TERNA GROUP SA

RESTATED ANNUAL FINANCIAL STATEMENTS OF THE PARENT COMPANY AND ITS GROUP
AS AT THE 31ST OF DECEMBER 2006
IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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FINANCIAL STATEMENTS

TERNA GROUP
BALANCE SHEET
31st of December 2006

(All amounts are expressed in thousand of euros unless otherwise stated)

		GROUP		COMPANY	
	Note	**31 December 2006**	**31 December 2005**	**31 December 2006**	**31 December 2005**
ASSETS					
Long-term assets					
Intangible fixed assets	**7**	6.290	5.859	5.566	5.821
Tangible fixed assets	**8**	198.537	155.304	50.698	41.111
Real estate investment	**9**	7.840	26.579	6.917	7.935
Participations in associates	**6**	0	0	19.237	26.381
Participations in affiliated companies	**6**	12	0	0	0
Participations in joint ventures	**6**	1	0	12.028	11.721
Other investments		3.182	4.134	2.812	2.740
Other long-term assets		11.488	256	4.337	146
Deferred tax receivables	**21**	8.326	7.267	1.203	6.445
Total long-term assets		**235.676**	**199.399**	**102.798**	**102.300**
Current assets:					
Inventories	**10**	12.905	14.280	4.280	4.324
Trade receivables	**11**	167.443	154.072	118.436	92.481
Income tax receivables	**11**	44.446	41.785	33.279	27.311
Income tax receivables	**21**	6.100	0	4.620	1.807
Other financial assets	**13**	7.204	4.820	1.168	847
Cash and cash equivalents	**14**	74.517	49.131	24.020	12.818
Total current assets		**312.615**	**264.088**	**185.803**	**139.588**
Non-current assets held for sale	**33**	29.594	0	10.033	0
TOTAL ASSETS		**577.885**	**463.487**	**298.634**	**241.888**
EQUITY & LIABILITIES					
Equity attributable to the shareholders of the parent					
Share capital	**22**	53.319	53.319	53.319	53.319
Share premium account		35.922	35.922	35.922	35.922
Reserves		27.962	16.803	19.666	15.969
Profit carried forward		49.855	52.114	23.555	28.362
Total		**167.058**	**158.158**	**132.462**	**133.572**
Minority interest		19.467	16.517		
Total equity		**186.525**	**174.675**	**132.462**	**133.572**

Long term liabilities:					
Long-term loans	**15**	84.355	41.993	26.500	0
Loans from finance leases	**15**	15.710	17.353	10.129	3.372
Provisions for staff indemnities	**16**	971	1.264	771	996
Other Provisions	**17**	1.713	2.230	668	668
Grants	**18**	33.820	14.385	0	0
Other long-term liabilities		31	31	31	31
Deferred tax liabilities	**21**	7.247	3.778	0	0
Total long term liabilities		**143.847**	**81.034**	**38.099**	**5.067**
Short term liabilities:					
Suppliers	**19**	70.972	38.133	50.535	22.782
Short term loans	**20**	50.598	85.437	9.502	26.029
Long term loans payable during the next financial year	**15**	14.436	2.357	5.955	0
Accrued and other short term liabilities	**19**	93.238	81.824	62.081	54.246
Income tax payable		3.715	27	0	192
Total short term liabilities		**232.959**	**207.778**	**128.073**	**103.249**
Liabilities directly related to non-current assets held for sale	**33**	14.554	**0**	**0**	**0**
TOTAL LIABILITIES & EQUITY		**577.885**	**463.487**	**298.634**	**241.888**

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

TERNA GROUP
INCOME STATEMENT
31st of December 2006

(All amounts are expressed in euros, unless otherwise stated)

	Note	GROUP		COMPANY	
		1/1 - 31/12 2006	**1/1 - 31/12 2005**	**1/1 - 31/12 2006**	**1/1 - 31/12 2005**
Net sales	**23, 34**	313.163	244.409	186.273	143.538
Cost of sales	**24**	(264.656)	(199.892)	(160.885)	143.539
Gross profit		**48.507**	**44.517**	**25.388**	**16.655**
Administration and Distribution expenses	**24**	(26.300)	(20.759)	(22.109)	(15.245)
Research and Development expenses		(1.097)	(811)	0	0
Other income / (expenses)	**25**	12.391	8.067	13.625	9.457
Net financial income/(expense)	**26**	(8.841)	(8.519)	(3.543)	(3.278)
Profit / (loss) from associates under the equity method		(15)	0	0	0
PROFIT BEFORE TAX		**24.645**	**22.495**	**13.361**	0
Income tax	**21**	(8.654)	(7.358)	(5.628)	0
Net profit/(Loss) from continued operations		**15.991**	**15.137**	**7.733**	**4.895**
Discontinued operations					
Profit/(Loss) from discontinued operations after tax		5.095	0	0	0
NET PROFIT		**21.086**	**15.137**	**7.773**	**4.895**
Attributable to:					
Shareholders of the parent company from continued operations		13.013	13.866		
Shareholders of the parent company from discontinued operations		4.852	0		
Minority interest from continued operations		2.978	1.271		
Minority interest from discontinued operations		243	0		

Earnings per share (in euro		
Basic/diluted from continued operations attributable to shareholders of the parent	0,28	0,30
Basic/diluted from discontinued operations attributable to shareholders of the parent	0,11	0,00
Weighted average number of shares. Basic	45.964.500	45.964.500

The turnover, cost of sales and gross profit items of 31.12.2006, which published in the statement ‘Data and Information for the period 1 January 2006 till 31 December 2006’ include the relevant data for the subsidiary DIKEVE SA which in the aforementioned Income Statement are recorded in the result from discontinued operations and are as follows:

Turnover (sales)	842
Cost of sales	(222)
Gross profit	620

TERNA GROUP
CASH FLOW STATEMENT
31st of December 2006
(All amounts are expressed in thousand of euros unless otherwise stated)

	GROUP		COMPANY	
	1/1 - 31/12 2006	**1/1 - 31/12 2005**	**1/1 - 31/12 2006**	**1/1 - 31/12 2005**
Cash flow from operating activities				
Profit before tax	30.825	22.495	13.361	7.589
Adjustments for the agreement of the net flows from the operating activities				
Depreciation	15.310	11.247	5.450	5.516
Provisions	(7.302)	(883)	(225)	(1.852)
Interest and related revenue	(1.642)	(519)	(400)	(123)
Interest and other financial expenses	10.483	9.050	3.715	3.401
Results from participations and securities	(463)	0	0	0
Results from intangible and tangible asset and real estate	(6.840)	(300)	(748)	(300)
Amortisation of grants	(1.294)	(1.209)	0	0
(Profit)/Loss from valuation of securities	0	0	(3.864)	0
Other adjustments	516	0	(50)	0
Operating profit before changes in working capital	**39.593**	**39.881**	**17.239**	**14.231**
(Increase)/Decrease in:				
Inventories	(2.134)	248	44	1.836
Trade receivables	(7.227)	66.266	(25.955)	20.116
Prepayments and other short term receivables	(3.901)	(2.051)	5.815	1.233
Other long term receivables	0	0	0	0
Increase/(Decrease) in:				
Suppliers	35.033	(82.451)	27.753	(13.209)
Accruals and other short term liabilities	22.070	52.028	10.622	15.571
Collection of grants	12.100	2.712	0	0
(Increase)/Decrease of other long term claims and liabilities	(4.062)	(5.002)	(4.191)	(2)
Tax payments	(8.089)	(8.436)	(4.731)	(5.819)
Cash inflow from operating activities	**83.383**	**63.194**	**26.596**	**33.957**
Cash flows from investment activities				
Purchases of intangible and tangible assets	(49.615)	(16.741)	(4.154)	(2.557)
Sale of tangible fixed assets	1.514	0	1.371	0
Interest and related income received	1.645	519	400	123
(Purchases) / Income from the sale of participations and securities	41	0	(8.675)	(3.179)
Receipts from dividends participations and securities	0	(1.175)	0	0
Share capital increase in participating company	0	0	0	0
Real estate investments	(3.826)	3.390	1.472	3.390
Cash outflows for investment activities	**(50.241)**	**(14.007)**	**(9.586)**	**(2.223)**

Cash flows from financial activities				
Share capital change	0	0	0	0
Net change of short term loans	(4.185)	(25.403)	(16.588)	(12.668)
Net change of long term loans	28.051	15.150	30.000	0
Loan payments for finance leases	(9.199)	(5.571)	(4.948)	(1.613)
Dividends paid to shareholders of the parent	(11.325)	(10.770)	(10.621)	(10.112)
Dividends paid to minorities	0	0	0	0
Interest paid	(9.153)	(9.050)	(3.654)	(3.401)
Change of other financial receivables	(1.945)	(1.426)	3	4.960
Cash outflows for financial activities	**(7.775)**	**(37.070)**	**(5.808)**	**(22.834)**
Net increase of cash	**25.386**	**12.118**	**11.202**	**8.900**
Cash at the beginning of the period from continued operations	49.131	37.013	12.818	3.918
Cash at the beginning of the period from discontinued operations	**0**	**0**	**0**	**0**
Cash at the end of the period	**74.517**	**49.131**	**24.020**	**12.818**

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

TERNA SA

STATEMENT OF CHANGES IN EQUITY

31ST of December 2006

(amounts in euro unless otherwise stated)

	Share capital	Share premium account	Reserves	Profit carried forward	Total
January 1st 2005	**53.319**	**35.922**	**15.669**	**33.879**	**138.789**
Net profit for the year	0	0	0	4.895	**4.895**
Distribution of reserves	0	0	300	(300)	**0**
Dividends	0	0	0	(10.112)	**(10.112)**
31st of December 2005	**53.319**	**35.922**	**15.969**	**28.362**	**133.572**
January 1st 2006	**53.319**	**35.922**	**15.969**	**28.362**	**133.572**
Net profit for the year	0	0	389	0	**389**
Profit/(Loss) of valuation recorded in equity	0	0	284	0	**284**
Foreign exchange differences from foreign operations	0	0	629	0	**629**
Tax on assets recorded or transferred to equity	0	0	0	7.733	**7.733**
Net profit for the year	0	0	1.302	7.733	**9.035**
Dividends	0	0	0	(10.112)	**(10.112)**
Distribution of reserves	0	0	2.395	(2.513)	**(118)**
Transfers	0	0	0	85	**85**
31st of December 2006	**53.319**	**35.922**	**19.666**	**23.555**	**132.462**

TERNA GROUP
STATEMENT OF CHANGES IN EQUITY
31st of December 2006
(All amounts are expressed in thousand of euros unless otherwise stated)

	Share capital	Share premium account	Reserves	Profit carried forward	Sub-Total	Minority Interest	Total
January 1st 2005	**53.319**	**35.922**	**21.483**	**47.053**	**157.777**	**17.947**	**175.724**
Correction of errors	0	0	(4.980)	1.401	**(3.579)**	(2.043)	**(5.622)**
Restated balances 1st January of 2005	**53.319**	**35.922**	**16.503**	**48.454**	**154.198**	**15.904**	**170.103**
Net profit for the year	0	0	0	13.866	**13.866**	1.271	**15.137**
Dividends	0	0	0	(10.112)	**(10.112)**	(658)	**(10.770)**
Profit/(Loss) of valuation recorded in equity	0	0	0	206	**206**	0	**206**
Distribution of reserves	0	0	300	(300)	**0**	0	**0**
31st of December 2005	**53.319**	**35.922**	**16.803**	**52.114**	**158.158**	**16.517**	**174.675**
January 1st 2006	**53.319**	**35.922**	**16.803**	**52.114**	**158.158**	**16.517**	**174.675**
Profit/(Loss) of valuation recorded in equity	0	0	1.064	0	**1.064**	0	**1.064**
Foreign exchange differences from foreign operations	0	0	272	0	**272**	0	**272**
Tax on assets recorded or transferred to equity	0	0	0	0	**0**	0	**0**
Profit recorded in equity	**0**	**0**	**1.336**	**0**	**1.336**	**0**	**1.336**
Net profit for the year	0	0	0	17.865	**17.865**	3.221	**21.086**
Total recognized profit and losses	**0**	**0**	**1.336**	**17.865**	**19.201**	**3.221**	**22.422**
Dividends	0	0	0	(10.112)	**(10.112)**	(345)	**(10.457)**
Distribution/Tax of reserves and profit carried forward	0	0	(1.053)	864	**(189)**	0	**(189)**
Transfers/other movements	0	0	10.876	(10.876)	**0**	0	**0**
Reduction of share in a consolidated subsidiary	0	0	0	0	**0**	74	**74**
31st of December 2006	**53.319**	**35.922**	**27.962**	**49.855**	**167.058**	**19.467**	**186.525**

