

LAN-NET COMMUNICATIONS S.A.  
**Interim (Parent and Consolidated) Financial Statements**  
**for the period from January 1<sup>st</sup> to June 30<sup>th</sup> 2007**  
*(Amounts in Euro)*

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**‘LAN-NET COMMUNICATIONS S.A.’**

Tax Reg. No 094055219, ATHENS TAX AUTHORITY, Reg. No S.A. 2640/06/B/86/03  
KONSTANTINOUPOLEOS 1 & KIFISSOU, 12132 PERISTERI

**INTERIM FINANCIAL STATEMENTS  
(PARENT AND CONSOLIDATED)  
FOR THE PERIOD FROM JANUARY 1ST TO JUNE 30TH 2007  
ACCORDING TO THE INTERNATIONAL FINANCIAL  
REPORTING STANDARDS (IFRS)**

LAN-NET COMMUNICATIONS S.A.  
**Interim (Parent and Consolidated) Financial Statements**  
**for the period from January 1<sup>st</sup> to June 30<sup>th</sup> 2007**  
*(Amounts in Euro)*

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**Interim (individual and consolidated) Financial Statements**  
**for the period from January 1<sup>st</sup> to June 30<sup>th</sup> 2007**  
**according to the International Financial Reporting Standards**

This is to certify that the attached Interim Financial Statements (parent and consolidated) are those which have been approved by the Board of Directors of 'LAN-NET COMMUNICATIONS S.A.' on 24<sup>th</sup> of August 2007 and have been published in the press, by submitting them to the Athens Exchange and by posting them on the internet, at the address [www.lannet.gr](http://www.lannet.gr). The attention of the reader is drawn to the fact that the extracts published in the press aim at providing the public with certain elements of financial information but they do not present a comprehensive view of the financial position and the results of operations of the Company and Group, in accordance with International Financial Reporting Standards (I.F.R.S.). Please note, that for purposes of simplification, some accounts in the published financial statements have been abridged or rearranged.

*Peristeri, August 24<sup>th</sup> 2007*

*Thomas Ch. Lanaras*  
*Chairman of the Board of Directors*  
*and Managing Director*

LAN-NET COMMUNICATIONS S.A.  
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**REVIEW REPORT BY INDEPENDENT CERTIFIED AUDITOR-ACCOUNTANT  
ON THE INTERIM FINANCIAL INFORMATION**

**Towards the Shareholders of the Societe Anonyme ‘LAN-NET COMMUNICATIONS S.A.’**

**Introduction**

We have reviewed the attached balance sheet of ‘LAN-NET COMMUNICATIONS S.A.’ (the Company) as well as the attached consolidated balance sheet of the company and its subsidiaries (the Group) for June 30th 2007, the relevant income statements, statements of changes in equity and cash flow statements of the company and the group for the six-month period ending on the aforementioned date as well as the summary of important policies and other explanatory notes. The Management of the company is responsible for the preparation and presentation of this interim summary financial information, according to the International Financial Reporting Standards, as such have been adopted by the European Union and are applied in interim financial information (IAS 34). Our responsibility is to express an opinion on this interim summary financial information based on the conducted review.


**Scope of the conducted review**

We conducted our review in accordance with the International Review Standard 2410 “Review of Interim Financial Reporting Conducted by an Independent Auditor of the Financial Unit”, on which the Greek Reviewing Standards are based. The review consists of the implementation of procedures for the establishment of information, mainly from individuals who are responsible for financial and accounting issues and the implementation of critical analysis and other review procedures. The scope of a review is substantially limited compared to an audit conducted based on the Greek Auditing Standards, and thus it does not provide us the ability to gain reassurance that all significant issues have come to our knowledge that would be noted in an audit. Thus the present report does not constitute an audit report.

**Conclusion of the Review**

Based on the conducted review, nothing has come to our attention that causes us to believe that the attached interim financial statements does not reasonable present, from any view, the financial position of the company and group during June 30<sup>th</sup> 2007, and their financial performance and cash flows for the six-month period ending on that date, according to IAS 34.

Athens, August 24<sup>th</sup> 2007  
The Certified Auditor-Accountant  
Theodoros Zervos  
SOEL Reg. No. 17591

