRUCTION)	Greece	37.50	0.00	37.50	Proportionate
J/V TERNA S.A. PANTECHNIKI S.A.	Greece	83.50	0.00	83.50	Proportionate
J/V TERNA S.A. AKTOR A.T.E. J&P AVAX	Greece	49.50	0.00	49.50	Proportionate
J/V TERNA S.A. J&P AVAX - PANTECHNIKI-HORSE RIDING CENTRE MAINTENANCE	Greece	35.00	0.00	35.00	Proportionate
J/V TERNA SA - ATHINA ATE	Greece	62.50	0.00	62.50	Proportionate
J/V TERNA SA - TH. KARAGIANNIS SA PROJECT CONSTRUCTION MEPW	Greece	50.00	0.00	50.00	Proportionate
J/V SALONIKA PARK	Greece	50.00	0.00	50.00	Proportionate
J/V SIEMENS-AKTOR ATE-TERNA SA	Greece	37.50	0.00	37.50	Proportionate
J/V TERNA-MICHANIKI AGRINIO BY-PASS	Greece	65.00	0.00	65.00	Proportionate
J/V TERNA S.A.-THALES S.A.	Greece	50.00	0.00	50.00	Proportionate
J/V AKTOR-DOMOTECHNIKI-THEMELIODOMI-TERNA-ETETH	Greece	25.00	0.00	25.00	Proportionate
J/V CONSTRUCTION OF PROJECT PARADEISIA-TSAKONA	Greece	49.00	0.00	49.00	Proportionate
J/V UNDERGROUND CHAIDARI-PART A	Greece	50.00	0.00	50.00	Proportionate
J/V FOUNDATION OF THE HELLENIC WORLD-COMPLETE CONSTRUCTION	Greece	60.00	0.00	60.00	Proportionate
J/V TERNA SA - TERNA ENERGY SA	Greece	50.00	0.00	50.00	Proportionate
J/V BIOTER SA-TERNA SA	Greece	50.00	0.00	50.00	Proportionate
J/V TERNA SA - IONIOS SA	Greece	90.00	0.00	90.00	Proportionate
J/V ATHINA-PANTECHNIKI-TERNA-J/V PLATAMONAS PROJECT	Greece	39.20	0.00	39.20	Proportionate
J/V TERNA-MOCHLOS ATE	Greece	70.00	0.00	70.00	Proportionate
J/V TERNA-VIOTER SA	Greece	50.00	0.00	50.00	Proportionate
J/V TERNA-ERGODOMI-KTISTOR ATE	Greece	50.00	0.00	50.00	Proportionate
J/V EDRASI-PSALLIDAS-TERNA-EDRACO	Greece	51.00	0.00	51.00	Proportionate
J/V TERNA-AKTOR-EMPEDOS-J&P ABAX-J&P AVAX-IMEC GmbH	Greece	24.00	0.00	24.00	Proportionate
J/V TERNA-KARAGIANNIS	Greece	50.00	0.00	50.00	Proportionate