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY

Terna SA (hereinafter the Company or TERNA) was founded in 1972 (Govt. Gazette 1338/04.07.72), is domiciled in Athens, 85 Messogeion Str. and has a duration of 50 years, until 04.07.2022.
The basic sector in which the Group is active is the construction one. 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 only undertake public projects of over 35 mil. euros. There is no upper limit to the budget of the projects that the Group may independently undertake. Furthermore, TERNA owns and operates a quarry and trades in inert materials.
At the Group level, TERNA is active in the industrial sector with its subsidiary companies «BIOMEK», which undertakes metal constructions and «STROTIRES AEBE», which produces and distributes skids from armed concrete. Also, through «HERON THERMOELEKTRIKI SA» and «TERNA ENERGY ABETE» the Group is active in the energy sector through wind parks with a total installed capacity of 66MW on 31.12.2005. The consolidated financial statements of TERNA are included in the consolidated financial statements of its parent company GEK SA, which on the balance sheet date held (directly and indirectly) 53.2% of its share capital.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

a) Basis for the preparation of the financial statements

The attached financial statements of the Company and the Group have been prepared according to the historic cost principle, except investment property which is valued at fair value. Moreover some own-used intangible fixed assets on the date of transition (1st of January 2004) to the International Financial Reporting Standards (IFRS) were fairly valued, and these values were used as implied cost in accordance with the clauses of IFRS 1 "First-Time adoption of International Financial Reporting Standards".
The attached Company and Group financial statements have been prepared in accordance with the IFRS, as these have been adopted by the European Union. No standards have been applied before their effective date.

b) Statutory Financial Statements

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

c) *Effect of newly issued Accounting Standards and interpretations*

The International Accounting Standards Board and the Interpretations Committee have issued a series of new Accounting Standards and interpretations. The new IFRS and IFRIC are mandatory for the accounting periods beginning from January 1st 2006. The assessment of the Management regarding the impact of the new standards and interpretations is set out below:

- **IFRS 7: Financial Instruments: Disclosures**. (effective from 1 January 2007). IFRS 7 introduces additional disclosures aiming to improve the information provided on financial instruments. It requires the disclosure of quantitative and qualitative information regarding the exposure to risk stemming from financial instruments. More specifically, it sets out minimum required disclosures regarding credit risk, liquidity risk and market risk (it imposes the carrying-out of sensitivity analyses regarding market risk). IFRS 7 replaces IAS 30 (Disclosures In Financial Statements of Banks And Similar Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosure And Presentation). It applies to all companies preparing financial statements according to the IFRS. The Group will apply IFRS 7 and the IAS 1 amendment from January 1st, 2007 onwards and is not expected to materially affect the financial statements of the Group, with the exception of some additional disclosures (e.g. sensitivity analysis).

- **Amendment of IAS 1, Capital disclosures** (in effect from January 1st 2007). The amendment of IAS 1 introduces disclosures related to the capital of a company and its management. The Group estimated the effect of the amendment and concluded that some disclosures are needed to be made regarding its capital. The Group will apply the amendment of IAS1 on January 1st 2007.
- **IFRS 8 Operating sectors of activity** (in effect from January 1st 2009). The standard demands that the provided information related with the operating sectors to be the one management is aware about in order to distribute the resources and to estimate the return. The application if the standard would not affect the way sectors of activity are reported based on IAS 14.
- **Amendment of IFRIC 4 Insurance contracts** (in effect from January 1st 2007). Does not apply to the Group and will not affect its financial statements.
- **IFRIC 7. Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies** (in effect from March 1st 2006). Does not apply to the Group and will not affect its financial statements.
- **IFRIC 8. Scope of IFRS 2.** (in effect from May 1st 2006) Does not apply to the Group and will not affect its financial statements
- **IFRIC 9, Revaluation of embedded derivatives** (in effect from June 1st 2006). Does not apply to the Group and will not affect its financial statements.
- **IFRIC 10 Interim financial reporting and impairment** (in effect from November 1st 2006). In accordance with the interpretation a loss impairment recognised in interim financial statements for goodwill or investments should not be reversed in future financial statements of the same year. The interpretation would be applied from 2007 onwards.
- **IFRIC 11 Group and treasury shares transactions** (In effect from March 1st 2007). Does not apply to the Group and will not affect its financial statements.
- **IFRIC 12 Agreement for service concession** (In effect from January 1st 2008). Does not apply to the Group and will not affect its financial statements.

d) Approval of the Financial Statements

The initial annual financial statements of the parent company and of it's group were approved by the Board of Directors of the Company on March, 27 2007. The attached restated financial statements of the group were approved by the Board of Directors of the Company on 21st of July, 2008**.**

3. SUMMARY OF KEY ACCOUNTING PRINCIPLES

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

a) Basis of consolidation

The attached consolidated financial statements include those of TERNA and its subsidiaries. The subsidiaries in which the Group ahs a direct or indirect participation of more than 50% 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 cease to exist.
The participation of the Group in Joint ventures when there is common control, are consolidated in the attached financials statements with the method of proportionate consolidation which includes the proportion of the joint-venture on the assets, liabilities and results with the inclusion of the items in their Financial Statements.

Intracompany 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) Participation in related companies

The participations of the Group in other companies in which Terna has an important influence are consolidated with the net equity method. Based on this method, the participation in related company is recorded at book cost plus the change of the Group's participation in their equity, less any provisions for impairments. The consolidated statement reflects the proportion of the Group in the results of the related company.

c) Investments and other (non-derivative) financial assets

Financial assets that fall under the provisions of IAS 39 and are governed by them are classified according to their nature and characteristics into one of the following four categories:

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

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

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

(i) Investments available for sale

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

(ii) Receivables and loans

Receivables and loans created by the activities of the 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 profit or loss when the relevant amounts are written-off or suffer impairment as well as through the amortisation process.

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

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

(iv) Investments held to maturity

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

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

d) Financial Instruments and Risk Management

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

(i) Interest rate risk and exchange rate risk

The Company's bank loans are denominated in euros and are subject to variable interest rates. The Group use swap contracts in euro in order to reduce its exposure to interest rate risk. The Management of the Group follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

(ii) Fair Value

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

(iii) Credit Risk Concentration

A substantial part of trade receivables in general relate to agencies and entities of the Public sector with which there is no credit risk, per se. 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 attached consolidated income statement.

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 balance sheet date all subsidiaries' accounts 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 from the valuation of foreign subsidiaries are recoded directly in equity. During the sale or distribution of foreign subsidiaries the cumulative foreign exchange differences are recorded in income statement.

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. Amortisation 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.

g) Income recognition

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

(i) **Income from construction activities**

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

Non-invoiced accrued income relates to income recognized on the basis of the method described above that has not yet been invoiced, 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) Revenue from the sale of Electric Energy

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

(iv) Revenue from the construction and sale of buildings

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

(v) Rent Revenue

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

(vi) **Dividends**

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

(vii) **Interest**

Interest income is recognized on an accruals basis.

h)Tangible Fixed Assets

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

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

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

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

i) Depreciation

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

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

j)Impairment of the Value of Fixed Assets

The book values of long-term asset, other than goodwill and tangible fixed assets with an infinite 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 income statement. The recoverable amount is defined as the largest value between the net estimated sales price and the acquisition value. The net sales value is the plausible income from the sale of an asset in the context of an arm's-length transaction, in which all parties have full knowledge and willingness, after the deduction of each additional direct sales cost for the asset. The acquisition cost consists of the net present value of future estimated cash flows expected to occur from the continuous use of the asset and from the income expected to arise from its sale at the end of its estimated useful economic life. In order to determine the impairment, the asset items are grouped at the lowest level for which cash flows can be recognized separately.

A reversal of an impairment loss for the value of assets accounted for in previous years, takes place only when there are sufficient indications that such an impairment no longer exists or it has been reduced. In these cases the above reversal is treated as income. The Management assesses that there is no case of impairment of the Group's fixed assets and thus a calculation of the assets' recoverable amounts has not been made.

k) Investment property

Investments in property are those held for the purpose to receive rent or goodwill and are valued at their real 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 professionals estimators who have the knowledge on the property market.. Profits or losses that arise from changes in the real value of investments in property are included in the income statement of the period during which they arise. Repairs and maintenance are recorded as expenses in the year in which they are incurred. Material subsequent expenses are capitalised when they augment the useful economic life of the buildings, their productive capacity or reduce their operation cost. The acquisition cost and the accumulated depreciation of an investment property are eliminated from the accounts upon sale. All gains or losses resulting from the sale of a property are included in the income statement of the year during which it was sold. Investment property being build or developed are recorded at book value in tangible assets till their completion, and then they are transferred to investment property.

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 realisable value. The cost of raw materials, semi-finished and finished products is defined based on the weighted average method.

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

m) Receivables Accounts

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

n) Cash and Cash Equivalents

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

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

o)Long-term loan liabilities

All long-term loan liabilities are initially booked at cost, which is the actual value of the received payment less the issuance expenses related to the loan. After the initial recording, interest-bearing loans are valued at the net book value using the effective interest rate method. The net book value is calculated after taking into account the issuance expenses and the differences between the initial amount and the amount at maturity. Profits and losses are registered in the net profit or loss when the liabilities are written off or impaired and through the amortisation procedure. Interest expenses are recognized on an accruals basis, with the exclusion of the interest charged on loans taken for fixed assets and inventories which construction requires significant time, and when this interest adds to the value of the relevant assets. The capitalisation of interest is interrupted when the asset is ready to be used.

p)Provisions for Staff Retirement Indemnities

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

q) Government Pension Plans

The staff of the Group is mainly covered by the main Government Social Security Fund for the private sector (IKA) and which provides pension and medical-pharmaceutical benefits. Each employee is required to contribute part of his/her monthly salary to the fund, while part of the total contribution is covered by the 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 reports, 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 balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

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

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

s) Finance and Operating Leases

Finance leases, which essentially transfer to the Company all the risks and returns related to the leased fixed asset, are capitalized during the inception of the lease based on the leased asset's fair value or, if it is lower, on the present value of the minimal leases. Payments for finance leases are allocated between the financial expenses and the reduction of the financing liability, in order to achieve a fixed interest rate on the remaining portion of the liability. The financial expenses are debited directly to the results. Capitalized leased fixed assets are depreciated based on the estimated useful life of the asset.
Leases where the lessor maintains all the risks and returns related to ownership of the fixed asset, are recorded as operating leases. The payments of operating leases are recognized as an expense in the income statement on a constant basis for the duration of the lease.

t) Government Grants

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

u) Provisions, Contingent Liabilities and Contingent Receivables

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

v)Earnings per Share

Basic earnings per share (EPS) are calculated by dividing net earnings with the average weighted number of common shares that are outstanding during each year, with the exception of the average common shares acquired by the Company as own-shares.
Diluted earnings per share are calculated by dividing the net earnings attributable to the shareholders (after deducting the interest on convertible shares, after taxes) with the weighted average number of shares that are outstanding during the year (adjusted for the effect of the diluted convertible shares).

w) Information per sector of activity

Sector of activity is a recognisable part of the Group that produces products or services (business sector) or offers products or services in a specific geographic environment (geographic sector) which differs in risk and benefits compared to other sectors. The primary type of information is reported for business sector while the secondary one is reported for geographic sector.
The sectors of activity refer to activities in construction, sale of electricity, property management, industrial production, concessions as well as remaining activities. Geographical sectors refer to construction activities taken place in Greece, Cyprus, Balkans and Middle East. Regarding revenues and assets of geographic sectors these are recorded in accordance to on where the customer and the asses are based.

