

**LAN-NET COMMUNICATIONS S.A.**  
**Interim (Company and Consolidated) Financial Statements**  
**for the period from 1<sup>st</sup> January to 30<sup>th</sup> September 2006**  
*(Amounts in Euro)*

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LAN-NET COMMUNICATIONS S.A.

Tax Reg. No 094055219, DOY FAVE ATHINON, Reg. No S.A. 2640/06/B/86/03  
KONSTANTINOUPOLEOS 1 & KIFISSOU, 12132 PERISTERI

Interim Financial Statements (Company and Consolidated)  
for the period from 1<sup>st</sup> January to 30<sup>th</sup> September 2006  
in accordance with the International Financial Reporting Standards

This is to certify that the attached Interim Financial Statements are those which have been approved by the Board of Directors of LAN-NET COMMUNICATIONS S.A. on the 11<sup>th</sup> of December 2006 and have been published by filing them with the Registrar of Companies 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, in accordance with International Financial Reporting Standards. Please note, that for purposes of simplification, some accounts in the published financial statements have been abridged or rearranged.

Peristeri, 11<sup>th</sup> of December 2006

*Thomas Ch. Lanaras*  
*Chairman of the BoD and Managing Director*  
"LAN-NET COMMUNICATIONS S.A."

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**1. INCOME STATEMENT (COMPANY AND CONSOLIDATED) FOR THE PERIOD 1.1-30.9.2006**

	<u>Note</u>	<u>GROUP</u> <u>1.1-30.9.2006</u>	<u>GROUP</u> <u>1.1-30.9.2005</u>	<u>GROUP</u> <u>1.7-30.9.2006</u>	<u>GROUP</u> <u>1.7-30.9.2005</u>
Turnover	5.17	38,214,499	40,435,121	10,723,452	11,646,051
Cost of sales		(17,837,380)	(21,921,586)	(5,516,444)	(5,907,195)
Gross profit		20,377,119	18,513,535	5,207,008	5,738,856
Other operating income		1,061,598	61,740	923,189	2,487
		21,438,717	18,575,275	6,130,197	5,741,343
Selling, distribution expenses		(19,269,991)	(24,882,200)	(6,678,554)	(7,490,089)
Administrative expenses		(5,139,572)	(4,361,048)	(1,101,325)	(1,451,247)
Research and development expenses		(108,423)	(219,427)	(9,956)	(53,543)
Other operating expenses		(83,555)	(44,098)	(17,314)	(368)
Losses before tax and financial results		(3,162,824)	(10,931,498)	(1,676,952)	(3,253,904)
Financial cost (net)		(2,225,201)	(2,267,213)	(709,170)	(203,562)
Losses before tax		(5,388,025)	(13,198,711)	(2,386,122)	(3,457,466)
Less: Taxes	5.3	-	-	-	-
Losses after tax		(5,388,025)	(13,198,711)	(2,386,122)	(3,457,466)
Losses after tax per share		-0.0887	-0.3457	-0.0347	-0.1024
Weighted average number of shares (basic)		60,718,743	38,184,540	68,643,746	33,759,879

	<u>Note</u>	<u>COMPANY</u> <u>1.1-30.9.2006</u>	<u>COMPANY</u> <u>1.1-30.9.2005</u>	<u>COMPANY</u> <u>1.7-30.9.2006</u>	<u>COMPANY</u> <u>1.7-30.9.2005</u>
Turnover	5.17	37,407,344	40,435,121	9,916,297	11,646,051
Cost of sales		(17,809,190)	(21,921,586)	(5,488,254)	(5,907,195)
Gross profit		19,598,154	18,513,535	4,428,043	5,738,856
Other operating income		738,343	61,740	599,934	2,487
		20,336,497	18,575,275	5,027,977	5,741,343
Selling, distribution expenses		(18,776,584)	(24,882,200)	(6,185,147)	(7,490,089)
Administrative expenses		(4,828,307)	(4,361,048)	(790,060)	(1,451,247)
Research and development expenses		(108,423)	(219,427)	(9,956)	(53,543)
Other operating expenses		(69,448)	(44,098)	(3,207)	(368)
Losses before tax and financial results		(3,446,265)	(10,931,498)	(1,960,393)	
Financial cost (net)		(2,191,143)	(2,267,213)	(675,114)	(203,562)
Losses before tax		(5,637,408)	(13,198,711)	(2,635,507)	(3,457,466)
Less: Taxes	5.3	-	-	-	-
Losses after tax		(5,637,408)	(13,198,711)	(2,635,507)	(3,457,466)
Losses after tax per share		-0.0928	-0.3457	-0.0384	-0.1024
Weighted average number of shares (basic)		60,718,743	38,184,540	68,643,746	33,759,879

The notes on pages 8 to 26 form an integral part of these interim accounts which related on pages 3 to 7.

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**2. BALANCE SHEET (COMPANY AND CONSOLIDATED) AT 30.9.2006**

<b>BALANCE SHEET</b>		<b>GROUP</b>	<b>GROUP</b>	<b>COMPANY</b>	<b>COMPANY</b>
<b>ASSETS</b>	<b>Note</b>	<b>30.9.2006</b>	<b>31.12.2005</b>	<b>30.9.2006</b>	<b>31.12.2005</b>
<b>Fixed assets</b>					
Tangible assets	5.4	25,277,346	27,064,913	24,172,740	27,064,913
Intangible assets	5.5	2,440,693	2,662,548	2,440,693	2,662,548
Participation in subsidiaries	5.6	-	-	26,086,200	-
Goodwill		26,897,164	3,569,124	3,569,124	3,569,124
<b>Total Fixed Assets</b>		<b>54,615,203</b>	<b>33,296,585</b>	<b>56,268,757</b>	<b>33,296,585</b>
<b>Current Assets</b>					
Inventories	5.8	162,418	228,096	144,418	228,096
Trade receivables	5.7	31,058,641	21,169,905	29,225,286	21,169,905
Other assets	5.9	13,551,704	9,162,670	13,028,767	9,162,670
Cash and cash equivalents	5.10	3,852,968	7,225,046	3,465,921	7,225,046
<b>Total current assets</b>		<b>48,625,731</b>	<b>37,785,717</b>	<b>45,864,392</b>	<b>37,785,717</b>
<b>TOTAL ASSETS</b>		<b>103,240,934</b>	<b>71,082,302</b>	<b>102,133,149</b>	<b>71,082,302</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	5.11	82,998,034	54,584,246	82,998,034	54,584,246
Share premium account		3,624,697	996,512	3,624,697	996,512
Reserves		6,472,171	6,463,756	6,463,756	6,463,756
Accumulated deficit		(39,549,408)	(28,758,579)	(34,395,986)	(28,758,579)
<b>Total equity</b>		<b>53,545,494</b>	<b>33,285,935</b>	<b>58,690,501</b>	<b>33,285,935</b>
<b>LIABILITIES</b>					
Long-term liabilities					
Loans	5.12	11,876,439	19,533,944	11,876,439	19,533,944
Obligations towards employees	5.13	349,892	209,902	209,902	209,902
Other provisions		473,104	-	473,104	-
<b>Total long-term liabilities</b>		<b>12,699,435</b>	<b>19,743,846</b>	<b>12,559,445</b>	<b>19,743,846</b>
<b>Short-term liabilities</b>					
Trade and other payables	5.14	27,536,264	9,560,302	21,797,856	9,560,302
Short-term borrowings	5.12	9,459,741	8,492,219	9,085,347	8,492,219
<b>Total short-term liabilities</b>		<b>36,996,005</b>	<b>18,052,521</b>	<b>30,883,203</b>	<b>18,052,521</b>
<b>Total liabilities</b>		<b>49,695,440</b>	<b>37,796,367</b>	<b>43,442,648</b>	<b>37,796,367</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>103,240,934</b>	<b>71,082,302</b>	<b>102,133,149</b>	<b>71,082,302</b>

