GEK S.A.

INTERIM FINANCIAL STATEMENTS OF THE PARENT COMPANY AND ITS GROUP

AS AT THE 30th OF SEPTEMBER 2005

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(Amounts in thousand Euro, unless stated otherwise)

GEK S.A.
BALANCE SHEET
30 September 2005

	30 September 2005	31 December 2004
ASSETS		
Long term assets		
Intangible assets	-	4
Tangible assets	9,176	2,941
Investment Property	14,575	14,848
Participation in joint-ventures	112,395	113,998
Participation in associates companies	18,296	18,296
Other long term receivables	7	11
Deferred income tax	1,252	
Total long term assets	**155,701**	**150,098**
Current assets:		
Inventories	24,726	28,376
Trade receivables	7,874	10,967
Prepayments and other receivables	10,990	7,204
Other financial assets	21,767	13,645
Cash and cash equivalents	41,318	44,589
Total current assets	**106,675**	**104,781**
TOTAL ASSETS	**262,376**	**254,879**
EQUITY & LIABILITIES		
Equity attributed to the parent's shareholders		
Share capital	23,567	23,567
Above par	170,410	170,410
Profit carried forward	26,246	17,365
Reserves	32,372	32,372
Total equity	**252,595**	**243,714**
Long term liabilities:		
Other long term liabilities	484	158
Provisions	315	315
Provision for staff retirement indemnities	129	120
Grants		
Deferred tax	-	385
Total long term liabilities	**928**	**978**
Short term liabilities:		
Suppliers	2,815	2,660
Short term loans	-	5,000
Accrued and other short term liabilities	6,038	2,527
Total short term liabilities	**8,853**	**10,187**
TOTAL LIABILITIES AND EQUITY	**262,376**	**254,879**

(Amounts in thousand Euro, unless stated otherwise)

GEK S.A.
INCOME STATEMENT
FOR THE PERIOD ENDING ON 30 SEPTEMBER 2005

	Notes	1.1-30.9 2005	1.1-30.9 2004	3rd Quarter 2005	3rd Quarter 2004
INCOME:					
Net turnover		12,568	4,087	2,684	1,601
Cost of goods sold		(8,510)	(297)	(2,180)	(34)
Gross profit		**4,058**	**3,790**	**504**	**1,567**
Administrative and distribution expenses		(2,148)	(404)	(570)	(195)
Other income/(expenses)		414	51	1.353	0
Net financial income/(expenses)		18,146	5,013	1,190	(18)
(Profit)/Loss from associates companies		(4,106)	(8,529)	(3,068)	(1,284)
EARNINGS BEFORE TAX		**16,364**	**(79)**	**(591)**	**70**
Income tax		373	2,586	2,018	76
NET EARNINGS		**16,737**	**2,507**	**1,427**	**146**
Earnings per share (in euros)					
Basic		0.26	0.09	0.02	0.01
Diluted					
Weighted average number of shares basic and diluted					
Basic		65,463,360	27,720,000	65,463,360	27,720,000
Diluted					

The attached notes constitute an inseparable part of the consolidated financial statements

(Amounts in thousand Euro, unless stated otherwise)

GEK S.A.
CASH FLOW STATEMENT
FOR THE PERIOD ENDING ON 30 JUNE 2005

	1.1-30.9 2005	1.1-30.9 2004	3nd Quarter 2005	3nd Quarter 2004
Cash flow from operating activities				
Earnings before tax	16,364	(79)	(591)	70
Readjustments for the agreement of the net flows from the operating activities				
Depreciation	19	19	0	6
Provisions	9	4	3	1
Interest and related expenses	(569)	(13)	(161)	(1)
Interest and other financial expenses	203	20	33	17
(Profit)/Loss from the sale and valuation of participations	4,107	8,593	1,382	1,282
Operating profit before working capital changes	**20,133**	**8,544**	**666**	**1,375**
(Increase)/Decrease in:				
Inventories	3,650	0	4,215	0
Trade receivables	3,093	(786)	7,089	2,535
Prepayments and other short term receivables	(3,786)	10,505	(402)	117
Increase/(Decrease) in:				
Suppliers	481	(179)	334	375
Accruals and other short term liabilities	(1,311)	(2,761)	494	(2,611)
(Increase)/Decrease of other long term claims	4	11	4	0
Cash inflow from operating activities	**22,264**	**15,334**	**12,400**	**1,791**

(Amounts in thousand Euro, unless stated otherwise)

Cash flow from investing activities:				
Purchase of tangible assets	(6,257)	(28)	(6,252)	0
Sale of tangible assets	9	0	9	0
Purchase of intangible assets	0	0	0	0
Interest and related income received	569	13	161	1
Other participations	(2,504)	(16,166)	1,987	(5,545)
Increase in the share capital of participation/Newly consolidated entities, Initial cash	0	0	(6,094)	0
Investment Property	273	0	273	0
Cash outflows for investment activities	**(7,910)**	**(16,181)**	**(9,916)**	**(5,544)**
Cash flows from financial activities				
Net change of short term loans	(5,000)	5,000	0	5,000
Withdrawals/(Payments) from long term loans	(4,300)	(2)	(4,300)	(2)
Interest paid	(203)	(20)	(33)	(15)
Change of other financial receivables	(8.122)	1.559	(8.709)	(15)
Cash outflows for financial activities	**(17.625)**	**6.537**	**(13.042)**	**4.968**
Net increase of cash	**(3.271)**	**5.690**	**(10.558)**	**1.215**
Cash at the beginning of the period	44.589	1.526	51.876	6.001
Cash at the end of the period	**41.318**	**7.216**	**41.318**	**7.216**

The attached notes constitute an inseparable part of the consolidated financial statements

GEK S.A.

STATEMENT OF CHANGES IN EQUITY

30th of September 2005

(amounts in euro)

	Share capital	Difference from issuance of shares above par	Reserves	Profit brought forward	Total
31st of December 2004	23,567	170,410	32,372	17,365	243,714
Net earnings for the period				16,737	16,737
Dividend of the parent for 2004 paid in 2005				(7,856)	(7,856)
30th of September 2005	23,567	170,410	32,372	26,246	252,595

GEK S.A.