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

4. ERROR CORRECTION OF PREVIOUS PUBLICATIONS

During the compilation of financial statements some errors and omissions were noticed for the periods 31 December 2006 and 2005, emerged from the consolidated sub-group TERNA ENERGY SA during the audit for the listing of company's shares in Athens Exchange. The Management decided to correct these mistakes retrospectively and therefore to restate the financial statements for 31 December 2006 and 2005 in accordance with IAS 8 «Accounting Principles, Changes in Accounting Estimations and Errors». The adjustments made and reported below refer to:
i) Provision for the dismantlement of technical equipment of Wind Parks and rehabilitation of environment. In 2006 the Group, based on its policy, periodically examines the procedures and assumptions of its estimates restating the relevant accounts of provisions according to a new study that took place regarding the liabilities arising from the dismantlement and rehabilitation based on new data regarding the estimation of their residual value. Therefore, the reduces net book value of the technical equipment of Wind Parks will be depreciated in accordance with the residual useful life of the relevant assets.
ii) In 2006 the Group, based on its policy to periodically review the main accounting estimations and assumptions during the compilations of its financial statements and due to the change legal framework that set the period of conventional operating period for Wind Parks to twenty years, at least, amended the depreciation period of Wind Parks and the relevant grants (Substations/Connection Networks, Technical Installations of Wind Parks) from 14 or 15 years (depreciation period emerged in accordance with the conventional plan and the application of depreciation coefficient of P.D. 299/2003) to 20 years. This re-estimation of useful life of the technical equipment of wind parks made in 2006 and will be valid since then based on IAS 16. Therefore, the grants for Wind Parks will be depreciated in accordance with the residual useful life of the relevant assets.
iii) During the procedure of measuring percentage of completion for construction works and the preparation of the accompanying consolidated financial statements, some numerical and other errors were detected, which as a result affecting the revenue or construction cost (income statement accounts) and the respective unbilled deferred revenue and expenses (balance sheet accounts).
At the consolidated financial statements of 31.12.2006 there is made a correction (reduction) of trade receivables and consequently profits carried forward for the amount of 2,403 euro that refer to year 2004 resulting from joint ventures for the execution of technical projects of TERNA ENERGY ABETE.
iv) Re-introduction to the balance sheet of building licence and other expenses of first installation that in the initially financial statements of 2006 were recorded in income statement.
v) The Company did not initially made provisions for additional (in addition and not on-top) income tax that finally emerged in 2007 for the tax year of 2006.
vi) In previous years the Company did not evaluate and record in the income statements the change in fair value of investment property according to the chosen accounting method. During the compilation of the attached restated financial statements the Company attributed the change in fair value of investment property, as emerged from a valuation made by independent evaluators on March, 19 2007, proportionally to years 2000 till 2006.
vii) The interest for the construction period that were initially recorded in construction cost of tangible assets were transferred to expenses.

(Amounts in thousands of euros, unless otherwise stated)

viii) The record of difference from discounting to present value of receivables and grants as well as the relevant non-accrued income was reversed.
ix) In the fiscal year 2004, the Group recorded a tax-exempt reserve based on L.2601/98 amounting to € 5,000 approximately, interpreting the relevant provisions of the Law as regards to the time period for creating the relevant reserve. The tax audit conducted in 2006 did not recognize the ability to create the aforementioned tax-exempt reserve for 2004 and an additional tax was imposed amounting to € 1,750 for the latter period, while the recognition of the relevant tax-exempt reserve was recognized for tax purposes and registered by the Company in fiscal year 2005. Therefore, the imposed tax amount of € 1,750, which was imposed with the tax audit of 2006, was considered as a correction of the income tax for 2004.
From the aforementioned tax amount, 1,663 euro is already corrected in the financial statements for the years 2005 and 2006.
x) It was consolidated in year 2005 the foreign subsidiary GP ENERGY S.A. of the Group TEPNA ENERGY ABETE.
xi) The deferred tax for the years 2004 - 2006 were amended due to corrections emerged from the issues mentioned above in paragraphs (i) - (iii) and (vii-x).
xii) In the balance sheet and income statement accounts for the year 2006 some reclassifications made for better presentation. These reclassifications did not have any impact on the results.

The effect of these corrections and reclassifications on the figures of the balance sheet of 31.12.2005 is as follows:

TERNA GROUP 31.12.2005	Balances at 31.12.2005 as published in the initial consolidated financial statements of 31.12.2006	Error corrections	Reclassifications of balances	Restated balances 31.12.2005
Tangible assets	154.637	-237	904	155.304
Investment property	26.305	58	216	26.579
Deferred income tax	7.092	158	17	7.267
Inventories	14.260	0	20	14.280
Trade receivables	155.294	-718	-504	154.072
Prepayments and other receivables	42.182	1.126	-1.523	41.785
Other short-term financial assets	4.935	-150	35	4.820
Cash and equivalents	49.067	64	0	49.131
TOTAL CORRECTIONS OF ASSETS		**301**	**-835**	
Profit/(loss) carried forward	47.989	-957	5.082	52.114
Reserves	21.783	38	-5.018	16.803
Minority interest	17.046	-529	0	16.517
Long-term loans	53.994	0	-12.001	41.993
Other provisions	2.092	138	0	2.230
Provision for staff indemnities	1.277	-13	0	1.264
Grants	14.296	-4	93	14.385
Supplier	38.252	284	-403	38.133
Short-term loans	75.267	0	10.170	85.437
Long-term liabilities falling due	527	0	1.830	2.357
Accrued and other short-term liabilities	80.919	-276	1.181	81.824
Income tax payable	176	1.620	-1.769	27
TOTAL CORRECTION OF LIABILITIES		**301**	**-835**	

The effect of corrections and reclassifications in the income statement for 2005 is as follows:

(Amounts in thousands of euros, unless otherwise stated)

TERNA GROUP 31.12.2005	**Amounts of the year 2005 as published in the initial consolidated financial statements of 31.12.2006**	**Error corrections and reclassifications**	**Restated amounts of the year 2005**
Net sales	245.209	800	244.409
Cost of sales	(198.120)	1.772	(199.892)
Gross profit	**47.089**	**2.572**	**44.517**
Administration and Distribution expenses	(21.176)	(417)	(20.759)
Research and Development expenses	(872)	(61)	(811)
Other income / (expenses)	6.502	(1.565)	8.067
Net financial income/(expense)	(8.531)	(12)	(8.519)
PROFIT BEFORE TAX	**23.012**	**517**	**22.495**
Income tax	(7.841)	(483)	(7.358)
NET PROFIT	**15.171**	**33**	**15.1376**
Attributable to:			
Shareholders of the parent company from continued operations	13.859	(7)	13.866
Minority interest from continued operations	1.312	41	1.271

(Amounts in thousands of euros, unless otherwise stated)

The effect of corrections and reclassifications in cash flow statement for 2005 is as follows:

TERNA GROUP 31.12.2005	Amounts of the year 2005 as published in the initial consolidated financial statements of 31.12.2006	Error corrections and reclassifications	Restated amounts of the year 2005
Cash flow from operating activities			
Profit before tax	23.012	(517)	22.495
Adjustments for the agreement of the net flows from the operating activities			
Depreciation	12.259	(1.012)	11.247
Provisions	(883)	0	(883)
Interest and related revenue	(519)	0	(519)
Interest and other financial expenses	9.050	0	9.050
Results from intangible and tangible asset and real estate	(300)	0	(300)
Amortisation of grants	(1.245)	36	(1.209)
Operating profit before changes in working capital	**41.374**	**(1.493)**	**39.881**
(Increase)/Decrease in:			
Inventories	268	(20)	248
Trade receivables	56.827	9.439	66.266
Prepayments and other short term receivables	1.704	(3.755)	(2.051)
Increase/(Decrease) in:			
Suppliers	(38.539)	(43.912)	(82.451)
Accruals and other short term liabilities	7.270	44.758	52.028
Collection of grants	2.719	(7)	2.712
(Increase)/Decrease of other long term claims and liabilities	7	(5.009)	(5.002)
Tax payments	(8.436)	0	(8.436)
Cash inflow from operating activities	**63.194**	**0**	**63.194**
Cash flows from investment activities			
Purchases of intangible and tangible assets	(16.741)		(16.741)
Interest and related income received	519		519
Receipts from dividends participations and securities	(1.175)		(1.175)
Real estate investments	3.390		3.390
Cash outflows for investment activities	**(14.007)**	**0**	**(14.007)**
Cash flows from financial activities			
Net change of short term loans	(35.573)	10.170	(25.403)
Net change of long term loans	25.321	(10.171)	15.150
Loan payments for finance leases	(5.571)	0	(5.571)
Dividends paid to shareholders of the parent	(10.770)	0	(10.770)
Interest paid	(9.050)	0	(9.050)
Change of other financial receivables	(1.490)	64	(1.426)
Cash outflows for financial activities	**(7.775)**	**64**	**(37.070)**
Net increase of cash	**12.054**	**(64)**	**12.118**
Cash at the beginning of the year	37.013	0	37.013
Cash at the end of the year	**49.067**	**(64)**	**49.131**

(Amounts in thousands of euros, unless otherwise stated)

The effect of corrections and reclassifications on the figures of the balance sheet of 31.12.2006 is as follows:

TERNA GROUP 31.12.2006	Balances at 31.12.2006 as published in the initial consolidated financial statements of 31.12.2006	Error corrections	Reclassifications Restatements of balances	Restated balances 31.12.2006
Intangible assets	6.207	81	2	6.290
Tangible assets	191.841	6.696	0	198.537
Other long-term receivables	4.420	7.068	0	11.488
Deferred income tax	4.705	-227	3.848	8.326
Trade receivables	170.153	-2.710	0	167.443
Prepayments and other receivables	55.997	-11.551	0	44.446
Income tax receivables	6.181	-100	19	6.100
TOTAL CORRECTIONS OF ASSETS		**-743**	**3.869**	
Reserves	22.066	-108	6.004	27.962
Profit/(loss) carried forward	56.311	-454	-6.002	49.855
Minority interest	19.871	-404	0	19.467
Provision for staff indemnities	914	58	-1	971
Other provisions	2.661	-948	0	1.713
Grants	30.354	1.163	2.303	33.820
Deferred income tax	3.389	11	3.847	7.247
Accrued and other short-term liabilities	95.718	-180	-2.300	93.238
Income tax payable	3.575	121	19	3.715
TOTAL CORRECTION OF LIABILITIES		**-741**	**3.869**	

The effect of corrections and reclassifications in the income statement for 2006 is as follows:

TERNA GROUP 31.12.06	Amounts for year 2006 published in the initial consolidated financial statements of 31.12.06	Error corrections and reclassifications	Restated amounts for 2006
Net turnover	312.087	1.076	313.163
Cost of sales	(264.228)	(428)	(264.656)
Gross profit	**47.859**	**648**	**48.507**
Administrative and distribution expenses	(26.139)	(161)	(26.300)
Research and development expenses	(1.097)	0	(1.097)
Other income(expenses)	11.456	935	12.391
Net financial income/(expenses)	(8.266)	(575)	(8.841)
Loss from the valuation of associates under the equity method	(15)	0	(15)
Profit before tax	**23.798**	**847**	**24.645**
Income tax	(8.221)	(433)	(8.654)
Net profit from continuing operations	**15.577**	**414**	**15.991**
Profit from discontinued operations after tax	5.095	0	5.095
Net profit for the period	**20.672**	**414**	**21.086**