 **Πρότυπος Ελληνική Ελεγκτική ΑΕ**  
Ορκωτοί Ελεγκτές Λογιστές  
Πατησίων 81 & Χέυδεν, 104 34 Αθήνα  
Α.Μ. ΣΟΕΛ 111

**LAN-NET COMMUNICATIONS S.A.**  
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*(Amounts in Euro)*

**INTERIM INCOME STATEMENT FOR THE PERIOD 1.1-30.6.2007**

<b>GROUP</b>	<b>1.1-30.6.2007</b>	<b>1.4-30.6.2007</b>	<b>1.1-30.6.2006</b>	<b>1.4-30.6.2006</b>
Turnover	31,963,103	15,041,452	27,491,047	16,013,776
Cost of sales	(19,829,813)	(9,349,567)	(12,320,936)	(5,707,733)
Gross profit	12,133,290	5,691,885	15,170,111	10,306,043
Other operating income	449,344	290,754	138,409	75,262
	12,582,634	5,982,639	15,308,520	10,381,305
Selling, distribution expenses	(10,133,726)	(6,049,537)	(12,591,437)	(6,449,882)
Administrative expenses	(4,360,513)	(2,775,399)	(4,038,247)	(2,369,074)
Research and development expenses	(35,307)	(35,307)	(98,467)	(28,009)
Other operating expenses	(710,805)	(396,749)	(66,241)	(16,331)
Losses before tax and financial results	(2,657,717)	(3,274,353)	(1,485,872)	1,518,009
Finance cost	(1,362,182)	(589,238)	(1,516,029)	(1,386,782)
Loss before tax	(4,019,899)	(3,863,591)	(3,001,901)	131,227
Less: Taxes	41,187	51,738	-	-
Loss after tax	(3,978,712)	(3,811,853)	(3,001,901)	131,227
Loss/Profit after tax per share	(0.0279)	(0.0267)	(0.0530)	0.0023
Weighted average number of shares (basic)	142,732,000	142,732,000	56,668,185	57,484,852
<b>COMPANY</b>	<b>1.1-30.6.2007</b>	<b>1.4-30.6.2007</b>	<b>1.1-30.6.2006</b>	<b>1.4-30.6.2006</b>
Turnover	28,807,964	13,934,953	27,491,047	16,013,776
Cost of sales	(17,429,695)	(8,557,034)	(12,320,936)	(5,707,733)
Gross profit	11,378,269	5,377,919	15,170,111	10,306,043
Other operating income	370,467	114,253	138,409	75,262
	11,748,736	5,492,172	15,308,520	10,381,305
Selling, distribution expenses	(9,387,740)	(5,702,768)	(12,591,437)	(6,449,882)
Administrative expenses	(2,929,320)	(1,810,709)	(4,038,247)	(2,369,074)
Research and development expenses	(35,308)	(35,308)	(98,467)	(28,009)
Other operating expenses	(363,168)	(96,946)	(66,241)	(16,331)
Losses before tax and financial results	(966,800)	(2,153,559)	(1,485,872)	1,518,009
Finance cost	(1,348,853)	(569,516)	(1,516,029)	(1,386,782)
Loss before tax	(2,315,653)	(2,723,075)	(3,001,901)	131,227
Less: Taxes	-	-	-	-
Loss after tax	(2,315,653)	(2,723,075)	(3,001,901)	131,227
Loss after tax per share	(0.0162)	(0.0191)	(0.0530)	0.0023
Weighted average number of shares (basic)	142,732,000	142,732,000	56,668,185	57,484,852

The notes on pages 9 to 19 form an integral part of the Financial Statements referred to on pages 5 to 8.

LAN-NET COMMUNICATIONS S.A.  
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**INTERIM BALANCE SHEET FOR 30.6.2007**

<b>BALANCE SHEET</b>	<i>Note</i>	<b>GROUP 30.6.2007</b>	<b>GROUP 31.12.2006</b>	<b>COMPANY 30.6.2007</b>	<b>COMPANY 31.12.2006</b>
<b>Non-Current Assets</b>					
Tangible fixed assets	3	38,340,947	40,676,081	36,808,235	39,223,678
Intangible fixed assets	4	3,918,985	4,173,537	3,820,509	4,066,520
Investments in subsidiaries		-	-	27,167,047	26,703,546
Investments and other long-term receivables		5,692,706	1,058,355	5,635,860	1,365,684
Deferred tax assets		54,870	28,969	-	-
Goodwill		54,126,071	53,818,633	29,722,599	29,722,599
		<b>102,133,579</b>	<b>99,755,575</b>	<b>103,154,250</b>	<b>101,082,027</b>
<b>Current Assets</b>					
Inventories		499,095	454,546	481,783	404,130
Trade receivables	5	32,836,875	38,914,083	32,394,894	36,231,891
Financial assets valued at fair value		409,420	-	409,420	387,917
Other assets	6	10,203,111	15,075,853	15,027,913	14,138,876
Cash and cash equivalents	8	8,524,151	4,506,269	8,098,482	4,070,442
		<b>52,472,652</b>	<b>58,950,751</b>	<b>56,412,492</b>	<b>55,233,256</b>
<b>TOTAL ASSETS</b>		<b>154,606,231</b>	<b>158,706,326</b>	<b>159,566,742</b>	<b>156,315,283</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b><u>EQUITY</u></b>					
Share capital		97,057,760	97,057,760	97,057,760	97,057,760
Share premium account		2,291,040	2,291,040	2,291,040	2,291,040
Reserves		7,909,396	7,909,396	6,518,410	6,518,410
Balance of losses carried forward		(48,119,477)	(44,238,163)	(39,575,523)	(37,259,870)
		<b>59,138,719</b>	<b>63,020,033</b>	<b>66,291,687</b>	<b>68,607,340</b>
Minority interest		17,629	96,277	-	-
<i>Total equity</i>		<b>59,156,348</b>	<b>63,116,310</b>	<b>66,291,687</b>	<b>68,607,340</b>
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Loans	7	23,200,499	21,165,159	23,200,499	21,165,159
Obligations towards employees		313,985	358,155	295,200	295,200
Deferred tax liabilities		30,409	10,791	-	-
Other long-term liabilities		122,598	454,348	29,931	339,848
<i>Total long-term liabilities</i>		<b>23,667,491</b>	<b>21,988,453</b>	<b>23,525,630</b>	<b>21,800,207</b>
<b>Short-term liabilities</b>					
Trade and other payables	9	52,669,947	51,617,881	51,095,006	44,300,922
Provisions	10	5,565,792	12,055,414	5,565,792	12,055,414
Loans	7	13,546,653	9,928,268	13,088,627	9,551,400
<i>Total short-term liabilities</i>		<b>71,782,392</b>	<b>73,601,563</b>	<b>69,749,425</b>	<b>65,907,736</b>
<i>Total liabilities</i>		<b>95,449,883</b>	<b>95,590,016</b>	<b>93,275,055</b>	<b>87,707,943</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>154,606,231</b>	<b>158,706,326</b>	<b>159,566,742</b>	<b>156,315,283</b>

The notes on pages 9 to 19 form an integral part of the Financial Statements referred to on pages 5 to 8.