STATEMENT OF CHANGES IN EQUITY

30th of September 2005

	Share capital	Difference from issuing shares above par	Reserves	Profit brought forward	Total
1st of January 2004	16,632	77,588	24,607	10,269	129,096
Net income for the period				2,507	2,507
Dividend of the parent for 2004 paid in 2005				(4,990)	(4,990)
Transfers-Other movements charged directly on equity			154	(449)	(295)
30th of September 2004	16,632	77,588	24,761	7,337	126,318

(Amounts in thousand Euro, unless stated otherwise)

GEK GROUP
BALANCE SHEET
30 September 2005

	30 September 2005	31 December 2004
ASSETS		
Long term assets		
Intangible assets	6.075	6.173
Tangible assets	211.309	199.292
Investment Property	79.891	59.739
Participation in associates companies	10.609	10.061
Other long term receivables	247	347
Deferred income tax	10.999	7.171
Total long term assets	**319.130**	**282.783**
Curent assets :		
Inventories	60,637	63,499
Trade receivables	169,808	240,015
Prepayments and other receivables	50,444	53,840
Other financial assets	18,724	20,550
Cash and cash equivalents	91,696	83,786
Total current assets	**391,309**	**461,690**
TOTAL ASSETS	**710,439**	**744,473**
EQUITY & LIABILITIES		
Equity attributed to the parent's shareholders		
Share capital	23,567	23,567
Above par	170,410	170,410
Profit carried forward	32,840	8,761
Reserves	41,441	41,418
	268,258	**244,156**
Minority interest	100,595	82,300
Total equity	**368,853**	**326,456**

Long term liabilities:		
Long term loans	69,349	51,008
Loans from financial leases	33,203	40,277
Other long term liabilities	1,013	5,722
Provisions	1,957	3,374
Provision for staff retirement indemnities	1,617	1,380
Grants	15,135	12,822
Deferred income tax	4,289	3,109
Total long term liabilities	**126,563**	**117,692**
Short term liabilities:		
Suppliers	87,989	127,826
Short term loans	95,862	127,851
Long-term Liabilities payable in the next period	1,085	2,928
Accrued and other short term liabilities	30,087	41,721
Total short term liabilities	**215.023**	**300,326**
TOTAL LIABILITIES AND EQUITY	**710,439**	**744,473**

The attached notes constitute an inseparable part of the consolidated financial statements

GEK GROUP
INCOME STATEMENT
FOR THE PERIOD ENDING ON 30 SEPTEMBER 2005

	Notes	1.1-30.9 2005	1.1-30.9 2004	3st Quarter 2005	3nd Quarter 2004
INCOME:					
Net turnover		195,489	316,862	76,294	54,639
Cost of goods sold		(152,665)	(251,606)	(66,186)	(43,554)
Gross profit		**42,824**	**65,256**	**10,306**	**11,085**
Administrative and distribution expenses		(19,381)	(19,446)	(8,475)	(7,055)
Other income/(expenses)		12,615	805	3,728	(2,690)
Net financial income/(expenses)		(5,545)	(5,000)	(2,047)	7,189
Profit / (loss) from associates valued with the equity method		143	(530)	1,181	(8,562)
EARNINGS BEFORE TAX		**30,656**	**41,085**	**4,495**	**(33)**
Income tax		(2,744)	(4,488)	337	3,089
NET EARNINGS		**27,912**	**36,597**	**4,832**	**3,056**
Distributed in:					
Shareholders of the parent		19,979	26,801	4,851	1,952
Minority interest		7,933	9,796	(19)	1,104
		27,912	**36,597**	**4,832**	**3,056**
Earnings per share (in euros)					
Basic		0.31	0.97	0.07	0.07
Diluted					
Weighted average number of shares basic and diluted					
Basic		65,463,360	27,720,000	65,463,360	27,720,000
Diluted					

The attached notes constitute an inseparable part of the consolidated financial statements

GEK GROUP
CASH FLOW STATEMENT
FOR THE PERIOD ENDING ON 30 JUNE 2005

	1.1-30.9 2005	1.1-30.9 2004	3nd Quarter 2005	3nd Quarter 2004
Cash flow from operating activities				
Earnings before tax	30,656	41,085	4,495	(429)
Readjustments for the agreement of the net flows from the operating activities				
Depreciation	8,813	7,453	2,737	2, 925
Provisions	237	117	79	(786)
Interest and related expenses	(927)	(361)	(302)	(86)
Interest and other financial expenses	7,689	4,632	2,020	2,078
(Profit)/Loss from the sale and valuation of participations	(144)	(1,658)	(670)	(475)
Amortization of grants		(626)		0
Operating profit before working capital changes	**46,324**	**50,642**	**8,360**	**3,227**
(Increase)/Decrease in:				
Inventories	2,862	(3,157)	(844)	594
Trade receivables	71,781	(68,933)	22,502	11,917
Prepayments and other short term receivables	3,396	2,200	(3,971)	17,899
Increase/(Decrease) in:				
Suppliers	(44,546)	(4,054)	22,762	(37,025)
Accruals and other short term liabilities	(25,511)	(10,245)	(21,877)	(1,761)
Grants	2,252	0	0	0
(Increase)/Decrease of other long term claims	100	31	32	4
Cash inflow from operating activities	**56,658**	**(33,516)**	**26,964**	**(5,145)**

Cash flow from investing activities:				
Purchase of tangible assets	(25,624)	(24,982)	(19,060)	(8,060)
Sale of tangible assets	0	28	0	28
Purchase of intangible assets	(84)	(80)	(20)	0
Interest and related income received	927	361	302	86
Other participations	32,000	(9,584)	7,832	(91)
Increase in the share capital of participation/Newly consolidated entities, Initial cash	(8,892)	0	(9,305)	0
Investment Property	(7,321)	(1,524)	5,666	0
Cash outflows for investment activities	**(8,994)**	**(35,781)**	**(14,585)**	**(8,037)**
Cash flows from financial activities				
Net change of short term loans	(33,658)	91,195	534	20,218
Withdrawals/(Payments) from long term loans	15,564	16,854	(498)	16,619
Loan payments for financial leases	(7,074)	(2,060)	(2,370)	(1,030)
Dividends paid	(8,723)	(6,275)	(8,723)	(6,275)
Interest paid	(7,689)	(4,632)	(1,676)	(2,078)
Change of other financial receivables	1,826	2,195	3,006	1,483
Cash outflows for financial activities	**(39,754)**	**97,277**	**(9,727)**	**28,937**
Effect of exchange rate movements in cash	0	0	0	0
Net increase of cash	**7,910**	**27,980**	**2,652**	**15,755**
Cash at the beginning of the period	83,786	30,328	89,044	42,553
Cash at the end of the period	**91,696**	**58,308**	**91,696**	**58,308**

The attached notes constitute an inseparable part of the consolidated financial statements

(Amounts in thousand Euro, unless stated otherwise)

GEK GROUP

STATEMENT OF CHANGES IN EQUITY

30th of September 2005

(amounts in euro)

	Amounts attributed to the Parent's shareholders						
	Share capital	**Difference from issuance of shares above par**	**Reserves**	**Profit brought forward**	**Sub Total**	**Minority interest**	**Total**
31st of December 2004	23,567	170,410	41,418	8,761	244,156	82,300	326,456
Net earnings for the period				19,979	19,979	7,933	27,912
Reduction in the participation of a consolidated subsidiary				12,364	12,364	14,088	26,452
Dividend of the parent for 2004 paid in 2005				(7,857)	(7,857)		(7,857)
Dividend of 2004 paid in the minorities in 2005					0	(5,165)	(5,165)
Companies consolidated for the 1st time			23	(124)	(101)		(101)
Share capital increase of subsidiaries (IRON-IOANNINON)					0	1.374	1,374
Transfers-Other movements charged directly on equity				(283)	(283)	65	(218)
30th of September 2005	23,567	170,410	41,441	32,840	268,258	100,595	368,853