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J/V EUROPEAN TECHNICAL-HOMER-TERNA	Greece	50.00	0.00	50.00	Proportionate
J/V TERNA-THEMELIODOMI	Greece	60.00	0.00	60.00	Proportionate
J/V TERNA-AKTOR GOULANDRI MUSEUM	Greece	50.00	0.00	50.00	Proportionate
J/V FRAGMATOS PRAMORITSA	Greece	33.33	0.00	33.33	Proportionate
J/V TERNA-EDRASI-STROTIRES - WP	Greece	41.00	0.00	41.00	Proportionate
J/V UNIVERSITY OF CRETE-RETHYMNON	Greece	25.00	0.00	25.00	Proportionate
J/V EKTER-TERNA (THETIKON)	Greece	50.00	0.00	50.00	Proportionate
J/V AKTOR-TERNA SA	Greece	50.00	0.00	50.00	Proportionate
J/V AKTOR-TERNA SA IASO BUILDING	Greece	50.00	0.00	50.00	Proportionate
J/V ALPINE MAYREDER BAU GmbH-TERNA SA-PANTECHNIKI SA	Greece	31.50	0.00	31.50	Proportionate
J/V TERNA-MOCHLOS-AKTOR KIATO-AIGIO	Greece	35.00	0.00	35.00	Proportionate
J/V J&P AVAX-TERNA-AKTOR PLATANOS TUNNEL	Greece	33.33	0.00	33.33	Proportionate
J/V THEMELIODOMI-TERNA-DIEKAT-KTIRIODOMI SA	Greece	25.00	0.00	25.00	Proportionate
J/V MINISTRY OF TRANSPORTATION	Greece	33.33	0.00	33.33	Proportionate
J/V AEGEK TERNA	Greece	45.00	0.00	45.00	Proportionate
J&P AVAX SA-TERNA SA-EYKLEIDIS	Greece	35.00	0.00	35.00	Proportionate
J/V EURO IONIA	Greece	33.33	0.00	33.33	Proportionate
J/V AKTOR ATE – J&P AVAX - TERNA SA	Greece	12.00	0.00	12.00	Proportionate
J/V AKTOR ATE – J&P AVAX - TERNA SA	Greece	50.00	0.00	12.00	Proportionate
J/V TERNA - AKTOR	Greece	33.33	0.00	50.00	Proportionate
J/V CENTRAL GREECE MOTORWAY E-65	Greece	33.33	0.00	33.33	Proportionate
J/V TERNA SA-AKTOR ATE J&P AVAX PIRAEUS –TREIS GEFYRES	Greece	50.00	0.00	33.33	Proportionate
J/V TERNA SA- AKTOR ATE DOMOKOS	Greece	50.00	0.00	50.00	Proportionate
J/V TERNA SA-THALES RAIL SIGNALLING SOLUTIONS	Greece	33.33	0.00	50.00	Proportionate
J/V J&P AVAS SA-VIOTER SA-TERNA SA	Greece	49.00	0.00	33.33	Proportionate
J/V ALPINE BAU-TERNA SA	Greece	36.00	0.00	49.00	Proportionate
J/V TRAM CIVIL ENGINEER WORKS	Greece	50.00	0.00	36.00	Proportionate



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COMPANY NAME	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	CONSOLIDATION METHOD
JV QBC S.A. - TERNA S.A.	Qatar	40.00	0.00	40.00	Proportionate
HAMRIYAH CEMENT COMPANY FZC	U.A.E.	0.00	40.00	40.00	Equity

\*\* The company TERNA QATAR LLC is consolidated with the full consolidation method according to SIC 12 “Consolidation-Special Purpose Vehicles” as the group has the management control based on an agreement.

The following table presents the joint ventures for the construction of technical projects, in which the Group participates. Such joint ventures have already concluded the projects they were established for, the guarantee period has expired, their relations with third parties have been settled and their final liquidation is pending.

Therefore such are not included in the consolidation.

No.	COMPANY NAME	TOTAL INDIRECT PARTICIPATION %
1	J/V BIOTER SA-TERNA SA- REVIEW	50.00%
2	J/V BIOTER SA-TERNA SA-FENCING (APOLLONIA SPA)	50.00%
3	J/V EMPEDOS SA-TERNA SA (PROJECT EKTHE THIRD PARTY)	50.00%
4	J/V CAR PARK “PARKING WHEEL SA”	12.16%
5	J/V MARITIME MIDSHIPMEN –GNOMON ATE-GEK SA-GENER SA	33.00%
6	J/V IMPREGILO S.p.a – TERNA SA-ALTE SA (EXECUTIONS)-in clearance	33.33%
7	J/V ARCHIRODON HELLAS ATE-TERNA SA	30.00%
8	J/V ATHINA ATE-PANTECHNIKI SA –TERNA SA	33.33%
9	J/V EVINOU-AEGEK-METON SA-TERNA SA-EYKLEIDIS SA	33.33%

The aforementioned joint ventures for technical projects construction in which the Company participates have already completed the projects for which they were established for, the guarantee time has passed, the relations with third parties are cleared and their final clearance is pending.

The voting rights of TERNA SA in all the aforementioned participations coincide with the respective participation in the share capital of such companies.