The notes on pages 8 to 28 form an integral part of these interim accounts which related on pages 3 to 7.

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**3. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**

<u>GROUP</u>	Share Capital	Share premium	Legal reserve	Tax Law reserves	Profit carried forward	Total
<b>Balance at 1 January 2006</b>	54,584,246	996,512	1,223,193	5,240,563	(28,758,579)	33,285,935
Equity of subsidiary ORBITECH SA at 1.9.2006	-	-	6,912	-	(1,136,510)	(1,129,598)
Equity of subsidiary PRIMUS SA 1.9.2006	-	-	1,503	-	(472,278)	(470,775)
Equity of subsidiary COLUMBIA SA 1.7.2006	-	-	-	-	(3,794,016)	(3,794,016)
Share Capital Increase from 1.1 till 30.9.06	28,413,788	2,710,720	-	-	-	31,124,508
Expenses of Share Capital increase	-	(82,535)	-	-	-	(82,535)
Losses for the period 1.1-30.09.2006	-	-	-	-	(5,388,025)	(5,388,025)
<b>Balance at 30 September 2006</b>	<u>82,998,034</u>	<u>3,624,697</u>	<u>1,231,608</u>	<u>5,240,563</u>	<u>(39,549,408)</u>	<u>53,545,494</u>
<u>GROUP</u>	Share Capital	Share premium	Legal reserve	Tax Law reserves	Profit carried forward	Total
<b>Balance at 1 January 2005</b>	<u>38,378,798</u>	<u>1,257,708</u>	<u>1,223,193</u>	<u>5,240,563</u>	<u>(22,174,126)</u>	<u>23,926,136</u>
Losses for the period 1.1-30.09.2005	-	-	-	-	(13,198,711)	(13,198,711)
<b>Balance at 30 September 2005</b>	<u>38,378,798</u>	<u>1,257,708</u>	<u>1,223,193</u>	<u>5,240,563</u>	<u>(35,372,837)</u>	<u>10,727,425</u>

The notes on pages 8 to 26 form an integral part of these interim accounts which related on pages 3 to 7

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<u>COMPANY</u>	Share Capital	Share premium	Legal reserve	Tax Law reserves	Profit carried forward	Total
<b>Balance at 1 January 2005</b>	38,378,798	1,257,708	1,223,193	5,240,563	(22,174,126)	23,926,136
Losses for the period 1.1-30.9.2005	-	-	-	-	(13,198,711)	(13,198,711)
<b>Balance at 30 September 2005</b>	<u>38,378,798</u>	<u>1,257,708</u>	<u>1,223,193</u>	<u>5,240,563</u>	<u>(35,372,837)</u>	<u>10,727,425</u>
<b>Balance at 1 January 2006</b>	54,584,246	996,512	1,223,193	5,240,563	(28,758,579)	33,285,935
Share capital increase from 1.1 till 30.09.2006	28,413,788	2,710,720	-	-	-	31,124,508
Expenses of Share Capital increase	-	(82,535)	-	-	-	(82,535)
Losses for the period 1.1-30.09.2006	-	-	-	-	(5,637,407)	(5,637,407)
<b>Balance at 30 September 2006</b>	<u>82,998,034</u>	<u>3,624,697</u>	<u>1,223,193</u>	<u>5,240,563</u>	<u>(34,395,986)</u>	<u>58,690,501</u>

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**4. CASH FLOW STATEMENT**

	<b>GROUP</b> <b>1.1-30.09.2006</b>	<b>GROUP</b> <b>1.1-30.9.2005</b>	<b>COMPANY</b> <b>1.1-30.9.2006</b>	<b>COMPANY</b> <b>1.1-30.9.2005</b>
<b><u>Cash flows from operating activities</u></b>				
Loss before tax	(5,388,025)	(13,198,711)	(5,637,407)	(13,198,711)
Plus/Less adjustments:				
Depreciation	3,548,051	3,465,601	3,523,379	3,465,601
Results of investing activities	(158,750)	627,334	(158,750)	627,334
Interest and similar expenses	2,385,536	1,486,502	2,351,480	1,486,502
Decrease of inventories	65,678	147,957	83,678	147,957
(Increase)/ Decrease of receivables	(9,888,736)	913,759	(8,055,381)	913,759
Decrease of current liabilities (except from banks)	17,362,869	9,942,033	11,764,449	9,942,033
Cash generated from operations				
Interest and similar expenses paid	(2,385,536)	(1,486,502)	(2,351,480)	(1,486,502)
Profit from sale of securities	<u>325,911</u>	<u>-</u>	<u>325,911</u>	<u>-</u>
Total cash flows from operating activities	<u>5,866,998</u>	<u>1,897,973</u>	<u>1,845,879</u>	<u>1,897,973</u>
<b><u>Total cash flows from investing activities</u></b>				
Purchase of tangible and intangible assets	(419,327)	(422,973)	(413,624)	(422,973)
Proceeds from the sale of tangible and intangible assets	4,273	-	4,273	-
Interest received	38,183	13,174	38,183	13,174
Purchase of subsidiaries and other investments	(29,191,634)	(975,618)	(26,086,200)	(975,618)
(Decrease)/Increase of long-term receivables	<u>(4,389,032)</u>	<u>2,365,508</u>	<u>(3,866,097)</u>	<u>2,365,508</u>
Total (outflows)/inflows from investing activities	<u>(33,957,537)</u>	<u>980,091</u>	<u>(30,323,465)</u>	<u>980,091</u>
<b><u>Cash flows from financing activities</u></b>				
Receipts from issued / taken loans	-	83,664	-	83,664
Receipts from share capital increase	28,413,788	-	28,413,788	-
Payments of financial leasing	(330,942)	(738,541)	(330,942)	(738,541)
Loan repayment	<u>(3,364,385)</u>	<u>(2,286,806)</u>	<u>(3,364,385)</u>	<u>(2,286,806)</u>
Total inflows/(outflows) from financing activities	<u>24,718,461</u>	<u>(2,941,683)</u>	<u>24,718,461</u>	<u>(2,941,683)</u>
<b>Net decrease in cash and cash equivalents of period</b>	<b>(3,372,078)</b>	<b>(63,619)</b>	<b>(3,759,125)</b>	<b>(63,619)</b>
<b><u>Cash and cash equivalents at the beginning of period</u></b>	<b><u>7,225,046</u></b>	<b><u>2,850,171</u></b>	<b><u>7,225,046</u></b>	<b><u>2,850,171</u></b>
<b><u>Cash and cash equivalents at the end of period</u></b>	<b><u>3,852,968</u></b>	<b><u>2,786,552</u></b>	<b><u>3,465,921</u></b>	<b><u>2,786,552</u></b>