The attached notes constitute an inseparable part of the consolidated financial statements

GEK GROUP

STATEMENT OF CHANGES IN EQUITY

30th of September 2005

	Amounts distributed to the shareholders of the Parent						
	Share capital	**Difference from issuing shares above par**	**Reserves**	**Profit brought forward**	**Sub Total**	**Minority interest**	**Total**
31st of December 2003	16,632	77,588	29,468	4,114	127,802	57,870	185,672
Net income for the period				26,801	26,801	9.796	36,597
Dividend of the parent for 2004 paid in 2005				(4,990)	(4,990)		(4,990)
Dividend of 2004 paid in the minorities in 2005					0	(3,743)	(3,743)
Purchase percentage of minority interest in subsidiaries				(8,805)	(8,805)	(1,172)	(9,977)
Share capital increase of subsidiaries (IRON)						1,759	1,759
Transfers-Other movements charged directly on equity				(351)	(351)	351	0
30th of September 2004	16,632	77,588	29,468	16,769	140,457	64,981	205,318

The attached notes constitute an inseparable part of the consolidated financial statements

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY:

"GEK Holdings, Real Estate, Construction SOCIETE ANONYME.", as renamed from HERMES REAL ESTATE S.A. according to the decision of the Extraordinary General Shareholders' Meeting on 15.10.2004 and approved by the No. K2-13956/3-10-04 decision of the Ministry of Development published in the Government Gazette with the No. 14334/3-12-04, is registered in the Societes Anonymes Registry of the Ministry of Development with Registration number 6044/06/B/86/142. The life of the company has been set for thirty (30) years, while according to the decision of the Extraordinary General Shareholders' Meeting on 26.03.1990 the life duration of the company is extended up to the 31st of December 2030. The company's seat is in the municipality of Athens . Its head offices are located on 85 Messogeion Avenue, Postal Code 11526, Athens (tel: 210-6968200), following the decision of its Board of Directors on the 14th of March 2003.

The company was founded in 1960 under the name HERMES HOTEL ENTERPRISES S.A.. In the middle of the '60s it is renamed to HERMES BUILDING ENTERPRISES S.A. with its main activity being building constructions projects (HERMES Mansion, apartment buildings and maisonettes in various areas across the country). In 1969, the company lists its shares in the Athens Stock Exchange (28.08.1969). Following the Extraordinary General Shareholders' Meeting on the 4th of August 1999 the company's ownership status is altered. On 16.10.2000, the decision No. K2-10469/16.10.2000 of the Ministry of Developments registered in the Societes Anonymes Registry. This decision approved the amendment, by changing the numbering and the provisions of the Articles, and the codification of the company's Articles of Association in accordance with the decision of the Extraordinary General Shareholders' Meeting on 17.07.2000. On the same date, the complete new text of the Articles of Association, with the amendments, is registered in the Societes Anonymes registry. On 10/02/04 the Board of Directors decided that the company should merge with the company "General Construction Company S.A." by absorbing it. The Extraordinary General Shareholders' Meetings of both the absorbing as well as the absorbed companies, that took place on 15/10/2004, approved the Merger Contract Draft. The merger was completed on 3/12/04 following the decision K2-13956 of the Ministry of Development that was published in the Government Gazette under No. 14334/3-12-04. At the same time, the change of the company's title and the amendment of its corporate scope were approved. Through this merger, the GEK Group of companies was created, with significant, specialised presence in constructions, energy, as well as in the development, administration and exploitation of real estate, and having a strong capital base.

The main activity of GEK is the development and management of real estate. The Group is active in the construction sector through TERNA S.A. and its joint ventures, in the industrial sector through its subsidiaries BIOMEK, which undertakes metallic constructions and STROTIRES AEBE which produces and distributes sleepers from reinforced concrete. In addition, the Group is active in the energy sector through the companies HERON THERMOELECTRIC SA and TERNA ENERGY ABETE.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS:

a. *Basis for the preparation of the financial statements:* The attached consolidated financial statements have been prepared according to the historic cost principle as this is amended by the readjustment of specific asset and liabilities items in fair values with the exception of the value readjustment of specific fixed assets which 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 IFRS 1 clauses "First-Time adaptation of International Financial Reporting Standards".

The attached consolidated financial statements have been prepared in accordance with IFRS as these are published by the International Accounting Standards Committee (IASC), and their interpretation as published by the International Financial Reporting Interpretations Committee (IFRIC) of IASC. For the preparation the IFRS 1 "First-Time adaptation of International Financial Reporting Standards" is applied with transition date the 1st of January 2004. No standards have been applied before their inception date.

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b. *Book Keeping:* The Greek companies of the group keep their accounting records in accordance with the Greek Law of Commerce, the Greek Generally Accepted Accounting Principles and the tax legislation, while the foreign companies keep their accounting records in accordance with the laws and provisions followed in each of the countries they are actively involved. The group makes specific off balance sheet adjustment records in order to compile the attached consolidated financial statements in accordance with the defined by the IFRS.

The basic off balance sheet records that were applied on the balance sheets on the 1st of January 2004 and on the 31st of December 2004, as well as on the income statement of the semi-annual period ending on the 30th of September 2004 in order to be adjusted to the IFRS and the important differences that are applied in the relevant consolidated financial statements are described in Note 13.

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

Based on IFRS 1 and the aforementioned Greek legislation, the companies mentioned above are obliged to report comparative financial statements in accordance with IFRS for at least one fiscal year (31 December 2004).

Consequently the companies adopting the IFRS for the first time as previously mentioned, will as a rule have the 31st of December 2005 as compilation date for the first full set of IFRS financial statements and the 1st of January 2004 as transition date. The Company will prepare and publish the first full financial statements according to the IFRS within the institutional time-frame and the compilation date of the aforementioned financial statements will be the 31st of December, 2005.

In accordance with the relevant provisions of IFRS 1, a company compiling the first financial statements according to the IFRS must use the IFRS in effect at the closing date of the period covered by the first full financial statements for all the financial years/periods presented as well as for the transition balance sheet.

As a result, the attached financial statements have been compiled in accordance with the IFRS in effect on September 30, 2005 and include judgments regarding the IFRS that are expected to be in effect at the first closing date (December 31, 2005).

For the compilation of the attached consolidated financial statements, the Group applied IFRS 1 "First-Time adaptation of International Financial Reporting Standards". Specifically:

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

As a result and based on IFRS 1 as regards prior companies ´s combinations, the Company:

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

(ii) Recognized, on the date of transition to IFRS, all assets and liabilities acquired or incorporated in companies ´s combinations except:

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

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

- The Group decided to value specific land, buildings and machinery at the date of transition to IFRS at fair value and used these fair values as implied cost at the specified date.