## 5 FIXED ASSETS (Intangible and Tangible)

The summary movement of intangible and tangible fixed assets for the period 1.1-30.6.2009 and the respective comparative period, is as follows:

### A. Tangible fixed assets

	GROUP		COMPANY	
	1.1-30.6.2009	1.1-30.6.2008	1.1-30.6.2009	1.1-30.6.2008
Net book value, January 1st	80,764	88,093	68,919	50,237
Purchases for the period	4,514	6,970	3,207	5,606
Acquisitions of fixed assets through financial leasing	5,782	15,172	5,782	15,172

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Additions due to acquisitions	2	0	0	0
Transfer to intangibles	(439)	0	0	0
Sales/Deletions for the period	(218)	(53)	(180)	(51)
Discontinued operations	0	(27,041)	0	0
Depreciation for the period	(7,607)	(5,512)	(6,333)	(4,621)
Foreign exchange differences	(27)	(216)	(7)	(24)
<b>Net book value, June 30th</b>	<b>82,771</b>	<b>77,413</b>	<b>71,388</b>	<b>66,319</b>

**B. Intangible fixed assets**

	GROUP		COMPANY	
	1.1- 30.6.2009	1.1- 30.6.2008	1.1- 30.6.2009	1.1- 30.6.2008
<b>Net book value, January 1st</b>	<b>5,387</b>	<b>5,509</b>	<b>5,307</b>	<b>5,509</b>
Purchases for the period	162	61	87	9
Transfers from tangibles	439		0	0
Depreciation for the period	(148)	(132)	(134)	(129)
<b>Net book value, June 30th</b>	<b>5,840</b>	<b>5,438</b>	<b>5,260</b>	<b>5,389</b>

**6 PARTICIPATIONS IN ASSOCIATES**

The summary movement of the account is as follows:

	GROUP
<b>Balance 31.12.2008</b>	<b>16,226</b>
Additions	638
Foreign exchange differences	186
Impairments	(5,003)
Results from the application of the equity method	(704)
<b>Balance 30.6.2009</b>	<b>11,343</b>

During the period, the management observed indications of impairment of the value of the participation in a foreign industrial associate. For this reason, an impairment review was conducted on its value, by the calculation of its recoverable amount. The recoverable amount was defined to be value in use, which was discounted with rates of 8.6-9%.

From the above review the associate was found to be impaired, and the calculated and recognized loss amounted to euro 5,003 and is included in the operating results in the account "Other income/expenses".

**7 LOANS**

**A, Long-term debt**

The Group's long-term debt in total concerns foreign companies and is raised by banks mainly in USD (83.1% of total), while the remaining 16.9% in currencies pegged to the USD. The total long-term debt corresponds to approximately 9.4% of the Group's total debt.

No new loans were received during the present period, while for the repayment of existing loans the amount of 1,870 euro was paid. The average weighted interest rate on the above loans during the present period amounted to 3.51% for loans in USD and 8.13% for loans in BHD.

### **B. Financial leasing contracts**

Financial leasing constitutes the basic source of midterm financing (31.5% of total debt) for acquiring construction equipment. During the present period new financial leasing contracts were signed by the group for machinery and other construction equipment amounting to euro 5,782, while for the payment of leases on existing contracts, the amount of euro 3,311 was paid, with a weighted average effective interest rate of 4.91%.

The remaining payments for financial leasing contracts is in euro and as at 30.6.2009, amounts to euro 38,134.

### **C. Short-term debt**

The Group's short-term debt is in euro or currencies pegged to the euro and it represents approximately 59.1% of the Group's total debt. Short-term debt mainly covers the needs for working capital of the construction, energy and real estate segment of the Group.

The weighted average effective interest rate of short-term debt during the period, amounted to 5% compared to 6.26% during 2008.

## **8 PROVISION FOR STAFF LEAVING INDEMNITIES**

The summary movement of the provision for the group's and company's staff leaving indemnities on 30.6.2009 and 30.6.2008, was as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1.1- 30.6.2009</b>	<b>1.1- 30.6.2008</b>	<b>1.1- 30.6.2009</b>	<b>1.1- 30.6.2008</b>
<b>Balance, January 1<sup>st</sup></b>	<b>2,995</b>	<b>1,287</b>	<b>2,168</b>	<b>1,124</b>
Additional provisions charged on net earnings	1,138	624	686	385
Additional provisions charged on assets				
Unused provisions transferred to net earnings	(10)	1		0
Used provisions	(144)	(137)	(127)	(137)
Transfers	(30)	141	(30)	146
Foreign exchange differences	1	(27)	1	(10)
<b>Balance, June 30<sup>th</sup></b>	<b>3,950</b>	<b>1,889</b>	<b>2,698</b>	<b>1,508</b>

There was no change in the assumptions from the comparative period and thus the assumptions are those mentioned in the annual financial statements of the previous year.