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*(Amounts in Euro)*

***INTERIM STATEMENT OF CHANGES IN EQUITY***

**GROUP 2007**

	<u>Share capital</u>	<u>Share premium</u>	<u>Legal reserve</u>	<u>Reserves</u>	<u>Balance carried forward</u>	<u>Total</u>
Balance at 1 January 2007	97,057,760	2,291,040	1,287,678	6,621,718	(44,141,886)	63,116,310
Minority interest	-	-	-	-	18,750	18,750
Loss for the period from 1.1 to 30.06.2007	-	-	-	-	(3,978,712)	(3,978,712)
Balance at 30 June 2007	97,057,760	2,291,040	1,287,678	6,621,718	<b>(48,101,848)</b>	<b>59,156,348</b>

**GROUP 2006**

Balance at 1 January 2006	54,584,246	996,512	1,223,193	5,240,563	(28,758,579)	33,285,935
Share Capital Increase	10,400,000	-	-	-	-	10,400,000
Expenses of Share Capital Increase	-	(36,180)	-	-	-	(36,180)
Loss for the period from 1.1 to 30.06.2006	-	-	-	-	(3,001,901)	(3,001,901)
Balance at 30 June 2006	<b>64,984,246</b>	<b>960,332</b>	<b>1,223,193</b>	<b>5,240,563</b>	<b>(31,760,480)</b>	<b>40,647,854</b>

**COMPANY 2007**

	<u>Share capital</u>	<u>Share premium</u>	<u>Legal reserve</u>	<u>Reserves</u>	<u>Balance carried forward</u>	<u>Total</u>
Balance at 1 January 2007	97,057,760	2,291,040	1,277,847	5,240,563	(37,259,870)	68,607,340
Loss for the period from 1.1 to 30.06.2007	-	-	-	-	(2,315,653)	(2,315,653)
Balance at 30 June 2007	97,057,760	2,291,040	1,277,847	5,240,563	(39,575,523)	66,291,687

**COMPANY 2006**

Balance at 1 January 2006	54,584,246	996,512	1,223,193	5,240,563	(28,758,579)	33,285,935
Share Capital Increase	10,400,000	-	-	-	-	10,400,000
Expenses of Share Capital Increase	-	(36,180)	-	-	-	(36,180)
Loss for the period from 1.1 to 30.06.2006	-	-	-	-	(3,001,901)	(3,001,901)
Balance at 30 June 2006	<b>64,984,246</b>	<b>960,332</b>	<b>1,223,193</b>	<b>5,240,563</b>	<b>(31,760,480)</b>	<b>40,647,854</b>

The notes on pages 9 to 19 form an integral part of the Financial Statements referred to on pages 5 to 8.

**LAN-NET COMMUNICATIONS S.A.**  
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**for the period from January 1<sup>st</sup> to June 30<sup>th</sup> 2007**  
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***INTERIM CASH FLOW STATEMENT***

	<b>GROUP</b> <b>1.1-30.6.2007</b>	<b>GROUP</b> <b>1.1-30.6.2006</b>	<b>COMPANY</b> <b>1.1-30.6.2007</b>	<b>COMPANY</b> <b>1.1-30.6.2006</b>
<b><u>Operating Activities</u></b>				
Loss before tax	(4,019,899)	(3,001,901)	(2,315,653)	(3,001,901)
Plus/Minus adjustments:				
Depreciation	3,258,942	2,357,775	3,139,157	2,357,775
Results of investing activities	(180,971)	(141,774)	(200,662)	(141,774)
Interest and similar expenses	1,593,894	1,422,208	1,558,764	1,422,208
(Increase)/ Decrease of inventories	(44,549)	76,538	(77,654)	76,538
Decrease/(Increase) of receivables	6,077,207	(7,195,804)	3,836,997	(7,195,804)
(Increase)/ Decrease of current liabilities (apart from banks)	(4,900,978)	2,269,625	574,389	2,269,625
Minus:				
Interest and similar expenses paid	(1,593,894)	(1,422,208)	(1,558,764)	(1,422,208)
Profit from sale of securities	21,151	325,911	9,250	325,911
<b>Total cash flows from operating activities</b>	<b>210,902</b>	<b>(5,309,630)</b>	<b>4,965,824</b>	<b>(5,309,630)</b>
<b><u>Investment Activities</u></b>				
Purchase of tangible and intangible fixed assets	(669,285)	(330,584)	(477,731)	(330,584)
Proceeds from the sale of tangible and intangible fixed assets	29	4,173	29	4,173
Interest received	81,665	20,729	81,333	20,729
Purchase of participations	(88,500)	-	(88,500)	-
(Decrease)/Increase of short-term long-term receivables	(171,031)	(1,991,619)	(5,180,716)	(1,991,619)
<b>Total (outflows) from investment activities</b>	<b>(847,122)</b>	<b>(2,297,301)</b>	<b>(5,665,585)</b>	<b>(2,297,301)</b>
<b><u>Financing Activities</u></b>				
Receipts from issued / taken loans	17,605,428	-	17,605,428	-
Receipts from share capital increase	-	10,400,000	-	10,400,000
Payments of financial leasing liabilities (installments)	(169,232)	(262,412)	(124,742)	(262,412)
Loan repayment	(12,782,094)	(6,668,911)	(12,752,885)	(6,668,911)
<b>Total inflows from financing activities</b>	<b>4,654,102</b>	<b>3,468,677</b>	<b>4,727,801</b>	<b>3,468,677</b>
Net decrease in cash and cash equivalents of period	4,017,882	(4,138,254)	4,028,040	(4,138,254)
<b>Cash and cash equivalents at the beginning of period</b>	<b>4,506,269</b>	<b>7,225,046</b>	<b>4,070,442</b>	<b>7,225,046</b>
<b>Cash and cash equivalents at the end of period</b>	<b>8,524,151</b>	<b>3,086,792</b>	<b>8,098,482</b>	<b>3,086,792</b>