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

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

(iv) Effect of newly issued accounting standards (IFRS or IAS) and interpretations (SIC):

Revisions were published on December 18th, 2003 relating to:

- IAS 1 "Presentation of Financial Statements",
- IAS 2 "Inventories",
- IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors",
- IAS 10 "Events After the Balance Sheet Date",
- IAS 16 " Fixed Assets ",
- IAS 17 " Leasing",
- IAS 21 "The Effects of Changes in Foreign Exchange Rates",
- IAS 24 "Related Party Disclosures"
- IAS 27 "Consolidated and Separate Financial Statements",
- IAS 28 "Investments in Associates ",
- IAS 31 " Financial Information for rights In Joint Ventures",
- IAS 32 "Financial Instruments : Disclosure and Presentation",
- IAS 33 "Earnings Per Share",
- IAS 39 "Financial Instruments: Recognition and Measurement",
- IAS 40 "Investment Property".

The application date for all the revised standards is January 1st, 2005 while earlier adoption is encouraged. The revised standards also replace the following Interpretations that are withdrawn:

- SIC 1 "Consistency - Different Cost Formulas for Inventories",
- SIC 2 "Consistency - Capitalization of Borrowing Costs.",
- SIC 3 "Elimination of Unrealized Profits and Losses on Transactions with Affiliated",
- SIC 5 "Classification of Financial Products - Contingent Settlement Provisions",
- SIC 6 "Costs of Modifying Existing Software",
- SIC 11 "Foreign Exchange - Capitalization of Losses Resulting from Severe Currency Devaluations",
- SIC 14 "Fixed assets - Counter Balance for the Depreciation or Loss of Items",
- SIC 16 " Equity- Reacquired Own Equity Instruments (Treasury Shares)",
- SIC 17 "Equity - Costs of an Equity Transaction",
- SIC 18 "Consistency - Alternative Methods",
- SIC 19 " Presentation Currency –Evaluation and Presentation of Financial Statements under IAS 21 and IAS 29",
- SIC 20 "Equity Accounting Method - Recognition of Losses",
- SIC 23 "Fixed assets- Major Inspections or Overall Repairs",
- SIC 24 "Earnings Per Share – Financial Products and Other Contracts that May Be Settled in Shares",
- SIC 30 " Presentation Currency - Translation from Evaluation Currency to Presentation Currency" and
- SIC 33 "Consolidation and Equity Method - Potential Voting Rights and Allocation of Ownership Interests".

IFRS 2 "Share-based Payment" (which also replaced specific disclosure requirements in IAS 19 "Employees Benefits") was issued in February 19, 2004. IFRS 2 applies to annual periods starting from January 1st 2005 onwards. Earlier adaptation is encouraged. IFRS 3 "Business Combinations" (which replaced IAS 22 "Business Combinations"), IFRS 4 "Insurance Policies" and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (which replaced IAS 35 "Discontinuing Exploitations") were published on March 31st, 2004. Revisions to IAS 36 "Depreciation of Assets Value" and IAS 38 "Intangible Assets", which are both related to IFRS 3, were also issued on March 31st, 2004. IFRS 3 is applied to all business combinations that took place from March 31st, 2004 and onwards. Special transitory provisions are in effect for the previously recognized goodwill, negative goodwill, intangible assets and investments accounted for by the equity method. IFRS 5 must be applied in annual financial statements starting from January 1st, 2005 and onwards. Earlier adaptation is permitted provided that the necessary information for the application of the Standard was obtained when the relevant business combinations were originally accounted for. The revised IAS 36 and IAS 38 must be applied in annual periods starting from March 31st, 2004 or onwards (or the date of adoption of IFRS 3 as regards goodwill and intangible assets that were acquired through business combinations).

According to the relevant provisions of IFRS 1, for the compilation of the first financial statements based on the IFRS, companies must use the IFRS in effect at the closing date of the first full financial statements for all the financial years/periods presented and for the transition balance sheet. As a result, since the date of the first full financial statements of the Group based on the IFRS will be the 31st of December, 2005, all the revised or newly-issued Standards previously mentioned were used for the compilation of the attached consolidated financial statements.

The International Accounting Standards Committee and the Interpretations Committee have issued a series of new Accounting Standards and interpretations. The IFRS and IFRIC are mandatory for the accounting periods beginning from January 1st 2006.

- **IFRS 6. Exploration and evaluation of mineral resources:** It is applied to the financial statements beginning from January 1st 2006.

- **IFRIC 3. Rights for gas emission:** It is applied to the financial statements beginning from January 1st 2006.

- **IFRIC 4. Determination of whether a receivable includes a lease:** IFRIC 4 applies to annual periods that begin from January 1st 2006. The Group has decided not to apply IFRIC 4 before that date. It will apply IFRIC 4 to the financial statements of 2006, based on the transitional provisions of IFRIC 4. Therefore, the Group will apply IFRIC 4 based on the events and conditions that were in effect on January 1st 2005. The implementation of IFRIC 4 is not expected to change the accounting treatment of any of the Group's current contracts.

- **IFRIC 5. Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds.** It is applied to the financial statements beginning from January 1st 2006.

(v) Approval of the financial statements: The attached financial statements have been approved by the Board of Directors on the 29^{th} of November 2005.

(vi) Use of estimates: The compilation of the financial statements in accordance to IFRS requires that the management will use forecast and assumptions that will affect the items of both the assets and the liabilities, the notification of potential claims and liabilities at the date of the financial statements as well as the income and expenses amounts occurring during the fiscal year/period. The real results may differ from these forecasts.

3. SUMMARY OF KEY ACCOUNTING PRINCIPLES:

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

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

The Group's participations in Joint Ventures are consolidated in the consolidated financial statements using the proportional consolidation method whereby the Group's share of each of the assets, liabilities, income and expenses of the Joint- Venture is included in the Group's financial statements.

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

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

c) Other Investments: Other investments comprise interests in companies in which GEK does not exercise control or significant influence over their operation. According to IAS 39 investments other than interests in subsidiaries, associated and joint ventures are classified as available-for-sale, financial instruments re- evaluated at fair value through the profit or loss and held-to-maturity investments. In general, available-for-sale investments and financial instruments at fair value through the profit or loss are valued at fair value with the resulting gains or losses being recognized as a separate item in equity for available-for-sale investments and through the consolidated income statement for financial instruments at fair value through the profit or loss.

Held-to-maturity investments are valued at net amortized cost using the effective interest rate method and the resulting discounting results are recognized in the consolidated income statement through the amortization process or at disposal.

d) Financial Instruments and Risk Management: From January 1st, 2004 onwards the Group has adopted International Accounting Standard 39 "Financial Products: Recognition and Evaluation" for the recognition and evaluation of financial products. Primary financial assets and liabilities in the balance sheet include cash balances, receivables, bank loans and other short-term liabilities. The accounting principles for the recognition and evaluation of these items are mentioned in the respective accounting principles, which are presented in this Note. Financial products 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 products 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 products are netted-off when the Group, 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.

- **Interest rate and exchange rate risk:** The Group's bank debt is denominated in euros and is subject to floating interest rates. The Group makes limited use of financial derivatives, whenever such is deemed necessary, in order to reduce its risk exposure to interest rate changes. Derivatives are the financial means, which at inception usually have small or zero value that subsequently changes according to the changes on an underlying asset with which it is associated (exchange rate, interest rate, index or other variable).