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**5. NOTES TO THE FINANCIAL STATEMENTS**

**5.1 Description of the company**

The company was established in 1976 with duration of 50 years and the initial brand name of "G. GIANNOUSIS A.B.E.E.". The full brand name of the Company is "LAN-NET COMMUNICATIONS S.A." (previous name "LAN-NET A.E.B.E.T."). The legal form of the Company is Societe Anonyme and operates under the Greek legislation. The company deals with the provision of telecommunications services to the companies, banks, organizations and private industrials. For that purpose the Company constructed a modern telecommunication network at ATM technology with 11 points of presence in Greece and Great Britain. Particularly, seven basic nodes have been placed in equal in number Greece towns (Athens, Thessalonica, Iraklio, Rhodes, Larissa, Veria, Patra) four peripheral nodes in equal in number Greek towns (Chalkida, Tripoli, Kavala, Giannena) as well as one in London. The Company is an alternative carrier for the provision of telecommunication services which operates in Greece and Great Britain, in the context of the relative release of telecommunication laws in Greece, Great Britain and European Union. Its operations are based on general and special licenses which have been received by the National Committee of Communication and Post (NCCP) as well as British Ministry of Trade. The Company's shares are listed in the Main Market of the Athens Stock Exchange.

The attached interim financial statements (compiled for the first time on 30.9.2006), excluding the parent company 'LAN-NET COMMUNICATIONS S.A.', also include the subsidiary companies 'PRIMUS SOCIETE ANONYME COMPANY COMMUNICATIONS SERVICES SUPPORT' (PARTICIPATION PERCENTAGE OF 100%), 'COLUMBIA TELECOM SA' (participation percentage 100%) and 'ORBITECH TECHNOLOGIES OF INFORMATION & COMMUNICATIONS' (participation percentage of 100%), which were consolidated with the full consolidation method.

It is noted that the consolidation of the aforementioned companies on 30.9.2006 did not change the consolidated turnover, the profit after tax and minority interest and the shareholders equity more than 25% on 30.9.2006.

Consolidated results for the period 1.1-30.09.2006

The consolidated results for the period 1.1-30.09.2006 include the financial results of 'LAN-NET COMMUNICATIONS SA' for the period 1.1-30.09.2006, those of the company 'ORBITECH SA', for the period 1.9-30.09.2006 those of 'COLUMBIA TELECOM SA' for the period 1.7-30.09.2006 and those of the company 'PRIMUS COMMUNICATIONS SA' for the period 1.9-30.09.2006.

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**'PRIMUS SOCIETE ANONYME COMPANY OF COMMUNICATIONS SERVICES SUPPORT'**

On 29.8.2006 the final contract for the transfer of the 100% of the shares of 'PRIMUS SOCIETE ANONYME COMPANY OF COMMUNICATIONS SERVICES SUPPORT' was signed for the price of € 7,600,200.

From the total amount of € 7,600.200, the amount of € 3,130,010 was paid in cash until 28.8.2006 and the remaining amount of € 4,470,190 was covered by the issuance of a Convertible Bond Loan, 550 bonds with a nominal value and an issue price amounting to € 8,127.60 with a two year maturity and bullet payment with a fixed annual coupon of 5%. These bonds were converted on 31.8.2006 to 3,725,150 new common registered shares (see paragraph 5.19.2D).

The company started its operation on June 1998, based in Athens. Within a short period of time the company gained a leading position offering 120 working places having achieved an exceptional structure and operation through an advanced and continuously developing technology and an excellent trained personnel managing the administration and operation of more than 5,000,000 calling contacts in the last three years, also developing and operating two activities in the areas of market research and bi-directional communication from the simultaneous activities of collecting and providing information. LAN-NET COMMUNICATIONS SA with this acquisition is aiming at the development of its client base in the wider area of telephony, internet, information and entertainment, at the promotion of new products targeting the leading market share in the market.

**'COLUMBIA TELECOM SA'**

On 18.7.2006 the final contract for the transfer of the 100% of the shares of company 'COLUMBIA TELECOM SA' was signed for the price of approximately € 3,990,000.

From the total amount of € 3,990,000, the amount of € 210,952 was paid in cash and the remaining amount of € 3,779,048 was covered by the issuance of a Convertible Bond Loan, 1,253 bonds with a nominal value and an issue price amounting to € 3,016 with a fixed annual coupon of 2.58%.

On 31.7.2006 583 bonds were converted with a nominal value of € 3,016 per bond to a share capital amounting to € 1,576,432 with the issuance of 1,515,800 new common registered shares. The difference from issuance of shares above par amounts to € 181,896 (see paragraph 5.19.2C).

'COLUMBIA TELECOM SA', was founded on 1998 based in Athens being today the largest Virtual Network Operator in Greece.

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Having a specific strategic and entrepreneurship plan, simultaneously with its other activities, the company has made trade agreements with large athletic clubs, through sponsorships, as well as with local Chambers. With this way it has created an important number of subscribers-clients distinguished for their reliability and trust to the company and its reliable services.

The two companies would operate as independent legal entities sharing a common strategy in production and development having although their own trade policy aiming at offering in the Greek market complete telecommunication solutions and pioneered broadband products and services.

**‘ORBITECH TECHNOLOGIES OF INFORMATION & COMMUNICATIONS SOCIETE ANONYME’**

On 30.8.2006 the contract for the transfer of the 100% of shareholders equity of the company ‘ORBITECH TECHNOLOGIES OF INFORMATION & COMMUNICATIONS’ was signed for the price of € 14,496,000.

The amount of € 14,496,000 was covered by the issuance of a three-year Convertible Bond Loan, 1,000 bonds with a nominal value and an issue price amounting to € 14,496 per bond with a fixed annual coupon of 4.50%. These bonds were converted on 31.8.2006 to 12,080,000 new common registered shares (see paragraph 5.19.2E).

The company began operating in November 2000, based in Athens, and is a high technology and know-how company active in the area of information technology and telecommunications. Having a multiyear experience in research, development and provision of information technology services and materialization of integrated solutions, the company has a number of large clients in its client list. Recognizing the continuously increasing demand for ‘next generation’ services from telecommunication providers, as well as the need of the market for the provision of integrated solutions including rich multimedia services, the company focused its actions nearly exclusively in the past two years in research and own development. At the same time it developed ‘Cultis’, a client base platform that supports and facilitates value added ‘TRIPLE PLAY’ services.