## **9 OTHER PROVISIONS**

The summary movement of the group's other provisions on 30.6.2009 and 30.6.2008, was as follows:

	GROUP		COMPANY	
	1.1- 30.6.2009	1.1- 30.6.2008	1.1- 30.6.2009	1.1- 30.6.2008
<b>Balance, January 1<sup>st</sup></b>	<b>1,042</b>	<b>1,189</b>	<b>941</b>	<b>2,772</b>
Additional provisions charged on net earnings	0	0	0	0
Unused provisions transferred to net earnings	0	(177)	0	(31)
Transfers	0	32	0	(2,095)
<b>Balance, June 30<sup>th</sup></b>	<b>1,042</b>	<b>1,044</b>	<b>941</b>	<b>646</b>

## 10 OTHER INCOME/EXPENSES

The analysis of the other income/expenses account of 30.6.2009 is presented in the following table:

	GROUP		COMPANY	
	1.1- 30.6.2009	1.1- 30.6.2008	1.1- 30.6.2009	1.1- 30.6.2008
Foreign exchange differences	379	(290)	325	(446)
Property taxes	(9)	(48)	(9)	(44)
Revenue from participations	94	37	8,655	4,964
(Losses) / Profit from valuation of associates (see Note 6)	(5,003)	0	0	0
Profit from sale of joint ventures	8,594	0	0	0
Income from provision of related services	853	966	1,162	619
Sale of needless material	57	133	39	111
Other sundry income/expenses	456	604	128	443
<b>Total</b>	<b>5,421</b>	<b>1,402</b>	<b>10,300</b>	<b>5,647</b>

## 11 INCOME TAX

The expense for income tax is recognised according to the management's best estimation on the weighted average annual tax rate for a full year. This rate for the Group on 30.6.2009 amounts to 16.44% (50.76% on 30.6.2008).

The Company has been audited by the tax authorities up to fiscal year 2007 included.

As regards to the tax un-audited fiscal years of the other consolidated companies and joint ventures, we note that there was no change in the un-audited years presented in the relevant table of the Note 20 of the annual financial statements for 31.12.2008, apart from the fact that the year 2008 is added to the tax un-audited fiscal years.

## 12 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 3.6.2009, the total participation (50% of the shares, together with the voting rights) of the joint venture (jointly controlled company) HERON THERMOELECTRIC SA, that is included in the segment of energy production from thermal sources, was sold. The aforementioned participation on 31.12.2008 was presented in the statement of financial position as non current assets held for sale and in the comprehensive income statement as discontinued operations.

The transfer took place with the sale of 50% of shares, with voting rights. The agreed price amounted to euro 30,924 and from such the amount of euro 7,924 has been received. The debited amount of euro 23,000 will be received in the beginning of 2010. The profit realized for the group amounted to euro 8,594 and is included in the operating results in the account "Other income/expenses".

Below we present condensed financial information of the company (100%-before consolidation entries) on the sale date, namely 3/6/2009:

Fixed assets	49,407
Receivables	11,249
Cash & cash equivalents	1,918
Loans	(19,828)
Other Liabilities	(6,511)
<b>Net assets</b>	<b>36,235</b>

During the period 1/1-3/6/2009 the company generated cash flows from operating activities amounting to euro 207 (-333 on 30.6.2008), from investment activities euro 13 (-655 on 30.6.2008) and from financing activities euro -2,365 (1,265 on 30.6.2008).

The assets and liabilities of the company at 31.12.2008, are analyzed as follows:

Fixed assets	51,118
Other receivables	15,183
Cash & cash equivalents	4,063
Loans	(21,802)
Other Liabilities	(12,851)
<b>Net assets</b>	<b>35,711</b>

The analysis of the company's results for the period 1/1-3/6/2009 is as follows:

	<b>3,6,2009</b>	<b>30,6,2008</b>
Income	5,655	27,888
Expenses	(4,781)	(26,044)
<b>Earnings before tax from the discontinued operations</b>	<b>874</b>	<b>1,844</b>
Tax	(350)	(510)
<b>Earnings for the period after tax from the discontinued operations</b>	<b>524</b>	<b>1,334</b>

### 13 LITIGIOUS OR DIFFERENCES UNDER ARBITRATION

During the course of conducting its business, the Company may face legal claims from third parties. According to both the Management and the Company's Legal Counsel, any such claims are not expected to have a significant impact on the Company's operation and financial position during 30.6.2009.