  When the derivative has a positive value it is recognized as an asset, whereas when it has a negative value it is recognized as a liability. The Group uses derivatives for offsetting purposes against interest rate risk. The derivatives are valued at their fair value.

  When the Group uses derivatives for offsetting, at inception it provides a complete validation of the offsetting ratio as well as an examination of its efficiency.

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

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

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

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

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

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

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

Income from construction activities

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

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

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

Sale of goods
Revenue from the sale of goods, net of trade turn-over 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

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 client that have not yet been invoiced is recognized as accrued non-invoiced income in the financial statements.

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

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

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

Interest: Interest income is recognized on an accruals logistic basis.

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

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.

It is noted that upon the withdrawal or disposal of a fixed asset that had been previously revalued according to what was previously described, the respective liquidated surplus is not recycled through the income statement.

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

i) Depreciations: Depreciations are calculated according to the fixed method using coefficients that approximate the relevant useful economic lives of the respective assets.

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

j) Depreciation of Fixed Assets' Value: The book values of long-term asset items are audited for depreciation 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 recovery value, the respective depreciation loss is registered in the consolidated profit & loss account. The recovery value is defined as the largest value between the net estimated sale price and the acquisition value. The net sale value is the plausible income from the sale of an asset in the frame of a reciprocal transaction, in which all parties have full knowledge and willingness, after the deduction of each additional direct distribution cost for the asset, while 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 distribution at the end of its estimated useful economic life. In order to determine the depreciation , the asset items are grouped at the lowest level for which cash flows are possible to be recognized separately.

An offset of depreciation loss for assets' values accounted for in previous years, takes place only when there are sufficient indications that such depreciation does not exist at the present or it has decreased. In these cases the above offset is treated as income.

The Management assesses that there is no case for depreciation of the Group's fixed assets and thus the valuation of the assets' recovery value has not been made.

k) *Investment property:* Investments in property (real estate) are registered at their fair value. Profit or losses that arise from changes in the fair value of investments in property are included in the profit & loss account of the period/year during which they arise.

l) Reserves: Reserves are valued at the lowest price between cost and net liquidation value. 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 (based on a normal operating capacity, but not including borrowing costs) and packaging.

The cost of raw materials and finished products is defined based on the weighted average. The net liquidation value of finished products is their estimated selling price within the Group's regular operation less the estimated costs for their completion and the estimated necessary costs for their sale. The net liquidation value of raw materials consists of their estimated replacement cost within the company's regular operation.

m) Receivables Accounts: Short-term receivables are accounted for at their nominal value less the provisions for doubtful receivables. At each balance sheet date all overdue or doubtful receivables are estimated in order to determine the necessity or not for a provision for doubtful receivables. The balance of the specific provision for doubtful receivables is appropriately adjusted to 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) Liquid Assets: The Group considers time deposits and other high liquidity investments with an initial maturity less than three months, as liquid assets.

For the compilation of the cash flow statements, liquid assets consist of cash, deposits in banks and liquid assets as defied above.

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

p) Provisions for Staff Retirement Indemnities: According to the provisions of L2112/20, the Group reimburses its retired or laid off employees, and the amount of the relevant indemnities depends on the years the employees worked in the company, the level of his/her wages and the grounds of departure (lay off or retirement). The liabilities for staff retirement indemnities are calculated on the discounted value of future benefits that are cumulated 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 recognitions and are defined using the actuarial valuation method of the projected liability units (projected unit method). Net retirement costs for the period are included in the attached profit & loss account and consist of the present value of benefits accrued during the year, the interest on the benefits' liability, the cost of prior services, the actuarial profit or losses and any other additional retirement costs. The prior services costs are recognized on a constant basis in the mid period during which the program's benefits are provided for. The liabilities for retirement benefits are not financed. As at the 1st of January 2004 (transition date to I.F.R.S. and compilation of initial Balance Sheet) the Group, applying the exemptions provided for by I.F.R.S. 1 for the first application year for I.F.R.S., recognized the total accumulated actuarial losses as for the 1st of January 2004. During the compilation of subsequent financial statements GEK, applying the general provisions of IAS 19, followed the "margin" method for the recognition of accumulated actuarial losses/profit. Actuarial profit 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. This profit or losses are systematically registered during the expected average remaining working life of employees participating in the programs.

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

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

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 during the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax receivables are recognized for all the exempted temporary differences and transferable tax receivables and tax losses, to the degree that it is likely that there will be available taxable earnings, which will be used against the exempted temporary differences and the transferable unused tax receivables and unused tax losses.

The deferred tax receivables are estimated at 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 receivables and liabilities are calculated according to the tax rates that are expected to be in effect during the fiscal year the receivable will be realized or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted during the balance sheet date.

The income tax that is related to items, which have been directly recognized in equity, is directly registered in equity and not in the consolidated profit & loss account.

s) Borrowing costs: The Group follows the basic accounting treatment provided for by IAS 23, "Borrowing Costs", according to which the borrowing costs are recognized as an expense within the period it corresponds to.

t) Financial Leases: Financial leases, which essentially transfer to the Group all the risks and returns related to the leased fixed asset, are capitalized during the inception of the lease based on the leased asset's fair value or, if it is lower, on the present value of the minimal leases. Payments for financial 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 economic life of the asset.

Leases where the leaser maintains all the risks and returns of the fixed asset's ownership, are registered as operating leases. The payments of operating leases are recognized as an expense in the consolidated profit & loss account on a constant basis for the duration of the lease.

u) Government Grants: Government grants that are related 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. When government grants are related to an asset, the fair value is credited to a deferred income account and transferred to the consolidated profit & loss account with equal annual installments based on the expected useful economic life of the asset that was subsidized. When the grant is related to an expense it is recognized as income during the period deemed necessary to balance the grant on a systematic basis towards the expenses it is meant to offset.

v) Provisions, Contingent Liabilities and Contingent Receivables: Provisions are recognized when the Group has a present or implied liability resulting from prior facts, its clearing is possible through the outflow of funds and a reliable estimation of the liability can be made. The provisions are reconsidered on each balance sheet date and are adjusted in order to reflect the present value of expenses that are deemed necessary for the settlement of the liability. If the effect of the time value of money is significant, then provisions are calculated by discounting the expected future cash flows with a pre-tax rate, which reflects the market's current estimations for the time value of money, and wherever considered necessary, the risks related specifically to the liability. Contingent liabilities are not recognized in the consolidated financial statements but are notified, unless the possibility of an outflow of funds including financial benefits is small. Contingent assets are not recognized in the consolidated financial statements but are notified when an inflow of financial benefits is likely.

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

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

x) Information Per Business Activity: The distinction of the Group´s activities per sector constitutes business segments. Until the full initiation of the foreign subsidiaries' activities, the Group considers that its activities take place in one geographic area. The operating activities are organized and managed separately according to the nature of the products and services they refer to, with each section constituting a strategic business unit that provides different products and operates in different markets.