‘LAN-NET COMMUNICATIONS SA’ and ORBITECH are co-operating for the creation of advanced services such as Lannet Net home service that is the first triple-play application in Greece that is installed and operated on a pilot basis.

This acquisition gives ‘LAN-NET COMMUNICATIONS SA’ the competitive advantage of quick and cost-controlled development of “tailor made” next generation services for home and corporate clients, expanding its subscribers base, while participating in the company having important capabilities for development in the market of technology and computing.

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**5.2 Basis of Preparation of Financial Statements and Main Accounting Principles**

**A. *Basis of preparation of financial statements***

**a. Basis for the compilation of financial statements**

The interim solo and consolidated financial statements have been prepared on the historical cost basis. The mentioned financial statements have also been prepared according to the principal of going concern.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (I.F.R.S.) that is prescribed by the International Accounting Standards Board and the Interpretations issued from the Standard Interpretation Committee. Specifically, the present interim financial statements have been prepared in accordance with the provision of IAS 34 "Interim financial reporting".

**b. First application of IFRS**

The company compiled the solo financial statements in accordance with IFRS for the first time for the year ended on 31 December 2005, with transition date the 1<sup>st</sup> of January 2004. There are no standards applied prior to their application date.

The above interim financial statements are based in the financial statements prepared by the Company in accordance with the Greek Commercial Law, adjusted with the proper off-balance sheet accounts, in order to comply with I.F.R.S.

These interim financial statements prepared with the same Accounting Principles in accordance with the Annual Financial Statements for the year ended 31.12.2005.

**c. Approval of Financial Statements**

The Board of Directors of LAN-NET COMMUNICATIONS S.A. approved the solo and consolidated interim financial statements of the period 1.1-30.9.2006 on 25 November 2006.

**d. Use of estimations**

The compilation of financial statements according to IFRS requires that the management makes certain assumptions and estimations that affect the Assets and Liabilities, notifies for potential receivables and liabilities at the date of compilation of the financial statements as well as the amounts of income and expenses for the periods under examination. The real results may differ from the estimated ones.

**B. *Basic accounting principles***

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The interim financial statements of 30.9.2006, have been compiled in accordance with the accounting principles followed for the compilation of the Annual financial statements for the year ended on 31.12.2005. The company, on 30.9.2006 compiled consolidated statements for the first time and followed the following accounting principles:

Basis of consolidation

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. The subsidiaries are consolidated from the date on which the control is transferred to the parent, and cease to be consolidated when this control no longer remains.

All intra-company transactions and balances 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.

The purchases of minority interests that refer to purchases made after the acquisition of control of a company are estimated with the recognition of reduction of minority interests based on the transferred share capital at the acquisition date. Any excess amount on top of the transferred share capital amount is recognized as goodwill. Any amount less than the transferred share capital amount are directly recognized in equity as negative goodwill. The participation in subsidiaries in solo financial statements are valued at acquisition cost less any accumulated amortization losses.

Goodwill

Goodwill is the difference between the acquisition price and the fair value of assets of the absorbed companies. The goodwill that emerges from acquisitions made after the 1<sup>st</sup> of January 2004 is not amortized but is subject to amortization control on an annual basis or sooner if events or changes in circumstances indicate that its book value may have been decreased.

***Analysis of Financial Statements***

**5.3. Tax income and deferred taxes**

No deferred taxes have been calculated because the Company performs losses through its ordinary activities from the fiscal periods 2002-2005.

**5.4 Tangible assets**

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Tangible fixed assets of Company for the period 1.1-30.9.2006 are analyzed as follows:

	<b>Total Fixed Assets of the Group 30.09.2006</b>	<b>Total Fixed Assets of the Company 30.09.2006</b>
<b>Cost</b>		
On 1.1.2006	47,093,664	47,093,664
Cost of tangible assets of subsidiaries (acquisition date)	1,865,216	-
Additions for the period 1.1-30.9.2006	419,327	413,624
Disposals for the period 1.1-30.9.2006	(4,273)	(4,273)
Total on 30.9.2006	<b>49,373,934</b>	<b>47,503,015</b>
<b>Depreciations</b>		
On 1.1.2006	20,028,751	20,028,751
Depreciations of tangible assets of subsidiaries (acquisition date)	741,641	-
Depreciations for the period 1.1-30.9.2006	3,326,196	3,301,524
Disposals for the period 1.1-30.9.2006	-	-
Total on 30.9.2006	24,096,588	23,330,275
<b>Net book value 30.9.2006</b>	<b>25,277,346</b>	<b>24,172,740</b>

In order to secure its loans in Ate bank, the parent company has pledged its fixed assets (machinery, equipment) for the amount of € 11,271,956.

### **5.5 Intangible Assets**

Intangible assets of Company for the period 1.1-30.9.2006 are analyzed as follows:

	<b>Intangible assets of the GROUP</b>	<b>Intangible assets of the COMPANY</b>
<b>Cost</b>		
At 1.1.2006	2,958,075	2,958,075
Additions for the period 1.1-30.9.2006	-	-
Disposals for the period 1.1-30.9.2006	-	-
Total on 30.9.2006	<b>2,958,075</b>	<b>2,958,075</b>
<b>Depreciations</b>		
At 1.1.2006	295,527	295,527
Depreciation for the period 1.1-30.9.2006	221,855	221,855
Disposals for the period 1.1-30.9.2006	-	-
Total at 30.9.2006	<b>517,382</b>	<b>517,382</b>
<b>Net book value at 30.9.2006</b>	<b>2,440,693</b>	<b>2,440,693</b>

### **5.6 Goodwill**

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The goodwill reported in the attached consolidated interim financial statements, apart from the company LANTEC COMMUNICATIONS S.A., also refers to consolidation differences that emerged from the acquisition of subsidiary companies and is analyzed as follows:

	<u>Net Book Value</u> <u>GROUP</u> <u>30.09.2006</u>	<u>Net Book Value</u> <u>GROUP</u> <u>31.12.2005</u>	<u>Net Book Value</u> <u>COMPANY</u> <u>30.09.2006</u>	<u>Net Book Value</u> <u>COMPANY</u> <u>31.12.2005</u>
LANTEC COMMUNICATIONS SA	3,569,124	3,569,124	3,569,124	3,569,124
ORBITECH SA	13,696,000	-	-	-
COLUMBIA SA	2,912,340	-	-	-
PRIMUS ASA	<u>6,719,700</u>	-	-	-
<b>Total Goodwill</b>	<u>26,897,164</u>	<u>3,569,124</u>	<u>3,569,124</u>	<u>3,569,124</u>

**5.7 Participation in subsidiaries**

The participations in subsidiaries that are reported in the attached interim financial statements of the parent as analyzed as follows:

	<u>COMPANY</u> <u>30.09.2006</u>	<u>COMPANY</u> <u>31.12.2005</u>
ORBITECH SA	14,496,000	-
COLUMBIA SA	3,990,000	-
PRIMUS SA	<u>7,600,200</u>	-
<b>Total Participations</b>	<u>26,086,200</u>	-

**5.8 Trade receivables**

Company's trade receivables on 30.09.2006 are analyzed as follows:

<u>Trade receivables</u>	<u>30.9.2006</u> <u>GROUP</u>	<u>31.12.2005</u> <u>GROUP</u>	<u>30.9.2006</u> <u>COMPANY</u>	<u>31.12.2005</u> <u>COMPANY</u>
Customers	33,613,842	23,895,306	30,932,753	23,895,306
Notes and checks receivable	1,185,188	164,560	1,182,495	164,560
Checks receivable overdue	248,708	248,709	248,708	248,709
Doubtful – contested customers	<u>641,330</u>	<u>641,330</u>	<u>641,330</u>	<u>641,330</u>
	35,689,068	24,949,905	33,005,286	24,949,905
<b>Minus: Provisions for bad debts</b>	<u>(4,630,427)</u>	<u>(3,780,000)</u>	<u>(3,780,000)</u>	<u>(3,780,000)</u>
<b>Receivable from customers</b>	<u>31,058,641</u>	<u>21,169,905</u>	<u>29,225,286</u>	<u>21,169,905</u>

The balance of customers of the company on 30.9.2006 amounted to € 30,932,753 which is mainly consisted of customer balances that were attributed to its main activity and from the

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amount of € 5,500,000 resulted from the sale on 30.6.2006 of a 'Triple play' system for the creation of telecommunication services, video on demand and IPTV in broadband networks, and from € 6,570,487 which concerns to the sale of rights offer and liabilities (obligations) to provide services and technical support of telecommunication equipment of existing customers (amount € 3,300,000) and product sale (total amount € 3,270,487). The total amount of € 6,570,487 related to sales of December 2005 and according to the company's estimation this amount will be collected by 31.12.2006.

The other receivables are short term and no discount is required at the balance sheet date. There is diversification of credit risk concerning the receivables from customers as the company has a great number of customers and thus the credit risk is spread.

**5.9 Other Assets**

Other assets on 30.09.2006 are analyzed as follows:

<u>Other assets</u>	<b><u>30.9.2006</u></b> <b><u>GROUP</u></b>	<b><u>31.12.2005</u></b> <b><u>GROUP</u></b>	<b><u>30.9.2006</u></b> <b><u>COMPANY</u></b>	<b><u>31.12.2005</u></b> <b><u>COMPANY</u></b>
Sundry debtors	5,494,254	1,449,760	5,016,233	1,449,760
Advances and other receivables	669,411	748,067	667,487	748,067
Securities	835,276	1,311,436	835,276	1,311,436
Prepayments for purchases of securities	4,000,000	4,000,000	4,000,000	4,000,000
Prepaid expenses	1,426,990	944,645	1,413,855	944,645
Blocked deposit accounts	218,008	21,048	218,008	21,048
Other long-term receivables	<u>907,765</u>	<u>687,714</u>	<u>877,908</u>	<u>687,714</u>
<b>Total</b>	<b><u>13,551,704</u></b>	<b><u>9,162,670</u></b>	<b><u>13,028,767</u></b>	<b><u>9,162,670</u></b>

Prepayments for purchases of securities

The prepayments for purchases of securities of the parent on 30.9.2006, amounted to € 4,000,000, and refer to the capitalization of the largest part of the liability of FANCO SA, to the company.

It is noted that there are no conditions for impairment of the aforementioned value due to the fact that FANCO S.A. is at the final stage of merging with the company NAOUSSA SPINNING MILLS S.A. The latter, following the completion of the merger, will proceed with the issuance of a convertible bond loan amounting to € 16,000,000 (decision by the General Shareholders' Meeting of the company NAOUSSA SPINNING MILLS S.A. on 9/6/2006). From the total amount of € 16,000,000, the Board of Directors was authorized to allocate the amount of € 6,000,000 according to its judgement by converting existing liabilities and/or prepayments against a Share Capital increase.

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Investments amounted to € 684,000 represent 600,000 shares of the company "KLONATEX S.A." and 2,000,000 shares of the company "NAOUSSA SPINNING MILLS S.A.", which have been pledged to ATE bank for bank borrowings of the parent.

**5.10 Cash & cash equivalents**

Cash represents cash held by the Company and bank deposits available at first demand.

**5.11 Share Capital**

Company's share capital consists of 79,805,802 common nominal shares with nominal value of € 1.04 each and sum of € 82,998,034. The shares of the Company are listed in the category of middle and small size of Athens Stock Exchange.

During the period 1.1 - 30.9.2006 five increases of Share Capital occurred of total amount of € 28,413,788, from which € 2,080,000 arises from the transformation of 2000 bonds in 2,000,000 new shares (according to the decision of the 13/1/2006 meeting of the Board of Directors of the Company), € 3,120,000 arises from the transformation of 3,000 bonds into 3,000,000 new shares (according to the decision of the 11/2/2006 meeting of the Board of Directors of the Company) and an amount of € 5,200,000.00 arises from the transformation of 5,000 bonds into 5,000,000 new shares (according to the decision of the 30.06.2006 meeting of the Board of Directors of the Company), amount of € 1,576,432 arises from the transformation of 538 bonds into 1,515,800 new shares (according to the decision of the 31.7.2006 meeting of the Board of Directors of the Company), and amount of € 16,437,356 arises from the transformation of 1,550 bonds into 15,805,150 new shares (according to the decision of the 31.08.2006 meeting of the Board of Directors of the Company).

**5.12 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 while the amounts which are payable in subsequent date are marked as long-term loans.

Group's loans are analyzed as follows:

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	<b>GROUP 30.9.2006</b>		<b>GROUP 31.12.2005</b>	
	<b>Short-term liabilities</b>	<b>Long-term liabilities</b>	<b>Short-term liabilities</b>	<b>Long-term liabilities</b>
Bank Loans	9,255,423	11,876,439	7,970,325	14,333,944
Finance Leases	204,318		521,894	-
Convertible bond loan	-	-	-	5,200,000
<b>Total bank borrowings</b>	<b><u>9,459,741</u></b>	<b><u>11,876,439</u></b>	<b><u>8,492,219</u></b>	<b><u>19,533,944</u></b>

Company's loans are analyzed as follows:

	<b>COMPANY 30.9.2006</b>		<b>COMPANY 31.12.2005</b>	
	<b>Short-term liabilities</b>	<b>Long-term liabilities</b>	<b>Short-term liabilities</b>	<b>Long-term liabilities</b>
Bank Loans	8,881,029	11,876,439	7,970,325	14,333,944
Finance Leases	204,318	-	521,894	-
Convertible bond loan	-	-	-	5,200,000
<b>Total bank borrowings</b>	<b><u>9,085,347</u></b>	<b><u>11,876,439</u></b>	<b><u>8,492,219</u></b>	<b><u>19,533,944</u></b>

Companies are making provisions for the accrued bank interests and charge the income statement of the respective period.