### 14 SHARE CAPITAL – EARNINGS PER SHARE

During the period it was paid up the amount of euros 2 thous., from the capital increase decided by the shareholders in 2008.

On 30.6.2009 the Group did not own, directly through the parent or indirectly through subsidiaries, treasury shares.

The weighted average number of shares outstanding, for the purposes of earnings per share, amounted to 289,100 shares (289,100 on 30.6.2008).

Earnings per share from continued activities on 30.6.2009 amounted to euro 71.522 (euro 9.224 on 30.6.2008) and were calculated based on earnings from continued activities that correspond to shareholders of the parent amounting to euro 20,677 (euro 3,589 on 30.6.2008).

## 15 TRANSACTIONS WITH RELATED PARTIES

The Company's and Group's transactions with related parties for the period ended on 30.6.2009 and 30.6.2008, as well as the balances of receivables and liabilities from such transactions during 30.6.2009 and 31.12.2008 are as follows:

Period 30.6.2009		GROUP				COMPANY			
Related party	Sales	Purchases	Debit Balances	Credit Balances		Sales	Purchases	Debit Balances	Credit Balances
Parent	1,080	136	0	2,605		1,038	136	0	2
Subsidiaries	-	-	-	-		68	4,869	4,557	2,845
Joint Ventures	-	-	-	-		10,844	404	32,779	67,469
Associates	0	0	32	0		0	0	0	0
Other related parties	111,912	2,922	24,254	336,143		63,430	1,212	5,117	606

Period 30.6.2008 / 31.12.2008		GROUP				COMPANY			
Related party	Sales	Purchases	Debit Balances	Credit Balances		Sales	Purchases	Debit Balances	Credit Balances
Parent	1,717	0	423	1,988		1,717	0	423	15
Subsidiaries	0	0	0	0		125	2,829	8,825	2,227
Joint Ventures	0	0	0	0		2,690	0	26,712	66,743
Associates	0	0	0	0		0	0	0	0
Other related parties	23,941	2,704	35,061	80,528		17,077	2,114	33,714	4,503

**Remuneration of the Board of Directors members and senior executives:** The remuneration of Board of Directors members and senior executives of the group and Company, recognized during the period 1.1 – 30.6.2009 are as follows:

	GROUP		COMPANY	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
Remuneration of executives included in the executive Board members	306	438	285	418
Remuneration for participation in Board meetings	600	30	600	30
	<b>906</b>	<b>468</b>	<b>885</b>	<b>448</b>
	30,6,2009	31,12,2008	30,6,2009	31,12,2008
Relevant Liabilities	706	137	706	137

## 16 INTERESTS IN JOINT VENTURES

The group owns rights in jointly controlled companies. The group's financial statements present the group's rights on the assets, liabilities, income and expenses of the jointly controlled companies as follows:

	<b>30.6.2009</b>
Non-current assets	5,724
Current assets	267,801
Long-term liabilities	(1,536)
Short-term liabilities	(261,922)
<b>Net assets</b>	<b>10,067</b>
Income	62,077
Expenses	(54,753)
<b>Net earnings</b>	<b>7,324</b>

## 17 SIGNIFICANT EVENTS DURING THE PERIOD

During the 1<sup>st</sup> half of 2009, the sale was concluded for 50% of the companies HERON THERMOELECTRIC to the Group GDF SUEZ. The company realized significant profit from this sale (see Notes 10 and 12).

During the 1<sup>st</sup> half of 2009, the Group's main construction contracts signed amounted to 135 mn euro and mainly concerned contracts within Greece.

## 18 SIGNIFICANT EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

On July 30<sup>th</sup> 2009, the Company signed a construction project for an electrical energy production plant in S. Rhodes, of a total value of 182.7 mn, which is included in the total construction backlog of 1,680 mn.

## 19 CONTINGENT LIABILITIES

The Group's Management considers that there are no changes in contingent liabilities in relation to those mentioned in the annual financial statements of 31.12.2008.

THE CHAIRMAN OF THE BoD

THE VICE PRESIDENT OF THE BoD &  
MANAGING DIRECTOR

NIKOLAOS KAMPAS

GEORGIOS PERISTERIS

HEAD OF ACCOUNTING

AIKATERINI CHALKOROKA-ATHANASOPOULOU