The Group presents information per activity sector for its activities in construction, sale of electricity, management of real estate, industrial production as well as the remaining activities. The basic notion for the presentation of assets and liabilities as well as income and expenses for each sector, which are not included directly in a specific sector, is their allocation to sectors according to criteria that are applied consistently. Cross-sectional 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.

(Amounts in thousand Euro, unless stated otherwise)

4. GROUP STRUCTURE

The structure of the GEK Group as at 30/9/2005 was as follows:

A) Direct Subsidiaries of the Parent

COMPANY NAME	COUNTRY OF DOMICILE	PARTICIPATION PERCENTAGE
TERNA SA	GREECE	56,10%
GEKE AEBE	GREECE	99,99%
A.B.C. KALYFTAKI SA	GREECE	55%
HERON THERMOELECTRIC SA	GREECE	50%
CRETAN HOLIDAYS SA	GREECE	70%
IOANNINA ENTERTAINMENT DEVELOPMENT SA	GREECE	65%
MONASTHRI TECHNICAL DEVELOPMENT SA	GREECE	50%
CARLIA LTD	CYPRUS	49%
CRASMIRA LTD	CYPRUS	49%
MESPECIOUS LTD	CYPRUS	50%
POLIS PARK SA	GREECE	20%
CAR PARK OLP SA	GREECE	20%
ATHENS CAR PARK SA	GREECE	20%
ICON LTD	BULGARIA	100%
IOLKOS SA	GREECE	100%

B) Subsidiaries of TERNA SA:

COMPANY NAME	COUNTRY OF DOMICILE	PARTICIPATION PERCENTAGE
TERNA ENERGY ABETE	GREECE	61,75%
BIOMEK ABETE	GREECE	66,50%
STROTIRES AEBE	GREECE	51%
DIKEVE SA	GREECE	100%
ILIOCHORA SA	GREECE	100%

C) Subsidiaries of TERNA ENERGY SA:

COMPANY NAME	COUNTRY OF DOMICILE	PARTICIPATION PERCENTAGE
IWECO CHONOS LASITHI CRETE SA	GREECE	100,00%
TERNA ENERGY CRETE SA	GREECE	100,00%
TERNA ENERGY ABETE & BROS ENERGIAKI SERVOUNIO SA	GREECE	99,00%
EVROS ENERGY SA	GREECE	100,00%
PPC RENEWABLE- TERNA ENERGY SA	GREECE	51,00%

(Amounts in thousand Euro, unless stated otherwise)

D) Joint ventures in which TERNA participates.

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

E) Participations in associated companies:

The Company has a 26.70% participation in the company GEKA SA, and 23.91% in KEKROPS SA.

5. UNAUDITED FISCAL YEARS

The unaudited fiscal years of the companies of the GEK Group which are consolidated with the method of the total and proportional consolidation have as follows :

(Amounts in thousand Euro, unless stated otherwise)

TITLE	UN-AUDITED TAX FISCAL YEARS
1.TERNA SA	2002-2004
2.GEKE AEBE	2003-2004
3.A.B.C. KALYFTAKI SA	2004
4.HERON THERMOELECTRIC SA	2003-2004
5.CRETAN HOLIDAYS SA	A tax audit has not been made since the company is at the premature stage
6.IOANNINON ENTERTAINMENT DEVELOPMENT SA	A tax audit has not been made since the company started its production in May 2004.
7.MONASTIRIOU TECHNICAL DEVELOPMENT SA	2003-2004

TITLE	UN-AUDITED TAX FISCAL YEARS
1.TERNA ENERGY ABETE	2004
2.BIOMEK ABETE	2002-2004
3.STROTIRES AEBE	2003-2004
4.DIKEBE SA	2003-2004
5.ILIOCHORA SA	2003-2004

TITLE	NON AUDITED TAX FISCAL YEARS
1.IWECO CHONOS LASITHI CRETE SA	2002-2004
2.TERNA ENERGY CRETE SA	2002-2004
3.TERNA ENERGY ABETE & BROS ENERGIAKI SERVOUNIO SA	2002-2004
4. TERNA ENERGY ABETE & BROS AIOLIKI DICHALOU SAPPON UNLIMITED GENERAL PARTNERSHIP	2002-2004
5.PPC RENEWABLE- TERNA ENERGY SA	2002-2004

6. EXISTING ENCUMBRANCES

There are encumbrances of a total amount of 42,5 millions Euros for bank loans security on the assets of the companies

7. NUMBER OF EMPLOYED STAFF

The employed staff on 30th of September 2005 had as follows :

(Amounts in thousand Euro, unless stated otherwise)

	GEK S.A.	GROUP
SALARIED	17	547
BUILDERS	11	304

8. TRANSACTIONS WITH RELATED PARTIES

GEK GROUP

	INTRA - GROUP TRANSACTIONS
INCOME FROM INTRA- GROUP SALES	11,963
COST OF INTRA- GROUP TRANSACTIONS	10,829

INTRA-GROUP BALANCES OF RECEIVABLES-LIABILITIES	
Customers	8,686
Suppliers	8,676
Various Debtors	7,642
Various Creditors	26,208
Advance- payments for Reserves purchases	0

TERNA GROUP

	INTRA - GROUP TRANSACTIONS
INCOME FROM INTRA- GROUP SALES	12,359
ASSETS UNDER CONSTRUCTION	784
COST OF INTRA- GROUP TRANSACTIONS	3,268

INTRA-GROUP BALANCES OF RECEIVABLES-LIABILITIES	
Suppliers	3,609
Customers	24,812
Short – term receivables against associated Enterprises/ of other holding interest Enterpr.	4,539
Liabilities to other of holding interest/associated Enterprises	11
Advance Payments to Suppliers	212
Advance Payments to Customers	1,950

(Amounts in thousand Euro, unless stated otherwise)

9. CONTINGENT LIABILITIES

In the context of conducting its activities, the Company may face contingent legal claims from third parties. According to both the Management and the Company's Legal Consultant, any such claims are not expected to have a significant impact on the Company's operation and financial status as at the 30th of September 2005.

10. GEK SA – HERMES SA MERGER

On the 23rd of July 2004 the merger through absorption of "GEK SA" (legally the absorbed) by the Company "HERMES REAL ESTATE ENTERPRISES S.A." (legally the absorbing) was decided according to the provisions of L 2166/93 and with the 31st of March 2004 as the official merger date. With the completion of the merger through absorption, the legally absorbing company increased its share capital by € 17,197 (by € 16,632 through the contribution of the absorbed share capital and by € 565 through the capitalization above par of the difference of the absorbing and the newly issued 44,232,000 common nominal shares were distributed to the shareholders of the absorbed after defining the share exchange ratio (0.48 shares of the absorbing to 1 share of the absorbed), which resulted from the application of internationally accepted valuation methods. After the completion of the merger, the legally absorbing "HERMES REAL ESTATE ENTERPRISES S.A." was re-titled to "GEK SA".