No other guarantees and withholding of occupancy or use exist on the assets and other possessions of the Company.

### **5.13 Employee benefits**

The obligation of the Company towards its employees in Greece to provide them future benefits depending on their length of service is quantified and reported on the basis of the accrued entitlement, as at the balance sheet date, that is anticipated to be paid, discounted to its present value by reference to the anticipated time of payment. The discount rate used (4,38%) is equal to the yield, as at the balance sheet date on 31.12.2003, of long-term German Government bonds.

#### **Persons employed and related costs:**

	<b><u>30.9.2006</u></b> <b><u>GROUP</u></b>	<b><u>30.9.2005</u></b> <b><u>GROUP</u></b>	<b><u>30.9.2006</u></b> <b><u>COMPANY</u></b>	<b><u>30.9.2005</u></b> <b><u>COMPANY</u></b>
<b>Persons:</b>				
Permanent employment	<u>248</u>	<u>185</u>	<u>200</u>	<u>185</u>
<b><u>Analysis of employee cost for the period</u></b> <b><u>1.1-30.9.2006:</u></b>	<b><u>1.1-30.9.2006</u></b>	<b><u>1.1-30.9.2005</u></b>	<b><u>1.1-30.9.2006</u></b>	<b><u>1.1-30.9.2005</u></b>
Payroll	3,514,395	3,124,795	2,911,040	3,124,795
Employees' compensation	246,996	170,838	199,720	170,838

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Insurance contribution	997,180	630,134	628,808	630,134
<b>Total cost</b>	<b><u>4,758,571</u></b>	<b><u>3,925,767</u></b>	<b><u>3,739,568</u></b>	<b><u>3,925,767</u></b>

**5.14 Suppliers and other liabilities**

The liabilities on 30.09.2006, towards suppliers and other third parties are analyzed as follows:

<u>Suppliers and other liabilities</u>	<b><u>30.9.2006</u></b> <b><u>GROUP</u></b>	<b><u>31.12.2005</u></b> <b><u>GROUP</u></b>	<b><u>30.9.2006</u></b> <b><u>COMPANY</u></b>	<b><u>31.12.2005</u></b> <b><u>COMPANY</u></b>
Suppliers	16,184,480	8,691,990	12,344,121	8,691,990
Advances from trade debtors	48,392	59,990	48,392	59,990
Insurance and pension fund dues	263,953	213,578	97,868	213,578
Taxes and duties	268,801	223,205	134,527	223,205
Dividends payable	101,570	101,570	101,570	101,570
Suppliers	1,861,596	137,095	322,658	137,095
Bonds payable	8,748,720	-	8,748,720	-
Accrued expenses & interests payable	58,752	70,914	-	70,914
Other liabilities	-	61,960	-	61,960
<b>Total</b>	<b><u>27,536,264</u></b>	<b><u>9,560,302</u></b>	<b><u>21,797,856</u></b>	<b><u>9,560,302</u></b>

**5.15 Transactions and Outstanding balances with Affiliated Persons**

The company receives and provides services to its subsidiary companies.

The transactions and balances of accounts with affiliated parties are presented below:

<b><u>Company Name</u></b>	<b><u>Relationship with LAN-NET</u></b>	<b><u>Period ending</u></b>	<b><u>Amounts owed by affiliated parties</u></b>	<b><u>Amounts owed to affiliated parties</u></b>
COLUMBIA S.A.	Subsidiary	31.12.2005 30.9.2006	- 162,920	- -
PRIMUS S.A.	Subsidiary	31.12.2005 30.9.2006	- -	- -
ORBITECH S.A.	Subsidiary	31.12.2005 30.9.2006	- 6,248	- 134,703
	Total	31.12.2005	-	-
	Total	30.9.2006	<b>169,168</b>	<b>134,703</b>

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<b>Company Name</b>	<b>Relationship with LAN-NET</b>	<b>Period</b>	<b>Sales towards affiliated parties</b>	<b>Purchases from affiliated parties</b>
COLUMBIA S.A.	Subsidiary	30.9.2005 30.9.2006	- 839,247	- -
PRIMUS S.A.	Subsidiary	30.9.2005 30.9.2006	- -	- -
ORBITECH S.A.	Subsidiary	30.9.2005 30.9.2006	- 6,066	- 430,845
	Total	30.9.2005	-	-
	Total	30.9.2006	<b>845,313</b>	<b>430,845</b>

The remuneration of Board of Directors' members as well as of senior executives for the periods from January 1st 2005 until September 30th 2005 and from January 1st 2006 until September 30th 2006 respectively are analyzed as follows:

	<b>GROUP 30.09.2006</b>	<b>GROUP 30.09.2005</b>	<b>GROUP 30.09.2006</b>	<b>GROUP 30.09.2005</b>
Remuneration of BoD members & executives	553,337	-	521,662	-
Receivables from BoD members & executives	-	-	-	-
Liabilities towards BoD members and executives	9,825	-	-	-

**5.16. Summary balance sheet of acquired companies at the time of acquisition in accordance with IFRS**

	<b>ORBITECH SA ACQUISITION DATE 1.9.2006</b>	<b>PRIMUS SA ACQUISITION DATE 1.9.2006</b>	<b>COLUMBIA SA ACQUISITION DATE 1.7.2006</b>
<b>ASSETS</b>			
Fixed assets	28,730	689,066	405,780
Inventory	-	-	14,196
Trade receivables	33,617	285,266	1,635,524
Other assets	32,451	482,477	17,812
Cash and cash equivalents	160,485	9,509	227,583
<b>TOTAL ASSETS</b>	<b>255,283</b>	<b>1,466,318</b>	<b>2,300,895</b>
<b>LIABILITIES</b>			
Share capital	800,000	880,500	1,077,660
Reserves	6,912	1,503	-
Profit (loss) carried forward	(1,136,510)	(472,278)	(3,794,016)
Equity	(329,598)	409,725	(2,716,356)
Other long-term liabilities	-	113,000	26,990
Short-term bank liabilities	11,300	-	378,277
Other short-term liabilities	573,581	943,593	4,611,984
Total liabilities	584,881	1,056,593	5,017,251
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>255,283</b>	<b>1,466,318</b>	<b>2,300,895</b>

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**5.17 Turnover**

	<u>1.1-30.9.2006</u> <u>GROUP</u>	<u>1.1-30.9.2005</u> <u>GROUP</u>	<u>1.1-30.9.2006</u> <u>COMPANY</u>	<u>1.1-30.9.2005</u> <u>COMPANY</u>
Telecommunications	32,093,832	39,254,947	31,395,268	39,254,947
Wholesale trade of other electronic elements and equipment	119,159	234,034	117,732	234,034
Call center activities	107,664	-	-	-
Other activities relevant with the information technology	<u>5,894,344</u>	<u>946,140</u>	<u>5,894,344</u>	<u>946,140</u>
<b>Total</b>	<b><u>38,214,499</u></b>	<b><u>40,435,121</u></b>	<b><u>37,407,344</u></b>	<b><u>40,435,121</u></b>

Revenues from telecommunications

The decline in revenues from the telecommunications by approximately 20% during the period 1.1-30.9.2006 compared to the same period of 2005 is due to revenue reduction by land-line telephony of approximately 21% which is mainly attributed to customer loss, especially in the private category by 12%, while from November 2005 the service charges also reduced (charge of long-distance calls at local call rates).