The notes on pages 9 to 19 form an integral part of the Financial Statements referred to on pages 5 to 8.

**LAN-NET COMMUNICATIONS S.A.**  
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## **NOTES ON THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION ON THE COMPANY**

The company was established in 1976 (Govt. Gazette 2755/1-11-1976) with duration of 50 years and the initial brand name of “GIANNIS GIANNOUSIS A.B.E.E.”. On 16.7.2002 G. GIANNOUSIS A.B.E.E. absorbed LAN-NET COMMUNICATIONS S.A. and at the same time was re-named to LANNET A.E.B.E.T. Following, LAN-NET A.E.B.E.T. absorbed the company LANTEK COMMUNICATIONS S.A. and was renamed to LAN-NET COMMUNICATIONS S.A. The company ‘LAN-NET COMMUNICATIONS SA’ absorbed through acquisition the company ‘TELEPASSPORT (HELLAS) SOCIETE ANONYME TELECOMMUNICATION AND TECHNOLOGICAL SERVICES MANAGEMENT COMPANY’. The merger was approved by the General Shareholder Meetings of the companies on 24.12.2006 and 23.12.2006 respectively and was registered in the Societe Anonyme Registrar under Reg. No. K2-18300/29.12.2006. The same decision also certified the payment of the Share Capital increase by € 13,067,215, which corresponds to the contributed Share Capital of the absorbed company and by € 992,511 with capitalization of the share premium, namely a total amount of € 14,059,726.

The Company is active in the provision of telecommunication services to businesses, banks, organizations and individuals.

The Company’s shares are traded in the middle and small capitalization category of the Athens Exchange.

### **2. ACCOUNTING PRINCIPLES AND BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS.**

#### ***A. Basis for the Preparation of the Interim Financial Statements***

The consolidated and individual financial statements for June 30<sup>th</sup> 2007 have been prepared on the historical cost basis and are in accordance with the International Financial Reporting Standards (I.F.R.S.) that have been issued by the International Accounting Standards Board (IASB) and the Interpretations issued from the International Financial Reporting Interpretation Committee (IFRIC) of IASB, which have been adopted by the European Union with regulation No. 1606/2002 on 31.12.2006. The preparation of the financial statements according to IFRS requires the use of estimations and judgments during the application of the accounting principles by the Group. The significant estimations and assumptions have been highlighted wherever deemed necessary.

**LAN-NET COMMUNICATIONS S.A.**  
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The accounting principles and valuation methods used for the preparation and presentation of the attached summary interim consolidated statements, are the same as those used for the preparation of the last annual financial statements and are presented in detail in the consolidated financial statements of 'LAN-NET COMMUNICATIONS S.A.' dated December 31<sup>st</sup> 2006 and which have been posted on the company's website [www.lannet.gr](http://www.lannet.gr).

For reasons of providing better information, the classification of some accounts in the income statement and balance sheet has been changed and thus the respective accounts for the previous period have been restated in order to render such comparable. The relevant amounts of the restatements are insignificant and thus their disclosure is deemed unnecessary.

The Board of Directors of the company LANNET COMMUNICATIONS S.A. approved the individual and consolidated interim summary financial statements for the period 1.1-30.6.2007 on August 24<sup>th</sup> 2007.

***B. Basic Accounting Principles***

The attached consolidated financial statements include the financial statements of the parent company 'LAN-NET COMMUNICATIONS S.A.' and all the subsidiaries in which the parent has the control.

Subsidiaries are all companies managed and controlled, directly or indirectly from another parent company, either through a majority stake in the company invested in or through its dependence on know how provided by the group. Subsidiaries are companies which are controlled by the parent.

All intra-company transactions and balances and non-realized profit from transactions between Group companies have been erased in the attached consolidated financial statements. Minority interests are estimated according to participations percentages in the fair values of recognized Assets and Liabilities at the acquisition date.