According to the provisions of IFRS 3, the exploitations combinations that appertain to the Standard's provisions must be accounted for with the Purchase Method based on which the acquirer/repurchaser recognizes the recognizable assets, liabilities and contingent liabilities of the acquired at fair value as at the acquisition date and defines the resulting surplus value, which subsequently is examined for depreciation instead of being amortized.

In the frames of IFRS, the above merger through absorption was accounted as a reverse aquisition where the legally absorbed (GEK SA) is essentially considered as the absorbing and reversely.

Consequently, the provisions of IFRS 3 "Exploitations Combinations", referring to reverse acquisitions, were applied resulting in:

- The determination of the date on which the essentially absorbing (GEK SA). obtained the management control of the essentially absorbed (HERMES SA) .
- The determination of the absorption's acquisition cost as on the above date.
- The calculation at fair value of HERMES SA's assets and liabilities, on the consolidated basis as on the above date and the subsequent purchase price allocation.
- The determination of the company surplus value that emerged from the above merger.

The data of the reverse acquisition are as follows::

Attainment of management control	03/12/2004
Acquisition Cost (fair value of participating securities)	84,091
Direct acquisition expenses	378
Total acquisition cost	84,469
Consolidated merged net position	127,819
Negative Surplus Value	43,350

(Amounts in thousand Euro, unless stated otherwise)

The fair values of consolidated financial assets and liabilities of "HERMES SA" during the acquisition date (December 3rd 2004) are as follows:

	Book Value	Fair Value
Intangible Assets	2,478	-
Tangible Assets and Investment real estate	27,662	34,626
Participations	19,458	12,072
Receivables	25,844	24,978
Inventory	50,777	47,848
Shares and Securities	18,169	18,513
Liquid Assets	17,264	17,264
Other	92	301
Liabilities	(28,756)	(26,674)
Provisions	(37)	(104)
Deferred tax liabilities	-	(1,005)
Net Position at fair values		127,819
Total Acquisition Cost		84,469
Negative Surplus Value		43,350

Due to the above merger, which was accounted for as a reverse acquisition, the essentially absorbing (GEK SA) is implied to maintain its continuance as regards to the financial statements it issues and the comparative financial statements for the fiscal year 2003 (simple and consolidated) are those of GEK SA before the merger with HERMES SA.
According to the provisions of IFRS 3, the resulting negative surplus value of € 43,350, was only registered in the consolidated results of GEK SA for the fiscal year 2004, while in GEK's simple financial statements the merger was accounted for as a pooling of interest without assessing the relevant negative surplus value in the year's results.

11. SEGMENT REPORTING

The following table presents the separation of the Croup ´s results on 30th of September 2004 and on 30th of September 2005 according to the main activities as follows :

(Amounts in thousand Euro, unless stated otherwise)

GEK GROUP 30th OF SEPTEMBER 2004	Construction	Energy	Real Estate	Industrial	Other	Total	Group	Group
	Sector	Sector	Sector	Sector	Sectors	Sectors	Eliminations	Total
RESULTS OF FISCAL YEAR								
return (Sales)	341,786	6,244	638	7,822	8,881	**365,371**	(48,509)	**316,862**
Cost of Sales and Services Rendered	(286,373)	(3,194)	(54)	(5,015)	(5,479)	**(300,115)**	48,509	**(251,606)**
Gross Operating Results	**56,006**	**55,413**	**3,050**	**584**	**2,807**	**3,402**	**65,256**	**0**
Other Income / Expenses (net)	(8,761)	(6,524)	(134)	(347)	(1,138)	**(16,904)**	(1,737)	**(18,641)**
Financial Income / Expenses (net)	6,773	(583)	(422)	(135)	(3,612)	**2,021**	(7,551)	**(5,530)**
Results before taxes	**53,425**	**(4,057)**	**28**	**2,325**	**(1,348)**	**50,373**	**(9,288)**	**41,085**

GEK GROUP 30st OF SEPTEMBER 2005	Construction	Energy	Real Estate	Industrial	Other	Total	Group	Group
	Sector	Sector	Sector	Sector	Sectors	Sectors	Elimin ations	Total
RESULTS OF FISCAL YEAR								
Turnover (Sales)	146,798	30,978	15,414	4,264	13,477	210,931	(15,442)	195,489
Cost of Sales and Services Rendered	(126,290)	(16,286)	(9,787)	(3,864)	(11,728)	(167,955)	15,290	(152,665)
Gross Operating Results	**21,102**	**20,508**	**14,692**	**5,627**	**400**	**1,749**	**42,976**	**-152**
Other Income / Expenses (net)	(7,394)	(2,559)	4,717	(144)	(1,446)	(6,826)	60	(6,766)
Financial Income / Expenses (net)	(216)	(2,875)	(5,115)	9	17,853	9,656	(15,058)	(5,402)
Results before taxes	**12,898**	**9,258**	**5,229**	**265**	**18,156**	**45,806**	**(15,150)**	**30,656**

The following tables presents the segregation of elements of groups' Balance-sheet at 30 September 2005 according to the main activities as follows:

(Amounts in thousand Euro, unless stated otherwise)

GEK GROUP 30st OF SEPTEMBER 2004	Construction Sector	Energy Sector	Real Estate Sector	Industrial Sector	Other Sectors	Total Sectors
ASSETS						
Intangible assets (net)	215	22	4	-	5,932	**6,173**
Tangible assets (net)	53,610	127,367	16,478	496	1,341	**199,292**
Investment Property	-	-	59,739	-	-	**59,739**
Participations & Other long term receivables	-	-	-	-	17,579	**17,579**
Inventories	11,783	3,373	31,746	1,869	14,728	**63,499**
Trade receivables	211,935	2,557	11,500	3,610	10,413	**240,015**
Prepayments and other receivables	37,746	13,894	6,573	642	15,535	**74,390**
Cash and cash equivalents	-	-	-	-	83,786	**83,786**
Total assets	**315,289**	**147,213**	**126,040**	**6,617**	**149,314**	**744,473**
LIABILITIES						
Long term loans	21,405	45,315	25,654	-	4,633	**97,007**
Provisions	4,189	8	-	115	442	**4,754**
Sort term loans	82,970	35,821	5,558	4	3,498	**127,851**
Suppliers	92,279	25,139	5,835	1,815	2,758	**127,826**
other liabilities	19,023	18,908	13,497	3,141	6,010	**60,579**
Total liabilities	**219,866**	**125,191**	**50,544**	**5,075**	**17,341**	**418,017**