Other activities relevant to the information technology

These revenues amounted to € 5,894,344 and concern the sale of a "Triple Play" system on 30.09.2006 for the creation of telecommunication services, video on demand and IPTV to broadband networks amounted to € 5,500,000.

Results of subsidiary companies for the period

The consolidated results for the period 1.1-30.09.2006 include the results of the following subsidiaries: 'ORBITECH SA' for the period 1.9-30.09.2006, 'COLUMBIA TELECOM SA' for the period 1.7-30.09.2006 and 'PRIMUS COMMUNICATIONS SA' for the period 1.9-30.09.2006. The aforementioned results are analyzed as follows:

<u>INCOME STATEMENT</u>	<u>ORBITECH SA</u>	<u>PRIMUS SA</u>	<u>COLUMBIA SA</u>
	<u>1.9-30.9.2006</u>	<u>1.9-30.9.2006</u>	<u>1.7-30.9.2006</u>
Turnover	430,845	107,163	1,545,304
Cost of sales	(9,156)	(90,878)	(1,204,313)
Gross profit	421,689	16,285	340,991
Other operating income	2,678	14,720	305,857
	424,367	31,005	646,848
Distribution expenses	-	(380)	(493,027)
Administrative expenses	(27,470)	(40,546)	(243,249)

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Other operating expenses	(144)	(10,453)	(3,510)
Profit/(Loss) before taxes and financing results	396,753	(20,374)	(92,939)
Financing cost	(59)	( 238)	(33,759)
Profit/(Loss) before taxes	396,694	(20,612)	(126,698)
Minus: taxes	-	-	-
Profit/(Loss) after taxes	396,694	(20,612)	(126,698)

**5.18 Potential obligations from judicial or under arbitration differences**

There are contested (judicial) receivables of total sum of € 4,400,000 roughly for which the company has shaped provision the 30/09/2006 amount € 3,780,000 (take into consideration paragraph 5.7). For the remainder contested (judicial) receivable of total sum of € 620,000 the company believes that their result will not have important effects on the financial statements.

**5.19 Other Contingent liabilities**

1a. The parent company LANNET COMMUNICATIONS SA has been audited by tax authorities up to the year 2001 while the absorbed company "LANTEC COMMUNICATIONS S.A." up to the year 2002.

1b. The subsidiary company ORBITECH TECHNOLOGIES OF INFORMATION & COMMUNICATIONS S.A. has been audited by tax authorities up to the year 2002.

1c. The subsidiary company COLUMBIA TELECOM SA has been audited by tax authorities up to the year 2001.

1d. The subsidiary company PRIMUS S.A. COMMUNICATIONS SERVICES SUPPORT has been audited by tax authorities up to the year 2002.

Due to weakness of proper estimation, the future amounts of taxes which will probably arise in the future audit of the unaudited years from the responsible tax authorities will be registered within the year the amounts will be finalized.

**2. Issue of convertible to shares bond loan**

A. At the 30/6/2005 2nd repetitive extraordinary General Assembly of Shareholders of the Company it was unanimously approved the issue of convertible bond loan in rows, with completion period within three years, from the date of decision, duration up to nine years from the date of publication of each row, according to the terms of article 1 paragraph 2 and 3 of Law 3156/2003, sum up to € 50,000,000.

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On the 11 November 2005 was disposed the first row of convertible to shares bond loan, to common nominal shares of LAN-NET Communications S.A. to the company Mediterranean Telecom Ltd. undertook completely the first row of sum of € 5,720,000 by converting to bonds the total of granted capital of sum of € 5,500,000.

On December 2005 the above company converted 500 bonds to 500,000 shares, amount to € 520,000, on January 2006 converted 2,000 bonds to 2,000,000 shares, amount to € 2,080,000 and on February 2006 converted 3,000 bonds to 3,000,000 shares, amount to € 3,120,000.

B. The Board of Directors of the Company decided, on 31.12.2005, the issue of the next rows of the already approved convertible to shares bond loan and their disposal through an investment to the company MEDITERRANEAN TELECOM Ltd in the form of a 9 year convertible to shares, mortgage free, bond loan of € 20,800,000 In three issues. The first and the second issues will be issued at a value of € 5,200,000 each and the third issues at a value of €10,400,000.

The bond loan consists of 40 bonds, convertible to shares, of nominal and disposal value of € 520,000 each that will be disposed through private investment to the lender. The rate of the conversion is € 500,000 nominal shares with vote rights, of 1.04 each. The annual interest rate is set to 7.5%.

The right of conversion to shares can be exercised at any time of the loan's duration including the last day before the lasting day of the loan's duration as well as at any day of the loan's duration.

The Board of Directors of the Company decided, on 01/06/2006, the disposal of convertible bond loan to the MEDITERRANEAN TELECOM LTD, duration up to nine years from the date of publication of each row, sum up to € 5,200,000. This loan is convertible to shares, bond loans mortgage free.

The bond loan consists of 10 bonds, convertible to shares, of nominal and disposal value of € 520,000 each, which will be disposed through private investment to the lender.

The rate of the conversion is € 500,000 nominal shares with vote rights, of 1.04 each. The annual interest rate is set to 7.5%.

The Board of Directors of the Company has also decided, on 30/06/2006, the increase of share capital, due to the conversion of the above 10 Bonds into share capital from the conversion of MEDITERRANEAN TELECOM Ltd bonds.

According to the conditions of the afore mentioned bond loan, each bond converts into 500,000 shares and so will be issued 5,000,000 new shares, of the same category with the existed shares, with nominal value of € 1.04 each, and the company's share capital will have an increase of € 5,200,000. The trading started in Capital Share Market on 19/07/2006.

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C. Additionally we mention, that the Board of Directors of the Company on 21/07/2006 decided the issue of Convertible Bond Loans into shares of total amount of € 4,507,048 (third and fourth issues) and the issue of a common bond loan € 6,000,000.

The third issue of total nominal valued of € 3,779,048, duration up to three years, convertible into shares, bond loan, mortgage free, in order to reimburse the takeover of COLUMBIA SA. The row of Bond Loan consists of 1,253 nominal convertible bonds with nominal and disposal value of € 3,016, each, were disposed through private investment to the lender. The annual interest rate is set to 2.58%.

It is noted that the BoD of the Company in its meeting on 31.7.2006 approved the share capital increase of the Company by € 1,576,432, from the conversion of the third issue bonds.