Apart from the parent company 'LAN-NET COMMUNICATIONS S.A.', the attached interim consolidated financial statements also include its subsidiaries 'PRIMUS SOCIETE ANONYME COMMUNICATIONS SERVICES SUPPORT COMPANY' (100% participation), 'COLUMBIA COMMUNICATIONS S.A.' (70% participation), 'ORBITECH INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS SOCIETE ANONYME' (100% participation), 'TELEPASS TELECOMMUNICATIONS SERVICES AND PRODUCTS SOCIETE ANONYME' (100% participation), 'PASSPOINT ELECTRONIC TRANSACTIONS SOCIETE ANONYME' (80% participation) and 'TRI TECHNOLOGY DEVELOPMENT AND PROMOTION SOCIETE ANONYME' (100% participation), which were consolidated with the full consolidation method and the company 'TELEPASSPORT TELECOM LTD' (33% participation) with the equity consolidation method.

LAN-NET COMMUNICATIONS S.A.  
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***C. New accounting standards and interpretations by IFRIC***

Until the approval date of the financial statements, new IFRS, interpretations and amendments of existing standards have been issued and which are mandatory for financial periods beginning from January 1st 2007 or after. The estimation of the Group's and Company's Management regarding the effect from the future application of these new standards and interpretations is presented below:

IFRS 7, Financial assets: Disclosures and supplementary adjustment to IAS 1, Presentation of Financial Statements – Capital Disclosures: (applied for annual financial periods beginning on or after January 1<sup>st</sup> 2007).

IFRS 7 inserts further disclosures of financial assets aiming to improve the offered information from financial assets. It demands the disclosure of quantitative and qualitative information regarding the exposure to risk arising from financial assets. Specifically, it predefines minimum required disclosures regarding credit risk, liquidity risk and market risk (it imposes sensitivity analysis regarding market risk). IFRS 7 replaces IAS 30 (Disclosures in Financial Statements of Banks and Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosures and Presentation). It is applied for all companies that compile financial statements according to IFRS.

The relevant adjustment of IAS 1 refers to disclosures as regards to the amount of a company's capital as well as to the way such is managed. The Company is examining the effect of IFRS 7 and the adjustment of IAS 1 on the Group's Financial Statements.

IFRS 8, Operating Sectors: (applied for annual periods starting on or after January, 1 2009).

IFRS 8 replaces IAS 14 *Financial Information by segment* and adopts a managing approach regarding the information by activity sectors. The given information must be the one the management uses internally to evaluate the performance of operating sectors and the distribution of resources in these sectors. This information may differ from that presented in the balance sheet and the income statement and the companies must provide explanatory notes and reconciliations regarding such differences. IFRS 8 has not yet been adopted by the EU.

IFRIC 7, Implementation of restatement method of IAS 29 – Financial statements in hyperinflationary economies: (applied for annual accounting periods beginning on or after March 1st 2006).

IFRIC 7 requires that during the period which a company establishes the existence of hyperinflation in the economy of its operational currency, without hyperinflation in the previous period, it must apply the requirements of IAS 29 as it was always a hyperinflationary economy. IFRIC 7 does not apply to the Group.

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IFRIC 8, Scope of IFRS 2 (applied for annual accounting periods beginning on or after May 1st 2006).

IFRIC 8 specifies that IFRS 2 Benefits depending on the value of shares is applied in transactions where a company grants participating titles or undertakes the obligation to transfer cash or other assets (based on the price of its shares), when the defined exchange price received appears less than the fair value of participating titles granted or liabilities undertaken. IFRIC 8 does not apply to the Group.

IFRIC 9, Re-evaluation of embedded derivatives: (applied for annual accounting periods beginning on or after June 1st 2006).

IFRIC 9 requires that a company estimates whether a contract includes an embedded derivative when such is contracted, a case during which it prohibits a subsequent re-evaluation unless there is a change in the contract's terms that substantially changes cash flows. IFRIC 9 does not apply to the Group.

IFRIC 10, Interim Financial Statements and Impairment: (applied for annual accounting periods beginning on or after November 1st 2006).

IFRIC 10 may affect the financial statements in the case where an impairment loss is recognized in an interim period as regards to goodwill or investments in participating titles available for sale or non-listed participated titles kept at cost, as such an impairment cannot be offset in subsequent interim or annual financial statements. IFRIC 10 has not yet been adopted by the EU.

IFRIC 11, IFRS 2 – Transactions with Own Shares and between Companies of the same Group: (applied for annual accounting periods beginning on or after March 1st 2007).

This Interpretation requires that transactions in which a right on participating titles is granted to an employee be considered for accounting purposes as remuneration defined by the value of the share and is settled with participating titles, even if the company chooses or is obliged to purchase such titles by third parties or the company shareholders provide the granted participating titles. The Interpretation is also extended to the way subsidiaries, in their individual financial statements, account for plans where their employees receive rights on participating titles of the parent company. IFRIC 11 does not apply to the Group and has not yet been adopted by the EU.

IFRIC 12, Service Concession Agreements: (applied for annual accounting periods beginning on or after January 1st 2008).

IFRIC 12 handles the way with which the concession managers of a service concession must apply IFRS to account for the liabilities they undertake and the rights provided to them in the service concession agreements. Based on the Interpretation, concession managers must not recognize the relevant infrastructure as tangible fixed assets, but must recognized a financial asset against or an intangible asset. IFRIC 12 does not apply to the Group and has not yet been adopted by the EU.