GEK GROUP 30st OF SEPTEMBER 2005	Construction Sector	Energy Sector	Real Estate Sector	Industrial Sector	Other Sectors	Total Sectors	Group Deletions	Group Total
ASSETS								
Intangible assets (net)	264	42	2	0	5,767	6,075	0	**6,075**
Tangible assets (net)	49,212	127,751	28,562	375	1,353	207,253	4,056	**211,309**
Investment Property	0	0	81,981	0	0	81,981	(2,090)	**79,891**
Participations	45,615	16,496	51,789	6	84,479	198,385	(187,776)	**10,609**
Other long term receivables	196	371	729	32	10,550	11,878	(632)	**11,246**
Inventories	15,461	2,783	19,809	3,557	20,893	62,503	(1,866)	**60,637**
Trade receivables	182,049	2,374	8,489	2,096	6,944	201,952	(32,144)	**169,808**
Prepayments and other receivables	41,413	7,955	14,417	534	8,361	72,680	(22,236)	**50,444**
Securities	2,185	0	0	350	16,189	18,724	0	**18,724**
Cash and cash equivalents	30,907	5,587	42,861	242	12,199	91,796	(100)	**91,696**
Total assets	**367,302**	**163,359**	**248,639**	**7,192**	**166,735**	**953,227**	**(242,788)**	**710,439**
LIABILITIES								
Long term loans	19,405	48,671	30,332	0	4,144	102,552	0	**102,552**
Other long term liabilities	1,005	1,522	3,396	0	0	5,923	(621)	**5,302**
Provisions	2,917	12	0	123	522	3,574	0	**3,574**
Sort term loans	65,720	25,162	1,980	0	3,000	95,862	0	**95,862**
Suppliers	42,022	7,794	4,786	2,739	900	58,241	(29,531)	**28,710**
other liabilities	108,192	13,132	11,561	1,547	6,012	140,444	(34,858)	**105,586**
Total liabilities	**239,261**	**96,293**	**52,055**	**4,409**	**14,578**	**406,596**	**(65,010)**	**341,586**

12. OTHER INFORMATION

The Group is obliged to proceed to the rehabilitation of the areas in which it has installed the wind farms of power production . For the time being the Group is under the procedure of the above cost estimation. The amount which will derive will be present as fixed asset in the assets and as a provision in the liabilities. The fixed asset will be amortized in the profit and loss results for a time- period equal to the productive life of the wind farm. According to the Group's Management estimations the amount of the annual amortization is not significant for the consolidated results of the Group.

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

The following table presents in summary, the effect of the most important adjustment entries on equity for 1.1.2004 and 31.12.2004, which were applied on the Company's statutory financial statements, in order to adjust the latter to I.F.R.S.

(Amounts in thousand Euro, unless stated otherwise)

ADJUSTMENT TABLE FOR INITIAL PERIOD's NET POSITION (1.1.2005 and 1.1.2004) BETWEEN GREEK GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (G.A.A.P.) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.)

	GEK GROUP		**GEK COMPANY**	
	1.1.2005	**1.1.2004**	**1.1.2005**	**1.1.2004**
Initial period's net position according to G.A.A.P.	346,196	208,771	229,307	124,352
Recognition of staff indemnities provision according to IAS 19	162	(1,331)	25	31
Valuation at fair value of investment property & fixed assets	12,119	10,884	115	-
Write-off of intangible assets	(9,729)	(11,735)	154	(408)
Recognition of long-term construction contracts according to IAS 11	(7,090)	(2,356)	196	-
Accounting of deferred taxes	5,128	5,688	759	132
Recognition of financial leases	739	(1,949)	-	-
Provision for doubtful receivables	(12,269)	(12,972)	-	-
Incorporation of the equity from associated companies	(8,235)	(14,947)	-	-
Transfer of grants to deferred income of next fiscal years	(12,822)	(12,165)	-	-
Consolidation of Joint Ventures & other companies based on the proportional method	3,375	(2,417)	-	-
Other	(1,306)	265	-	-
Valuation at fair value of absorbed company	2,913	-	5,302	-
Recognition of the dividend of year 2003 according to IAS	7,856	4,989	7,856	4,989
Depreciation increase after revision	(582)	-	-	-
Initial period's net position according to I.F.R.S.	**326,455**	**170,725**	**243,714**	**129,096**

The following Reconciliation Table presents in summary the most important adjustment entries on the Company's net results for the period ending on the 30th of September 2004, which were applied on the Company's statutory financial statements, in order to adjust the latter to I.F.R.S.:

ADJUSTMENT TABLE FOR THE PERIOD's (30.9.2004) RESULTS BETWEEN GREEK ACCOUNTING STANDARDS (G.A.S.) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.)

	GEK GROUP	**GEK S.A.**
	30.9.2004	**30.9.2004**
Period's results according to G.A.S.	**58,415**	**8,342**
Recognition of staff indemnities provision according to IAS 19	392	(4)
Valuation at fair value of investment property & fixed assets	868	-
Write-off of intangible assets	(4,872)	113
Recognition of long-term construction contracts according to IAS 11	(7,499)	-
Accounting of deferred taxes	4,533	2,947
Recognition of financial leases	1,370	-

(Amounts in thousand Euro, unless stated otherwise)

Provision for doubtful receivables	(288)	-
Provision for the period's income tax	(9,178)	(361)
Evaluation of the Associated Companies with the net position method	7,999	-
Transfer to results of expenses charged directly in the net position	(9,374)	(8,529)
Other	(4,899)	-
Period's results according to I.F.R.S.	**36,597**	**2,508**

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

b. ***Recognition of income from technical projects based on the percentage-of-completion method:*** For the recognition of income that arises from projects constructed by the Group, the percentage-of-completion method was applied according to IAS 11.

c. ***Intangible Assets:*** According to G.A.P., many expenses categories related to pre-operating activities, acquisition of tangible assets, foreign exchange differences from loans for the acquisition of assets, interests of loans during the construction period and research and development, were capitalized and depreciated always within a five-year period. The entry and recognition of expenses in intangible assets (except for the procedure of corporate acquisitions and mergers) are subject to specific and strict rules according to IAS 38 and essentially only the recognition of specific research and development expenses are permitted under exceptional conditions. Therefore the majority of expenses that were capitalized according to the previous G.A.P. were written-off on the transition date, at the expense of the profit carried forward balance.

d. ***Provisions for Staff Indemnities:*** According to Greek General Accepted Accounting Principles, Companies must make a relevant provision for a percentage of at least 40% of the cumulative liability that would be paid if the total staff had been fired on the 31st of December of each year, whereas according to I.F.R.S. such provisions should be made based on the relevant actuarial studies carried out according to IAS 19.

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

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

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

h. ***Tangible Assets, Investment Property:*** According to G.A.P., tangible assets (mainly plots and buildings, self-used or not) are valued at their readjusted values based on readjustments that took place every four years. Such readjustments are based on non-sector readjustment rates, which were specified by Presidential Decrees and applied on the acquisition value and cumulative depreciations of the relevant fixed assets, while the resulting surplus values were capitalized within a two-year period from the readjustment. Based on I.F.R.S. (and according to the admissible treatment of the I.F.R.S. 1) specific plots, buildings and mechanical equipment items were valued at fair value as at the transition date, a value that was used as implied cost. Furthermore, depreciations according to I.F.R.S. correspond to the useful duration of economic life of the relevant fixed assets, while depreciations according to G.A.P. were effected based on rates set by the tax regulation.

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