The bond holders, old shareholders of COLUMBIA TELECOM SA, holding 1,253 bonds required in written, and in accordance with the provisions of the aforementioned bond, the conversion of 583 bonds. The conversion ration is 2,600 common registered shares for each bond or amount € 1.16 per share.

The revenues from the conversion of 583 bonds of nominal value of € 3,016 amount to € 1,758,328 of which € 1,576,432 refer to share capital increase with the of 1,515,800 common registered shares of nominal value of € 1.04 each and share premium amount of € 181,896.

The fourth issue total valued € 728,000, duration up to two years, convertible into shares, bond loan, mortgage free. The row of Bond Loan consists of 7 nominal convertible bonds with nominal value and disposal value of € 104,000 each was disposed through private investment to the lender. The rate of the conversion is € 100,000 nominal shares with vote rights, of 1.04 each. The annual interest rate is set to 7.5%. Additionally on 21/07/2006 was disposed common bond loan, mortgage free, of total amount of € 6,000,000 with duration up to two years, which consists of 12 nominal bonds with nominal and disposal value of 500,000 and it was disposed through the Credit Suisse Group. The annual interest rate is set to 7.5%

D. The Board of Directors of the company on its meeting on 29.8.2006 decided the fifth issue of a Corporate bond amounted to € 4,470,180, to be distributed to company Telepassport Hellas SA for the payment of the transfer of shares of Primus Communications SA, divided into 550 bonds having a nominal value and issue value of € 8,127.60 which on 31.8.2006 converted to 3,725,150 new common registered shares.

E. On 30.08.2006 the BoD of the company decided the sixth issue of the convertible bond amounted to € 14,496,000 for the payment to Prensco Holdings Ltd of the acquisition of Orbitech SA. The issue is divided in 1,000 bonds having a nominal and issue value of € 14,496. On 31.08.2006 the conversion of the aforementioned bonds resulted to the issue of 12,080,000 new common registered shares.

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In summary, the corporate bond loans for the period 1.1-30.09.2006 are reported in the following table:

ISSUE OF CORPORATE BOND LOAN	AMOUNT €	DATE OF ISSUE	CONVERSION €	CONVERSION DATE	NEW SHARES	SHARE CAPITAL OF THE COMPANY €	BALANCE TO BE ISSUED/ CONVERSION €	
A	5,720,000	11/11/2005	520,000	11/12/2005	500,000	54,584,246	-	
	-	-	2,080,000	11/1/2006	2,000,000	56,664,246	-	
	-	-	3,120,000	11/2/2006	3,000,000	59,784,246	-	
B	20,800,000	6/1/2006	-	-	-	-	-	
B1	5,200,000	31/5/2006	5,200,000	30/6/2006	5,000,000	64,984,246	-	
B2	10,400,000	-	-	-	-	-	10,400,000	a
B3	5,200,000	-	-	-	-	-	5,200,000	a
C	3,779,048	21/7/2006	1,758,328	31/7/2006	1,515,800	66,560,678	2,020,720	b
D	728,000	21/7/2006	-	-	-	-	728,000	b
E	4,470,180	29/8/2006	4,470,180	31/8/2006	3,725,150	70,434,834	-	
F	14,496,000	30/8/2006	14,496,000	31/8/2006	12,080,000	82,998,034	-	
<b>TOTAL</b>	<b>49,993,228</b>		<b>31,644,508</b>		<b>27,820,950</b>		<b>18,348,720</b>	

a: Corporate bond loan to be issued

b: Corporate bond loan for potential conversion

**6.17. Post Balance Sheet events**

Contract plan for the merger of companies 'LANNET COMMUNICATIONS SA (Absorber company) and 'TELEPASSPORT HELLAS SOCIETE ANONYME COMPANY OF TELECOMMUNICATIONS, ADMINISTRATION AND TECHNICAL SERVICES' (absorbed company).

On September the 18th representatives of the two companies, following special decision of the Board of Directors of the two companies, signed a contract plan according to which the companies would merge with the absorption of the second by the first, in accordance with the provisions of L. 2190/20 and L. 2166/93. The aforementioned Plan, following its approval was publicized in accordance with the provisions of article 7b, L 2190/20, registered in the records of Merged Societe Anonyme companies. In summary, the aforementioned Contract Plan for the merger includes the following terms:

1. The conversion rate of the Absorbed company regarding the shares that the shareholders of the absorbed company would receive from the Absorber company is determined as follows:

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A. The Absorber and the Absorbed company have the following capital structure:

	<b>ABSORBER</b>	<b>ABSORBED</b>
	<b><u>LANNET COMMUNICATIONS SA</u></b>	<b><u>TelePassport Hellas SA</u></b>
SHARE CAPITAL	€ 82,998,034	€ 13,067,215
NUMBER OF SHARES	79,805,802	25,129,260
NOMINAL VALUE OF SHARES	€ 1.04	€ 0.52

B. The absorber company does not participate in the share capital of the absorbed company and therefore the share capital of the merged company, in accordance with the provisions of L. 2166/93 would be the sum of the share capital of the two companies (absorber and absorbed), and the Share Capital of the absorbed, amount of € 13,067,215, would be added to the Share Capital of the absorber. For the rounding of the nominal value of the share to 0.68 € the share premium reserve of the absorbed amounting to € 992,510 would be capitalized. The share capital of the absorber would be increased by this amount.

C. Based on the value of the two companies, each shareholder of the absorbed company for one cancelled old share would receive 2,50410071764947 shares of the absorber and the shareholders of the absorber 'LANNET COMMUNICATIONS SA' for one old share they own having a nominal value of € 1.04, would receive a new share having a nominal value of € 0.68.

D. From 1.9.2006 onwards, the transactions of the absorbed companies are assumed to be made on behalf of the absorber company, while the financial results of the absorbed company that would emerge from this day till the completion of the merger would be considered as results of the absorber company in accordance with the provisions of articles 74 and 75 of L. 2190/20, and article 2 par. 6 of L. 2166/93.

E. The absorber, following the entry of the decisions of the shareholders meeting in the records of the relevant Societe Anonyme registrars, made in accordance with the provisions of article 72, L. 2190/1920, and with the other documents stated in article 74 of L. 2190/1920, would be obliged to deliver to the shareholders of the absorbed company the aforementioned new shares that would be issued following the absorption of wealth of the absorbed and the share capital increase of the absorber with at the same time delivery to the last the shares of the absorbed for cancellation.

F. There are no shareholders entitled to special rights to the Absorbed Company, neither holders of other titles except from shares.

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G. Special privileges to the members of the Board of Directors of the two companies do not exist according to letters of association and BoD meetings decisions, and no such privileges would be offered following the merger.

Peristeri, 11<sup>th</sup> of December 2006

Chairman of the BoD and  
Managing director

Advisor

Finance Director

The Accountant

Thomas Ch. Lanaras  
I.D.number  
X 085877/03

Vasileios N. Tsilibaris  
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