(Amounts in thousands of euros, unless otherwise stated)

Attributed to:			
Shareholders of the parent from continuing operations	12.718	295	13.013
Minority interest from continuing operations	2.859	119	2.978
Shareholders of the parent from discontinuing operations	4.852	0	4.852
Minority interest from discontinuing operations	243	0	243
	20.672	**414**	**21.086**
Profit/(Loss) after tax per share (in Euro)			
Basic from conditioning operations attributed to shareholders of the parent	0,28	0,00	0,28
Basic from discontinuing operations attributed to shareholders of the parent	0,11	0,00	0,11

The effect of corrections and reclassifications in cash flow statement for 2006 is as follows:

TERNA GROUP 31.12.2006	**Amounts of the year 2006 as published in the initial consolidated financial statements of 31.12.2006**	**Error corrections and reclassifications**	**Restated amounts of the year 2005**
Cash flow from operating activities			
Profit before tax	29.980	845	30.825
Adjustments for the agreement of the net flows from the operating activities			
Depreciation	16.329	(1.019)	15.310
Provisions	(654)	(6.948)	(7.302)
Interest and related revenue	(1.646)	4	(1.642)
Interest and other financial expenses	9.258	1.225	10.483
Results from participations and securities	(9.509)	9.046	(463)
Results from intangible and tangible asset and real estate	41	(6.881)	(6.840)
Amortisation of grants	(1.501)	207	(1.294)
Other adjustments	516	0	516
Operating profit before changes in working capital	**43.114**	**(3.521)**	**39.593**
(Increase)/Decrease in:			
Inventories	(2.134)	0	(2.134)
Trade receivables	(781)	(6.446)	(7.227)
Prepayments and other short term receivables	(24.550)	20.649	(3.901)
Increase/(Decrease) in:			
Suppliers	35.312	(279)	35.033
Accruals and other short term liabilities	23.501	(1.431)	22.070
Collection of grants	12.044	56	12.100
(Increase)/Decrease of other long term claims and liabilities	(4.062)	0	(4.062)
Tax payments	(8.089)	0	(8.089)
Cash inflow from operating activities	**74.355**	**9.028**	**83.383**
Cash flows from investment activities			
Purchases of intangible and tangible assets	(42.919)	(6.696)	(49.615)
Sale of tangible fixed assets	1.514	0	1.514
Interest and related income received	1.645	0	1.645
(Purchases) / Income from the sale of participations and securities	41	0	41

(Amounts in thousands of euros, unless otherwise stated)

Real estate investments	(1.431)	(2.395)	(3.826)
Cash outflows for investment activities	**(41.150)**	**(9.091)**	**(50.241)**
Cash flows from financial activities			
Net change of short term loans	(16.185)	12.000	(4.185)
Net change of long term loans	40.052	(12.001)	28.051
Loan payments for finance leases	(9.199)	0	(9.199)
Dividends paid to shareholders of the parent	(11.325)	0	(11.325)
Interest paid	(9.153)	0	(9.153)
Change of other financial receivables	(1.945)	0	(1.945)
Cash outflows for financial activities	**(7.775)**	**0**	**(7.775)**
Net increase of cash	**25.450**	**(64)**	**25.386**
Cash at the beginning of the year	**49.067**	**64**	**49.131**
Cash at the end of the year	**74.517**	**0**	**74.517**

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group makes estimates, assumptions and exercises judgment either in order to select the appropriate accounting principles or regarding the future development of events and transactions. These estimates, assumptions and judgments are reviewed periodically so as to ensure that they correspond to current facts and they reflect the current risks and are based on the previous experience of the Management regarding the level/volume of relevant transactions or events.
The main estimates and judgments that relate to data the evolution of which could affect the figures in the financial statements during the next 12 months are as follows:
Recognition of income from construction contracts
The Group uses the percentage of completion method to recognize revenue from construction contracts, in accordance with IAS 11. According to this method the construction cost as of each balance sheet date is compared to the budgeted total cost of the project in order to determine the percentage of completion of the project.
The cumulated effect of the restatements/reassessments of the total budgeted cost of the projects and the total contractual payment (recognition of work over and above the contract) is recorded in the financial years during which such restatements arise. The total budgeted cost and the total contractual payment of the projects arise from estimation procedures and are reassessed and reviewed at each balance sheet date.

6. GROUP STRUCTURE

Participations in subsidiaries, related and joint ventures on 31.12.2006 are as follows:

(Amounts in thousands of euros, unless otherwise stated)

A) Subsidiaries of the parent

Company name	Country of Domicile	Participation percentage 2006	2005	Consolidation method	Un-audited tax years
1.BIOMEK ABETE	Greece	66.50	66.50	Full	5
2.TERNA ENERGY ABETE	Greece	63.19	61.75	Full	2
3.STROTIRES AEBE	Greece	51.00	51.00	Full	4
4.DIKEVE SA	Greece	95.01	100.00	Full	1
5.ILIOCHORA SA	Greece	100.00	100.00	Full	2
6. SC TERNA INTERNATIONAL CONSTRUCTION ROMANIA	Romania	100.00	-	Full	3
7. TERNA OVERSEAS LTD	Cyprus	100.00	-	Full	1st financial year
8. TERNA BAHRAIN HOLDING WLL*	Bahrein	99.99	-	Full	1st financial year
9. TERNA QATAR LLC*	Qatar	35.00	-	Full**	1st financial year

* Participation through TERNA OVERSEAS LTD.
** The company TERNA QATAR LLC fully consolidates in accordance with P.C.I. 12 (Permanent Committee of Interpreters 12 «Consolidation-Special purpose companies», because the Group, based on contract controls the management.

B) Subsidiaries of the parent consolidated using the proportionate method:
B.1 Companies

No	Name	Country of domicile	Participation percentage 2005 and 2006 %	Un-audited tax years
1.	HERON THERMOELECTRIKI SA	Greece	50%	4

B.2 Taxed joint-ventures

No	Name	Participation percentage 2005 and 2006 %	Un-audited tax years
1.	J/V MAIN ARROGATION CANAL D 1	75.00%	6
2.	J/V TRAM CIVIL ENGINEERING PROJECTS (IMPREGILO)	55.00%	5
3.	J/V IRAKLEION CAMPUS	50.00%	2
4.	J/V ANCIENT OLYMPIA BY-PASS(ALPINE MAYREDER BAU GMBH)	50.00%	4
5.	J/V AKTOR, AEGEK, EKTER, TERNA AIRPORT INSTAL. SPATA	20.00%	1
6.	J/V TERNA SA / AKTOR SA - GOULANDRIS MUSEUM	50.00%	4
7.	J/V DEPA PROJECT	10.00%	4
8.	J/V UNDERGROUND CARS THESSALONIKI	50.00%	4
9.	J/V ARTA-FILIPPIADA BY-PASS	98.00%	4
10.	J/V ATHENS CONCERT HALL	45.00%	5

(Amounts in thousands of euros, unless otherwise stated)

11.	J/V ATHENS CAR PARKS	20.00%	4
12.	J/V PERISTERI METRO	50.00%	4
13.	J/V TERNA S.A. - ATHINA ATE ARAHTHOS PERIST. PROJECTS	62.50%	5
14.	J/V TERNA SA - KARAGIANNIS TEFAA KOMOTINI PROJECT	31.34%	2
15.	J/V THALES ATM SA-TERNA UPGRADE OF TACAN STATIONS	22.25%	6
16.	JOINT VENTURE AVAX-VIOTER (OLYMPIC VILLAGE CONSTRUCTION)	35.00%	3
17.	J/V AVAX-BIOTER (OLYMPIC VILLAGE)	37.50%	3
18.	J/V TERNA S.A. PANTECHNIKI S.A.	83.50%	3
19.	J/V TERNA S.A. AKTOR A.T.E. J&P AVAX	33.00%	5
20.	J/V TERNA S.A. J&P AVAX - PANTECHNIKI-HORSE RIDING CENTRE MAINTENANCE	35.00%	2
21.	J/V TERNA SA - ATHINA ATE	62.50%	3
22.	J/V TERNA SA - TH. KARAGIANNIS SA PROJECT CONSTRUCTION MEPW	50.00%	6
23.	J/V SALONIKA PARK	50.00%	2
24.	J/V SIEMENS-AKTOR ATE-TERNA SA	37.50%	2
25.	J/V TERNA-MICHANIKI AGRINIO BY-PASS	65.00%	2
26.	TERNA SA BIOTER SA NAT BUILDING	50.00%	7
27.	J/V TERNA S.A.-THALES S.A.	50.00%	4
28.	J/V TOMI ABETE-ILIOHORA SA	30.00%	2
29.	J/V AVAX-BIOTER-ILIOHORA SA	37.50%	2
30.	J/V AKTOR-DOMOTECHNIKI-THEMELIODOMI-TERNA-ETETH	25.00%	1st financial year
31.	J/V BUILDING CONSTRUCTION OSE ILIOHORA SA	13.30%	1st financial year
32.	J/V CONSTRUCTION OF PROJECT PARADEISIA-TSAKONA	49.00%	1st financial year
33.	J/V UNDERGROUND CHAIDARI-PART A	50.00%	1st financial year
34.	J/V FOUNDATION OF THE HELLENIC WORLD-COMPLETE CONSTRUCTION	60.00%	1st financial year
35.	J/V TERNA-TERNA ENERGY-TSMPRAS (EPL)	50.00%	4
36.	J/V TERNA SA-TERNA ENERGY ABETE	50.00%	4
37.	J/V BIOTER SA-TERNA SA	50.00%	4
38.	J/V TERNA SA-IONIOS SA	90.00%	4
39.	J/V TERNA ENERGY-TERNA-MANIOTIS	37.50%	4
40.	J/V TERNA-TERNA-TERNA ENERGY-TSAMPRA	56.00%	4
41.	J/V ATHINA-PANTECHNIKI-TERNA-J/V PLATAMONAS PROJECT	39.20%	3
42.	J/V BIOTER SA-TERNA SA	50.00%	4
43.	J/V TERNA-MOCHLOS ATE	70.00%	7
44.	J/V TERNA-VIOTER SA	50.00%	4
45.	J/V TERNA-ERGODOMI-KTISTOR ATE	50.00%	4
46.	J/V EDRASI-PSALLIDAS-TERNA-EDRACO	51.00%	4
47.	J/V TERNA-AKTOR-EMPEDOS-J&P ABAX-J%P ABAΞ-IMEC GmbH	24.00%	5
48.	J/V TERNA-ATERMON ATEE	50.00%	2
49.	J/V TERNA-VERMION ATE-ANAPLASEON	50.00%	3
50.	J/V TERNA-KARAGIANNIS	50.00%	3
51.	J/V EUROPEAN TECHNICAL-HOMER-TERNA	33.33%	10
52.	J/V TERNA-THEMELIODOMI	60.00%	4
53.	J/V TERNA-AKTOR GOULANDRI MUSEUM	50.00%	5

(Amounts in thousands of euros, unless otherwise stated)