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**NOTES ON THE FINANCIAL STATEMENTS**

**3. TANGIBLE ASSETS**

Tangible fixed assets for the Group and Company during the period 1.1-30.6.2007 are analyzed as follows:

	<b>GROUP</b>	<b>GROUP</b>	<b>COMPANY</b>	<b>COMPANY</b>
	<b>30.6.2007</b>	<b>31.12.2006</b>	<b>30.6.2007</b>	<b>31.12.2006</b>
As at January 1st	71,255,430	47,093,664	68,913,985	47,093,664
Cost of tangible assets of subsidiaries	-	22,859,028	-	20,527,897
Additions for the period	669,285	1,341,555	477,731	1,296,696
Disposals	(29)	(38,817)	(29)	(4,273)
<b>Total as at June 30th</b>	<b>71,924,686</b>	<b>71,255,430</b>	<b>69,391,687</b>	<b>68,913,984</b>
<b><u>Accumulated depreciations</u></b>				
As at January 1st	30,579,349	20,028,751	29,690,306	20,028,751
Depreciations of tangible assets of subsidiaries	-	5,501,016	-	4,688,543
Depreciations for the period	3,004,390	5,049,582	2,893,146	4,973,011
Disposals	-	-	-	-
<b>Total as at June 30th</b>	<b>33,583,739</b>	<b>30,579,349</b>	<b>32,583,452</b>	<b>29,690,306</b>
<b><u>Net book value</u></b>				
As at June 30th	38,340,947	40,676,081	36,808,235	39,223,678

**4. INTANGIBLE ASSETS**

Intangible assets for the Group and Company during the period 1.1-30.6.2007 are analyzed as follows:

	<b>GROUP</b>	<b>GROUP</b>	<b>COMPANY</b>	<b>COMPANY</b>
	<b>30.6.2007</b>	<b>31.12.2006</b>	<b>30.6.2007</b>	<b>31.12.2006</b>
As at January 1st	5,056,219	2,958,075	4,920,218	2,958,075
Cost of tangible assets of subsidiaries	-	2,047,143	-	1,962,143
Additions for the period 1.1-30.6	-	51,000	-	-
Disposals	-	-	-	-
<b>Total as at June 30th</b>	<b>5,056,219</b>	<b>5,056,218</b>	<b>4,920,218</b>	<b>4,920,218</b>
<b><u>Accumulated depreciations</u></b>				
As at January 1st	882,682	295,527	853,698	295,527
Depreciations of tangible assets of subsidiaries	-	227,263	-	209,696
Depreciations for the period 1.1-30.6	254,552	359,891	246,011	348,475
Disposals	-	-	-	-
<b>Total as at June 30th</b>	<b>1,137,234</b>	<b>882,681</b>	<b>1,099,709</b>	<b>853,698</b>
<b><u>Net book value</u></b>				
As at June 30th	3,918,985	4,173,537	3,820,509	4,066,520

**5. TRADE RECEIVABLES**

Trade receivables during 30.6.2007 are analyzed as follows:

	<b>GROUP</b>	<b>GROUP</b>	<b>COMPANY</b>	<b>COMPANY</b>
	<b>30.6.2007</b>	<b>31.12.2006</b>	<b>30.6.2007</b>	<b>31.12.2006</b>
Customers	38,076,519	43,710,825	36,808,955	40,183,179
Notes and checks receivable	1,498,847	1,377,015	1,475,901	1,372,341
Checks receivable overdue	248,709	815,041	248,708	815,041
Doubtful – contested customers	669,305	667,706	641,330	641,330
	<b>40,493,379</b>	<b>46,570,587</b>	<b>39,174,894</b>	<b>43,011,891</b>

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Minus: Provisions	(7,656,504)	(7,656,504)	(6,780,000)	(6,780,000)
<i>Total receivables from customers</i>	<u>32,836,875</u>	<u>38,914,083</u>	<u>32,394,894</u>	<u>36,231,891</u>

All receivables are short-term and no discount is required during the Balance Sheet date. There is no concentration of credit risk relating to trade receivables as the company has a large number of customers and thus credit risk is spread.

## 6. OTHER ASSETS

Other assets are analyzed as follows:

	<b>GROUP</b> <b>30.6.2007</b>	<b>GROUP</b> <b>31.12.2006</b>	<b>COMPANY</b> <b>30.6.2007</b>	<b>COMPANY</b> <b>31.12.2006</b>
Sundry debtors	2,536,297	6,282,367	8,211,456	6,832,610
Advances and other receivables	2,671,703	956,812	2,405,053	696,390
Securities	225,000	2,027,917	-	867,917
Prepayments for purchases of securities	-	4,000,000	-	4,000,000
Deferred expenses	4,518,736	1,570,748	4,160,029	1,503,950
Blocked deposit accounts	251,375	238,009	251,375	238,009
<i>Total other assets</i>	<u>10,203,111</u>	<u>15,075,853</u>	<u>15,027,913</u>	<u>14,138,876</u>

## 7. LOANS

Company's loans have been granted by Greek banks in Euro. The amounts which are payable within 1 year from the balance sheet date are marked as short-term loans although the amounts which are payable in subsequent date are marked as long-term loans.

The Group's loans are analyzed as follows:

	<b>GROUP 30.6.2007</b>		<b>GROUP 31.12.2006</b>	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Banks' Loans	13,236,773	9,625,000	9,792,593	11,876,431
Finance Leases	309,880	-	135,675	-
Convertible bond loans and bonds payable	-	13,575,499	-	9,288,728
<b>Total bank debt</b>	<u>13,546,653</u>	<u>23,200,499</u>	<u>9,928,268</u>	<u>21,165,159</u>

The Company's loans are analyzed as follows:

	<b>COMPANY 30.6.2007</b>		<b>COMPANY 31.12.2006</b>	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Banks' Loans	12,884,932	9,625,000	9,415,725	11,876,431
Finance Leases	203,695	-	135,675	-
Convertible bond loans and bonds payable	-	13,575,499	-	9,288,728
<b>Total bank debt</b>	<u>13,088,627</u>	<u>23,200,499</u>	<u>9,551,400</u>	<u>21,165,159</u>

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**8. CASH & CASH EQUIVALENTS**

	<b>GROUP</b> <b>30.6.2007</b>	<b>GROUP</b> <b>31.12.2006</b>	<b>COMPANY</b> <b>30.6.2007</b>	<b>COMPANY</b> <b>31.12.2006</b>
Cash in hand	23,232	58,808	12,820	19,022
Site and time deposits	8,500,919	4,447,461	8,085,662	4,051,420
<b>Total</b>	<b>8,524,151</b>	<b>4,506,269</b>	<b>8,098,482</b>	<b>4,070,442</b>

**9. SUPPLIERS AND OTHER LIABILITIES**

The total liabilities on 30.6.2007, towards suppliers and other third parties, are analyzed as follows:

	<b>GROUP</b> <b>30.6.2007</b>	<b>GROUP</b> <b>31.12.2006</b>	<b>COMPANY</b> <b>30.6.2007</b>	<b>COMPANY</b> <b>31.12.2006</b>
Suppliers	35,148,734	29,767,719	35,061,102	29,991,816
Checks payable	7,250,686	9,182,872	7,076,287	7,071,929
Customer prepayments	606,405	173,068	47,795	47,895
Insurance and pension fund dues	362,528	621,158	171,687	338,098
Taxes and duties	3,371,778	3,088,688	2,622,058	1,641,060
Dividends payable	101,571	101,570	101,571	101,570
Sundry creditors	4,067,193	6,702,604	4,512,206	3,653,554
Accrued expenses	1,761,052	1,514,443	1,502,300	1,455,000
Other liability accounts	-	465,759	-	-
<b>Total suppliers and other liabilities</b>	<b>52,669,947</b>	<b>51,617,881</b>	<b>51,095,006</b>	<b>44,300,922</b>

**10. PROVISIONS**

	<b>GROUP</b> <b>30.6.2007</b>	<b>GROUP</b> <b>31.12.2006</b>	<b>COMPANY</b> <b>30.6.2007</b>	<b>COMPANY</b> <b>31.12.2006</b>
Restructuring cost	-	6,017,660	-	6,017,660
Tax audit differences	578,038	1,050,000	578,038	1,050,000
Other provisions	4,987,754	4,987,754	4,987,754	4,987,754
	<b>5,565,792</b>	<b>12,055,414</b>	<b>5,565,792</b>	<b>12,055,414</b>

The company created a provision for restructuring expenses on 31.08.2006, according to a decision by the Board of Directors which approved the merger and restructuring plan, amounting to a total of € 12,346,120, from which the amount of € 6,328,460 was offset for 2006 and € 6,017,660 for the period 1.1-30.6.2007. The company's restructuring mainly refers to the restructuring of services, the network and node technological base, the IT systems, staff and the combined client base.

**11. TRANSACTIONS WITH AFFILIATED PARTIES**

The amount of sales, purchases and expenses cumulatively from the beginning of the financial period of the Company, with affiliates according to the definition of IAS 24, amounts to € 2,108,234 and 1,193,045 respectively. The balances of the Company's receivables and liabilities with affiliates

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according to the definition of IAS 24, during the end of the current period amount to € 8,164,284 and € 5,947,473 respectively. The amounts of sales and purchases on a consolidated basis (after the deletion of intra-company transactions) cumulatively from the beginning of the financial period, with affiliates according to the definition of IAS 24 are € 3,356,413.

The balances of receivables and liabilities on a consolidated basis (after the deletion of intra-company transactions) at the end of the current period with affiliates according to the definition of IAS 24, amounted to € 9,902,454. The sales and provision of services towards affiliates take place at normal market prices. For the period that ended on June 30th 2007, the Company had not created a provision for doubtful receivables relating to amounts owed by affiliates.

The remuneration of senior executives and Management members, as such are defined by IAS 24, of the company and Group for the period 1.1 – 30.6.2007 amounts to € 478,074 and € 525,575 respectively. There are no receivables of the company and group from senior executives and management members, as such are defined by IAS 24.