54.	J/V TERNA-THEMELIODOMI	60.00%	6
55.	J/V TERNA-TEMA SA	36.50%	5
56.	J/V FRAGMATOS PRAMORITSA	33.33%	4
57.	J/V TERNA-EDRASI-STROTIRES	41.00%	5
58.	J/V IMPREGILO -ALTE-TERNA	5.00%	clearance
59.	J/V UNIVERSITY OF CRETE	25.00%	2
60.	J/V PROJECT FOR COMPLETION OF WASTEWATER TREATMENT (BIOLOGICAL)	50.00%	4
61.	J/V EKTER-TERNA	50.00%	4
62.	TERNA SA & Co	99.00%	4
63.	J/V AKTOR-TERNA SA	50.00%	4
64.	J/V AKTOR-TERNA SA IASO BUILDING	50.00%	
65.	J/V ALPINE MAYREDER-TERNA-PANTECHNIKI	50.00%	3
66.	J/V ALPINE MAYREDER BAU GmbH-TERNA SA-PANTECHNIKI SA	31.50%	1st financial year
67.	J/V TERNA-MOCHLOS-AKTOR KIATO-AIGIO	35.00%	1st financial year
68.	J/V J&P AVAX-TERNA PLATANOS TUNNEL	33.33%	1st financial year
69.	J/V AKTOR-TERNA-J&P AVAX KALLIDROMO TUNNEL	33.33%	1st financial year
70.	J/V THEMELIODOMI-TERNA-DIEKAT-THEMELIODOMI	25.00%	5
71.	J/V MINISTRY OF TRANSPORTATION	33.00%	4
72.	J/V AEGEK TERNA	44.78%	4
73.	J&P AVAX SA-TERNA SA-EYKLEIDIS	35.00%	4
74.	ALTE ATE - TEPNA SA	50.00%	4

B.3 Taxed joint ventures that did not consolidate

No	Name	Percentage of participation
1	J/V BIOTER SA-TERNA SA - COST PLUS	50.00%
2	J/V BIOTER SA-TERNA SA-FENCING (APOLLONIA SPA)	50.00%
3	J/V ATHENS-PANTECHNIKI-TERNA (KOUKONTONI TUNNEL)	33.30%
4	J/V EMPEDOS SA-TERNA SA (PROJECT EKTHE THIRDS PARTY)	50.00%
5	J/V CAR PARK “PARKING OYIL SA”	12.16
6	J/V MARITIME MIDSHIPMEN –GNOMON ATE-GEK SA-GENER SA	33.00%
7	J/V IMPREGILO S.p.a – TERNA SA-ALTE SA (EXECUTIONS)-in clearance	33.33%
8	J/V ARCHIRODON HELLAS ATE-TERNA SA	30.00%
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 their 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.

(Amounts in thousands of euros, unless otherwise stated)

C) Subsidiaries of TERNA ENERGY SA

Company name	Country of Domicile	Participation percentage 2006	2005	Consolidation method	Un-audited tax years
1. IWECO CHONOS LASITHI CRETE SA	Greece	100.00	100.00	Full	4
2.TERNA ENERGY ABETE&Co ENERGIAKI SERVOUNIO SA	Greece	100.00	100.00	Full	5
3.TERNA ENERGY EVROS SA	Greece	100.00	100.00	Full	5
4. GP ENERGY	Bulgaria	100.00	100.00	Full	1
5. PPC RENEWABLE- TERNA ENERGY SA	Greece	51.00	51.00	Full	4

D) Joint ventures of TERNA ENERGY ABETE

	Name	Participation percentage 2005 and 2006 %	Un-audited tax years
1.	J/V TRAM POLITICAL ENGINEERING WORKS	36%	4
2.	J/V ENVAGELISMOU, PROJECT C'	50%	4*
3.	J/V TERNA ENERGY - TSAMPR. DRAMAS HOSPITAL	40%	4*
4.	J/V EPL DRAMAS	24%	4*
5.	J/V TERNA ENERGY - OLYMPIOS ATE	50%	4
6.	J/V K. MANIOTIS - TERNA - TERNA ENERGY	37.50%	4
7.	J/V/ EMBEDOS - PANTECHNIKI - TERNA ENERGY	50.10%	4
8.	J/V THEMELI-TERNA ENERGY ABETE-J/V TERNA SA	40%	3
9.	J/V EKTER - TERNA - ATHONIKI	31%	2
10	J/V/ KL. ROUTSIS - TERNA ENERGY ABETE	50%	3
11	TERNA ENERGY ABETE & Co	70%	5

E) Ordinary and limited partnerships of TERNA ENERGY ABETE

These companies are established having as a sole purpose the acquisition of licences required to construct energy plants producing electricity by using renewable resources, and if the construction goes ahead, they will be absorbed by TERNA ENERGY ABETE. Till today they have no activities and therefore no tax interest.

	Name	Participation percentage 2005 and 2006 %	Un-audited tax years
1.	TERNA ENERGY ABETE - M.E.L. MAKEDONIKI ETAIRIA HARTOU & SIA, J/V, Greece	50	4
2.	TERNA ENERGY A.B.E.T.E. & SIA AIOLIKI RAHOULAS DERVENOHORION, Greece	100	4
3.	TERNA ENERGY ABETE & SIA AIOLIKI POLYKASTROU, Greece	100	4
4.	TERNA ENERGY ABETE & SIA AIOLIKI PROVATA TRAIANOUPOLEOS, Greece	100	4
5.	TERNA ENERGY ABETE & SIA ENERGIAKI DERVENOHORION, Greece	100	4
6.	TERNA ENERGY ABETE & SIA ENERGIAKI VELANIDION LAKONIAS, Greece	100	4
7.	TERNA ENERGY ABETE & SIA ENERGIAKI DISTION EVIAS, Greece	100	4

(Amounts in thousands of euros, unless otherwise stated)

8.	TERNA ENERGY ABETE & SIA AIOLIKI PASTRA ATTIKIS, Greece	100	4
9.	TERNA ENERGY ABETE & SIA AIOLIKI MALEA LAKONIAS, Greece	100	4
10.	TERNA ENERGY ABETE & SIA ENERGIAKI FERRON EVROU, Greece	100	4
11.	TERNA ENERGY ABETE & SIA AIOLIKI DERVENI TRAIANOUPOLEOS, Greece	100	4
12.	TERNA ENERGY ABETE & SIA AIOLIKI KARYSTIAS EVIAS, Greece	100	4
13.	TERNA ENERGY ABETE & SIA ENERGIAKI ARI SAPPON, Greece	100	4
14.	TERNA ENERGY ABETE & SIA ENERGIAKI PELOPONNISOU, Greece	100	4
15.	TERNA ENERGY ABETE & SIA AIOLIKI ANATOLIKIS ELLADOS, Greece	100	4
16.	TERNA ENERGY ABETE & SIA AIOLIKI MARMARIOU EVIAS, Greece	100	4
17.	TERNA ENERGY ABETE & SIA ENERGIAKI PETRION EVIAS, Greece	100	4
18.	TERNA ENERGY ABETE & SIA AIOLIKI ROKANI DERVENOHORION, Greece	100	4
19.	TERNA ENERGY ABETE & SIA ENERGIAKI STIRON EVIAS, Greece	100	4
20.	TERNA ENERGY ABETE & SIA ENERGIAKI NEAPOLEOS LAKONIAS, Greece	100	4
21.	TERNA ENERGY ABETE & SIA ENERGIAKI XSIROVOUNIOU, Greece	70	4
22.	TERNA ENERGY ABETE & SIA AIOLIKI PANORAMATOS DERVENOHORION, Greece	100	4
23.	TERNA ENERGY ABETE & SIA ENERGIAKI KAFIREOS EVIAS, Greece	100	4

7. INTANGIBLE ASSETS

The intangible fixed assets figure reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

	GROUP			**COMPANY**		
	Concessions and Royalties	**Software**	**Total**	**Concessions and Royalties**	**Software**	**Total**
Net Book Value 1.1.2005	5.934	235	**6.169**	5.932	210	**6.142**
Additions	(2)	76	**74**	0	45	**45**
(depreciation for the year)	(220)	(164)	**(384)**	(220)	(146)	**(366)**
Balance 31.12.2005	**5.712**	**147**	**5.859**	**5.712**	**109**	**5.821**
Cost 01.01.2005	6.605	681	**7.286**	6.603	557	**7.160**
Accumulated depreciation	(671)	(446)	**(1.117)**	(671)	(347)	**(1018)**
Net Book Value 01.01.2005	**5.934**	**235**	**6.169**	**5.932**	**210**	**6.142**
Cost 31.12.2005	6.603	757	**7.360**	6.603	602	**7.205**
Accumulated depreciation	(891)	(610)	**(1.501)**	(891)	(493)	**(1384)**
Net Book Value 31.12.2005	**5.712**	**147**	**5.859**	**5.712**	**109**	**5.821**

(Amounts in thousands of euros, unless otherwise stated)

	GROUP			COMPANY		
	Concessions and Royalties	Software	Total	Concessions and Royalties	Software	Total
Net Book Value 1.1.2006	5.712	147	**5.859**	5.712	109	**5.821**
Additions	688	97	**785**	0	32	**32**
(depreciation for the year)	(226)	(128)	**(354)**	(220)	(67)	**(287)**
Balance 31.12.2006	**6.174**	**116**	**6.290**	**5.492**	**74**	**5.566**
Cost 01.01.2006	6.603	757	**7.360**	6.603	602	**7.205**
Accumulated depreciation	(891)	(610)	**(1.501)**	(891)	(493)	**(1384)**
Net Book Value 01.01.2006	**5.712**	**147**	**5.859**	**5.712**	**109**	**5.821**
Cost 31.12.2006	7.291	854	**8.145**	6.603	634	**7.237**
Accumulated depreciation	(1.117)	(738)	**(1.855)**	(1.111)	(560)	**(1.671)**
Net Book Value 31.12.2006	**6.174**	**116**	**6.290**	**5.492**	**74**	**5.566**

The depreciation for 2006 is 354 thousand euros (384 thousand euros in 2005) and is recorded in Income Statement at cost of sales and at Administration and Distribution Expenses.
In the concession and rights account there are recorded purchased rights for the exploitation of quarries, of net book value of 5.492 thousand (euro 5.712 in 2005), with initially agreed period of 20-30 years. Also, in the account are recorded the paid rights for the installation of wind parks, for a net book value of 681 (euro 0 in 2005).