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**12. EMPLOYEE BENEFITS**

Number of employees and payroll cost:

	<b>GROUP</b> <b>1.1-30.6.2007</b>	<b>GROUP</b> <b>1.1-30.6.2006</b>	<b>COMPANY</b> <b>1.1-30.6.2007</b>	<b>COMPANY</b> <b>1.1-30.6.2006</b>
<u>Employees:</u>				
Full time employed	419	190	253	190
<u>Analysis of employee benefits for the period:</u>				
Payroll expenses	3,957,320	1,969,018	3,022,981	1,969,018
Indemnity expenses	129,862	199,720	632,143	199,720
Social security Funds	877,875	407,410	110,548	407,410
<i>Total cost</i>	<b>4,965,057</b>	<b>2,576,148</b>	<b>3,765,672</b>	<b>2,576,148</b>

**13. CONTINGENT LIABILITIES**

**I. CONTINGENT LIABILITIES FROM JUDICIAL DIFFERENCES**

There are contested (judicial) receivables of the parent company as at 30.06.2007, amounting to approximately € 4,582,000, for which the company has created adequate provisions.

**II. OTHER CONTINGENT LIABILITIES**

**1. Tax un-audited fiscal years**

a. The parent company LANNET COMMUNICATIONS SA has been tax audited up to the fiscal year 2001 included, while the absorbed LANTEK COMMUNICATIONS SA up to the year 2002 included.

The absorbed company, 'TELEPASSPORT S.A.' was audited by the relevant tax authorities during 2007, for fiscal years 2003 to 31.8.2006 and additional taxes emerged amounting to € 471,922, for which the company had created a relevant provision in previous periods.

b. The subsidiary ORBITECH SA has been tax audited up to the fiscal year 2002 included.

c. The subsidiary COLUMBIA COMMUNICATIONS SA has been tax audited up to the fiscal year 2001 included.

d. The subsidiary PRIMUS COMMUNICATIONS SA has been tax audited up to the fiscal year 2002 included.

e. The subsidiary PASSPOINT SA ELECTRONIC TRANSACTIONS was audited by the relevant tax authorities during 2007, for the fiscal years 11.6.2004-31.12.2006 and additional taxes emerged amounting to € 10,996.

f. The subsidiary TELEPASS SA TELECOMMUNICATION SERVICES was audited by the relevant tax authorities, during 2007, for fiscal years 2005-2006 and additional taxes amounting to € 15,084 emerged, for which the company had created a provision in previous periods.

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g. The subsidiary TPH SA TECHNOLOGICAL DEVELOPMENT AND PROMOTION was audited by the relevant tax authorities during 2007, for fiscal years 2003-2006 and no additional tax emerged given that the company had accumulated tax losses.

In future tax audits of the relevant tax un-audited fiscal years, it is possible that additional taxes and fines may arise for the parent company and its subsidiaries. The Group considers that it has created adequate provisions against additional taxes that may arise during future tax audits, based on its experience from previous tax audits.

**2. Issuance of convertible bond loan**

**A.** The Board of Directors of the company LAN-NET COMMUNICATIONS S.A., during its meeting held on April 3<sup>rd</sup> 2007, decided and implemented on 18.4.2007 the issuance of the A' series of the Bond Loan.

The 2nd repetitive Extraordinary General Assembly of Shareholders of the Company, held on December 1<sup>st</sup> 2006, unanimously approved the issue of convertible bond loan in series, with duration up to ten years from the date of issue of each series, and with the issue of each series to take place within four years from the approval date according to the terms of article 1 paragraph 2 and 3 of Law 3156/2003, up to the amount of € 575,000,000.

The Board of Directors of the company approved the distribution of the A' series of the Convertible bond loan based on the provisions of C.L. 2190/1920 and L. 3156/2003, to the company SWEDTEL A.B., for the repayment of an existing debt from provision of services. This series has a five-year duration, with an option for premature conversion to shares of a paper coupon Bond Loan, non-secured, with a total par value of € 444,000. The A' series of the Bond Loan consists of (100) convertible Bonds, with a nominal value and issue price of each amounting to € 4,440, which will be distributed in the primary market through private placement to the Bondholder. The conversion ratio to underlying values, is defined at 5,550 common, registered voting shares with a nominal value of € 0.68 each, for each 1 bond, namely € 0.80 per share. The Coupon is set as floating EURIBOR plus 2% annually.

**B.** The Board of Directors of the company LAN-NET COMMUNICATIONS S.A., during its meeting held on May 25<sup>th</sup> 2007, decided and implemented on 1.6.2007 the issuance of the B' series of the Bond Loan.

The Board of Directors of the company approved the distribution of the B' series of the Convertible bond loan based on the provisions of C.L. 2190/1920 and L. 3156/2003, to the company MICRODATA SA, for the repayment of an existing debt from provision of services. This series has a two-year duration, with an option for premature conversion to shares of a paper coupon Bond Loan, non-secured, with a total par value of € 4,208,000. The B' series of the Bond Loan consists of one thousand (1,000) convertible Bonds, with a nominal value and issue price of each amounting to € 4,208, which will be

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distributed in the primary market through private placement to the Bondholder. The conversion ratio to underlying values, is defined at 5,260 common, registered voting shares with a nominal value of € 0.68 each, for each 1 bond, namely € 0.80 per share. The Coupon is set as fixed 1,5% annually.

**14. EVENTS AFTER THE BALANCE SHEET DATE**

There are no events after the balance sheet date that significantly would affect the financial structure and status of the company.

Peristeri, August 24<sup>th</sup> 2007

The Chairman and  
Managing director

The Director

Director of Finance

The Accountant

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X 085877/03

Vasilios N. Tsilibaris  
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