8. TANGIBLE FIXED ASSETS

The tangible fixed assets account reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

(Amounts in thousands of euros, unless otherwise stated)

GROUP	**Quarries/ Land Plots**	**Buildings**	**Machinery**	**Vehicles**	**Other**	**Fix. Assets under construction**	**Total**
Net Book Value 1.1.2006	**4.629**	**27.977**	**95.122**	**4.459**	**1.591**	**21.526**	**155.304**
Additions	300	11.790	29.776	3.607	1.523	13.127	**60.123**
(Disposals – Write-offs)	0	(60)	(2.850)	(44)	(8)	0	**(2.962)**
New companies in the consolidation	0	0	0	0	0	0	**0**
Transfers	0	0	22.610	18	6	(22.634)	**0**
Depreciation write-offs	0	0	1.027	0	0	0	**1.027**
(Depreciation for the year)	0	(2.064)	(10.184)	(1.271)	(1.437)	0	**(14.956)**
Balance as at 31.12.2006	**4.929**	**37.643**	**135.501**	**6.769**	**1.675**	**12.020**	**198.537**
Cost 01.01.2006	4.629	32.173	127.624	8.450	5.580	21.526	**199.982**
Accumulated Depreciation	0	(4.196)	(32.502)	(3.991)	(3.989)	0	**(44.678)**
Net Book Value 01.01.2006	**4.629**	**27.977**	**95.122**	**4.459**	**1.591**	**21.526**	**155.304**
Cost 31.12.2006	4.929	43.903	177.160	12.031	7.101	12.020	**257.144**
Accumulated Depreciation	0	(6.260)	(41.659)	(5.262)	(5.426)	0	**(58.607)**
Net Book Value 31.12.2006	**4.929**	**37.643**	**135.501**	**6.769**	**1.675**	**12.020**	**198.537**

(Amounts in thousands of euros, unless otherwise stated)

GROUP	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 1.1.2005	**4.629**	**18.843**	**96.483**	**5.469**	**1.865**	**22.565**	**149.854**
Additions	28	11.057	7.452	530	347	19.464	**38.878**
(Disposals – Write-offs)	(28)	(564)	(1.030)	(342)	(98)	(2.221)	**(4.283)**
New companies in the consolidation	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	(18.282)	**(18.282)**
(Depreciation for the year)	0	(1.359)	(7.783)	(1.198)	(523)	0	**(10.863)**
Balance as at 31.12.2005	**4.629**	**27.977**	**95.122**	**4.459**	**1.591**	**21.526**	**155.304**
Cost 01.01.2005	4.629	21.680	121.202	8.262	5.331	22.565	**183.669**
Accumulated Depreciation	0	(2.837)	(24.719)	(2.793)	(3.466)	0	**(33.815)**
Net Book Value 01.01.2005	**4.629**	**18.843**	**96.483**	**5.469**	**1.865**	**22.565**	**149.854**
Cost 31.12.2005	4.629	32.173	127.624	8.450	5.580	21.526	**199.982**
Accumulated Depreciation	0	(4.196)	(32.502)	(3.991)	(3.989)	0	**(44.678)**
Net Book Value 31.12.2005	**4.629**	**27.977**	**95.122**	**4.459**	**1.591**	**21.526**	**155.304**

(Amounts in thousands of euros, unless otherwise stated)

COMPANY	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 1.1.2006	**3.194**	**13.672**	**19.138**	**4.079**	**1.016**	**12**	**41.111**
Additions	205	0	11.279	3.472	490	0	**15.446**
(Disposals – Write-offs)	0	(84)	(589)	(3)	(8)	0	**(684)**
New companies in the consolidation	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	(12)	**(12)**
(Depreciation for the year)	0	(449)	(3.236)	(1.109)	(369)	0	**(5.163)**
Balance as at 31.12.2006	**3.399**	**13.139**	**26.592**	**6.439**	**1.129**	**0**	**50.698**
Cost 01.01.2006	3.194	15.402	28.648	7.429	4.383	12	**59.436**
Accumulated Depreciation	0	(1.730)	(9.510)	(3.350)	(3.367)	0	**(18.325)**
Net Book Value 01.01.2006	**3.194**	**13.672**	**19.138**	**4.079**	**1.016**	**12**	**41.111**
Cost 31.12.2006	3.399	15.318	39.338	10.898	4.865	0	**73.818**
Accumulated Depreciation	0	(2.179)	(12.746)	(4.459)	(3.736)	0	**(23.120)**
Net Book Value 31.12.2006	**3.399**	**13.139**	**26.592**	**6.439**	**1.129**	**0**	**50.698**

(Amounts in thousands of euros, unless otherwise stated)

COMPANY	Quarries/ Land Plots	Buildings	Machinery	Vehicles	Other	Fix. Assets under construction	Total
Net Book Value 1.1.2005	**3.194**	**14.100**	**20.247**	**4.907**	**1.289**	**12**	**43.749**
Additions	0	14	2.062	315	121	0	**2.512**
(Disposals – Write-offs)	0	0	0	0	0	0	**0**
New companies in the consolidation	0		0	0	0	0	**0**
Transfers	0		0	0	0	0	**0**
(Depreciation for the year)	0	(442)	(3.171)	(1.143)	(394)	0	**(5.150)**
Balance as at 31.12.2005	**3.194**	**13.672**	**19.138**	**4.079**	**1.016**	**12**	**41.111**
Cost 01.01.2005	3.194	15.388	28.842	7.216	4.262	12	**58.914**
Accumulated Depreciation	0	(1.288)	(8.595)	(2.309)	(2.973)	0	**(15.165)**
Net Book Value 01.01.2005	**3.194**	**14.100**	**20.247**	**4.907**	**1.289**	**12**	**43.750**
Cost 31.12.2005	3.194	15.402	30.904	7.531	4.383	12	**61.426**
Accumulated Depreciation	0	(1.730)	(11.766)	(3.452)	(3.367)	0	**(20.315)**
Net Book Value 31.12.2005	**3.194**	**13.672**	**19.138**	**4.079**	**1.016**	**12**	**41.111**

(Amounts in thousands of euros, unless otherwise stated)

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

	GROUP			COMPANY		
	Machinery	Vehicles	Total	Machinery	Vehicles	Total
Cost 31.12.2006	**57.433**	**2.028**	**59.461**	**15.797**	**2.028**	**17.825**
Less: Accumulated Depreciation	(6.896)	(79)	**(6.975)**	(2.312)	(79)	**(2.391)**
Net Book Value 31.12.2006	**50.537**	**1.949**	**52.486**	**13.485**	**1.949**	**15.434**

On real estate of the Group recorded on book value of 31.000 euro on 31.12.2006 there are prenotations of 17,000 for securing banking loans.
On 2006 there were expenses of 13.127 euro for fixed assets under construction.
The Group has made a provision for the restoration the land on which it has installed the wind parks for the production of electric energy, amounting to € 406. This amount has been recorded as a tangible fixed asset and as a provision in liabilities. The tangible fixed asset is depreciated through the income statement for a period equal to the useful life of the wind park.

9. INVESTMENT PROPERTY

The investment property account reported in the attached financial statements as of the 31st of December 2006, is analysed as follows.

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Balance 1/1	**26.579**	**29.584**	**7.935**	**10.998**
Additions in the year	5.298	0	0	0
Reductions in the year	(1.018)	(3.063)	(1.018)	(3.063)
Adjustments in fair value	6.139	58	0	0
Transfers in held for sale	(29.158)	0	0	0
Balance 31.12	**7.840**	**26.579**	**6.917**	**7.935**

Investment property transferred in category of non-current assets held for sale refer to the sold in 2007 company DIKEVE SA. More are mentioned below in paragraph 33.

10. INVENTORIES AND WORK IN PROGRESS

The stock and work in progress figure reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Raw and auxiliary materials	8.027	6.815	3.405	810
Finished products and work in progress	4.431	7.427	869	3.514
Buildings under construction	384	0	0	0
Merchandise	63	38	6	0
Total	**12.905**	**14.280**	**4.280**	**4.324**

(Amounts in thousands of euros, unless otherwise stated)

Raw and auxiliary materials refer to materials that would be used in technical projects undertaken by the Company.
Finished products refer to inactive materials. On 31st of December 2005 and 2006 there were no provisions for impaired or slowly moved inventories.

11. TRADE RECEIVABLES AND PREPAYMENTS AND OTHER RECEIVABLES

The trade receivables figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Trade receivables	117.091	118.689	85.485	82.276
Trade receivables from associates	51.705	38.283	34.662	13.171
Customers - Doubtful and in Litigation	5.521	5.312	5.298	5.201
Overdue Notes/Cheques Receivable	72	1.959	72	1.959
Checks receivable	2.720	4.693	2.183	4.686
Less: Provisions for doubtful debt	(9.666)	(14.864)	(9.264)	(14.813)
	167.443	**154.072**	**118.436**	**92.480**

An amount of € 25 million is included in trade receivables figure, € 20 million of which stems from previous financial years and relates to the proportion of respective receivables of two Joint Ventures in which the Group participates and which have undertaken the construction of a specific technical project.
The delay is due to the complexity, both from the legal and the technical perspective, of the approval procedure for the certificate needed for the project since the contractual as well as the additional technical part of the project is financed mainly by EU funding.
The project is carried out according to the specific technical plans by the person responsible for the technical aspects of the project –competent officer of the main project- that include both the contractual as well as the additional technical part of the project. For the resolution of the dispute relating to the additional part of the plan beyond the contract, no appeal has been made to the arbitration process provided for by the contract sine the joint-ventures consider that there is still room for consensus to be reached. The Management of the Company, following a suggestion by the Receive Committee regarding the total of executed projects, on 21.12.2006 and based on the assessment of the legal representative of the Group, who is handling the matter as well as the responsible for the project people, taking also into account the credibility of the employer estimates that the aforementioned receivable would be collected in full and therefore there is no need for any relevant provision to be made.

(Amounts in thousands of euros, unless otherwise stated)

The prepayments and other receivables figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Prepayments to suppliers	6.654	4.573	7.975	3.490
Prepayments and Credits Control Accounts	3.753	3.922	980	2.296
Prepaid expenses – Accrued Income	5.463	3.105	2.545	1.918
Other receivables by Group's joint ventures	5.955	10.442	14.930	14.111
Restricted bank accounts	1.473	378		
Other receivables-Sundry debtors	22.452	23.055	8.153	9.186
Less: provisions for doubtful receivables	(1.304)	(3.690)	(1.304)	(3.690)
	44.446	**41.785**	**33.279**	**27.311**

The movements in provisions for receivables from customers in the period is analysed as follows:

	GROUP	COMPANY
Balance 31.12.2005	**18.554**	**18.503**
Provisions for the year	350	0
Unused provisions	(7.934)	(7.934)
Balance 31.12.2006	**10.970**	**10.569**

The reversal in formed provisions is due to the amount of 5.2 million euro related to write-offs of relevant receivables and the accounting adjustments after the audit and the finalisation by tax authorities of all the un-audited tax years, and due to the amount of 2.8 million euro that reflects part of the provision for receivables which according to current developments are not expected to be verified and the outstanding matter will be solved.

12. CONTRACTS FOR THE CONSTRUCTION OF TECHNICAL PROJECTS

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

	GROUP		COMPANY	
Cumulative figures from the start of the projects	**31.12.2006**	**31.12.2005**	**31.12.2006**	**31.12.2005**
Cumulative cost	1.066.650	901.030	691.253	542.254
Cumulative profits	183.532	188.279	162.047	140.494
Cumulative losses	26	194	26	0
Received prepayments	31.441	40.663	13.283	8.919
Withheld amounts from project customers	2.732	2.303	2.099	1.763
Receivables invoiced	1.209.879	1.066.703	825.553	683.417
Receivables form customers	51.705	38.283	34.662	13.171
Liabilities to customers	(11.428)	(15.871)	(6.941)	(13.840)
Net receivables from customers	40.277	22.412	27.721	(669)

(Amounts in thousands of euros, unless otherwise stated)

13. OTHER FINANCIAL ASSETS

The other financial assets figure reported in the attached financial statements as of the 31st of December 2006, include shares of Societe Anonyme and Mutual Funds and are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Securities available for sale	1.262	4.764	1.123	791
Securities held till maturity	5.896	0	0	0
Securities of trading portfolio	46	56	45	56
	7.204	**4.820**	**1.168**	**847**

On 31.12.2006 the securities available for sale were valued at fair value and a profit of 309 was realised that was recorded in equity. The relevant amount for the company amounted to 309 euro.

14. CASH AND CASH EQUIVALENTS

The cash and cash equivalents figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Cash in hand	263	384	31	1
Sight deposits	74.254	48.747	23.989	8.801
Time deposits	0	0	0	4.016
Total	**74.517**	**49.131**	**24.020**	**12.818**

15. LONG-TERM LOANS AND FINANCE LEASE

The long-term loans figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Liabilities from finance leases	23.343	23.485	12.939	5.380
Less: Short-term part	(7.633)	(6.132)	(2.810)	(2.008)
Long-term debt	91.159	42.520	30.000	0
Less : Short-term part	(6.804)	(527)	(3.500)	0
	100.065	**59.346**	**36.629**	**3.372**

The repayment period of the aforementioned loans is analysed as follows:

GROUP		
	31.12.2006	**31.12.2005**
Till 1 year	6.804	527
Between 2 & 5 years	42.420	26.092
Over 5 years	41.935	15.901
COMPANY		
	31.12.2006	**31.12.2005**

(Amounts in thousands of euros, unless otherwise stated)

Till 1 year	3.500	0
Between 2 & 5 years	17.500	0
Over 5 years	9.000	0

Liabilities from finance lease refer to companies of the Group and the repayment periods are reported in the following table:

GROUP	**31.12.2006**	**31.12.2005**
Till 1 year	7.633	6.132
Between 2 & 5 years	13.362	13.362
Over 5 years	2.348	3.991

COMPANY	**31.12.2006**	**31.12.2005**
Till 1 year	2.810	2.008
Between 2 & 5 years	7.332	1.364
Over 5 years	2.348	0

Finance leases are for the most part used to cover the financing requirements of the installation and operation of a factory producing electric power, as well as the lease of mechanical and factory equipment.
Long-term loans are for the most part used to cover the financing requirements of the development of wind parks of the energy sector of the Group. Also, part of the long term loans cover the financing requirements of building investment property. The weighted average interest on the above loans is calculated as Euribor plus a spread of 3%.

16. PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity depends on the length of service with the company and the employee’s wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such an indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programmes are usually not funded.
The liabilities for staff indemnity liabilities Were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the results for the financial year ended on the 31st of December 31, 2006 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Balance Sheet for the year ended on December 31st 2006.

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

(Amounts in thousands of euros, unless otherwise stated)

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Present value of liabilities	1.371	1.675	1.164	1.406
Non recorded actuarial losses	(400)	(411)	(393)	(410)
Recognised liability	**971**	**1.264**	**771**	**996**

The expense for staff indemnities recognised in income statements is as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Current service cost	202	149	167	126
Finance cost	53	46	47	45
Write-off of not-recognised actuarial losses	75	76	64	75
Additional payments	40	358	0	310
	370	**629**	**278**	**556**

The aforementioned expense is recorded in Income statement in cost of sales account. The movement of the relevant provision account in the consolidated Balance Sheet is as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Opening balance	**1.264**	**1.193**	**996**	**951**
Provision recognized in the income statement	370	629	278	556
Indemnities paid	(663)	(558)	(503)	(511)
Closing balance	**971**	**1.264**	**771**	**996**

The main assumptions for financial years 2006 and 2005 are as follows:

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

17. OTHER PROVISIONS

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

	GROUP		COMPANY	
	Provisions for restoration of nature	**Other provisions**	**Provisions for restoration of nature**	**Other provisions**
Balance 1.1.2006	**759**	**1.471**	**0**	**668**
Provision recognised in the income statement	262	0	0	0
Provision recognised in assets	(615)			
Used provisions	0	(164)	0	0
Balance 31.12.2006	**406**	**1.307**	**0**	**668**

Companies of the energy sector are obliged to restore nature in places they install units for the production of electricity when the installation finishes and the licences granted by the state last for twenty years. The aforementioned provision of 406 euro reflects the necessary expenses for un-installation and area restoration with the use of current technology and material.

(Amounts in thousands of euros, unless otherwise stated)

18. GRANTS

The grants figure reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP	COMPANY
Net value 1.1.2006	**14.385**	**0**
Transfers to the Profit and Loss	(1.294)	0
Collection of Grants	12.100	0
Approved grants	8.629	0
Net value 01.01.2006	**33.820**	**0**

Grants relate to government grants for the development of wind parks and car parks and other infrastructure and are amortized during the useful life of the assets financed by grants.

19. SUPPLIERS AND OTHER LIABILITIES

The suppliers figure reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Suppliers- Subcontractors	34.418	9.857	39.898	19.757
Suppliers-other	22.128	23.605	0	0
Cheques payable	14.426	4.671	10.637	3.025
	70.972	**38.133**	**50.535**	**22.782**

The accrued and other short term liabilities reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Liabilities from taxes-duties	12.389	8.299	8.036	3.727
Social Insurance Payable	2.157	1.981	1.532	1.449
Dividends payable	75	585	75	585
Liabilities to associates	4.785	8.137	6.115	5.815
BoD remuneration	990	802	640	657
Customer prepayments	39.563	40.664	33.176	8.920
Accrued expenses and prepaid income	4.063	1.823	2.262	154
Liabilities from IAS 11	11.428	15.871	6.941	13.840
Various creditors	17.788	3.662	3.304	19.099
	93.238	**81.824**	**62.081**	**54.246**

(Amounts in thousands of euros, unless otherwise stated)

20. SHORT TERM LOANS

The total amount of the Group's short-term loans refers to bank overdrafts that are used for working capital purposes to cover the Company's operating needs. The amounts withdrawn are mainly used to cover the short term liabilities of the construction sector that emerge from the timing difference between the realization of the construction cost and the certification of the work completed, as well as from the large delays in the collection of receivables from the State. The weighted average interest rate for the short-term loans is close to 3.78%.

21. INCOME TAX

According to Greek tax legislation the Company is taxed with a tax rate of 29% for 2006 and 25% for 2007 and onwards.
The income tax figure recorded in the income statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Current tax expense				
Current tax	4.500	6.840	153	4.486
Deferred Tax of previous years	2.201	256	1.698	0
	6.701	**7.096**	**1.851**	**4.486**
Deferred tax expense	3.039	262	3.777	(1.792)
Total	**9.740**	**7.358**	**5.628**	**2.694**

The income tax statement is submitted on an annual basis but the profits or losses declared remain provisional until the tax authorities audit the tax payer's books and records and issue a final audit report. Currently, addition taxes that may be charged during the tax audit of un-audited tax years is difficult to be calculated and therefore no relevant provision are made in the attached financial statements. The un-audited tax years for the Group's companies are shown above in paragraph 5.
A reconciliation of income tax to the accounting profit multiplied by the applicable tax rate is as follows:

	GROUP		COMPANY	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Earnings before tax	30.823	22.495	13.361	7.589
Tax (29% and 32%)	8.939	7.198	3.875	2.498
Tax on distributed reserves		0	0	0
Implied tax	152	(1.155)	152	(1.123)
Additional tax on property	20	20		
Non-exempt tax expenses	596	378	495	378
Difference between accounting and taxed earnings of joint ventures	592	1.855	(1.052)	0
Effect from tax rate change	(1.198)	(337)	460	0
Difference on foreign entities taxation	(96)	0	0	0
Tax audit differences	2.201	256	1.698	0
Tax exempt reserves and income	(1.466)	(1.216)	0	0
Other	0	359	0	1.010
	9.740	**7.358**	**5.628**	**2.694**

(Amounts in thousands of euros, unless otherwise stated)

Deferred income tax is calculated on all the temporary tax differences between the book value and the tax value of the assets and liabilities. The deferred income tax is calculated using the expected tax rate of the Company at the time in which the tax receivable/liability matures. The deferred tax receivables and liabilities for the years 2006 and 2005 are analyzed as follows:

GROUP	Balance sheet		Profit and loss account (Debit)/Credit	Net position (Debit)/Credit
	31.12.2006	**31.12.2005**	**1.1 – 31.12.2006**	**1.1 – 31.12.2006**
Deferred income tax asset				
Expensed intangible assets	1.003	1.673	(670)	
Recognition of construction project income according to IAS 11	2.652	1.571	(1.081)	
Provision for staff indemnity	243	319	(76)	
Depreciation defferences	1.125	965	160	
Other provisions	110	0	110	
Valuation of investments	629	(65)	65	629
Provisions for doubtful receivables	2.564	2.768	(204)	0
Totals	**8.326**	**7.231**	**466**	**629**
Deferred income tax liability				
Investment property valuation	(81)	0	(81)	
Recognition of finance leases	(4.544)	(2.905)	(1.639)	
Recognition of construction project income according to IAS 11	(1.652)	0	(1.652)	
Assets valuation	(970)	(837)	(133)	
Totals	**(7.247)**	**(3.742)**	**(3.505)**	**0**
Deferred income tax income/(expense)			**3.039**	**629**
Net deferred tax asset/liability	**1.079**	**3.489**		

COMPANY	Balance sheet		Profit and loss account (Debit)/Credit	Net position (Debit)/Credit
	31.12.2006	**31.12.2005**	**1.1 – 31.12.2006**	**1.1 – 31.12.2006**
Deferred income tax liability				
Expensed intangible assets	156	537	(381)	
Recognition of construction project income according to IAS 11	681	3.394	(2.713)	
Provision for staff indemnity	193	249	(56)	
Provisions for doubtful receivables	2.464	2.964	(500)	
Valuation of investments	629	0	0	629
Other	711	0	711	
Totals	**4.834**	**7.144**	**(2.939)**	**629**
Deferred income tax liability				
Investment property valuation	(1.748)	0	(1.748)	
Recognition of finance leases, revaluation of fixed assets and depreciation of fixed assets based on their useful life	(239)	(1.819)	1.580	
Recognition of construction project income according to IAS 11	(1.644)	0	(1.644)	
Other		(974)	974	
Totals	**(3.631)**	**(2.793)**	**(838)**	**0**
Deferred income tax income/(expense)			**(3.777)**	**629**

(Amounts in thousands of euros, unless otherwise stated)

The Group maintains tax exempt reserves of € 12.551 which will be taxed using the current tax rate in the event that they are distributed or capitalized. In the foreseeable future the Company does not intend to distribute or capitalize these reserves.
TERNA SA is tax audited till 2005.

22. SHARE CAPITAL

The share capital of the Parent amounts to € 53.319 and is totally paid and divided into 45.964.500 common shares having a nominal value of € 3,00 each, while no changes occurred in 2006. The shareholders are entitled to receive dividends, as these are proposed on an annual basis, while each share represents one vote in the General Shareholders meeting.
With the 18-07-2002 decision of the Extraordinary Shareholder Meeting of the Company, share capital increased due to merger by the amount of € 47.602 as follows:
(a) With the amount of € 16.387 emerged from the restatement of nominal value of TERNA SA from € 0,30 to € 1,16 (that is to say 19.054.760 shares of the absorbed TERNA on € 0,86 increase of nominal value) and
(b) With the amount of € 31.215 emerged by the issue of 26.909.740 shares of nominal value of € 1,16, which would be distributed in the shareholders of the absorbed companies and the construction sector of GEK SA in accordance with the decided share exchange ratio. With this last share capital change, the Share Capital of the Company amounts to € 53.319, divided in 45.964.500 common registered shares of nominal value of € 1,16 each.
The Board of Directors proposed the dividend distribution of 10.112 euro (10.112 euro in 2005), that is to say 0,22 euro per share (0,22 euro in 2005). The total dividends comes from taxed earnings.
Earnings per share from continued operations amounted to 0,28 euro (0,30 euro in 2005) and were estimated based on earnings attributable to the shareholders of the parent of 13.013 euro (13.866 euro in 2005) and on average weighted number of shares for the year 2006.

23. REVENUES

Sales reported in the attached financial statements as at the 31st of December 2006 are analysed as follows:

	GROUP		COMPANY	
	1.1-31.12.2006	**1.1-31.12.2005**	**1.1-31.12.2006**	**1.1-31.12.2005**
Income from technical projects	255.457	184.311	168.037	125.567
Electrical Energy Sales	34.192	26.072	0	0
Industrial products – Construction Materials Sales	23.140	23.874	17.862	8.642
Other sales	374	765	374	0
Provision of Services	0	9.387	0	9.329
	313.163	**244.409**	**186.273**	**143.538**

24. COST OF SALES AND ADMINISTRATION AND DISTRIBUTION EXPENSES

The figures for cost of sales and administration and distribution expenses reported in the attached financial statements as of the 31st of December 2006, are analysed as follows:

(Amounts in thousands of euros, unless otherwise stated)

Cost of sales	GROUP		COMPANY	
	1.1-31.12.2006	1.1-31.12.2005	1.1-31.12.2006	1.1-31.12.2005
Consumption of material and finished work	76.698	47.341	51.755	30.801
Staff wages	19.238	26.666	11.540	12.216
Subcontractors	98.946	73.661	75.022	53.205
Other third party fees	25.213	18.382	1.357	12.531
Other third party benefits	16.639	16.914	7.853	9.043
Tax – duties	630	445	1	189
Depreciation	14.125	10.891	4.718	5.034
Other	13.167	5.592	8.639	3.864
	264.656	**199.892**	**160.885**	**126.883**

Administrative expenses	GROUP		COMPANY	
	1.1-31.12.2006	1.1-31.12.2005	1.1-31.12.2006	1.1-31.12.2005
Consumption of material and finished work	0	738	0	0
Staff wages	4.945	5.149	6.127	4.324
Subcontractors	578	3.890	331	3.785
Other third party fees	4.369	4.798	3.925	0
Other third party benefits	3.522	2.341	3.190	1.954
Tax – duties	0	564	0	318
Depreciation	1.185	341	1.079	72
Other	11.701	2.938	7.457	4.792
	26.300	**20.759**	**22.109**	**15.245**

25. OTHER OPERATING INCOME/(EXPENSES)

The figures for other operating income/(expenses) reported in the attached financial statements as of the 31st of December 2006, is analysed as follows:

	GROUP		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Reversal of provisions for doubtful debtors	7.934	44	7.934	0
Revenues from rents	361	1.215	1.474	1.136
Depreciation of grants	1.294	1.209	0	0
Provision of services	1.321	653	0	1.110
Income from investments	478	1.434	4.818	4.255
Write-off of liability to joint venture	0	2.779	0	0
Foreign exchange differences	749	0	0	0
Fair value difference of investment property	50	58	0	0
Other extraordinary income/(expenses)	204	675	(601)	2.956
Total	**12.391**	**8.067**	**13.625**	**9.457**

26. FINANCIAL INCOME/(EXPENSES)

Financial income/(expenses) on December, 31 2006, in the attached financial statements are as follows:

(Amounts in thousands of euros, unless otherwise stated)

	GROUP		COMPANY	
	1/1-31/12/2006	**1/1-31/12/2005**	**1/1-31/12/2006**	**1/1-31/12/2005**
Interest received from deposits	1.642	519	400	123
Loan interest	(10.483)	(9.038)	(3.943)	(3.401)
Total	**(8.841)**	**(8.519)**	**(3.543)**	**(3.278)**

27. PAYROLL COST

Staff wages and the average number of employees as of December 31st 2006 are analysed as follows:

	GROUP		COMPANY	
	1.1-31.12.2006	**1.1-31.12.2005**	**1.1-31.12.2006**	**1.1-31.12.2005**
Wages and ensuant benefits of wage earners	5.003	15.565	2.613	3.134
Salaries and ensuant benefits of employees	13.119	7.637	9.679	9.259
Insurance and pension fund contributions	5.219	6.554	3.815	3.591
Provision for employee indemnities	370	629	278	556
Other	472	1.430	1.282	0
Total expenses	**24.183**	**31.815**	**17.667**	**16.540**
Average number of employees	730	609	521	425

28. EXISTING CHARGES ON PROPERTY

Mortgage prenotations to the amount of € 26,9 million have been registered on the property of some subsidiaries included in the consolidation, as security for bank loans.

29. RIGHTS IN JOINT-VENTURES

The Group holds rights in joint ventures for the execution of technical projects. The financial statements of the Group reflect its rights on fixed assets, liabilities, revenues and expenses of joint ventures as follows:

	31.12.2006	**31.12.2005**
Non-current assets	32.372	31.827
Current assets	109.257	122.750
Long-term liabilities	9.469	19.677
Short-term liabilities	107.595	115.306
Net assets/liabilities	**24.565**	**19.594**
Revenues	91.512	64.625
Expenses	87.441	53.028

(Amounts in thousands of euros, unless otherwise stated)

30. TRANSACTIONS WITH RELATED PARTIES

The transactions and the balances of GEK with the related parties for the years 2006 and 2005 are analysed as follows:

2006	GROUP				COMPANY			
Related party	**Sales**	**Purchases**	**Debit balance**	**Credit balance**	**Sales**	**Purchases**	**Debit balance**	**Credit balance**
Subsidiaries	0	0	0	0	5.289	489	3.382	2.799
Relates	0	0	0	0	0	0	35.302	0
Joint Ventures	0	0	0	0	6.452	44	0	4.647
Parent	9.181	0	501	1.982	8.664	0	326	356
Other related parties	9.009	2.437	1.256	1.895	5.324	2.437	831	1.933
Main executives	232	0	52	0	232	0	0	0

31. CONTINGENT LIABILITIES

During the course of conducting its business, the Company may face legal claims from third parties. According to both the Management and the Company's Legal Counsel, any such claims are not expected to have a significant impact on the Company's operation and financial position as of the 31st of December 2006.

32. POST-BALANCE SHEET DATE EVENTS

In the first quarter of 2007, the Greek Parliament approved the construction of Ionian Road, an important development for the Company since the construction process will begin. Also, the Group announced its expansion in Middle East as 4 important projects are already undertaken in that area of 375 million euro (Qatar, Abu Dhabi, Bahrain).

In energy sector, the Group announced that considers the listing of TERNA ENERGY shares (the Company consolidates all the activities in Renewable Energy Sources) in Athens Exchange. Also, at the same time, the construction of a plant producing electricity of 400 MW capacity started in Viotia that is expected to be entered into the system by 2009. Total construction cost is estimated at 240 million euro and TERNA SA would be the EPC contractor. At the same time in the framework of dynamic expansion of the Group in the creation of energy from thermal sources, the Group submitted on 20/03/2007 an application for the acquisition of licence for the construction of an energy plant of 460 MW capacity in Evia, operating with coal.

33. NON CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

On January, 18 2007 the company DIKEVE SA that belonged to the sector of Real Estate was sold. The decision for the sale was taken on October, 4 2006 within the Group's strategic framework. The price for the sale amounted to 27,377euro and the pre-tax profit to 6,469 euro.

For 2006 the sold company had cash flows from operating activities of 11,192euro (699euro in 2005), from investing activities -2,898 euros (1euro in 2005) and from financing activities 14,197 euros (-844Euro in 2005).

(Amounts in thousands of euros, unless otherwise stated)

The assets and liabilities of the sold company on 31.12.2006 are analysed as follows:

	31.12.2006
Investment property	29.158
Other receivable	296
Cash	140
Loans	10.801
Suppliers	2.191
Other liabilities	1.562
Net assets/liabilities	15.040

The income statement analysis of the aforementioned discontinued operation is as follows:

	2006	2005
Revenues	7.008	792
Expenses	(826)	(534)
Earnings before tax from discontinued operations	6.182	258
Tax	1.087	(285)
Earnings after tax from discontinued operations	5.095	(27)

34. INFORMATION BY SECTOR OF ACTIVITY

The table below presents the analysis of the results of the Group as of the 31st of December 2006 and the 31st of December 2005 according to its main activities:

(Amounts in thousands of euros, unless otherwise stated)

Sectors of activity	Construction	Energy	Real Estate	Industry	Not allocated	Eliminations on Consolidation	Consolidated totals
Revenues from external clients							
Sales of products	0	34.192	0	3.914	0	0	**38.106**
Sales of services	0	0	0	0	0	0	**0**
Revenues from construction activities	275.056	0	0	0	0	0	**275.056**
Total revenues from external clients	**275.056**	**34.192**	**0**	**3.914**	**0**	**0**	**313.162**
Intragroup revenues	9.433	0	0	5.458	0	(14.891)	**0**
Total revenues	**284.489**	**34.192**	**0**	**9.372**	**0**	**(16.891)**	**311.162**
Results per sector	**16.903**	**14.923**	**952**	**853**	**163**	**(293)**	**33.501**
Profit from the sale of discontinued operations before tax	0	0	6.182	0	0		**6.182**
Operating results							**39.683**
Net financial results							**(8.841)**
Earnings from related enterprises		(15)					**(15)**
Income tax							**(9.741)**
Net results							**21.086**
Assets per sector	294.916	169.406	37.434	8.386	105.045	(37.314)	**577.873**
Investments in related companies	0	12	0	0	0	0	**12**
Total assets	294.916	169.418	37.434	8.386	105.045	(37.314)	**577.885**
Liabilities per sector	186.555	58.414	14.554	2.965	181.541	(52.668)	**391.361**
Capital expenditures	17.848	42.970	5.298	90	0		**66.206**
Depreciation	6.282	8.690	0	338	0		**15.310**

(Amounts in thousands of euros, unless otherwise stated)

Geographical sectors

	Greece	Balkans	Middle East	Not allocated	Consolidated
Revenues from external clients	254.033	56.940	2.190	0	**313.163**
Assets	395.366	74.667	1.883	105.969	**577.885**
Capital expenditure	65.565	626	15	0	**66.206**

CERTIFICATE

It is ascertained that the attached financial statements are those approved by the Board of Directors of the Company on the 27th of March 2007, amended on the 21st of July 2008 and have been published by being posted on the internet at the website www.terna.gr. It is noted that the summary financial figures that have been published in the press aim at providing the reader with certain general financial information but do not provide a full picture of the financial position and the results of the Group, in accordance with the International Financial Reporting Standards (IFRS). In the summary information published in the press some figures have been abbreviated.

The Chairman of the Board

Nikolaos Kambas

The Vice-chairman of the Board & CEO

George Peristeris

The Finance Director

Panayiotis Pothos

The Accounting Manager

Aikaterini Chalkoroka

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TERNA AE

Report on the Financial Statements

We have audited the accompanying restated financial statements of the Group companies of TERNA AE, which comprise the consolidated balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying restated financial statements of the Group present fairly, in all material respects, the financial position of the Group as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Without qualifying our opinion, we draw attention to:
a) The present Auditor's Report, was re-issued after the restatement of the consolidated balance sheet at 31.12.2006 by the Board of Directors of the company (Minutes of B. of D. 21.7.2008). This restatement concerns correction of errors deriving from the consolidating financial statements of the subsidiary "TERNA ENERGIAKI S.A." for the years 2005 and 2006, which arose during the audit process for its listing on the Athens Stock Exchange. The impact of the relevant corrections and restatements on the items of the balance sheet and the income statement for the years 2005 and 2006 is referred to in detail in note 4 in the Notes to the financial statements at 31.12.2006 to which we refer to. The above corrections and restatements have been approved by the Ordinary General Meeting of the company at 25.6.2008 with the approval of the annual financial statements at 31 December 2007 to which financial statements have also referred to in detail.
b) The Notes 6 and 21 in the Notes on the consolidated financial statements, where reference is made to the fact that the tax returns of the parent company for the year 2006, and those of the consolidated subsidiaries and Joint ventures referred to in the above note, have not been examined by the tax authorities as yet and, as a consequence, the possibility exists of additional taxes and penalties being assessed at the time when the returns will be examined and will be accepted as final. The outcome of these tax inspections cannot be predicted at present and, therefore, no provision has been made in these financial statements in this respect.
c) The Note 11 in the Notes on the financial statements, where reference is made to the fact that in the trade receivables are included and receivables overdue totalling approximately € 20.000 thousands that concern proportion of respective receivables of two Joint Ventures in which participates a subsidiary company of the Group with object the execution of a technical project. In respect of these receivables that concern the additional over contractual object of the project, no provision has been made because Management deems that, at the suggestion of the Committee for temporary delivery, for the estimation of the total executed projects as of 21.12.2006 and the opinion of all the persons in charge of the project, the Joint Ventures will arrive at an amicable arrangement with the project leader and the above-mentioned receivables will be collected to their total.

Report on Other Legal and Regulatory Requirements

The content of the Report of the Board of Directors is consistent with the aforementioned financial statements.

Athens, 22 July 2008

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